

2025 HOUSE FINANCE AND TAXATION

HB 1483

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1483
2/4/2025

Relating to the oil extraction tax rate reduction for oil produced from a new well drilled and completed outside the Bakken and Three Forks formations; and to provide an effective date.

11:25 a.m. Vice Chairman Hagert opened the hearing.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman
Members Absent: Representatives Ista, D. Anderson

Discussion Topics:

- ND oil production

11:26 a.m. Representative Headland introduced the bill.

11:27 a.m. Ron Ness, ND Petroleum Council, testified in favor and submitted testimony #34550, and #34547.

11:35 a.m. Steve Farden testified in favor and submitted testimony #34556.

11:39 a.m. Nathan Anderson, Director of Dakota Mineral Resources, testified in favor and submitted testimony #34549.

11:49 a.m. Arik Spencer, Greater ND Chamber, testified in favor and submitted #34196.

11:50 a.m. Shannon Fleischer, Associate Director, Office of State Tax Commissioner, stood for questions.

11:58 a.m. Vice Chairman Hagert closed the hearing.

Janae Pinks, Committee Clerk



**GREATER NORTH DAKOTA CHAMBER
HB 1483**

**House Finance & Taxation Committee
Chair Craig Headland
February 4, 2025**

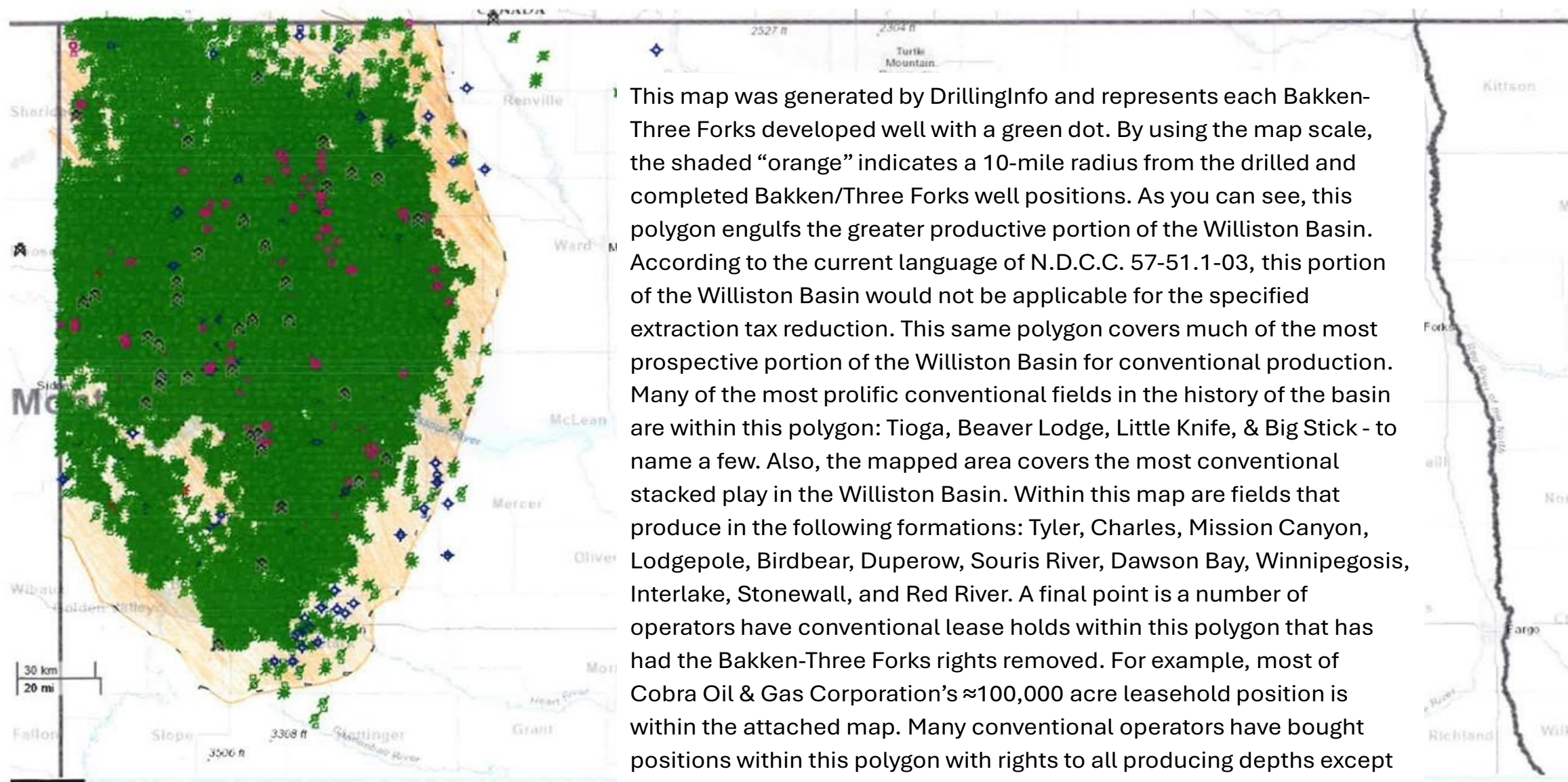
Mr. Chairman and members of the Committee, my name is Andrea Pfennig, and I am the Vice President of Government Affairs for the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We stand in **support** of House Bill 1483.

GNDC supports an equitable, competitive, and consistent tax structure that fosters long-term revenue stability and provides certainty to business for sustained growth and investment. This bill would help encourage exploration in other shale formations and provide new opportunities for growth and innovation in our state.

We know from experience that the growth of the oil industry has multiple benefits, including numerous job opportunities, and increased tax revenues for our state and local governments. A stable long-term outlook for energy production in our state is vital for a healthy economy.

We hope you will support HB 1483 and continue to position our state's energy sector for growth.

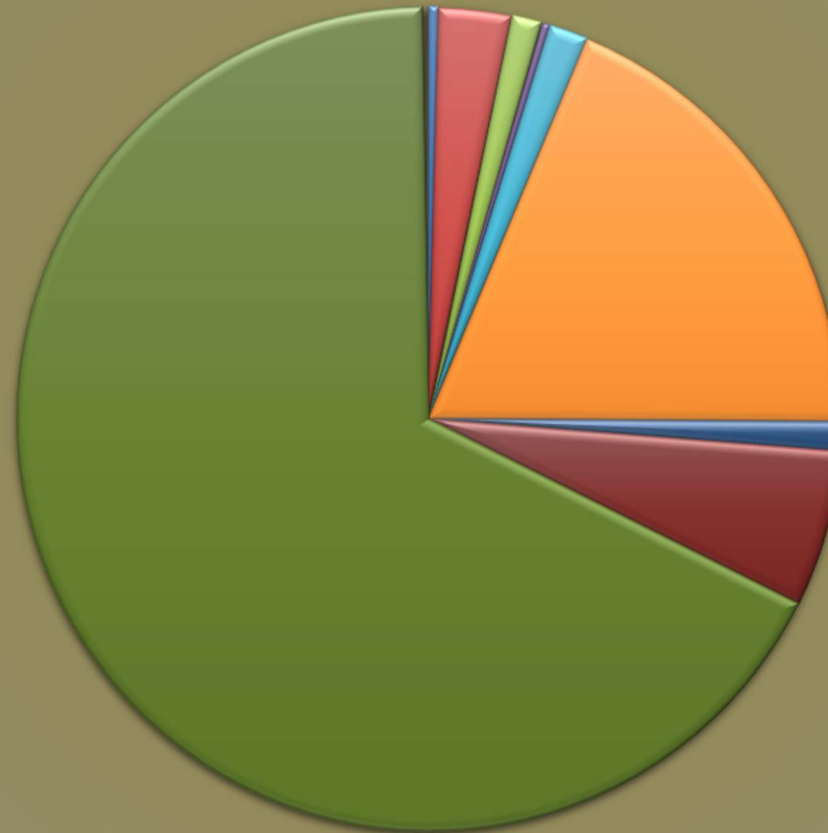




This map was generated by DrillingInfo and represents each Bakken-Three Forks developed well with a green dot. By using the map scale, the shaded “orange” indicates a 10-mile radius from the drilled and completed Bakken/Three Forks well positions. As you can see, this polygon engulfs the greater productive portion of the Williston Basin. According to the current language of N.D.C.C. 57-51.1-03, this portion of the Williston Basin would not be applicable for the specified extraction tax reduction. This same polygon covers much of the most prospective portion of the Williston Basin for conventional production. Many of the most prolific conventional fields in the history of the basin are within this polygon: Tioga, Beaver Lodge, Little Knife, & Big Stick - to name a few. Also, the mapped area covers the most conventional stacked play in the Williston Basin. Within this map are fields that produce in the following formations: Tyler, Charles, Mission Canyon, Lodgepole, Birdbear, Duperow, Souris River, Dawson Bay, Winnipegosis, Interlake, Stonewall, and Red River. A final point is a number of operators have conventional lease holds within this polygon that has had the Bakken-Three Forks rights removed. For example, most of Cobra Oil & Gas Corporation’s ≈100,000 acre leasehold position is within the attached map. Many conventional operators have bought positions within this polygon with rights to all producing depths except the Bakken-Three Forks for their project development.

North Dakota Cumulative Oil Production By Formation

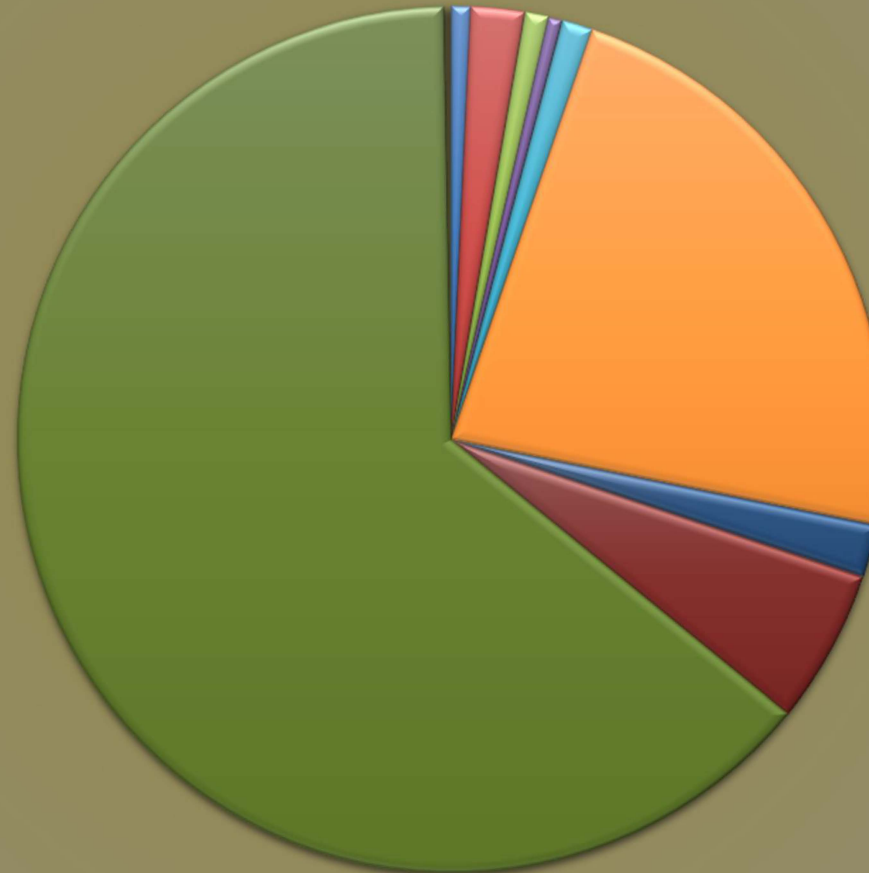
5,567,590,678
Barrels of Oil



■ BIRDBEAR ■ DEVONIAN-DUPEROW ■ SILURIAN ■ STONEWALL ■ TYLER/HEATH ■ MADISON GROUP
■ SPEARFISH/MADISON ■ RED RIVER GROUP ■ BAKKEN/THREE FORKS ■ DAWSON BAY ■ WINNIPEGOSIS

North Dakota Total Well Count By Formation

25,146
Total Wells



■ BIRDBEAR	■ DEVONIAN-DUPEROW	■ SILURIAN	■ STONEWALL	■ TYLER/HEATH	■ MADISON GROUP
■ SPEARFISH/MADISON	■ RED RIVER GROUP	■ BAKKEN/THREE FORKS	■ DAWSON BAY	■ WINNIPEGOSIS	



Mineral Resources

Nathan Anderson
DMR Director



HB 1483

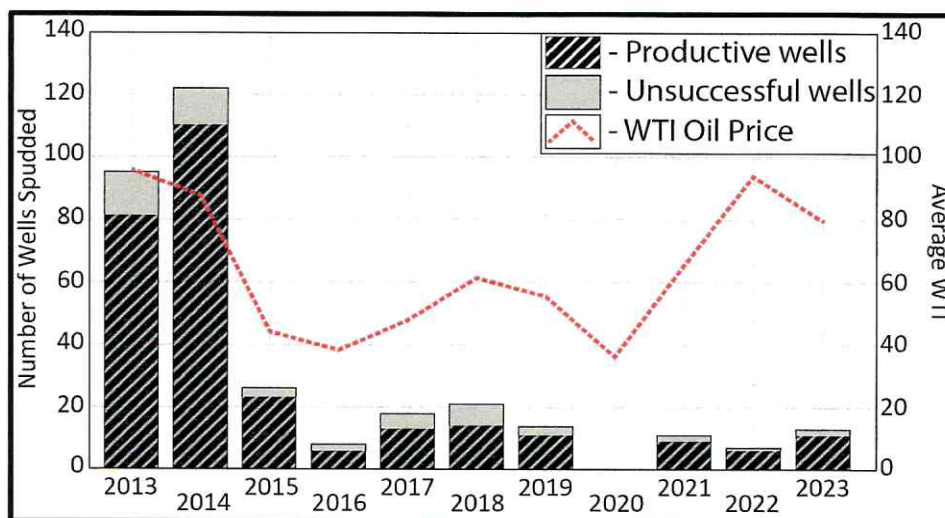
Introduced by Representatives Headland, D. Anderson, Koppelman, Vollmer, J. Olson, Hagert Senators Kessel, Meyer, Rummel, Thomas

A BILL for an Act to amend and reenact subsection 4 of section 57-51.1-03 of the North Dakota Century Code, relating to the oil extraction tax rate reduction for oil produced from a new well drilled and completed outside the Bakken and Three Forks formations; and to provide an effective date.

The first ~~seventy-five thousand~~ **ninety thousand** barrels of oil produced during the first eighteen months after completion, from a well drilled and completed outside the Bakken and Three Forks formations, and ~~ten miles [16.10 kilometers] or more outside an established field in which the industrial commission has defined the pool to include the Bakken or Three Forks formation,~~ is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter.

This Act is effective for taxable production beginning after June 30, 2025.

- This bill attempts to further promote exploration, development, and production outside of the Bakken and Three Forks formations.
- Currently, 97% of production in North Dakota is produced in the Bakken and Three Forks formations encompassing 89% of the total well count. In addition, North Dakota produces ~1,200,000 bbls of oil per day of which ~36,000 of those bbls are from formations outside the Bakken and Three Forks formations.
- Non-Bakken Development from 2013 through 2023 show very low levels of drilling and completion outside of the Bakken and Three Forks formations. This highlights the opportunity for expanding exploration into those areas.



- DMR staff estimates that for 2024 the number of wells drilled and completed outside of the Bakken and Three Forks remains similar to that of 2023 and the past 8 years at just 15-20 new wells.
- There have been more than 600 wells drilled in the Bakken and Three Forks formations to a depth greater than 10,500 feet in 2024. Over the years of Bakken development, an incredible amount of data has been

Mark F. Bohrer
ASSISTANT DIRECTOR
OIL AND GAS DIVISION

Nathan D. Anderson
DIRECTOR
DEPT. OF MINERAL RESOURCES

Edward C. Murphy
STATE GEOLOGIST
GEOLOGICAL SURVEY

accumulated by industry during that development. The idea would be to further encourage companies to take a look at this data to assist in finding other reservoirs outside the Bakken and Three Forks formations.

- This bill seeks to increase the initial number of bbls of oil eligible for a reduced tax rate from 75,000 to 90,000 during the first 18 months of production in non-Bakken and Three Forks formations. Calculating the value of 15,000 bbls of oil reserves, assuming \$65/bbl would come up with a gross value of ~\$975,000 per well. The current reduced rate of two percent would yield approximately \$29,250 in financial benefit to the operator to potentially assist with non-Bakken development. This change matters to small companies that would take the risk, innovating and developing the next great chapter in North Dakota oil and gas. Further, this matters to all North Dakotans, tax revenue from the ~1,200,000 bbls produced each day yields roughly \$7,500,000 - \$8,000,000 in taxes to the state. This is important.
- Mid - Large cap & multi-national companies, are very involved in the Bakken and Three Forks play in North Dakota. However, it is typical for small to mid-size companies to develop outside of the Bakken and Three Forks. Back in the early days of the Bakken, a multitude of small companies assisted in the innovation and technological advances needed to make it what the Bakken what it is today.
- The mission statement of the DMR, Oil & Gas Division,” **to encourage and promote the development, production, and utilization of oil and gas in the state in such a manner as will prevent waste, maximize economic recovery, and fully protect the correlative rights of all owners to the end that the landowners, the royalty owners, the producers, and the general public realize the greatest possible good from these vital natural resources.”**
- I wake up every day as part of my job remembering the mission of the Department of Mineral Resources, which is to promote the resources of the state for the benefit of all. I ask myself what is the next great discovery, innovation or technology that will help further responsibly explore & develop the great resources of the state. How do we continue to help North Dakota’s resources compete with other basins. As you have heard the total percentage of North Dakota production from the Bakken and Three Forks is very high, which means North Dakota needs additional investment into formations outside of the Bakken and Three Forks formations to ensure continued success.
- The Williston Basin competes with basins like the Permian, Powder River, DJ, & Uintah for US onshore capital investment. Common among leading oil producing basins is having multiple producing intervals. However, currently the Williston basin is heavily dependent upon one formation. There are ~18 formations in the Williston basin that have produced oil & gas, there is a technology and people that will unlock additional production from these other non-Bakken intervals. I’ve spent my career working various basins and those basins that have multiple productive intervals continue to re-invent and innovate and always are at the top of list for additional investment when companies explore. The Bakken is one of the most amazing unconventional resources in the world however, encouraging exploration of other intervals is a responsibility to the people of North Dakota.
- I request this committee vote in favor of HB 1483. It is critical that North Dakota continues to find ways to responsibly develop additional resources in order to create a production stream for decades to come.



100 West Broadway, Ste. 200 | P.O. Box 1395 | Bismarck, ND 58501-1395
701.223.6380 | ndpc@ndoil.org | www.NDOil.org

House Bill 1483

Testimony of Ron Ness

House Finance & Taxation Resources Committee

February 4, 2025

Chairman Headland and members of the Committee, my name is Ron Ness, president of the North Dakota Petroleum Council (“NDPC”). The North Dakota Petroleum Council represents more than 550 companies involved in all aspects of the oil and gas industry, including oil and gas production, refining, pipeline development, transportation, mineral leasing, consulting, legal work, and oilfield service activities in North Dakota, South Dakota, and the Rocky Mountain region. I appear before you today in support of House Bill 1483.

House Bill 1483 is a refresher of an oil severance tax incentive that was implemented during the peak of the Bakken to try and encourage activity outside of the Bakken. That bill, as passed and signed into law, included a ten-mile buffer zone from any Bakken field. At the time, there was so much activity inside the Bakken production area it was felt no additional activity was needed in those areas. Today, a decade later, the size and scope of the Bakken has expanded into new areas, putting even more acreage off limits for this tax incentive. However, the same problem exists. All the investment and all the focus is on the Bakken petroleum system, which includes the Three Forks Formation. As you will see from the data and charts, out of an average of six hundred wells drilled per year, only a handful are targeting the other ten oil-producing formations in the Williston Basin. The great news is that over the past two decades, we have produced over five billion barrels of oil from the Bakken. The not-so-great news is our non-Bakken oil production is less the four percent of our total daily oil production. However, since oil was discovered in 1951, these ten other oil formations have produced one billion barrels of oil. We believe there is significant potential in these formations – not world class reserves like the Bakken, but certainly substantial oil to be recovered if we can attract the investment to try new technologies.

So, what has changed? Why bring this bill in 2025? Well, elections have consequences, and this one is the Trump Effect! We believe now is the time, after years of small oil and gas operators being pushed out of business or denied access to financing, we see the mantra of “Drill Baby Drill” attracting investment back into oil and gas exploration. House Bill 1483 likely won’t change much for bigger companies with planned drilling budgets and operations focused on the Bakken, the Permian, and other oil shale plays. But for small to mid-size private local or regional companies, this incentive can help them raise money assist their drilling economics, allowing them to drill a few more wells and maybe discover the next big thing in the Williston Basin.

In Section 1, the bill increases the maximum barrels allowed under this incentive from the first 75,000 barrels to the first 90,000 barrels of oil produced from a new non-Bakken well. This increase is based upon the increased cost of drilling these conventional or horizontal wells. Many of these wells, unlike a typical Bakken well, may not hit 90,000 barrels before the eighteen-month limit on the incentive expires. Ninety thousand barrels of oil at \$65 per barrel equates to a \$175,500 incentive on a well that may cost \$4-6 million. Again, that is not likely enough to inspire big operators, but we hope it will encourage small to mid-size operators to explore other formations. The state, its political subdivisions, the oilfield service industry, and rural economies win if the well is drilled, and any barrel produced will still pay a total tax rate of 7% of the gross value of the oil, plus full sales tax on the drilling and completion of the well, as well as corporate and personal income tax on the any profits from the well and the service companies doing the work..

In closing, Kathleen Neset, North Dakota’s great geologist who educates our future military leaders on energy says this about House Bill 1483, “The strength and longevity of the Williston Basin is this array of legacy oil- and gas-bearing zones. These formations have been explored for decades and continue to hold the wealth of hydrocarbons that will take North Dakota into the future of reliable energy production.” We urge you to support the initiative House Bill 1483 puts forth with a **Do Pass recommendation**.

Thank you, and I would be happy to answer any questions.

Testimony HB 1483
House Finance and Taxation Committee
February 4, 2025

Mr. Chairman Headland and members of the Finance and Taxation committee, my name is Steve Farden. I reside in the small town of Maxbass, North Dakota which is about 35 miles north of Minot with a population of about 80 some people. I am honored to be here today to testify in support of House Bill 1483.

My family has worked in the construction industry in northern and northwestern North Dakota for four generations....in fact, the fourth generation, Lila, is here with us today. It's worth noting that both she and her younger sister have their CDL Commercial Driver's License and work in our business in the oilfields of North Dakota.

Before the Bakken, Maxbass was surrounded by 20% of the producing oil wells in North Dakota. Which meant it was hard not to be involved in the oilfield. We've been in business since the early 1930s and are proud to say we employ 150 of the best people in our area across our three businesses.

The "shallow oilfield" as I call it, is very ingrained in our communities from the service companies to the businesses on main street, to our schools, who all rely on the extra traffic from the oilfield to survive.

Since the plug and abandoned program in the State, several fields are now available to be redrilled. You may have heard we've only got 15% of the oil out of the ground with 85% left to get. With the increased costs of everything, this bill would bring the economics back to help make the decision to drill and invest in our region of the state more favorable.

My Father once said they start drilling out west first then when everyone get it tied up, the real "wild catters" show-up in our areas here to drill which include Ward, Bottineau, and Renville Counties.

On a side note, I see there's a Fiscal Note attached to this bill. The fiscal note will only be true if companies drill and the economic impact then will far outway the cost. What this bill really does for those of us who live and work in the Ward, Bottineau, Renville, and other non-Bakken Counties is ensure the drilling continues which means we all have jobs, businesses, and schools in our area.

Mr. Chairman and members of the committee, thank you for the opportunity to testify today. I encourage you to give HB 1483 a Do Pass Recommendation and I will address any questions the committee may have.

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1483
2/4/2025

Relating to the oil extraction tax rate reduction for oil produced from a new well drilled and completed outside the Bakken and Three Forks formations; and to provide an effective date.

2:44 p.m. Chairman Headland opened the meeting.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman
Members Absent: Representative D. Anderson

Discussion Topics:

- Proposed amendment
- Committee action

2:44 p.m. Chairman Headland proposed an amendment to change from 90,000 barrels to 125,000 barrels and to change months after completion from 18 months to 36 months.

2:45 p.m. Representative J. Olson moved to adopt proposed amendment LC #25.1080.01001.

2:45 p.m. Representative Nehring seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	AB
Representative Jason Dockter	Y
Representative Ty Dressler	Y
Representative Jim Grueneich	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y
Representative Austin Foss	N
Representative Zachary Ista	N

2:50 p.m. Motion passed 11-2-1.

2:51 p.m. Representative J. Olson moved a Do Pass as Amended.

2:51 p.m. Representative Porter seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	AB
Representative Jason Dockter	Y
Representative Ty Dressler	Y
Representative Jim Grueneich	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y
Representative Austin Foss	N
Representative Zachary Ista	N

2:54 p.m. Motion passed 11-2-1.

2:54 p.m. Representative J. Olson will carry the bill.

2:55 p.m. Chairman Headland closed the meeting.

Janae Pinks, Committee Clerk

February 4, 2025

RS 2/4/25
1.11

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1483

Introduced by

Representatives Headland, D. Anderson, Koppelman, Vollmer, J. Olson, Hagert

Senators Kessel, Meyer, Rummel, Thomas

- 1 A BILL for an Act to amend and reenact subsection 4 of section 57-51.1-03 of the North Dakota
2 Century Code, relating to the oil extraction tax rate reduction for oil produced from a new well
3 drilled and completed outside the Bakken and Three Forks formations; and to provide an
4 effective date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Subsection 4 of section 57-51.1-03 of the North Dakota
7 Century Code is amended and reenacted as follows:

- 8 4. The first ~~seventy-five thousand~~ one hundred twenty-five thousand
9 barrels of oil produced during the first ~~eighteen~~ thirty-six months after completion, from
10 a well drilled and completed outside the Bakken and Three Forks formations, ~~and ten~~
11 miles ~~[16.10 kilometers]~~ or more outside an established field in which the industrial
12 commission has defined the pool to include the Bakken or Three Forks formation, is
13 subject to a reduced tax rate of two percent of the gross value at the well of the oil
14 extracted under this chapter.

15 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable production beginning after
16 June 30, 2025.

**REPORT OF STANDING COMMITTEE
HB 1483**

Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS** ([25.1080.01001](#)) and when so amended, recommends **DO PASS** (11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1483 was placed on the Sixth order on the calendar.

2025 SENATE FINANCE AND TAXATION

HB 1483

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1483
3/12/2025

Relating to the oil extraction tax rate reduction for oil produced from a new well drilled and completed outside the Bakken and Three Forks formations; and to provide an effective date.

10:10 a.m. Chairman Weber opened the hearing.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

Discussion Topics:

- Current oil gross production tax
- Oil production outside the Bakken formation
- Current quantity qualified for reduced tax rate

10:10 a.m. Representative Headland, District 29, introduced HB 1483 and testified in favor.

10:14 a.m. Brady Pelton, Vice President, North Dakota Petroleum Council, testified in favor and submitted testimony #40884, #40885.

10:32 a.m. Steve Farden, Owner, Farden Construction, testified in favor and submitted testimony #40970.

10:39 a.m. Nathan Anderson, Director, North Dakota Department of Mineral Resources, testified in favor and submitted testimony #40697.

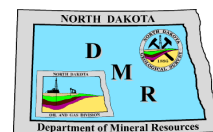
10:49 a.m. Ron Ness, President, North Dakota Petroleum Council, testified in favor.

10:57 a.m. Arik Spencer, President and CEO, Greater North Dakota Chamber, testified in favor.

10:58 a.m. Shannon Fleischer, Associate Director, Office of ND Tax Commissioner, testified neutral.

11:03 a.m. Chairman Weber adjourned the meeting.

Chance Anderson, Committee Clerk



March 12, 2024

Testimony presented by: **Nathan Anderson, Director**
Department of Mineral Resources

Presented to: **Senate Finance and Taxation Committee**
Senator Mark Weber, Chair

HOUSE BILL 1483

Introduced by:

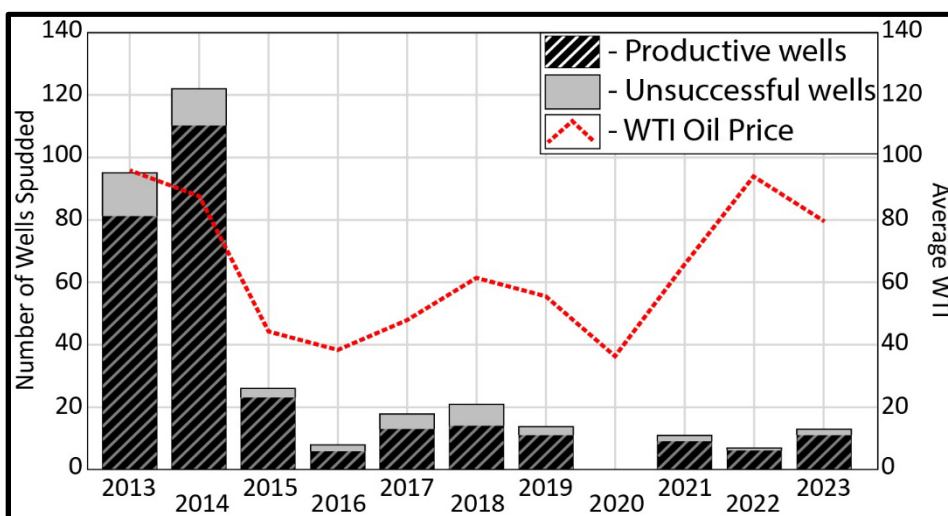
Representatives Headland, D. Anderson, Koppelman, Vollmer, J. Olson and Hagert
Senators Kessel, Meyer, Rummel and Thomas

A BILL for an Act to amend and reenact subsection 4 of section 57-51.1-03 of the North Dakota Century Code, relating to the oil extraction tax rate reduction for oil produced from a new well drilled and completed outside the Bakken and Three Forks formations; and to provide an effective date.

SECTION 1. AMENDMENT. The first ~~seventy-five thousand~~ one hundred twenty -five thousand barrels of oil produced during the first ~~eighteen~~ thirty - six months after completion, from a well drilled and completed outside the Bakken and Three Forks formations, and ~~ten miles [16.10 kilometers] or more outside an established field in which the industrial commission has defined the pool to include the Bakken or Three Forks formation,~~ is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter.

SECTION 2. EFFECTIVE DATE. This Act is effective for taxable production beginning after June 30, 2025.

- This bill attempts to further promote exploration, development, and production outside of the Bakken and Three Forks formations.
- Currently, 97% of production in North Dakota is produced in the Bakken and Three Forks formations encompassing 89% of the total well count. In addition, North Dakota produces ~ 1,200,000 bbls of oil per day of which ~36,000 of those bbls are from formations outside the Bakken and Three Forks formations.



Mark F. Bohrer
ASSISTANT DIRECTOR
OIL AND GAS DIVISION

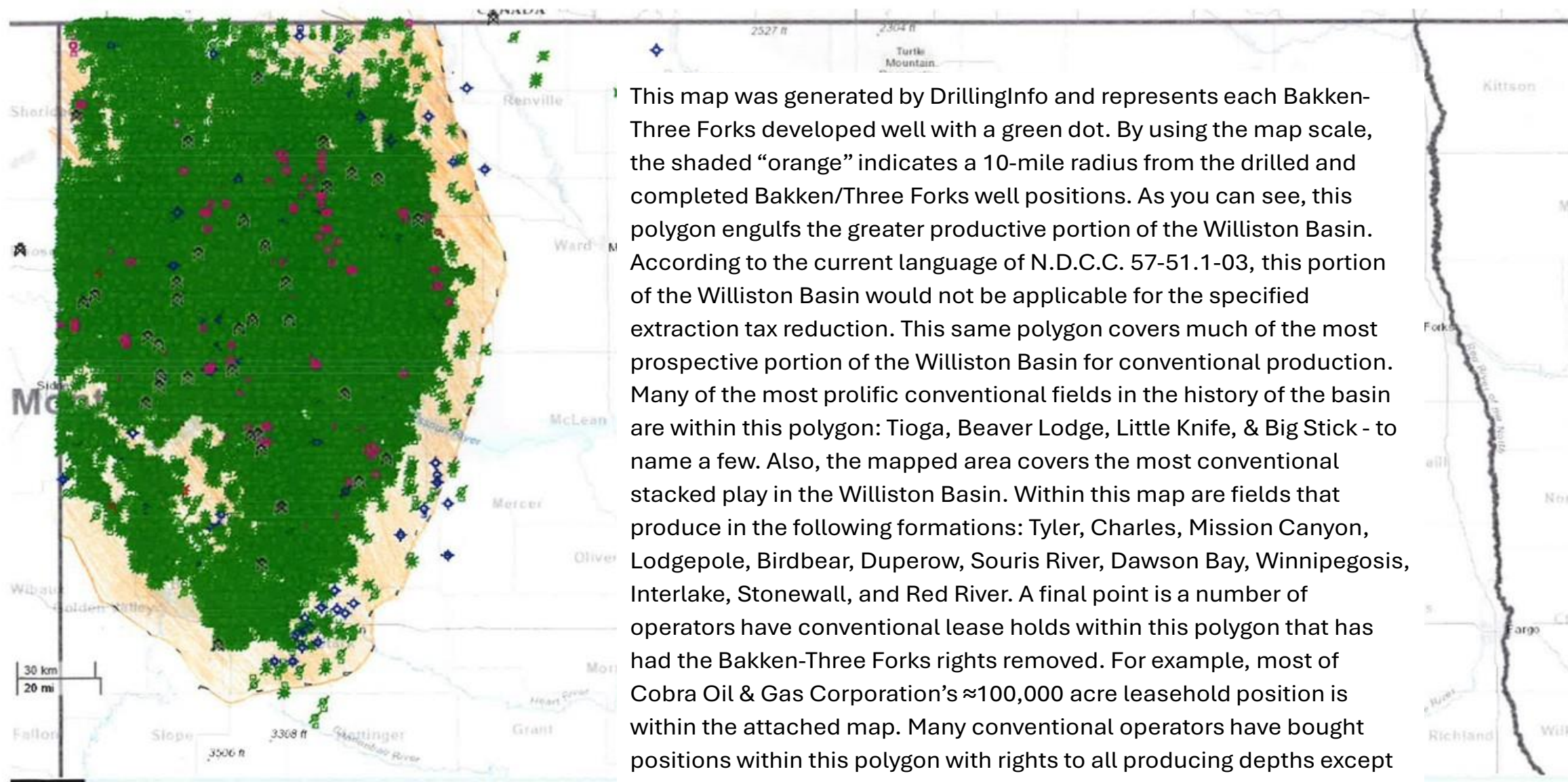
Nathan D. Anderson
DIRECTOR
DEPT. OF MINERAL RESOURCES

Edward C. Murphy
STATE GEOLOGIST
GEOLOGICAL SURVEY

- Non-Bakken Development from 2013 through 2023 show very low levels of drilling and completion outside of the Bakken and Three Forks formations. This highlights the opportunity for expanding exploration into those areas.
- DMR staff estimates that for 2024 the number of wells drilled and completed outside of the Bakken and Three Forks remains similar to that of 2023 and the past 8 years at just 15-20 new wells.
- There have been more than 600 wells drilled in the Bakken and Three Forks formations to a depth greater than 10,500 feet in 2024. Over the years of Bakken development, an incredible amount of data has been accumulated by industry during that development. The idea would be to further encourage companies to take a look at this data to assist in finding other reservoirs outside the Bakken and Three Forks formations.
- This bill seeks to increase the initial number of bbls of oil eligible for a reduced tax rate from 75,000 to 90,000 during the first 18 months of production in non-Bakken and Three Forks formations. Calculating the value of 15,000 bbls of oil reserves, assuming \$65/bbl would come up with a gross value of ~\$975,000 per well. The current reduced rate of two percent would yield approximately \$29,250 in financial benefit to the operator to potentially assist with non-Bakken development. This change matters to small companies that would take the risk, innovating and developing the next great chapter in North Dakota oil and gas. Further, this matters to all North Dakotans, tax revenue from the ~1,200,000 bbls produced each day yields roughly \$7,500,000 - \$8,000,000 in taxes to the state. This is important.
- Mid - Large cap & multi-national companies, are very involved in the Bakken and Three Forks play in North Dakota. However, it is typical for small to mid-size companies to develop outside of the Bakken and Three Forks. Back in the early days of the Bakken, a multitude of small companies assisted in the innovation and technological advances needed to make it what the Bakken what it is today.
- The mission statement of the DMR, Oil & Gas Division," **to encourage and promote the development, production, and utilization of oil and gas in the state in such a manner as will prevent waste, maximize economic recovery, and fully protect the correlative rights of all owners to the end that the landowners, the royalty owners, the producers, and the general public realize the greatest possible good from these vital natural resources."**
- I wake up every day as part of my job remembering the mission of the Department of Mineral Resources, which is to promote the resources of the state for the benefit of all. I ask myself what is the next great discovery, innovation or technology that will help further responsibly explore & develop the great resources of the state. How do we continue to help North Dakota's resources compete with other basins. As you have heard the total percentage of North Dakota production from the Bakken and Three Forks is very high, which means North Dakota needs additional investment into formations outside of the Bakken and Three Forks formations to ensure continued success.
- The Williston Basin competes with basins like the Permian, Powder River, DJ, & Uintah for US onshore capital investment. Common among leading oil producing basins is having multiple producing intervals. However, currently the Williston basin is heavily dependent upon one formation. There are ~18 formations in the Williston basin that have produced oil & gas, there is a technology and people that will unlock additional production from these other non-Bakken intervals. I've spent my career working various basins and those basins that have

multiple productive intervals continue to re-invent and innovate and always are at the top of list for additional investment when companies explore. The Bakken is one of the most amazing unconventional resources in the world however, encouraging exploration of other intervals is a responsibility to the people of North Dakota.

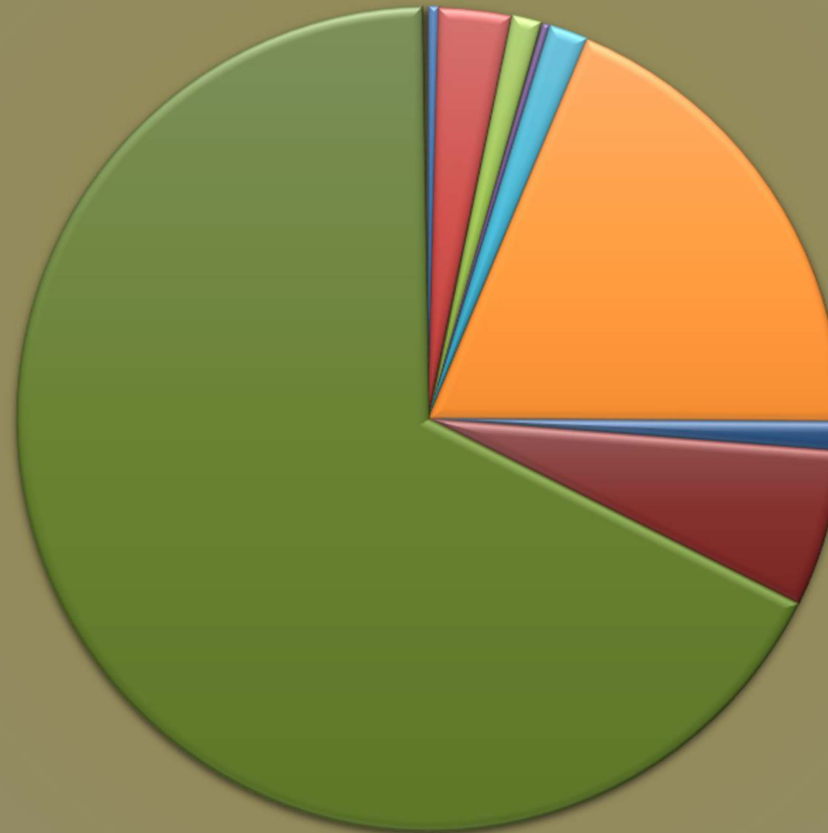
- I request this committee vote in favor of HB 1483. It is critical that North Dakota continues to find ways to responsibly develop additional resources in order to create a production stream for decades to come.



This map was generated by DrillingInfo and represents each Bakken-Three Forks developed well with a green dot. By using the map scale, the shaded “orange” indicates a 10-mile radius from the drilled and completed Bakken/Three Forks well positions. As you can see, this polygon engulfs the greater productive portion of the Williston Basin. According to the current language of N.D.C.C. 57-51.1-03, this portion of the Williston Basin would not be applicable for the specified extraction tax reduction. This same polygon covers much of the most prospective portion of the Williston Basin for conventional production. Many of the most prolific conventional fields in the history of the basin are within this polygon: Tioga, Beaver Lodge, Little Knife, & Big Stick - to name a few. Also, the mapped area covers the most conventional stacked play in the Williston Basin. Within this map are fields that produce in the following formations: Tyler, Charles, Mission Canyon, Lodgepole, Birdbear, Duperow, Souris River, Dawson Bay, Winnipegosis, Interlake, Stonewall, and Red River. A final point is a number of operators have conventional lease holds within this polygon that has had the Bakken-Three Forks rights removed. For example, most of Cobra Oil & Gas Corporation’s ≈100,000 acre leasehold position is within the attached map. Many conventional operators have bought positions within this polygon with rights to all producing depths except the Bakken-Three Forks for their project development.

North Dakota Cumulative Oil Production By Formation

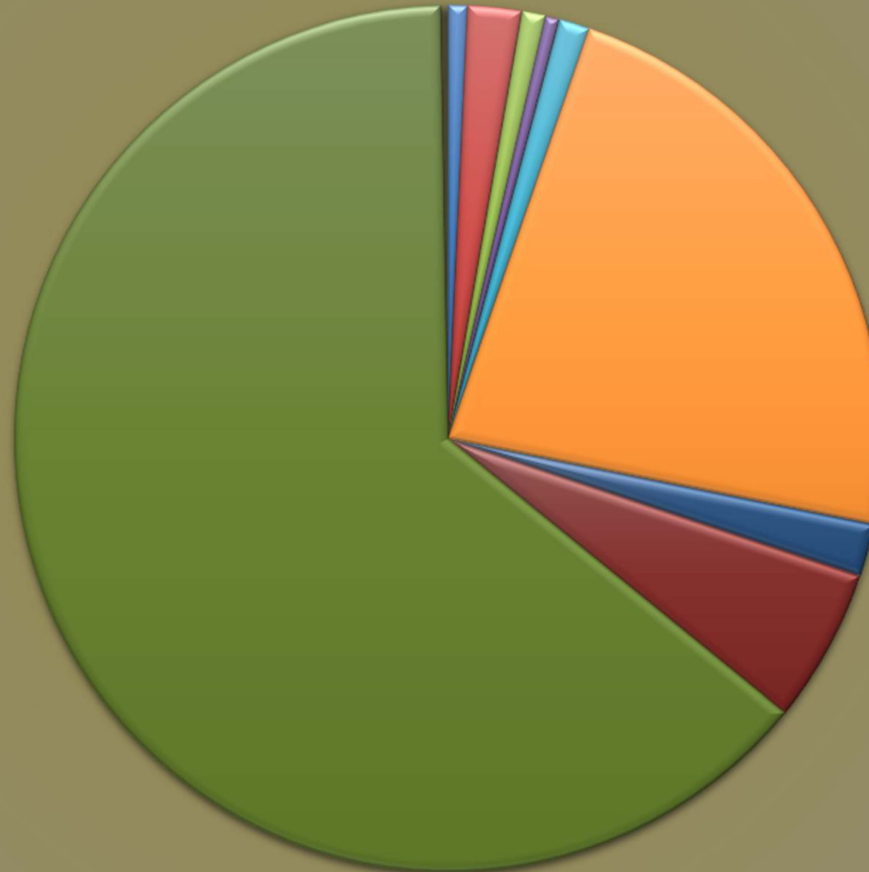
5,567,590,678
Barrels of Oil



■ BIRDBEAR ■ DEVONIAN-DUPEROW ■ SILURIAN ■ STONEWALL ■ TYLER/HEATH ■ MADISON GROUP
■ SPEARFISH/MADISON ■ RED RIVER GROUP ■ BAKKEN/THREE FORKS ■ DAWSON BAY ■ WINNIPEGOSIS

North Dakota Total Well Count By Formation

25,146
Total Wells



■ BIRDBEAR	■ DEVONIAN-DUPEROW	■ SILURIAN	■ STONEWALL	■ TYLER/HEATH	■ MADISON GROUP
■ SPEARFISH/MADISON	■ RED RIVER GROUP	■ BAKKEN/THREE FORKS	■ DAWSON BAY	■ WINNIPEGOSIS	



100 West Broadway, Ste. 200 | P.O. Box 1395 | Bismarck, ND 58501-1395
701.223.6380 | ndpc@ndoil.org | www.NDOil.org

House Bill 1483

Testimony of Brady Pelton

Senate Finance & Taxation Resources Committee

March 12, 2025

Chairman Weber and members of the Committee, my name is Brady Pelton, vice president of the North Dakota Petroleum Council (“NDPC”). The North Dakota Petroleum Council represents more than 550 companies involved in all aspects of the oil and gas industry, including oil and gas production, refining, pipeline development, transportation, mineral leasing, consulting, legal work, and oilfield service activities in North Dakota, South Dakota, and the Rocky Mountain region. I appear before you today in strong support of House Bill 1483.

House Bill 1483 revisits and refreshes an oil severance tax incentive originally implemented at the height of Bakken development to encourage drilling outside of the Bakken or Three Forks formation. A decade ago, this legislation included a ten-mile buffer zone from any Bakken or Three Forks field, as there was already significant investment within the core Bakken area. However, since that time, the Bakken’s reach has expanded, limiting areas where the incentive applies.

As you will see from the data and charts, out of an average of six hundred wells drilled per year, only a handful are targeting the other ten oil-producing formations in the Williston Basin. Despite North Dakota producing over five billion barrels of oil from the Bakken, production outside of the Bakken accounts for only around three percent of the state's total daily oil production. However, historical production from the ten other formations in the Williston Basin has demonstrated significant potential, with over one billion barrels of oil having been produced from them since 1951. House Bill 1483 seeks to encourage investment in these non-Bakken formations by bridging the economic gap in conventional formation development and incentivizing operators to explore new opportunities and apply innovative technologies to extract additional resources.

House Bill 1483 increases the maximum barrels of oil eligible for the extraction tax reduction incentive from the first 75,000 barrels to the first 125,000 barrels per well. This adjustment reflects the rising costs of drilling non-Bakken wells, which often take longer to reach full production potential. Unlike Bakken wells, many of these conventional or vertical wells may not reach 125,000 barrels before the current 18-month incentive limit expires, something the ND House of Representatives took into account when it increased the time window for the tax incentive to the first 36 months of production. At a conservative price of \$65 per barrel, this incentive equates to \$243,750 per well on a well that may cost \$4-6 million to drill. While this incentive may not impact major operators, it can provide the necessary boost for small to mid-size operators to explore and develop other formations.

The state, its political subdivisions, the oilfield service industry, and rural economies win if the well is drilled, and any barrel produced will still pay a total tax rate of 7% of the gross value of the oil, plus full sales tax on the drilling and completion of the well, as well as corporate and personal income tax on the any profits from the well and the service companies doing the work.

House Bill 1483 aligns with North Dakota's long-standing commitment to responsible energy development while fostering new investment opportunities. This bill is also extremely timely. After years of small oil and gas operators being pushed out of business or denied access to financing, we strongly believe now is the time to use the momentum of the federal "Drill, Baby, Drill" approach to attract investment back into oil and gas exploration. For small to mid-size private local or regional companies, an update to this incentive can help them raise money and assist their drilling economics, allowing them to drill a few more wells and perhaps discover the next big thing in the Williston Basin.

We urge you to support the initiative House Bill 1483 puts forth to further diversify the state's oil production portfolio with a **Do Pass recommendation**.

Thank you, and I would be happy to answer any questions.

Testimony HB 1483
Senate Finance and Taxation Committee
March 12, 2025

Mr. Chairman Weber and members of the Finance and Taxation committee, my name is Steve Farden. I reside in the small town of Maxbass, North Dakota which is about thirty-five miles north of Minot with a population of about eighty people. I am honored to be here today to testify in support of House Bill 1483.

My family has worked in the construction industry in northern and northwestern North Dakota for four generations. It is worth noting that my two daughters have their CDL Commercial Driver's License and work in our business in the oilfields of North Dakota.

Before the Bakken, Maxbass was surrounded by 20% of the producing oil wells in North Dakota. Which meant it was hard not to be involved in the oilfield. We have been in business since the early 1930s and are proud to say we employ 150 of the best people in our area. Across the three businesses we operate, their longevity is 90 years Farden Construction, 80 years Stevens Welding and 118 years Kemper Construction.

There are various businesses in our area that perform work in the oilfield. The work Farden Construction performs includes building and graveling the road into the location and the location the drilling rig will utilize to drill the well and if they find oil, the pumping unit will sit on to get the oil out of the ground. We also haul the drilling rig into and out of the location using large semi-trucks with custom built wenchers/cables on them that lift, load, and haul the heavy buildings and equipment including the oil well derrick into and around the location. We also excavate for water, power, and pipelines. Services other businesses in our area provide include servicing the pumping units to ensure they continue to operate efficiently, hauling water and oil and welding and fabricating various components that make up the various pieces of the drilling rig.

Our employees are all location North Dakotans who live in the area including the counties of Bottineau, Renville, and Ward and in the Turtle Mountains. Our employees take great pride in the work they do.

The "shallow oilfield" as I call it, is very ingrained in our communities from the service companies to the businesses on main street, to our schools, who all rely on the extra traffic from the oilfield to survive.

Since the plug and abandoned program in the State, several fields are now available to be redrilled. You may have heard we have only got 15% of the oil out of the ground with 85% left to get. With the increased costs of everything, this bill would bring the economics back to help make the decision to drill and invest in our region of the state more favorable.

My Father once said they start drilling out west first then when everyone get it tied up, the real "wild catters" show-up in our areas here to drill which include Ward, Bottineau, and Renville Counties.

This bill originally was written as 90,000 barrels of oil up to an 18-month timeframe after completion. My suggestion to your counterparts in the House was to increase this to 125,000 barrels for 36 months. With this change, it would take a 115 barrel of oil a day well to get the full potential of this bill. This change has the ability to change the world in our shallow oilfields of North Dakota.

Mr. Chairman and members of the committee, thank you for the opportunity to testify today. I encourage you to give HB 1483 a Do Pass Recommendation and I will address any questions the committee may have.

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1483
3/18/2025

Relating to the oil extraction tax rate reduction for oil produced from a new well drilled and completed outside the Bakken and Three Forks formations; and to provide an effective date.

10:33 a.m. Chairman Weber opened the hearing.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

Discussion Topics:

- Oil drilling methods

10:33 a.m. Vice Chairman Rummel offered updates to the committee regarding amendments defining different methods of oil drilling.

10:34 a.m. Chairman Weber adjourned the meeting.

Chance Anderson, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1483
3/24/2025

Relating to the oil extraction tax rate reduction for oil produced from a new well drilled and completed outside the Bakken and Three Forks formations; and to provide an effective date.

8:34 a.m. Chairman Weber opened the hearing.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

Discussion Topics:

- Vertical drilling

8:34 a.m. Senator Walen provided updates regarding potential amendments about vertical drilling.

8:35 a.m. Chairman Weber closed the hearing.

Chance Anderson, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1483
3/25/2025

Relating to the oil extraction tax rate reduction for oil produced from a new well drilled and completed outside the Bakken and Three Forks formations; and to provide an effective date.

9:14 a.m. Chairman Weber opened the hearing.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

Discussion Topics:

- Horizontal and vertical drilling

9:14 a.m. Senator Walen updated the committee with a proposed amendment LC#25.1080.02005 and submitted testimony in favor #43734.

9:17 a.m. Senator Walen moved Amendment LC#25.1080.02005.

9:17 a.m. Senator Marcellais seconded the motion.

Senators	Vote
Senator Mark F. Weber	Y
Senator Dean Rummel	Y
Senator Richard Marcellais	Y
Senator Dale Patten	Y
Senator Michelle Powers	Y
Senator Chuck Walen	Y

Motion passed 6-0-0.

9:17 a.m. Senator Walen moved a Do Pass as Amended.

9:18 a.m. Senator Marcellais seconded the motion.

Senators	Vote
Senator Mark F. Weber	Y
Senator Dean Rummel	Y
Senator Richard Marcellais	Y
Senator Dale Patten	Y
Senator Michelle Powers	Y
Senator Chuck Walen	Y

Motion passed 6-0-0.

Senate Finance and Taxation Committee
HB 1483
March 25, 2025
Page 2

Senator Walen will carry the bill.

9:19 a.m. Chairman Weber closed the hearing.

Chance Anderson, Committee Clerk

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

VG 3/21/25
1 of 2

ENGROSSED HOUSE BILL NO. 1483

Introduced by

Representatives Headland, D. Anderson, Koppelman, Vollmer, J. Olson, Hagert

Senators Kessel, Meyer, Rummel, Thomas

1 A BILL for an Act to amend and reenact subsection 4 of section 57-51.1-03 of the North Dakota
2 Century Code, relating to the oil extraction tax rate reduction for oil produced from a new well
3 drilled and completed outside the Bakken and Three Forks formations; to provide for a
4 legislative management study; and to provide an effective date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Subsection 4 of section 57-51.1-03 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 4. The first ~~seventy five thousand~~ one hundred twenty five thousand three hundred
9 thousand barrels of oil produced during the first ~~eighteen~~ thirty-six months after
10 completion, from a well drilled and completed outside the Bakken and Three Forks
11 formations, ~~and ten miles [16.10 kilometers] or more outside an established field in~~
12 ~~which the industrial commission has defined the pool to include the Bakken or Three~~
13 ~~Forks formation,~~ is subject to a reduced tax rate of two percent of the gross value at
14 the well of the oil extracted under this chapter. The tax rate reduction under this
15 subsection does not apply to a well located within the exterior boundaries of a
16 reservation, a well located on trust properties outside reservation boundaries as
17 defined in section 57-51.2-02, or a straddle well as defined in section 57-51.1-07.10
18 located on reservation trust land, unless a tribe makes an irrevocable election to opt-in
19 to the tax rate reduction by providing written notice to the tax commissioner. If a tribe
20 provides notice of its election to opt-in to the tax rate reduction, the tax commissioner

1 shall apply the tax rate reduction beginning in the month of production after the notice
2 is received by the tax commissioner.

3 **SECTION 2. LEGISLATIVE MANAGEMENT STUDY - OIL EXTRACTION TAX**

4 **EXEMPTION FOR PRODUCTION FROM STRIPPER WELLS.** During the 2025-26 interim, the
5 legislative management shall consider studying the oil extraction tax exemption for production
6 from a stripper well property or an individual stripper well. The study must include consideration
7 of the number of oil wells and amount of oil production qualifying for the exemption, the
8 estimated fiscal impact of the exemption, and alternative tax policies for stripper well properties
9 or stripper wells. The study may include input from the tax commissioner, the director of the
10 department of mineral resources, and representatives of the oil and gas industry. The legislative
11 management shall report its findings and recommendations, together with any legislation
12 required to implement the recommendations, to the seventieth legislative assembly.

13 **SECTION 3. EFFECTIVE DATE.** This Section 1 of this Act is effective for taxable production
14 beginning after June 30, 2025.

**REPORT OF STANDING COMMITTEE
ENGROSSED HB 1483**

Finance and Taxation Committee (Sen. Weber, Chairman) recommends **AMENDMENTS** ([25.1080.02005](#)) and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). HB 1483 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

25.1080.02005
Title.

Prepared by the Legislative Council
staff for Senator Walen
March 21, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1483

Introduced by

Representatives Headland, D. Anderson, Koppelman, Vollmer, J. Olson, Hagert

Senators Kessel, Meyer, Rummel, Thomas

1 A BILL for an Act to amend and reenact subsection 4 of section 57-51.1-03 of the North Dakota
2 Century Code, relating to the oil extraction tax rate reduction for oil produced from a new well
3 drilled and completed outside the Bakken and Three Forks formations; to provide for a
4 legislative management study; and to provide an effective date.

5 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

6 **SECTION 1. AMENDMENT.** Subsection 4 of section 57-51.1-03 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 4. The first ~~seventy-five thousand~~ ~~one hundred twenty-five thousand~~ three hundred
9 thousand barrels of oil produced during the first ~~eighteen~~ thirty-six months after
10 completion, from a well drilled and completed outside the Bakken and Three Forks
11 formations, ~~and ten miles [16.10 kilometers] or more outside an established field in~~
12 ~~which the industrial commission has defined the pool to include the Bakken or Three~~
13 ~~Forks formation,~~ is subject to a reduced tax rate of two percent of the gross value at
14 the well of the oil extracted under this chapter. The tax rate reduction under this
15 subsection does not apply to a well located within the exterior boundaries of a
16 reservation, a well located on trust properties outside reservation boundaries as
17 defined in section 57-51.2-02, or a straddle well as defined in section 57-51.1-07.10
18 located on reservation trust land, unless a tribe makes an irrevocable election to opt-in
19 to the tax rate reduction by providing written notice to the tax commissioner. If a tribe
20 provides notice of its election to opt-in to the tax rate reduction, the tax commissioner

1 shall apply the tax rate reduction beginning in the month of production after the notice
2 is received by the tax commissioner.

3 **SECTION 2. LEGISLATIVE MANAGEMENT STUDY - OIL EXTRACTION TAX**

4 **EXEMPTION FOR PRODUCTION FROM STRIPPER WELLS.** During the 2025-26 interim, the
5 legislative management shall consider studying the oil extraction tax exemption for production
6 from a stripper well property or an individual stripper well. The study must include consideration
7 of the number of oil wells and amount of oil production qualifying for the exemption, the
8 estimated fiscal impact of the exemption, and alternative tax policies for stripper well properties
9 or stripper wells. The study may include input from the tax commissioner, the director of the
10 department of mineral resources, and representatives of the oil and gas industry. The legislative
11 management shall report its findings and recommendations, together with any legislation
12 required to implement the recommendations, to the seventieth legislative assembly.

13 **SECTION 3. EFFECTIVE DATE.** ~~This~~ Section 1 of this Act is effective for taxable production
14 beginning after June 30, 2025.