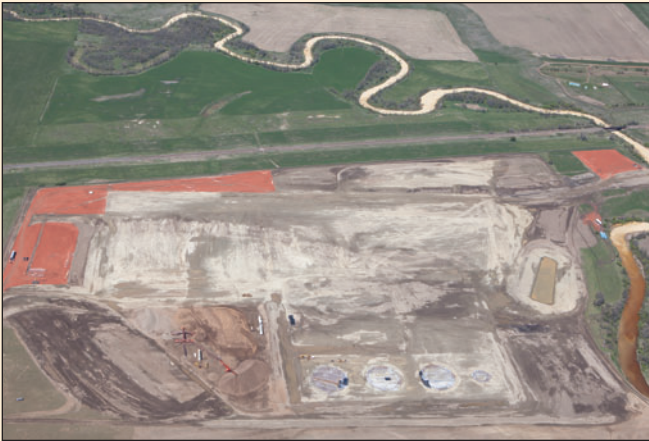




17 months of progress



VERN WHITTEN PHOTOGRAPHY

Groundwork had just begun on the Dakota Prairie refinery in Dickinson, North Dakota in late May, 2013, and 17 months later in late October 2014 construction of the refinery was nearly complete. With construction now complete, JV partners MDU Resources and Calumet Specialty Product Partners expect commercial production to begin in the second quarter 2015 (see story on page 19).



VERN WHITTEN PHOTOGRAPHY

ND facing potential oil tax cuts

When oil prices hover near \$50 per barrel, industry tightens its budget and North Dakota officials start crunching tax numbers. As part of legislation put in place in 1987 and 2009, the state set up two triggers for extraction tax reductions when the price of West Texas Intermediate, which is set at Cushing, Oklahoma, falls below certain price thresholds.



RYAN RAUSCHENBERGER

To differentiate the two triggers, the state refers to them as the “small” and “large” triggers. The small trigger is pulled when the price averages less than \$57.50 a barrel for a single calendar

see **POTENTIAL CUTS** page 20

XL backers seek veto-proof count

The freshly minted United States Senate moved closer to a head-on collision with President Barack Obama by voting 63-32 Jan. 12 on a procedural measure to allow debate on Keystone XL.

North Dakota’s senior Sen. John Hoeven, who is sponsoring the bill with Democrat Joe Manchin of West Virginia, said the stage has been set for an open debate with every member having the opportunity to offer amendments.

Although clearing the 60-vote threshold needed to proceed with legislation, supporters of the \$8 billion TransCanada project to ship crude from the Alberta oil sands and the Bakken to Gulf Coast refineries now need a two-thirds majority to override the threatened presidential veto.

The bill has already passed the House of Representatives, for

see **XL DEBATE** page 20

INDUSTRY PERSPECTIVE

Reality check

ND legislators hear from state’s top O&G regulator on what could be ahead

By **MAXINE HERR**

For Petroleum News Bakken

The Organization for the Petroleum Exporting Countries may be in the driver’s seat of the oil price market, but the Bakken has done its part to put in some speed bumps.

Due in large part to the world-class resource of the Bakken, the plans of OPEC’s most productive member — Saudi Arabia — are poised to curb U.S. production but it won’t bring it to a halt.

“There’s gloom, but no doom,” North Dakota



MAXINE HERR

Department of Mineral Resources Director Lynn Helms told members of the state’s House Appropriations Committee on Jan. 8. The 64th Legislative Assembly kicked off two days prior and the state capitol has been buzzing with talk about the effects of oil prices on the budget forecast. Concerns about layoffs, tax incentive triggers and declining rig counts due to low oil prices have legislators seeking a crystal ball as

they attempt to set up state funding for the next two years. Helms said the overarching struggle is that the

see **REALITY CHECK** page 22

COMPANY UPDATE

‘Conservative planning’

While well hedged, Halcon takes conservative path amid low prices, high costs

By **MIKE ELLERD**

Petroleum News Bakken

After first announcing a preliminary 2015 drilling and completion budget of \$750 million to \$800 million in November, Halcon Resources said Jan. 8 that it has revised that budget downward and is now planning to spend between \$375 million and \$425 million which will be spent in its two key resource plays in the Fort Berthold area of the Williston Basin and in the El Halcon play in East Texas. The company has also earmarked an additional \$20 million for other expenditures including leaseholds, infrastructure and seismic studies.



FLOYD WILSON

Halcon is “significantly hedged” through 2015 and into 2016 with approximately 88 percent of its estimated 2015 production hedged at a weighted average price of \$87.29 per barrel. However, amid the weak crude oil market coupled with “elevated service costs,” the company is focusing on its higher producing assets.

“Our plan is to deploy capital to assets where results indicate EURs (estimated ultimate recoveries) and initial production rates higher than our published type curves,” Chief Executive Officer Floyd Wilson said in a Jan. 8 press release. “We are comfortable with our current liq-

see **HALCON PATH** page 20

PRODUCTION & RECOVERY

Inching back in the black

ND oil production grows slightly in November after contracting in October

By **MIKE ELLERD**

Petroleum News Bakken

After oil production in North Dakota contracted by 0.2 percent in October, the state’s output rebounded in November, albeit slightly, posting a net increase of 3,691 barrels per day or 0.3 percent over October according to preliminary data released by the Department of Mineral Resources on Jan. 14. That increase put November production at 1,187,206 bpd, up just 3,691 bpd from October and setting a new production record but by a mere 978 bpd over the previous high in September.

The negative growth in October was attributed to both a weak crude oil market and efforts by opera-

see **ND PRODUCTION** page 24

Pipe and rail exports steady for 7th month

The proportions of crude oil exported from the Williston Basin via pipe and rail remained essentially flat for the seventh consecutive month in November with 59 percent of crude leaving the basin on rail cars and 35 percent leaving through pipelines.

Of the remaining 6 percent of Williston Basin crude exports in November, 5 percent went to Tesoro’s refinery at Mandan and 1 percent was trucked across the border and into

see **STEADY EXPORTS** page 24