



Mineral Resources

WORKING DOCUMENT: UPDATES, NEW INFORMATION, AND NEW DATA MAY BE ADDED TO THIS DOCUMENT AS AVAILABLE.

“The pandemic hits, we basically were at a standstill...How long is it going to last?...Fast forward to 2021...Thanks to the P&A project we were able to keep 100% of our staff on.” - Shane Bryans – Ham’s Well Service



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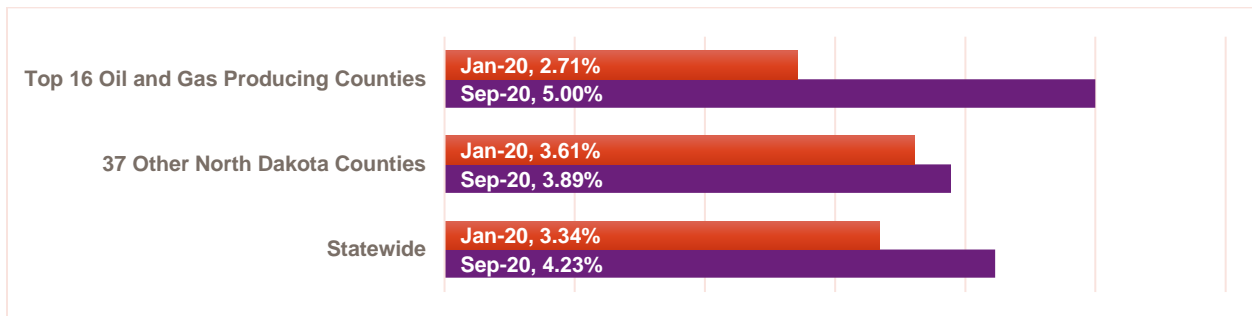
2020-2021 PANDEMIC IMPACTS IN WESTERN NORTH DAKOTA

Data Sources: [North Dakota Labor Market Information](#)

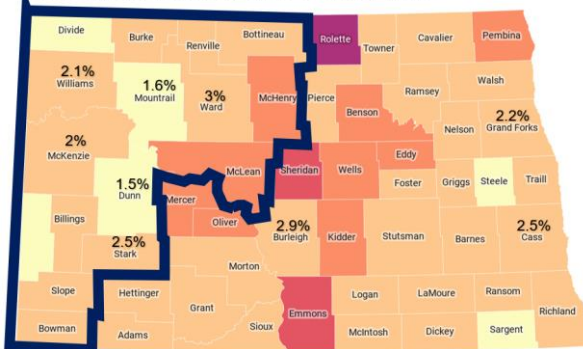
Average unemployment rate from January to September 2020 in North Dakota's four core Bakken/Three Forks producing counties increased 5.15%.

North Dakota's Top 16 Oil and Gas Producing counties increased 2.29%.

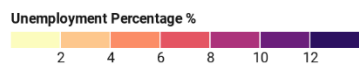
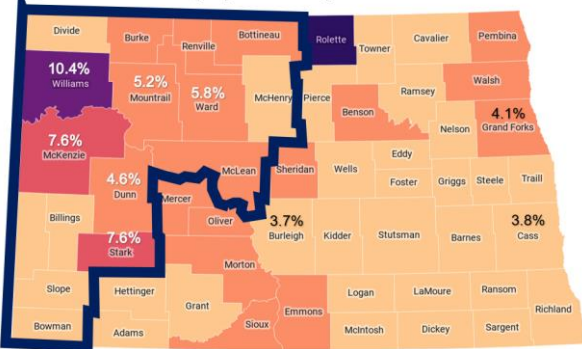
The average unemployment in the remaining 37 North Dakota counties increased 0.28% from January to September 2020.



North Dakota Unemployment - January 2020



North Dakota Unemployment - September 2020



BAKKEN RESTART TASK FORCE

To provide economic relief to businesses and their employees in Western North Dakota, the **Bakken Restart Task Force** sought use of the CARES Act Funds to facilitate a program plugging abandoned wells in the state which would create work for those who may otherwise be seeking assistance from unemployment.

The **Department of the Treasury released CARES Act Guidance** which provided their interpretation of the above limitations on the permissible use of Fund payments.

CARES Act Fund Usage:

The CARES Act provides that payments from the Fund may only be used to cover costs that:

1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.

Item 1 above - **“Necessary Expenditures Incurred Due to the Public Health Emergency”** - is clarified in the Department of Treasury's guidance as including:

“The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, **as well as expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.** Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments. The statute also specifies that expenditures using Fund payments must be “necessary.” The Department of the Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.”

CARES ACT FUNDING RECEIVED

PLUGGING

May 12, 2020 the North Dakota Emergency Commission approved an allocation of \$33,175,00 for the plugging of abandoned wells in North Dakota confiscated by the North Dakota Industrial Commission. The goal of this funding was to maintain the employment of 500-600 skilled oil and gas service sector employees to plug wells in 2020. At the time funding was approved the deadline for use of CARES Act Funds was December 30, 2020.

- [ND Emergency Commission May 12, 2020 Minutes](#)

May 15, 2020 the Legislative Budget Section approved the Emergency Commission's recommendation.

- [ND Legislative Budget Section May 15, 2020 Meeting](#)

June 10, 2020 hearings were held for ND Industrial Commission [Case #28495](#) to consider confiscation of over 368 wells.

- 17 Wells were placed back on production.
- 19 Wells were plugged by the operator.
- 332 Wells remained for consideration of confiscation.

North Dakota state statute does not explicitly contain a definition for an "Orphan Well" however N.D.C.C. § 38-08-04.4 authorizes the Commission to enter contracts for plugging or replugging, removal or repair of related equipment, and/or reclamation of abandoned sites if any of the following apply:

1. The person or company drilling or operating the well or equipment: cannot be found, has no assets with which to properly plug or replug the well or reclaim the site, or cannot be legally required to plug or replug the well or to reclaim the site.
2. There is no bond covering the well to be plugged or the site to be reclaimed or there is a bond but the cost of plugging or replugging the well or reclaiming the site, pipeline, or associated pipeline facility exceeds the amount of the bond.
3. The well, equipment, pipeline, or associated pipeline facility is leaking or likely to leak oil, gas, or saltwater or is likely to cause a serious threat of pollution or injury to the public health or safety.

For the full statute see: [N.D.C.C. § 38-08-04.4](#)

June 19, 2020 the North Dakota Industrial Commission approved orders to confiscate 239 wells and granted authority to the Director to confiscate up to another 93 wells after September 1, 2020 if requirements outlined in the applicable orders were not met. A second hearing would need to be held for wells operators requested to be confiscated.

- [Industrial Commission Meeting Minutes](#) (6.19.20)
- [Press Release](#)

July 31, 2020 a second hearing was held for ND Industrial Commission [Case #28530](#) to consider confiscation of 81 wells, 2 produced water underground gathering systems, and 8 treating plants.

August 20, 2020 the North Dakota Industrial Commission approved orders to confiscate additional wells and facilities as a result of the July 31st hearing.

- [Industrial Commission Meeting Minutes](#) (8.20.20)

December 30, 2020 was the initial deadline for spending of CARES Act Funding.

- As of December 30, 2020 - 281 wells were plugged supporting over 1,380 full time jobs and 157,719 man-hours. All CARES Act funding allocated for plugging (\$33,175,000) was utilized for plugging costs in 2020. Costs exceeding the \$33,175,000 in 2020 were paid from the [Abandoned Well Plugging Site Restoration Fund \("AWPSRF"\)](#). AWPSRF is made of up revenue collected by the Oil and Gas Division from Operators for permits, fees, or penalties; moneys received from forfeiture of bonds; federal allocations; oil and gas impact fund; and more. For the full list of revenue streams into AWPSRF see [N.D.C.C. § 38-08-4.5](#).

As of June 1, 2021 - The Department of Mineral Resources estimates approximately \$13,300,000 in expenses to plug the remaining sites confiscated. Funding to complete this work will come from [AWPSRF](#), forfeiture of single well bonds, and/or civil litigation. Request for bids for plugging work – when available – are posted on the Oil and Gas Division's website under [Employment and Bid Opportunities](#). To see all bids received and awarded please visit the Case Files for [NDIC Case #28495](#) or [Case #28530](#).

RECLAMATION

June 18, 2020 the North Dakota Emergency Commission approved an allocation of \$33,175,000 for the reclamation of the abandoned wells in North Dakota confiscated by the North Dakota Industrial Commission in NDIC Cases #28495 and #28530. The goal of this funding was to maintain the employment of 500-600 skilled oil and gas service sector employees reclaiming the wells that were plugged with the initial CARES Act funding in 2020. At the time funding was approved the deadline for use of CARES Act Funds was December 30, 2020.

- [ND Emergency Commission June 18, 2020 Minutes](#)

June 25, 2020 the Legislative Budget Section approved the Emergency Commission's recommendation.

- [ND Legislative Budget Section June 25, 2020 Meeting](#)

In October 2020 - \$16,875,000 of funding received for reclamation was turned back to the Office of Management and Budget for reallocation. A short construction season was not going to allow enough time to utilize all funds received prior to the December 30, 2020 CARES Act deadline. Since this decision, an extension was approved for spending of CARES Act funds by December 30, 2021 – however funds were already turned back prior to this extension.

December 30, 2020 was the initial deadline for spending of CARES Act Funding.

As of December 30, 2020 – 173 sites were reclaimed supporting over 1,925 full time jobs and 45,872 man-hours. These 173 sites cover approximately 880 acres of land.

- All CARES Act funding allocated for reclamation after turnback (\$16,300,000) was utilized for reclamation costs in 2020. Costs exceeding the \$16,300,000 in the amount of \$12,718,837 were paid from the [Abandoned Well Plugging Site Restoration Fund \("AWPSRF"\)](#).

April 29, 2021 the 67th Legislative Session approved [House Bill 1395](#) which appropriated CARES Act funding - including the reallocation of funds that were unspent. This bill appropriated \$6,000,000 towards the costs of reclamation of wells previously confiscated. The \$6,000,000 in funding appropriated during the legislative session must be spent by the current federal deadline of December 30, 2021.

Reclamation of the remaining locations confiscated will be ongoing.

Next steps include:

- The Department of Mineral Resources estimates approximately \$32,700,000 in reclamation work for the locations remaining. As of May 2021, this funding will come from an additional \$6,000,000 which was approved during the 2021 legislative session, forfeiture of single well bonds, AWPSRF, and other civil litigation.
- Request for bids for reclamation work – when available – are posted on the Oil and Gas Division's website under [Employment and Bid Opportunities](#). To see all bids received and awarded please visit the Case Files for [NDIC Case #28495](#) or [Case #28530](#).
- Summer 2021 the Oil and Gas Division will bid work to decommission locations and mitigate any potential concerns on locations not yet reclaimed by cleaning and removing tanks, pumping units, treaters, and other surface equipment, purging and capping flowlines, and removing any other garbage on location.
- Following the removal of surface equipment on the remaining sites the locations will be analyzed for contamination that could result in extra remediation needs. Recontouring of the land, seeding the location, and lastly monitoring the site for successful growth will be completed.
- Learn more about this process in the video with North Dakota Oil and Gas Division field inspector Rick Hutchens: [When the Land is Quiet Again](#)



DUC WELL COMPLETION

October 23, 2020 the North Dakota Emergency Commission approved a reallocation of \$16,000,000 to incentivize completion of DUC wells by reimbursing up to \$200,000 per approved well for water acquisition, handling, and disposal costs of up to 80 wells. The goal of this funding was to maintain the skilled frac crew workforce in North Dakota. Supporting 5-10 frac crews resulting in 500-1,000 frac crew jobs and providing 150-200 long-term production jobs to operate the new wells.

- [ND Emergency Commission October 23, 2020 Minutes](#)

October 28, 2020 the Legislative Budget Section approved the Emergency Commission's recommendation.

- [ND Legislative Budget Section October 28, 2020 Meeting](#)

December 30, 2020 was the initial deadline for all work to be completed and CARES Act Funds to be used. However, an additional COVID relief bill was signed extending the deadline for expenditure of Coronavirus Relief Fund money through December 31, 2021.

As of May 2021, the North Dakota Oil and Gas Division has reimbursed \$11,484,460.64 as part of the completion of 71 wells. Additional invoices are still being submitted for reimbursement for the remaining approved wells. This program to date has brought in \$4,600,000 in sales tax and provided approximately 400 full time jobs completing wells.

- [DUC Well Program Informational Slides](#)

OmniByte Technology Solution Key to Oil Well Reclamation

OmniByte's FormsPro mobile platform was instrumental in North Dakota Industrial Commission's (NDIC) Plug, Abandon & Reclaim Orphaned Wells program, Bakken Restart, funded in 2020 by the CARES Act.

OmniByte worked with the ND DMR to leverage FormsPro to gather input directly from service company employees, create and deploy the programs' required forms within a span of only a few weeks. As a result, FormsPro was used to capture the required documentation and reporting for plugging 285 wells, reclamation of 183 abandoned wells, and support ongoing employment of 3,700 oil and sector employees during the COVID pandemic.



The FormsPro mobile platform enabled oil field workers to collect and automatically report and securely store the program's vital data, allowing the NDIC to meet their reporting requirements and process payments to the service companies. In addition, FormsPro's flexibility allowed for immediate updates to the forms based on real-time feedback from users as the Bakken Restart program kicked off, which ensured all of the service companies could complete their required work without interruption.

OmniByte was honored to be part of the DMR's Bakken Restart program by supporting other North Dakota Oil & Gas service companies during the challenges COVID-19 presented by providing the FormsPro mobile platform. FormsPro is much more than a CARES Act program solution, and it continues to be a critical mobile solution for numerous oil & gas companies. It is highly configurable, provides automation of end-to-end workflows, easy to deploy, and provides access to real-time data for key analytics to all involved in the oil and gas supply chain.

Ray Berry | President and CEO | Co-Founder

Magnum Cementing Services

Magnum Cementing Services faced challenging times from the COVID pandemic and effect of the economic downturn. During these times Magnum ensures to minimize employee impact and diversify to maintain efficiencies.

The Cares Act helped maintain employee headcount while keeping employment within proximity of their families. North Dakota employees benefitted from this as they were able to keep working to support their families and to keep supporting the local communities.

The Cares Act also made it possible for Magnum Operations to stay working in North Dakota, this reduced overall cost for the company and maintained necessary efficiencies. These efficiencies helped minimize the financial impact and Magnum was able to provide more support to the North Dakota employees, their families, and the local communities.

Overall, the support from the Cares Act helped to reduce any burdens from a company and employee perspective.



Basin Concrete

Basin Concrete Inc. was selected to participate in the Plugging and Reclamation of Abandoned wells in the fall of 2020. Although the work greatly benefited Basin our employees and the Bakken Region were the real winners. I say that because this work helped avoid layoffs and gave them productive work to do that not only allowed them to provide for their livelihood but also gave them the opportunity to continue building their skill sets and bolstered the overall experience levels in Basin Concrete Inc. and the Bakken Region.

- Basin's truck drivers got to drive another mile, winch another load, or haul another load of water giving each that much more personal experience to add to the overall experience pool of truck drivers for the Bakken Region.
- Basin's hydrovac crews got to clean another tank, pothole another old cellar, and/or off load product at the disposal which again gave each of them employees that much more experience personally and that experience then is added to the overall experience pool for Hydrovac crews in the Bakken Region.
- Basin's crane crews got to rig and make another pick, once again giving the team more personal experience and adding more experience to the pool for crane crews of the Bakken Region.
- Basin's Hot Oil operators got to roll another well giving them added personal experience and that experience can now be added into the experience pool for the Bakken Regions hot oil operators.
- Basin's rental equipment got to be introduced to Bakken Region Consultants that may have not had experience with Basin until now.
- Basin got to showcase its vision of being the 1st choice for customers and employees by providing the best service. Equipment, and products to its customers through Basin's exceptional people, commitment, and teamwork.
- And Finally, the revenue generated helped Basin operate through at tough 2020.

Eric Anton
General Manager



eric@basintrucking.com
www.basintrucking.com

Go Wireline

From: Lucas Gjovig
Sent: Wednesday, January 13, 2021 11:26 AM
To: ldokk78@yahoo.com
Cc: Owners
Subject: Go Wireline's Statement

Larry,

Below is our statement regarding how the Cares Act Orphan Well program helped Go Wireline.

Go Wireline performed wireline and tools services during the NDIC's program financed by the Cares Act to Plug, Abandon & Reclaim Orphaned Wells in North Dakota, which ended December 31, 2020. Plugging these Orphaned Wells has inherent value to the people and the environment of North Dakota. As a company owned and operated by North Dakotans, we are proud to have provided services on this program.

More personally to us, however, this program helped us to keep as many as 15 people working in the field through one of the most challenging downturns the industry has faced. The work helped them support their families, pay bills, and meet other financial needs. Additionally, 15 people still working meant their family members would retain health insurance through the Covid pandemic, upwards of 30 people.

Go Wireline looks forward to the opportunity to participate in this program again should the NDIC obtain further funding.

Best,

-Lucas Gjovig
Chief Operating Officer



Patriot Well Solutions



January 11, 2021

Patriot Well Solutions
13527 58th St. NW,
Williston, ND 58801
Ph: (701) 264-5057

To: Larry Dokken and
NDIC Oil & Gas Division

RE: NDIC Cares Act Funding to Plug, Abandon & Reclaim Orphaned Wells in North Dakota

I am writing on behalf of Patriot Well Solutions to express our appreciation for the work that we participated in related to the NDIC Cares Act Funding.

This work greatly benefited our North Dakota employees and our company in several ways:

- Allowed our company to employ 28 personnel
- Supported 28 North Dakota families
- Positioned company to recover quickly from downturn by maintaining local training and R&M facilities
- Kept key company assets employed
- Speeded process for opening new facility in Williston, ND

While we understand the program ended December 31, 2020, we look forward to actively participating in any similar work that may occur in the future.

Petroleum Experience, Inc.

To whom it may concern,

In regard to the State Orphan Well Project that took place over the 2020 Fall Season, on behalf of Petroleum Experience Incorporated we wanted to say; Thank You! During the course of this program, PEI employed an additional 9 consultants, 4 office employees and 1 Safety Coordinator for 5 months. These 9 consultants otherwise would have been temporarily laid off due to the downturn we have seen in our industry today. This program ensured that each family had steady income, health insurance and most importantly a distraction from all the issues we see in the world today. While these P&A jobs ensued; each consultant used an array of different service providers providing the same benefit to each of these families, each job employed roughly 8-10 companies. PEI plugged 65 wells and prepped an additional 3 for work completed on a total of 68 wells. All while maintaining no incidents or COVID-19 cases. Throughout the entirety of this program, we have heard multiple companies voice their opinion on the positive impact this had, keeping their employees on a steady schedule in one of the most volatile downturns the Bakken has ever seen. Not to mention the landowner praise as most of these wells were an eye sore and burden to their harvest season. Once again, I want to express our gratitude from everyone at Petroleum Experience Inc.

Thank You,



Storbakken & Sons

Storbakken & Sons Construction, Inc.



January 12, 2021

To Whom It May Concern,

We are writing this letter to express gratitude for the work provided through the Cares Act. Because of this Act our company, Storbakken & Sons Construction, was able to keep all our valued employees on payroll. We currently employ 26 outstanding men and women. The work provided through Cares Act kept our employees not only employed but provided them with consistent income throughout the holiday season!

Storbakken & Sons Construction is locally owned and operated. We have been in business since 2009. Thanks to the Cares Act we were able to successfully make it into 2021. We are so fortunate to have been able to provide our services and truly value the experience and knowledge that was gained in completing the projects at hand.

Once again, we want to take the time to express our gratitude. Thank you for this opportunity. It meant so much to us, our own families, our valued employees and their families, as well as our community.

Bob's Oilfield Service

January 11, 2021
Attn: Larry Dokken
Neset Consulting Service

We would like to thank you for teaming up with Bob's Oilfield Service on the Abandon and Reclamation Project that we worked on this last fall. This project came at a very good time our company as we were about to lay off one supervisor and eight other employees. That would have been nine families that avoided lay offs thanks to this Cares Act Project, those nine employees continued employment and our company kept busy with this project, which also helped Bob's Oilfield Service pay our bills and helped us through a very tough 2020 year. Thank you again and please consider using our company for any future projects!



Rob Heim, Manager



Chamley Pipe & Salvage

NDIC CARE ACT 2020

I would like to begin with saying thanks to Neset Consulting and Mr. Dokken for letting Chamley Pipe & Salvage participate in this program.

Chamley Pipe & Salvage began working with Neset Consulting on this project on August 31, 2020 and continued until it ended on December 31, 2020.

We had 2 full time truck drivers and a third part-time driver working on this project almost every day going out and loading up rods and tubing at the plugged and abandon locations. We also had 2 full time yard personnel working to sort and sell the pipe and rods that we had purchased from Neset Consulting from this project.

Chamley Pipe & Salvage was able to keep 4-5 employees busy for the last quarter of 2020 with the help of the NDIC CARES ACT program of 2020.

Chamley Pipe & Salvage was fortunate to be able to participate in this program in 2020. We are looking forward to being able to work with Neset Consulting on more programs like this to help ensure that old orphan wells are reclaimed, and the land is returned to a more productive use.

Thank you,

Wayne Engberg

Chamley Pipe & Salvage



FUNDING OVERVIEW: LAST UPDATED 05.24.2021

	CARES Act Funding Awarded	Paid to Date by Funding Source		Total Paid to Date	Estimated Work/ Invoices Pending
		CARES Act	AWPSRF		
<u>Plugging</u>	\$33,175,000 375 wells	\$33,175,000	\$6,516,971	\$39,691,971 157,719 man-hours 1,380 FT jobs 280 wells	\$13,300,000 95 wells
<u>Reclamation</u>	\$22,300,000 185 sites 2020 - \$16,300,000 2021 - \$6,000,000 (HB 1395)	\$16,300,000	\$12,864,104	\$29,164,104 45,872 man-hours 1,925 FT jobs 176 sites = 880 acres	\$32,700,000 201 sites
<u>DUC Well Completions</u>	\$16,000,000	\$11,684,461	\$0	\$11,684,461 32 ND companies 400 FT jobs \$4,600,000 sales tax 47 wells	\$4,315,539 \$3,215,000 sales tax 33 wells
<u>Operating</u>	\$1,512	\$1,512			
Covid-19 Operating Costs included hand sanitizer, non-contact thermometers, webinar upgrade, etc.					
<u>Total</u>	\$71,476,512 1,875 acres 1,230 cropland 645 pasture	\$61,160,973	\$19,381,075	\$80,542,048 3,705 FT jobs \$7,815,000 sales tax	Future CARES Act: \$10,315,539 Future AWPSRF: \$46,000,000 SW Bonds: \$5,825,000 CARES/AWPSRF/Civil: \$62,175,000

RESOURCES

- [Interstate Oil and Gas Compact Commission \(IOGCC\) State and Provincial Relief Measures](#)
- [Review of ND Oil and Gas Division's "Well Status" Designations](#)
- [Oil and Gas Division Three-Part Education Series: Well Plugging and Reclamation](#)
- [Pipeline Authority – DUC Well Inventory Update \(April 2021 Update\)](#)
- [Industrial Commission Case #28495](#)
- [Industrial Commission Case #28530](#)
 - Cases files linked above contain Orders for confiscation listing wells and sites associated with this document. Including but not limited to public notices, bid documentation, and written comments related to the cases.
- [Oil and Gas Division Basic Services](#) – This is a subscription service of \$50/year that allows access to each Well File in North Dakota. Well Files would contain additional documentation such as sundry forms, communications, applications, site assessments, etc. A well file may also be requested by contacting the Oil and Gas Division offices.