

DEPARTMENT OF MINERAL RESOURCES

# OIL AND GAS UPDATE

- Activity Trends, Pricing, Geopolitics, and Legislation

WESTERN ND ENERGY ROUNDTABLE

Tuesday, May 27, 2025

Watford City, North Dakota

NORTH  
**Dakota** | Mineral Resources  
Be Legendary.™



# DEPARTMENT OF MINERAL RESOURCES

## OIL AND GAS DIVISION



This presentation provides updates on the state's energy sector, covering production trends, market pricing & activity outlooks, drilling trends, and 2025 legislative policy updates.

**The Oil and Gas Division regulates the drilling and production of oil and gas in North Dakota.**

*Our mission is 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.*



**NATHAN ANDERSON**  
*Director*



# DMR FIELD OFFICE TEAMS





# NORTH DAKOTA PRICE AND VOLUME FORECAST

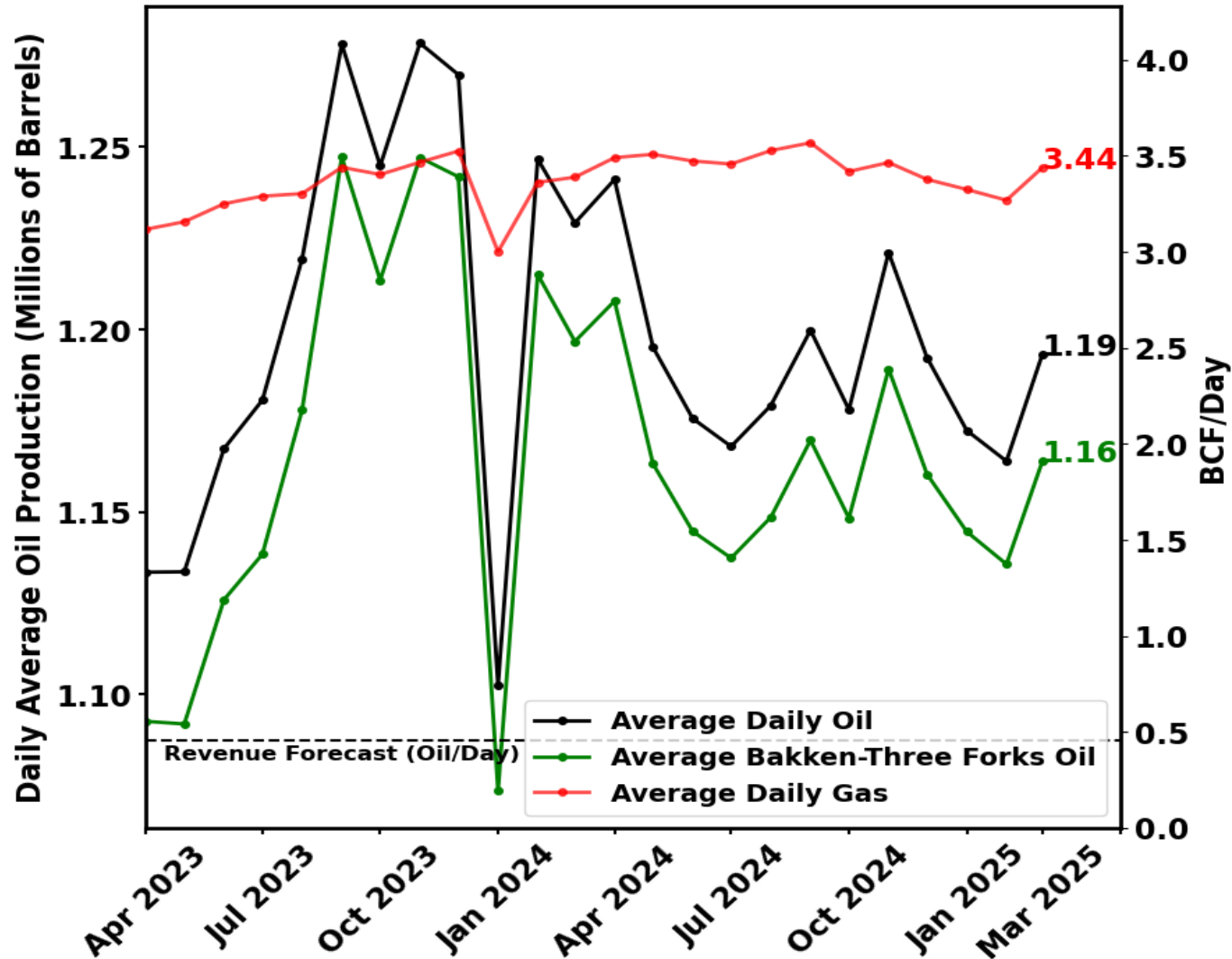


- JULY 2025 – JUNE 2027 - FORECASTED OIL PRICE:
  - Year 1: \$59.50 / bbl
  - Year 2: \$57.00 / bbl
- JULY 2025 – JUNE 2027 FORECASTED OIL VOLUME:
  - Year 1: 1,150,000 bbls / day
  - Year 2: 1,100,000 bbls / day
- CURRENT FORECAST (THROUGH JUNE 30, 2025)
  - Oil Price: \$70.00 / bbl
  - Daily Volume: 1,100,000 bbls / day

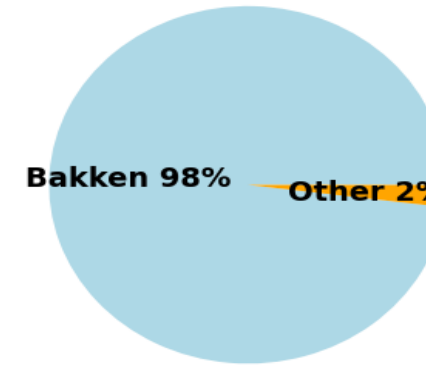


May 2025 Field Tour Photos

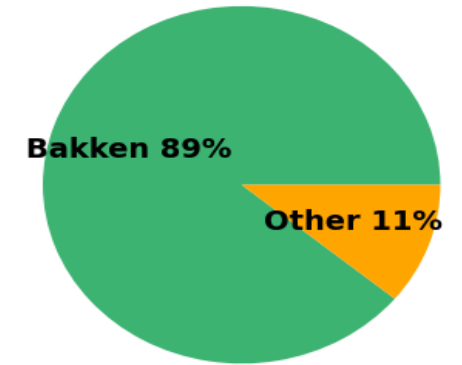
# NORTH DAKOTA PRODUCTION



## Statewide Production



## Producing Wells



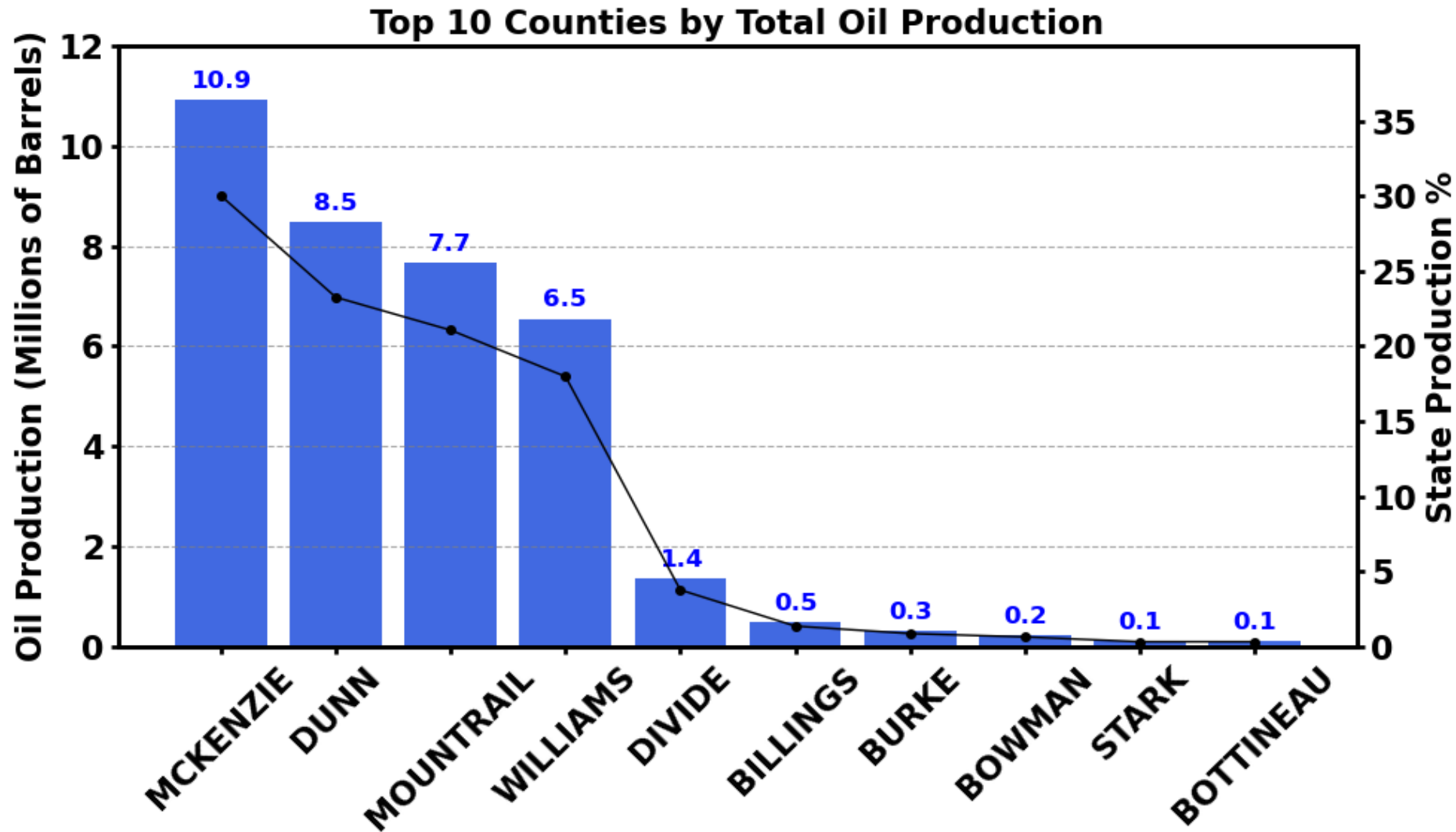
## OIL PRODUCTION:

- March: 36,987,282 bbls = 1,193,138 bbls/day
- February: 32,631,332 bbls = 1,165,405 bbls/day
  - +8.5% above Revenue Forecast (RF = 1,100,000 bbls/day)
  - +2.4% from February to March
  - 27,733 bbls/day Feb. 2025 to Mar. 2025
- 1,163,785 bbls/day or 98% from Bakken/Three Forks
- 29,353 bbls/day or 2% from non-Bakken/Three Forks

## GAS PRODUCTION:

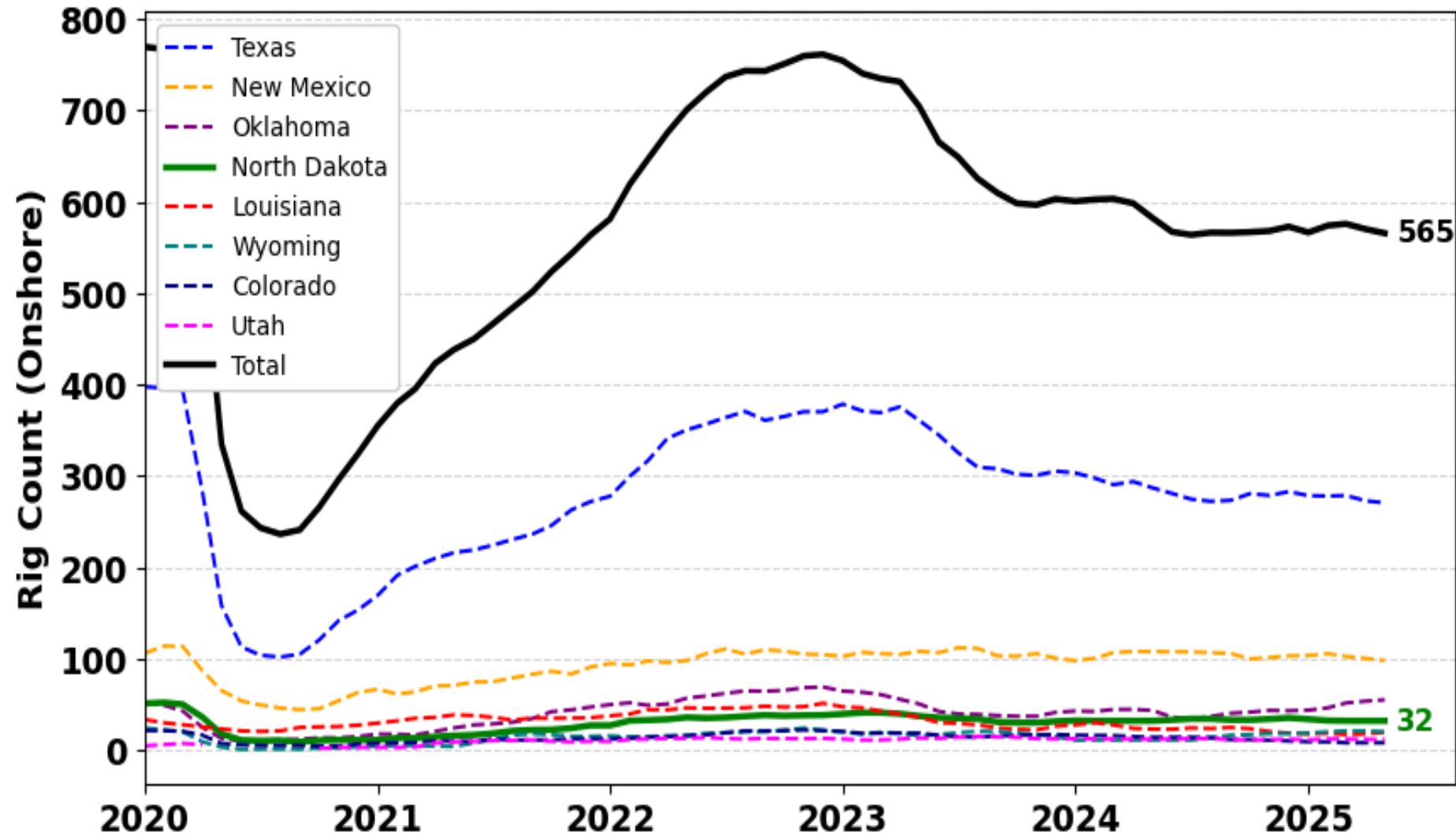
- March: 106.6 BCF/Month = 3.438 BCF/Day
- February: 91.55 BCF/Month = 3.270 BCF/Day
  - +5.15% from February to March

# NORTH DAKOTA COUNTY PRODUCTION



- ~30% of ND production comes from McKenzie County
- Top 5 counties make up ~97% of ND oil production

# RIG COUNTS OVER TIME - STATE



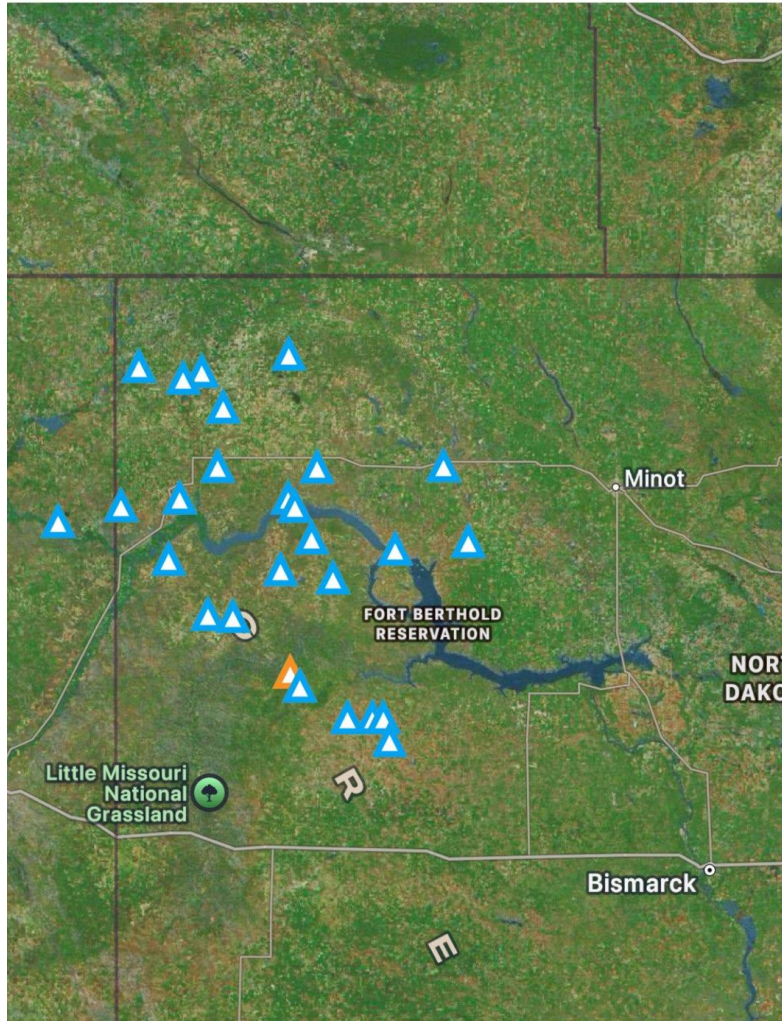
- North Dakota rig count remaining steady at 31-32
- US rig count steady since early 2024
- Slight increase in rig count in Oklahoma
- Total US rig count includes onshore rigs only
- Expect a rig count decrease over throughout the coming months



# RIG LOCATIONS AND EXPECTED ACTIVITY

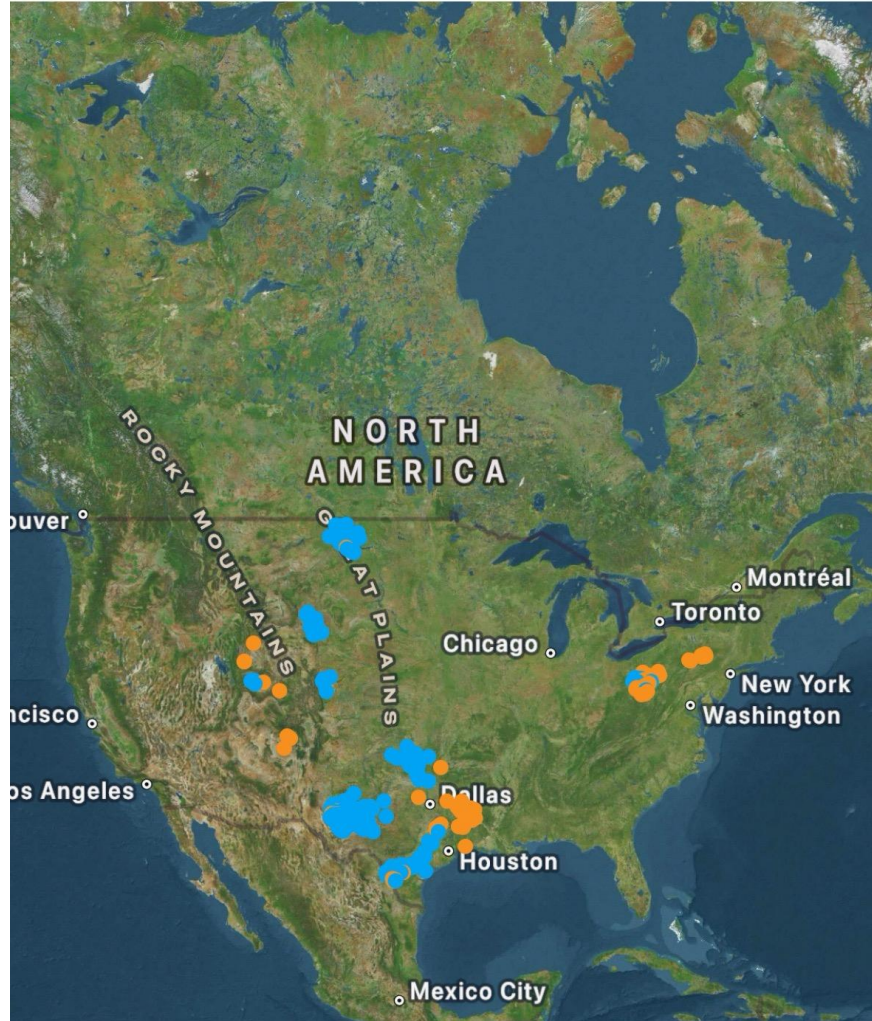


▲ Oil ▲ Gas ▲ Thermal  
△ Directional △ Horizontal △ Vertical



WILLISTON BASIN RIG LOCATIONS

● Oil ● Gas ● Thermal  
△ Directional △ Horizontal △ Vertical



UNITED STATES RIG LOCATIONS

566  
**U.S. On-Shore Rigs**  
(May 23, 2025)

-10 2% ▼  
Change From Prior Count (May 9, 2025)

-34 6% ▼  
Change From Prior Year



# EMERGING DRILLING TECHNOLOGY – U-SHAPED LATERALS

SLIDE F

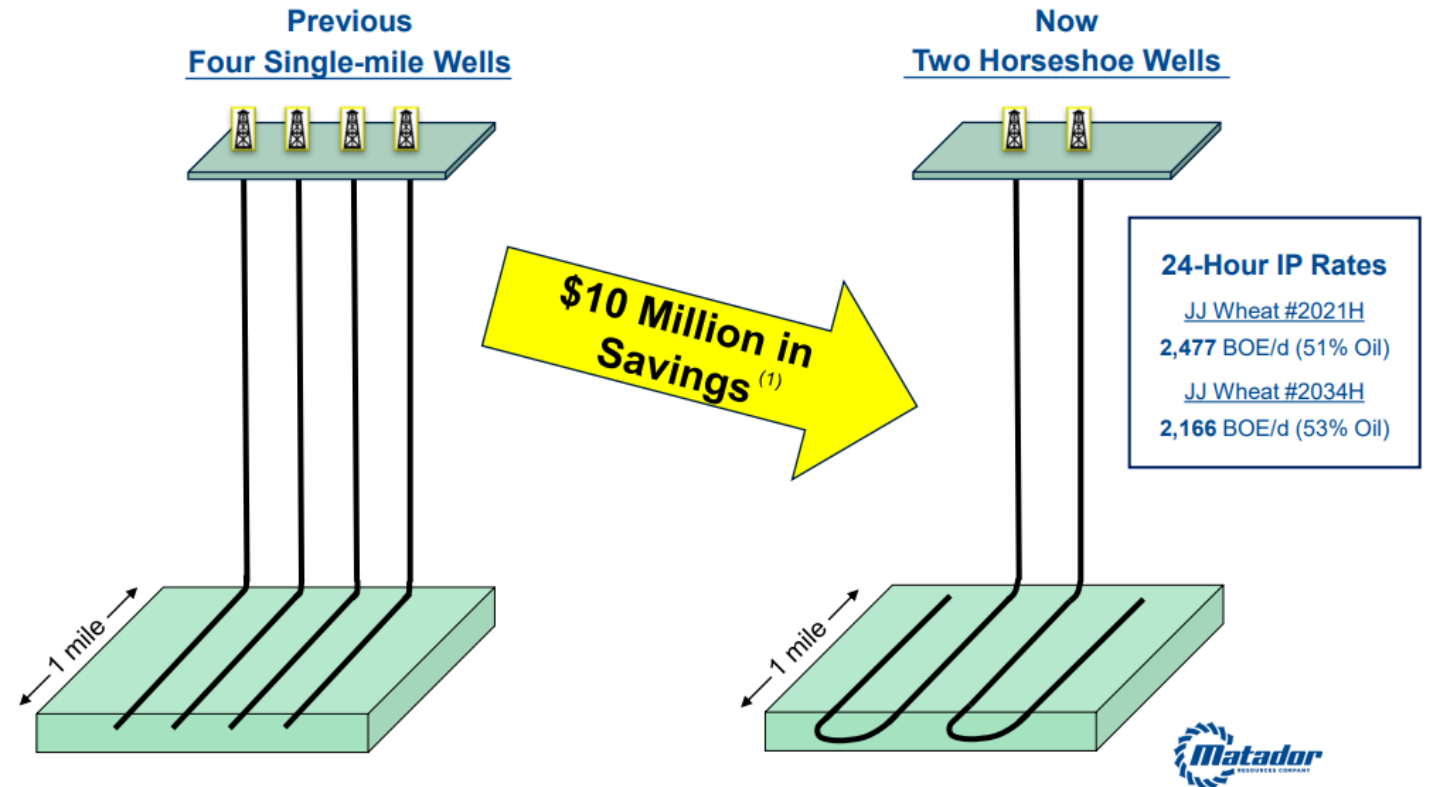
## Matador Resources Example Q2, 2024 Press Release Permian Basin

### “Horseshoe” Wells – Savings Achieved Through Successful Operational Execution

- **Q4 2023:** Two Horseshoe wells turned in line
  - **Increases value and potential** of acreage portfolio
  - **Drilled wells in record time**

### What is the application

- Stranded sections
- Odd shaped tracts
- Surface challenges
- J-shaped wells
- Not an economic substitute for 2-4 mile laterals



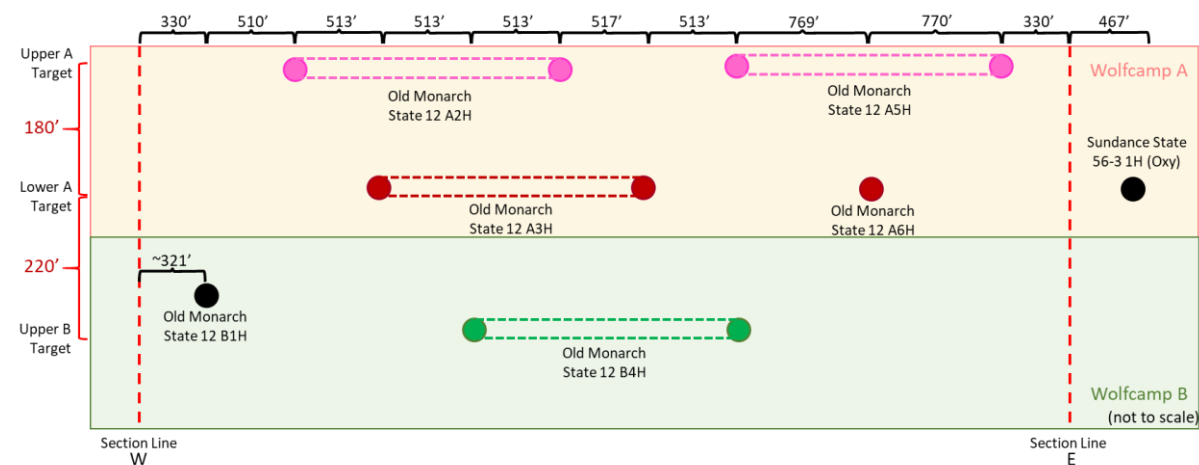
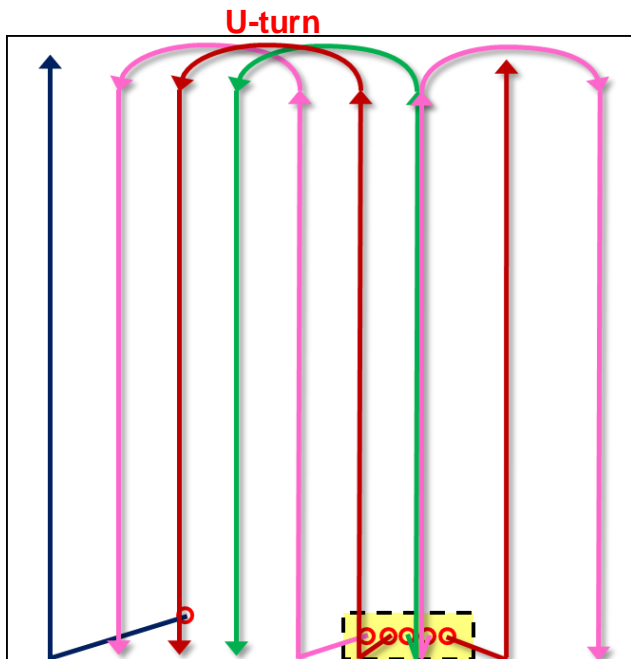
(1) Savings based on cost estimates for drilling four single-mile laterals versus two horizontal horseshoe well designs.

# COMPARISON OF U-SHAPED LATERALS

## U-Lateral

Full unit development:

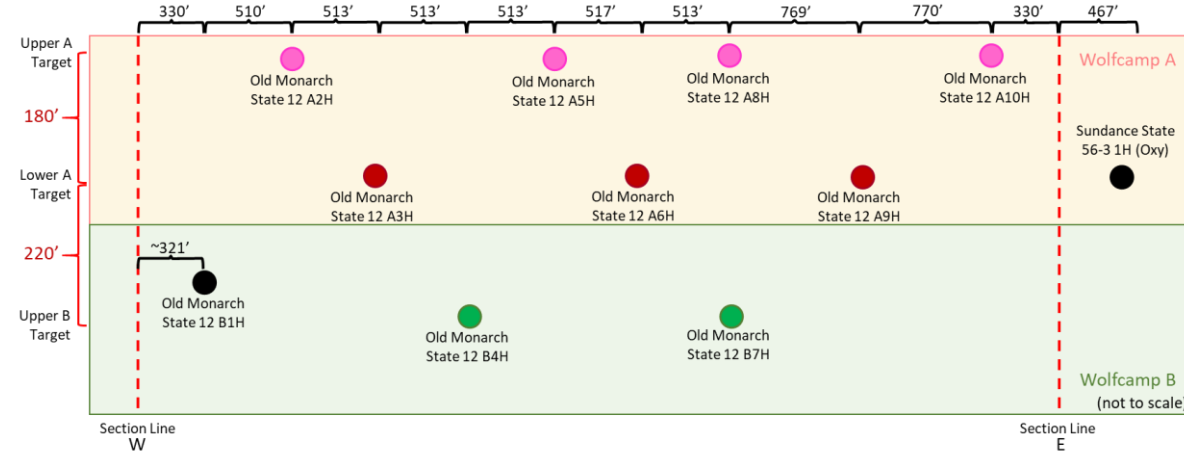
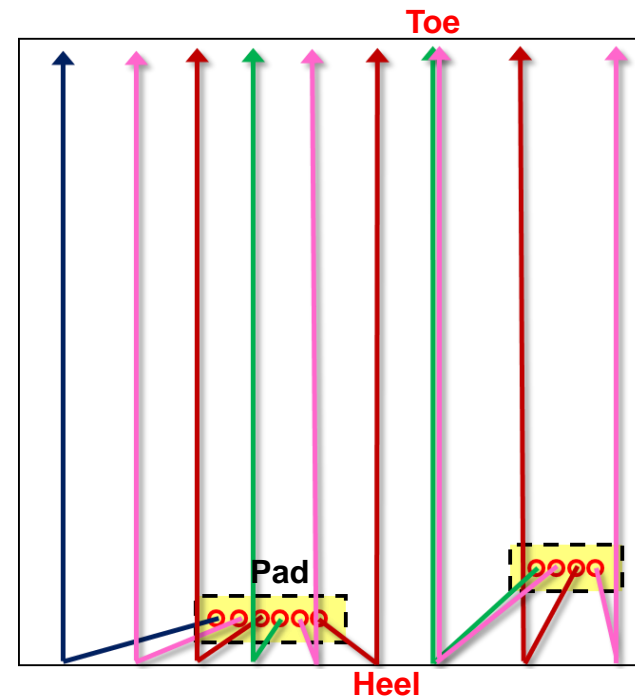
- 1 pad
- 4 U-laterals
- 1 SRL
- 46,400' total lateral footage drilled



## 1-Mile Wells

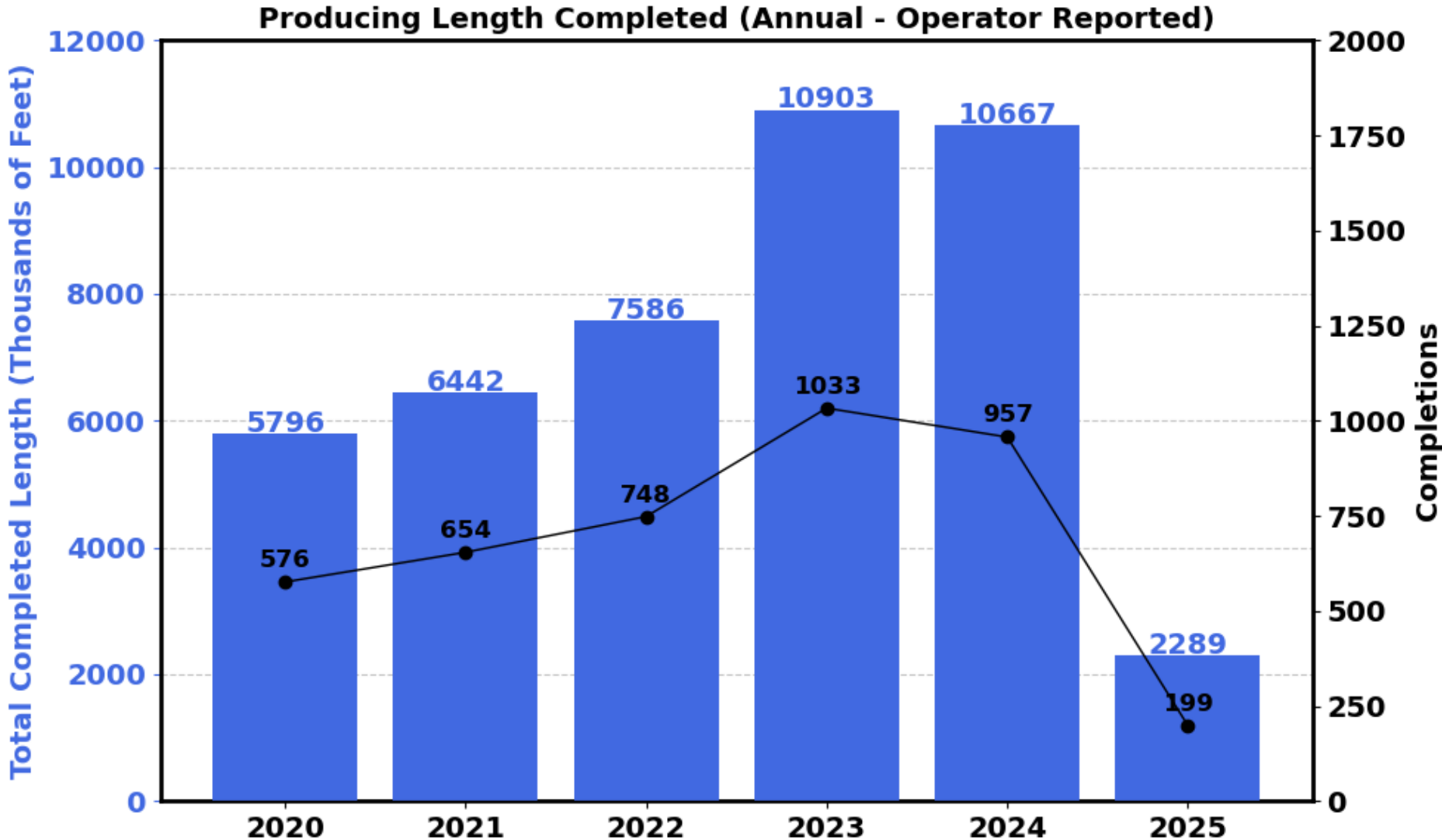
Full unit development:

- 2 pads
- 9 one mile wells
- 42,300' total lateral footage drilled





# COMPLETED FOOTAGE OVER TIME



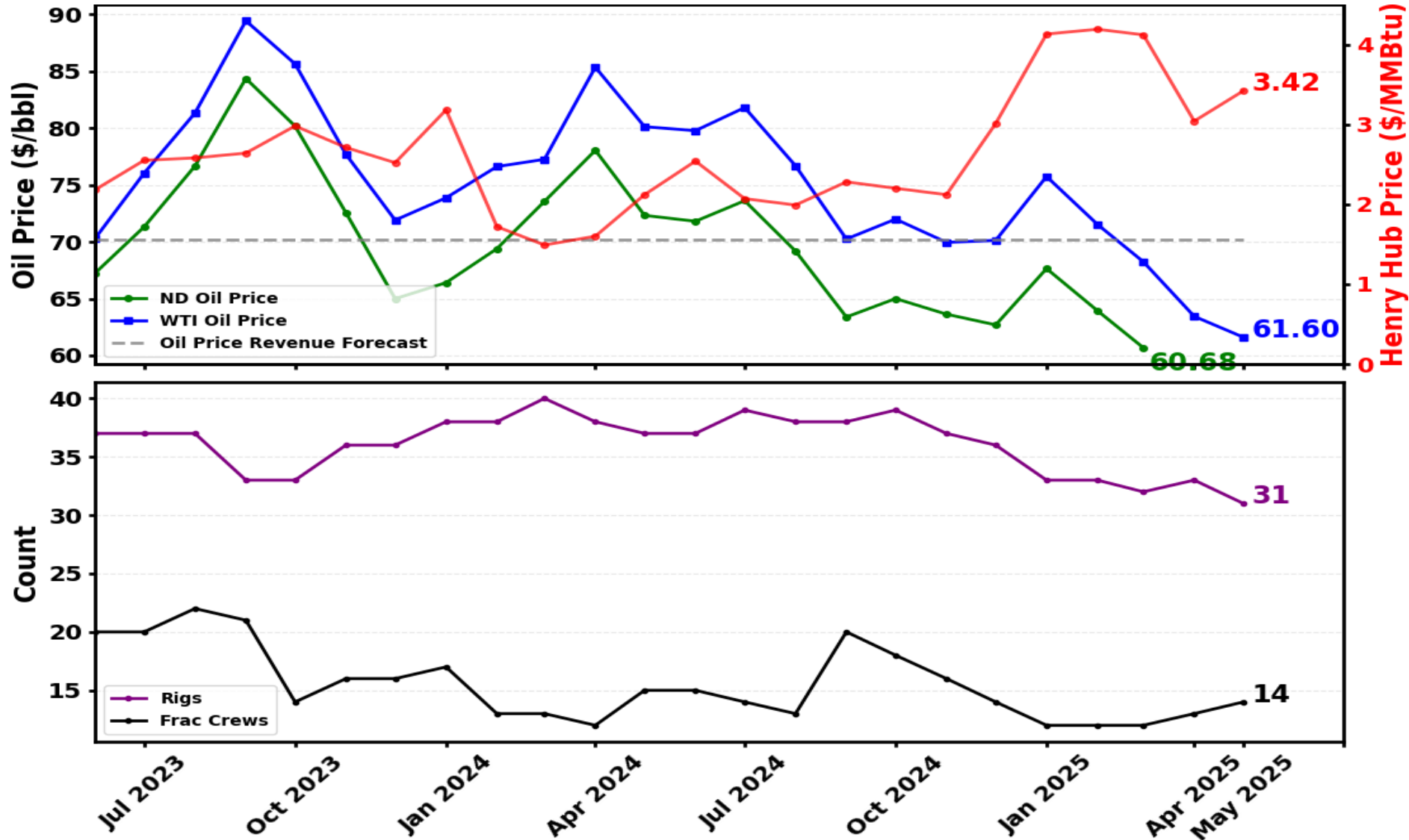
## TREND OF LATERAL LENGTHS

- 2024 = 10,647,000 total feet completed
- Estimated average lateral length completed by year:
  - 2020 = 10,062
  - 2021 = 9,850
  - 2022 = 10,141
  - 2023 = 10,554
  - 2024 = 11,149

## U-SHAPED LATERAL UPDATE

- 14 U-Shaped lateral permits issued to date
- 2 are completed and online

# PRICING AND ACTIVITY LEVELS



- Current WTI Oil = \$61.53
- Current HH Gas = \$3.26

## ND Market Oil Price

Revenue Forecast = \$70

- March = \$60.68
  - -13.3% to RF
- February = \$63.94

- Current frac crew count = 14
  - Expected to soften in coming months



# CRUDE OIL & NATURAL GAS PRICING

## WTI Crude (Jul'25)

@CL:1:New York Mercantile Exchange

\*Data is delayed | Exchange | USD

Last | 4:22 PM EDT

**61.69** ▲ +0.49 (+0.80%)

1D 5D 1M 3M 6M YTD 1Y 5Y ALL

+ Comparison



## Natural Gas (Jun'25)

@NG:1:New York Mercantile Exchange

\*Data is delayed | Exchange | USD

Last | 4:21 PM EDT

**3.314** ▲ +0.061 (+1.88%)

1D 5D 1M 3M 6M YTD 1Y 5Y ALL

+ Comparison



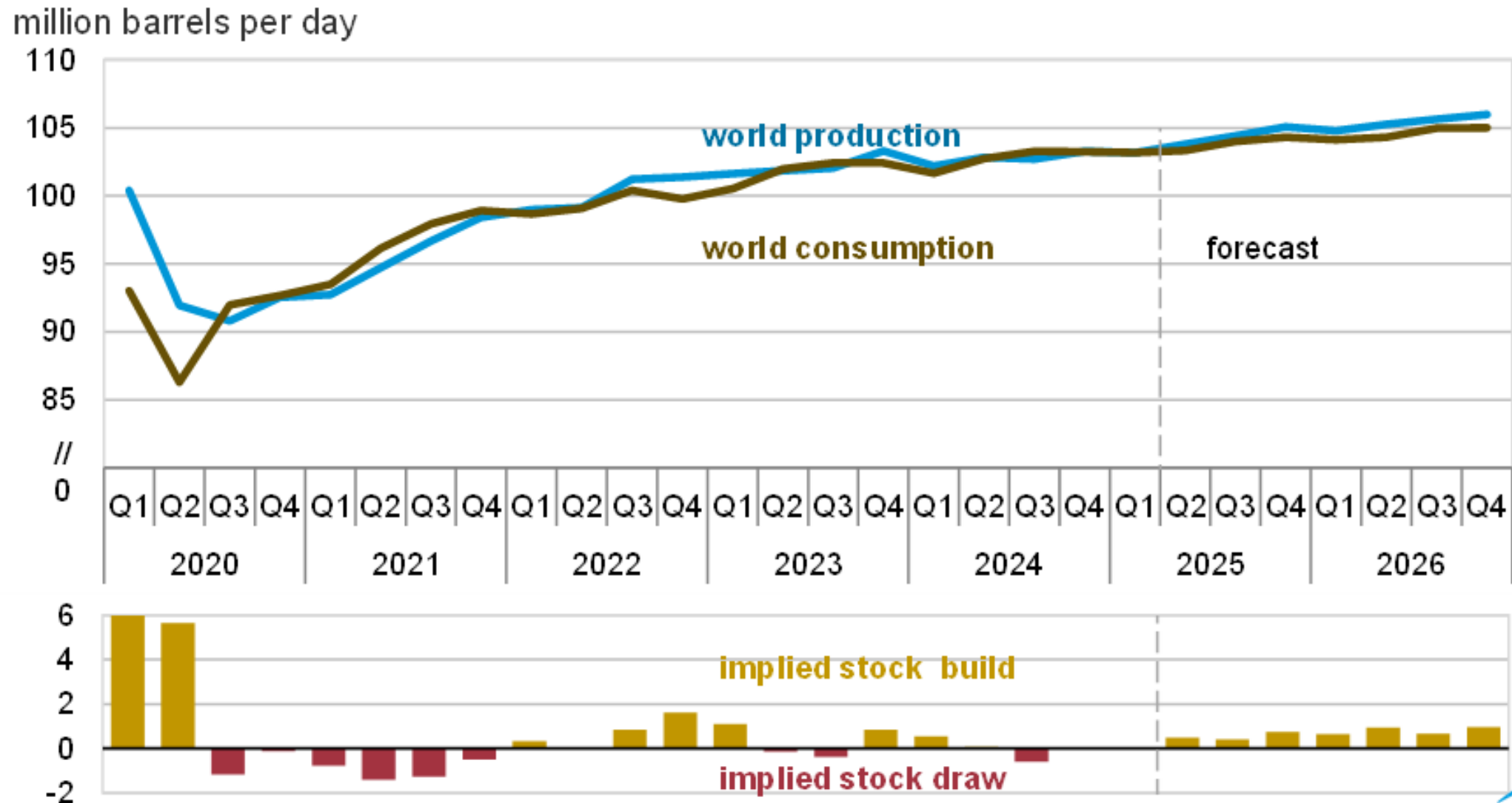
SOURCE: CNBC.

## CURRENT IMPACTS

- Industry leaders dealing with uncertainty; ongoing wars, Saudi Arabia and OPEC, tariffs, and recession.
- China will maintain imports, if not increase, due to low oil prices, continuing to stockpile oil.
- A prominent Permian operator has announced a 10% cut to CapEx.
- In a May 3, 2025 Saudi and OPEC press release, OPEC increases output amidst lower price environment – taking back some of the market share from when they agreed to output cuts a couple of years ago.
- We may lower supply through rig count reductions.

***Is North Dakota rig activity resilient in the \$50-\$60/bbls price range?***

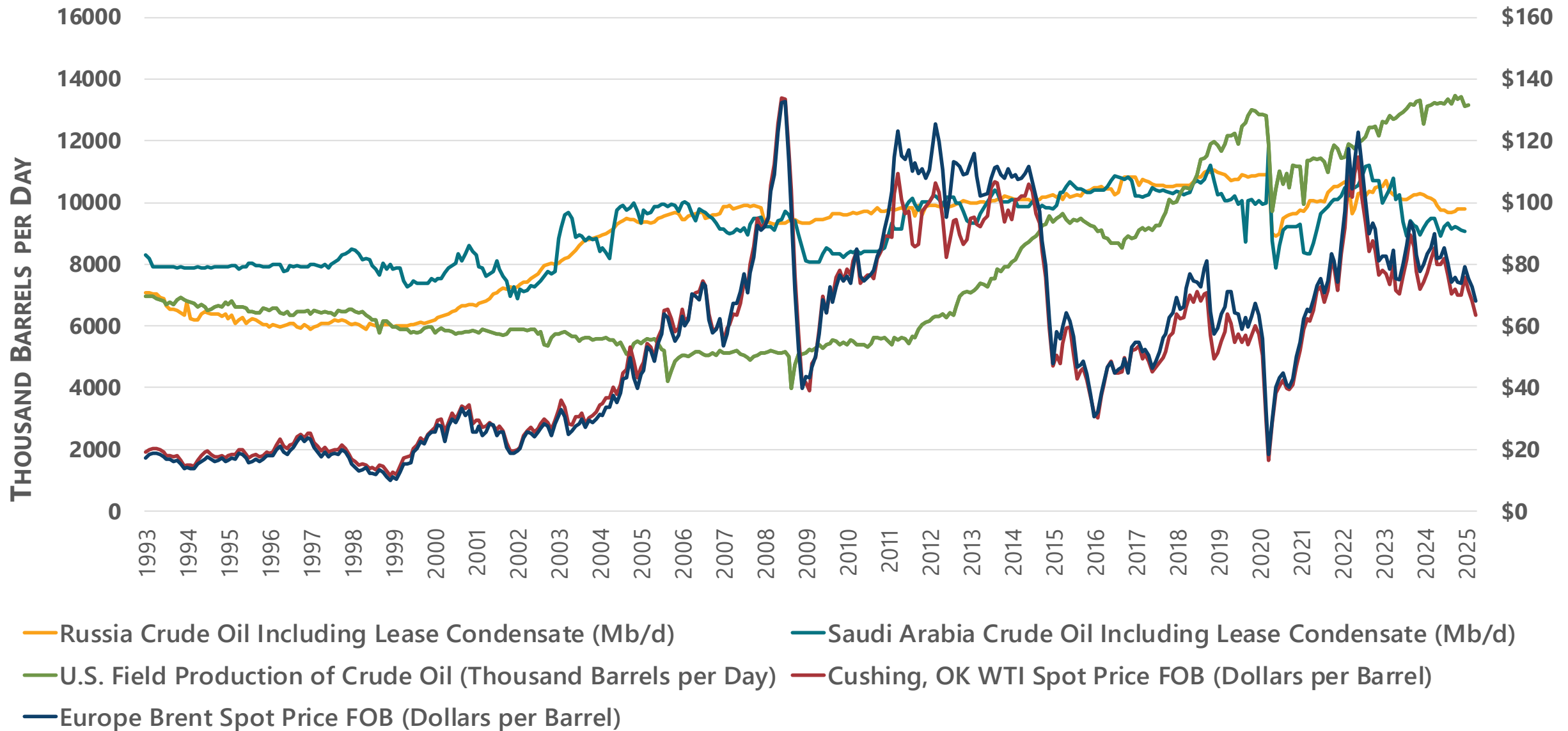
# WORLD LIQUID FUELS PRODUCTION AND CONSUMPTION



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, May 2025



# US, RUSSIA, AND SAUDI ARABIA OIL PRODUCTION

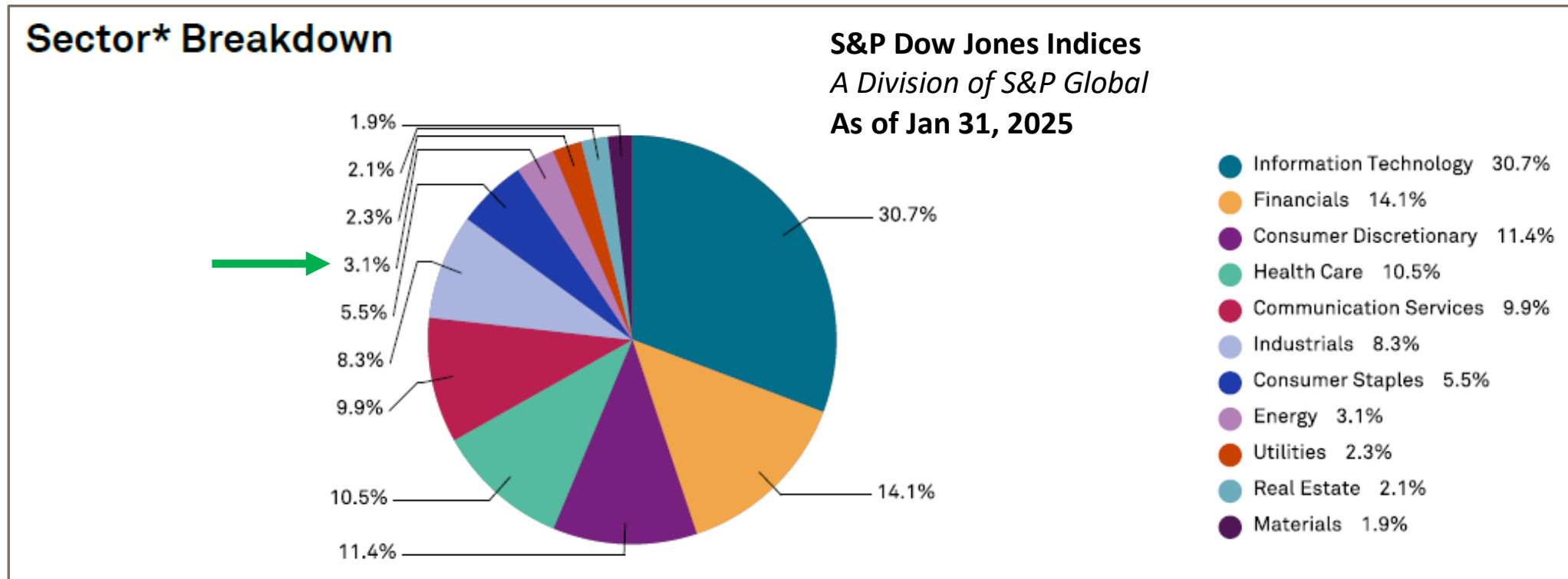


# QUICK FACT ON ENERGY INVESTMENT



# 3.1%

- Energy plays a vital role in the economy, however, the investment in S&P is quite low
- In the 1970's energy was ~ 15% of the market
- Indication of amount of private investment in energy



# HB 1483

## OIL EXTRACTION TAX RATE REDUCTION



*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; to provide for a legislative management study; to provide an effective date.*

### IMPACTS ON THE DEPARTMENT OF MINERAL RESOURCES

- Intent is to incentivize innovation, exploration & development in non-Bakken formations
- Incentive on the first 300,000 barrels produced or 36 months
- 3% extraction tax reduction



# SB 2397

## EXEMPTION FOR DEVELOPMENT INCENTIVE WELLS

*A BILL for an Act to create and enact a new subsection to section 57-51.1-03 of the North Dakota Century Code, relating to a limited exemption for development incentive wells; to amend and reenact sections 57-51-02.6, 57-51-05, and 57-51.1-01 of the North Dakota Century Code, relating to the temporary exemption for oil and gas wells employing a system to avoid flaring; an exemption from gross production tax for gas produced from certain enhanced oil recovery projects.*

### IMPACTS ON THE DEPARTMENT OF MINERAL RESOURCES

- Incentive is on the first 250,000 barrels produced or first 36 months
- 5% extraction tax incentive
- Three categories for number of wells drilled in prior bi-enium must be met to be eligible
- Intended for new technology & innovation in all formations, including Bakken/Three Forks
- Includes a sunset
- Specifies the role of the NDIC to administer those wells allowed to be deemed “development incentive wells”

# SB 2014

## NORTH DAKOTA INDUSTRIAL COMMISSION BUDGET

*A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control.*

### IMPACTS ON THE DEPARTMENT OF MINERAL RESOURCES

#### **OIL AND GAS DIVISION**

- 5 new FTEs: Executive Assistant, Deputy Director, and 3 Reclamation Specialists (approved through the use of AWPSRF)
- One-time funding: \$3,000,000 for O&G litigation funding

#### **GEOLOGICAL SURVEY**

- 1 position conversion from Administrative Assistant to Geologist; \$45,000 increase in temp. funding
- One-time funding: \$400,000 to drill & core for rare earth elements; \$150,000 for woolly mammoth dig; \$100,000 for mineral analysis; and \$45,000 for portable XRF analyzer

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