



August 30, 2005

Dear Oil and Gas Research Council Members,

Attached you will find a funding request for a project to be completed by the North Dakota Geological Survey and North Dakota State Land Department.

Please accept this letter as a binding commitment on behalf of the North Dakota Geological Survey and North Dakota State Land Department to complete the project as described in the application if the Commission approves the grant requested.

Sincerely,

Edward C. Murphy
State Geologist

Gary D. Preszler
Land Commissioner

Title Page

Oil and Gas Research Council Project

“North American Prospect Expo”

North Dakota Department of Mineral Resources
North Dakota Geological Survey

North Dakota State Land Department

8/30/05

\$1,445 Request

Table of Contents

Table of Contents.....	i
Abstract	1
Project Summary	3
Project Description	4
Standards of Success	5
Background	5
Qualifications of Participants	6
Value to North Dakota.....	7
Project Management	8
Project Timetable	8
Project Budget	9
Project Matching Funds	9
Confidentiality	9
Patents and Rights Reservations	9
Tax Liability Affidavit	10
Appendices.....	12
Appendix 1.....	12

Abstract

The proposed project entitled “North American Prospect Expo” is designed to provide information on current North Dakota oil and gas plays and studies to petroleum geologists, operators and venture capitalists attending the 2006 North American Prospect Expo.

Providing this information will encourage investment in North Dakota oil and gas prospects, ultimately resulting in increased drilling for oil and gas in the state.

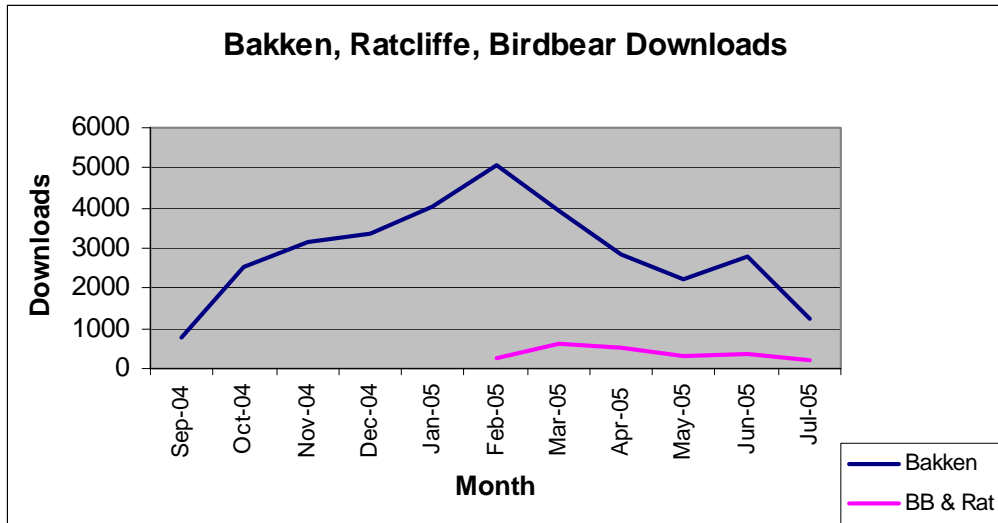
Providing oil and gas companies with more information will hopefully encourage them to invest here rather than in other states.

The duration of the project is expected to be one month.

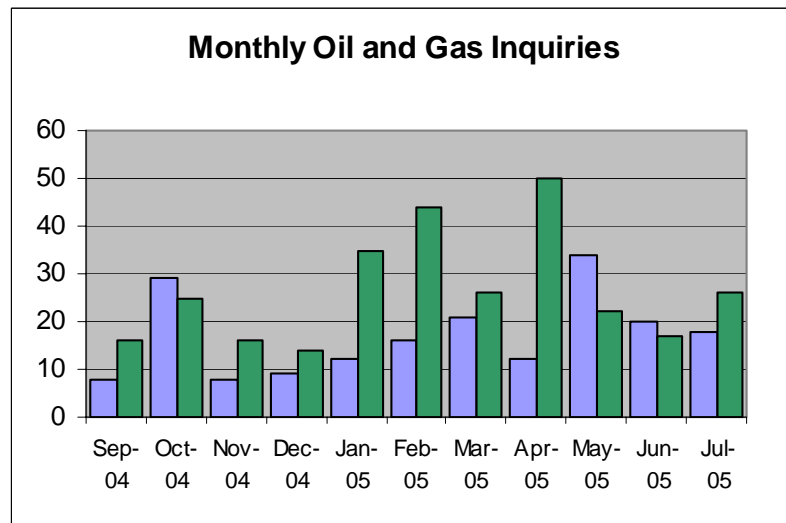
Total project cost is expected to be \$6,700.

Posters and handouts will be prepared by two NDGS petroleum geologists and the Director of Minerals Management for the North Dakota State Land Department.

The North Dakota Geological Survey received a \$5,000 grant from the North Dakota Oil and Gas Research Council to attend the 2005 NAPE. The information gained from the 2006 meeting will enable us to further evaluate the benefit to the State of North Dakota from attending this annual meeting. We were able to attribute some of the Middle Bakken enquiries that came into our office this year to our presence at NAPE 2005. We also saw an increase in downloads of Bakken files from the ND Geological Survey website in the months during and after the NAPE meeting.



This graph indicates a peak in downloads of Bakken items on the ND Geological Survey website in February, 2005, the month following NAPE 2005. We are confident that at least some of that increase came from the handouts and contacts that we made at that meeting. 32,122 total Bakken downloads.



Inquiries on oil and gas matters received by the North Dakota Geological Survey from September, 2004 through July, 2005 . Julie LeFever's inquiries steadily increased from November, 2004 through March, 2005 (in blue). Randy Burke's inquiries (in green) rose in January, February, and April of 2005. Most of this rise was attributable to Randy's organization of the Williston Basin Petroleum Conference held in late April.

Project Summary

The proposed project entitled “North American Prospect Expo” is designed to provide information on current North Dakota oil and gas plays and studies and lease information to petroleum geologists, operators and venture capitalists attending the 2006 North American Prospect Expo.

Providing this information will encourage use of other data on file with the ND Department of Mineral Resources and the ND State Land Department leading to increased investment in North Dakota oil and gas prospects and, resulting in increased drilling for oil and gas in the state.

Providing oil and gas companies with more information will hopefully encourage them to invest here rather than in other states.

The duration of the project is expected to be one month.

Total project cost is expected to be \$6,700.

The project work will be performed by NDGS petroleum geologists, who will prepare displays that highlight the oil plays currently underway in North Dakota as well as gas potential in the Williston Basin, and the ND State Land Department, who will prepare materials on state lands that are available for leasing and highlight upcoming lease sales. The materials will be displayed at a booth during the North American Prospect Expo held February 2 & 3, 2006 in Houston Texas.

Project Description

The proposed project entitled “North American Prospect Expo” is designed to provide information on current North Dakota oil and gas plays, studies, and North Dakota State Land available for leasing to petroleum geologists, operators and venture capitalists attending the 2006 North American Prospect Expo held February 2 and 3, 2006 in Houston Texas.

Providing this information will encourage use of the NDGS core library, use of other data on file with the ND Department of Mineral Resources, and files from the ND State Land Department. This should lead to increased investment in North Dakota oil and gas prospects which will lead to increased drilling for oil and gas in the state.

Since North Dakota competes with many other oil and gas producing states in attracting company investment, providing oil and gas companies with more information will hopefully encourage them to invest here rather than in other states.

The duration of the project is expected to be one month with a total project cost of \$6,700.

NDGS petroleum geologists will prepare displays that highlight oil plays currently underway in North Dakota. The gas potential of the Williston Basin will also likely be highlighted. The materials will be displayed at a booth during the Expo. The Director of Minerals Management for the ND State Land Department will attend in order to answer questions on lease availability and to ensure that the North Dakota booth is open at every opportunity.

Appendix 1 contains the registration form for booths at the 2006 North American Prospect Expo.

Standards of Success

Success will be assessed through the following measures:

1. Keeping records of contacts who stop at the display booth.
2. Monitoring NDGS website hits
3. Monitoring core library use of cores and samples.
4. Monitoring more closely informational requests that come into our offices from attendees of the meeting.

Background

Due to budget limitations, last year was the first time that employees of the ND Geological Survey had attended the largest prospect expo in the oil and gas industry.



Randy Burke (on the right) answers questions from an attendee at the 2005 NAPE.

Most of the states which compete with North Dakota for oil and gas investment have provided information booths about the geology and current plays in their state at this expo for many years.

The proposed project will make enough information available to petroleum geologists and investors to create interest in core library visits, prospect generation, and ultimately increased drilling for oil and gas in our state.

Qualifications of Participants

The posters and handouts will be created by two NDGS petroleum geologists (Julie LeFever and Randy Burke). These geologists have 50 years combined experience working with display booths, prospect expos, and geological symposiums. Julie LeFever will attend the expo. Rick Larson, Director of Minerals Management for the North Dakota State Land Department, will also attend the expo. Rick has worked for the State Land Department for 17 years.

Pertinent References

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- LeFever, J.A. and R.D. LeFever, 2004, Log-to-Core Cross-Section - Middle Member Bakken: Poster Session, 12th Williston Basin Horizontal Well and Petroleum Conference, Minot, MN
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- LeFever, J.A., 2005, Bakken Middle Member Core Workshop: North Dakota Geological Survey Geologic Investigations No. 4.
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- Pitman, J.K., Price, L.C., and J.A. LeFever, 2001, Diagenesis and fracture development in the Bakken Formation, Williston Basin; implications for reservoir quality in the middle member: U.S. Geological Survey Professional Paper 1653, 19p.
- Price, L.C., and J.A. LeFever, 1992, Does Bakken Horizontal Drilling Imply a Huge Oil-Resource Base in Fractured Shales?, in Schmoker, J.W., E.B. Coalson, and C.A. Brown, eds., Geological Studies Relevant to Horizontal Drilling: Examples from Western North America: Rocky Mountain Association of Geologists, Denver, CO., p. 199-215.
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Value to North Dakota

It is anticipated that petroleum geologists, oil and gas operators, and venture capitalists will make use of the project results.

Petroleum geologists, operators, and venture capitalists will have access to a ND Geological Survey petroleum geologist and the Director of Minerals Management for the ND State Land Department who will provide information on active North Dakota plays plus guidance on how to use other data on file with the ND Department of Mineral Resources, the North Dakota core library, and the records of the ND State Land Department.

Since North Dakota competes with many other oil and gas producing states in attracting company investment in the state, providing geologists, oil and gas operators, and venture capitalists with more information will hopefully encourage them to invest in North Dakota here rather other states.

Project Management

The ND Geological Survey petroleum geologists and the Director of the Minerals Management at the ND State Land Department are currently under the direct supervision of the applicants. Work schedules and priorities of the geologists are reviewed on a weekly basis.

Project Timetable

October to December, 2005 – NDGS geologists and Director of Minerals Management for the NDSLDD create or update existing posters and handouts of oil plays and the gas potential of the Williston Basin.

February 1-4, 2006 – NDGS geologist and NDSLDD Director of Minerals Management travel to North American Prospect Expo in Houston, Texas.

February to August, 2006 – NDGS and NDSLDD monitor web site hits, core library visits, and information requests.

Project Budget

Grant Support

Registration for booth	\$ 995
Internet hookup	\$ 300
Power outlet	\$ 50
Accessories (table, bunting, etc)	<u>\$ 100</u>
TOTAL	\$1,445

Cost Share

NDGS Petroleum Geologists	
Prep time to update and create posters (20 hrs)	\$1,200
Travel to Houston, Texas	\$ 900
Taxis	\$ 60
Room 3 x \$200 =	\$ 600
Meals	\$ 130
Poster materials	\$ 100
ND State Land Department Director or Minerals Management	
Preparation for meeting (20 hrs)	\$ 600
Travel to Houston, Texas	\$ 900
Taxis	\$ 60
Room 3 x \$200 =	\$ 600
Meals	<u>\$ 130</u>
TOTAL MATCH	\$5,280

Project Matching funds

North Dakota Geological Survey	\$2,990
North Dakota State Land Department	\$2,290

Confidential Information

None of the information in this application is of a confidential nature.

Patents and Rights to Technical Data

There are no patents or rights that the applicant wishes to reserve.

Tax Liability

I, EDWARD C. MURPHY do hereby confirm that the North Dakota Geological Survey does not have an outstanding tax liability owed to the State of North Dakota or any of its political subdivisions.

Edward C. Murphy
(Affiant's Signature)
STATE OF North Dakota)
COUNTY OF Burlingame)
)ss

On August 30, 2005, Edward C. Murphy, known to me to be the person described in and who executed the foregoing instrument, personally appeared before me and acknowledged that (s)he executed the same as a free act and deed.

Karen H. Heston
Notary Public
Seal State of North Dakota, County of Burlingame
My Commission expires 5-24-2006

Tax Liability

I, GARY D. PRESZLER, do hereby confirm that the North Dakota State Land Department does not have an outstanding tax liability owed to the State of North Dakota or any of its political subdivisions.

[Signature] 8-30-2005
(Affiant's Signature)
STATE OF NORTH DAKOTA)
COUNTY OF BURLINGHAM)

On AUGUST 30 2005, GARY D. PRESZLER, known to me to be the person described in and who executed the foregoing instrument, personally appeared before me and acknowledged that (s)he executed the same as a free act and deed.

[Signature]
Notary Public
Seal State of _____, County of _____
My Commission expires _____

RICK D. LARSON Notary Public State of North Dakota My Commission Expires July 17, 2011

Appendix 1



**Register Today for NAPE® 2006
February 2-3**

Registration Rec'd: _____

Payment Date: _____ Time: _____

Complete this form and return to the NAPE® 2005 registration desk, or mail to
AAPL at 4100 Fossil Creek Blvd, Fort Worth, TX 76137.

**Receipt of payment is required by February 18 in
order to maintain your priority ranking.**

ATTENTION EXHIBITORS:

The floor plan for the NAPE exhibit hall will undergo some modifications for 2006. Although the changes are not expected to be dramatic, some locations will be eliminated. The expected layout is printed on the reverse side.

In order to best maintain your priority and location you must have your payment to us by February 18, 2005. For those who do register and pay by February 18, we will attempt to assign you the same booth or a booth of equal desirability. Understand that this cannot always be done and we make no guarantees. For example, some locations are eliminated due to the structure of the facility or an addition of a lounge or a food court. Some availability is eliminated when parties elect to purchase additional booths. In some cases, it is impossible to accommodate the desires of all parties. We appreciate your patience in these instances.

Payments received after February 18 will be placed in a priority queue and assigned a booth (considering preferences listed on the registration form) based on that priority number. Sorry, but we are not able to contact registrants when assigning booths, so it is to your advantage to list several choices in various areas of the show floor, in order of preference.

We will make some booth assignments due to operational, historical or business reasons. NAPE and its organizers assume no liability for those unhappy with their booth assignment and your application or registration for a booth at NAPE releases NAPE and its organizers from any such liability. Your signature below indicates acceptance of these conditions. You may cancel your registration within 10 days from receipt of your booth assignment and receive a full refund.

Company Name: _____
 Contact Person: _____
 Title/Department: _____
 Mailing Address: _____
 City/State/Zip: _____
 Telephone: _____ Fax: _____
 E-mail: _____

Number of prospect/property booths @ \$995 _____ Total Amount \$ _____

Number of service co/vendor booths @ \$5000 _____ Total Amount \$ _____

Visa MC AMEX Card # _____ Exp. _____

(Return this card with payment by 2/18/05 to maintain your present priority booth assignment status. After 2/18/05 priority preference will be based on the order in which payments are received.)

Authorized Signature: _____ **Date:** _____

Exhibitor Type: (check one)
 Prospect/Producing Property _____
 Capital Markets _____
 International _____
 Service Co/vendor _____

List booth number/location request or circle desired area on map (see reverse)
 1. _____
 2. _____
 3. _____
 4. _____
 5. _____

Preferences: Please rank the features most important to you, where 1 is of the most importance and 4 is of the least importance:
 _____ Near food court/lounge
 _____ Proximity to entrance
 _____ Corner/endcap booth
 _____ Near center aisle

Comments:

