

Minutes of a Meeting of the Oil and Gas Research Council

Held on December 15, 2023 beginning at 12:00 p.m.

Department of Mineral Resources West Conference Room

Present: Ron Ness
Lynn Helms
Preston Page
Steve Holen
Zac Weis
Daryl Dukart
Ed Murphy
Justin Kringstad
Reice Haase
Brenna Jessen
Erin Stieg

Others Present: This meeting was open on Microsoft Teams so all other attendees are unknown.

Zac Weis called the meeting of the Oil and Gas Research Council to order at approximately 12:08 p.m.

Mr. Justin Kringstad gave a presentation from the North Dakota Pipeline Authority. He gave an update on rig counts and the relationship between those rigs and the price of oil. Production models show 2-mile laterals, while many new rigs are 3-mile laterals. 80 well completions per month is where we need to stay in the near-term. He spoke about base decline rate and how in the long term we need to be thinking about additional technologies to keep oil production where it needs to be. There has been severe downward pressure on oil prices from the tax dept. discount to WTI. Trans Mountain Pipeline has had an impact on pricing, but prices are showing to be back at a premium by April of next year.

Mr. Kringstad mentioned that the comment period on the Energy Transfer project with Dakota Access and ETCOP is now closed. FERC filings show more than half the production that moves down comes off at Patoka, IL instead of showing a strong demand for light sweet crude further south.

Switching gears to natural gas, Northern Boarder Pipeline Grasslands project is online. Williston Basin has majority market share, and BTU is marching up. Northern Border Pipeline interconnects with known BTU limits.

There was some discussion regarding DUC (drilled but uncompleted) wells. About a hundred wells had been completed over the summer, and there about 50 uncompleted wells currently. Lynn Helms clarified that anything over ninety days is considered a DUC well. He said that we really don't have a DUC inventory anymore compared to what we used to have.

Mr. Reice Haase gave a presentation of the Oil and Gas Research Program Financial and Project Management Report. The cash balance as of November 30, 2023 was \$21,991,407.65, and the non-committed cash funding is \$1,619,362.17. There are currently 25 active projects, and \$90 million has been awarded. There is currently \$19,122,304.88 outstanding committed. The application presented

today, however will not come out of the Oil & Gas funds because it is part of a legislative-directed study, with a direct appropriation from the SIIF fund of \$3 million dollars.

Mr. Haase also proposed an update to the policy for the Clean Natural Gas Capture and Emissions Reduction Program, converting the program from a tax incentive to an incentive payment (grant payment) from the Oil & Gas Research Council. There was some discussion on the changes to Senate Bill 2089, including adopting the criteria for the incentive program and doing away with paper applications. It was suggested to develop a guidance document along with a scoring methodology to give priority to proposals with a focus on emissions reduction versus more new technologies.

A motion was made by Ron Ness and seconded by Preston Page to adopt the policy presented and provide discretionary documents to target reducing emissions, prioritizing the applications that meet those guidelines.

It was agreed that a working group be formed to provide those documents.

On a roll call vote Ron Ness, Steve Holen, Zac Weis, Preston Page, Daryl Dukart, and Vicki Sund voted aye. Motion carried unanimously.

The consideration of the Grant Round 59 Application was presented.

- A. **G-059-01 “IPIPE 3.0”** – Energy and Environmental Research Center; Principal Investigator: Darren Schmidt, PE; Project Duration: 2 years; Total Project Cost: \$6,000,000. Request for: \$3,000,000.

The purpose of the Intelligent Pipeline Integrity Program is Leak Detection Innovation. Mr. Darren Schmidt briefly discussed the history of the iPipe project over the years and what activities the investments have gone toward.

The project has several key areas of interest, including:

1. In-line inspection “small Diameter”
2. Intelligent sensors for early detection anywhere
3. Artificial intelligence monitoring
4. Advanced acoustics
5. Advanced aerial sensor technology
6. Subsurface polymer absorption monitoring
7. New generation monitoring from space

Six members from industry have provided letters of commitment for the 3.0 version of the project, including Chevron/Hess, MPLX, Energy Transfer, Enbridge, TC Energy, and OneOK.

Troy Vareberg, of Blue Rock Solutions, presented for consideration of approval an amendment to Contract G-055-110.

- A. **G-055-110 “Well Site Thief Hatch Methane Detectors”** – Blue Rock Solutions; Principal Investigator: Troy Vareberg; Approved June 1st, 2022; Project Cost: \$582,000; OGRP Share: \$266,000
1. Request to extend project duration by 6 months to July 1st, 2024
 2. Request for additional funding of \$170,000 (from \$266,000 to \$436,000)

Contract G-055-110: "Well Site Thief Hatch Methane Detectors" was approved by the Commission in June 2022 with a 50% industry cost share. Approximately \$137,834 of the NDIC project share has been paid to date. Blue Rock Solutions has indicated they are able to complete all project deliverables with a six-month extension to July 1st, 2024. However, they are needing additional funding to add the "HART" option as a method of communication for their methane sensor, which they are testing at the METEC (Methane Equipment Testing & Evaluation Center) facility in Colorado currently. They've also requested additional funding to incorporate a web portal (dashboard) and additional engineering design and software development.

Vicky Sund asked about the interface development, if it would be ready to go at the end of the testing, if the intent is to expand it to quantification rather than simply presence testing, and if this technology could be used to detect other gasses besides methane.

Mr. Vareberg responded that yes, the product would be ready and eventually the intent is to test quantification, although for now it's just presence. The sensors are just for methane detection now, but they could be changed for other gasses. He also confirmed that Continental is a committed partner for the field testing.

A motion was made by Ron Ness to amend contract G-055-110 to add an additional \$170,000 to the original contract. The motion was seconded by Daryl Dukart.

On a roll call vote Daryl Dukart, Ron Ness, Steve Holen, Vicki Sund, Zac Weis, and Preston Page voted aye. Motion carried unanimously.

Mr. Jesse Beckers of the North Dakota Natural Resources Trust and Dr. Rebecca Phillips of Ecological Insights gave a project update on the Agricultural Carbon Capture in North Dakota Rangelands. They showed a video of the news coverage of the field tour held last August. Landowner Lewis Heaton explained in the video how natural Carbon Dioxide uptake can increase the value of rangelands. Dr. Phillips went on to explain the testing patterns on the grazing paddocks and how they will be different from 2023 to 2024 to increase diversity and give better results. State-of-the-art technology provided by the Oil & Gas Research Program funding is being used to continuously measure the concentration of CO₂ in eddies of air in these pastures. Preliminary data is showing an increase in the CO₂ uptake in the grazed field compared to the control field that was ungrazed, which shows promising results.

Mr. Reice Haase provided an update on the Carbon Capture and Utilization Education and Marketing Special Grant Round. Section 10 of House Bill 1014 appropriated \$300,000 "to contract for carbon capture and utilization education and marketing", with \$100,000 each coming from the Lignite Research Fund, the Oil & Gas Research Fund, and the Renewable Energy Development Fund. A special grant round with all three councils will be scheduled for early 2024 to hear proposals for this funding. Solicitation for proposals will be initiated later this afternoon.

The Ballots were handed out at this time to the voting members.

With a unanimous vote, the Oil and Gas Research Council voted to recommend funding the Energy and Environmental Research Center's grant application G-059-01 "IPIPE 3.0" for \$3,000,000. A motion was made by Preston Page to pass this recommendation to the Industrial Commission at the December 18th, 2023 meeting. Daryl Dukart seconded the motion. Motion carried unanimously.

The next Oil and Gas Research Council's grant deadline is tentatively set for June 1, 2024.

The next North Dakota Industrial Commission meeting is scheduled for December 18, 2023.

With no other business, Chairman Weis adjourned the meeting.

The meeting adjourned at 2:29 p.m.

North Dakota Industrial Commission

A handwritten signature in black ink, appearing to read "Brenna Jessen".

Brenna Jessen, Recording Secretary

A handwritten signature in blue ink, appearing to read "Reice Haase".

Reice Haase, Deputy Executive Director