

Oil and Gas Research Fund
 Financial Statement
2009-2011 Biennium
 August 11, 2010 Oil and Gas Research Council Meeting

	<u>Cash Balance</u>
July 1, 2009 Balance	\$ 1,278,907.41
Revenues through June 30, 2010	\$ 4,010,555.08
Transfer to the Pipeline Authority Fund	\$ (300,000.00)
Expenditures through June 30, 2010	<u>\$(1,186,820.21)</u>
	\$ 3,802,642.28
Outstanding Technical Services & Administrative Costs	\$ (24,930.79)
Outstanding Project Commitments as of June 30, 2010	<u>\$(1,277,970.00)</u>
Balance	\$ 2,499,741.49

Oil and Gas Research Fund
 Continuing Appropriation Authority
 2009-2011 Biennium

Balance July 1, 2009	\$1,278,907.41
Projected Income from Project Applications & Interest	\$ 20,000.00*
Revenues (2% of State's Share of Oil Tax Revenues)	<u>\$4,000,000.00</u>
	\$5,298,907.41

57-51.1-07.3. Oil and gas research fund - Deposits - Continuing appropriation.

There is established a special fund in the state treasury to be known as the oil and gas research fund. Before depositing oil and gas gross production tax and oil extraction tax revenues in the general fund or the permanent oil tax trust fund, two percent of the revenues must be deposited monthly into the oil and gas research fund, up to four million dollars per biennium. All moneys deposited in the oil and gas research fund and interest on all such moneys are appropriated as a continuing appropriation to the council to be used for purposes stated in chapter 54-17.6.

*This number has been lowered from \$60,000 to \$20,000 based on the history of one year's income.

Oil and Gas Research Program Budget Allocation/Applications											
		2009-2011	Carried	2009-2011	Approved	Approved	Approved		Grant	Grant	Grant
Priorities	%	Biennium	Over	Available	Grant	Grant	Grant	Available	Round 22	Round 23	Round 24
		New	Funds	Funds	Round 19	Round 20	Round 21	Funding	6/1/10*	11/1/10	6/1/11
		Monies			6/1/09	11/1/09	2/15/10				
Research	82.00%	3,280,000	0	3,280,000	68,350	585,000	275,000	2,351,650	873,300		
Education	7.50%	300,000	854	300,854	72,000	50,000	0	178,854	125,000		
Subtotal	89.50%	3,580,000	854	3,580,854	140,350	635,000	275,000	2,530,504	998,300		
Pipeline	7.50%	300,000	32,089	332,089							
Admin.	3.00%	120,000	14,036	134,036							
Total	100.00%	4,000,000	46,979	4,046,979							
8/3/2010											
*An Education application in the amount of \$120,000 received but funding not requested until the 2011-2013 biennium.											

Pipeline Authority Fund
Financial Statement
2009-2011 Biennium
August 11, 2010 Report

	<u>Cash Balance</u>
July 1, 2009 Balance	\$ 32,088.78
Transfer from Oil and Gas Research Fund	\$300,000.00*
Interest Income Revenues through June 30, 2010	\$ 428.12
Expenditures through June 30, 2010	<u>\$ 87,196.12</u>
Balance	\$245,320.78

Pipeline Authority Fund
Breakdown of Expenditures
2009-2011 Biennium

Consultant Services (Pipeline Authority Director)	\$ 72,620.00
Director Travel Expenditures	\$ 1,986.65
Contracted Studies	\$ 5,000.00
Administration/Printing of reports/newsletters	\$ 6,405.72
Legal Services	\$ 1,050.44
Other Administrative Expenditures	<u>\$ 133.31</u>
	\$ 87,196.12

*The Industrial Commission, based on the recommendation of the Oil and Gas Research Council, authorized the transfer of \$300,000 from the Oil and Gas Research Fund for the Pipeline Authority Fund.



INDUSTRIAL COMMISSION OF NORTH DAKOTA

John Hoeven
Governor

Wayne Stenehjem
Attorney General

Doug Goehring
Agriculture Commissioner

MEMORANDUM

TO: Oil and Gas Research Council
FR: ~~Karlene~~ Fine, Industrial Commission Executive Director
DT: August 8, 2010
RE: Industrial Commission actions

At the Oil and Gas Research Council May 12, 2010 meeting the Council recommended to the Industrial Commission that the Oil and Gas Research Program Director solicit proposals for two types of studies. The Council directed that the Technical Advisors and the Director refine the specifics of those proposals. Based on that directive from the Council the following recommendation was made and approved by the Commission.

That the Oil and Gas Research Program Director solicit proposals for two specific types of projects as follows:

- I. *Performance of simul-fracs of 2 horizontal Bakken wells. Note, the Council/Commission may provide \$250,000 per project and the proposal must be submitted by November 1, 2010. The funding will bear the following contingencies:*
 - *Dependent upon geographic distribution approved by the OGRC*
 - *Total project funding not to exceed \$1,000,000*
 - *Two simul-fracs within each geographic area*
 - *Reporting parameters include; raw data to be available immediately to the Commission, with presentation of the data analysis to the Commission 90 days thereafter, and not to exceed 180 days.*
- II. *Performance of vertical micro seismic techniques to evaluate fracture height of Middle Bakken and Three Forks-Sanish stimulations. Proposals must be submitted by November 1, 2010. The funds available for this research shall not exceed \$1,000,000 and the results of the work/study must be made available to the Commission immediately for release to the public.*

However, please note that the Commission stated that this prioritizing of funds didn't mean that the Commission shouldn't consider other worthwhile projects.

Karlene

Karlene K. Fine, Executive Director and Secretary
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