

# TECHNICAL REVIEWERS' RATING SUMMARY

## G-010 – A

### “Study of a North Dakota Crude Oil Quality Equalization System – Quality Bank”

Submitted by: North Dakota Petroleum Council

Principle Investigator: Ron Ness

Request for \$50,000.00; Total Project \$100,000.00

Duration: 6 months

#### **Project Description**

The North Dakota Petroleum Council, in response to a request for a proposal from the North Dakota Industrial Commission, requests funds to conduct an unbiased study/assessment of whether a quality bank or some form of quality regulation can provide a tool to create more pipeline capacity to export crude oil to market. The study will be divided into 3 phases: 1) study of the current market environment and the potential impact of quality regulation on the pipeline capacity; 2) identify specific issues related to designing and implementing a quality bank; and 3) ad-hoc assistance and on-going advisory or administrative services. Purvin & Gertz Inc would be retained to study the Quality Bank concept. Approval to conduct this study is not a commitment to proceed with implementation of a Quality Bank.

#### **Technical Advisor's Recommendation: Fund: Fund**

I recommend that this project be funded. Some consideration should be given to increase funding to expand the project to be more inclusive of other pipelines in the State. This proposal is in response to a request for proposal from the North Dakota Industrial Commission for such a project.

Recently there have been problems with market related restrictions in the export of North Dakota crude oil. Solutions to the problem may include the implementation of some type of quality bank or other form of regulation to locally create more pipeline capacity. Quality banks are a recognized means of accomplishing the above. Such a study is a necessary step in acquiring data necessary to any solution to the problem.

As written, the proposal focuses on the Enbridge pipeline system. It should be considered to expand the focus of the project to include the entire North Dakota pipeline system, and funds with appropriated to to do so, under the oversight of the Oil and Gas Research Council.