



INDUSTRIAL COMMISSION OF NORTH DAKOTA

Doug Burgum
Governor

Wayne Stenehjem
Attorney General

Doug Goehring
Agriculture Commissioner

NEW

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Industrial Commission to hold hearing November 15 for gas gathering strategy

Bismarck, N.D. - The North Dakota Industrial Commission will hold a public hearing to consider comments on natural gas capture strategy and regulatory clarity needed around gas gathering agreements. The goal of the Commission is to enforce a regulatory framework that provides for fewer service interruptions on gathering pipelines which would encourage quicker and larger infrastructure expansion, and increase the value of North Dakota's oil and natural gas production. The hearing will be held on Friday, November 15, at 9 a.m., CT, in the Conference Room of the North Dakota Oil and Gas Division, 1000 E Calgary Avenue, Bismarck North Dakota.

Historical decisions regarding North Dakota's non-discrimination statutes for gas gathering pipelines set out in North Dakota Century Code 38-08-06.2 are affecting North Dakota's ability to capture natural gas to its fullest extent. Natural gas is generally delivered through gathering pipelines under contractual arrangements between an oil and gas producer ("shipper") and a purchaser. The most common contractual arrangement in the state is one with interruptible capacity where a shipper has no guarantee or right to transport gas on a system leading to unreliable gathering capacity, increase in well shut-ins, and an increase in flaring. The less common contractual arrangement is providing a shipper with firm capacity where a shipper has agreed to purchase space on the gathering system. However, the current regulatory framework is not clear on whether providing firm capacity to producers would be in violation of existing non-discrimination statute or how "discrimination" is defined.

"In order to maximize gas capture and make full use of North Dakota's oil and gas production, the Commission should review areas of regulatory uncertainty. North Dakota is capturing record amounts of natural gas daily. In August 2019 the state captured 2,435,760 MCF/day, a new all-time high for the state. This volume is close to 150% more than what was being captured just five years ago as a result of over \$4.7 billion of infrastructure expansions in gas gathering and processing on behalf of industry. However, the potential exists for the state to capture an additional 271,172 MCF/day. This increase is the equivalent of providing the annual natural gas consumption for close to 4,100 U.S. homeowners each day," said Director of North Dakota Department of Mineral Resources Director, Lynn Helms, "Reviewing the application of this existing statute is a step in the right direction that could clear a path forward for more gas gathering infrastructure which can be used safely and efficiently to its fullest extent."

The hearing will be noticed in local papers and has been added to the North Dakota Oil and Gas Division's hearing docket as Case No. 28075.

The Industrial Commission consists of Gov. Doug Burgum, as Chairman, Attorney General Wayne Stenehjem and Agriculture Commissioner Doug Goehring.

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