

2020 State Board of Equalization

August 11, 2020

File No.: 2020-DICKINSON-HALLIBURTON

County or City: City of Dickinson

Appellant: Halliburton Energy Services, Inc.

Issue: Protests the assessment of parcel number 8010-0100-0300 owned by Halliburton Energy Services, Inc.

Summary: Kimberly King, Tax Specialist with Halliburton Energy Services, Inc., protests the assessment on the complex located within the City of Dickinson.

Notes:

600 E. BOULEVARD AVE., DEPT 127
BISMARCK, ND 58505-0599

WWW.ND.GOV/TAX | TAXINFO@ND.GOV  NORTH DAKOTA

HALLIBURTON

2020 RE Appeal Valuation Summary



2020 Dickinson City Current Proposed Value	20,004,900	\$	175.74
2020 Halliburton Sales Approach	7,870,762	\$	69.14
2020 Halliburton Cost Approach	9,262,490	\$	81.37
2020 Halliburton Income Approach	8,764,910	\$	77.00
2020 Halliburton Market Value	8,600,000	\$	75.55

Dickinson Field Camp

- The Dickinson facility was built in 2013 for oilfield service operations
- The facility was initially closed in 2015 as the oil market declined and the rig count in North Dakota dropped by more than 50%
- The property re-opened in 2018 as back-up operations for our Williston facility
- The property was finally closed in Fall 2019 as market conditions declined in North Dakota
- In 2019, only 1 of the 5 buildings at the site was fully utilized
- As of the February 1 assessment date, the property was fully vacant

Dickinson Field Camp

- The broker valuation provided by ERES in November 2019 determined a fair market value for the property between \$7.6M - \$8.7M based on the following:
 - Industrial sales in the North Dakota oil patch area
 - The highest and best use of the property would be for oilfield service operations, which will be difficult due to reduced drilling in North Dakota
 - A potential buyer not in oilfield services will need to invest additional capital to renovate the property for their needs
 - Due to the large size of improved square footage and acreage (5 buildings and more than 100,000 sf with 40 acres of land) the property will be difficult to sell

SUMMARY – 270 34TH ST. W. DICKINSON, ND

The subject property is located in Dickinson, an energy, agriculture, manufacturing and university community. Dickinson is the largest city in Stark county, is centrally located in southwestern North Dakota, and serves as the midpoint between Fargo, ND and Billings, MT. The city has experienced substantial growth in recent years due to the Bakken oil boom and is poised to continue that expansion given the extremely strong U.S. oil production projections, however Dickinson is considered to be on the fringe of the core Bakken energy activity. Dickinson commercial rates/values were harder hit during the last downturn in 2015-2017.

For purposes of this valuation, ERES leveraged sold and on market comparable to capture as much relevant data as possible. The subject property has 7 industrial buildings consisting of 109,020 +/- SF which sits on 39.8 +/- acres of land. This building includes one administrative building, one warehouse, one shop building, one chemical terminal building, one wash building, and two small storage warehouses which are adjacent to the shop building. The subject property is fully stabilized and is also used for storing industrial materials.

The top comparable for this property is a property that sold in Williston in November of 2018, the comparable property has a multi-building layout, consists of 125,000 +/- SF sits on 29.97 +/- acres and sold for \$86.40 PSF. Given the large size of the subject property and the lower demand in Dickinson, ND. compared to other towns in west North Dakota such as Williston, ERES anticipates the subject property will sale at a lower price per square foot.

ERES recommends a full site visit to confirm condition assumptions which could adjust values prior to taking this property to market. Based on our desktop analysis below is the summary for the valuation of this property.

Below is the valuation of the property.

Valuation of the Entire Property

This valuation assumes a one-time sale of the entire property including 109,020 +/- SF of multi-use industrial buildings which sits on 39.8 +/- acres of stabilized land.

- **Valuation Range (PSF): \$ 70.00 - \$ 80.00**
- **Total Valuation: \$ 7,631,400 - \$ 8,721,600**

Sources: <https://www.thedickinsonpress.com/business/energy-and-mining/4580628-study-north-dakotas-oil-industry-sees-increase-long-term-jobs>

Disclaimer:

The foregoing Broker Opinion of Value was based in part on information provided by the client and public records and Brokers can make no representation regarding the accuracy or completeness of such information or records. The Brokers preparing this Opinion of Value are not certified real estate appraisers, and this BOV is not to be considered a certified real estate appraisal.

Sincerely,



Mike Elliott
Managing Principal

Dickinson Field Camp

- The property was placed on the market in mid-2020, which we anticipated receiving \$6M - \$10M
- Current contract sales price is \$6M
- The market value of our property did not decrease over 70% from 2/1/2020 to 7/1/2020 (*\$21M noticed value to \$6M best offer*)

HALLIBURTON BAKKEN CAMPUS

SEVEN BUILDINGS OF SHOP, WAREHOUSE AND ADMINISTRATIVE SPACE

270 34TH STREET W DICKINSON, ND 58601

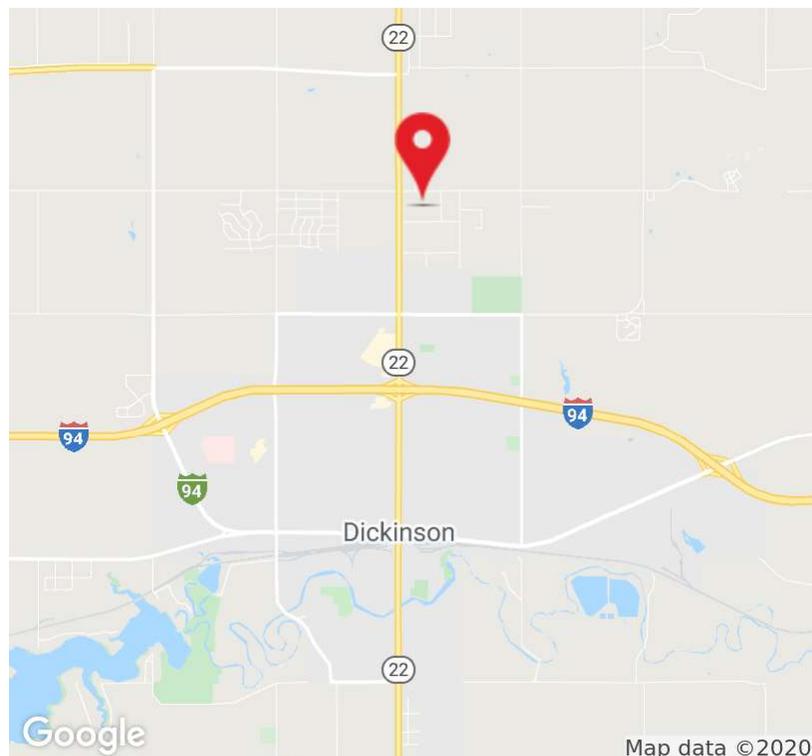
FOR SALE



SALE PRICE CALL FOR PRICING

PROPERTY HIGHLIGHTS

- **CALL FOR OFFERS | DEADLINE 6.30.20** | If an offer is received prior to the deadline it will be reviewed and potentially accepted.
- Large seven-building industrial campus offering shop, warehouse and administrative space totaling 113,830 SF
- Situated on a fully fenced and gated 40.02 AC
- Building 1 | Shop | 30,659 SF
- Building 2 | Warehouse | 31,352 SF
- Building 3 | Chemical Terminal | 20,214 SF
- Building 4 | Wash | 14,874 SF
- Building 5 | Covered Storage | 4,653 SF
- Building 6 | Covered Storage | 2,458 SF
- Building 7 | Administrative Office | 9,620 SF
- Zoned: GC (General Commercial); GI (General Industrial); LI (Limited Industrial)
- Built in 2013
- The site is fully stabilized and used for storing industrial material
- Ideally situated in the center of Bakken oil and gas activity just 1.5 miles north of I-94 and 8 miles north of Dickinson Theodore Roosevelt Regional Airport



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



HALLIBURTON BAKKEN CAMPUS

SEVEN BUILDINGS OF SHOP, WAREHOUSE AND ADMINISTRATIVE SPACE

270 34TH STREET W DICKINSON, ND 58601

FOR SALE

BUILDING 1 | SHOP



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



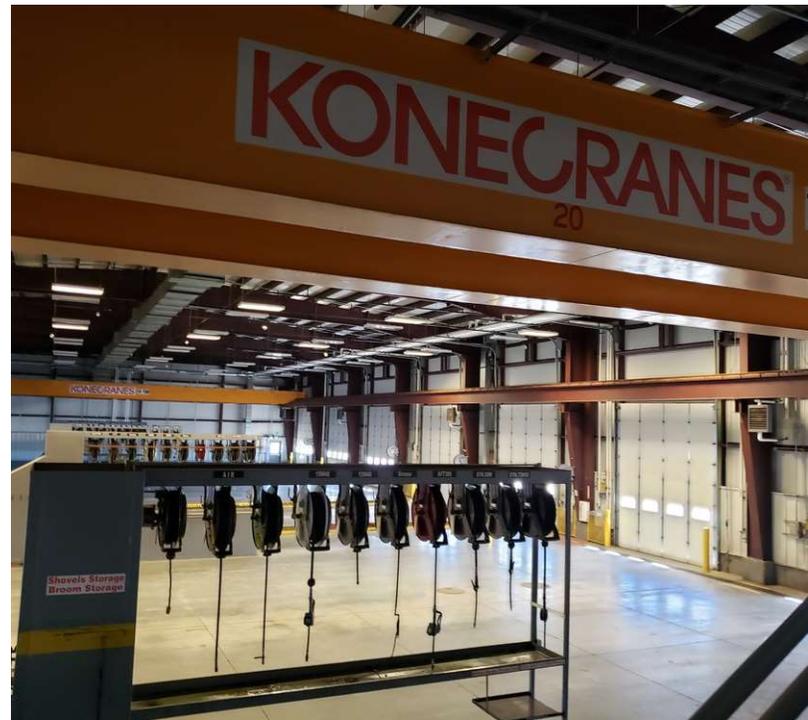
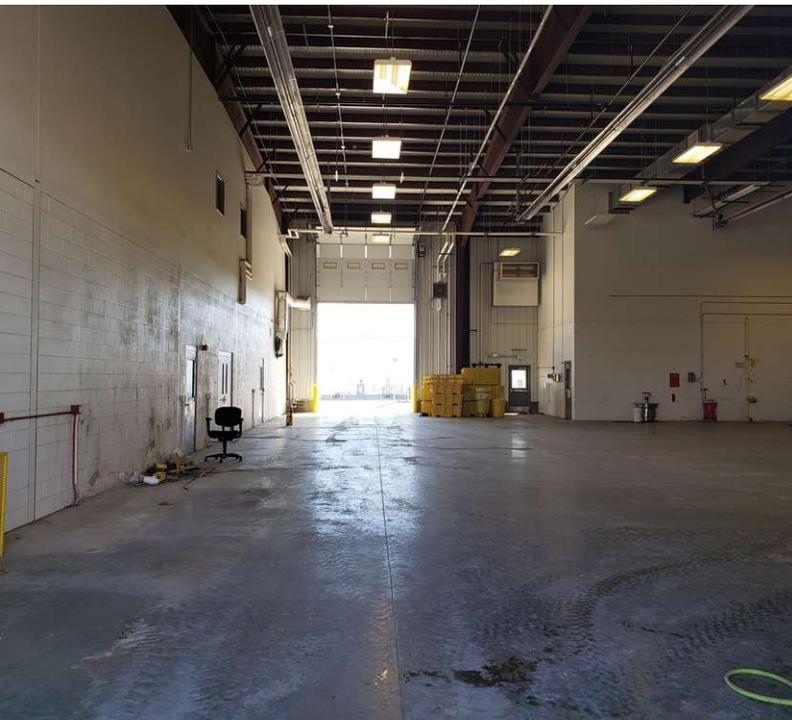
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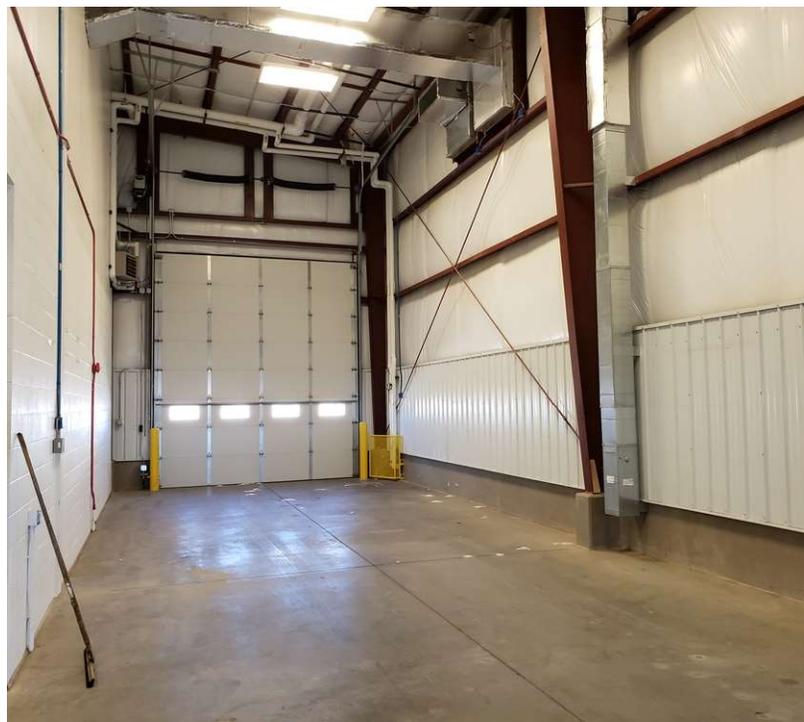
HALLIBURTON BAKKEN CAMPUS

SEVEN BUILDINGS OF SHOP, WAREHOUSE AND ADMINISTRATIVE SPACE

270 34TH STREET W DICKINSON, ND 58601

FOR SALE

BUILDING 2 | WAREHOUSE



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



HALLIBURTON BAKKEN CAMPUS

SEVEN BUILDINGS OF SHOP, WAREHOUSE AND ADMINISTRATIVE SPACE

270 34TH STREET W DICKINSON, ND 58601

FOR SALE

BUILDING 3 | CHEMICAL TERMINAL



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



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SEVEN BUILDINGS OF SHOP, WAREHOUSE AND ADMINISTRATIVE SPACE

270 34TH STREET W DICKINSON, ND 58601

FOR SALE

BUILDING 3 | CHEMICAL TERMINAL



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Managing Broker
701.713.6606
mike.elliott@energyreco.com



HALLIBURTON BAKKEN CAMPUS

SEVEN BUILDINGS OF SHOP, WAREHOUSE AND ADMINISTRATIVE SPACE

270 34TH STREET W DICKINSON, ND 58601

FOR SALE

BUILDING 4 | TRUCK WASH



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com

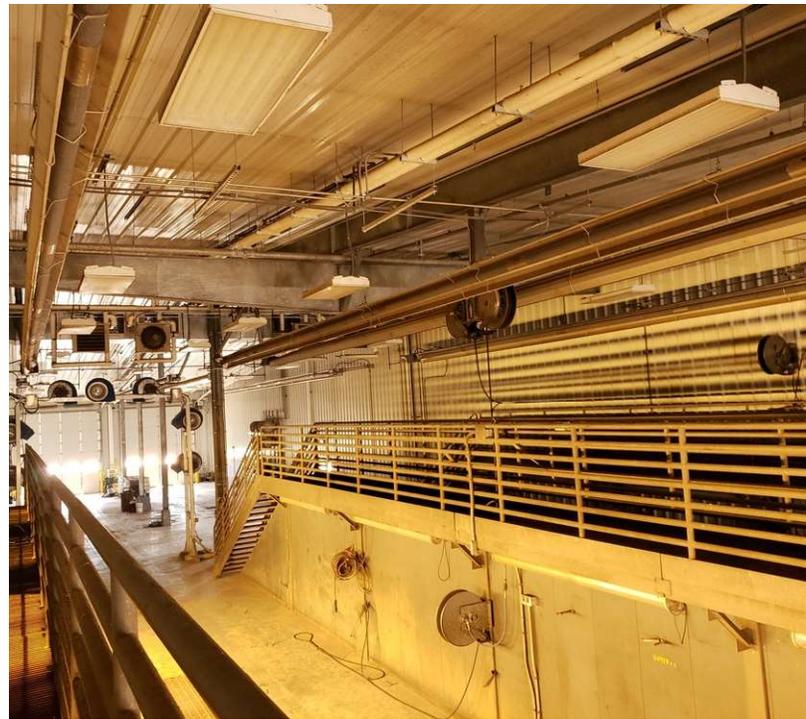
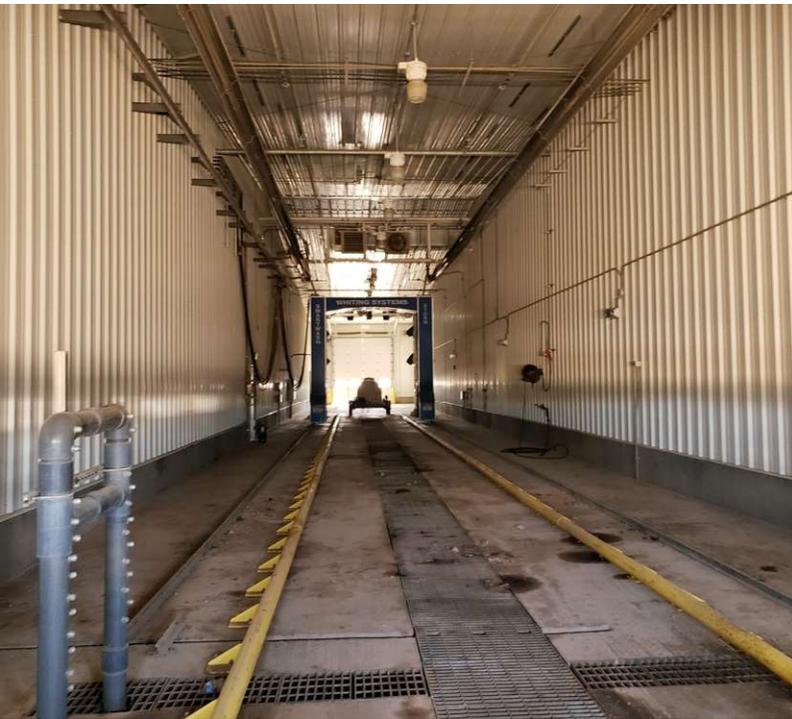
HALLIBURTON BAKKEN CAMPUS

SEVEN BUILDINGS OF SHOP, WAREHOUSE AND ADMINISTRATIVE SPACE

270 34TH STREET W DICKINSON, ND 58601

FOR SALE

BUILDING 4 | TRUCK WASH



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Managing Broker
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HALLIBURTON BAKKEN CAMPUS

SEVEN BUILDINGS OF SHOP, WAREHOUSE AND ADMINISTRATIVE SPACE

270 34TH STREET W DICKINSON, ND 58601

FOR SALE

BUILDINGS 5/6 | COVERED STORAGE



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



HALLIBURTON BAKKEN CAMPUS

SEVEN BUILDINGS OF SHOP, WAREHOUSE AND ADMINISTRATIVE SPACE

270 34TH STREET W DICKINSON, ND 58601

FOR SALE

BUILDING 7 | ADMINISTRATIVE OFFICE



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



HALLIBURTON BAKKEN CAMPUS

SEVEN BUILDINGS OF SHOP, WAREHOUSE AND ADMINISTRATIVE SPACE

270 34TH STREET W DICKINSON, ND 58601

FOR SALE

BUILDING 7 | ADMINISTRATIVE OFFICE



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Halliburton Energy Services, Inc
Sales Comparable Analysis

Parcel	City, State	Property Type	Sales/Listing Price	Total SF	Sales Price/sf	Year Built	DOM	Sale Date	Acreage	2020 Assr Value (Land)	2020 Assr Value (Imps)	Total Value	2020 Imp Value/Sq ft
8000-0200-0601	Dickinson, ND	IND	\$735,000	12,000	\$61.25	2013	140	1/14/2019	1.00	\$175,000	\$768,000	\$943,000	64.00
0950-0300-0500	Dickinson, ND	IND	\$650,000	8,000	\$81.25	1980	102	6/10/2018	0.92	\$160,200	\$378,300	\$538,500	47.29
024078223	Dickinson, ND	IND	\$1,000,000	19,000	\$52.63	2013	268	1/11/2019	5.00	\$55,475	\$525,105	\$580,580	27.64
097-002-002-100	Dickinson, ND	IND	\$1,800,000	22,100	\$81.45	1998, 2010	332	LISTING	2.75	\$481,300	\$1,717,600	\$2,198,900	77.72
Average				15,275	\$69.14								

Halliburton Property

8010-0100-0300	Dickinson, ND	Industrial		113,830		2013			40.02	\$3,654,400	\$16,350,500	\$20,004,900	143.64
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Sales Approach Avg \$/SF \$69.14

Halliburton Total SF 113,830

Halliburton MV Opinion \$7,870,762

**Halliburton Energy Services
Cost Approach**

City of Dickinson
270 34th St, Dickinson, ND
Parcel No: 8010-0100-0300
Occupancy - Industrial Warehousing & Office

2020 Proposed Value 20,004,900
Total \$/SF \$ 175.74

<u>ID</u>	<u>Occupancy</u>	<u>Const Type</u>	<u>Sq Ft</u>	<u>Yr Built</u>	<u>\$/SF</u>	<u>RCN</u>	<u>% Dep</u>	<u>RCNLD</u>	<u>EOF</u>	<u>RCNLD w/Factor</u>
Building 1	Shop	Metal Frame	30,659	2013	\$ 31.29	959,320	7%	892,168	50%	446,083.85
Building 2	Warehouse	Metal Frame	31,352	2013	\$ 38.39	1,203,603	7%	1,119,351	50%	559,675.53
Building 3	Chemical Terminal	Metal Frame	20,214	2013	\$ 34.25	692,330	7%	643,866	50%	321,933.22
Building 4	Truck Wash Bldg	Metal Frame	14,874	2013	\$ 37.22	553,610	7%	514,858	50%	257,428.78
Building 5	Covered Storage Canopy	Metal Frame	4,653	2013	\$ 32.50	151,223	7%	140,637	50%	70,318.46
Building 6	Covered Storage Canopy	Metal Frame	2,458	2013	\$ 32.50	79,885	7%	74,293	50%	37,146.53
Building 7	Admin Bldg	Metal Frame	9,620	2013	\$ 82.47	793,361	7%	737,826	50%	368,913.05
			113,830			4,433,332		4,122,999		2,061,499 Total Bldg Value

Total Bldg Value	2,061,499
Total Bldg EF	701,728
Total Land Value	3,653,500
Total Yard EF	2,845,763

HAL 2020 MV Opinion 9,262,490

ASSESSMENT NOTE:
ASSESSOR DID NOT GRANT OBSOLESCENCE ON BUILDINGS EVEN THOUGH ALL BUILDINGS WERE VACANT AS OF ASSESSMENT DATE.

DICKINSON FIELD CAMP

270 34th St, Dickinson, ND

INCOME APPROACH - TAX YEAR 2020

Property Description :	113,830 sf warehouse/office space	Class C property
Lease Amount :	\$10.00/ sf / year	
Gross Income Estimate :	\$10.00/sf/year x 113,830 sf =	\$ 1,138,300 per year
Less Vacancy	(5% of Gross)	\$ (56,915)
EGI		\$ 1,081,385 per year
Less Management	(\$.30/sf)	\$ (34,149)
Less Maintenance	(\$.50/sf)	\$ (56,915)
Less Utilities	(\$.60/sf)	\$ (68,298)
Less Insurance	(\$.20/sf)	\$ (22,766)
Less ROR	(\$.20/sf)	\$ (22,766)
Total Expenses		\$ (204,894)
Net Operating Income :		\$ 876,491 per year
Total Cap Rate	10.00%	Total Value \$ 8,764,910 \$ 77.00
		Land \$ 3,653,500
		Improvements \$ 5,111,410

**DICKINSON COMP LISTING
(MOST COMPARABLE)**

22,100 SF SHOP/OFFICE ON 2.75 AC

FULLY LEASED INCOME PRODUCING ASSET

2564 SIMS STREET DICKINSON, ND 58601

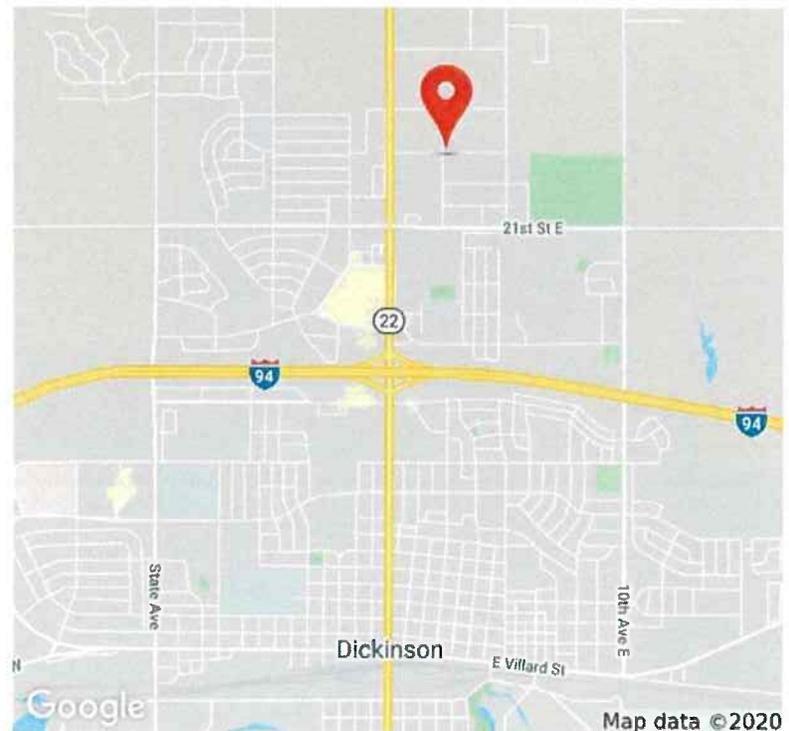
FOR SALE



INVESTMENT SALE \$1,800,000

PROPERTY HIGHLIGHTS

- 100% leased with credit-worthy tenant
- 22,100 SF of industrial space across two metal buildings
- Building 1 | Shop/Warehouse/Office | 8,600 SF
- Building 2 | Shop/Warehouse/Office | 13,500 SF
- Each building contains mezzanine space
- Situated on 2.75 AC of stabilized land
- Built in 1998 (Building 1) and 2010 (Building 2)
- Zoned General Commercial
- Parcel ID: 097002002100
- Ideally located just 1 mile north of Interstate 94
- Dickinson is a favored location for industrial development activity due to the city's considerable rail and highway access, numerous industrial parks, ease of utility hookups and appropriate zoning amenities



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



Energy Real Estate Solutions | energyreco.com

22,100 SF SHOP/OFFICE ON 2.75 AC

FULLY LEASED INCOME PRODUCING ASSET

2564 SIMS STREET DICKINSON, ND 58601

FOR SALE

AERIAL



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



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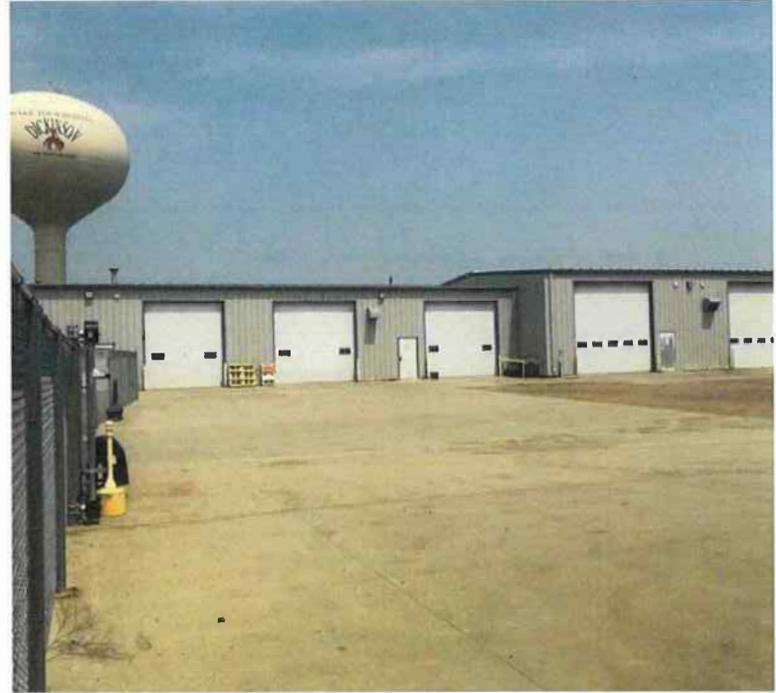
22,100 SF SHOP/OFFICE ON 2.75 AC

FULLY LEASED INCOME PRODUCING ASSET

2564 SIMS STREET DICKINSON, ND 58601

FOR SALE

EXTERIOR



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



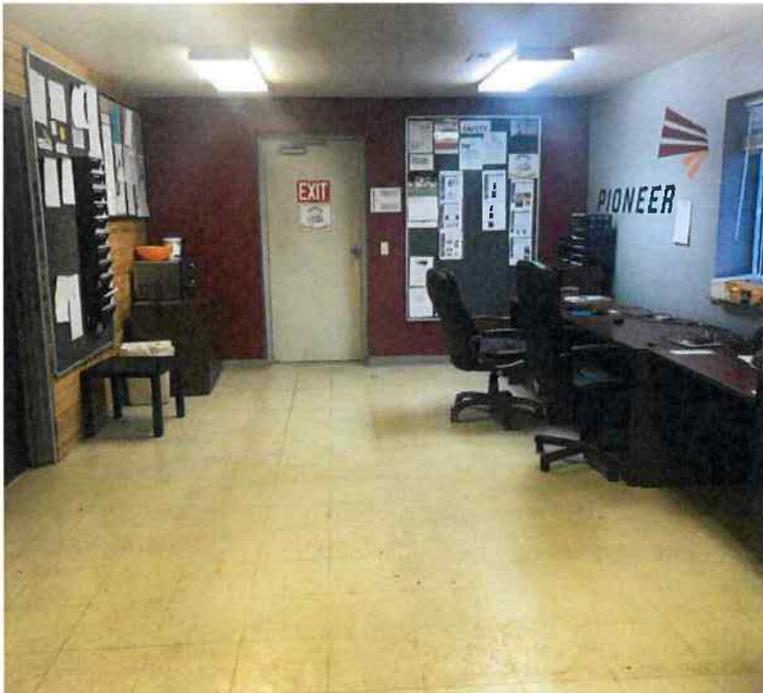
22,100 SF SHOP/OFFICE ON 2.75 AC

FULLY LEASED INCOME PRODUCING ASSET

2564 SIMS STREET DICKINSON, ND 58601

FOR SALE

INTERIOR OFFICE SPACE



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



Energy Real Estate Solutions | energyreco.com

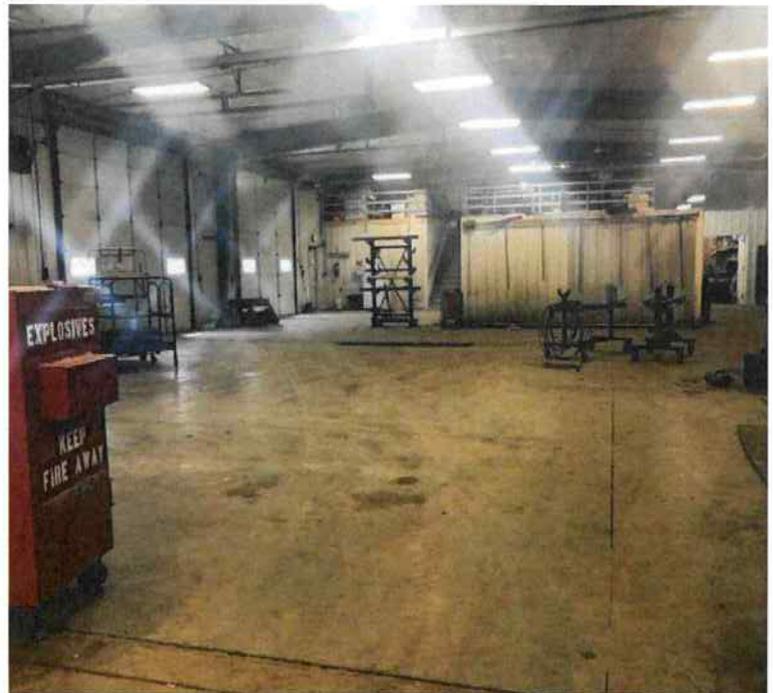
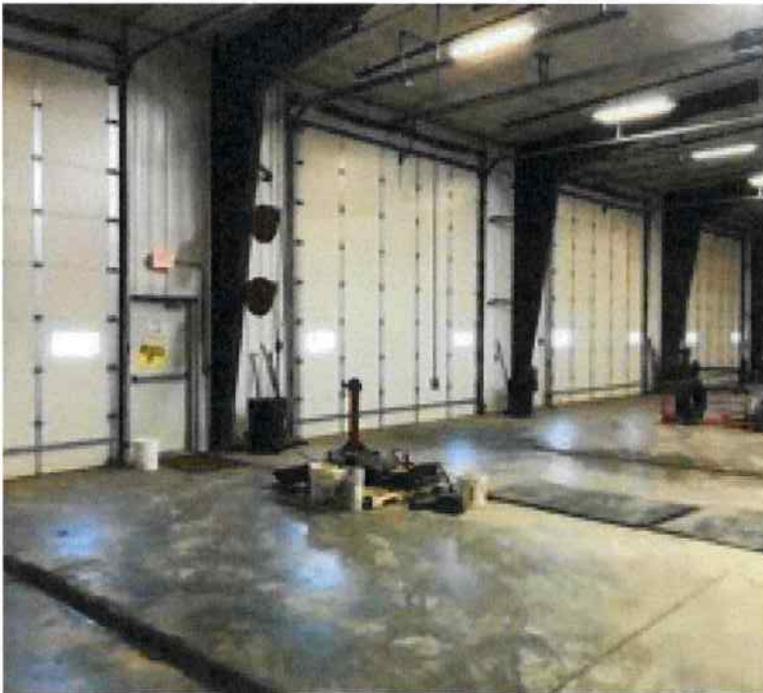
22,100 SF SHOP/OFFICE ON 2.75 AC

FULLY LEASED INCOME PRODUCING ASSET

2564 SIMS STREET DICKINSON, ND 58601

FOR SALE

INTERIOR SHOP SPACE



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



Energy Real Estate Solutions | energyreco.com

MINOT, ND COMP LISTING
(Halliburton Field Camp)
Final Sales Price: \$1.75M
(\$53.37/sf)

LARGE INDUSTRIAL CAMPUS WITH EXCEPTIONAL AMENITIES

56,211 SF ON 37.18 AC

200 72ND STREET SE MINOT, ND 58701

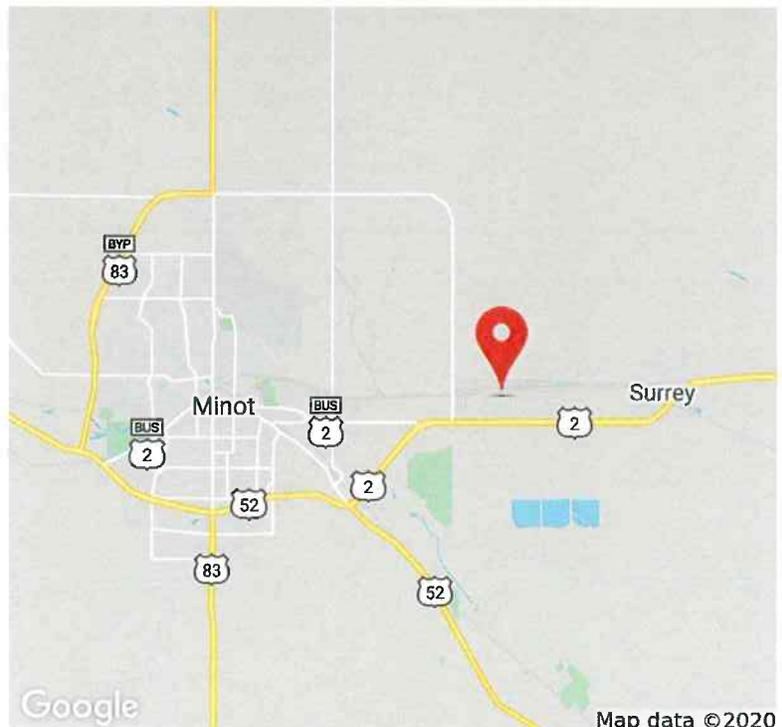
FOR SALE



SALE PRICE \$3,000,000

PROPERTY HIGHLIGHTS

- 56,211 +/- SF industrial campus featuring seven buildings offering numerous amenities
- Situated on a 37.18 +/- AC fully fenced and stabilized lot
- Building 1 | 9,900 +/- SF | Administrative Building
- Building 2 | 6,757 +/- SF | Administrative Building
- Building 3 | 12,500 +/- SF | Workshop Building
- Building 4 | 8,400 +/- SF | Warehouse Building
- Building 5 | 16,126 +/- SF | Truck Wash Building
- Building 6 | 2,400 +/- SF | ROC Building
- Building 7 | 128 +/- SF | Guard Post Building (NOT included in RSF)
- There is a concrete parking pad on the eastern side of the property
- (3) Entry points to the property: (1) Gated guard post; (1) Gated with key code; (1) Not gated
- Ideally located between Minot and Surrey, ND with close proximity to freeway systems and urban amenities.



Mike Elliott
Managing Broker
701.713.6606
mike.elliott@energyreco.com



LARGE INDUSTRIAL CAMPUS WITH EXCEPTIONAL AMENITIES

56,211 SF ON 37.18 AC

200 72ND STREET SE MINOT, ND 58701

FOR SALE

CAMPUS AERIAL



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Dickinson Field Camp

- Obsolescence should be applied to this property based on the following:
 - Built for an intended purpose, oilfield service center, limiting the number of buyers that can utilize the property at its highest and best use or maximum value
 - Large size (113,820 square feet of rentable area and 40 acres of land)
 - Broker valuation estimates a fair market value range of \$7.6M - \$8.7M, as of November 22, 2019
 - We are currently under contract to sell the property for \$6M
 - The market value of this property did not decrease 71% from February 2020 to July 2020

2020 Valuation Summary

Parcel No.: 8010-0100-0300

Description	2020 Proposed Value	2020 Requested Value
Land	\$3,654,400	\$3,654,400
Improvement	\$16,350,500	\$5,245,600
Total Value	\$20,004,900	\$8,600,000