

Welcome to the inaugural newsletter for the ND NARO Chapter. This service is being provided as a benefit for being a NARO member. To save costs, a newsletter will only be provided by electronic means. At least at this time, there will be no printed and snail mailed editions. Remember to keep your email address current with the national NARO office at 1-800-558-0557 or naro@naro-us.org.

This newsletter is intended to provide periodic updates to Williston Basin specific hot button issues. There may be some duplication with the monthly ROAR publication, but the newsletter will be more for areas of interest to ND property owners with links provided to web based information. VP Gary Preszler, on a volunteer basis, provides authorship. Since it is being done without paid staff, there is no regular (think deadlines) publication, as it will be sent out when a need is seen and time permits. If you have an article, or suggestion for an alert, you can send it to Gary at gpreszler@aol.com.

State Chapter Conference June 26-27, 2014

Online registration for the State Chapter Conference will be available soon. In the mean time, mark your calendar to attend, and bring some friends! There is plenty to do for a weekend in Mandan.

An indoor water park is just one of the many things that makes the Best Western Seven Seas hotel stand out, but it's naturally a favorite with kids (and kids at heart).

Enjoy all the amenities of a top-notch conference center at our Mandan hotel, perfect for business travelers who want to blend a little work with pleasure. After the big meetings, slip away to Big Sky Bar to experience some local concoctions and favorite treats. Fort Lincoln State Park is also in the neighborhood and dishes up plenty of recreational activities year-round.

<http://book.bestwestern.com/bestwestern/US/ND/Mandan-hotels/BEST-WESTERN-PLUS-Seven-Seas-Hotel---Waterpark/Hotel-Overview.do?propertyCode=35014>



Mandan offers plenty of small town charm, which is part of what makes this region the ultimate family-friendly destination.

Join locals Thursday night at 7:30p to enjoy a outdoor concert downtown Mandan at Dykshoorn Park. Bring a blanket or a chair and a picnic if you'd like!

Fort Lincoln State Park, <http://www.fortlincoln.com/>, offers Lewis & Clark Riverboat cruises daily, <http://www.lewisandclarkriverboat.com/>

Take time to visit *Custer House*, a self guided tour of Gen. George and Libbie Custer's home and Fort Abraham Lincoln, home of the 7th Cavalry.

Local leaders in Mandan business, tourism and education formed the Fort Abraham Lincoln Foundation to rebuild the Custer House. They succeeded, furnished the house as it was in Custer's time, and opened it to the public with the Foundation's signature "living history tours" in 1989.



State Historical Society of North Dakota



After the house, with private donations and federal funds, the Foundation rebuilt the Commissary, Granary, Barracks and Stable, and expanded its efforts to include On-A-Slant Village, where it reconstructed and filled six earth lodges with information about the Mandan Indians, pioneers of agriculture and city building in the area.

Golf is just two miles away from the hotel. The hotel staff will be happy to provide recommendations on other sporting options, too. If you want something a little more legendary than the exciting indoor water park right at your hotel, the Raging Rivers Water Park is a blast for the entire family.

Conference presentations are being finalized and program agenda will be available shortly. Watch for email updates!

Gas Flaring Task Force

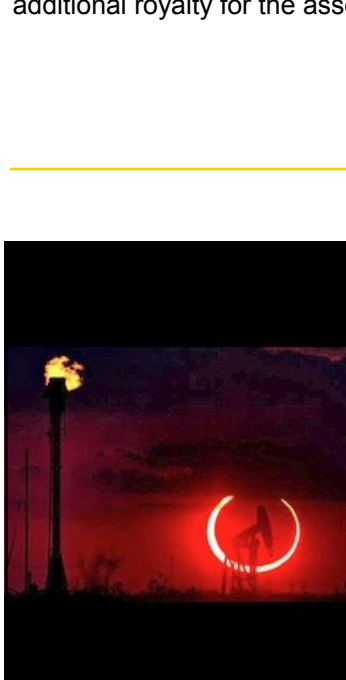


It is well known that natural gas flaring has reached huge and concerning levels, currently about 36% of the gas produced. The Governor recently appointed a task force, led by the industry trade association, to come up with suggestions for reducing the waste. <http://www.ndoil.org/latest-news/news-release-industry-to-increase-natural-gas-capture-to-85-percent-within-two-years-and-90-percent-in-six-years/>

At the March 3 meeting, the Department of Mineral Resources reviewed the findings and made six recommendations that were approved. Those recommendations can be found on the last slide in the following PowerPoint presentation. https://www.dmr.nd.gov/oilgas/presentations/NDIC030314_100.pdf

“Natural gas flaring has reached huge and concerning levels.”

An overall goal of the task force is to reduce the percentage to 10%, or 5% with everyone's efforts, by 2020. Five percent is a huge undertaking when considering the amount of gas currently flared, the number of wells waiting on completion, and the number of wells estimated to be drilled over this time span. Mineral owners also have a financial stake in the goals being achieved as it means additional royalty for the associated gas.



NDIC Drilling Permit Policy

An Attorney's General proposal unveiled in December to require drilling and production impact mitigation in 18 identified special place locations generated a lot of interest and over 500 comment letters.

In January, the NDIC changed the process from that of adopting the proposal as an administrative rule to one of policy creation. A public comment period was allowed that ended February 25, 2014. NARO-ND did provide Board approved written comments to the NDIC. The letter asserts protection and preservation of private mineral owner's constitutional right to develop. Another purpose in providing comments is for NARO-ND to become a recognized voice for mineral owners.

At the NDIC March 3 meeting, the Governor presented amendments, which were approved, that removed any reference to private lands. Additionally, the policy goes into effect May 1, 2014 with the remaining year to be considered a "test" period to see how it works on federal and state

lands. It was suggested that inclusion of private lands could be an issue for the legislature to consider when it convenes next January.

Lets hope that excluding private fee lands does not result in a lowest common denominator problem for surface owners, i.e. private landowners bear a disproportionate burden for well site locations as companies avoid drilling and production restrictions on federal and state lands. The Attorney General understands this possibility, but his effort to maintain parity by proposing an "opt-in" private lands option did not receive support.

You can find the policy as amended at: <http://www.nd.gov/ndic/ic-press/DMR-drill-3-03.pdf>

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Keep up to date on trends,
legislation and
what NARO is doing for you.



Did you know?

Oil production in North Dakota has increase more than 600 percent, going from 36 million barrels of oil in 2005, to 237 million in 2012. North Dakota expects production to exceed 1 million barrels a day in early 2014.

A new well costs about \$10 million dollars to build in the Bakken region—about \$3 million more than in other U.S. oil-producing regions like Texas. Each well is expected to generate \$20 million in profits, about **\$4.4 million in taxes**, \$1.6 million in salaries and wages, and \$7.6 million in royalties.

The number of taxpayers reporting adjusted gross income of more than \$1 million in North Dakota has nearly tripled, going from 266 in 2005 to 634 in 2011, in a state with a population of 699,628. About 90 percent of the drilling in the area occurs on private land, and one **retired rancher** makes \$80,000 a month for his small share of mineral rights.

Source: *The Fiscal Times*

QEP Grail-Bakken Unit

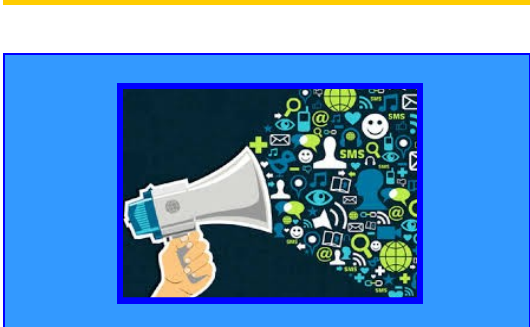
In previous ROAR issues we informed you about QEP Energy's application to unitize approximately 25,000 acres, to be known as the Grail-Bakken Unit, in McKenzie County. Some mineral owners opposed the application during the administrative hearing. The North Dakota Industrial Commission by a 2-to-1 vote approved the application conditional on QEP receiving, as provided by law, at least 60 percent royalty and working interest owner approval.

At the March 3, 2014 NDIC meeting, mineral owner Edward Vanover requested reconsideration of the approval order. Reconsideration requests under the administrative rules rarely result in decisions being reversed. But prior to the hearing, without providing a reason, QEP notified the NDIC of its intention to withdraw the application.

For those mineral owners within the proposed unit, that means that development will likely continue on standard and overlapping spacing units.

<http://oilpatchdis-patch.areavoices.com/2014/03/03/qep-withdraws-mckenzie-county-unit-proposal-flaring-exemption-denied/>

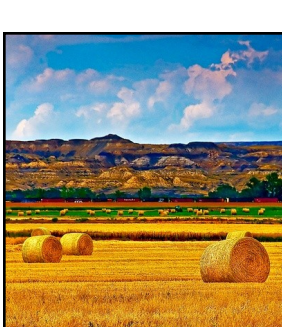
At the meeting, the NDIC issued Order No. 24239 vacating the order approving the Grail-Bakken Unit.



Spread the word
about what NARO offers you.

- A monthly Royalty Owners Action Report detailing the most current updates on lease trends, state and federal legislation, tax and regulatory developments and practical management tips.
- Access to an internet message board offering help with any and all questions about your mineral rights.
- Access to a live Member Coordinator who can assist you on the phone a with questions you might have about your royalty check, how to clarify deductions, how to take action when your checks stop and more.
- Access to the most up to date information on lease activity in YOUR area. How much the most common bonus is, what the royalty percentage range is, if activity is increasing or declining and more!

To reach the
Member coordinator
call 1-800-558-0557
Mon-Fri 8:30-5:00 pm
or email questions to naro@naro-us.org



Spring in ND!
An image from our new Pinterest Board devoted to the history, culture, landscape and loveliness that is North Dakota! Click the photo to see our North Dakota Pinterest board.

