

Bakken Update

February 2013



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Updated Bakken Numbers

- December 2012 Production:
 - Oil Production (23,834,431 Barrels = 768,853 barrels/day) – NEW RECORD
 - Natural Gas Production (24,976,855 MCF = 805,705 MCF/day) – NEW RECORD
 - Number of producing wells – 8,224 – NEW RECORD
- January 2012 Drilling Permits - 218
- January 2012 Oil Rig Count - 185
 - North Dakota Department of Mineral Resources projects drilling rigs will climb above 200 again in 2013

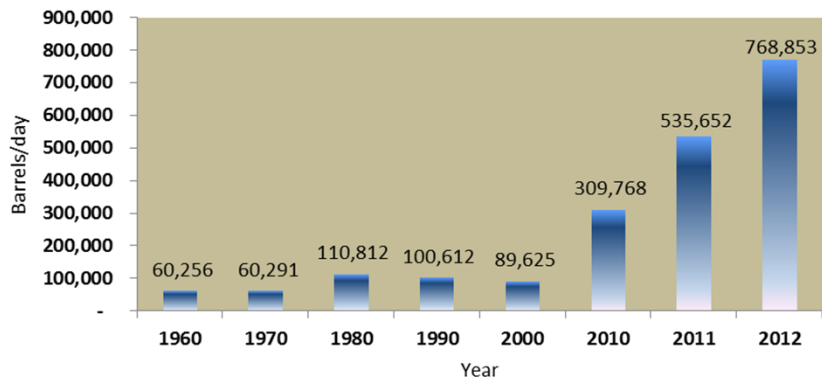


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North Dakota Oil Growth

Daily Oil Production



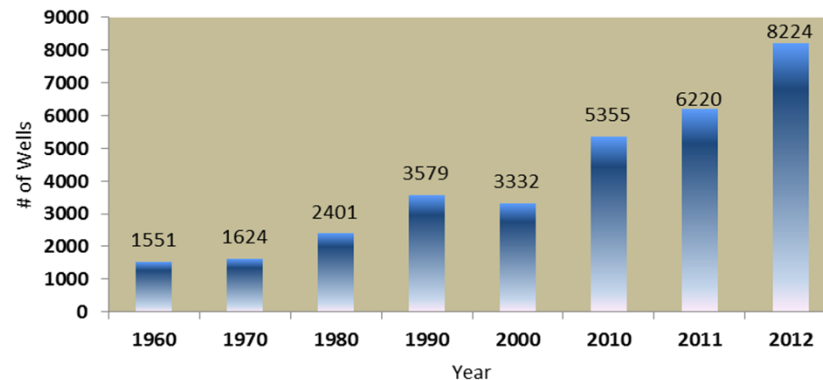
Daily Oil Production Growth

2011 to 2012: 43.5%

Well Growth

2011 to 2012: 32.2%

Wells Producing



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2012 Q3 ND Sales Numbers

North Dakota oil cities continue to see substantial sales growth.

Looking at 3rd quarter sales data for 6 major North Dakota oil cities, there has been an aggregate increase of 250% from 2008 to 2012. These cities represent about 90% of total sales from North Dakota's 17 oil counties.

Williston, now the largest city in ND by taxable sales and purchases, has seen a 350% increase in sales over this same 2008-2012 period.

ND Q3 Taxable Sales and Purchases

City	2008	2009	2010	2011	2012	08-12 % Δ
Minot	\$226,436,743	\$247,605,437	\$292,908,514	\$387,126,306	\$434,443,169	91.86%
Williston	\$209,666,888	\$150,306,296	\$378,972,293	\$733,918,816	\$952,804,340	354.44%
Watford City	\$11,912,052	\$13,034,885	\$20,348,092	\$34,029,752	\$49,921,606	319.08%
Tioga	\$36,658,332	\$27,478,006	\$78,607,295	\$187,309,601	\$304,702,124	731.19%
Stanley	\$7,914,644	\$9,379,899	\$16,470,728	\$37,485,462	\$41,998,778	430.65%
Dickinson	\$97,283,717	\$95,492,002	\$133,360,678	\$212,284,928	\$279,631,436	187.44%
Total	\$589,872,376	\$543,296,525	\$920,667,600	\$1,592,154,865	\$2,063,501,453	249.82%

*These are all cities where Oppidan is currently working on developments



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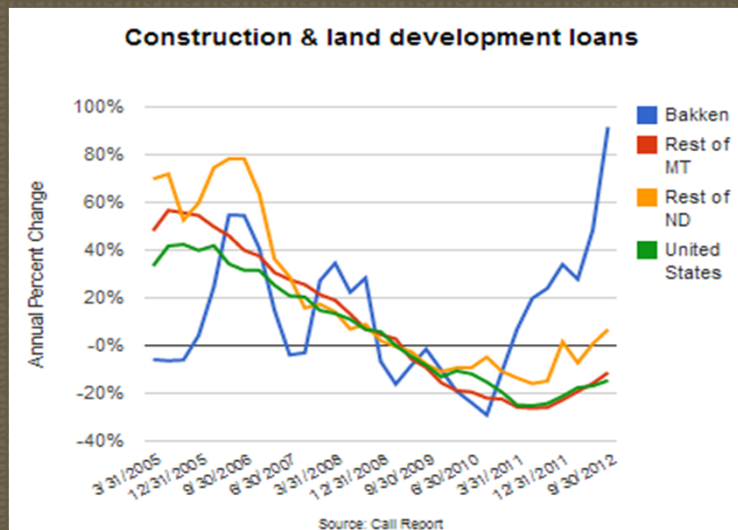
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Bakken Development

Through November 2012, building permit valuations in the three largest North Dakota oil cites were all up more than 35% year over year.

Total Building Permits - YTD November 2012			
Total Valuation			
City	2011	2012	YoY % Δ
Dickinson	\$120,034,296	\$277,111,723	130.86%
Minot	\$154,055,000	\$207,614,236	34.77%
Williston	\$276,221,999	\$388,734,625	40.73%



As the chart to the left illustrates, The Bakken has seen substantial growth within the development and construction loan industry as compared to the rest of the United States. The two most recent quarters of data, from 3/31/2012 to 9/30/2012, show construction and land development loans increasing 64%, from \$107 million to \$176 million.



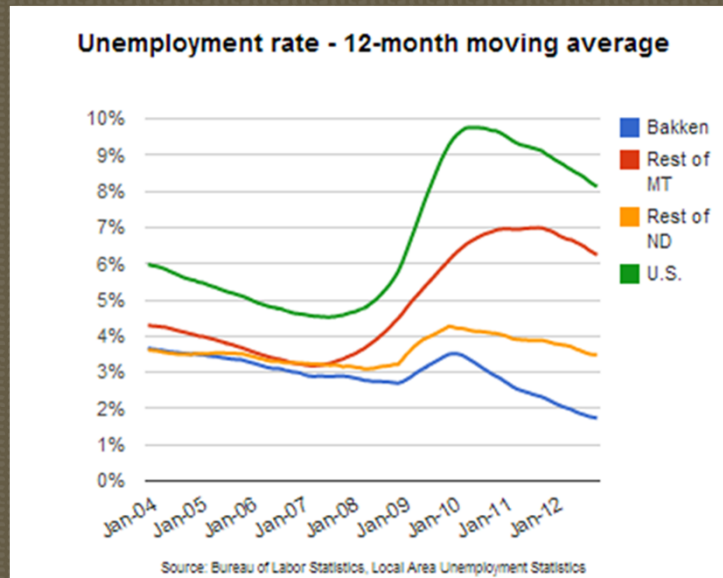
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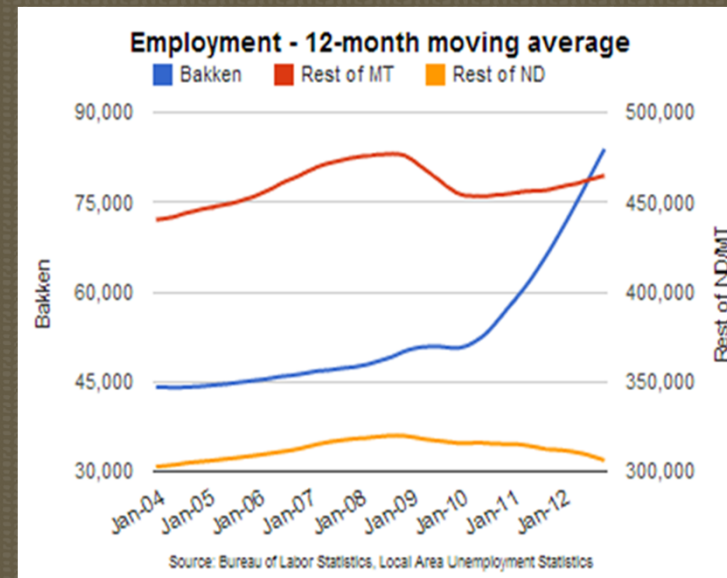
Bakken Employment

As of November 2012



Bakken oil counties unemployment rate was 1.7%, a .5% drop from a year earlier.

- North Dakota ranked #1 in the 2012 Gallop Job Creation Index with a +34 net hiring index. This is the best in the country and 16 points above the national average. North Dakota has led this index 4 years running.



Bakken oil counties employee 83.9 thousand people, 23.1% more than last year and 60% more than in 2009.



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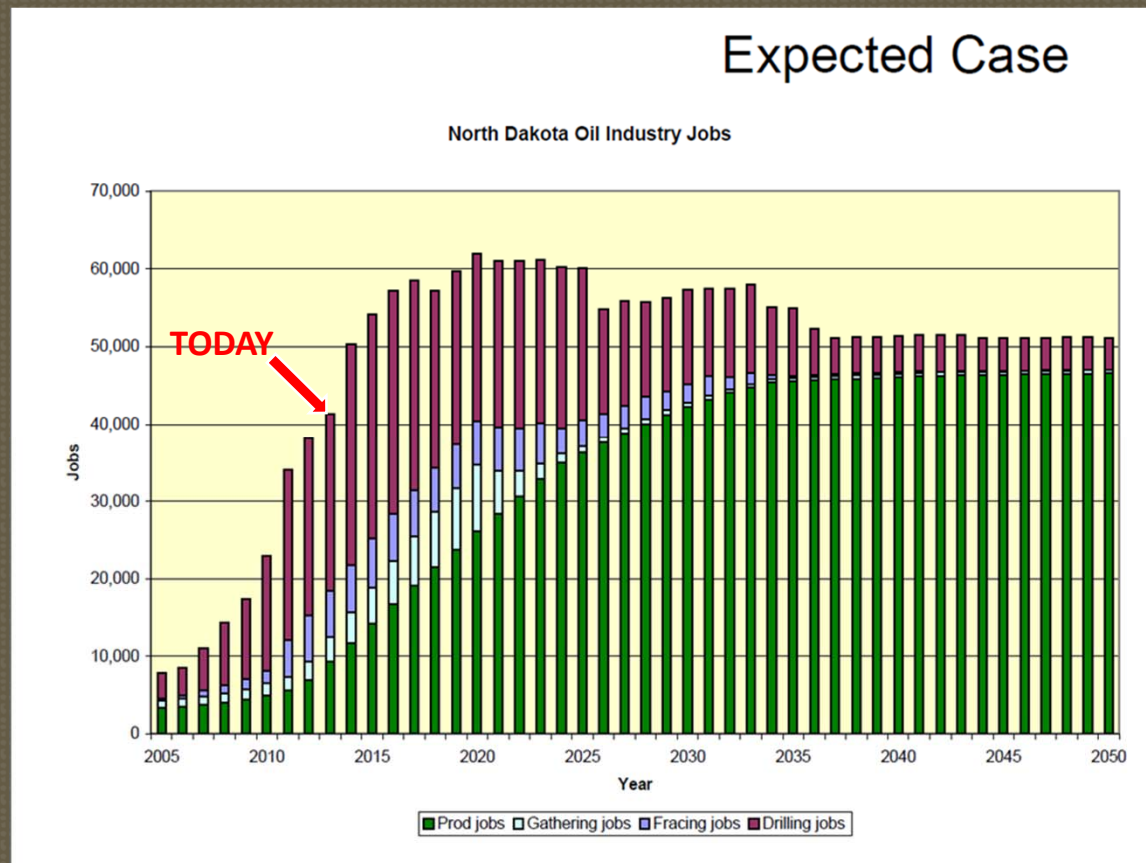
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ND Job Sustainability

North Dakota expects to sustain 50,000+ oil industry jobs through 2050.

- This is a 2000+ workforce increase in sustained oil industry jobs as compared to previous updates.



Courtesy of North Dakota Department of Mineral Resources, January 2013



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2012 ND Housing Needs Assessment

In September 2012, North Dakota State University recently completed the 2012 North Dakota Statewide Housing Needs Assessment.

The assessment has three main goals:

1. Put perspective on the current housing situation based on recent trends
2. Forecast housing demand based on shifts in population
3. Place the forecast of housing demand within the context of projected residential change

We are going to focus on 5 counties that encompass 6 of the major oil cities in The Bakken

McKenzie (Watford City)

Mountrail (Stanley)

Stark (Dickinson)

Ward (Minot)

Williams (Williston, Tioga)



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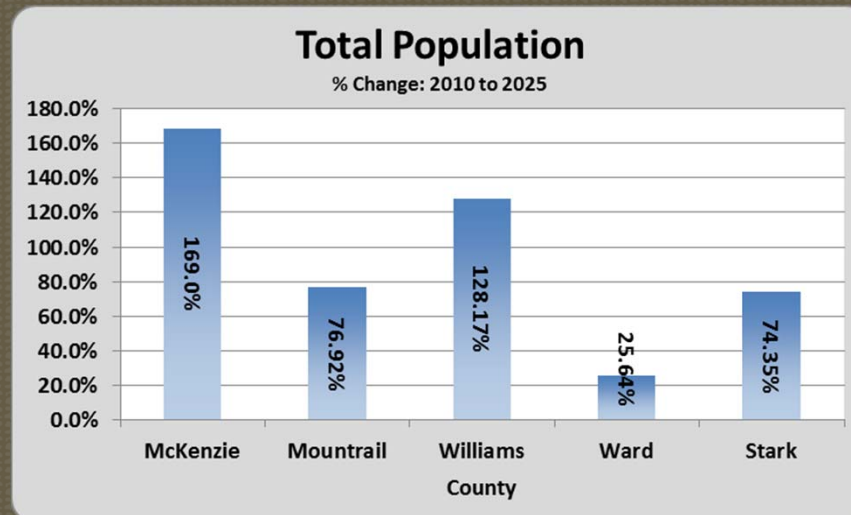
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Housing Assessment - Population Growth

This assessment projects high growth over the next 15 years for Bakken oil counties

Aggregately, these 5 counties alone are projected to grow at 65%, adding 80,000 new residents by 2025.

North Dakota County Population Growth Estimates					
Total Population					
County	Census		Projections		
	2000	2010	2015	2020	2025
McKenzie	5,737	6,360	11,771	15,550	17,110
Mountrail	6,631	7,673	12,819	13,527	13,575
Williams	19,761	22,398	35,485	47,075	51,106
Ward	58,795	61,675	73,574	77,682	77,490
Stark	22,636	24,199	31,547	39,195	42,191



Courtesy of 2012 North Dakota Housing Needs Assessment, September 2012



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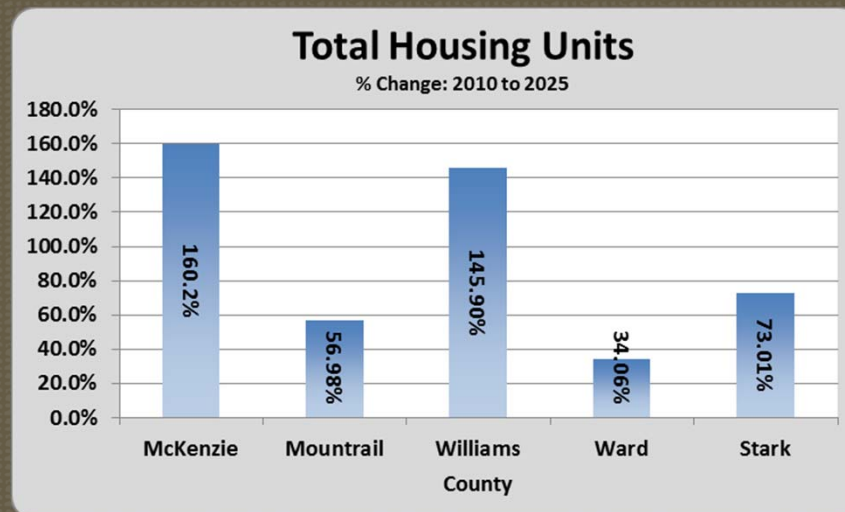
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Housing Assessment - Housing Growth

Looking at Housing Supply Model 2, which is based on projected demand, these 5 counties will add 38,589 housing units by 2025, a 71% overall increase.

North Dakota County Housing Supply Projections					
Total Housing Units					
County	Census		Projections		
	2000	2010	2015	2020	2025
McKenzie	2,719	3,019	5,576	7,192	7,856
Mountrail	3,438	3,949	5,836	6,135	6,199
Williams	9,680	10,184	16,863	22,457	25,042
Ward	25,097	26,294	33,290	35,692	35,251
Stark	9,722	10,528	13,821	16,947	18,215



Courtesy of 2012 North Dakota Housing Needs Assessment, September 2012



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Pad Drilling Technology

- Pad drilling is becoming a widely used technique in The Bakken. It's a series of vertical wells drilled in very close proximity. Each well has long horizontal laterals that are drilled and fracked in multiple parallel and/or diverging directions thus opening up large portions of tight formations from a single surface location.



- Pad Drilling Technology is creating many benefits
 - Continental Resources says a 6 well pad reduced costs by 35%
 - Whiting Petroleum says it saves up to \$2MM per well
 - Smaller surface footprint and less infrastructure
 - Increased efficiencies – Companies looking at 14, 16 and 18 well pads



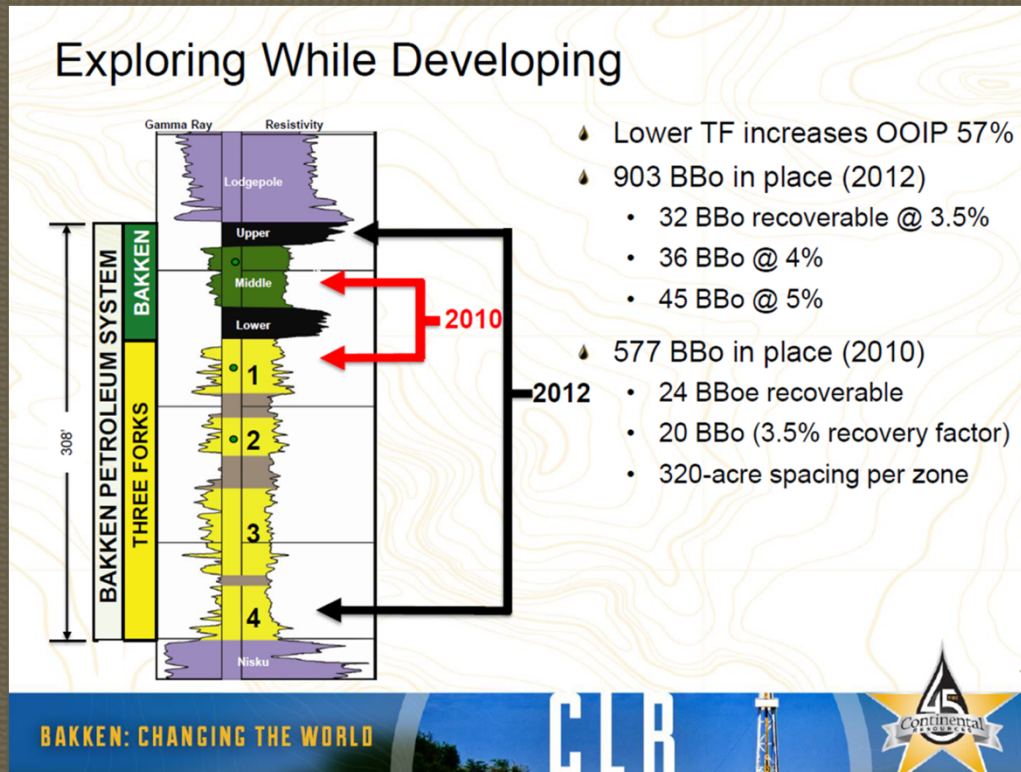
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Oil Production Advancements

Continental Resources (CLR) is the #1 Oil Producer in the Williston Basin with 1.1MM net acres as of 12.20.12



As this slide from a recent CLR presentation shows, they have discovered additional zones into the three forks that increases the OOIP by 57%. TF2 and TF3 test wells have shown strong initial results.

Link to the Continental Resources January 2013 Investor Update

<http://phx.corporate-ir.net/phoenix.zhtml?c=197380&p=irol-EventDetails&EventId=4889415>



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New Dickinson Oil Refinery

Dickinson, North Dakota is planning to build a new oil refinery capable of processing 20,000 barrels per day of Bakken crude – 7,000 barrels being diesel fuel.

- The project is a joint venture between MDU Resources and Calumet Specialty Products Partners.
- 318 Acre site, 4 miles west of Dickinson
- Have final permits approved and plan to begin construction by early April 2013
- Cost approximately \$300 Million and take 20 months to build.
- Create 300-500 temporary jobs during construction and 100 permanent jobs upon completion.
- Will utilize the new \$30 Million Dickinson wastewater treatment facility currently under construction by buying some 175,000 gallons of treated water daily.



The Tesoro refinery in Mandan is currently North Dakota's only refinery

According to the U.S. Energy Information Administration, the last major refinery built in the lower 48 states began operating in 1977 in Garyville, La.



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Oppidan ND Projects Underway



Williston: Two – 36 unit apartment buildings.



Watford City: 118,000-square foot commercial shopping center



Minot: 180,000 square foot commercial development.



Watford City: One - 42 unit apartment building



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Sources

<https://www.dmr.nd.gov/oilgas/presentations/HouseApprop01102013.pdf>

2012 North Dakota Statewide Housing Needs Assessment

<https://www.dmr.nd.gov/>

North Dakota Association of Builders

The Dickinson Press

<http://www.clr.com/>

http://www.minneapolisfed.org/publications_papers/fedgazette/oil/index.cfm

North Dakota Office of the Tax Commissioner

<http://www.petroleumnews.com/pntruncate/174494056.shtml>

<http://www.gallup.com/>



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