



Bakken Economic Impact

White House Office of Management and Budget
7 July, 2014

Kari Cutting, Vice President
North Dakota Petroleum Council

www.northdakotaoilcan.com | www.ndoil.org



Overview



- **North Dakota Petroleum Council**
- **Current Production**
- **State Economic Impact**
- **National Economic Impact**
- **Opportunities and Challenges**
- **Summary**



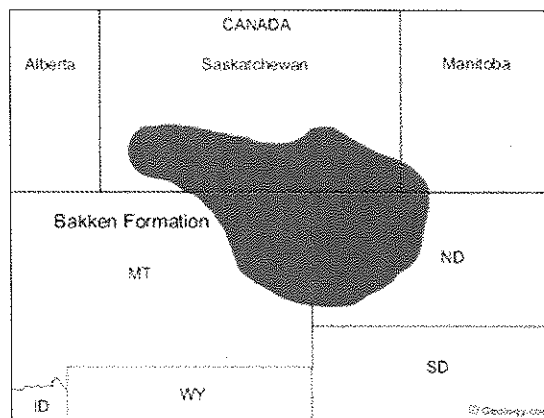
www.northdakotaoilcan.com | www.ndoil.org



North Dakota Petroleum Council



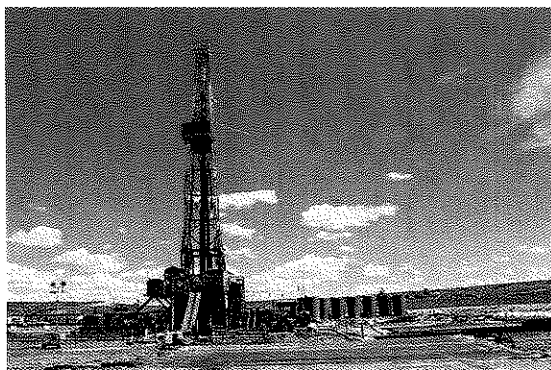
- **Industry group representing over 500 petroleum industry companies**
- **Primary voice of oil and gas industry in North Dakota since 1952**
- **Represent oil and gas interests throughout North Dakota, South Dakota, and the Rocky Mountain Region**
- **Supported by members of the American Petroleum Institute in North and South Dakota**



www.northdakotaoilcan.com | www.ndoil.org



Current Production



- **Over 1 Million B/D oil**
- **Over 1 Million MCF/D natural gas**
- **10, 700 Producing Wells**
- **Rig Count: 190**
- **25k to 35k wells in future**

www.northdakotaoilcan.com | www.ndoil.org



State Economic Impact (1)



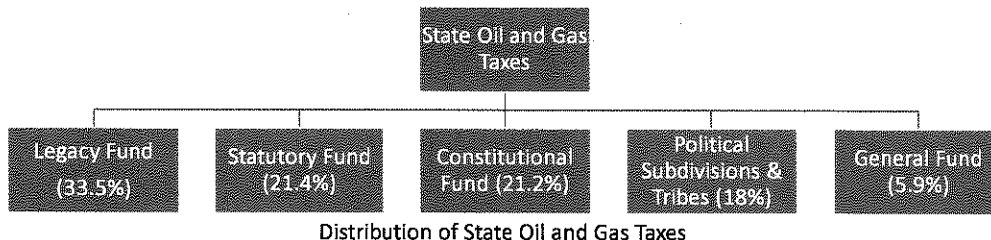
- **#1 fastest growing economy in US for last 3 years (7.6%)**
- **#1 lowest unemployment (<3%)**
- **#2 state for per capita income (28% above national average)**
- **Over \$20 billion and 35,000 jobs created**

Economic Contribution of Petroleum Industry 2005 to 2011			
	2005	2011	% Change
Total Economic Contributions**	\$4.4 billion	\$30.4 billion	592%
Government Revenues	\$378 million	\$2.6 billion	600%
Industry Jobs	5,051	40,856	709%
Household Income	\$1.5 billion	\$11.6 billion	512%

www.northdakotaoilcan.com | www.ndoil.org



State Economic Impact (2)



- **Promising future growth: Over half of business expenditures used for exploration and development**
- **Royalties paid to private holders almost \$2 billion**
- **Estimated Gross Business Volume of \$19 billion annually at 1 million B/D**

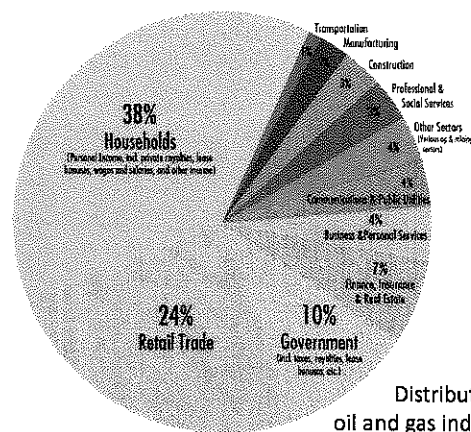
www.northdakotaoilcan.com | www.ndoil.org



State Economic Impact (3)



- \$1 spent generates \$1.59 additional business
- 1 well generates \$4.8 million annually
- \$7.4 billion in statewide retail sales
- Over 40,000 full-time jobs from direct employment
- Almost 25,000 additional full-time jobs from secondary employment



www.northdakotaoilcan.com | www.ndoil.org



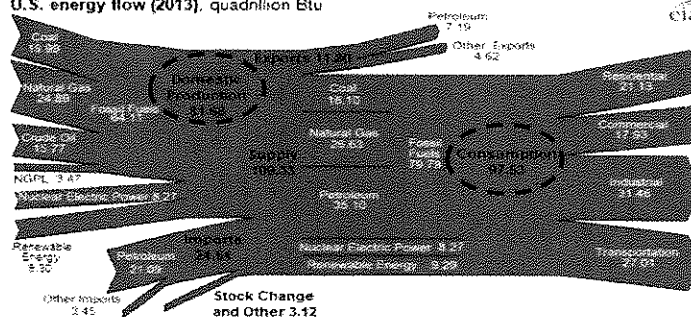
National Economic Impact (1)



JUNE 2, 2014

Domestic production satisfies 84% of total U.S. energy demand in 2013

U.S. energy flow (2013), quadrillion Btu



Source: U.S. Energy Information Administration (EIA)
 Note: Supply includes production, plus imports, plus stock change and other. Consumption includes residential, commercial, industrial, and transportation.

www.northdakotaoilcan.com | www.ndoil.org



National Economic Impact (2)



•US crude oil imports have dropped 3.3 million b/d (23%) since peak in June, 2005

•Texas and North Dakota= 48% US crude oil production

•1 million b/d from ND = 78% of daily imports from Saudi Arabia

•1 million b/d from ND = 48,200 cars with gasoline



www.northdakotaoilcan.com | www.ndoil.org |



Opportunities and Challenges



Opportunities:

- ND Economic Growth
- Employment Opportunities
- North American Oil and Gas Supplies
- US Energy Security

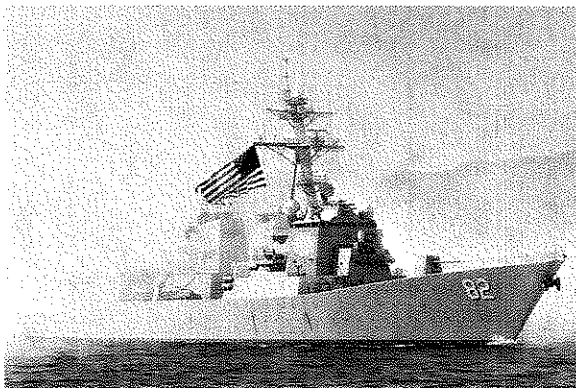
Challenges

- Long-term Sustainability
- Infrastructure
- Public perception
- Regulatory prospects: Flaring, Waste, and Transportation

www.northdakotaoilcan.com | www.ndoil.org |



Opportunities



- Freedom for foreign policy changes in Middle East
- Increased international oil supply weakens OPEC and oil-dependent rivals
- Opportunity for US to become crude oil exporter and swing producer
- Help insulate US consumers from vast market fluctuations

| www.northdakotaoilcan.com | www.ndoil.org |



Challenges



- Public perception
- Transportation Infrastructure
 - Railcar
 - Pipeline
 - Roadways
- Flaring
- Long-term sustainability

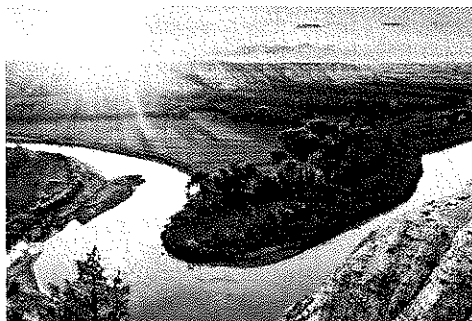
| www.northdakotaoilcan.com | www.ndoil.org |



Summary



- **ND producing 1 million b/d**
- **Total economic contribution of \$30.4 billion**
- **Oil and gas activity will increase for foreseeable future**
- **US energy production accounts for 84% of energy consumption**
- **Opportunities for energy security balanced with domestic challenges**



www.northdakotaoilcan.com | www.ndoil.org



Questions

www.northdakotaoilcan.com | www.ndoil.org