

North Dakota Petroleum Council's *Oil Can!* Program

Contract number: G-034-065

Phase I report: July 31, 2015

Applicant: North Dakota Petroleum Council

Principal investigator: Ms. Tessa Sandstrom, Communications Manager



## **Program overview**

Founded on the principles of listen first, develop partnerships and respect others, the North Dakota Petroleum Council's *Oil Can!* program is designed to open the lines of communication and improve understanding between the petroleum industry of North Dakota and property owners, policy makers, community leaders, media and the general public. The following information includes a brief explanation of program component activities from January 1 – July 31, 2015.

## **Education**

### **Energy Career Awareness Partnership**

ECAP activities during the spring months of the academic year tend to center on regional career fairs and work with school counselors preparing juniors and seniors for post-secondary training.

Career fair access is made available to most schools throughout North Dakota; ECAP is able to distribute materials about careers, post-secondary training, safety programs, and general energy information.

Career fair exposure is not as focused as direct classroom contact but is able to introduce North Dakota's energy industry to far more students than would be available via single classrooms. Some of these materials were also used in the North Dakota Petroleum Council's Oil Can events in Alexander, ND and in South Heart, ND.

ECAP continues to be a resource and point of contact for North Dakota's energy industry statewide. From January 1, 2015 through July 31, 2015, the program has conducted public presentations and provided information and input for the following:

- Workforce development projects;
- Elementary, middle school and high school career exploration;
- Elementary, middle school and high school energy generation, refining and distribution talks;

- Individual classroom presentations focused on energy;
- ND Oil Can events;
- ND Lignite Council;
- Regional economic development meetings;
- ND Career and Technical Education programs;
- Community outreach information and education;
- Presentations for Professional and Social Organizations.

### **Teacher Education Seminar**

Held in June, the four-day Teacher Education Seminar expands participating teachers' knowledge of the North Dakota oil and gas industry, from its prehistoric beginnings to the final products. The seminar covers many aspects of the industry including history, geology, physics, engineering, production issues, refining and marketing, employment needs, and the impact of oil tax on state tax revenues, policy decisions and the state's budget surplus. Educators participate in numerous hands-on activities which include touring an oil rig, producing well, hydraulic fracturing site and a refinery.

Based on feedback, course evaluations, pop quizzes and lesson plans submitted for their classrooms, educators who participated in the 2015 Teacher Education Seminar held in June gained a better understanding of the North Dakota oil and gas industry components. Teachers better understood all of the stages of oil exploration, production and refining, and gained an awareness of the many industry professionals that play a part in moving oil from the ground to the consumer. They developed a factual basis/background of the substantial cost and risk required to explore, produce and refine a barrel of oil. Their deeper understanding of the industry's impact on North Dakota, combined with the knowledge of what skills companies are looking for in employees, allows them to educate students on the possibility of a career in the oil and gas industry, including the importance of a college degree in science, technology, engineering or mathematics. The educators' hands-on experiences and completed activities provided them a foundation for integrating similar activities into their classrooms based on

understanding how subject areas such as geology, science, math and history are applied on a daily basis in the industry.

## **Community outreach**

### **“Code for the Road” Public Safety Campaign**

The North Dakota Department of Transportation (NDDOT), the North Dakota Highway Patrol (NDHP), and the NDPC is continuing its campaign to improve traffic safety in oil country. The NDPC continues to assist the NDDOT in this campaign by purchasing billboard space and funding the designs and redesign of digital materials (see Appendix A). All parties continue to share videos and ads aimed at safe driving through social media networks.<sup>1</sup>

### **Bakken Rocks CookFest**

The North Dakota Petroleum Council hosted its 7<sup>th</sup> Annual Bakken Rocks CookFests in Alexander on July 14 and South Heart on July 16. Both events were a tremendous success, attracting about 1,000 people to Alexander and between 1,200 and 1,500 to South Heart. An estimated 300 people total attended the Bakken Basics Education Sessions held in conjunction with the CookFest.

A total of 18 grill teams participated in Alexander and 13 participated in South Heart for the honor of “People’s Choice Cook Team” and “Judge’s Choice Cook Team” at each event. The events included a two-hour Bakken Basics education session, several industry and community educational booths, local musical entertainment, fun activities for children, and a wide variety of great-tasting food.

This event is intended to build goodwill in the western communities of North Dakota where oil industry activity is occurring. For the first time, the NDPC collected surveys on the event, and based on the few responses we received, this goal was met. A handful of respondents noted that their perception of the industry changed because of the event, citing the generosity and friendliness of participants (Appendix B). Videos highlighting the CookFest will be posted on YouTube when they are ready later this week.<sup>2</sup>

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<sup>1</sup> <http://www.northdakotaoilcan.com/home-menu/impacts-solutions/traffic-safety/>

<sup>2</sup> <https://www.youtube.com/playlist?list=PL7F03312565DE5D25>

### **“Pick Up the Patch!”**

In response to concerns regarding the increase in litter along highways and in communities in western North Dakota, the Petroleum Council launched “Oil Can! Pick up the Patch!” The program brought companies and communities together to identify ways in which they can work together to keep western North Dakota trash-free.

“Oil Can! Pick up the Patch!” encourages companies to consider implementing and committing to the following approaches in picking up the patch:

1. Include trash disposal in employee training.
2. Stress the importance of proper litter disposal to employees and contractors daily.
3. Consider participation in statewide clean-up efforts like the Adopt-A-Highway and Keep North Dakota Clean programs.
4. Work with the local communities in which you work to coordinate clean-up efforts.

This year, the companies have also volunteered to be Team Leaders for The 2015 Pick Up the Patch! season launched in April 2015, and since then more than 800 industry volunteers have helped pick up more than 124 miles of roadways and collected more than 1,600 bags of trash.

### **Sporting and Oil and Gas Industry Forum**

The NDPC remains an active partner in the ND Energy Forum’s Oil and Gas Industry Forum. This year marked the 3rd Annual Oil Can! Fishing Derby, which was held in conjunction with the Bakken Rocks CookFest. The derby was a very popular event with 206 anglers participating. All participants agreed to donate their cash prizes to the Sporting and Oil and Gas Industry Forum, raising more than \$23,800 for conservation and habitat projects in North Dakota. The NDPC donated \$2,000 to the Four Bears Casino Marina to assist with improving lake access, and \$2,000 was donated to the Friends of Lake Sakakawea to assist with the coalition’s public service campaign about aquatic nuisance species.

## Promotion & Marketing

Traditionally, the Oil Can! campaign has included television ads that focused on the oil and gas industry's positive impact on the state's economy and job creation. The campaigns featured television ads, radio advertisements that ran on statewide radio talk shows, and digital banner ads that appeared on Facebook, the Bismarck Tribune and the InForum websites, as well as SayAnything Blog and BisManOnline.com. Because of the drop in oil prices and the need to share more in-depth information about various challenges of the industry, however, emphasis has been put on native advertising or "advertorials" that are posted within a news outlet's regular news stories (Appendix C).

So far one flight has run delving into domestic production, exports and energy security. A second flight about pipelines will run beginning August 24, and a third about reclamation and remediation practices will run September 21. Analytics on the success of those ads are not yet available.

In addition to this advertising campaign, news releases and articles touching on economic benefits of the industry, as well as those highlighting industry events, have been an effective way in building understanding and support for oil and gas companies whose activities bring a great deal of revenue to the area. The Petroleum Council has also continued to write monthly editorial pieces for the *Bismarck Tribune's Bakken Breakout* publication, *The Bakken Magazine*, and "Basin Bits" publication. These articles are a very effective means of covering hot topics and issues that are critical for industry's continued success.

## Graphics and Videos

Studies show that graphics and videos greatly boosts a viewer's ability to retain information presented therein and also increases the likelihood that the viewer will engage with it somehow, whether it be a "like" or "share" on social media, or simply viewing all the information. Because of this, infographics continue to be an important part of presenting information about the oil and gas industry. In addition, several informational videos have been produced to share via social media, including videos of Kathy Neset<sup>3</sup> discussing geology, horizontal drilling and hydraulic

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<sup>3</sup> [https://www.youtube.com/watch?v=Ok\\_bBXUDGV4](https://www.youtube.com/watch?v=Ok_bBXUDGV4)

fracturing and one discussing reclamation that is currently in the works. These videos will coincide with scheduled native advertising as well.

### **Social and Online Media**

The North Dakota Oil Can! website ([www.northdakotaoilcan.com](http://www.northdakotaoilcan.com)) was updated earlier this year into a responsive format, meaning the page will automatically adjust to fit the medium (i.e. smart phone, computer, or tablet) used to view it. Other improvements include a more user-friendly menu and navigation, an emphasis on videos and graphics, and more information on solutions to various challenges.

Between Jan. 1 and July 31, more than 18,000 people have visited the site, 84% of which were unique, or new, visitors, most of whom visited pages that contained information about the Bakken and energy development. The conversion to the new site occurred in July, and since then, the average time spent on a webpage did increase from about one minute to nearly two minutes. The pages most visited during that time included the homepage and the events pages, including the Fishing Derby and CookFest, which may be attributed to a more aggressive social media campaign pushing people to those sites for more information. News and information were the other pages that rounded out the top ten for the month of July.

The NDPC continues to operate accounts on Facebook, YouTube and Twitter. To date, the Facebook page has a current following of 2,859, with most posts reaching on average 17,000 people. The Oil Can! Twitter handle (@NDOilCan) has 1,821 followers to date with an average of approximately 25,000 tweet impressions (an appearance of and Oil Can tweet on someone's timeline), giving the program and our messages further reach. Maintaining a presence on social media will ensure the Oil Can! program continues to have strong reach and influence among a local and national audience.

### ***Oil & Gas Tidbits***

*Oil and Gas Tidbits* is intended to provide information on the use of new technology and other items of interest to North Dakota policy makers, educators and industry members. *Tidbits* is distributed to more than 1,500 individuals and is also available online at [www.ndoil.org](http://www.ndoil.org) and [www.northdakotaoilcan.com](http://www.northdakotaoilcan.com). The first issue of *Oil and Gas Tidbits* for 2015 was sent out in the spring and covered the NDPC's latest report detailing the economic contributions of the oil and

gas industry (Appendix D). The Summer Issue detailing exports and the benefits of lifting the export ban on crude oil is in the works and will be sent out in August.

### **Oil Can! Monthly Newsletter**

To supplement the *Oil and Gas Tidbits*, an electronic newsletter focusing on positive stories and information about the industry has been sent out monthly to about 1,300 people. The newsletter has, on average, a 30 percent open rate, which is slightly above the average national open rate for an e-newsletter.

The newsletter targets industry and public leaders, the media, and members of the general public who sign up at [www.northdakotaoilcan.com](http://www.northdakotaoilcan.com). Current and past newsletters may be viewed at <http://www.northdakotaoilcan.com/cat/newsletter/>.

### **Looking ahead**

As the second phase of this project gets underway, several goals are at the forefront of plans for the *Oil Can!* program, including:

- Increasing efforts to coordinate key stakeholder groups for the purpose of addressing hot topic issues that arise relating to oil and gas development, including wildlife and quality of life;
- Conducting another public perception survey this fall to gauge the opinions of North Dakotans and identify any changes in overall opinions from last year's survey;
- Expanding communications and outreach efforts through activities such as NDPC Annual Meeting "Bits & Bytes" Seminar scheduled for Monday, Sept. 21 in Fargo;
- Engaging students in oil and gas activities through our ECAP and Oil Can! Power Kids' Futures programs;
- Running three more flights of native advertising;
- Continuing our "Pick Up the Patch" efforts to ensure our roads, highways and communities stay clean, especially before snow falls this fall and winter;
- Increasing the Petroleum Council and *Oil Can!* program's presence on social media sites, including Facebook and Twitter; and
- Improving the Oil Can! website's SEO and standing in Google searches.



Additional goals include further engaging industry members in making *Oil Can!* principles part of industry culture, as well as building partnerships to increase oil and gas industry presence and educational efforts throughout the state, and working hard to make *Oil Can!* an easily recognizable brand to North Dakotans.

With the completion of phase one, *Oil Can!* has proven to be a valuable tool for improving constructive dialogue between industry members, key stakeholders, policy makers and the general public. *Oil Can!* provides a very useful response mechanism for situations that are time-sensitive and require a proactive approach, such as impact alleviation. As the brand and reputation of the *Oil Can!* program expand, we suspect its value to all parties will continually increase. Financial support from the Oil and Gas Research Council has been instrumental in the development and implementation of *Oil Can!* In addition, there have been many partners along with Petroleum Council members who have played important roles in sharing the messages and outreach efforts of *Oil Can!* during this first phase of the 2015-2016 biennium.

## ***Oil Can! Program Budget***

*Phase I: January – July 2015*

	<b><u>Budgeted amount</u></b>	<b><u>Expenditures</u></b>
<b>Outreach</b>	\$ 163,080	\$ 25,823.34
Code for the Road, CookFest, PUTP, etc.		
<b>Education</b>	\$ 170,000	\$ 16,702.65
ECAP, Teachers, Power Kids' Futures		
<b>Promotion &amp; Marketing</b>	\$ 1,109,500	\$136,651.84
Advertising, Creatives, web & social media, publications		
Next Top Issue	\$ 20,000	\$ 0.00
Total Program Budget	<u>\$ 1,540,580</u>	
<b>TOTAL PROGRAM EXPENSES</b>		<b><u>\$ 199,804.71</u></b>

*Respectfully submitted by Tessa Sandstrom, communications manager, North Dakota Petroleum Council.*

APPENDICES

APPENDIX A – CODE FOR THE ROAD



Code for the Road – Pass on the Pass advertising campaign billboard

This block contains two examples of online banner ads. The top banner is a horizontal strip with a yellow background on the left containing the text "For More Information" and a "CLICK HERE" button. To the right, it features the "CODE FOR THE ROAD" logo with the tagline "FOLLOW THE RULES. FOLLOW THE LAW.", and logos for the North Dakota State Patrol, "oil can!", and NDDOT. The bottom banner is a vertical rectangle with a yellow top section containing "For More Information" and a "CLICK HERE" button. Below this, it features the "CODE FOR THE ROAD" logo and tagline, and logos for the North Dakota State Patrol, "oil can!", and NDDOT.

Code for the Road – Pass on the Pass advertising campaign: online banner ads

Pass on the Pass Television Commercial, Radio Commercial & Safety Information:

<http://northdakotaoilcan.com/solutions/TrafficSafety/>

# APPENDIX B

(See attachment)


# APPENDIX C

LOGIN REGISTER CARSHQ JOBHQ HOMESHQ APARTMENTHQ CLASSIFIEDS MARKETPLACE


**INFORUM** Search Q

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News Sports Opinion SheSays Variety Business Celebrations Obituaries Weather




**It's My Job: West Fargo-based crane operator a lifelong construction worker**



**Police respond to apparent gunman at Grand Forks Wal-Mart**




**A Pig Tale: 4-year-old girl learns responsibility through showing pigs**



**Get the facts on N.D.'s role in the world's energy industry.**


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**Murder trial begins for Fargo man accused in fatal shooting of cousin he suspected of poisoning him**

FARGO—Jury selection has begun in the trial of a Fargo man accused of killing his roommate last summer because he believed the other man had...

News 13 min 51 sec ago



**Too blue? Cursing at work could affect your career advancement**

"Do you eat with that mouth?" It's a question you may have asked when coming into contact with...

**TRENDING**

1. Police respond to apparent gunman at Grand Forks Wal-Mart
2. Storm Pictures From Sunday
3. Letter: High court goes gay; GOP frets
4. Criticism of police nationally doesn't faze local recruits
5. It's My Job: West Fargo-based crane operator a lifelong construction worker

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**LATEST**

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News 6 hours 49 min ago

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North Dakota boosts U.S. energy independence.

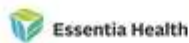


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**Throwback Thursday: A Fargo woman cares for lions in Zimbabwe**

For the past week, the story of Lisbon, N.D., native and Minnesota dentist Walter Palmer and his killing of a protected lion in Zimbabwe has...

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**Man accused of attack outside downtown Fargo bar makes court appearance**

FARGO – A man accused in a violent attack outside a downtown Fargo bar that left another man with broken facial bones made his first appearance...

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**How North Dakota's growth is good for the world**

NORTH DAKOTA PETROLEUM COUNCIL - The United States is standing on the threshold of a new era of energy independence for the

nation, and North Dakota has the power to open the door.

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**TRENDING**

1. WE Fest buzzing with new developments
2. Photo gallery: A view of Sturgis
3. Williston's oil bust indicator stinks, but sewage provides solid data
4. Wentz is the unquestioned leader of the Bison offense
5. Man accused of attack outside downtown Fargo bar makes court appearance

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**LATEST**

Throwback Thursday: A Fargo woman cares for lions in Zimbabwe  
16 min ago

15 To Watch In 2015: Nick DeLuca  
1 hour ago

Daily Delivery: Our top headlines for August 6, 2015  
3 hours ago

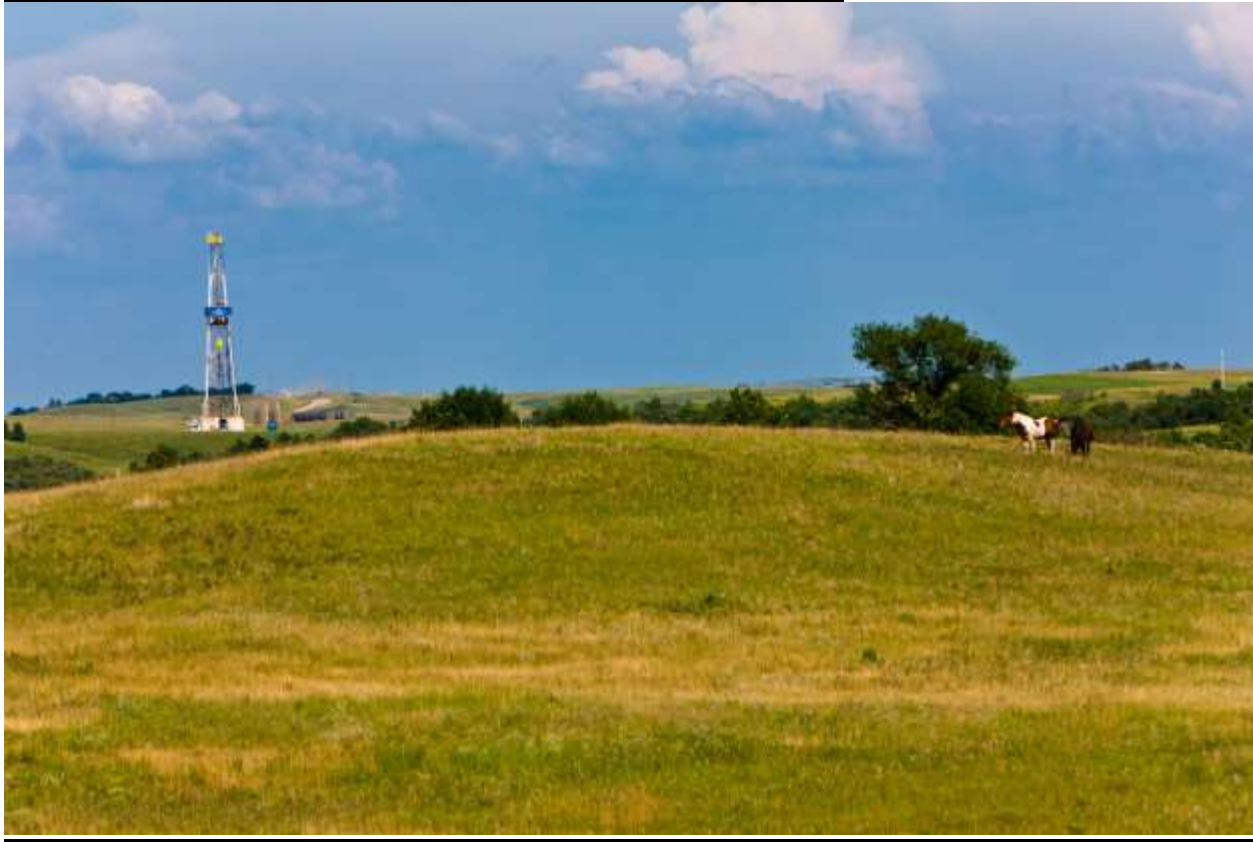
Former Marine not guilty of biting off cabbie's nose in West Fargo due to PTSD  
4 hours ago

CVB planning series of outdoor winter sporting events in F-M  
5 hours ago

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The gray box above links to the following text:

## **ND Petroleum Council Native Landing Page 1**



### **How North Dakota's growth is good for the world**

The United States is standing on the threshold of a new era of energy independence for the nation, and North Dakota has the power to open the door.

Thanks to technologies in oil and gas development including horizontal drilling and [hydraulic fracturing](#), the Bakken and Three Forks formations in western North Dakota have been unlocked, ushering in a new era of [economic](#), income and job growth for the state. These benefits have been well-touted over the past decade, but the benefits this will have on the nation's role in the world have been understated.

### **Fostering a new era of self-reliance**

In less than a decade, North Dakota has risen from being a “fly over” state with a struggling economy to being a leader in [energy development](#) and economic growth in the nation. Oil production has increased nearly nine times since 2006, making North Dakota the second largest energy producer in the nation and the 19<sup>th</sup> largest oil producer in the world.



Today, North Dakota accounts for 13 percent of all U.S. oil production and produces more than [1 million barrels](#) per day overtaking Saudi Arabia as a provider of oil to the U.S. by more than 143,000 barrels per day.

As a result of this [increase in oil production](#), the United States' reliance on foreign oil has fallen by 28 percent over the last decade, while the nation has become entirely self-sufficient in natural gas production.

### **Holding the keys to better global relations**

The ability to harness these energy resources has not only meant that the United States has the ability to carve out a better, more dependent and sustainable future for itself, it also means that it has a once in a generation opportunity to influence the world for the better.

“Unconventional energy is perhaps the largest single opportunity to change America’s competitiveness and economic trajectory, as well as our geopolitical standing,” wrote the Harvard School of Business in a recent report. “Our energy resources have given the U.S. important new diplomatic tools that can aid allies and counteract the ability of unfriendly countries to use oil and gas access to achieve political aims.”



According to the report, the U.S. has a 10- to 15- year lead in commercializing unconventional resources, putting the nation in a position to lead the world in using petroleum resources for good. This ability, however, is being hindered by one thing: a four-decade-old policy.



### **Allowing crude exports is good for America and good for you**

Before the U.S. can begin to use its petroleum resources for good, Congress and the president must lift a four-decade-old ban on crude oil exports. Born of an era of oil scarcity, the policy prevents the United States from participating in an otherwise global market, and placing the control of the market in the hands of countries and terror groups that would otherwise seek to harm the nation. This energy advantage would also help the U.S. support its allies, offsetting the influence Russia currently has over Europe.

All major studies and experts agree that abolishing this policy would not only improve the nation's global standing, bolster its [economy](#) and job growth and spur domestic production, but it would also lower costs for consumers.

The Harvard Business School recently reported that in 2014 alone, American households saved an estimated \$800 each because of lower energy prices. If the export ban were lifted, experts agree Americans could save on average of 3.8 cents per gallon at the pump in 2017 and these savings, as well as those from heating oil and diesel, could save American consumers up to \$5.8 billion per year, on average, over the 2015-2035 period.



**What can be done to increase our energy security while saving consumers money?**

According to the Harvard Business School, the U.S. can achieve the many benefits of shale oil and gas development while mitigating environmental impact, but that opportunity is at risk. Opposition based on confusion or misinformation, unwillingness to move beyond ideology and an adherence to outdated policies are eroding the nation's ability to capitalize on this historic opportunity.

Congress is considering legislation that would lift the crude export ban and help our nation improve its ability to compete at the global level, but steps can be taken by all Americans to help ensure the U.S. doesn't miss this opportunity. Visit the North Dakota Oil Can website to get the facts on oil and gas development and what can be done to help our nation embrace our

chance at [energy security](#) .

**CALL TO ACTION:** Learn more at [www.northdakotaoilcan.com](http://www.northdakotaoilcan.com)

**DESTINATION URL:** [www.northdakotaoilcan.com](http://www.northdakotaoilcan.com)

**APPENDIX D**

# Oil & Gas TIDBITS

We Keep North Dakota Going Strong



## Patrolaum Industry Contributes \$43 billion to North Dakota's Economy Small businesses, individuals reap greatest benefits



*Oil and gas contributes to every sector of North Dakota's economy, including services like restaurants. According to the National Restaurant Association, North Dakota was among the top five states in the nation for restaurant sales growth.*

It's no surprise to many that oil development is a big business that generates big dollars for North Dakota. For nearly a decade now, it has helped put North Dakota at the top of many national lists, including fastest growing economy, best place for businesses and careers, and lowest unemployment, among others. What may surprise many, however, is exactly who benefits the most from that business, and it's not who most might think.

A study conducted and recently released by North Dakota State University researchers, found that the petroleum industry contributed a grand total of \$43 billion to North Dakota's economy in 2013. The contributions came from all aspects of the oil and gas industry, including exploration and development,

extraction and production, processing and transportation, and infrastructure. About \$25.3 billion of this was in secondary impacts, or the re-spending of the \$17.7 billion spent directly by the industry.

Since 2005 when the first study was conducted, the economic contributions have increased by 750 percent, reflecting the industry's growing importance in a more diversified state economy. And, despite petroleum development activities being concentrated in the state, study co-authors Dean Bangsund and Nancy Hodur, say it also positively impacts the entire state, filtering into many other sectors and businesses.

### Impacts across all sectors

As the \$25.3 billion shows, these dollars aren't just going to the oil and gas industry or even the sectors that work closely with the industry, such as construction. The impacts stretch across nearly every sector in North Dakota.

According to Bangsund and Hodur, the petroleum industry is not organized like most industries or sectors where only a handful of firms or companies may be involved. Rather, the owners, or operators of a well, such as Continental, Hess or Whiting to name a few, will contract most of the work out to firms that specialize in various aspects of the process.

"As a result, much of the expenditures incurred in the state for oil and gas production start with the



Online: Find the full economic impact study and infographic at [www.northdakatoilcan.com/economicimpact](http://www.northdakatoilcan.com/economicimpact)



/NorthDakotaOilCan



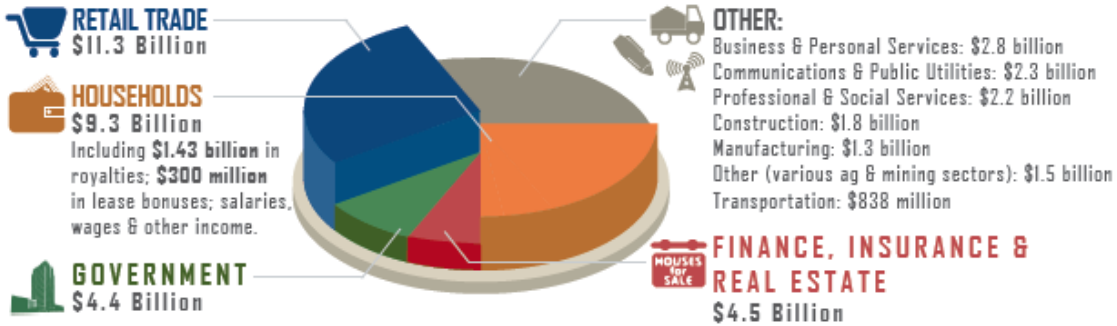
@NDOilCan



/NDPetroleumCouncil

## Impact across sectors

*The economic contributions of the oil and gas industry extend well beyond the industry and the energy sector itself. The largest benefactors are instead retailers, comprising small businesses, and the individuals themselves.*



oil operator, but flow through the various firms engaged in providing support and service within the oil fields,” wrote Bangsund and Hodur.

Those services aren’t limited to just trucking and hydraulic fracturing, but involve financiers, environmental and legal consultants, manufacturers, and public utilities, among others. It’s not surprising that those various industries were on the receiving side of a combined \$28.5 billion in economic contributions from the oil and gas industry.

The largest single benefactor of the \$43 billion total, however, was retail trade, or the businesses that sell the products and services needed by the industry and employees. This sector pulled in a whopping \$11.3 billion impacting both large and small businesses in North Dakota in a big way.

According to a separate study conducted by PriceWaterhouseCoopers, there are more than 870 businesses in North Dakota that are part of the larger petroleum supply chain, ranging from individual consultants to small and medium-sized businesses started by local entrepreneurs to larger international corporations. Those businesses, in turn, have expanded, bringing more jobs to North Dakota than ever before.

### Jobs and incomes see major increases

The NDSU study found that the average rig in 2013 supported 177 total jobs, while each producing well supported 2.4 total jobs. Overall, the industry supported more than 81,000 jobs in 2013. These workers have helped drive the increase in new restaurants and clothing and other retail stores in an area that once struggled to attract and retain the kind of businesses that help attract

new people and families to the otherwise rural area of North Dakota.

Those workers, as well as royalty owners, also saw a significant portion of the \$43 billion total, drawing in about \$9.3 billion in salaries, wages, royalties and other income. This accounted for 24 percent of all income earned in the state in 2013 and about a third of all salaries and wages earned in the state’s private sector.

### Government revenues help fund priorities

Another large recipient of oil and gas dollars is the state and federal government. In 2013, government revenues totaled \$4.4 billion from taxes, royalties, lease bonuses, fees and other revenue sources. By 2014, oil and gas production and extraction taxes added up to \$3.25 billion alone, accounting for more than 54 percent of all state tax revenues.

These funds are distributed to a number of accounts that help fund schools, roads, water projects, law enforcement, conservation and individual tax relief. Just as every county in North Dakota benefits from additional jobs and economic revenues from oil and gas development, they also receive distributions from oil and gas tax revenues, helping local and county governments fund their priorities.

### Opportunity for more growth

The study also revealed that the \$43 billion only represented about 48 percent of the total economic input from oil and gas development. More than half of the money spent by industry is spent out-of-state because North Dakota either lacks the goods or services needed by industry or because businesses that do provide those

goods and services have simply maxed out their abilities to meet the demand. This, said Rae Ann Kelsch, state director for the North Dakota chapter of the National Federation of Independent Business, presents opportunity for businesses and entrepreneurs to find their own niche and begin capturing those revenues.

“Some may view it as money escaping our economy, but what it represents to our members is opportunity,” said Kelsch. “It’s an opportunity for our members to look at the demands and capitalize upon it to keep even more of those dollars here in our state.”

Some community leaders have already been exploring these opportunities. Williston hosted ManLog, a Manufacturing and Logistics Conference in March to explore ways that local and regional businesses and entrepreneurs enter the industry and diversify their products, in turn reducing costs and increasing efficiencies for operators.

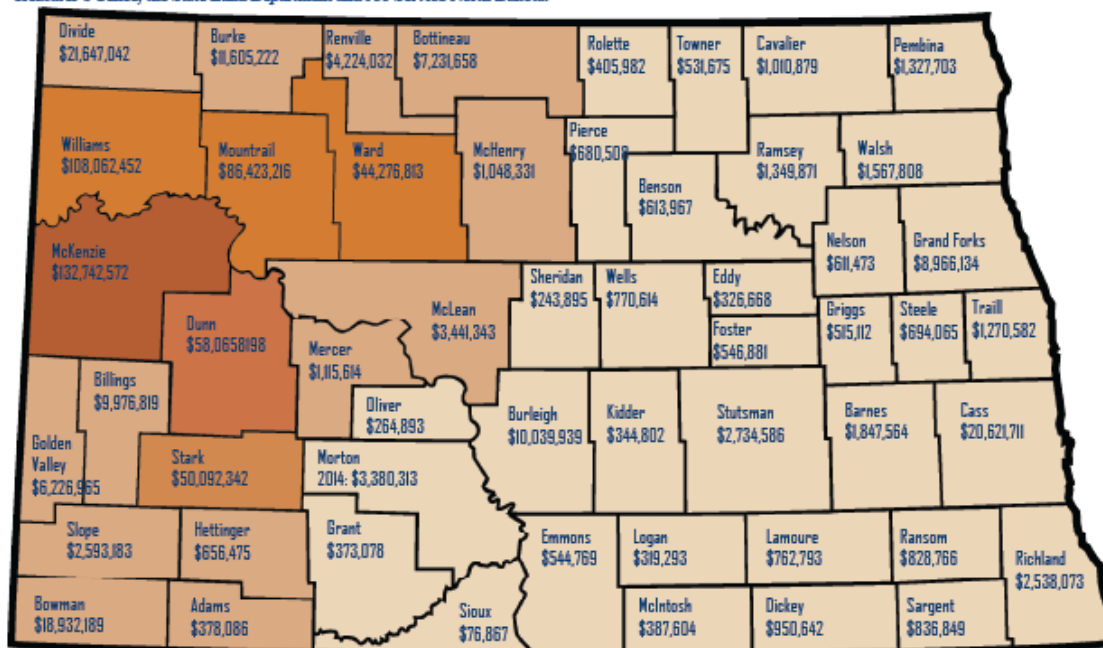
“The oil and gas operators in the Williston Basin face a higher break-even crude price due to higher costs and

inefficiencies in the Bakken supply chain,” stated Shawn Wenko, Executive Director of Williston Economic Development. “On the other hand, we have regional manufacturers and logistics companies that can serve the oil and gas industry in a way that reduces costs and turn-around times as this market begins to mature. Given the magnitude and expected duration of this [...] industry, now is the time to grow and diversify our economy throughout the region.”

Other companies have begun going straight to the source – North Dakota’s high-quality oil and gas – to add value. To date, two fertilizer plants and one petrochemical plant have been proposed. Both would take natural gas from the Bakken to make products needed by farmers or manufacturers. The fertilizer plants would help provide a product that is currently imported by local ag producers at a substantial cost while the petrochemical plant would produce plastic pellets that would be used to manufacture plastic products. One diesel refinery is nearing completion with several other refineries proposed.

## Impact on a County-by-County Basis

Counties throughout the state see significant benefits from oil and gas development, whether it is through distribution of oil and gas severance taxes, mineral royalties, or for counties outside of the Bakken, distributions from the Property Tax Relief Fund. Every county also has jobs and businesses that are supported by the oil and gas industry. Below are the distributions of tax and grant dollars to counties in 2014. Compiled using data from the North Dakota State Treasurer’s Office, the State Land Department and Job Service North Dakota.



## Petroleum's Share

*The petroleum industry has grown to become a major economic engine for the state, making up a large part of its economy, jobs and personal income.*



### Declining prices, but infinite possibilities

Today, the industry is faced with a challenge of decreasing oil prices, but the growth in recent years has established the industry as a major engine for North Dakota's economy. In 2013, each drilling rig contributed \$105 million to the economy, and with

more than 80 rigs still operating in the state, there are still significant dollars being pumped into the state's economy. Additionally, more than 12,000 wells continue to produce today. In 2013, each of those producing wells contributed \$1.7 million in direct and secondary impacts and generated \$347,000 in tax revenues. These numbers are slightly less with changing oil prices, but significant nonetheless.

"When you combine these kinds of impacts with other sectors of North Dakota's economy, I think that North Dakota has a unique opportunity to chart its own course," said Hodur. "A strong oil and gas industry combined with a healthy and thriving statewide economy provide North Dakota with an economic development potential not seen in the state for decades."



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