April 1, 2017

Ms. Karlene Fine North Dakota Industrial Commission 600 East Boulevard Avenue Bismarck, ND 58505

Re: Grant Application for the North Dakota Petroleum Council's Energy of North Dakota Program

Dear Ms. Fine:

Enclosed is a grant application requesting the North Dakota Industrial Commission to approve funding from the Oil and Gas Research Council to help fund the North Dakota Petroleum Council's *Energy of North Dakota* education and outreach program. This program consists of education, outreach and promotion and marketing efforts consisting of specific components including a Teachers Seminar, Bakken Rocks CookFests, information sessions, and Power Kids' Futures program, among others.

These components of the *Energy of North Dakota* program have been very successful and have grown to become powerful tools for industry outreach. These education efforts successfully partner private industry with state and federal entities to develop and deliver educational materials in a balanced and effective manner to the target audiences. Total project costs are \$975,975 for the period extending from June 2017 to December 2018. We are requesting \$478,500 to help fund these educational and outreach programs during that time frame. A \$100 check is enclosed to cover the application fee.

The Petroleum Council is committed to completing the *Energy of North Dakota* Program components detailed in this grant request. Please contact me if you have any questions or need additional information for the enclosed grant application.

| information for the enclosed grant application. | |
|---|--|
| Sincerely, | |
| | |

Ron Ness President

Enclosure

Applicant: North Dakota Petroleum Council

P.O. Box 1395, Bismarck, ND 58502

701-223-6380

Principal investigator: Tessa Sandstrom, Communications Danager

Date of application: April 1, 2017

North Dakota Petroleum Council Energy of North Dakota Program

Grant requested from the

North Dakota Oil and Gas Research Council

Project expenses: \$ 975,975 Amount requested: \$ 478,500 Grant deadline: April 1, 2017

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1.0 ABSTRACT

The mission of the North Dakota Petroleum Council's *Energy of North Dakota* program is to transform North Dakotans' diminished, vague indifference toward their state's energy production into a deeply rooted, knowledge-based, prideful conviction. For several years, the North Dakota Petroleum Council (NDPC) has been developing, delivering, and engaging in public education of oil and gas through its Oil Can! program, but as the industry has become more engrained in our state and economy and future energy demands become clear, we believe it is time to broaden our mission.

While much of Oil Can! program's mission was to focus on relationship building and working with stakeholders to find solutions on many of the social impacts, the *Energy of North Dakota* will be focused on sharing information about the oil and gas industry in North Dakota, including its place as one of the largest contributors to the statewide economy, the innovations and technologies that are being developed and deployed here in the state, and the continued focus on ensuring operations are always striving to be cleaner and safer for North Dakotans and its environment.

The mission of the Oil and Gas Research Council (OGRC) is to promote the growth of the oil and gas industry through research and education. The NDPC's *Energy of North Dakota* program outlined in this grant request is an effective way for the OGRC to accomplish this mission. These education and outreach initiatives are costly and time-consuming, but the feedback received is always positive and these programs become more critical each year as the oil and gas industry strives to provide the information North Dakotans want and need and maintain healthy partnerships with the people and businesses of North Dakota. To enhance the ability of the NDPC to deliver these projects to the public in a meaningful way, we have several partners, all of which bring unique professional experience to the table, including NDPC members, North Dakota Association of Oil and Gas Producing Counties (NDAOGPC), Department of Mineral Resources (DMR), North Dakota Department of Transportation (NDDOT), North Dakota Highway Patrol (NDHP), UND's Energy and Environmental Research Center (EERC), the North Dakota Pipeline Authority (NDPA), North Dakota State Land Department (NDSLD), the ND Energy Forum, North Dakota Safety Council, and civic and community groups, among others. Thanks to their help and insight, our education and outreach programs have been a tremendous success and were nationally

recognized by the Interstate Oil and Gas Compact Commission in October 2009 with its Energy Education Stewardship Award, as well as in 2013 with the Environmental Partnership Award for the Pick Up the Patch program.

The funding request for this program is for June 1, 2017 to December 31, 2018. The total budget for the *Energy of North Dakota* program during that timeframe is \$975,975, of which \$478,500 is requested from the Oil and Gas Research Council (OGRC). The OGRC has been a critical partner in our past efforts, and through continued support, we look forward to taking this program to the next level.

2.0 PROJECT DESCRIPTION

Like Oil Can!, the *Energy of North Dakota* program will continue to pursue its mission through outreach, education and informational opportunities. This includes the continuation of many of its award-winning outreach programs, but there will also be more concerted efforts on developing online materials and messages that are smartly scalable, relatable to a millennial audience, and able to be deployed via multiple channels. Each of these components is further explained in this section.

Outreach

Although outreach efforts typically reach a smaller number of people, the impact is significant. According to our latest Public Perception Survey, which is conducted each year to measure the success of our efforts and stay abreast of issues and sentiments, 40 percent of North Dakotans statewide rely on personal observation when gathering information about the industry and 39 percent confer with family and friends. These numbers are 52 percent and 34 percent respectively in oil and gas producing counties. Creating opportunities where North Dakotans can interact with the industry or see development first-hand, then, is an important way to share information and create levels of trust among stakeholders. The *Energy of North Dakota* program will work to create these opportunities through several initiatives:

Bakken Rocks CookFest

The Bakken Rocks CookFest, held twice annually in two western North Dakota communities, continues to be one of the NDPC's most popular events. Because of this, it is an important tool for building goodwill across the western portion of the state, while providing an enjoyable atmosphere where industry, residents, and other stakeholders can interact and learn more from one another. The focus of these events is to host an evening of food and entertainment while providing information about the oil industry. Each event is free and open to the public and includes an information session that includes both general information about oil and gas development, as well as any issues or concerns that may be specific to each community. Agencies and several companies also have information booths set up to provide information or help provide any information on regulations, right of ways and easements, royalties, environmental issues and more. About 1,200 to 1,500 people attend each of these events each year. Four events, one of which is scheduled in Westhope, ND, and another in Medora, ND in 2017, will be held during this grant period.

Information Sessions

Educating the public about development activity and infrastructure needs, along with regulations and processes involved with the oil and natural gas industry is a tremendous part of building goodwill within the state. Information sessions (or town halls) provide an excellent and intimate opportunity for industry to provide information about operations and efforts to address impacts while giving individuals opportunities to ask questions of industry and regulatory authorities. These meetings are often well attended and appreciated, per surveys conducted following the event.

Over the course of the year and a half outlined in this grant, the NDPC, through *Energy of North Dakota*, will plan to host or participate in at least six information sessions throughout North Dakota, including one in each of the four CookFest locations, one in conjunction with the NDPC Annual Meeting to be held in Grand Forks in September 2017, and one that will be held in conjunction with the NDPC Annual Meeting in Fargo in September 2018. Professionals presenting at these events will include employees from the NDPC, DMR, NDPA, EERC and industry representatives including geologists, operators, and/or other industry professionals.

Safety and Environment

Safety and protection of the environment continue to be top concerns for North Dakotans. Energy of North Dakota will continue to work toward resolving those issues through action and education. Among the programs covered under this line item are Pick Up the Patch and a partnership with Code for the Road, though funds may be available for other issues as they arise, such as education regarding safety around production sites or messaging on environmental efforts.

Pick Up the Patch

In November of 2013, the Pick Up the Patch Program was awarded the Environmental Partnership Award by the Interstate Oil and Gas Compact Commission (IOGCC). The award recognized the program's success in bringing industry and non-industry stakeholders together to improve the environment, and it continues to be a popular volunteer effort among NDPC member companies and communities alike.

Since being started in April of 2012, industry volunteers have given thousands of hours to help collect more than 3,000 bags of trash along hundreds of miles of streets, highways and roadways. NDPC members continue to promote a no litter culture by encouraging companies to include trash disposal in employee training, providing trash bags in company vehicles, and organizing regular clean-up efforts.

Grant dollars go toward helping support these community clean-ups by providing materials, such as gloves, trash bags, and neon t-shirts to help identify crews for safety purposes. They also help with advertising and promotion of these events to help not only with clean-ups, but to instill a no-litter culture. Programs such as this are an important part of companies' and NDPC's corporate social responsibility platforms, but they are also important to residents. Eighty-four percent of North Dakotans want to know more about how oil and natural gas companies give back to communities, and this grant greatly helps in providing the avenues to share that information.

Code for the Road

For many years, traffic congestion and safety were top concerns among North Dakotans statewide. While that concern has somewhat abated with many highway expansions and improvements, oil and gas development activity is expected to increase, likely resulting in an increase in commercial vehicles on the roads. To help promote safe driving tips for driving in and around traffic, the NDPC is continuing its partnership with the North Dakota Department of Transportation (NDDOT), North Dakota Highway Patrol (NDHP), and North Dakota Motor Carriers Association (NDMCA). This partnership will resume earlier efforts to inform motorists of the "No Zone" when passing or sharing the road with commercial vehicles, discourage distracted driving and aggressive passing, especially on heavily traveled roadways, and reiterate seat belt usage.

These messages will be promulgated through paid television and online advertising, the *Code for the Road* website and social media channels, partner website and social media channels, and through outreach opportunities within communities and schools.

Education

Among the major challenges faced by the energy industry during the early years of Bakken shale development was the availability of a skilled workforce. Although the market downturn reduced the immediate need for workers, this challenge remains relevant today and into the future. With demand for oil expected to increase by 48 percent by 2040 and the industry nearing the "big crew change" as baby boomers reach retirement age, the need for skilled workers will only grow greater, especially as domestic oil and natural gas development activity increases.

According to the National Academy of Sciences, one of the recommendations to help meet the workforce demand is to improve K-12 STEM education and increase the number of people pursuing STEM education. To help the industry achieve these goals, the NDPC has developed programs aimed at providing teachers the information and tools they need to better inform students about the industry, as well as piquing interest in STEM and careers in the petroleum industry among students.

Teacher Seminar

Although oil and gas development has grown to be a major part of the fabric of North Dakota, many educators – even those in western North Dakota – largely lack information about the industry. The objective of the Teacher Education Seminar (seminar) is to provide both teachers and guidance counselors basic information about oil and gas development and offer them a first-hand tour of drilling and production sites, a refinery, reclaimed locations and more as time or availability of sites permit. Educational sessions focus on a broad spectrum of topics, including history, geology, physics and engineering, as well as the industry's regulatory and social impacts, including employment needs, policy decisions and impacts of oil tax on state tax revenues and the state's budget surplus. Participants also try hands-on activities and receive various lesson plans and resources they can take back into the classroom. This program has been a success and many teachers leave with a better understanding of the industry and feel better equipped to provide students the information they need about the industry and careers in oil and gas.

North Dakota Energy Education

The NDPC also strives to reach out directly to students through its North Dakota Energy Education program. Started in 2002 under the auspices of then Governor John Hoeven, this program has been popular among educators and students across the state. Over the years, ND Energy Education has reached more than 80,000 North Dakota students, teachers, and parents through workshops in individual classrooms, job fairs and more. In fact, many teachers who attend the Teacher Education Seminar will request visits from instructors of the ND Energy Education program.

ND Energy Education activities during the fall months of the academic year tend to center on regional career fairs and work with school counselors to prepare juniors and seniors for post-secondary training. Career fair access is made available to most schools throughout North Dakota, and ND Energy Education can 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 can introduce North Dakota's energy industry to far more students than would be available via single classrooms.

Power Kids' Futures

Although many students may not be thinking about post-secondary education and their career futures until junior or senior years, many may start thinking about their electives by eighth grade or even earlier. For this reason, it is important to reach students at an early age to pique interest in STEM education or the skilled trades, which are often overlooked but in great demand. Fourth grade curriculum focuses on North Dakota studies, and the NDPC has worked with partners, including the Great Plains Energy Corridor to create energy-focused lessons. ND Energy Education also focuses much of its outreach on the third and fourth grades as well.

Just as the onsite visits to the oil patch are important for teachers to gain a full understanding of operations, however, allowing students a close-up look at much of the equipment involved in oil and gas, as well as exploring the geology of the Bakken, is both interesting to them and invaluable in gaining their intrigue. While taking students to an actual site would be implausible, the NDPC is able to seize upon its biennial Williston Basin Petroleum Conference to give students a glimpse into the oil and gas industry.

In 2012, the NDPC introduced "Power Kids' Futures," an educational session for elementary students, teachers and parents that included instruction on the Bakken geology, oil and gas production, products made from crude oil, and jobs and skillsets needed in the oil and gas industry. Students also had the opportunity to tour the expo and see first-hand many pieces of equipment used in the fields. The NDPC plans to host this opportunity for teachers and students again at the Williston Basin Petroleum Conference in 2018.

Promotion and Image

Another challenge in attracting students to the workforce is the stigma that has often unfairly been attached to the oil and gas industry. Risks associated with oil and gas, such as spills or safety, are greatly publicized, while the technologies, science and processes used to address those challenges are not. Furthermore, the benefits and necessity of oil and gas and its value-added products are largely underplayed or ignored. For this reason, it continues to be necessary to invest time and resources into promoting the image of the industry through mass media.

Advertising, Branding, and Promotion

Early promotional efforts focused largely on providing information about the economic and job benefits of the oil and gas industry. As the industry has grown, however, the NDPC has decided to broaden its mission. It recently launched an aggressive campaign that is airing statewide. The messages were developed using both focus group and survey research. That research revealed that North Dakotans want continued oil and gas development that is in balance with our traditions, landscape and way of life.

Through a series of messages titled "We Want", the benefits from our state's oil and natural gas are comprehensively illustrated. From economic impacts, such as better jobs and careers, to meeting the demands of a technology-driven 21st century, this new campaign is smartly scalable. It is especially relatable to a millennial audience, while reminding everyone that "none of it happens without oil and natural gas."

Messages are deployed via a multi-channel approach integration television, digital, radio, and social media. Materials, information, and the TV ads are all available at www.EnergyOfNorthDakota.com and on the Energy of North Dakota Facebook, YouTube and Twitter channels. Digital, radio and television advertising for the first two quarters of this grant period will include both 30- and 60-second ads. Geotargeting will help better ensure that online ads are reaching key, target audiences throughout the campaign.

News and Publications

As the primary voice of the industry, the NDPC has a duty to make relevant and timely information available to key stakeholders, including landowners, lawmakers, residents and the media. The NDPC distributes this information through the *Energy of North Dakota* newsletter and online and social media channels.

Energy of North Dakota will continue the distribution of its monthly online newsletter, which is a valuable and cost-effective medium for building relationships and maintaining regular contact with stakeholders. Content of the newsletter is aimed at increasing awareness and understanding of the industry,

its activities, and its latest developments, including work in the community, progress on addressing challenges, and more. Efforts will also be made to develop timely articles, videos, infographics and other media as necessary to address issues or share news about the latest developments or events related to industry.

Website & Social Media

The Energy of North Dakota website embraces the "We Want" message with a landing site, www.EnergyofNorthDakota.com/WeWant, highlighting North Dakotans' priorities: a strong economy, innovation, sustainable development, opportunity for future generations, and an excellent quality of life. Each section offers relevant and "snackable" information tailored to North Dakota. The full website contains more detailed information about oil and gas production, impacts and solutions, and resources for stakeholders, such as the Royalty Owner Information Center (ROIC) and the Surface Owner Information Center (SOIC).

Social media continues to be a powerful and cost-effective tool in engaging and building relationships with key target audiences. *Energy of North Dakota* will continue the use of these platforms to educate and convey the industry's positive economic, fiscal, and educational impacts on the state, nation, and daily lives by creating factual and emotional connections. Focusing on Facebook and Twitter, content will be generated to be shared across both platforms. Depending on the best use of the content, adjustments may be made to accommodate platform strengths. In some instances, more news-like content may be exclusively posted on Twitter, whereas video- and image-heavy content may appear more frequently on Facebook.

Emerging Issues

Although the "shale revolution" has been underway for nearly a decade, it is still relatively new and presents new challenges every day, from social issues like housing and infrastructure to technical topics like flaring and remediation. The NDPC must be ready to respond to these issues by conducting research or creating informational materials to help educate stakeholders about such topics to help prevent

misperceptions and myths from arising. Educating policy makers and North Dakotans on emerging issues is important so that matters can be resolved by creating solutions based on a deep understanding of the issue at hand.

3.0 STANDARDS OF SUCCESS

Measuring the success of some components of the program can be difficult, though not impossible. The NDPC conducts public opinion surveys annually to gauge the impact of our messaging and outreach efforts, as well as perceptions of the petroleum industry in North Dakota. Five surveys have been conducted since 2010 to measure the overall opinion of oil and gas development in the state, the positives and negatives of development as viewed by respondents, the areas of greatest concern, and other issues. These surveys have established that North Dakotans continue to overwhelmingly favor oil development in the state, though many expressed concerns about the impact on housing and infrastructure, among other issues. The NDPC will continue to conduct these surveys on an annual basis to help inform us of new issues or hot topics, as well as a tool to measure any changes in attitudes toward the petroleum industry and the success of our education and outreach programs.¹

Monitoring the success and/or reach of media campaigns – particularly online – has become increasingly more efficient with the development of apps and analytics software. Based on the overarching goals of the campaign and its message and creative assets, a digital campaign strategy is developed and already being implemented. This strategy defines the digital goals, key performance indicators, metrics and direction of the digital media tactics. Website analytics, digital campaign metrics and multivariate testing results are used to measure each Key Performance Indicator and digital campaign effectiveness. Using a Google-Certified partner, digital analytics are primarily measured through Google tools such as Google Analytics, Google Adwords, Video Ads, Google Analytics IQ and E-Commerce Analytics.

Measuring the success of our larger outreach events is more difficult, but can be accomplished through feedback surveys and crossover engagement on our social media sites. Surveys, for example, are an

¹ These surveys, however, are not an included expense in the grant application and will be an expense covered solely by the NDPC.

effective way of measuring the success of the Teacher Education Seminar, while posts, tags, likes, and shared photos, among others, help provide insight on the popularity of events such as the Bakken Rocks CookFest.

4.0 BACKGROUND / QUALIFICATIONS

The NDPC is a nonprofit trade association that has represented the industry in North Dakota since 1952. The NDPC represents more than 500 companies involved in all aspects of the oil and gas industry including oil and gas production, refining, pipeline, mineral leasing, consulting, legal work, and oil field service activities in North Dakota, South Dakota, and the Rocky Mountain Region. NDPC members accounted for 98 percent of oil produced in 2016.

The NDPC has been working to educate the public about the oil and gas industry for decades. The council has continually worked to enhance our education programs and communication with the public on issues that impact the communities where daily oil and gas operations are occurring. Funding support from the OGRC is valuable and critical to their success and continuation.

5.0 MANAGEMENT

The NDPC, under direction of Ron Ness, president, will oversee the projects and events that are part of the *Energy of North Dakota* program. Tessa Sandstrom, communications director, implements the *Energy of North Dakota* program functions, and the Board of Directors will approve the budget and monitor implementation.

The NDPC Outreach Committee and Communications Committee, as well as other stakeholders and partners, including DMR, NDDOT, NDPA, EERC, and NDHP will continue to play a vital role in providing direction and expertise on *Energy of North Dakota* outreach efforts. The guidance and expertise of committee members is very valuable and ensures that issues are viewed from a variety of approaches.

6.0 TIMETABLE

The NDPC's *Energy of North Dakota* program began running in January 2017 and will continue through at least December 31, 2019. A majority of the outreach events take place during the spring, summer, and fall, while the paid media campaigns run during the spring and fall months. The NDPC Outreach and Communications Committees meets several times a year to plan these events and discuss additional means of education and outreach on behalf of the industry based on topics of importance.

7.0 PROJECT BUDGET

The NDPC's *Energy of North Dakota* program budget for June 1, 2017 - December 31, 2018 is \$975,975. The year-and-a-half proposal allows for planning, development and implementation of the annual projects and new projects under the umbrella of the *Energy of North Dakota* program.

| Project Associated Expense | NDIC's Share | | Applicant's Share (Cash) | | Applicant's Share (In-Kind) | | Other Project Sponsor's Share |
|-----------------------------------|--------------|---------|-----------------------------|---------|--------------------------------|--------|----------------------------------|
| Outreach | \$ | 38,500 | \$ | 38,500 | \$ | 5,850 | - |
| CookFest | \$ | 22,000 | \$ | 22,000 | \$ | 3,750 | |
| Safety & Environment | \$ | 15,000 | \$ | 15,000 | \$ | 1,500 | |
| Education Sessions | \$ | 1,500 | \$ | 1,500 | \$ | 600 | |
| Education | \$ | 55,000 | \$ | 55,000 | \$ | 5,250 | |
| ND Energy Education | \$ | 30,000 | \$ | 30,000 | \$ | 0 | |
| Teacher Seminar | \$ | 25,000 | \$ | 25,000 | \$ | 5,250 | |
| Promotion & Marketing | \$ | 377,500 | \$ | 377,500 | \$ | 7,875 | |
| Advertising | \$ | 366,250 | \$ | 366,250 | \$ | 2,250 | |
| Publications & Documents | \$ | 11,250 | \$ | 11,250 | \$ | 5,625 | |
| Emerging Issues | \$ | 7,500 | \$ | 7,500 | \$ | 0 | |
| more ex- | | 450 500 | | 450.500 | | 10.055 | |
| TOTAL | \$ | 478,500 | \$ | 478,500 | \$ | 18,975 | |
| | | | | | | | |
| | | | | | | | |

| TOTAL EXPENSES | \$ 975,975.00 |
|--------------------------|------------------|
| Less Total Grant Request | \$ 478,500.00 |
| Less Other Partner Share | \$ 0 |
| NDPC CONTRIBUTION | \$ 497,475.00 |

8.0 TAX LIABILITY

I, Jeff Herman, certify that the North Dakota Petroleum Council does not have any outstanding tax liability owed to the State of North Dakota or any of its political subdivisions.

| | - | |
|---|------|--|
| Jeff Herman | Date | |
| Treasurer, North Dakota Petroleum Council | | |

9.0 CONFIDENTIAL INFORMATION

The NDPC does not request any of the information related to this application be confidential.

10.0 PATENTS RIGHTS TO TECHNICAL DATA

The NDPC does not request to reserve any patent rights to technical data.

11.0 APPENDICES

- A. Code for the Road marketing materials
- B. "We Want" Campaign Materials

APPENDICES

A. Code for the Road - Social Media graphics









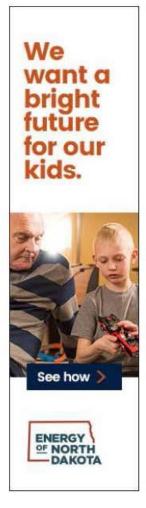




B. "We Want" Campaign Materials

Digital Ads:



















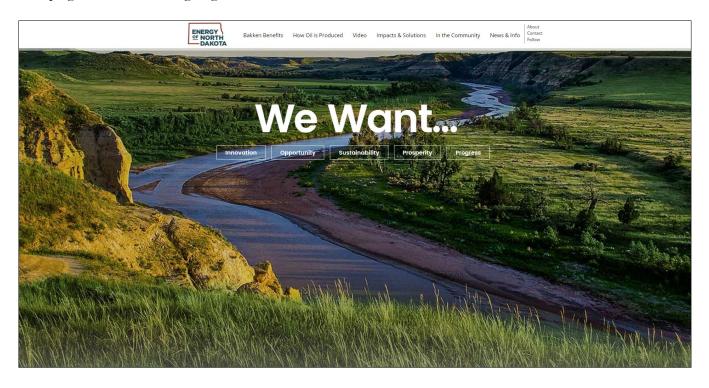




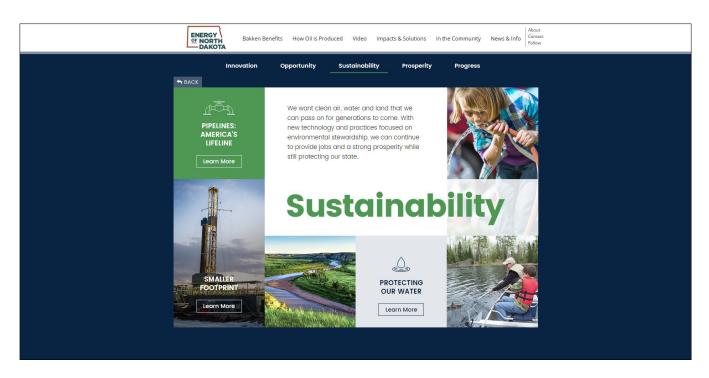




Campaign Website Landing Page



Light Screen Sample 1:



Light Screen Sample 2:

