

November 1, 2012

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

Re: Grant Application for the North Dakota Petroleum Council's Oil Can! 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 Oil Can! 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, town hall meetings, and ProgressZone campaign, among others.

These components of the Oil Can! 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 \$1,560,420 for the period extending from January 2013 to December 2014. We are requesting \$630,910 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 complete the Oil Can! Program components detailed in this grant request. Please contact me if you have any questions or need additional information for the enclosed grant application.

Sincerely,

Ron Ness

Enclosure

Applicant: North Dakota Petroleum Council
PO Box 1395, Bismarck, ND 58502
701-223-6380 / 701-226-0006 (fax)

Principal investigator: Tessa Sandstrom, communications manager

Date of application: Nov. 1, 2012

North Dakota Petroleum Council

Oil Can! Program

Grant requested from the

North Dakota Oil and Gas Research Council

Project expenses:	\$ 1,560,420
Amount requested:	\$ 630,910
Grant deadline:	Nov. 1, 2012

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1.0 Abstract

The objective of the North Dakota Petroleum Council's Oil Can! program is to open the lines of communication and improve understanding between the petroleum industry of North Dakota and key stakeholder groups such as property owners, royalty owners, policy makers, community leaders, media and the general public. The North Dakota Petroleum Council (NDPC) has been developing, delivering, and engaging in public education of oil and gas for several decades and continues to build upon its successes by enhancing education efforts through improving existing projects and/or events and adding new ones.

The NDPC's Education Program funding request is for January 1, 2013 to December 31, 2014. The total budget for the Oil Can! program during that timeframe is 1,560,420, of which \$630,910 is requested from the Oil and Gas Research Council. The matching funding for Oil Can! comes from the NDPC.

The mission of the Oil and Gas Research Council is to promote the growth of the oil and gas industry through research and education. The NDPC's Oil Can! program outlined in this grant request is an effective way for the Research Council 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 improve its image 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 (NDSLDD), the Industry and Sporting Groups Forum, and civic and community groups, among others. Thanks to their help and insight, Oil Can! has been a tremendous success and was nationally recognized by the Interstate Oil and Gas Compact Commission in October 2009 with its Energy Education Stewardship Award.

This grant proposal consists of three objectives: education, outreach, and marketing and promotion. Specific components of these three objectives include ProgressZone, Town Hall Meetings, CookFest, Pick

Up the Patch!, Industry and Sporting Groups Forum, Teachers Seminar, Energy Career Awareness Partnership (ECAP), Oil Can! Power Kids' Futures Program, Advertising, Branding and Promotion, Media & Policymaker Education & Outreach, and Website & Social Media. Discretionary funding is also set aside for potential hot topics or issues that may arise in the next few years. Each of these components is further explained in the following section.

2.0 PROJECT DESCRIPTION

Outreach

ProgressZone

An increase in traffic on western North Dakota roads has led to a number of traffic accidents. As a means to help remind North Dakotans that cautious driving is important, the NDPC launched ProgressZone in partnership with NDHP and NDDOT. The campaign was officially launched on July 22, 2011. The development phases were partially funded by a grant from the National Highway Traffic Safety Administration (NHTSA). This year the NHTSA grant will be unavailable, but NDDOT is seeking other grant opportunities to provide \$40,000 funding over the next two years to contribute to this program. In the case that NDDOT is unable to provide matching funds, the budget will be cut accordingly.

The key components of ProgressZone include the placement of billboards along U.S. Highways 2, 8, 22, 85, and 1804 (see Appendix A); placement of print ads and radio ads in western North Dakota during the height of construction season (July through September); safety presentations and operation of educational booths; and maintenance of an informational section on the NDPC's website, www.ndoil.org and the *Oil Can!* website, www.northdakotaoilcan.com. In addition, the task force will produce public service announcements urging cautious driving. Past campaigns have featured PSAs from Colonel James Prochniak with the NDHP, Francis Ziegler with the NDDOT, Ron Ness with the NDPC, Williston Mayor Ward Koeser, Minot Mayor Curt Zimbleman, and state Senator Rich Wardner of Dickinson.

Town Hall Meetings

Educating the public about the development activity and infrastructure needs along with the rules and processes involved with the oil and natural gas industry is a tremendous part of building goodwill within

the state. Giving people an opportunity to ask questions and hear answers straight from the mouths of industry professionals is the objective of the town hall meetings. These meetings had a very good turnout in the past and helped educate people, which was evident based on the growing complexity of questions asked. Over the course of the two years outlined in this grant, we will plan to conduct 10 town hall meetings throughout western North Dakota, four of which will be held during four Bakken Rocks CookFest events. Professionals presenting at these events will include employees from the NDPC, DMR, NDPA, NDSL, NDOGPC, and industry representatives including geologists, operators, landmen, and other industry professionals.

Bakken Rocks CookFest

The CookFests remain a popular and important tool for building goodwill across the western portion of the state. These events give industry operators the opportunity to connect with the people directly impacted by their business on a day-to-day basis. The focus of these events is to provide an evening of food and fun while providing general education regarding the oil industry. This is done through the use of informational booths manned by industry professionals and a Bakken Basics Town Hall. This event continues to grow each year. More than 3,500 people attended our 2012 events (see Appendix B). We expect between 4,000 and 6,000 will attend the four events in 2013 and 2014.

Pick Up the Patch

In April of 2012, the NDPC launched its Pick Up the Patch program that is committed to creating 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. This year, more than 70 companies and 700 volunteers helped pick up more than 125 miles of roadways and collected more than 800 bags of trash.

Many companies are conducting these efforts on their own, and their efforts often go unnoticed. To increase awareness about the work they are doing to keep our roadways trash-free, the NDPC will work on behalf of the companies to alert and attract media, provide Oil Can! t-shirts to help identify the crews as petroleum industry volunteers, feature companies who help clean up on Facebook, our website, and newsletter for their volunteer efforts, and place ads in local papers thanking member companies for their

efforts. This recognition, in turn, should incentivize companies to host events and communicate to us and others their efforts and results.

Wildlife, Conservation, and Sporting Groups

North Dakotans value the abundance of land, water, and wildlife that provide many outdoor opportunities for our outdoorsmen and women. With the increase of activity in western North Dakota, there have been some concerns about the impact on our land and wildlife. The petroleum industry continues to be a strong supporter of outdoor recreation opportunities, often partaking in these activities themselves. With the advancements of technology, industry is able to increase North Dakota's oil production while minimizing the impact on land and wildlife. To help educate conservationists and sportsmen and women, the NDPC will sponsor outdoor and wildlife groups and events, and will create educational segments discussing common practices by the petroleum industry to minimize the industry's footprint and impact on land, reclaim nonproducing wells, and implement other technologies and programs that help protect our land and wildlife.

The NDPC has also partnered with the North Dakota Energy Forum, and conservation and sportsmen's groups to form the Sportsmen's Forum. This forum includes a Communications Committee that is working to promote the efforts being taken on behalf of the petroleum industry and conservation and sporting groups to the lessen impact and footprint of industry. There is also a Projects Committee that is working to identify habitat enhancement projects that the industry and sporting groups can work on together. The industry intends to provide financial support as well as in-kind contributions, such as volunteers and equipment, to help develop habitat projects identified by the Projects Committee. And supported by the Sportsmen's Forum.

Education

Teacher Seminar

The objective of the NDPC Teacher Education Seminar (seminar) is to educate teachers about the economic benefits and career opportunities provided by the North Dakota oil and gas industry. This enables the teachers to properly educate their students about the industry and its opportunities. The three-day

seminar hosts more than 40 teachers from across the state. The seminar provides educators an opportunity to learn about North Dakota's oil and gas industry from its prehistoric beginnings to its final product and includes a tour of well sites, a drilling rig, the Mandan Tesoro Refinery, and the North Dakota Heritage Center. Educational sessions focus on a broad spectrum of topics, including history, geology, physics and engineering, as well as the industry's political and social impacts, including employment needs, policy decisions and impacts of oil tax on state tax revenues and the state's budget surplus.

Energy Career Awareness Program (ECAP)

The NDPC will also plan the continuation of the Energy Career Awareness Partnership (ECAP). This private/public partnership was initiated with the assistance of former Governor John Hoeven in 2002 and has become a popular program for educators and students across the state. ECAP has been nationally recognized as a program that effectively educates students, teachers, and parents in classrooms and educational venues about the energy industry and the career opportunities that exist in the state. ECAP has reached more than 60,000 North Dakota students, teachers, and parents over the past ten years.

ECAP activities during the fall 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. ECAP continues to be a resource and point of contact for North Dakota's energy industry statewide. While this program has been successful in reaching students, teachers, and administrators, reaching parents continues to be a challenge for ECAP. This year, we will develop paid advertisements targeted to parents and will utilize sponsorships to increase awareness of energy career and education opportunities. Sponsorships would include—but will not be limited to—high school sports tournaments.

Oil Can! Power Kids' Futures

During the 2013 Annual Williston Basin Petroleum Conference, the NDPC introduced "Oil Can! 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 received a tour of equipment used in the fields. The NDPC is exploring new opportunities for this program, including hosting a seminar at CookFest, our Annual Meeting in Grand Forks, and the Williston Basin Petroleum Conference again in 2014. The NDPC has also been communicating with the North Dakota 4-H and the North Dakota Extension Service to learn about opportunities to host similar sessions with hands-on activities for students at the 4-H summer camp.

Promotion and Marketing

Oil Can! Advertising, Branding, and Promotion

Development of promotional materials highlighting *Oil Can!* events is an important tool for staying at the forefront in the minds of North Dakotans. This often includes the use of flyers and brochures, website promotions, and newspaper, magazine, radio, and television advertisements. These ads serve to reiterate the benefits of our state's oil and natural gas industry, including its impact on our economy and the creation of good-paying jobs. The NDPC launched an aggressive media campaign in 2012 for the first time. The campaign included four flights of television, radio, and online advertisements that focused on the petroleum industry's positive impacts on North Dakota's economy and job creation. The NDPC will continue to maintain this campaign to further increase awareness about the oil and gas industry and the Oil Can! program.

To help develop key messages and measure the effectiveness and relevancy of our advertising, we will conduct a yearly public perception survey of oil and gas development in North Dakota. Respondents will be asked for their opinion on the overall favorability of oil and gas development in the state, the positives of development, the negatives of development, and issues of concern, among important topics.

Media & Policymaker Education & Outreach

Educating the general public about the petroleum industry means we must also ensure members of the media have a knowledge and understanding of the industry, its impacts, and the efforts on behalf of operators to work with state and local leaders and leaseholders on various issues surrounding development. Through the Oil Can! program, we will develop and maintain media kits that include facts and figures about

the industry, infographics and videos about the process of drilling and economic impacts, resources including b-roll and photos, and story ideas to assist media in developing stories. Representatives of the NDPC will also plan to conduct one editorial board visit each year to the Williston, Bismarck, Minot, and Fargo newspapers in an effort to build better relationships with the media and create a better understanding of the industry.

The NDPC also has two publications it will distribute to help share more information about the oil industry and its impacts and efforts in the community. These include the monthly Oil Can! Newsletter, which highlights members' goodwill efforts in communities and/or achievements (See Appendix C) and *Oil & Gas Tidbits (Tidbits)*. *Tidbits* is distributed quarterly to policy-makers and interested parties in the oil and gas industry to keep them informed about technical and educational aspects of the oil industry. *Tidbits* is developed by the NDPC with past editions featuring key issues such as the crude oil transportation bottlenecks, geology of the Bakken, oil and gas economic impacts, the workforce needs of the oil industry, and numerous other topics (See Appendix D). The NDPC will plan to publish eight issues of *Tidbits* throughout the course of this grant. Lastly, the NDPC will continue to provide op-eds to the Bismarck Tribune's *Bakken Breakout* and the Williston Herald's *Talkin' the Bakken*. These op-eds focus on hot topics, advancements made by the petroleum industry, contributions to the state and impacted communities, and other industry news.

Website & Social Media

The Oil Can! program website, www.northdakotaoilcan, will continue to be a resource for individuals looking to learn more about the oil and natural gas industry in North Dakota. In addition to information about oil and gas drilling operations, the website also contains resource sections for those impacted by development, including as the Royalty Owner Information Center (ROIC), the Frequently Asked Questions section, and the Surface Owner Information Center (SOIC). These sections will be continually updated and expanded as new issues arise (See Appendix E, F and G).

In addition to a traditional website, the NDPC has also established Facebook and Twitter accounts to provide more avenues through which stakeholders can connect, interact, and learn more about the petroleum industry. Social networks are important to reaching not only members of the general public, but

also members of the media. Reports show that 55 percent of journalists use social channels like Twitter and Facebook to find stories from known sources and that 43 percent verify existing stories using these tools. As such, Facebook and Twitter could play a significant role in helping earn positive media and in educating individuals in the media and on a grassroots level about the oil and gas industry. Building this presence requires the ability to generate original content on a frequent basis, which is time-intensive. The NDPC plans to hire an intern to help update our online media and assist in the production of videos, photos, data visualizations, and infographics that focus on Bakken technology, hydraulic fracturing, and horizontal drilling, among other aspects of the petroleum industry.

Hot Topic Issues

As one of North Dakota's largest industries, hot topic issues relating to the oil industry are continually arising and often result in the formation of special interest groups and/or committees. Working closely with these people to address concerns and negate any misconceptions requires staying ahead of these issues and maintaining a proactive stance versus a reactive stance. Educating policy makers and the general public on hot topic 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

The measuring stick of success in educating the public is difficult, but not impossible, to quantify. The NDPC has begun conducting 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. Three 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 their awareness of the NDPC and Oil Can! program, among 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 us to 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.

While the Public Perception Survey will help provide an overarching measurement of our education, outreach, and promotion and marketing campaigns, we will also continue to monitor our successes of individual programs targeted to specific issues. Working with the NDDOT as a partner on the ProgressZone campaign gives our association access to valuable information regarding traffic trends, which is useful in evaluating the campaign's effectiveness. The department's expertise is very valuable in measuring the impact of the ProgressZone campaign.

The measurement tool used to gauge the effectiveness of goodwill outreach and educational events such as the Bakken Rocks CookFests, town hall meetings, ECAP, and Teacher Seminar is a comparison of the general understanding members of the public had in the initial stages of the oil boom versus the knowledge people have gained after a few years of living within the oil activity. Since the time of the last town hall meetings held in 2008, the complexity of industry-related questions asked by the general public has increased. People are now interested in much more detailed and in-depth information than in prior years. The popularity of the Bakken Rocks CookFest provides an accurate measure of the effectiveness and popularity of that event. Attendance has risen over the past five years from approximately 300 attendees at each event to more than 1,500. In addition, communities are asking to host the event two years in advance. We expect this event to continue to grow more in the future. The Teacher's Seminar also remains a popular and was booked this past year before we were able to distribute brochures. Throughout the Teacher's Seminar, we also collect evaluations for each day, as well as the overall seminar. More effort will be made to gauge the effectiveness of these programs by distributing and collecting surveys to be filled out by attendees at each event and to gain feedback about the events.

To successfully monitor the usage of www.northdakotaoilcan.com as an educational resource, Google Analytics reports are reviewed on a monthly basis. These reports show how many people visit the website and which pages they are visiting. We are also able to review common keyword searches, which helps us reorganize our existing website content so that it is easier to locate and aides us in the development of new content people are interested in learning. Facebook and Twitter also have internal analytics that

display how many people have viewed and or shared posts and which posts have gone viral. To measure the success of our media outreach, we will track the positive news stories generated from pitches made to the media, editorials as a result of editorial boards, or stories picked up on through our distribution of newsletters, news releases, and/or Facebook and Twitter posts.

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 400 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% of oil produced in 2011.

The NDPC has been working to educate the public about the oil and gas industry for decades. The association 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. The projects and events outlined in this grant are core components of the program that have proven successful. Funding support from the Research Council is valuable and critical to their success and continuation.

5.0 MANAGEMENT

The NDPC, under direction of Ron Ness, president, will manage and oversee the projects and events that are part of the Oil Can! program. Tessa Sandstrom, communications manager, implements the Oil Can! program functions, and the Board of Directors will approve the budget and monitor implementation.

The Oil Can! committees and its partners, including DMR, NDDOT, NDPA, will continue to play a vital role in providing direction and expertise on Oil Can! 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 Oil Can! program will run from January 1, 2013 through December 31, 2014. Several of the events, such as the Bakken Rocks CookFests and the town hall meetings, take place during the summer and fall months. The Oil Can! Committee 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. Other components of the program, such as advertising, developing promotional materials and broadening the safety campaign, are year-round commitments, and still other parts of Oil Can!, such as the safety billboards, are multiple year commitments.

7.0 PROJECT BUDGET

The NDPC's Oil Can! program budget for January 1, 2013 - December 31, 2014 is \$1,560,420. The two-year proposal allows for planning, development and implementation of the annual projects and new projects under the umbrella of the Oil Can! program.

Project Associated Expense	NDIC's Share	Applicant's Share (Cash)	Applicant's Share (In-Kind)	Other Project Sponsor's Share
Outreach	\$ 76,500	\$ 161,900		\$ 50,000
ProgressZone	\$ 41,750	\$ 41,750		\$ 50,000
CookFest	\$ 22,000	\$ 22,000		
Pick Up the Patch	\$ 7,750	\$ 7,750		
Town Halls	\$ 5,000	\$ 12,000		
Wildlife & Conserv.	\$ 0	\$ 78,400		
Education	\$ 49,700	\$ 49,700		\$ 60,000
ECAP	\$ 18,000	\$ 18,000		\$ 60,000
Teacher Seminar	\$ 18,000	\$ 18,000		
Power Kids' Futures	\$ 13,700	\$ 13,700		
Promotion & Marketing	\$ 493,210	\$ 596,410		
Advertising	\$ 287,500	\$ 287,500		
Creatives & Production	\$ 125,000	\$ 125,000		
Promotional Items & Docs.	\$ 10,000	\$ 10,000		
Perception Surveys	\$ 20,000	\$ 20,000		
Bakken Edu. Tools	\$ 20,000	\$ 20,000		
Website & social media	\$ 21,460	\$ 21,460		
Media Kit Development	\$ 5,000	\$ 5,000		
Publications	\$ 4,250	\$ 4,250		
Sponsorships	\$ 0	\$ 103,200		

Next Hot Topic	\$ 11,500	\$ 11,500		
TOTAL Oil Can!	\$ 630,910	\$ 819,510		\$ 110,000

TOTAL EXPENSES	\$ 1,560,420.00
Less Total Grant Request	\$ 630,910.00
<u>Less Other Partner Share</u>	<u>\$ 110,000.00</u>
NDPC CONTRIBUTION	\$ 819,510.00

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. "Drive Safely" Billboard
- B. CookFest webpage
- C. Oil Can! Newsletter
- D. Oil & Gas Tidbits
- E. Frequently Asked Questions webpage
- F. Surface Owner Information Center
- G. Royalty Owner Information Center
- H. Budget (attached)