Bakken Frontier, LLC

923 E Interstate Ave.
Bismarck, ND 58503
(701) 258-4869

August 16, 2016

Ms. Karlene Fine
Executive Director
North Dakota Industrial Commission
State Capitol – 14th Floor
600 East Boulevard Ave. Dept. 405
Bismarck, ND 58505

Re: Status Report 2 for Contract No. G-034-066, titled "Reduction of Flares and Capture or Natural Gas Liquids with Vortex Tools"

Dear Ms. Fine,

We are pleased to present you with the Status Report on the above described project that is being funded by the North Dakota Industrial Commission, Oil and Gas Research Program, and our Company, Bakken Frontier, LLC.

The Natural Gas Liquid Recovery Skid System (NGL Skid) was initially delivered to the Whiting Petroleum's Koala Wold well site on May 26, 2015. After mobilizing and installing the NGL Skid, storage tanks, a power generator, piping, electrical controls and programming the Skid, the initial startup and testing of the unit began. During the start-up phase of operating the NGL Skid, Whiting chose to end our Agreement. We demobilized the NGL Skid and associated equipment, and began the process to find another operator.

In October 2015, we entered into discussions with Randy Neset, Vice President, SHD Oil & Gas, LLC, to place the NGL Skid at one of their oil well locations. An agreement was reached in December, and once permission was received from the North Dakota Industrial Commission, both parties began readying the site and mobilizing the NGL Skid. The NGL Skid was delivered to their Golden 22-31H well site and roustabout crews were hired for installation of the plumbing and the necessary electrical requirements.

Operations began at the end of February and tests were conducted comparing different flare gas inlet and outlet pressures, and temperatures. The NGL Skid and its equipment were designed for a capacity of 1000-1200 MCF/day of flare gas, and although a range of only 250-320 MCF/day flare gas was received during the testing period, the NGL Skid began producing NGLs immediately.

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The tests were successful in demonstrating that the NGL Skid was capable of extracting NGL's from the flare gas without the high expense of a generator, compressor and high energy consuming refrigeration equipment, in spite of the very limited flare gas feed rate to the NGL Skid. The test period was terminated when we had obtained the desired information and had obtained the production of, approximately, 10,000 gallons of NGLs.

We are excited with the results and are currently seeking a higher production well that we feel will increase the efficiency of our NGL Skid. In addition, we are currently in discussions with an electrical power generation manufacturer that has a system especially designed to utilize the remaining flare gas. This Company would install their demonstration unit adjacent to the NGL Skid to prove its capability of utilizing our off gas as a fuel to provide on-site electrical power.

Please find attached the Status Report No.2 that includes a pictorial history of the construction and site installation of the NGL Skid, along with documentation describing the results of the test program to date and verifying the expenditures of Bakken Frontier.

In accordance with Contract No. G-034-066, we respectfully request the second payment of $122,500, as set forth in the Agreement.

Regards and Best Wishes,

Yours Very Truly,

Jay Simmons
Vice President
Bakken Frontier, LLC

Attachments