ND Oil Output May Jump Threefold by 2025

JAMES MacPHERSON, Associated Press

BISMARCK, N.D. (AP) — North Dakota's oil production could be more than 2 million barrels a day by 2025 — about three times the current rate — according to a state-funded study released Wednesday.

Bentek Energy LLC, an analysis firm based in Evergreen, Colo., also predicts in its study that natural gas production could quintuple to some 3 billion cubic feet by 2025 in the Williston Basin, which includes the Dakotas and Montana.

The North Dakota Industrial Commission requested the $120,000 study in March to forecast the state's future natural gas production potential. Natural gas is a byproduct of oil drilling in North Dakota, where crude production has risen 430 percent since 2007. The state, which pumped about 640,000 barrels of crude daily in May, trails only Texas in U.S. oil production.

Ron Ness, president of the North Dakota Petroleum Council, said the oil prediction might be optimistic.

"This was a gas study, not an in-depth oil study," Ness said. "But as a gas study, it truly is amazing."

The authors of the 129-page report said forecasting oil production was not a primary objective of the study, but it was "an essential part of determining the associated gas forecast."

About a third of the natural gas produced in North Dakota is wasted because collecting systems and pipelines needed to move it to market have not kept pace with oil production. Less than 1 percent of natural gas is flared from oil fields nationwide, according to the Energy Information Administration in Washington, D.C.

Justin Kringstad, director of the state Pipeline Authority, said the study is aimed at giving the industry, investors and the state an idea of the amount of facilities and pipelines needed to process and transport the fuel.

"It's a planning tool," Kringstad said.

North Dakota's oil production has exploded in the past decade with improved horizontal drilling techniques into the Bakken shale and the Three Forks formation below it. The oil patch lies within the Williston Basin, a 134,000 square-mile-area that includes the Dakotas, Montana and the Canadian provinces of Saskatchewan and Manitoba.

North Dakota produced a record 650.8 million cubic feet of natural gas in April. Montana produced 85 million cubic feet for the month, and South Dakota's

production was pegged at 42.1 million cubic feet.

Natural gas production from traditional wells typically mirrors crude production and drops off as oil pumped from the well declines.

The Bentek study predicts gas production could actually increase or decrease at a slower rate in the Bakken and Three Forks wells as oil production declines. The study based its findings on older Bakken wells in Montana.

Kringstad said natural gas produced from the Bakken and Three Forks formations also is rich in liquids that can be converted into fuels such as butane, propane and gasoline.

Kringstad, Ness and Alison Ritter, a spokeswoman for the state Department of Mineral Resources, said North Dakota's natural gas potential could be parlayed into value-added industries from fertilizer to petroleum products in the state and beyond.

"This is an invitation for industry to come in and invest in North Dakota, if they haven't already," Ritter said.

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