

I. CALL TO ORDER

President Dennis W. Johnson called the meeting to order at 3:00 PM.

II. ROLL CALL

Present were: President Dennis W. Johnson, Commissioners, Gene Jackson, Klayton Oltmanns, Carson Steiner and Scott Decker

Absent were: None

STANDARD MOTIONS

III. FUTURE OIL DEVELOPMENT IN WESTERN, ND – KLJ PRESENTATION – NILES HUSHKA

Kadrmaz, Lee and Jackson CEO Niles Hushka updates the City Commission on Energy 2015. Mr. Hushka states KLJ is among the top 500 Design Firms in the nation. KLJ also ranks #76 in the top 100 Pure Designers and 104th in the top 500 Designer Firms. Mr. Hushka updates the Commission on the oil and gas industry and where the basins are in North America. Mr. Hushka reviews the costs, production zones in which Mountrail is the hottest county. Mr. Hushka explains the ratio between oil and gas and defines operational costs as well. He states there have been no permits in Divide County due to high water ratio. He also provides payback timelines in comparison to \$50 a barrel of oil to \$30 a barrel. Mr. Hushka outlines Canadian and US oil pipelines, Williston basin crude oil export options, and natural gas pipelines. Mr. Hushka states the dollar value drives crude oil price. Mr. Hushka discusses the population growth potential from 2014-2019. He states Stark County's annual rate of growth is 5.4% with a total of 27% increase. He also discusses the need for housing and the need for 33,500 permanent housing dwellings based on growth rates of 5.4%. The housing needs, as portrayed in the presentation, are for all eight of these counties and are not narrowed down to specific cities or towns within the Region. The study is suggesting that the population increase of approximately 2,000 housing units is for the entire region (Region 8 as a whole) and not specific to Dickinson alone. Once we account for the percentage specific to Dickinson, Mr. Hushka states Dickinson is right where you want to be. This is based on 100 rigs. He states the average rate of rent permit is \$3,000 which is a small drop of 10-12%. Mr. Hushka states fracking backlog will creating a fracking peak at \$65-\$70 per barrel of crude. He feels the drilling and exploration job losses were temporarily mitigated by infrastructure spending, long term job loss will be felt at the national and regional level, and allowing the export of crude is very necessary. Mr. Hushka states there are 13,800 production wells in North Dakota at this time. The vast majority of drilling is on existing pads. He states no one

can project the price of crude. Energy companies have been working on reducing the cost of production. Well cost today for completion is \$6.2 million as compared to \$7.5 million in 2013. He states many companies are trying new fracking techniques that require more water.

IV. ADJOURNMENT

MOTION BY: Carson Steiner

SECOND BY: Scott Decker

To adjourn the meeting at 4:20 PM.

DISPOSITION: Motion carried unanimously.

OFFICIAL MINUTES PREPARED BY:

Rita Binstock, Assistant to City Administrator

APPROVED BY:

Shawn Kessel, City Administrator

Dennis W. Johnson, President
Board of City Commissioners

Date: 06-15-2015