THREE AFFILIATED TRIBES
FLARING TASK FORCE REPORT AND
RECOMMENDATIONS

Task Force Co-Chairs:
Claryca Mandan; Natural Resource Director
Carson Hood Jr.; MHA Nation Energy Division Director
Jim Glenn; Senior Land Manager, Halcon Resources

TAT Roads Meeting
February 20, 2014
FBIR Flaring level is currently at 48%, of this percentage, 44% is due to limited take away capacity.

There are several unique factors regarding the drilling process and capture of gas on the FBIR that contribute to the significant difference in flaring percentages:

* Additional federal requirements in obtaining ROWs,
* The characteristics and topography of the land
* The significant geographic impediment of Lake Sakakawea in transporting gas to primary transportation corridors
The Three Affiliated Tribes Flaring Task Force gathered information from participating operators to determine flaring levels by Segment and Operator:

- Parshall/Lucky Mount - 13%
  (Slawson, EOG and Whiting)
- Four Bears - 67%
  (Enerplus, Halcon, Marathon)
- Little Shell/Shell Creek - 16%
  (Whiting, Marathon, EOG)
- Mandaree Segment - 58% with 743 wells drilled to date. (Kodiak, WPX and Marathon)

*Companies with small holdings on FBIR are not included*
The following table presents the flaring percentage for all segments for 2010 – 2012 and the first 11 months of 2013.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Flared</td>
<td>45.9%</td>
<td>45.0%</td>
<td>45.5%</td>
<td>47.8%</td>
</tr>
<tr>
<td>Sold</td>
<td>48.9%</td>
<td>50.3%</td>
<td>50.5%</td>
<td>48.0%</td>
</tr>
<tr>
<td>Unaccounted</td>
<td>5.2%</td>
<td>4.7%</td>
<td>3.9%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: https://www.dmr.nd.gov/oilgas/
Per NDIC December 2013 data, there are 1,129 drilled wells on FBIR with an estimated 2,000 to 4,000 additional wells. The following table presents the flaring percentage for each segment for the first 11 months of 2013.

<table>
<thead>
<tr>
<th></th>
<th>Four Bears</th>
<th>Mandaree</th>
<th>New Town</th>
<th>Parshall</th>
<th>Twin Buttes</th>
<th>White Shield</th>
<th>All Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flared</td>
<td>66.9%</td>
<td>57.9%</td>
<td>15.5%</td>
<td>12.8%</td>
<td>92.0%</td>
<td>1.7%</td>
<td>46.0%</td>
</tr>
<tr>
<td>Sold</td>
<td>31.9%</td>
<td>36.3%</td>
<td>80.7%</td>
<td>80.1%</td>
<td>2.4%</td>
<td>0.0%</td>
<td>49.4%</td>
</tr>
<tr>
<td>Unaccounted</td>
<td>1.1%</td>
<td>5.8%</td>
<td>3.8%</td>
<td>7.1%</td>
<td>5.7%</td>
<td>98.3%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Data Request & Methodology

✓ First, the Flaring Task Force looked at Flaring by operator. This info will be complete in several weeks; awaiting data from WPX, ONEOK and EOG

✓ Second, the Task Force outlined the major operators and the gathering pipelines dedicated to those operators

✓ Third, the Task Force identified the midstream companies operating on FBIR and will review their plans/capacity for transporting gas to markets

✓ Fourth, the Task Force will seek to identify common corridors for gas leaving FBIR

✓ Finally, we supported and reviewed the EERC on pad solutions to reduce flaring
Three Affiliated Tribes Flaring Task Force Make The Following Recommendations

1. Require Gas Capture Plans as recommended to NDIC with penalties for failure or delay in meeting goals.

2. ROW Procurement and Approvals continue to hold up gas transport completion.
   a) ROW approval time frames need to be significantly shortened to a recommended 60 day time frame. This could be achieved, for example, through the “one-stop shop” and allowing tribal procurements of industry personnel to assist; by allowing all ROWs on FBIR to be approved at the Denver Office of Indian Energy; or through periodic organized strike teams from the BIA or federal personnel detailed to Ft Berthold Agency on a regular basis.
b) Tribal assistance with Mediation and Negotiation with undecided land owners.

c) Tribal procurement of major ROW Utility Corridors.

3. The Task Force recommends reduction in the offset resolution to 700 ft. gather lines and 1000 ft. for compressor stations and/or variance approvals in those situations. The Tribe's current Off Set Requirements of 2640 ft. do not match the previous smaller offset and in some cases strand existing wells.
4. The mistaken treatment of Reservation lands as "public lands" creates an onerous burden on development of Reservation lands, and long delays in permitting and ROW approval which reflects a much higher flaring percentage. Removal of these legally unfounded restrictions would facilitate the capture of gas in a more efficiently on the Reservation.

5. Create a Tribal Pipeline Authority.

6. The Tribe needs to analyze industry plans and designate utility corridors to be utilized for the gas product to reach markets for shipment by common carrier pipelines.
7. Tribal incentives could be created for gas by product and value added processing technologies.

8. The Tribe could partner with industry in educating the public about the natural gas pipeline industry. The Tribe could facilitate a Liaison position for these activities.


10. Support Oil and Gas Research Councils research into value added technologies.
11. Promote close communication between operators, midstream pipeline and TAT regulatory agencies to move pipeline connections to the forefront to capture IP gas.

12. Clearly define the Tribal approval & review authority for Tribal Right of Ways.

13. Streamline the ROW Forms.

14. Expedite Electrical Infrastructure.

15. Research large scale gas powered generation for well pads, compressor stations as an alternative to electrical infrastructure.
The Three Affiliated Tribes thanks our Industry Partners who participated in the Flaring Task Force Meetings and the Development of these recommendations.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Participant Name &amp; Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrow Midstream Holdings, LLC</td>
<td>Dean Burkett, Petroleum Engineer</td>
</tr>
<tr>
<td></td>
<td>Kelley Bryan, Land Manager</td>
</tr>
<tr>
<td>Blaise Energy</td>
<td>Mark Wald</td>
</tr>
<tr>
<td></td>
<td>Paul Andrus</td>
</tr>
<tr>
<td>Boomer Permit Services, Inc.</td>
<td>Josh Mallory, VP of Business Development</td>
</tr>
<tr>
<td></td>
<td>Ryan Mallory, Owner</td>
</tr>
<tr>
<td>ENERPLUS</td>
<td>Josh Ruffo, West Region Coordinator</td>
</tr>
<tr>
<td></td>
<td>Blake Brown, Land Agent</td>
</tr>
<tr>
<td></td>
<td>Beau Fritz, Senior Landman Western US</td>
</tr>
<tr>
<td>EOG Resources</td>
<td>Lisa Dee, Regulatory Specialist</td>
</tr>
<tr>
<td></td>
<td>CB Lackey, Division Project Engineering Manager</td>
</tr>
<tr>
<td></td>
<td>LB Myers, Environmental Advisor</td>
</tr>
<tr>
<td></td>
<td>Clayton VanVleet, Sr Field Production Superintendent</td>
</tr>
<tr>
<td></td>
<td>David Pederson</td>
</tr>
<tr>
<td></td>
<td>Paul Pendleton</td>
</tr>
<tr>
<td>HALCON Resources Corporation</td>
<td>Jim Glenn, Senior Land Manager</td>
</tr>
<tr>
<td>Kempton Oil &amp; Gas Land Services</td>
<td>Sharon Kempton, Owner</td>
</tr>
<tr>
<td></td>
<td>Darrick Bell, KOGLS</td>
</tr>
<tr>
<td>KODIAK Oil &amp; Gas Corp</td>
<td>Mike Nash, Permit &amp; Regulatory Manager</td>
</tr>
<tr>
<td></td>
<td>Billie McNeil, Senior Landman</td>
</tr>
<tr>
<td>Marathon Oil Company</td>
<td>Susan Casale, Land Professional</td>
</tr>
<tr>
<td></td>
<td>Terry Kovacevich, Regional Vice President</td>
</tr>
<tr>
<td>McKenzie Electric Cooperative</td>
<td>Rick Engstrom, Engineering Manager</td>
</tr>
<tr>
<td>ONEOK Rockies Midstream, LLC</td>
<td>Alyssa Ruffie, Contract Project Coordinator</td>
</tr>
<tr>
<td></td>
<td>Dick Vande Bossche, Director of Project Development</td>
</tr>
</tbody>
</table>
Danette Welsh, Manager, Government Relations - ND, MT & WY

QEP Energy Company
Tracy Opp, Division Manager - Permitting

TARGA Resources
Joe Bob Perkins, Targa Resources CEO
Jacy Rabbithead, Sr. Manager Tribal Relations
Hilary Schneider, Environmental Specialist
Travis Tucker, Land and ROW
Gary Ford, Land and ROW

Tesoro Pipeline
James Sanford, Senior Manager Right-of-way & Real Estate
Melissa Cowan, Contract Manager
Carroll Howling Wolf, Land

WPX Energy
Zac Weis, Government Affairs Representative
Brandon Harris, Landman
Courtney Lafferty, Regulatory Specialist
Jennifer Head, Regulatory Manager Williston
Eric Larsen, Landman
Jason Rauen, Environmental Supervisor, Williston Basin EH&ES
Robert King, Air Quality Specialist

XTO Energy, Inc.
Mitch Burley, Production Foreman
Jim Brandenburg, Electrician
Ewell Z. Schirmer, Jr., Division Landman
Raymond Kordonowy, Superintendent Asst.
Karen Pratt, Advisor Env Health & Safety/Regulatory
Jimmy Costalez, Production Superintendent
Kaylan Dirks, EH&ES Coordinator

Tribal Participants
Mark Fox, Tax Department Director
Rick Marsh, Tax Office
Edmund Baker, Environmental Office
Pete Coffey, THPO
Elgin Crows Breast, THPO
Antoine Fettig, Acting Director
Russell Thomas, Lieutenant
Frankie Lee, Natural Resources
Steve Gunderson, Talisalt
Shenan Atcitty, Holland & Knight
Texx Lone Bear, TAT Easement Program
Martina Turner, Regulatory Affairs Officer
Stephanie Matthews, Executive Assistant
THREE AFFILIATED TRIBES
FLARING TASK FORCE MEETING

Date: November 13, 2013

Please be informed of the following Flaring Task Force Meetings:

   November 19, 2013
   December 3rd & 17th, 2013
   January 7 & 21, 2014

Meeting Time: 10:00am – 12:30pm
Place: 4 Bears Casino & Lodge

RSVP: 11.15.2013 – Please reply with the names of 2 Company Representatives that will be attending the meeting. Provide (Name, Title, Email Address, Phone) to receive the agenda.
Any questions contact: Martina Turner; Regulatory Affairs Officer at (Office) 701.627.5154 or (Cell) 701.421.8254

TAT Flaring Task Force Committee Chairs:

   Claryca Mandan: Acting Natural Resources Director
   Carson Hood Jr.: Acting MHA Nation Energy Division
   Jim Glenn: Senior Land Manager, Halcon Resources
TAT Flaring Task Force Meeting
4 Bears Casino & Lodge
November 19, 2013
10:00am to 12:30pm

10:00 AM – 10:10 AM Opening Prayer

10:10AM – 10:20 AM Welcome and Introductions
  Claryca Mandan, Acting Natural Resources Director
  Carson Hood Jr., Acting Director MHA Energy
  Jim Glenn, Senior Land Manager Halcon Resources

10:20 AM – 10:40 AM Roles and Responsibilities (Tribal Programs)

10:40 AM – 11:00 AM Flaring Resolution

11:00 AM – 11:20 AM Preliminary Review of Draft ROW Format

11:20 AM – 11:30 AM Setback Resolution – Issues

11:30 AM – 11:50 AM Discussion – What information do we need?

11:50 AM – 12:20 PM Energy Corridor Development Discussion (ID major trunk lines, electrical, etc)

12:20 PM – 12:30 PM Landowner Negotiations Discussion

Note: Companies please bring – pipeline maps, drilling plans, infrastructure planning maps and setback impact information as appropriate.
Three Affiliated Tribes
Mandan, Hidatsa & Arikara · Fort Berthold Reservation
227 West Main St. · New Town, North Dakota 58763-9402
Phone: (701) 627-5154 · Fax: (701) 627-5154

TAT Flaring Task Force Meeting
4 Bears Casino & Lodge
December 3, 2013
10:00am to 12:30pm

10:00 AM – 10:10 AM  Opening Prayer
10:10 AM – 10:20 AM  Welcome and Introductions
Claryca Mandan, Acting Natural Resources Director
Carson Hood Jr., Acting Director MHA Energy
Jim Glenn, Senior Land Manager Halcon Resources
10:20 AM – 10:40 AM  Roles and Responsibilities (Tribal Easement)
10:40 AM – 11:00 AM  Flaring Resolution Revisions
11:00 AM – 11:20 AM  Preliminary Review of Draft ROW Format
11:20 AM – 11:30 AM  Setback Resolution – Steps
11:30 AM – 12:30 PM  Open Discussion – Energy Corridor Development
Review McKenzie Electric Maps

11/19 Meeting – Agreed Upon Deliverables:

Roles & Responsibilities –
• Group to be provided with TAT Organization chart for clarity in accountabilities;

Resolutions –
• Complete listing with copies of resolutions provided to group
ROW –
- Claryca to obtain approval to use existing ROW form until consensus is reached on new ROW form;
- Claryca/Sheenan to provide group with ROW Draft and status of Council approval
- Operators to provide lists/specifics of outstanding ROWs awaiting approval
- Modify Resolution –
  o to provide for 700’ for pipelines
  o exemptions to the rule

Data Collection –
- Gas volumes (produced, sold, flared) by segment, operator, pipeline
- Unit dedication map by pipeline
- Field outlines and NDIC approved well density by filed
- Surface/Mineral ownership map – Tribe, allotted, fee

Energy Corridors –
- Obtain shape files of corridors

McKenzie Electric –
- Provide shape files of current and planned lines
- Provide specifics on ROWs awaiting approval

Pipelines –
- Provide shape files of current and planned lines
- Provide shape files of dedicated units

Other Issues –
- Setbacks –
  o Provide specifics setback issues
  o Modify Setback Resolution to provide allowances
  o
- Fresh water access
- Disposal well development
- TER0
- Taxes – Employment Rights fee

Note: Companies please bring – pipeline maps, drilling plans, infrastructure planning maps and setback impact information as appropriate.
TAT Flaring Task Force Meeting

TAT Easements Conference Room

December 17, 2013

10:00am to 1:30pm

10:00AM - 10:20 AM Welcome and Introductions
Claryca Mandan, Acting Natural Resources Director
Carson Hood Jr., Acting Director MHA Energy
Jim Glenn, Senior Land Manager Halcon Resources

10:20 AM - 11:00 AM Review (See Attached Notes)

10:40 AM - 11:00 AM THPO Roles and Responsibilities

11:00 AM - 12:30 PM Achieving Flaring Reduction
- Goals:
  - NDIC/NDPC objectives:
    - Reduce percent of gas flared
    - Reduce number of wells flaring
    - Reduce flaring duration from IP
  - TAT goals:
    - IP gas capture
    - Currently 50% flared with goal to move to ___% by ___ date
- Achieving Goals:
  - Faster well hookup (gathering lines)
  - Providing drilling plans to pipelines
  - On pad use of flared gas
  - Reducing pipeline pressures
  - Increase use of pad compressors
  - More trunk line capacity within FBIR
  - More off reservation capacity for interconnects
- Streamline ROW approval process
- Faster NEPA reviews
- Allowance for temporary surface disturbance
- Rapid identification and approval of energy corridors
- Rapid deployment of electric availability

- Impediments to achieving goals
  - Land owner holdouts
  - Setback distances
  - Bottle necks in ROW approvals
  - Slow BIA review and approvals
  - Restrictions in marketing contracts
  - Limitations on mobile pad technologies
  - EPA restrictions
  - Tight gas processing capacity and long lead times for building new capacity
  - Limited local market for gas liquids
  - Limited truck & train availability for gas liquids
  - Taxes and fees

12:30 PM - 1:00 PM  Other Issues
- Fresh water access - Section 17 updates
- Disposal well development - Edmond will provide an update to group
- TERO
- Taxes - Employment Rights fee; pipeline property tax enforcement

1:00 PM - 1:30 PM  Wrap-Up

Note: Companies please bring - pipeline maps, drilling plans, infrastructure planning maps and setback impact information as appropriate.
12/17 Meeting Review:

Roles & Responsibilities –
- Group to be provided with TAT Organization chart for clarity in accountabilities;
- Potential for delegation of approval authority to the Natural Res and Energy Director?

Resolutions –
- Flaring Resolution Amendments –
  - to reflect NDIC form and compliance with TAT Tax Agreement
- Setback Resolution Amendments –
  - To reflect 700’ pipeline setback change and 1000’ compressor setback modification

ROW form –
- Status on approval by Business Council
- Form available for industry review and comment?
- Resolution to grandfather in submitted ROW’s and use exiting form until consensus is reached on new ROW form?
- Obtain inventory of submitted ROWs and Permits to Survey from Natural Res, Energy and BIA
- Operators to provide lists/specifics of outstanding ROWs awaiting approval

Data Collection –
- Gas volumes (produced, sold, flared) by segment, operator, pipeline for setting our baseline flaring volumes
- Unit dedication map by pipeline
- Forecasted growth – field outlines and NDIC approved well density by field
- EERC Study – provide feedback to group on EERC technical equipment review; what is impact on pipeline capacity by stripping heavies from gas
- Surface/Mineral ownership map – Tribe, allotted, fee
- Collection and dissemination of the TAT Guidebook

Energy Corridors –
- Obtain shape files of corridors – Texx Lone Bear to provide updates

McKenzie Electric –
- Provide shape files of current and planned lines
- Provide specifics on ROWs awaiting approval
- Presentation to the Chairman
- Request for load projections for next five years

Pipelines –
- Provide shape files of current and planned lines
- Provide shape files of dedicated units
THREE AFFILIATED TRIBES  
Mandan, Hidatsa & Arikara · Fort Berthold 
Reservation 
227 West Main St. · New Town, North Dakota 
58763-9402 
Phone: (701) 627-5154 Fax: (701) 627-5154 

TAT Flaring Task Force  
Meeting 4 Bears Casino & Lodge  
January 7, 2014  
10:00am to 1:30pm 

10:00AM - 10:20 AM Welcome and Introductions 
Claryca Mandan, Acting Natural Resources Director 
Carson Hood Jr., Acting Director MHA Energy 
Jim Glenn, Senior Land Manager Halcon Resources 

10:20 AM - 10:40 AM Review (See Attached Notes) 

10:40 AM - 11:00 AM Fish & Wildlife Roles and Responsibilities 

11:00 AM - 11:45 AM Gas Volumes Power Point - Steve Gundersen 

11:45 AM - 12:00 PM Wrap -up 

Phone: 719-325-2704 
Participant code: 8232149# 

Note: Companies please bring – pipeline maps, drilling plans, infrastructure planning maps and setback impact information as appropriate.
Resolutions - (Shenan will send a bullet email to Claryca for distribution)
- Flaring Resolution Amendments -
  - To reflect NDIC form and compliance with TAT Tax Agreement
- Setback Resolution Amendments -
  - To reflect 700’ pipeline setback change and 1000’ compressor setback modification

ROW form -
- Status on approval by Business Council
- Form available for industry review and comment?
- Resolution to grandfather in submitted ROW's and use exiting form until consensus is reached on new ROW form?
- Obtain inventory of submitted ROWs and Permits to Survey from Natural Res, Energy and BIA (Carey Doyle will handle)
- Operators to provide lists/specifies of outstanding ROWs awaiting approval (send Martina your list (ROW names, priorities, etc.)

Data Collection - (Spreadsheet w/detail issues in approval process)
- Gas volumes (produced, sold, flared) by segment, operator, pipeline for setting our baseline flaring volumes
- Unit dedication map by pipeline
- Forecasted growth - field outlines and NDIC approved well density by field
- EERC Study - provide feedback to group on EERC technical equipment review: what is impact on pipeline capacity by stripping heavies from gas
- Surface/Mineral ownership map - Tribe, allotted, fee
- Collection and dissemination of the TAT Guidebook

ACTION ITEMS:

Internal scoping process Energy, Natural Resources, Fish & Wildlife, THPO, etc.

ONSITE Process
ROW/APD Process

Written communication to companies by next meeting.
THREE AFFILIATED TRIBES
Mandan, Hidatsa & Arikara • Fort Berthold Reservation
227 West Main St. • New Town, North Dakota
58763-9402
Phone: (701) 627-5154 Fax: (701) 627-5154

TAT Flaring Task Force
Meeting 4 Bears Casino & Lodge
January 21, 2014
10:00am to 1:30pm

10:00AM – 10:20 AM Welcome and Introductions
Claryca Mandan, Acting Natural Resources Director
Carson Hood Jr., Acting Director MHA Energy
Jim Glenn, Senior Land Manager Halcon Resources

10:20 AM – 10:40 AM Review Pending Items from January 7 Meeting

10:40 AM – 11:00 AM Update and Status on Data Collection Requested

11:00 AM – 11:15 AM Review of Governor’s Task Force/EERC update

11:15 AM – 11:45 AM BIA Environmental and MHA Nation Energy Division Roles and Responsibilities (Desjardins and Lyson)

11:45 AM – 12:15 PM 638 Contract Overview – (Carson Hood Jr.)

12:15 PM – 12:45 PM Wrap-Up/Other (Schedule Meeting Dates)

Conference Number: 719-325-2704
Participant code: 8232149#

Notice: Please email your shape files, drill plans, infrastructure planning maps and setback impact requests to mturner@mhanation.com.
THREE AFFILIATED TRIBES
Mandan, Hidatsa & Arikara · Fort Berthold Reservation
227 West Main St. · New Town, North Dakota
58763-9402
Phone: (701) 627-5154 Fax: (701) 627-5154

TAT Flaring Task Force
Meeting 4 Bears Casino & Lodge
February 4, 2014
10:30am to 12:45pm

10:30AM – 10:40 AM  Welcome and Introductions
                     Claryca Mandan, Natural Resources Director
                     Carson Hood Jr., Acting Director MHA Energy
                     Jim Glenn, Senior Land Manager Halcon Resources

10:40 AM – 11:00 AM  Review Pending Items from January 21 Meeting

11:00 AM – 11:20 AM  Update and Status on Data Collection Requested

11:20 AM – 12:30 PM  Discussion on Recommendations to TBC

12:30 PM – 12:45 PM  Wrap-Up/Other

Conference Number: 719-325-2704
Participant code: 8232149#

Notice: Please email your shape files, drill plans, infrastructure planning maps and setback impact requests to mturner@mhanation.com.