INDUSTRIAL COMMISSION OF NORTH DAKOTA

Kelly Armstrong
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Monday, November 23, 2026
Governor's Conference Room
or Microsoft Teams – 8:30 am
Join the meeting now
Join on your computer or mobile app
Or call in (audio only)
+1 701-328-0950,,213785740#

I. Roll Call and Pledge of Allegiance

(approximately 8:30 am)

II. Department of Mineral Resources – Nathan Anderson, Ashleigh Thiel, Matt Sagsveen

A. **Consideration of Orders:**
   i. **Case No. 32915/Order No. 35844 –** Petition of Resonance Exploration (North Dakota) LLC (Attachment 1)
   ii. **Case No. 32916/Order 35845** – Application of Resonance Exploration (North Dakota) LLC (Attachment 2)
   iii. **Case No. 33167/Order No. 36223 –** Application of Oasis Petroleum North America LLC (Attachment 3)
   iv. **Case No. 33083/Order No. 36093 –** In the matter of a hearing called on a motion of the Commission to consider temporarily abandoned well status - Storm Federal #24-30H well (Attachment 4)
   v. **Case No. 28637/Order No. 36439** – Application of Sinclair Oil & Gas Co and Missouri River Royalty Corp. (Attachment 5)
   vi. **Complaint Case No. 33151/Order No. 36207 –** RM Resources Order for Default (Attachment 6)

B. **Consideration of Approval of 2027 Hearing Schedule** (Attachment 7)
C. **Consideration of Appointment of Hearing Officers** (Attachment 8)
D. Director's Update (Attachment 9)

E. Other DMR Business

(approximately 9:15 am)

III. North Dakota Pipeline Authority – Justin Kringstad

A. Presentation of Pipeline Authority 2026 Annual Report (Attachment 10)
B. Pipeline Authority Industry Update (Attachment 11)
C. Other NDPA Business

(approximately 9:30 am)

IV. North Dakota Transmission Authority – Claire Vigesaa

A. Update on IIJA DOE Formula Grant Program (Attachment 12)
B. **Consideration of Affirmation of Acceptance of Federal Funding under IIJA DOE Grid Resilience Program and Approval of Revised Applications**:
   i. City of Hillsboro - $3,613,500 (Attachment 12A)
   ii. City of Lakota - $2,621,250 (Attachment 12B)
C. Other NDTA Business

(approximately 9:40 am)

V. NDIC Oil and Gas Research Program – Brent Brannan, Program Director

A. Presentation of Oil and Gas Research Program Project Management and Financial Report (Attachment 13)
B. **Presentation of Grant Round 63 Applications for Consideration of Approval:** (Attachment 14)
   i. **G-063-B: "**iPipe 4.0" UND EERC; Total Project Cost: $6,000,000; Request: $3,000,000
   ii. **G-063-D:** "North Dakota Petroleum Foundation Education and Outreach Program 2027-2028" North Dakota Petroleum Foundation; Total Project Cost: $2,906,434; Request: $1,211,217
   iii. **G-063-E:** "Starbuck Thermal-Assisted Waterflooding: Field Research and Demonstration for Broader North Dakota Application" Empire North Dakota LLC; Total Project Cost: $2,200,000; Request: $1,100,000
   iv. **G-063-H:** "Rewriting the Bakken Playbook: Orthogonal Infill Well Drilling and Diagnostics-Guided Completions to Boost Stimulated Reservoir Volume and Recovery in the Bakken" SOGC, LLC; Total Project Cost: $59,974,528; Request: $6,614,528

v. **G-063-L:** "Extending Well Life and Increasing Oil Production via Casing Gas Recovery" UND EERC; Total Project Cost: $877,000; Request: $438,500

vi. **G-063-M:** "Multi-Well Demonstration of Natural Gas Liquids (NGL) Huff-and-Puff Enhanced Oil Recovery in the Bakken Petroleum System" Energy Transformed, Inc.; Total Project Cost: $24,600,000; Request: $4,850,000

vii. **G-063-N**: "Maximizing Primary Recovery from Mission Canyon Horizontal Wells Through Selective Inflow Control Technology" Browning Oil Company, Inc.; Total Project Cost: $1,344,000; Request: $672,000

C. Other NDIC OGRP Business

(approximately 10:10 am)

VI. Public Finance Authority – DeAnn Ament, Becky Collins

A. **Consideration of Approval of the following State Revolving Fund Loan**:
   i. **City of Bismarck – Clean Water** - $20,000,000 increase to a previously approved $45,000,000 loan (Attachment 19)

B. Report of loans approved by Advisory Committee pursuant to NDPFA Policy P-3B (Attachment 20)
   i. City of McVille – Clean Water - $331,000 (Attachment 20A)
   ii. City of McVille – Drinking Water - $614,000 (Attachment 20B)

C. Other NDPFA Business

(approximately 10:20 am)

VII. North Dakota Housing Finance Agency – Brandon Dettlaff, Jennifer Henderson, Terri Mollman-Larson

A. Report on 2026 Multifamily Application Award Summary for Low Income Housing Tax Credit, HOME Investment Partnership Program, National Housing Trust Fund, and Housing Incentive Fund – Jennifer Henderson (Attachment 21)

B. Report on Income Limits for ND Roots Homeownership Program - Terri Mollman-Larson (Attachment 22)

C. 2026 North Dakota Housing Needs Assessment Results Overview – Brandon Dettlaff (Attachment 23)

D. 2026 Community Housing Forums Recap – Brandon Dettlaff

E. Other NDHFA Business

(approximately 10:40 am)

VIII. North Dakota Mill and Elevator – Cathy Dub, Julie Leake

A. Presentation of FY26 Audit – Robyn Hoffman, State Auditor's Office (Attachment 25)
B. Presentation of Q1 2027 Operating Results (Attachment 26)
C. 2027 Legislative Priorities, Budget (Attachment 27)
D. Other ND Mill Business

(approximately 11:00 am)

IX. Bank of North Dakota – Don Morgan, Kirby Evanger

A. CEO Report (Attachment 28)
   i. Strategic
      A> Consideration of Approval of Strategic Four-Year Picture
      B> Strategic Communications Update
      C> Q3 Recruitment and Retention Bonus Plan (Smart Plan) Update
B. September 16 and 24, 2026, Advisory Board and Committee Minutes (Attachment 29)
C. Other BND Business

(approximately 11:20 am)

Meeting Closed to the Public for Executive Session
Pursuant to NDCC 6-09-35 and 44-04-19.2

X. Bank of North Dakota – Don Morgan, Kirby Evanger

A. **Consideration of Approval of Federal Reserve De Minimus Cap Resolution** (Confidential Attachment 30)
B. Concentrations of Credit Report as of Sept 30, 2026 (Confidential Attachment 31)
C. Problem Loan Report as of October 31, 2026 (Confidential Attachment 32)
D. Confidential September 16 and 24, 2026, Advisory Board and Committee Meeting Minutes (Confidential Attachment 33)
E. Other BND Confidential Business

Meeting Returns to Public Session

(approximately 11:45 am)

XI. Action on Executive Session Topics

XII. NDIC Administrative Office – Karen Tyler

A. **Consideration of Approval of October 30, 2026, Industrial Commission Meeting Minutes** (Attachment 34)
B. **Consideration of Approval of 2027 Industrial Commission Meeting Dates** (Attachment 35)
C. Other NDIC Admin Office Business

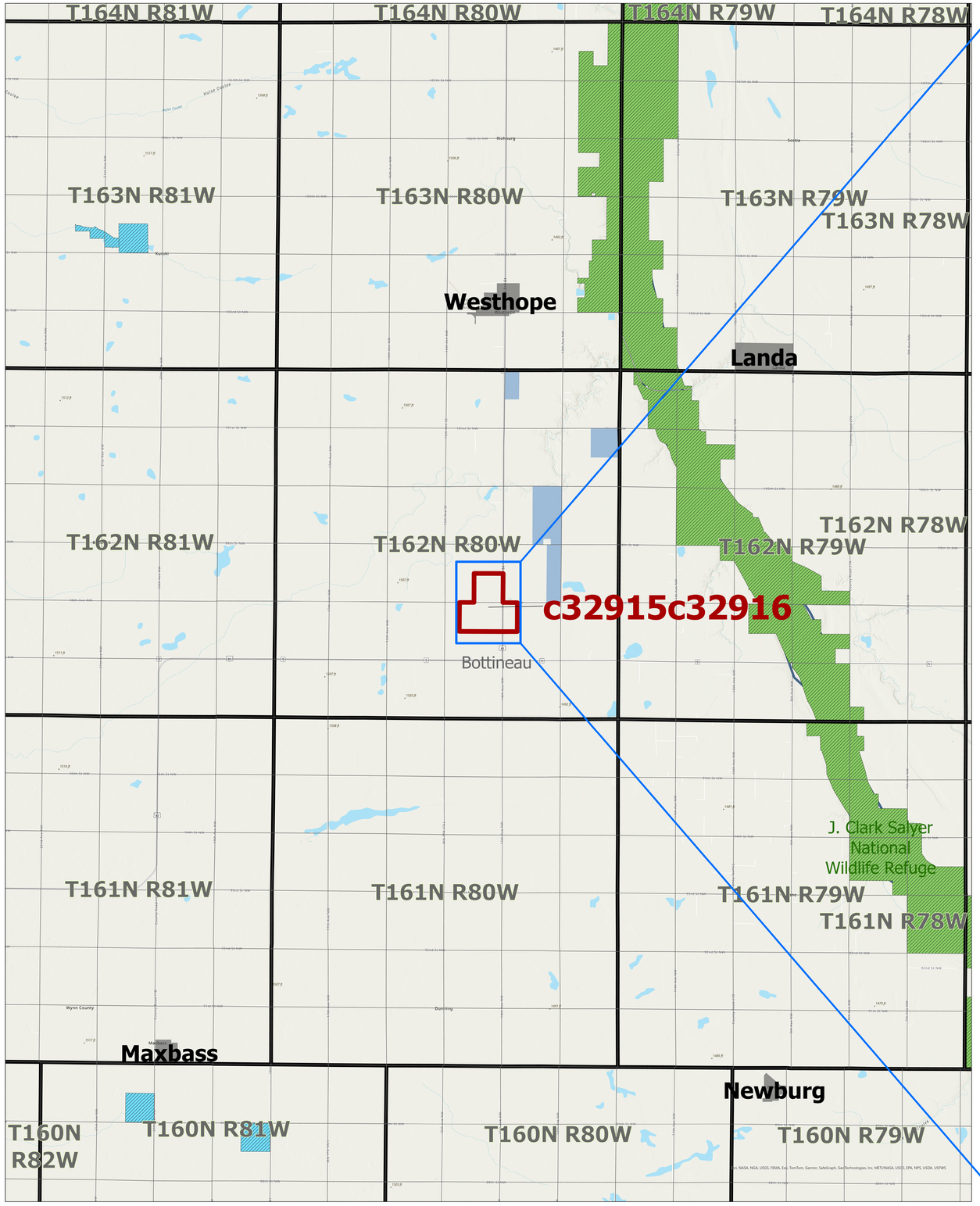
XIII. Adjournment

Next Regular Industrial Commission Meeting
Tuesday, December 15, 2026
8:30 am – 12:00 pm
Governor's Conference Room

Case No. 32915 / Order No. 35844

Petition of Resonance Exploration (North Dakota) LLC for an order providing for the unitized management, operation, and further development of the proposed South Westhope-Spearfish/Charles (Wilmot) Unit Area, consisting of lands within the South Westhope Field in Bottineau County, North Dakota; for approval of the unit agreement and unit operating agreement constituting the plan of unitization for the proposed South Westhope-Spearfish/Charles (Wilmot) Unit Area; for approval of the plan of operation; vacating the applicable spacing orders; and for such further and additional relief.

Industrial Commission c32915c32916

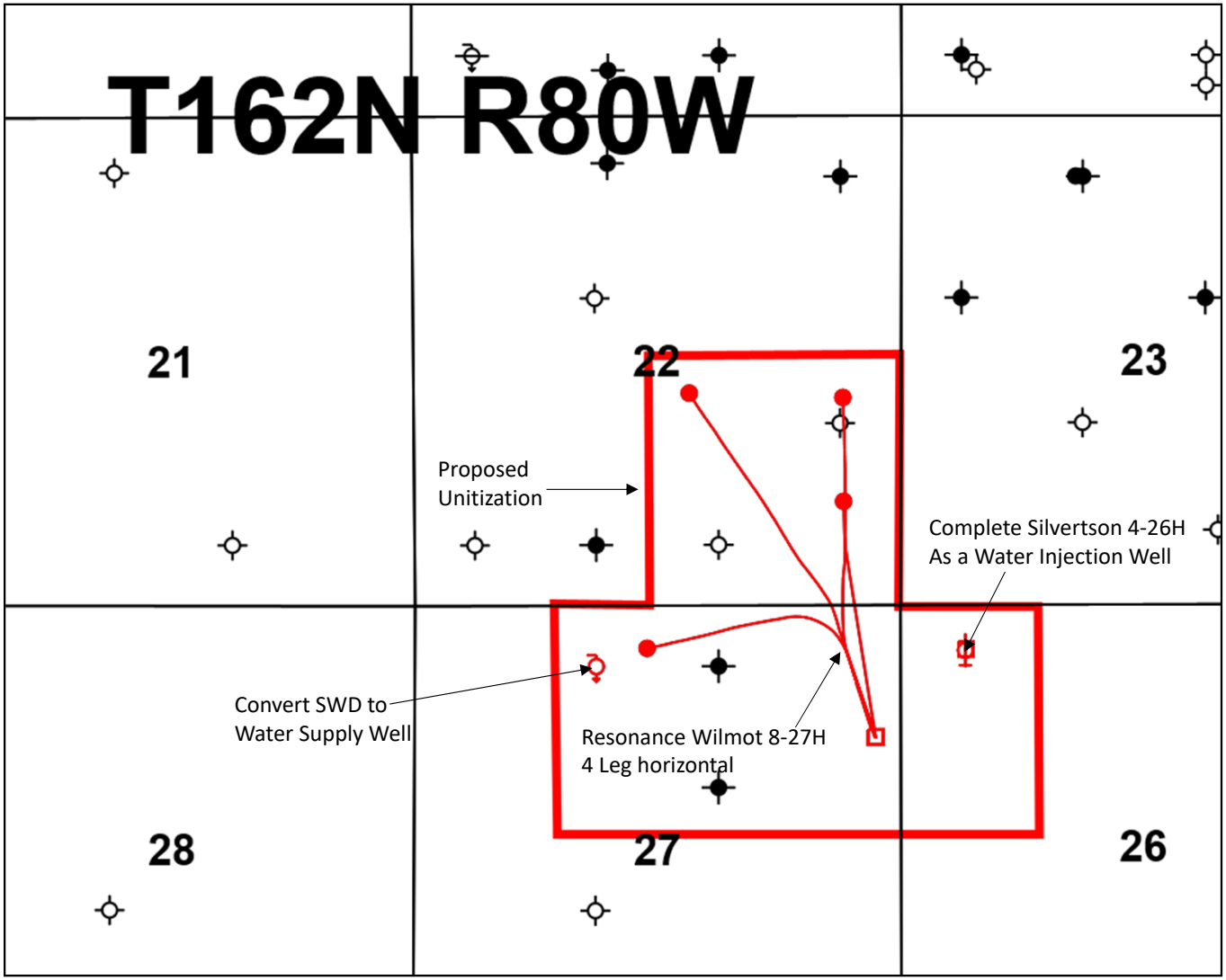




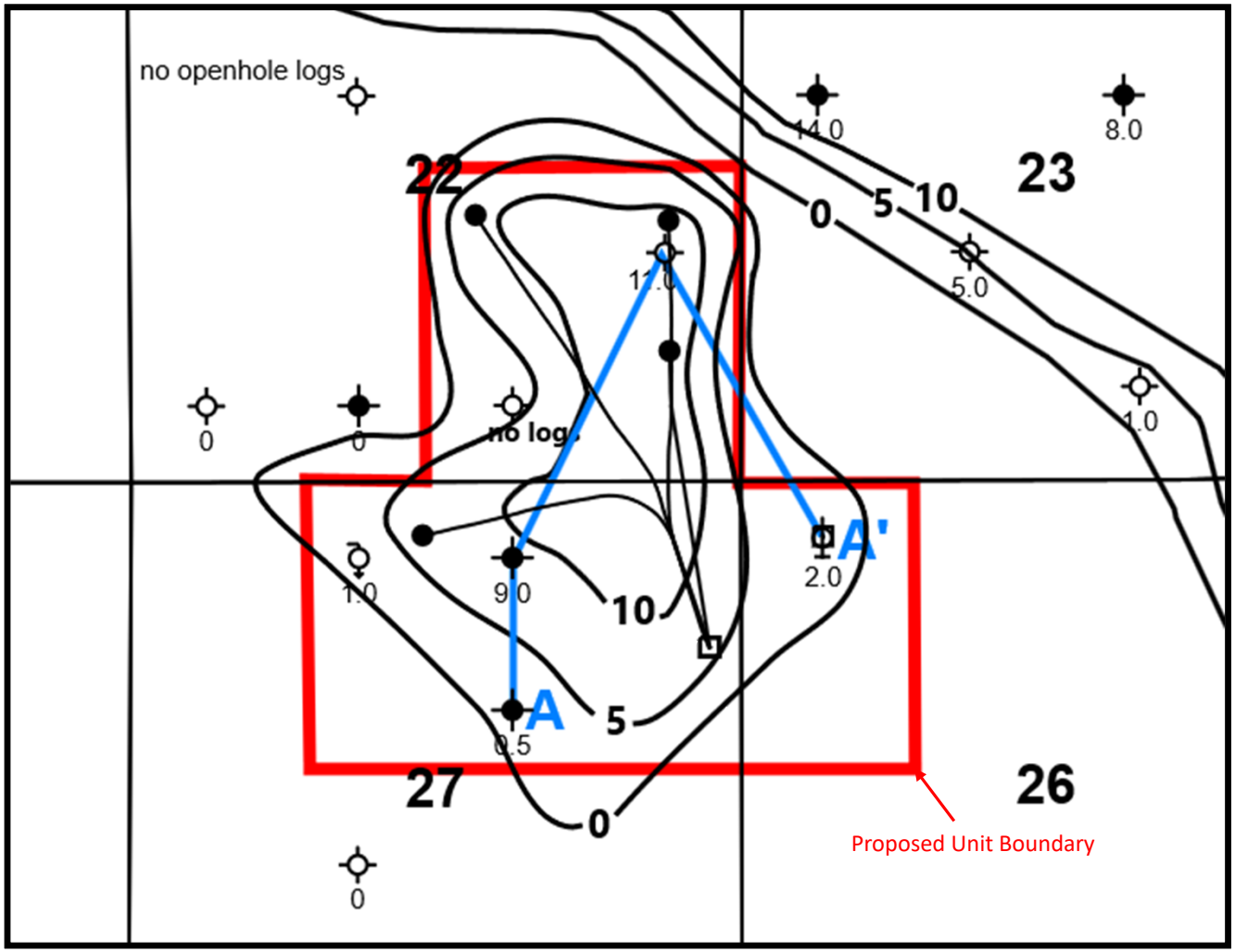
Sections
Townships
City Boundary
Surface Trust Land
National Wildlife Refuges

NORTH DAKOTA
OIL AND GAS DIVISION

11/13/2026



Case No. - Exhibit #18
Resonance Exploration (ND), LLC
South Westhope Spearfish/Charles (Wilmot) Unit
Implementation Plan **T162N, R80W** Bottineau Co., ND June, 2026



Case No. - Exhibit #8
Resonance Exploration (ND), LLC
South Westhope Spearfish/Charles (Wilmot) Unit
Basal Spearfish Net Pay Map C.I = 5' Wells labeled with net pay values

- Proposed Phase I formula (Tract 1: 99.2% | Tract 2: 0.8%)
  - 45% to projected remaining primary reserves (as of January 1, 2026)
  - 15% to the average daily production rate ((Oct 1, 25’ through Dec 31, 25’)
  - 35% to cumulative production (as of January 1, 2026)
  - 5% to surface acres

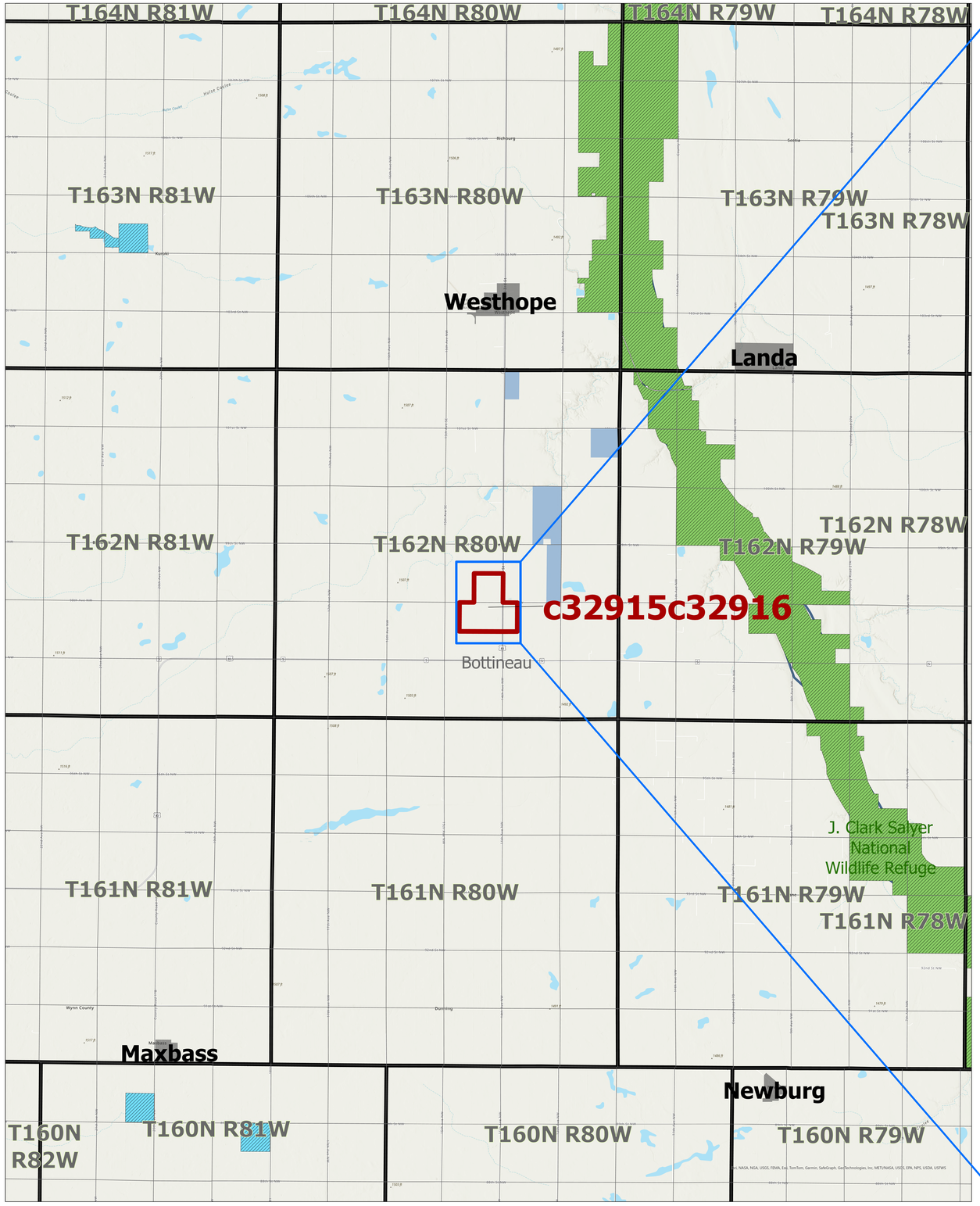
- Proposed Phase II formula (Tract 1: 98.2 | Tract 2: 1.8%)
  - 50% to estimated ultimate primary recovery
  - 35% to original oil in place
  - 10% to the daily average production rate (Oct 1, 25’ through Dec 31, 25’)
  - 5% to surface acres

- Modified Phase II formula (Tract 1: 84.9% | Tract 2: 15.1%)
  - 10% to surface acres
  - 25% to usable wellbores
  - 65% to original oil in place

Case No. 32916 / Order No. 35845

Application of Resonance Exploration (North Dakota) LLC for an order of the Commission determining that the plan of unitization for the South Westhope-Spearfish/Charles (Wilmot) Unit Area, Bottineau County, North Dakota, has been signed, ratified or approved by owners of interest owning that percentage of the working interest and royalty interest within said unit as is required by applicable statutes and rules of the Commission.

Industrial Commission c32915c32916





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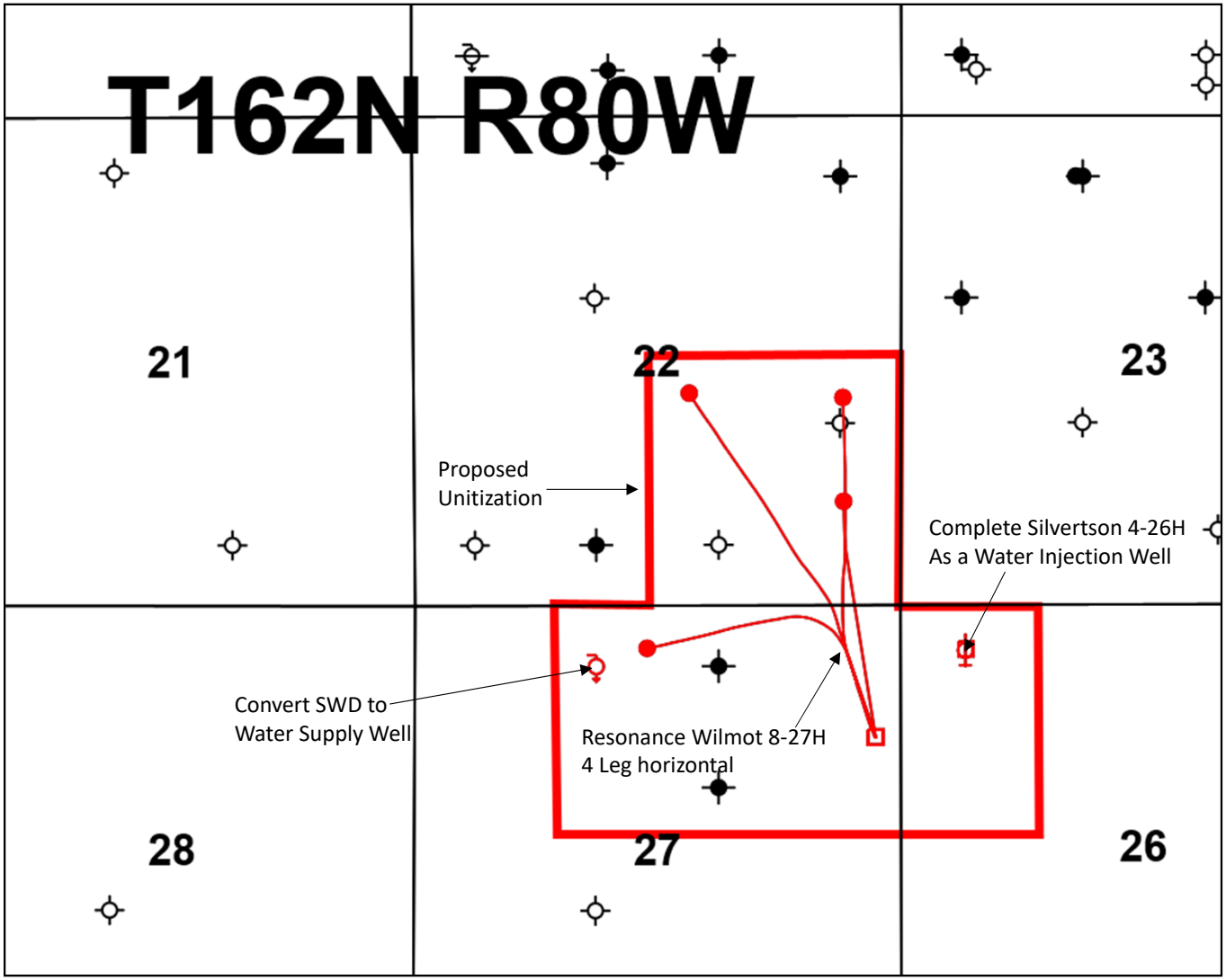

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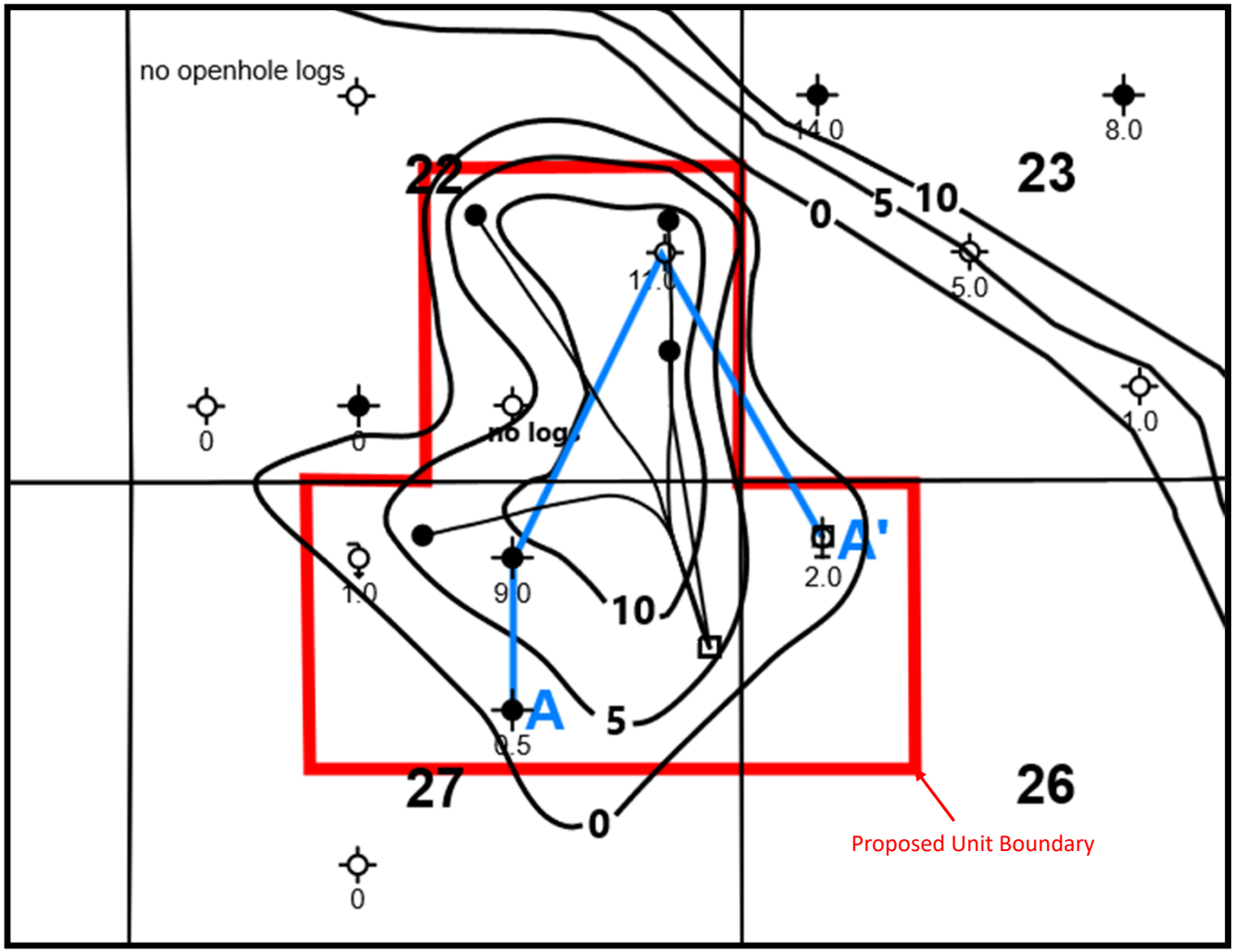

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- Modified Phase II formula (Tract 1: 84.9% | Tract 2: 15.1%)
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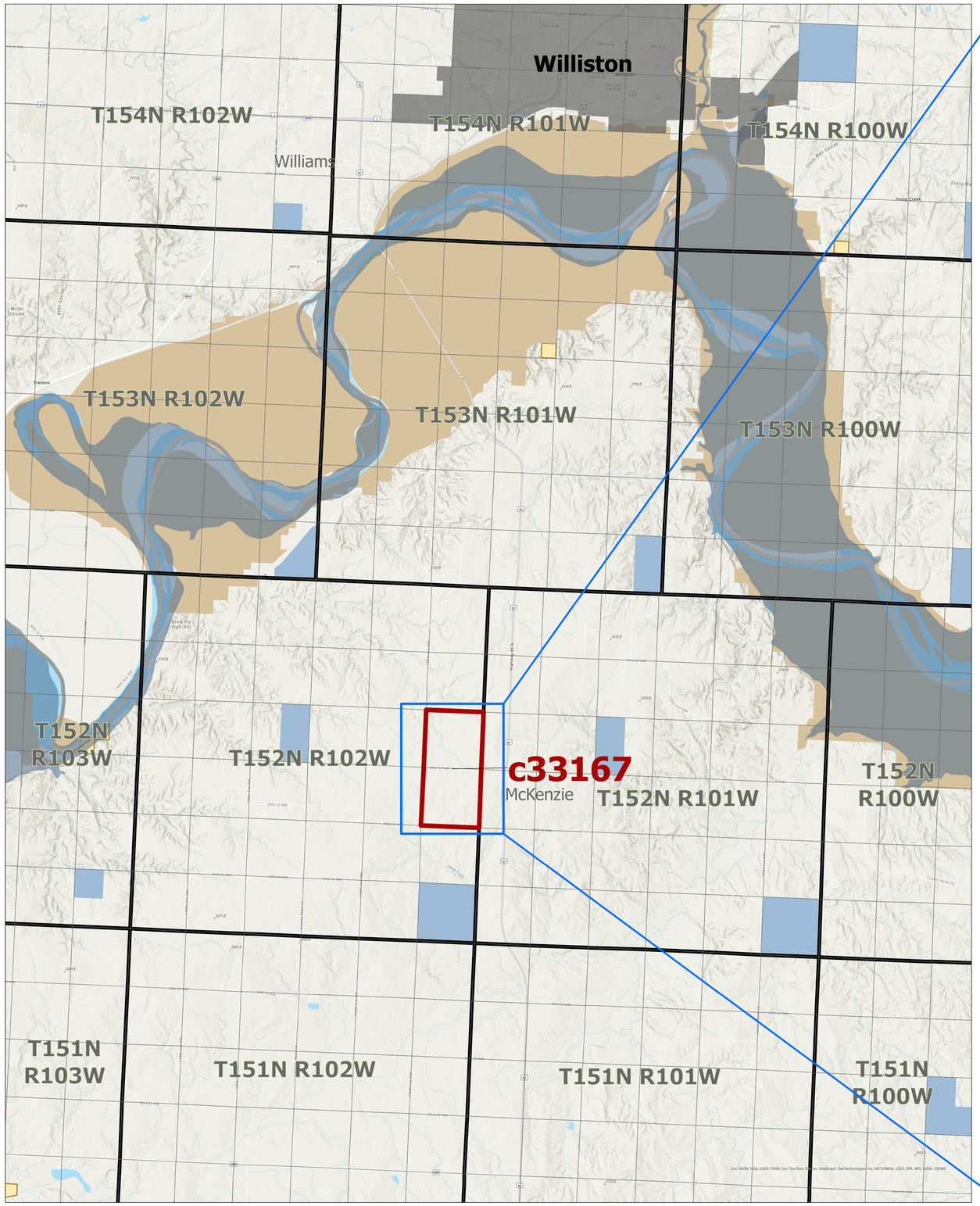
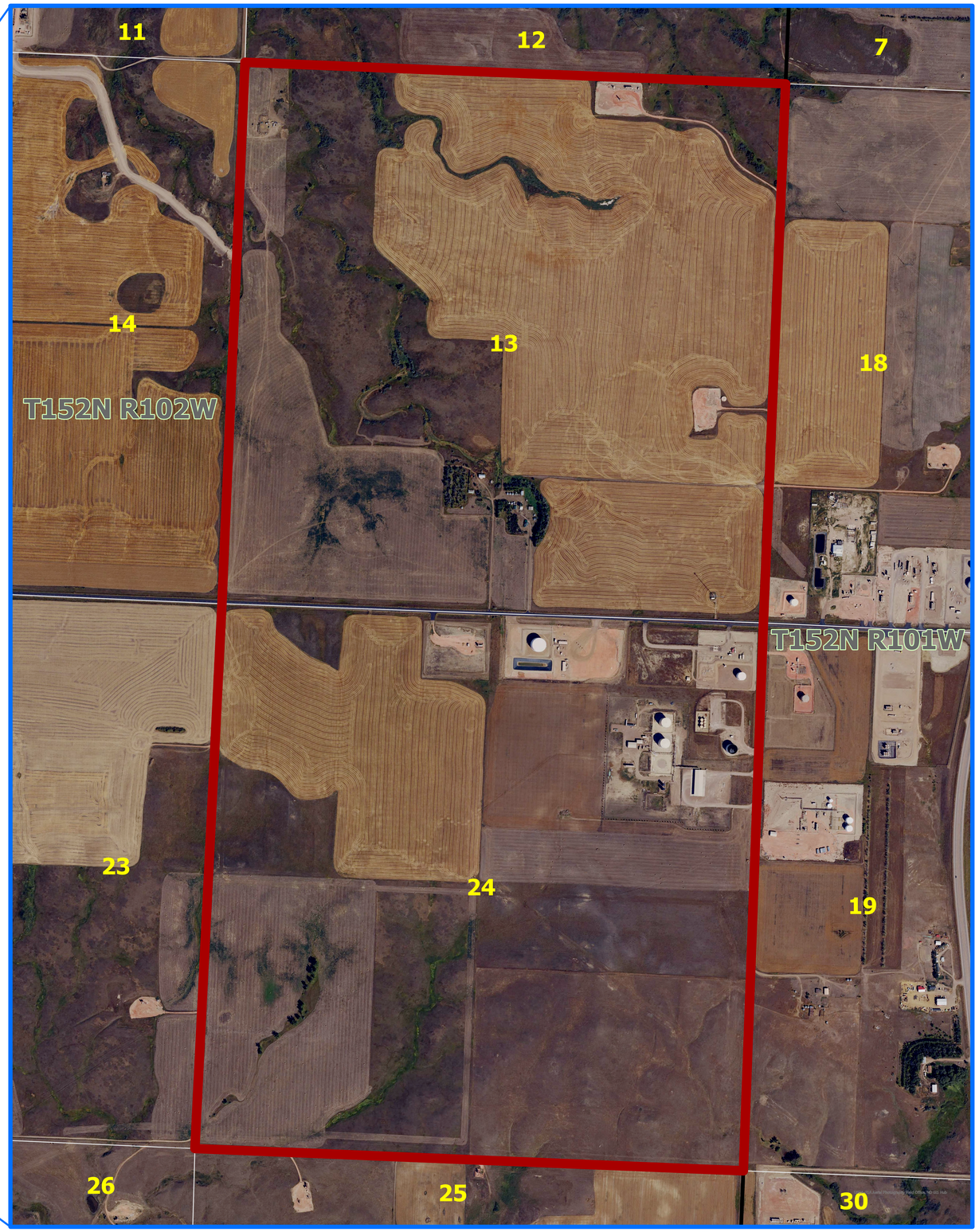
  - 25% to usable wellbores
  - 65% to original oil in place

Industrial Commission c33167





Sections
Townships
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Surface Trust Land
Bureau of Land Management
Army Corps of Engineers

NORTH DAKOTA
OIL AND GAS DIVISION

11/13/2026



Potential Well Monitoring and Surveillance Plan

Proposed Injection/Producer Wells

Hoehn 5202 41-24 2B (File# 41230)
Hoehn 5202 41-24 3B (File# 41229)
Hoehn 5202 41-24 4B (File# 41231)
Hoehn 5202 41-24 5B (File# 41232)

Monitor/Producing Wells

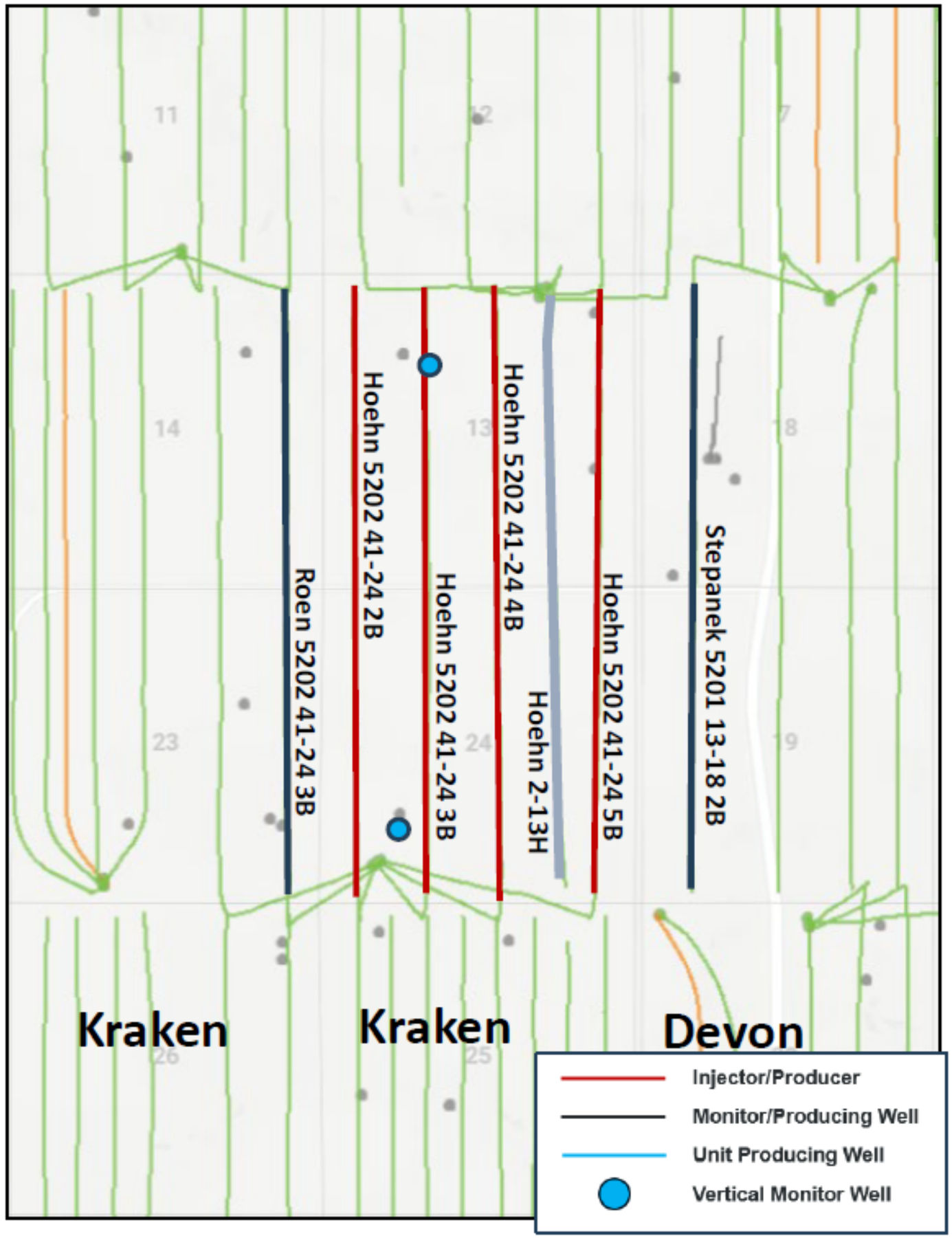
Roen 5202 41-24 3B (File# 41228)
Stepanek 5201 13-18 2B (File# 41275)

Potential Vertical Monitor Wells

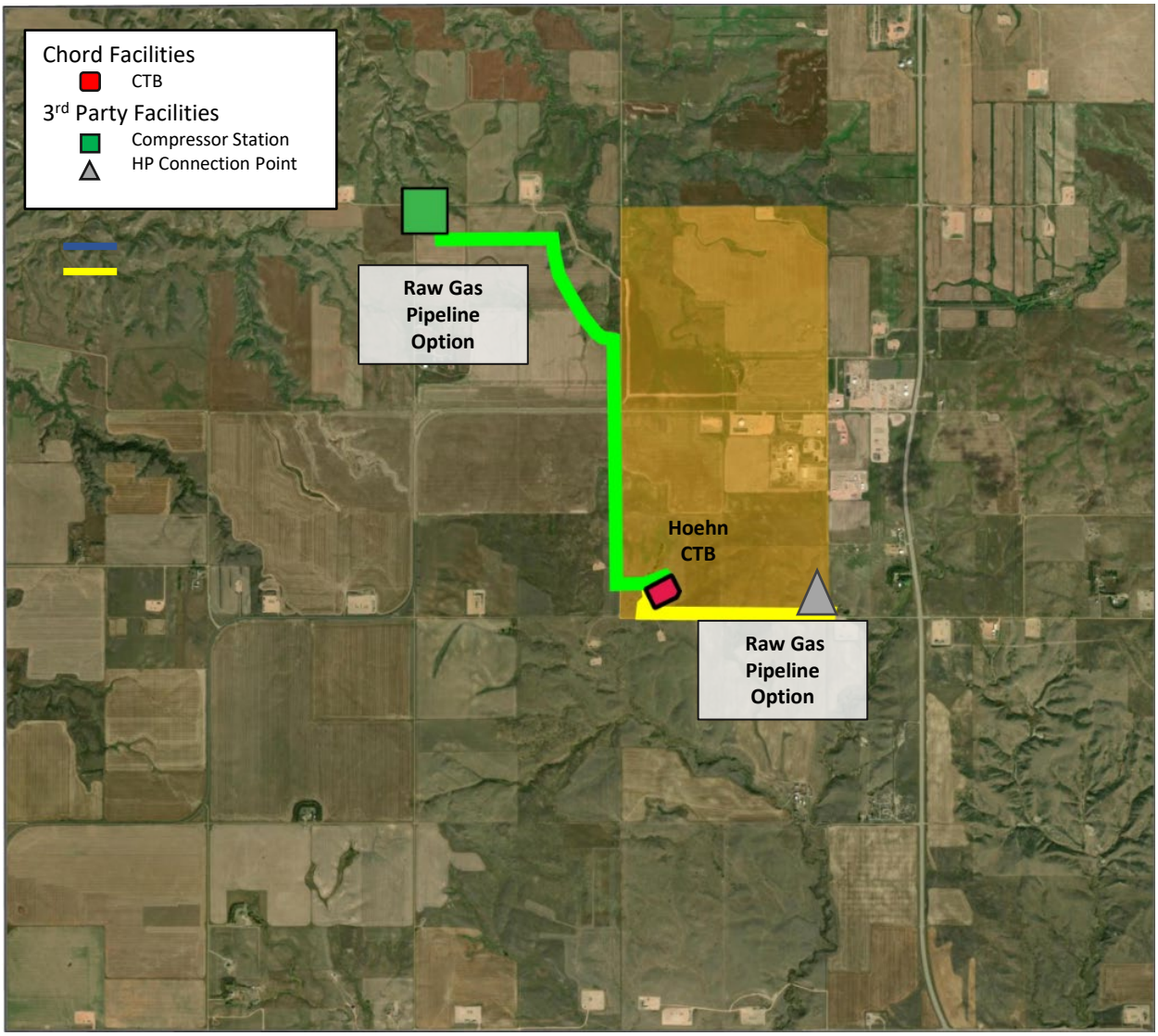
Barrows B1 (File# 9420)
Helgeson Hoehn 22 1 (File# 11503)

Unit Producing Well

Hoehn 2-13H (File# 20661)

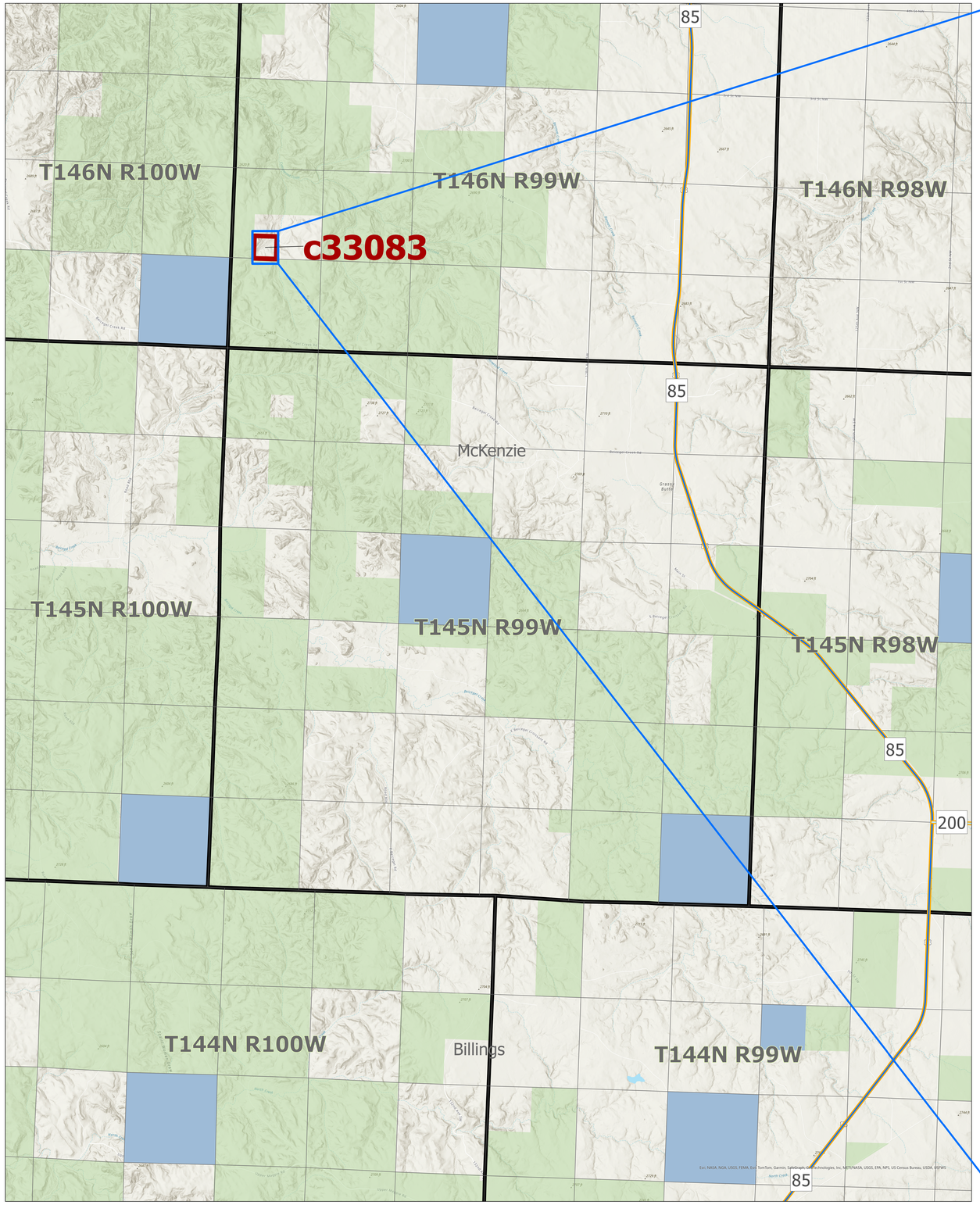


Project Injectant Source



Case #33167
9/23/2026
Exhibit U-4

Industrial Commission c33083

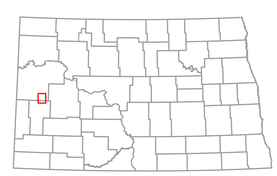




NORTH DAKOTA OIL AND GAS DIVISION

11/17/2026

Sections
Townships
Surface Trust Land
National Grasslands



INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA
DATE 9/23/26 CASE NO. 33083
Introduced By White Rock
Exhibit L-1
Identified By Bonini

WHITE ROCK OIL & GAS

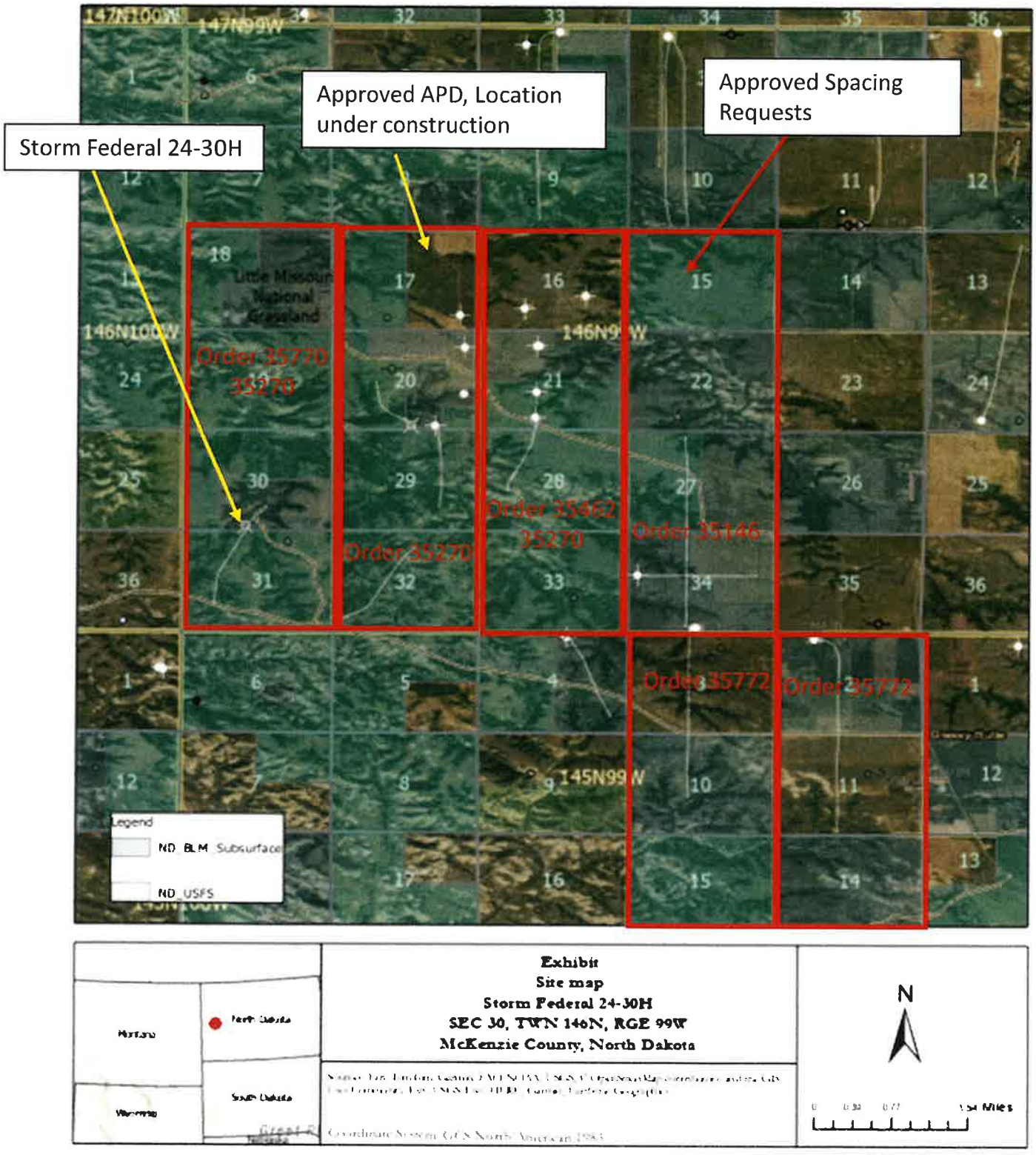


Exhibit
Site map
Storm Federal 24-30H
SEC 30, TWN 146N, RGE 99W
McKenzie County, North Dakota

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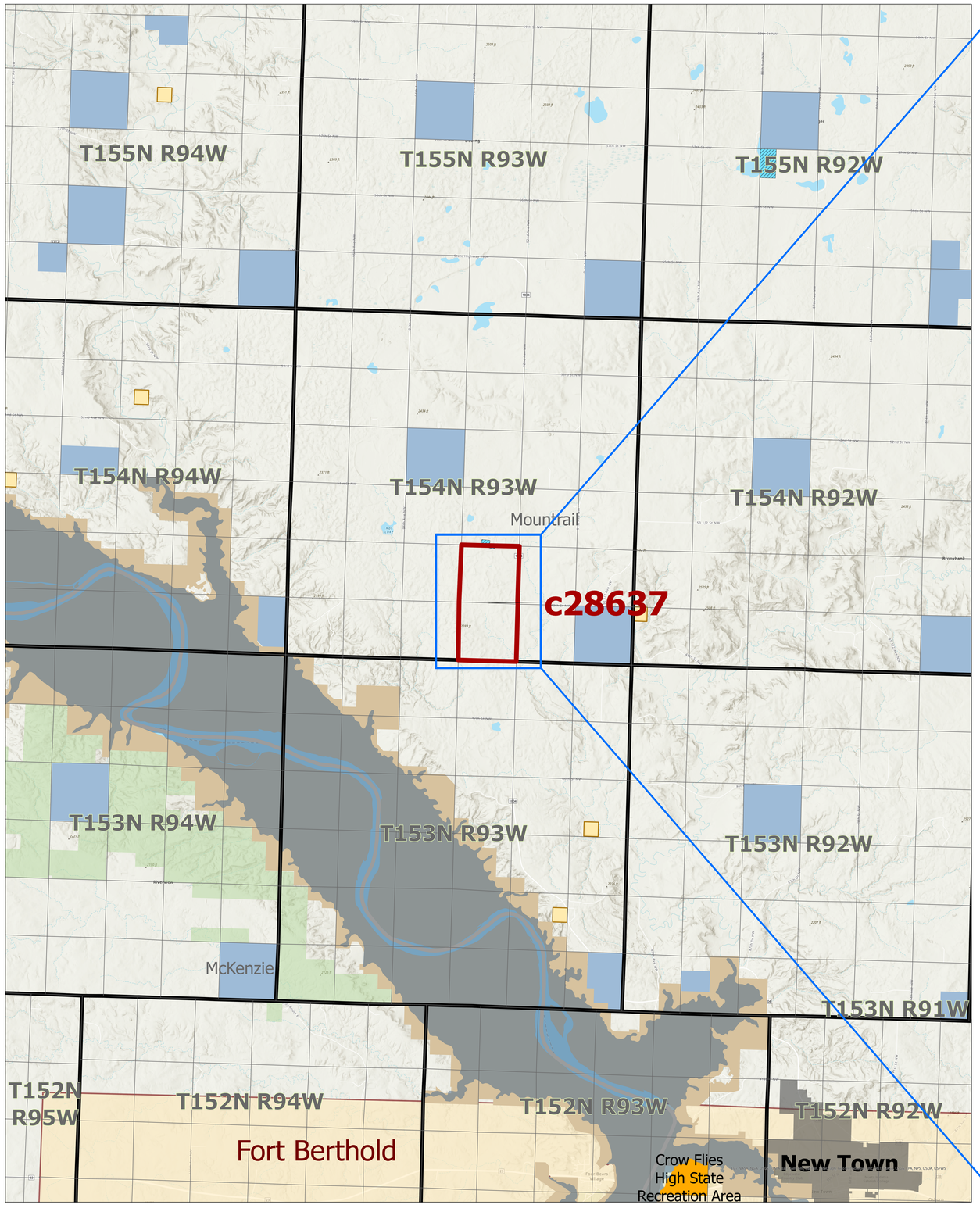
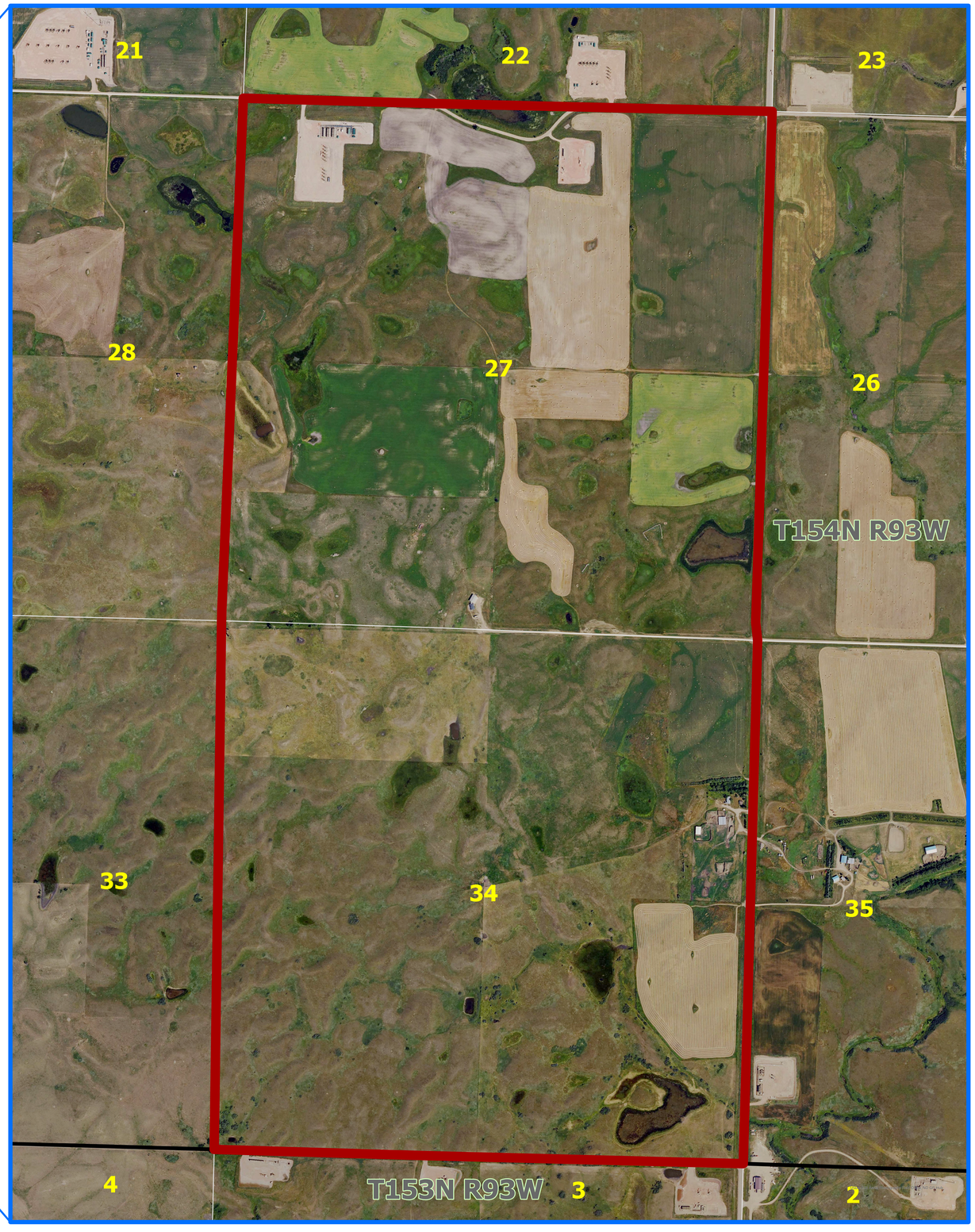
Exhibit L-1
Case No. 33083

Industrial Commission c28637

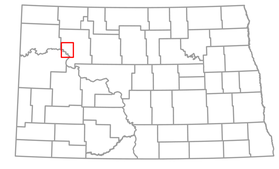


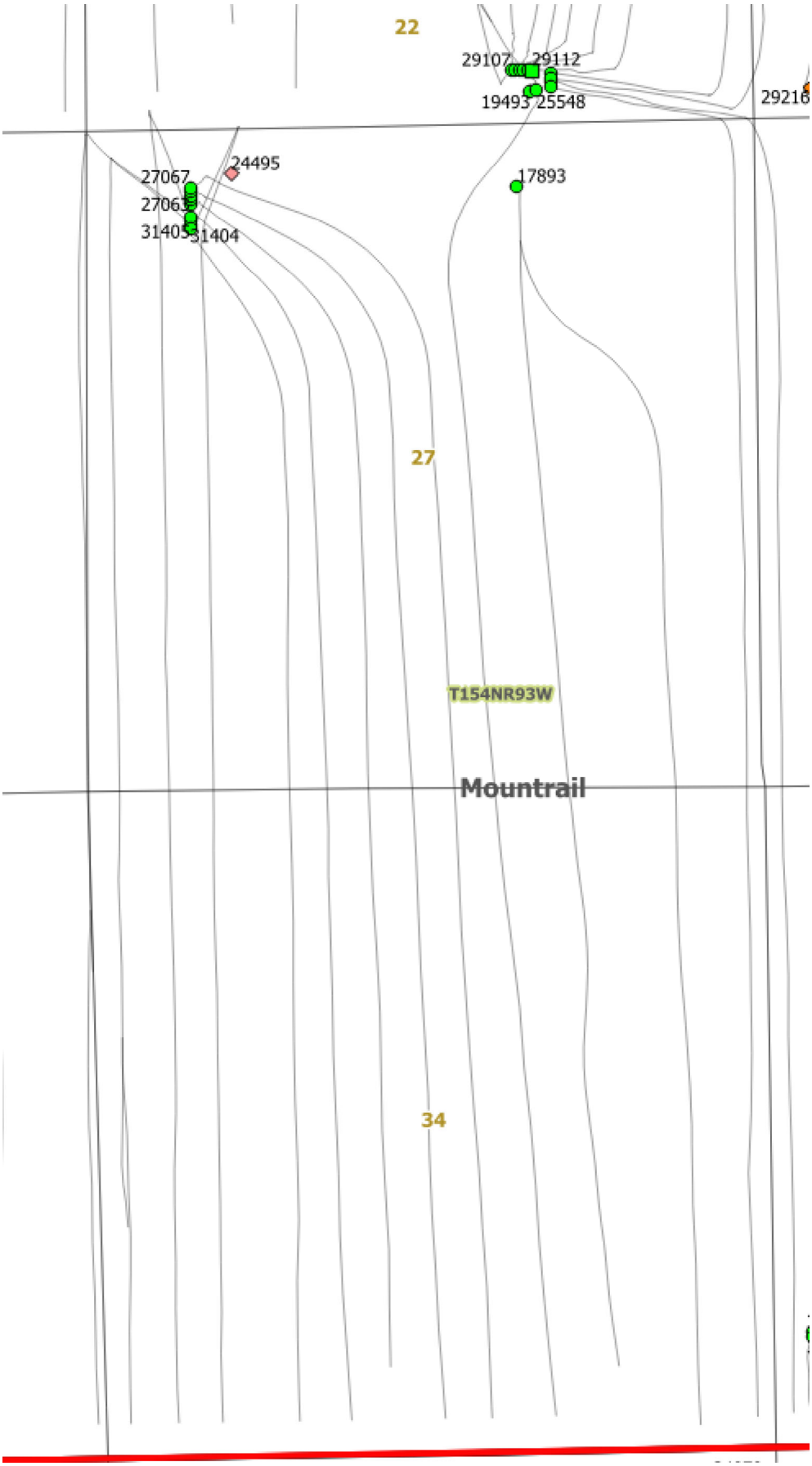


NORTH DAKOTA OIL AND GAS DIVISION

11/13/2026

- Sections
- Townships
- City Boundary
- Surface Trust Land
- Bureau of Land Management
- National Grasslands
- Army Corps of Engineers
- Reservations
- State Parks

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Mountrail
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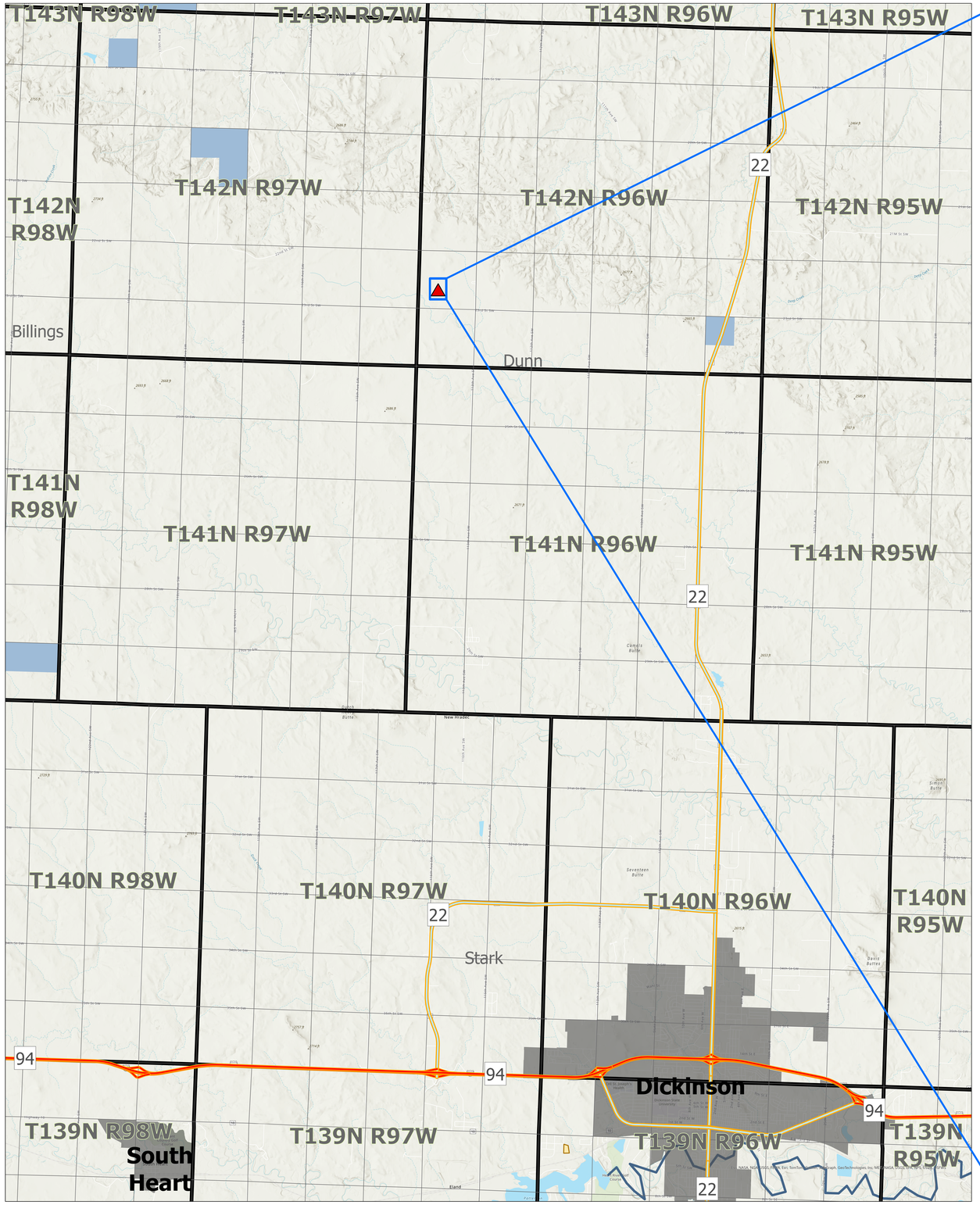
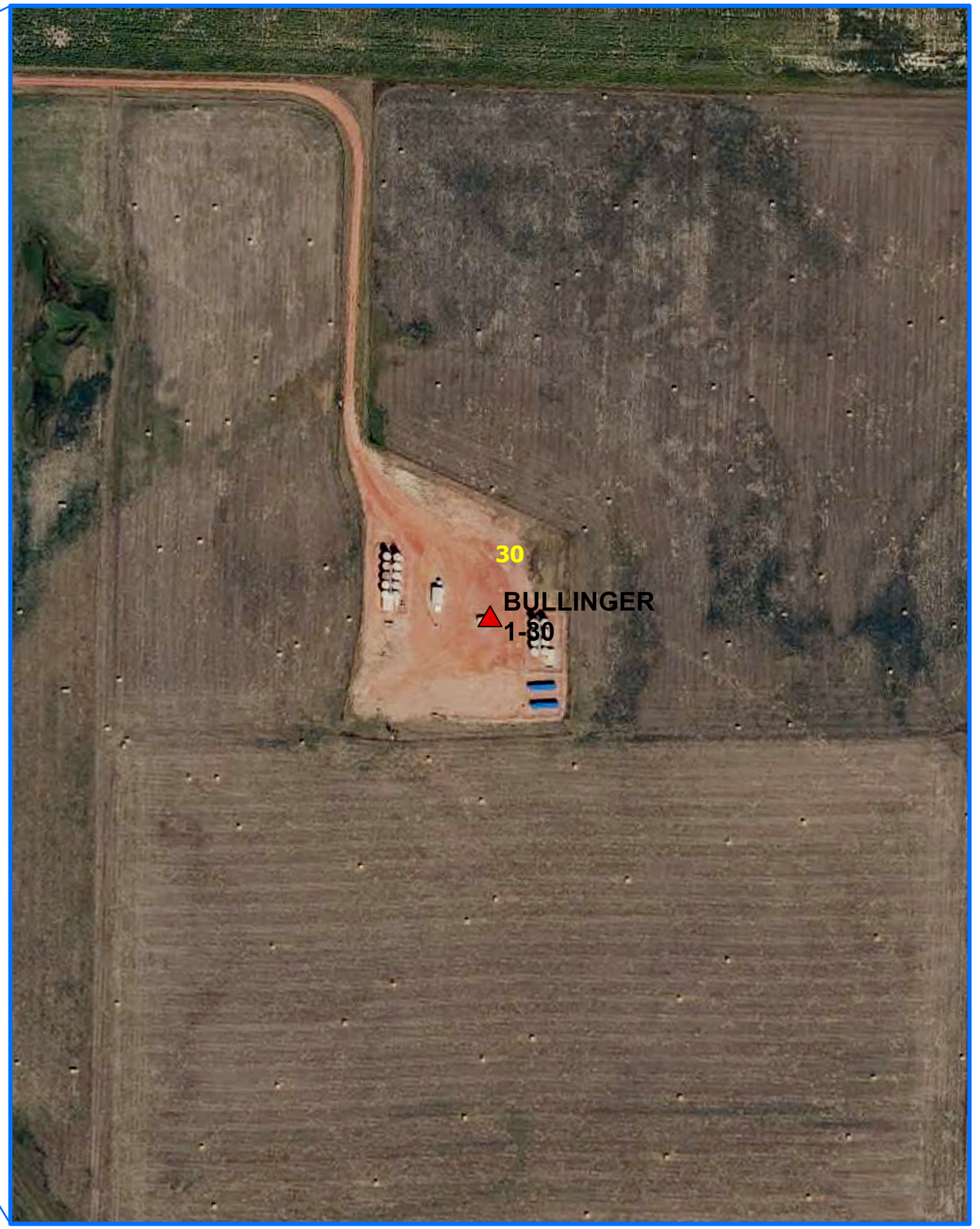
Industrial Commission c33151





NORTH DAKOTA
OIL AND GAS DIVISION

11/17/2026

Sections
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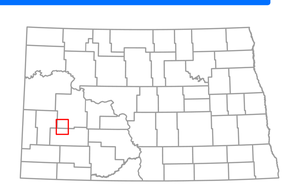
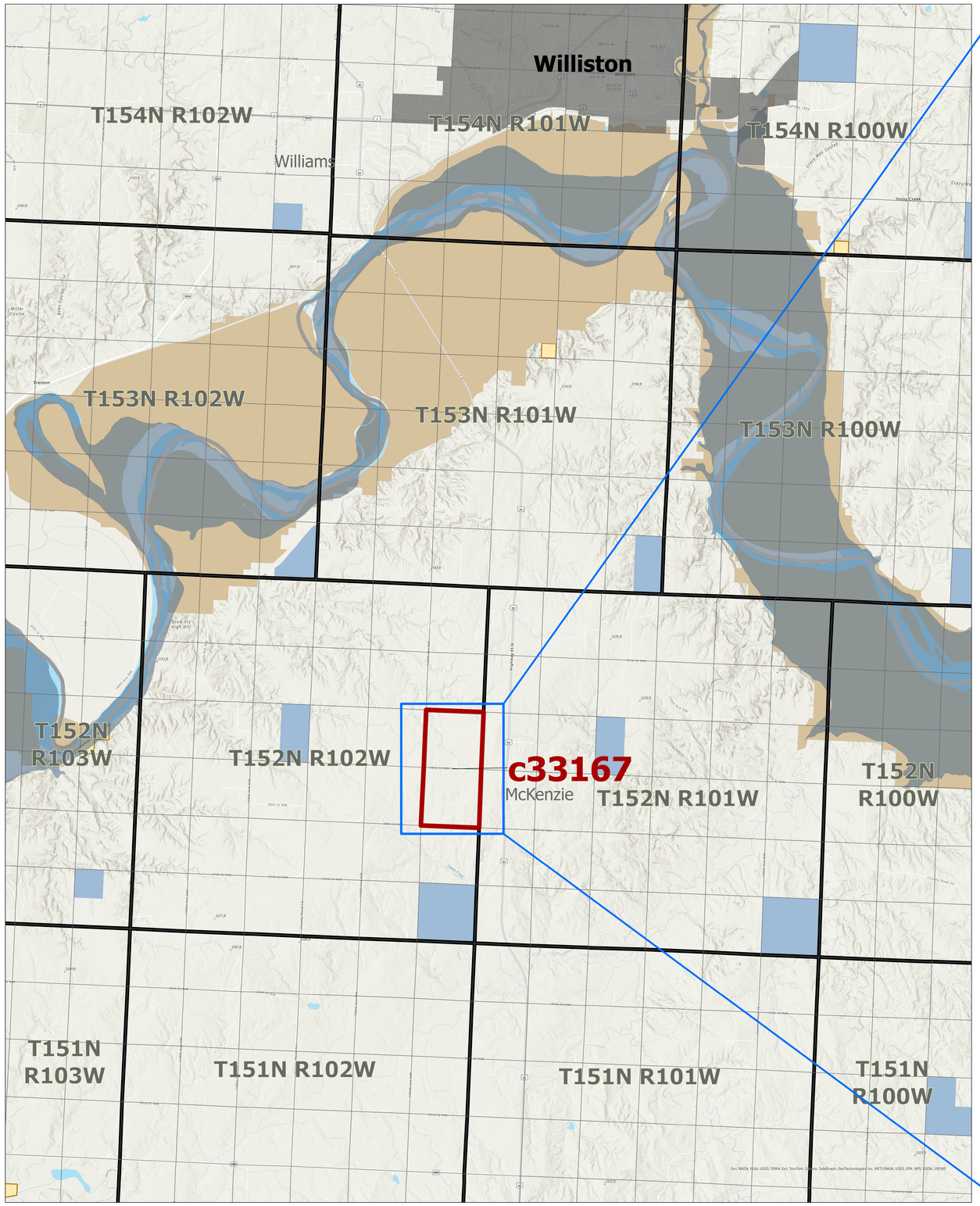
Bureau of Land Management

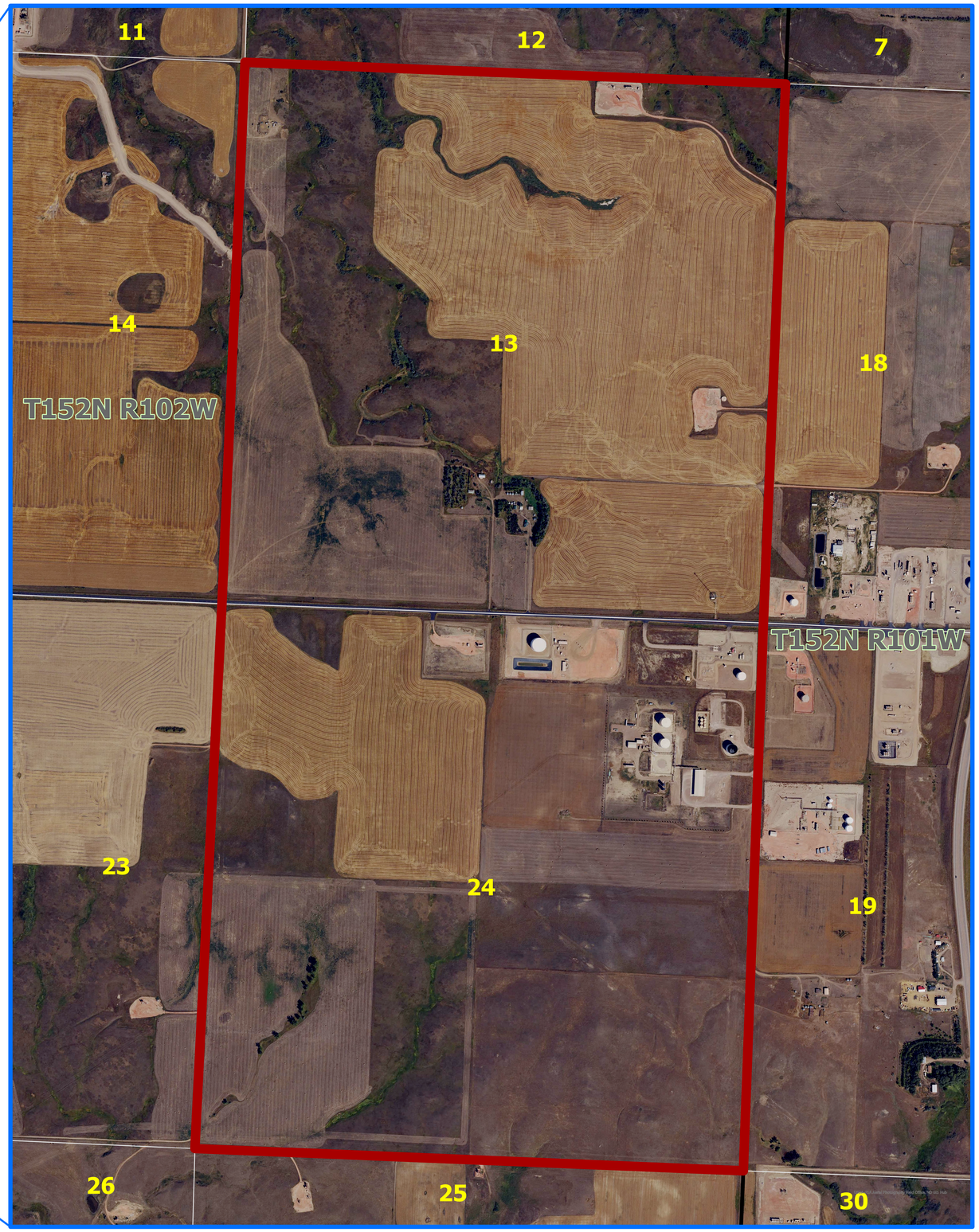


Case No. 33167 / Order No. 36223

Application of Oasis Petroleum North America LLC for an order amending the applicable orders for the Elk-Bakken Pool to authorize the temporary injection of natural gas and other fluids in the Hoehn 5202 41-24 2B well (File No. 41230), Hoehn 5202 41-24 3B well (File No. 41194), Hoehn 5202 41-24 4B well (File No. 41231), and Hoehn 5202 41-24 5B well (File No. 41232), located in a spacing unit consisting of Sections 13 and 24, T.152N., R.102W., McKenzie County, ND, as a pilot project to test the feasibility of an enhanced oil recovery project, or granting such other relief as may be appropriate.

Industrial Commission c33167





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NORTH DAKOTA
OIL AND GAS DIVISION

11/13/2026



Potential Well Monitoring and Surveillance Plan

Proposed Injection/Producer Wells

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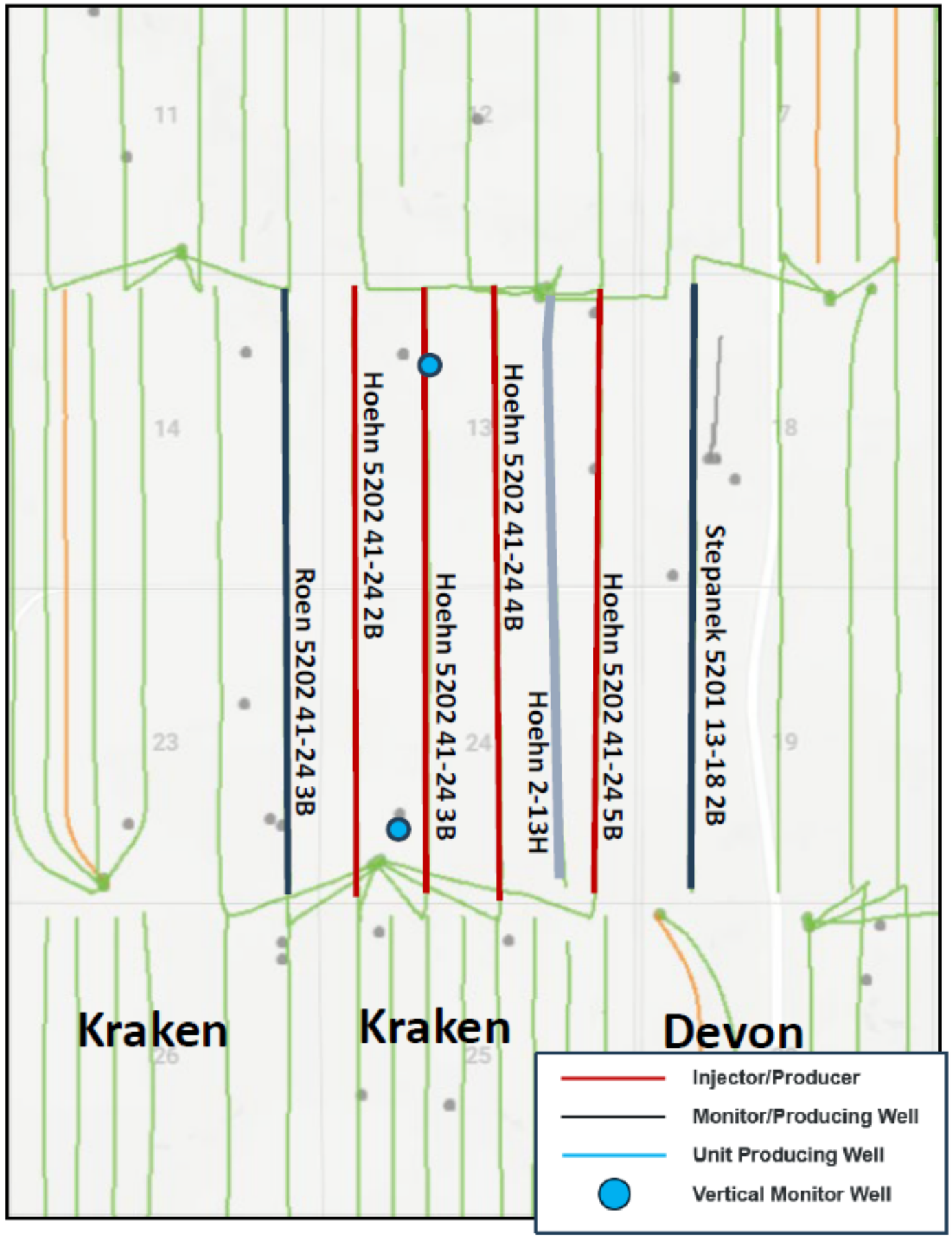

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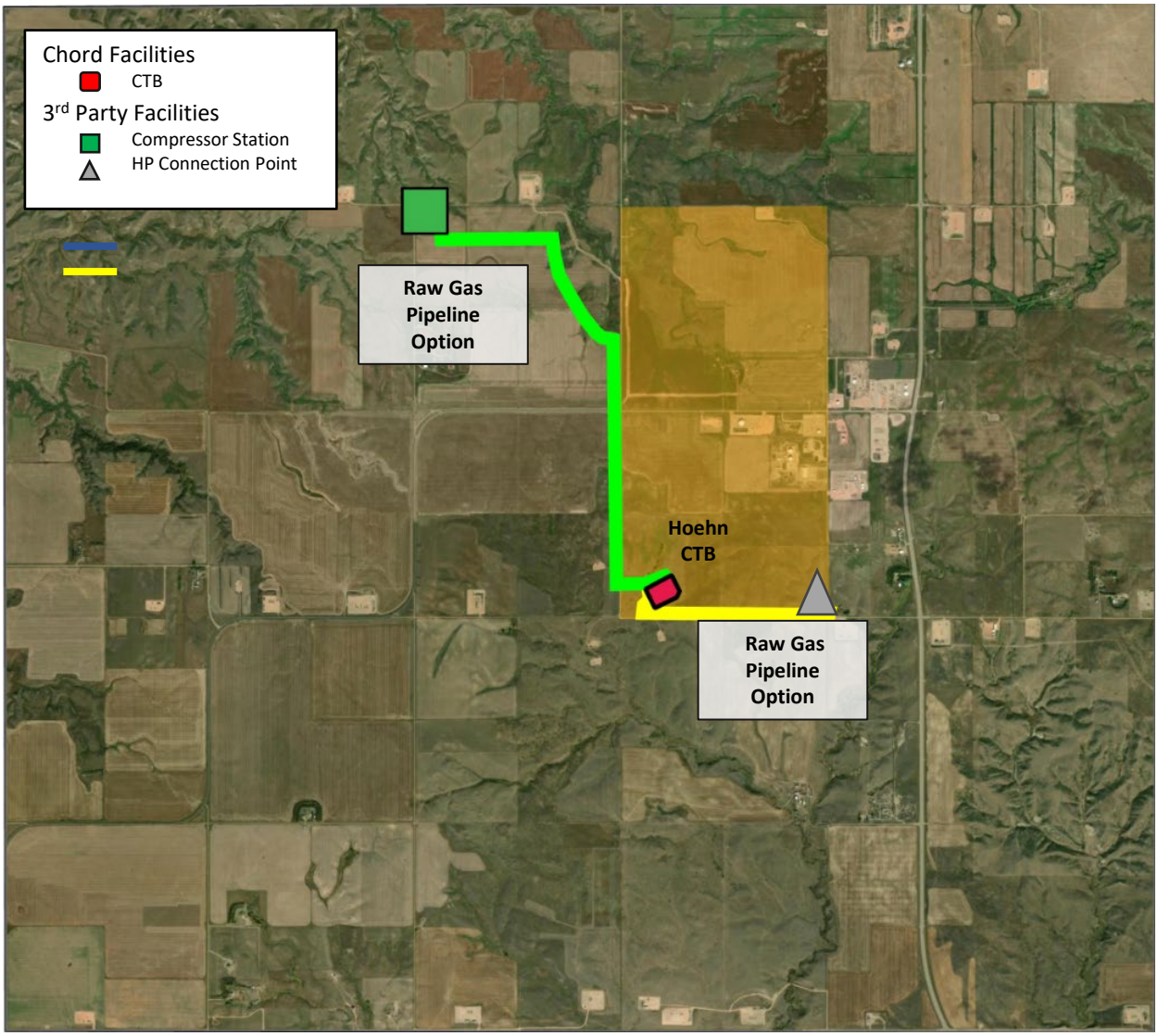
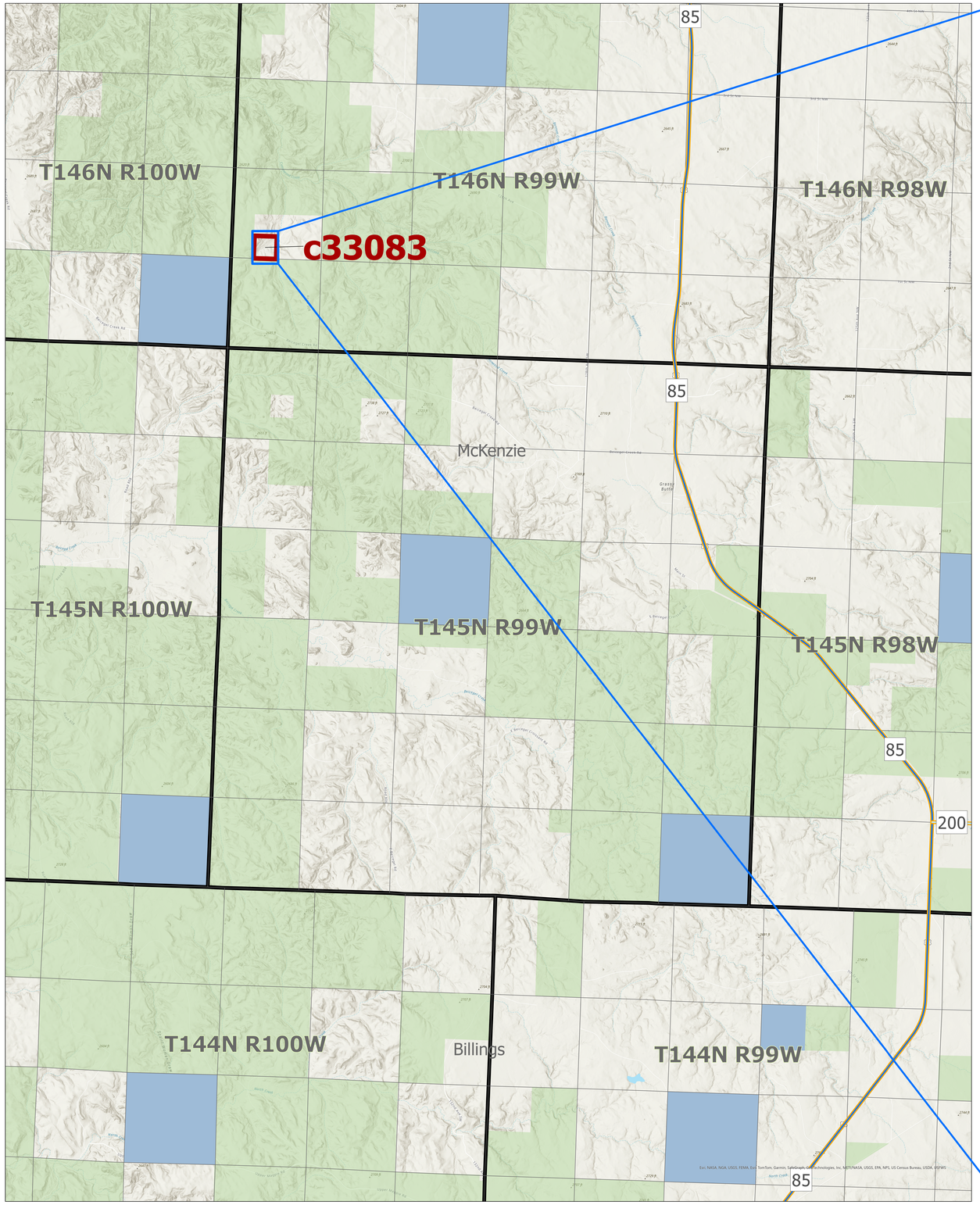


Case #33167
9/23/2026
Exhibit U-4

Case No. 33083/ Order No. 36093

In the matter of a hearing called on a motion of the Commission to consider the temporarily abandoned status of the Storm Federal #24-30H well (File No. 14411), operated by White Rock Oil & Gas, LLC, SESW Section 30, T.146N., R99W., Grassy Butte Field, McKenzie County, ND, and such other relief as is appropriate.

Industrial Commission c33083





NORTH DAKOTA OIL AND GAS DIVISION

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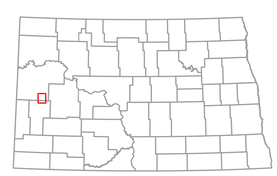

INDUSTRIAL COMMISSION
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WHITE ROCK OIL & GAS

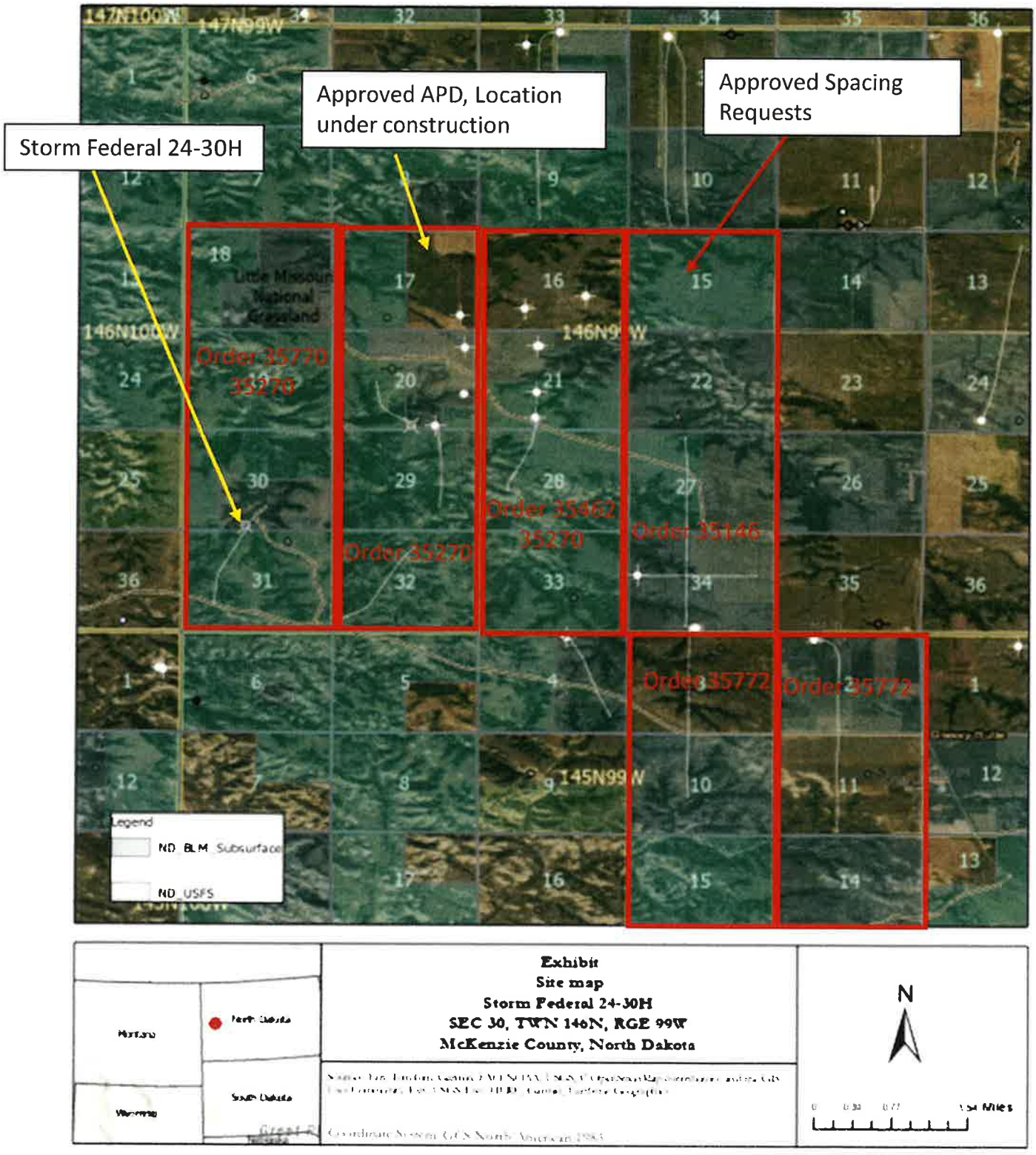


Exhibit
Site map
Storm Federal 24-30H
SEC 30, TWN 146N, RGE 99W
McKenzie County, North Dakota

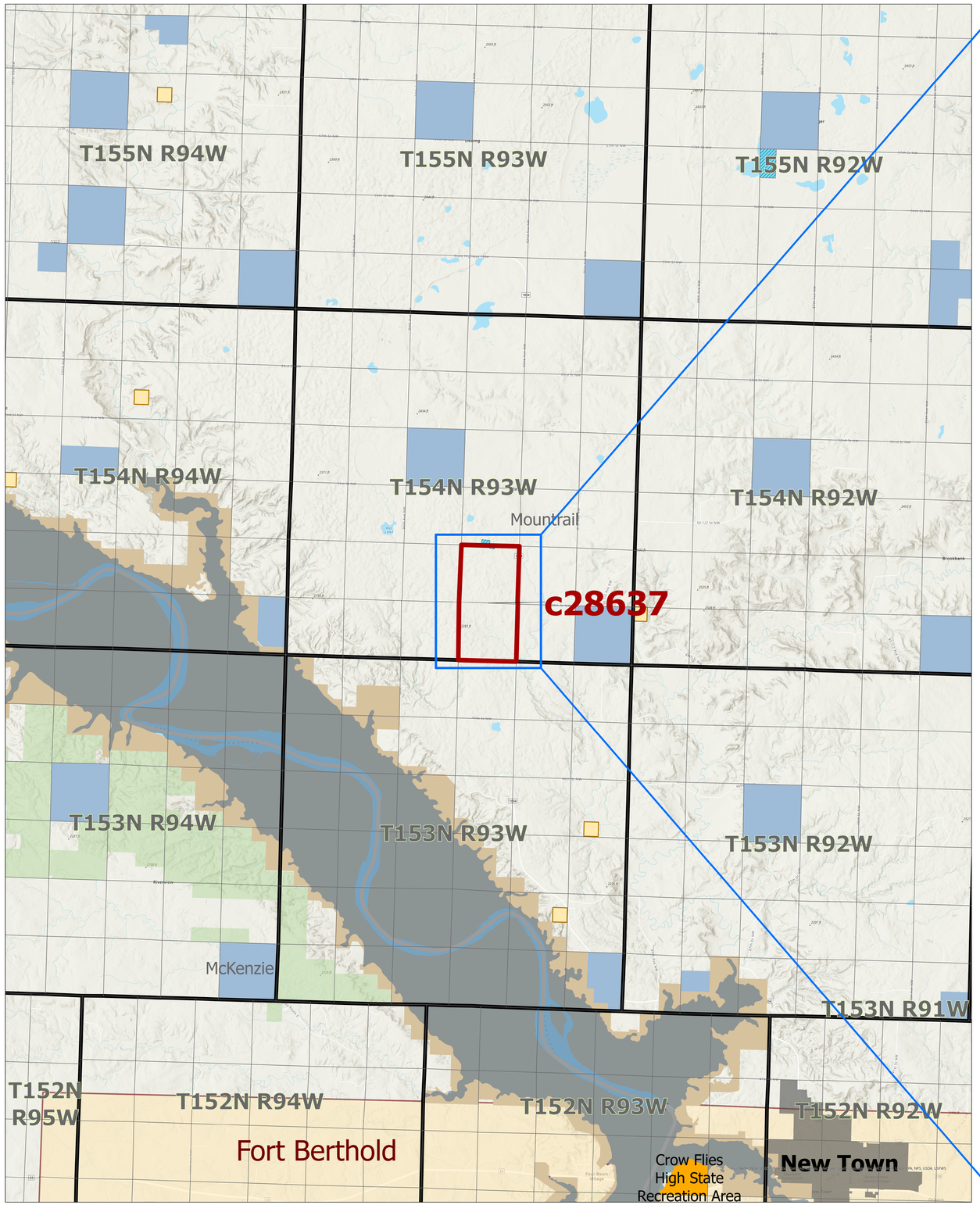
N

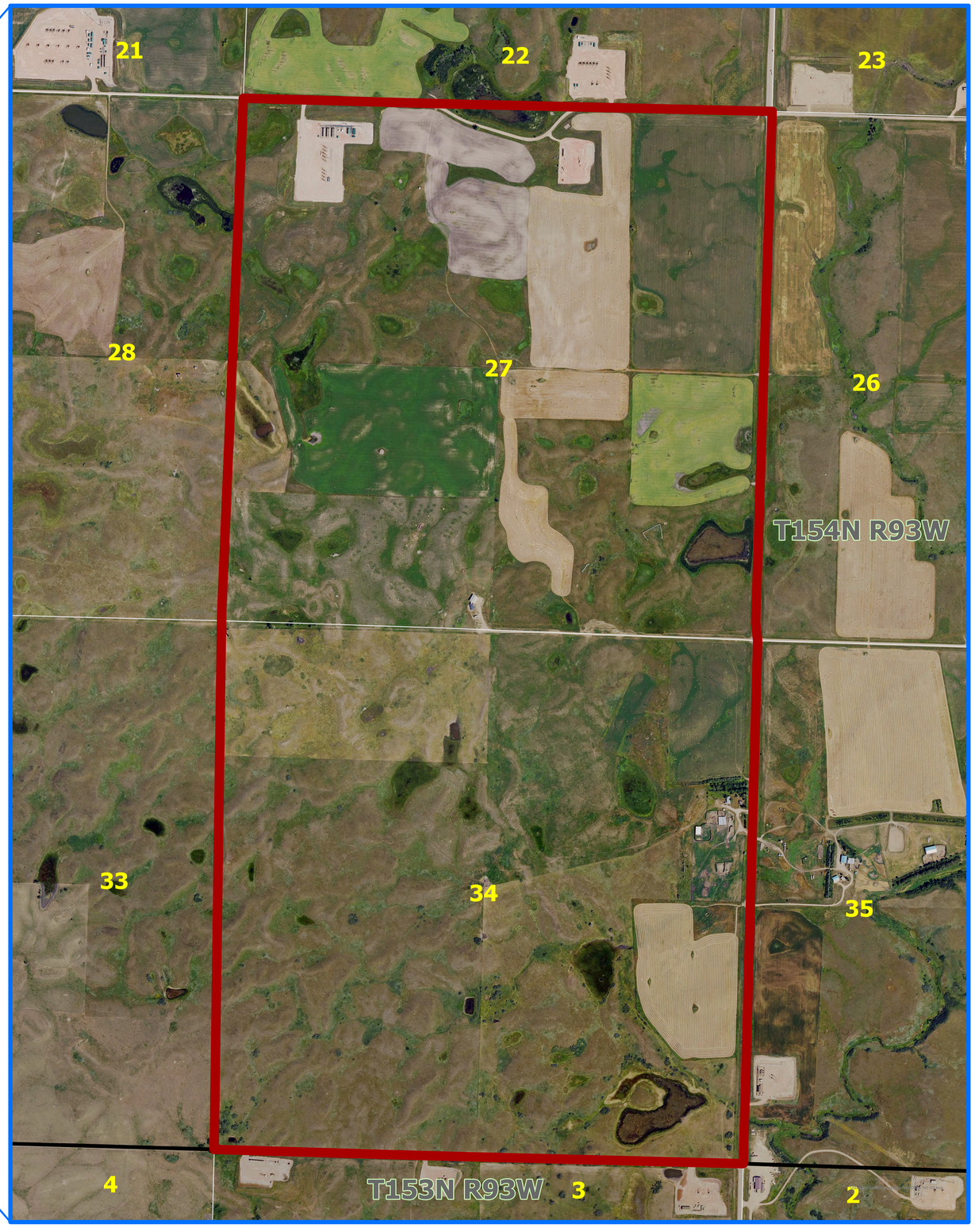
Exhibit L-1
Case No. 33083

Case No. 28637/ Order No. 36439

Application of Sinclair Oil & Gas Co. and Missouri River Royalty Corp. requesting an order pursuant to NDCC § 38-08-08 determining the proper costs for the drilling and operation of all wells operated by Hess Bakken Investments II, LLC located in a spacing unit described as Sections 27 and 34, T.154N., R.93W., Robinson Lake-Bakken Pool, Mountrail County, ND, and such other relief as is appropriate.

Industrial Commission c28637

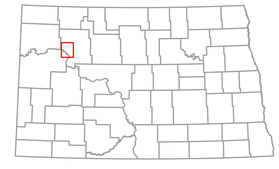


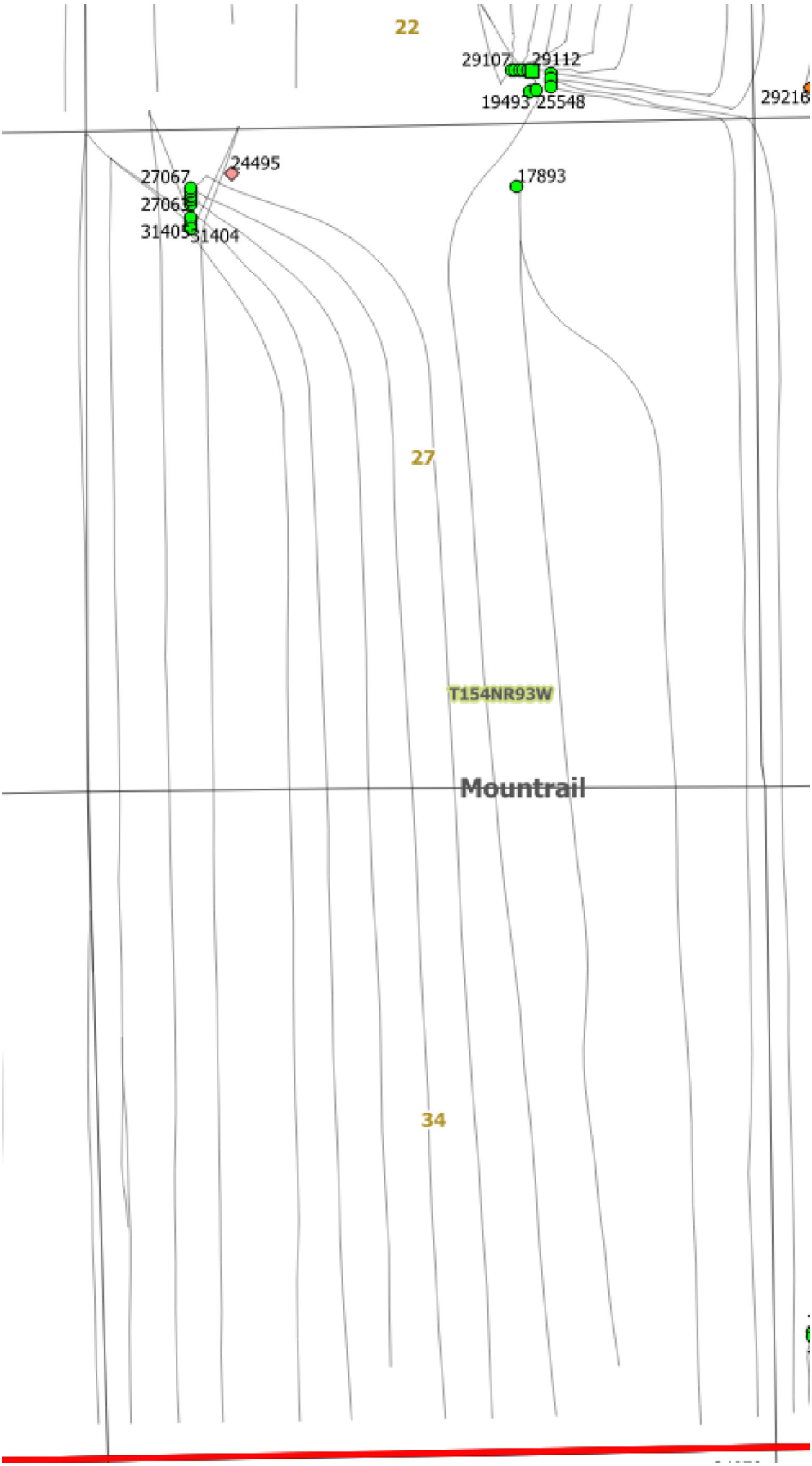


NORTH DAKOTA OIL AND GAS DIVISION

11/13/2026

- Sections
- Townships
- City Boundary
- Surface Trust Land
- Bureau of Land Management
- National Grasslands
- Army Corps of Engineers
- Reservations
- State Parks

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Complaint Case No. 33151/ Order No. 36207

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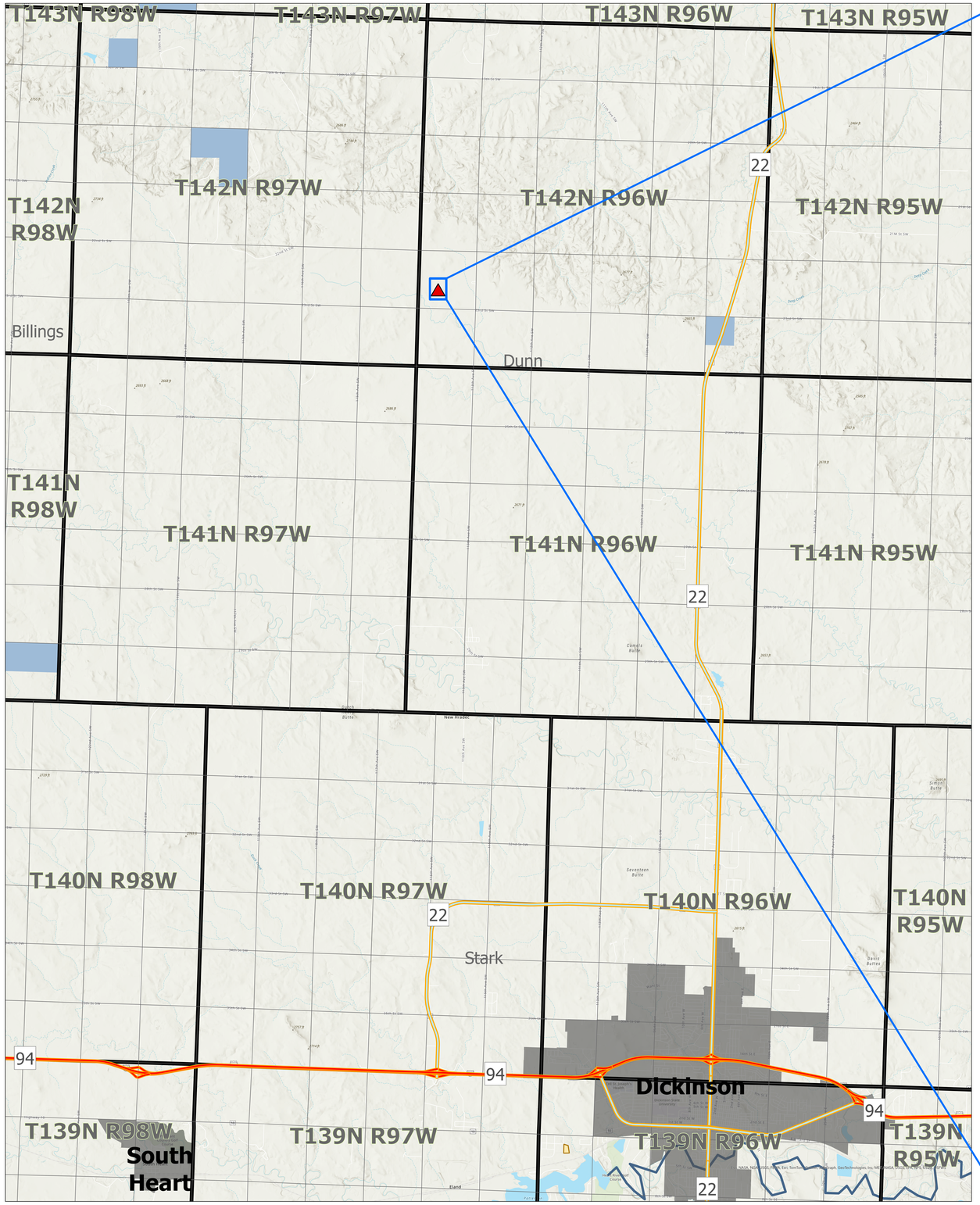
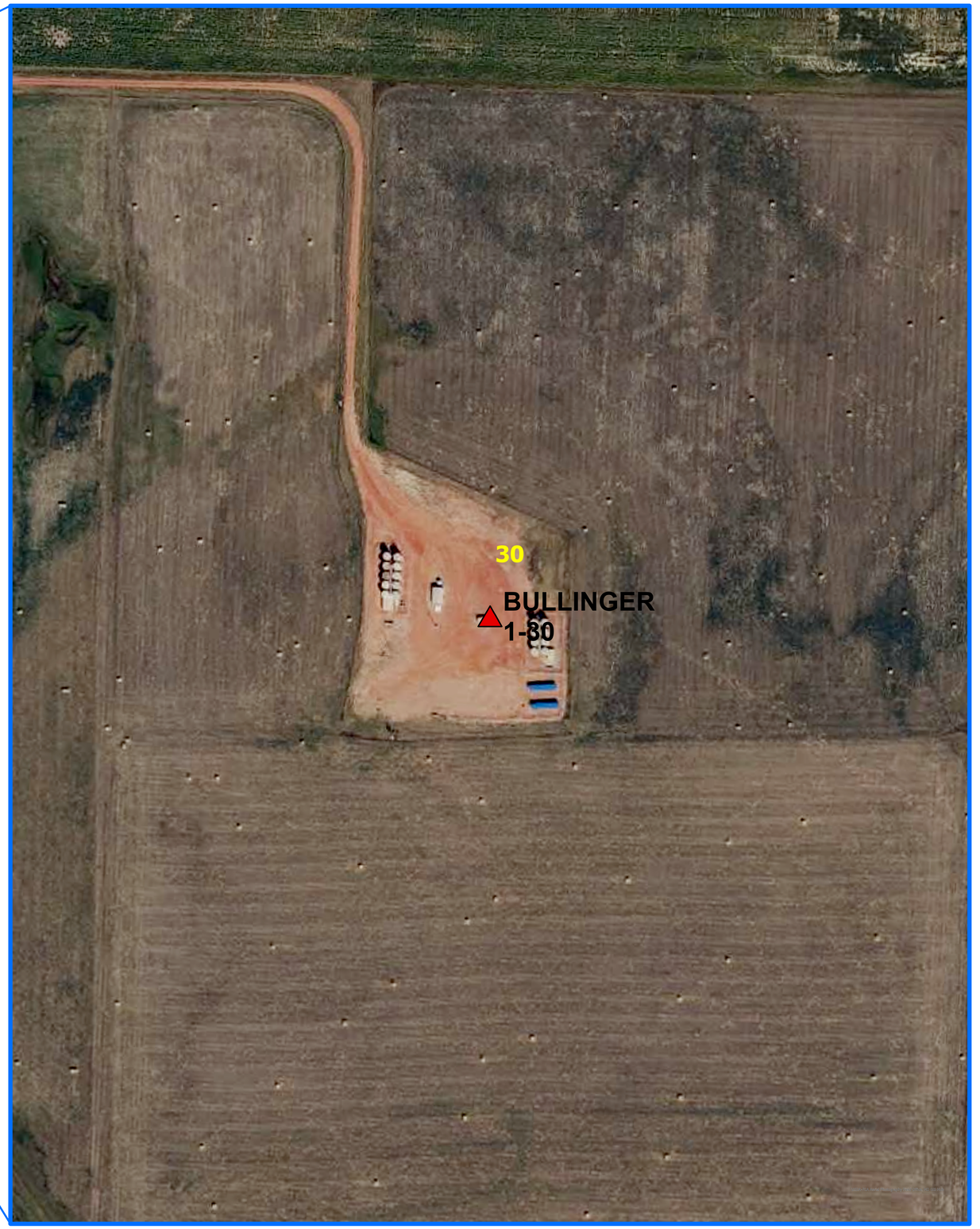
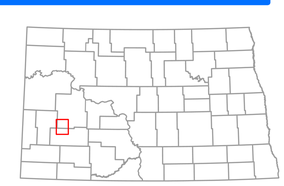




NORTH DAKOTA
OIL AND GAS DIVISION

11/17/2026

Sections
Townships
City Boundary
Surface Trust Land
Bureau of Land Management



NORTH Dakota | Mineral Resources
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INDUSTRIAL COMMISSION OF NORTH DAKOTA

Schedule for Oil & Gas Hearings
Bismarck, North Dakota
DMR Conference Room
1000 East Calgary Ave

Hearing Date	Docket Closing Date
January 20, 2027 **January 21, 2027**	December 16, 2026
February 24, 2027 **February 25, 2027**	January 13, 2027
March 24, 2027 **March 25, 2027**	February 10, 2027
April 21, 2027 **April 22, 2027**	March 10, 2027
May 19, 2027 **May 20, 2027**	April 14, 2027
June 16, 2027 **June 17, 2027**	May 12, 2027
July 28, 2027 **July 29, 2027**	June 16, 2027
August 25, 2027 **August 26, 2027**	July 14, 2027
September 22, 2027 **September 23, 2027**	August 11, 2027
October 20, 2027 **October 21, 2027**	September 15, 2027
November 17, 2027 **November 18, 2027**	October 13, 2027
December 15, 2027 **December 16, 2027**	November 10, 2027
January 26, 2028 **January 27, 2028**	December 20, 2027

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Clint A. Boyd
STATE GEOLOGIST
GEOLOGICAL SURVEY

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Industrial Commission of North Dakota

Kelly Armstrong
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

RESOLUTION OF THE INDUSTRIAL COMMISSION OF NORTH DAKOTA NAMING HEARING OFFICERS

Whereas, Section 38-08-04.1 of the North Dakota Century Code provides that the Industrial Commission may use hearing examiners under such rules and regulations as the Commission may prescribe; and

Whereas, Section 43-02-03-93 of the North Dakota Administrative Code provides that the Commission may by motion designate and appoint qualified individuals to serve as hearing examiners,

Now, Therefore, the Industrial Commission rescinds all prior appointments of examiners and designates and appoints the following individuals to serve as the Commissioner's examiners as it relates to the Commission's responsibilities under Chapter 38-08 of the North Dakota Century Code:

Office of Administrative Hearings to include ALJ Hope Hogan and ALJ David Garner

Matt Sagsveen, Assistant Attorney General

Anine Merkens, Assistant Attorney General

Matthew Swanson, Assistant Attorney General

Nathan D. Anderson, Director, Department of Mineral Resources, Director, Oil and Gas Division

Mark Bohrer, Assistant Director, Oil and Gas Division

Ashleigh Thiel, Hearing & Order Process Manager, Oil and Gas Division

Michael Ziesch, Executive Manager - Agency Support, Oil and Gas Division

David Tabor, Senior Field Operations Manager, Oil and Gas Division

Richard Suggs, Geology and UIC Class VI Program Manager, Oil and Gas Division

Gunther Harms, UIC and Treating Plant Manager, Oil and Gas Division

Effective November 23, 2026

Kelly Armstrong, Governor
Chair, NDIC

Attest: Karen Tyler
Executive Director, NDIC

North Dakota Pipeline Authority



Annual Report
July 1, 2025 – June 30, 2026

Industrial Commission of North Dakota
Governor Kelly Armstrong, Chairman
Attorney General Drew H. Wrigley
Agriculture Commissioner Doug Goehring

North Dakota Pipeline Authority
Annual Report
July 1, 2025 – June 30, 2026

Overview

At the request of the North Dakota Industrial Commission, the Sixtieth Legislature passed House Bill 1128 authorizing the North Dakota Pipeline Authority. It was signed into law on April 11, 2007. The statutory mission of the Pipeline Authority is "to diversify and expand the North Dakota economy by facilitating development of pipeline facilities to support the production, transportation, and utilization of North Dakota energy-related commodities, thereby increasing employment, stimulating economic activity, augmenting sources of tax revenue, fostering economic stability and improving the State's economy". As established by the Legislature, the Pipeline Authority is a builder of last resort, meaning private business would have the first opportunity to invest in and/or build additional needed pipeline infrastructure.

By law, the Pipeline Authority membership is comprised of the members of the North Dakota Industrial Commission. Funding for Pipeline Authority operations and studies comes at the recommendation of the Oil and Gas Research Council and is authorized by the Industrial Commission. On August 1, 2008, the Industrial Commission named Justin J. Kringstad, an engineering consultant, to serve as Director of the North Dakota Pipeline Authority. The North Dakota Pipeline Authority Director works closely with the Department of Mineral Resources Director, North Dakota Petroleum Council President, and leadership of the Industrial Commission. The Pipeline Authority has no other staff and receives no direct General Fund appropriation. The Pipeline Authority Director reports to the Industrial Commission members and the Oil and Gas Research Council on a regular basis.

Statutory Authority

The statutory authority for the Pipeline Authority is outlined in Chapter 54-17.7 of the North Dakota Century Code (N.D.C.C.). Section 54-17.7-04 of the N.D.C.C. delineates the powers of the Pipeline Authority, including but not limited to: 1) making grants, loans, or borrowing money; 2) issuing up to $800 million in revenue bonds; 3) entering into lease-sale contracts; 4) owning, purchasing, leasing, renting, and disposing of pipeline facilities or the right to capacity in any pipeline system, whether within or outside the state of North Dakota; and 5) entering into contracts to construct, maintain, and operate pipeline facilities.

Before the Pipeline Authority can exercise its power to construct pipeline facilities, it must follow a statutory process designed to ensure public participation and comment. Specifically, the Pipeline Authority must publish a notice describing the need for the pipeline project. Entities interested in constructing the facilities or providing services to meet the identified needs have 180 days to respond by

filing a notice of intent. If the Pipeline Authority receives a notice of intent from an interested entity, it cannot proceed with construction unless it determines that doing so is in the public interest. In making this determination, the Pipeline Authority must consider factors such as the economic impact on the state, economic feasibility, technical performance, reliability, past performance, and the likelihood of successful completion and ongoing operation.

North Dakota Pipeline Regulatory Programs

The Pipeline Authority does not serve in any capacity as a regulatory agency for the pipeline industry. North Dakota's pipeline industry is regulated by several state and federal agencies. Roles of each regulatory entity are complex and the Pipeline Authority urges all interested parties to please contact the agencies below for more information on their jurisdiction of the pipeline industry.

- North Dakota Department of Emergency Services
- North Dakota Department of Environmental Quality
- North Dakota Public Service Commission
- North Dakota Industrial Commission-Department of Mineral Resources-Oil and Gas Division
- Environmental Protection Agency
- Federal Energy Regulatory Commission (FERC)
- U.S. Department of Transportation-Pipeline and Hazardous Materials Safety Administration-Office of Pipeline Safety
- Homeland Security's Infrastructure Security Division

Summary of Activities

North Dakota's petroleum industry began the 2025–2026 fiscal year with West Texas Intermediate (WTI) oil prices averaging approximately $68 per barrel in July 2025. Despite relatively stable production levels, the industry continued to maintain a capital-disciplined development pace, with 29 drilling rigs active across the state.

Oil prices weakened through the second half of 2025, with WTI falling below $60 per barrel in December. However, global supply disruptions and geopolitical tensions drove prices sharply higher during the spring of 2026, with WTI averaging more than $100 per barrel in April and May. For the full fiscal year, WTI averaged approximately $73 per barrel. Despite the significant improvement in prices during the final months of the fiscal year, North Dakota's drilling rig count remained relatively stable, averaging 26 active rigs in June 2026.

During the 2025–2026 fiscal year, the industry continued its transition toward longer horizontal laterals across the Bakken and Three Forks formations to improve capital efficiency. By mid-2026, three-mile laterals had become the dominant well configuration, representing approximately half of all new well completions, while four-mile laterals were rapidly gaining market share. Recent drilling permits further

illustrate this shift, with approximately 56% targeting three-mile laterals, 17% targeting four-mile laterals, and only 27% targeting traditional two-mile laterals by October 2026.

These extended-reach development patterns allow operators to increase productive lateral footage while maintaining a relatively modest drilling fleet. Figure 1 illustrates the impact of increasing three- and four-mile lateral market shares on the total equivalent two-mile wells developed annually, assuming a constant drilling fleet of 35 active rigs. As longer laterals represent a greater share of drilling activity, the amount of productive reservoir footage developed increases significantly without requiring a proportional increase in drilling rigs.

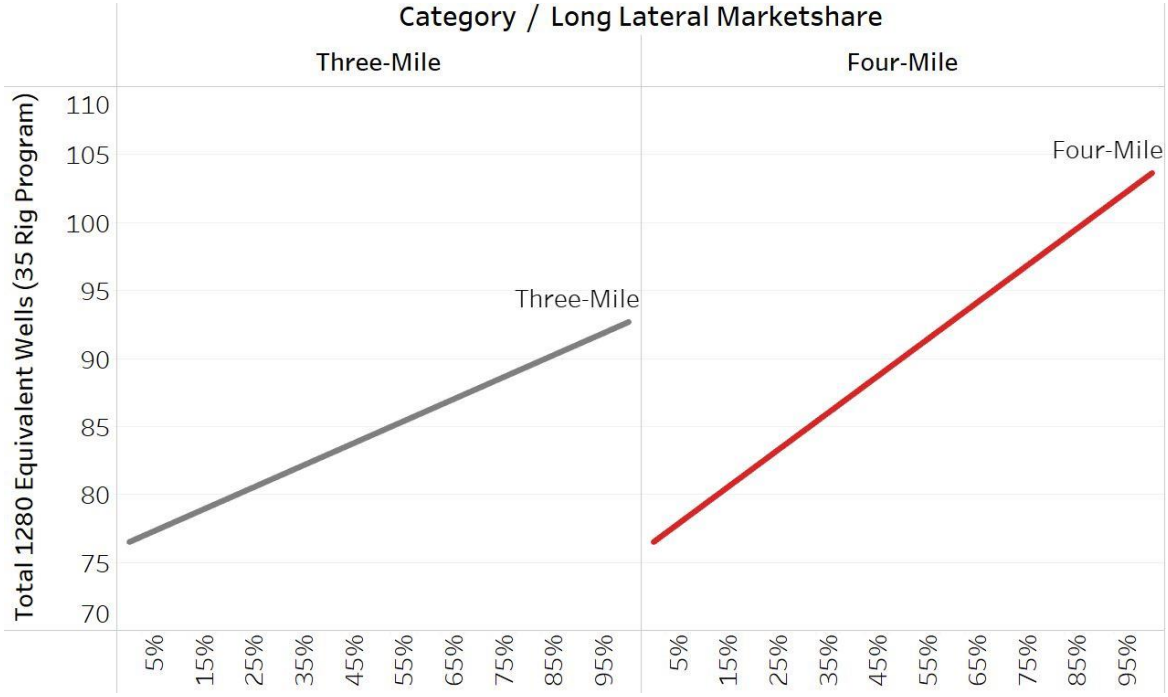


Figure 1. Estimated annual equivalent two-mile wells developed under a hypothetical 35-rig drilling program at varying market shares of three- and four-mile laterals.

Average oil production throughout the 2025–2026 fiscal year remained relatively stable at approximately 1.15 million barrels per day, a modest decline from the previous fiscal year and below the record high of 1.5 million barrels per day set in late 2019.

Despite the gradual decline in oil production and reduced drilling activity during the 2025–2026 fiscal year, North Dakota's petroleum industry continues to benefit from improvements in drilling and completion efficiency, particularly through the expanded use of longer horizontal laterals. Early production data from July and August 2026 indicate a modest recovery in oil production, providing encouraging signs of improved output heading into the new fiscal year. The state's midstream sector continues to adapt to evolving production trends while evaluating infrastructure expansion opportunities to accommodate growing natural gas and natural gas liquids volumes.

Over the past year, the Pipeline Authority continued to be actively engaged in translating production and development data into oil and natural gas transportation solutions. Collaboration with industry to generate crude oil and natural gas production forecasts—used to quantify future pipeline needs and timelines—remains one of the Authority's key responsibilities. Because pipeline companies tend to be conservative in their investment planning, these forecasting efforts play a critical role in providing the confidence necessary to advance future expansion projects.

During the fiscal year the Pipeline Authority contacted, met with, and shared information with numerous interested parties including, but not limited to, the following:

AgriBank
Alliance Pipeline
Bakken Energy
Balon Corporation
Bank of America
Basin Electric/Dakota Gasification
Big Watt Digital
Blue Sky Carbon Partners
BNSF Railway
Border States
Bridger Pipeline
Cerilon
Citadel Energy Marketing
Clean Core Solutions
Concord Energy
Conway Data
Craft Companies
Dakota Natural Gas
DT Midstream
Enbridge
Energy Intelligence
Energy Modeling & Analysis (EMA) Inc.
Great River Energy
Harvest Group LLC
Harvest Midstream
Harvestone
Hess Corporation
Intensity Infrastructure Partners
Jefferies
MDU Resources/ Utilities
Minnkota Power Cooperative
Moody's
Moore Engineering
Nestory Park Data Centers
Nextera Energy
North American Iron
Northern Plains Nitrogen
One Power Solutions LLC
ONEOK
Otter Tail Power Company
Pembina Pipeline
PetroNerds
Pivotal Energy Partners
Plus Power
QTS
Rainbow Energy Center
RBC Capital Markets
RBN Energy
Refinery Construction Group (RCG)
Rocky Mountain Clean Fuels Inc.
S&P Global
Sequent Energy Management
Slawson Exploration
SOGC (formerly Sinclair Oil & Gas Company)
South Bow
Steel Reef Infrastructure
Takanock
TC Energy
Tenaska
Terra Firma
True Companies
TWG Global
United Energy Trading
VSI Midstream

WBI Energy
Xcel Energy
701 Strategies
Wolverine Gas & Oil Corp
Youngwoo & Associates

In addition, the Pipeline Authority worked with a number of state and federal agencies to gather information and provide expertise on pipeline issues. Those agencies and entities included:

North Dakota Public Service Commission
North Dakota Transmission Authority
North Dakota Oil and Gas Division
North Dakota Governor's Office
North Dakota Attorney General's Office
North Dakota Tax Department
North Dakota Oil & Gas Research Program
Upper Great Plains Transportation Institute
North Dakota Department of Trust Lands
North Dakota Office of Management and Budget
North Dakota Department of Commerce
Energy and Environmental Research Center
North Dakota Department of Transportation
Department of Environmental Quality
North Dakota Agriculture Commissioner's Office
Bank of North Dakota
Clean Sustainable Energy Authority
North Dakota State University
North Dakota Department of Water Resources

The Director of the Pipeline Authority also worked with the following trade associations/groups:

American Petroleum Institute (API), Dickinson Chapter
Bismarck-Mandan Chamber Economic Development Corporation (EDC)
Economic Development Association of North Dakota
Fargo-Moorhead-West Fargo Chamber
Grand Forks Region Economic Development Corporation
Greater North Dakota Chamber
International Economic Development Council
McKenzie County Economic Development
Minot Chamber EDC
North Dakota Building Trades Union
North Dakota Farm Bureau
North Dakota Petroleum Council
Power Companies of North Dakota
Vision West
Western Dakota Energy Association

As noted above, the Pipeline Authority has been facilitating discussions between governmental agencies and companies interested in expanding North Dakota's midstream infrastructure.

In addition, the Director of the Pipeline Authority provided information to citizens and news media on issues related to pipelines.

Pipeline Capacity Acquisition and Funding

During the 2023 legislative session, action was taken on House Bill 1014 to update the Pipeline Authority statute, enhancing the agency's ability to acquire and manage capacity positions on new or expanding pipeline systems. That legislation authorized up to $60 million in financial support through a line of credit from the Bank of North Dakota to help facilitate new energy transportation infrastructure.

Building upon that foundation, the 2025 legislative session Senate Bill 2014 amended subsection 4 of section 54-17.7-04 of the North Dakota Century Code to expand the Authority's borrowing capacity. The updated statutory language now reads:

a. *(1) The authority may borrow up to sixty million dollars through a line of credit from the Bank.*
   (2) In addition to the borrowing under paragraph 1, the authority may borrow up to forty million dollars through a line of credit from the Bank to provide total borrowing of up to one hundred million dollars under this subdivision. The borrowing under this paragraph is available only if the authority enters a capacity purchase agreement by December 31, 2026, related to a pipeline project to transport natural gas from the western area of the state to the eastern area of the state.

D. *The authority shall repay the line of credit from amounts available. If the amounts available on June 30, 2027, are not sufficient to repay the line of credit, the authority shall notify the director of the office of management and budget, and the director of the office of management and budget shall transfer funds from the strategic investment and improvements fund to the Bank for the repayment pursuant to section 6 - 09.7 - 05 based on the amount certified by the Bank.*

The legislative change increased the maximum borrowing authority from $60 million to $100 million per biennium, contingent upon the Pipeline Authority entering a capacity purchase agreement tied to a project that enhances natural gas transportation between western and eastern North Dakota.

The legislative intent of this amendment was to ensure that funding through the Authority supports projects that expand natural gas delivery and improve reliability in underserved regions of the state, particularly eastern North Dakota.

Natural Gas Pipeline Capacity Acquisition – WBI Energy Bakken East

In May 2025, the Pipeline Authority issued a Request for Information (RFI) seeking proposals for new natural gas transmission systems capable of transporting natural gas from western to eastern North Dakota. The RFI was intended to evaluate potential state participation through the acquisition of pipeline capacity under the expanded funding authority provided by Senate Bill 2014. Two formal responses were received by the June 24, 2025 deadline, one from WBI Energy Transmission for its proposed Bakken East

Pipeline and another from Intensity Infrastructure Partners for its proposed two-phase natural gas transmission system.

Following an evaluation of the proposals, the North Dakota Industrial Commission unanimously approved advancing negotiations with WBI Energy in August 2025. Over the following months, the Pipeline Authority worked closely with WBI Energy to negotiate the terms of a precedent agreement for the acquisition of firm natural gas transportation capacity on the proposed Bakken East Pipeline.

On April 28, 2026, the Industrial Commission unanimously approved the negotiated precedent agreement, which was formally executed on April 29, 2026. Under the agreement, the State of North Dakota committed to acquiring approximately 11% of the pipeline's total transportation capacity, representing an estimated $50 million annual financial commitment over a 10-year term. This commitment positions the state as an anchor shipper on the proposed pipeline, helping support the project's commercial development while securing transportation capacity to expand market access for North Dakota-produced natural gas, encourage economic development, and improve long-term energy reliability across the state.

Crude Oil and Natural Gas Production Forecasting

The Pipeline Authority continued to develop and maintain crude oil and natural gas production forecasts for North Dakota and the U.S. portion of the Williston Basin. These forecasts are widely utilized by both public and private organizations. Two scenarios are modeled to communicate the production impacts of varying price and activity levels. The "Base" case reflects expected production, based on the U.S. Energy Information Administration (EIA) West Texas Intermediate (WTI) oil price forecasts. The "Low" case represents a more conservative production outlook, assuming lower-than-expected activity and/or oil prices. Figure 2 presents a long-term oil production forecast for North Dakota, while Figure 3 illustrates a long-term natural gas production forecast based on the same two activity scenarios for North Dakota.

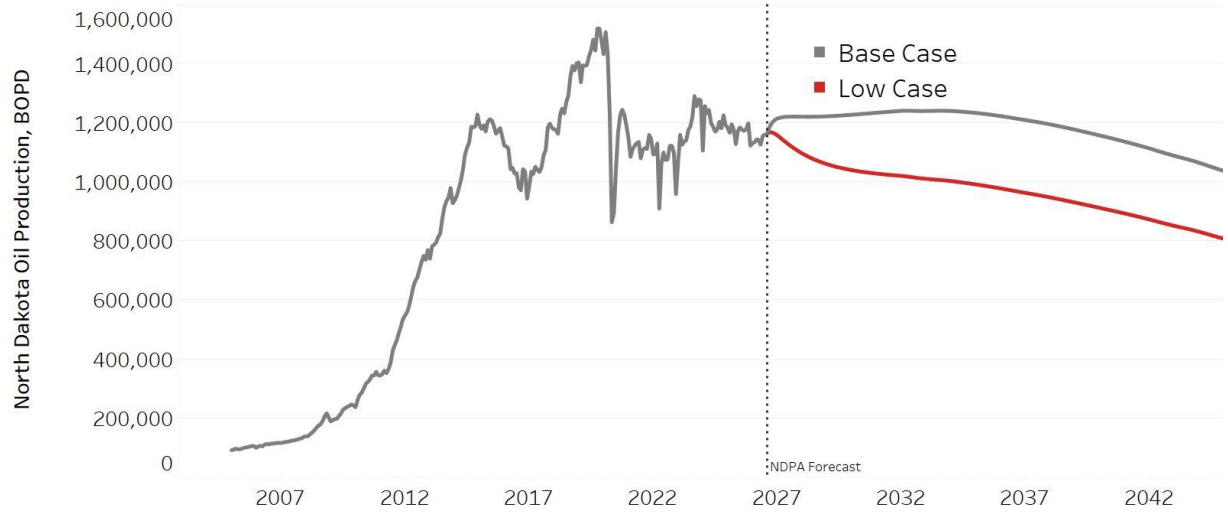


Figure 2. Long-term crude oil production forecast for North Dakota starting in Sep. 2026

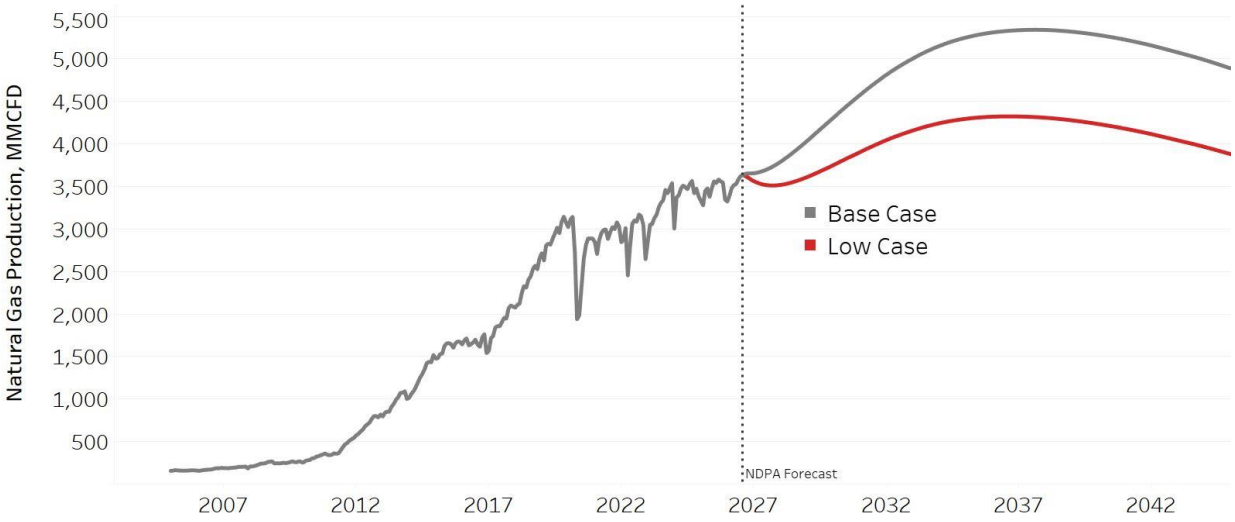


Figure 3. North Dakota natural gas production forecast starting in Sep. 2026

Given the ongoing market uncertainty surrounding the global economic outlook, multiple global military conflicts, and Russian energy sanctions, the Pipeline Authority has developed a series of production forecasts based on different well completion scenarios in North Dakota. Figures 4 and 5 depict the near-term estimated oil and natural gas production levels based on the specified number of new well completions per month. These scenario calculations have been highly beneficial for transportation planning, budgeting, and policy development. Additional information on this topic is available on the Pipeline Authority's website.

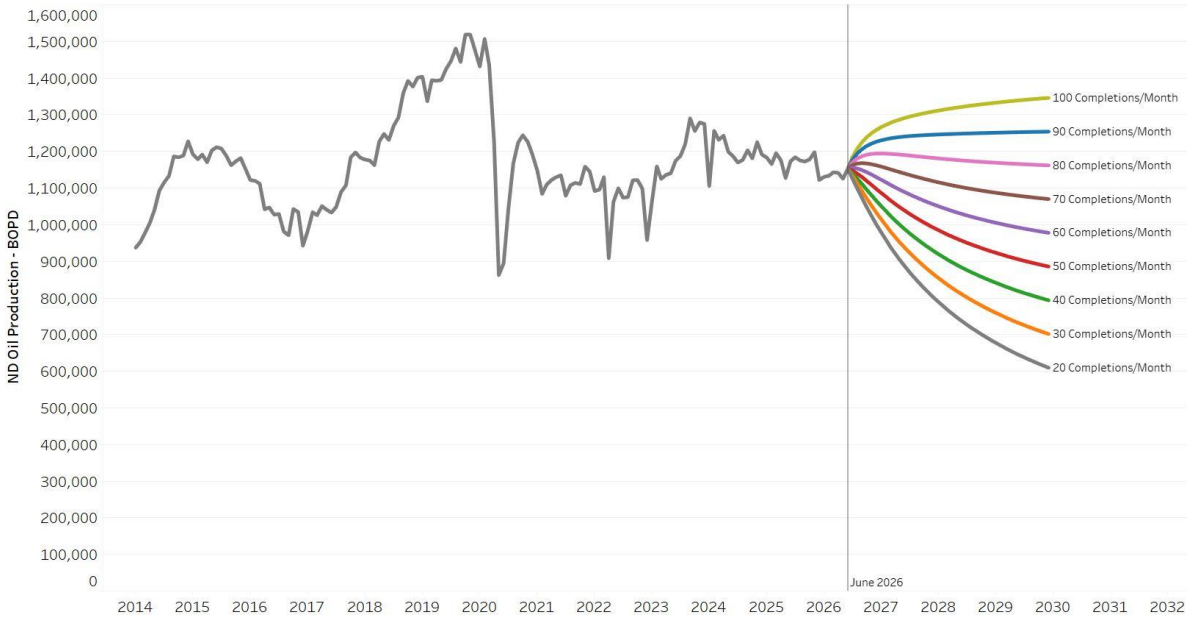


Figure 4. North Dakota oil production under various completion scenarios

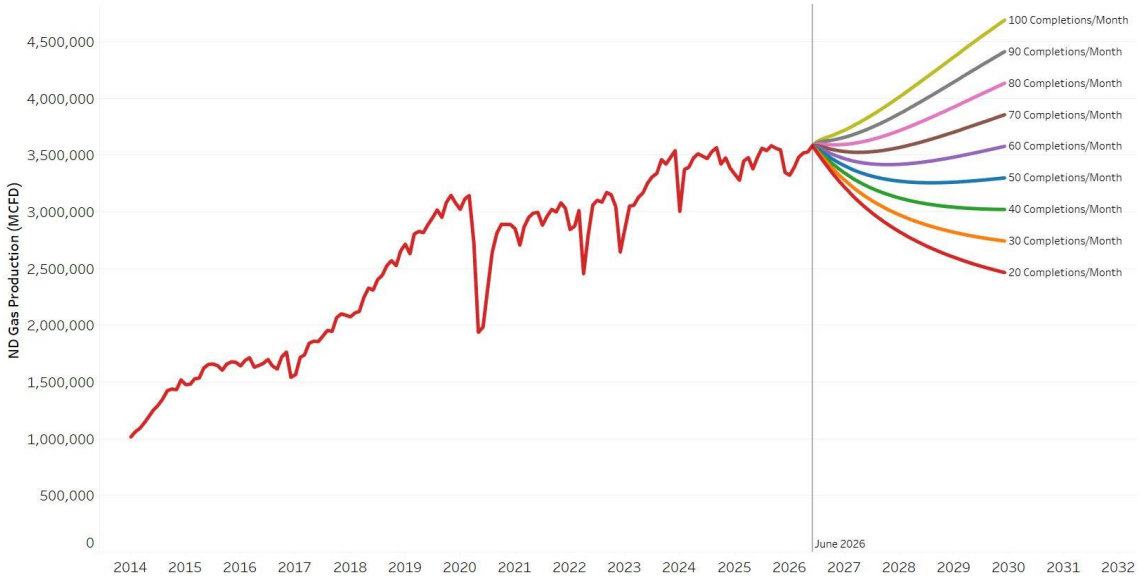


Figure 5. North Dakota natural gas production under various completion scenarios

Natural Gas Liquids

During the 2025–2026 fiscal year, the Pipeline Authority continued to dedicate significant attention to the topic of natural gas liquids (NGLs). Natural gas produced from the Bakken and Three Forks formations is particularly rich in NGLs such as ethane, propane, and butane. The Pipeline Authority continually updated its forecast models to better understand the production potential of these NGLs and the transportation infrastructure needed to support future growth.

The forecast in Figure 6 presents two potential production scenarios based on different activity level assumptions. North Dakota experienced a significant shortfall in gross pipeline capacity until ONEOK's Elk Creek Pipeline became operational in late 2019. In 2025, ONEOK completed an expansion of the Elk Creek Pipeline, increasing its capacity to approximately 435,000 BPD and bringing the company's combined NGL takeaway capacity from the Rocky Mountain region to approximately 575,000 BPD. In April 2026, Kinder Morgan completed the conversion of its Double H crude oil pipeline to NGL service through the Hiland Express project, providing approximately 85,000 BPD of additional NGL transportation capacity from the Williston Basin to Wyoming. Despite these expansions, it is anticipated that NGL production could again surpass available pipeline capacity by mid-2029, unless additional system expansions occur or new market solutions are developed. The complexity of NGL transportation is further compounded by the fact that not all NGL pipelines are designed to handle the same types of NGL products. Additionally, natural gas plants in the region produce either purity products or unfractionated products, commonly referred to as Y-grade.

There are several options available to address the growing volume of NGLs in North Dakota. One option is to build, expand, or repurpose existing pipeline systems. A second option is the development of value-added industries that would use NGL products as feedstock. Another potential use for NGLs is in enhanced

oil recovery (EOR) within the Williston Basin as fields continue to mature. Research into the use of NGLs as a working fluid for EOR has progressed from laboratory testing to field pilot evaluations, with ongoing efforts to better understand the technical and economic feasibility of broader commercial application.

To advance the potential of using North Dakota's NGL products as feedstock for value-added industries, funding was allocated to the Energy & Environmental Research Center (EERC) to study the feasibility of salt cavern storage in the Williston Basin. In late 2020, a research paper was released indicating that storage opportunities may be commercially viable in North Dakota. Additional funding was provided during the 2021 and 2023 legislative sessions to develop pilot projects aimed at confirming the study's findings. During the 2025 legislative session, an additional $2 million was allocated to support a business case analysis evaluating potential commercial opportunities for underground salt cavern storage of natural gas, NGLs, and other energy products. The Pipeline Authority remains actively engaged in this initiative, as it could significantly impact the transportation, storage, and utilization of North Dakota's NGL products.

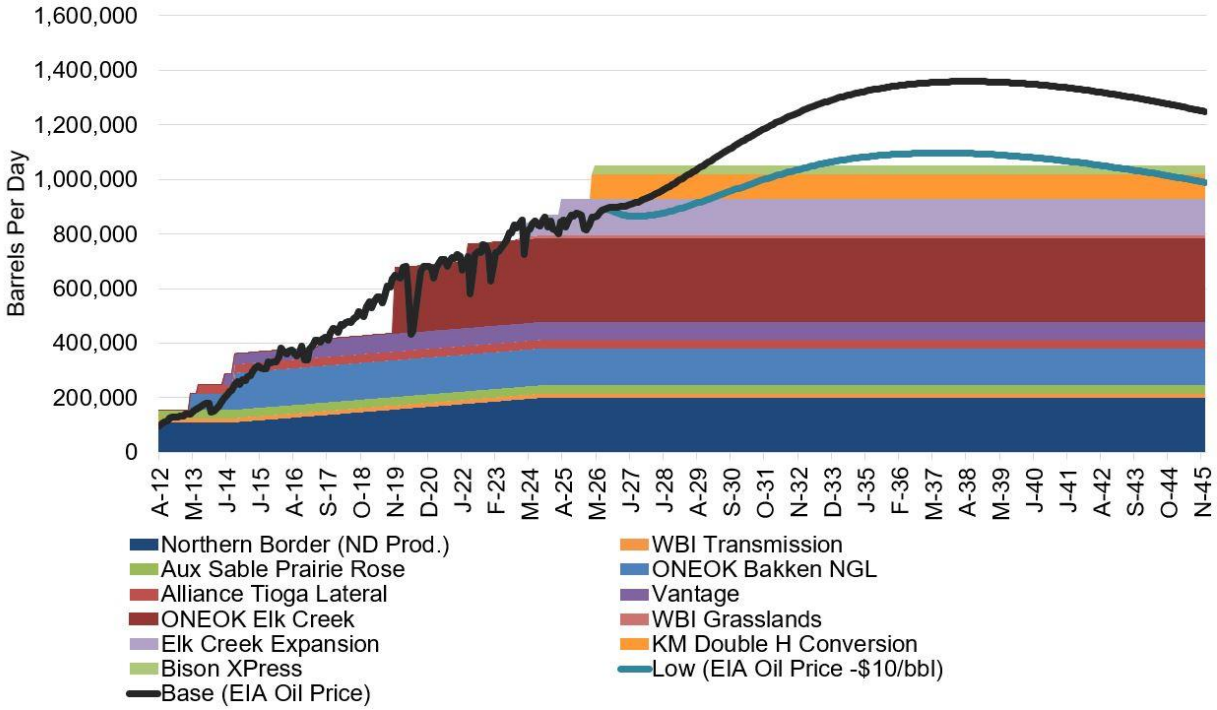


Figure 6. Forecasted North Dakota NGL production and transportation options.

Natural Gas Capture

Although not a regulatory agency, the Pipeline Authority plays an active support role in helping the state maximize natural gas capture. The Pipeline Authority continuously monitors and reports gas capture statistics and provides analysis on current and future developments to industry participants, regulators, policymakers, and the public.

Several significant actions taken by the North Dakota Industrial Commission in recent years have positively impacted natural gas capture efforts. The first was the requirement for operating companies to submit a natural gas capture plan to the Oil & Gas Division, outlining how produced natural gas would be sold or utilized on-site. The second key action was an Industrial Commission order on July 1, 2014, which established gas capture targets through 2020 and provided a means of enforcement by the Oil & Gas Division through production and permitting restrictions.

In November 2018, the Industrial Commission updated the natural gas capture regulations for Bakken and Three Forks production. Additional details on the November update are available on the Oil & Gas Division website.

The North Dakota Industrial Commission's historical gas capture targets were established according to the following schedule:

- 74% Capture – Q4 2014
- 77% Capture – Q1 2015
- 80% Capture – Q2 2016
- 85% Capture – Q4 2016
- 88% Capture – Q4 2018
- 91% Capture – Q4 2020

In August 2026, North Dakota's petroleum industry produced 3.63 billion cubic feet per day (BCFD) of natural gas, achieving a gross capture rate of 96%. Industry estimates suggest that over $20 billion has been invested in pipeline and processing infrastructure to help meet the state's gas capture targets. To achieve future gas capture goals, the industry will require significant additional investments in gas gathering, processing, and transmission systems.

Natural Gas Processing

For reference, a North Dakota Gas Processing and Transportation map can be found on the Pipeline Authority website and a table of all gas processing plants can be found in Appendix C

New or Expanding Natural Gas Plants

Due to the vast footprint of the Bakken resource, natural gas gathering and processing operators in North Dakota have historically faced significant challenges in keeping pace with the increasingly rapid and efficient drilling and completion techniques. Despite these challenges, the industry is stepping up to capitalize on the substantial economic opportunities presented by the rich natural gas produced in the Bakken.

North Dakota currently has 34 natural gas processing and conditioning plants in operation, with a combined processing capacity of approximately 4.3 BCFD (Figure 7). The Pipeline Authority anticipates

that natural gas processing capacity will need to increase by over 1 BCFD in the coming years to keep pace with production growth. A detailed breakdown of existing and proposed facilities can be found in Appendix C and on the Pipeline Authority website.

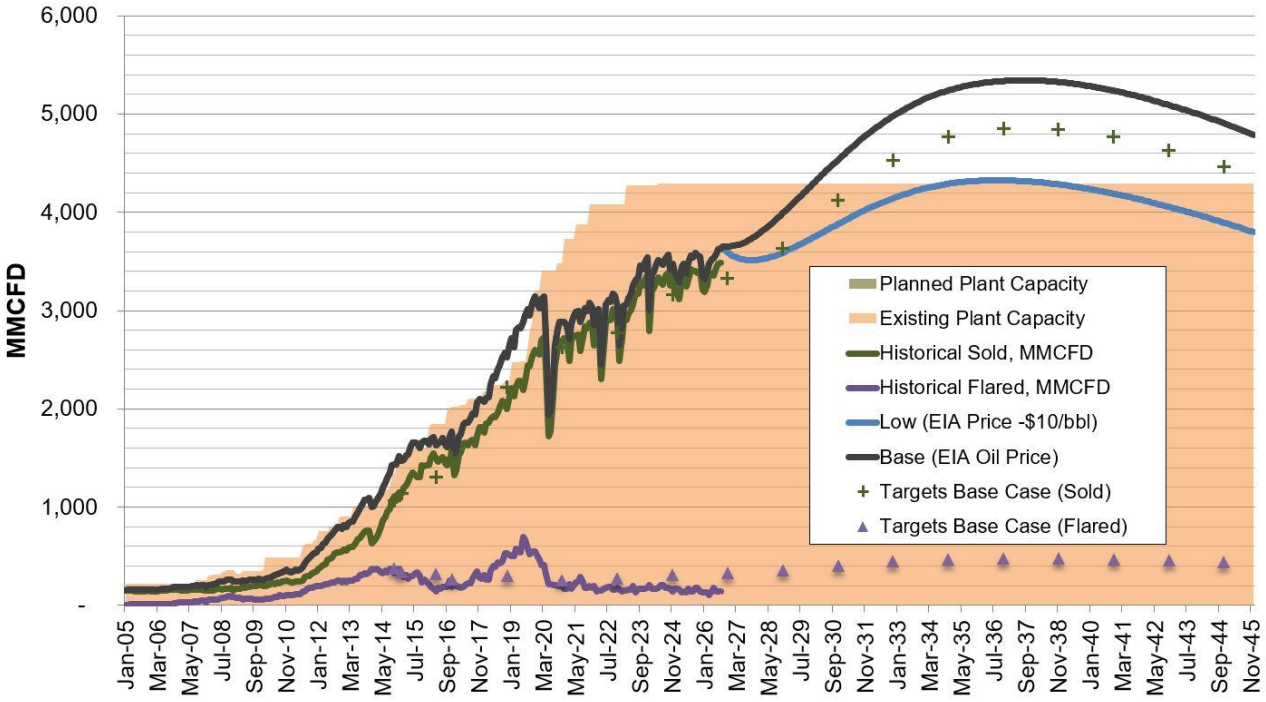


Figure 7. North Dakota natural gas processing plant intake capacity, natural gas production and forecasts, and North Dakota Industrial Commission (NDIC) capture targets. Forecast begins August 2026.

Williston Basin Gas Storage

One primary use of residue natural gas is heating residential and commercial buildings. Without the use of underground natural gas storage, the supply chain would struggle to handle significant seasonal demand fluctuations. During the warm summer months, excess natural gas is stored in underground reservoirs and then withdrawn during colder periods when demand is higher (Figure 8). The reservoirs used for natural gas storage are typically depleted gas-producing fields that have been converted to serve a storage function.

The nearest residue natural gas storage field is located near Baker, Montana, and is operated by WBI Energy. Primarily situated in southeastern Montana within the Cedar Creek Anticline, the Baker field is one of the largest natural gas storage fields in the United States, with a working gas capacity of approximately 160 BCF. When combined with the Elk Basin storage field in Montana, WBI Energy's total working gas capacity exceeds 193 BCF, although operations have averaged a balance of less than 50 BCF over the past year (Figure 8). Regional interstate residue gas pipelines provide transportation services to and from both the Baker and Elk Basin storage fields.

A formal effort by WBI Energy in late 2024 to expand system capacity and pipeline connectivity to the Baker storage field was unsuccessful due to a lack of long-term, firm shipper commitments. The Pipeline Authority remains actively engaged in ongoing discussions to support future production growth and economic development opportunities in the region by leveraging the advantages of local natural gas storage.

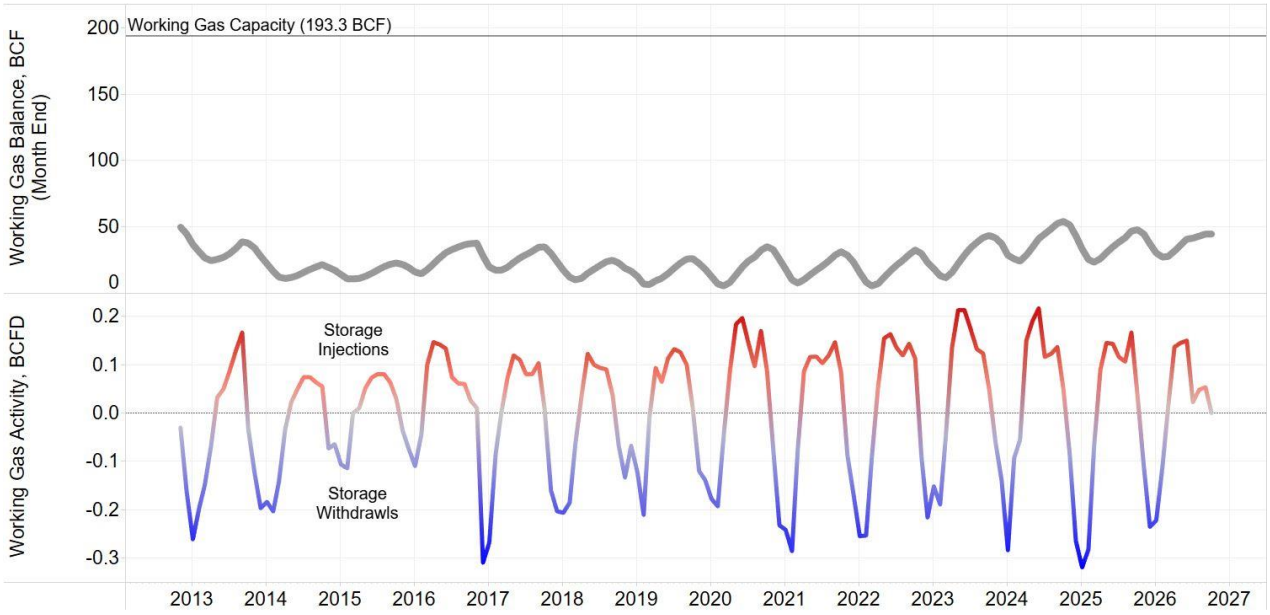


Figure 8. WBI Energy gas storage field activity

North Dakota Freight Advisory Committee

In the fall of 2018, the Pipeline Authority Director, along with several other private and public entities, partnered with the North Dakota Department of Transportation (NDDOT) to establish the North Dakota Freight Advisory Committee. The primary objective of the committee is to improve collaboration between transportation providers, industry sectors, and government entities to efficiently expand North Dakota's economy.

In January 2023, NDDOT published its combined State Freight and Rail Plan, establishing long-term priorities for freight transportation and identifying opportunities to improve the movement of goods throughout the state. NDDOT anticipates beginning an internal update to this plan in 2026, with completion targeted for 2027.

During the 2025–2026 fiscal year, NDDOT also advanced Transportation Connection 2050, the state's updated long-range transportation plan. The plan establishes transportation priorities through 2050, emphasizing infrastructure maintenance, safety, connectivity, and efficient freight movement to support economic development.

The Pipeline Authority continues to participate in the Freight Advisory Committee and related transportation planning efforts, providing insight into North Dakota's petroleum industry and the transportation infrastructure needed to support the movement of energy products and other related commodities.

Along with the Pipeline Authority, member entities include:

- BNSF Railroad
- Dakota, Missouri Valley, & Western Railroad
- Federal Railroad Administration
- Magnum Trucking
- Minot Air Force Base
- Federal Highway Administration
- North Dakota Department of Commerce
- Teamsters Local 638
- Enger Grain & Livestock
- North Dakota Aeronautics Commission
- United Sugars Corporation
- North Dakota Mill and Elevator
- North Dakota Trade Office
- North Dakota Department of Transportation
- North Dakota Public Service Commission
- Greater North Dakota Chamber
- Mountrail County
- Fargo-Moorhead Metro COG
- Impact ND

Industry and Public Communications Activities

Pipeline Authority Websites

In an effort to provide industry and public users with the most timely and comprehensive information, the Pipeline Authority continues to update its websites as new data becomes available. The websites enable the Pipeline Authority to share current Williston Basin oil production data, maps, news, publications, basic pipeline information, pipeline safety details, and links to pipeline mapping systems.

Monthly Updates

During the 2025–2026 fiscal year, the Pipeline Authority produced monthly transportation and production reports, providing interested parties with a quick overview of crude oil and natural gas production levels, as well as details on how each commodity was transported and/or processed. This information is

presented during monthly media events held in collaboration with the North Dakota Oil & Gas Division. The reports are also posted on the Pipeline Authority's website, and an email distribution list has been established to circulate updates to those interested.

North Dakota Natural Gas Utilization Study

In March 2026, the Pipeline Authority, in collaboration with the Energy & Environmental Research Center (EERC), completed a report titled *Maximizing the Use of North Dakota's Natural Gas Resource*. The study examined North Dakota's natural gas production, processing, transportation, storage, and consumption infrastructure, with particular emphasis on opportunities to expand natural gas utilization within the state.

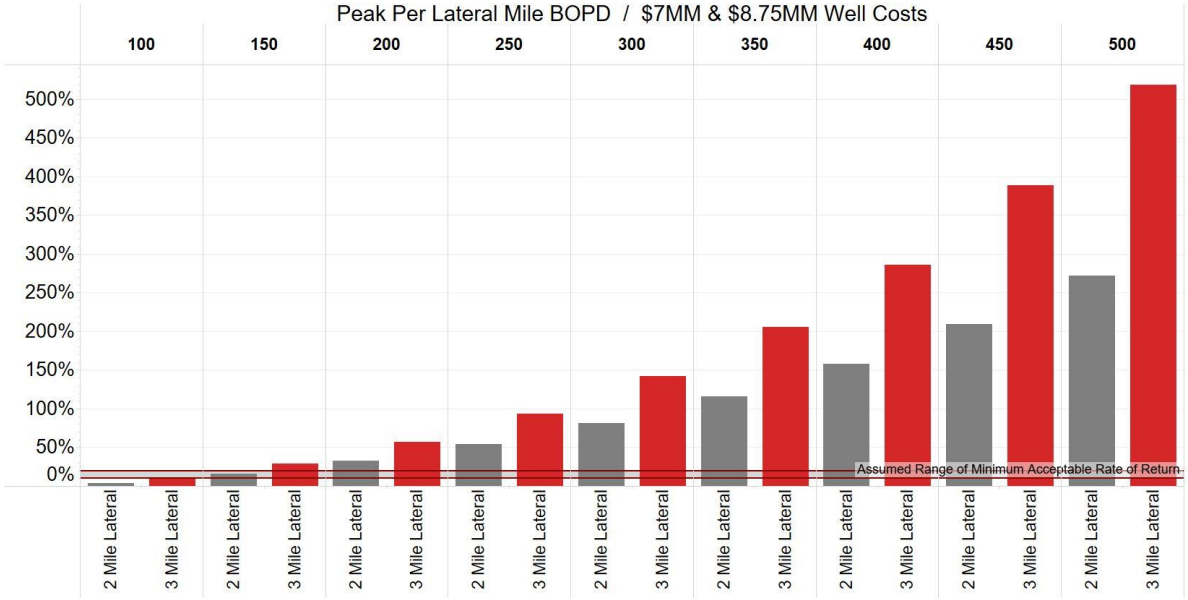
A key component of the study was an assessment of existing and potential future natural gas demand in northeastern North Dakota, particularly the Grand Forks region. The analysis identified approximately 57,000 dekatherms per day (Dth/day) of existing natural gas demand, more than 78,000 Dth/day of potential near-term incremental demand, and over 690,000 Dth/day of hypothetical future demand associated with additional industrial development and power generation. These findings highlight opportunities for expanded natural gas pipeline infrastructure to support economic development and increased utilization of North Dakota-produced natural gas.

The report is publicly available on the Pipeline Authority's website.

North Dakota Drilling Economics

To assist the midstream industry in understanding current and future petroleum activity levels, the Pipeline Authority regularly publishes analyses exploring the economics of drilling in North Dakota's Bakken and Three Forks formations. This research examines historical drilling success in North Dakota and estimates where future drilling activity may be concentrated under varying oil price scenarios.

As part of this research, Figure 9 compares the expected after-tax rates of return for wells drilled with two- and three-mile lateral lengths. North Dakota operators have increasingly adopted three-mile laterals, achieving more than a 45% increase in well productivity compared to two-mile laterals while experiencing approximately a 25% increase in overall well costs. Assuming a $75 per barrel wellhead oil price, the analysis indicates that two-mile laterals can achieve after-tax rates of return of approximately 10%–20% or higher when peak-month production averages at least 200 barrels of oil per lateral mile per day. Due to improved capital efficiency, three-mile laterals can achieve comparable returns at approximately 150 barrels of oil per lateral mile per day during the peak production month. Maps are also maintained to illustrate the general locations of wells included in the analysis.



(Assumes $75/bbl at the wellhead)

Pipeline Presentations

The Pipeline Authority had the opportunity to present at various legislative, industry, and public events during the past fiscal year. These presentations typically focused on North Dakota's transportation dynamics, with additional material covering drilling economics and production techniques. Slides from many of the major events have been made available on the Pipeline Authority's website for public access.

Williston Basin Pipeline Infrastructure

For reference, a series of North Dakota pipeline maps can be found in Appendix A

Pipeline Mileage

In 2025, North Dakota's pipeline industry added 391 miles of new oil, natural gas, and produced water pipelines (Figure 10). The majority of these new pipelines function as gathering systems for oil, natural gas, and produced water (Figure 11). The significant decrease in pipeline construction after 2016 was proportional to the slowdown in well completions and the geographic concentration of activity within the core of the oil play. Data from the U.S. Department of Transportation and the North Dakota Oil & Gas Division indicate that North Dakota now has over 31,660 miles of gathering and transmission pipelines. Further details about North Dakota's pipeline network can be found on the Pipeline Authority website.

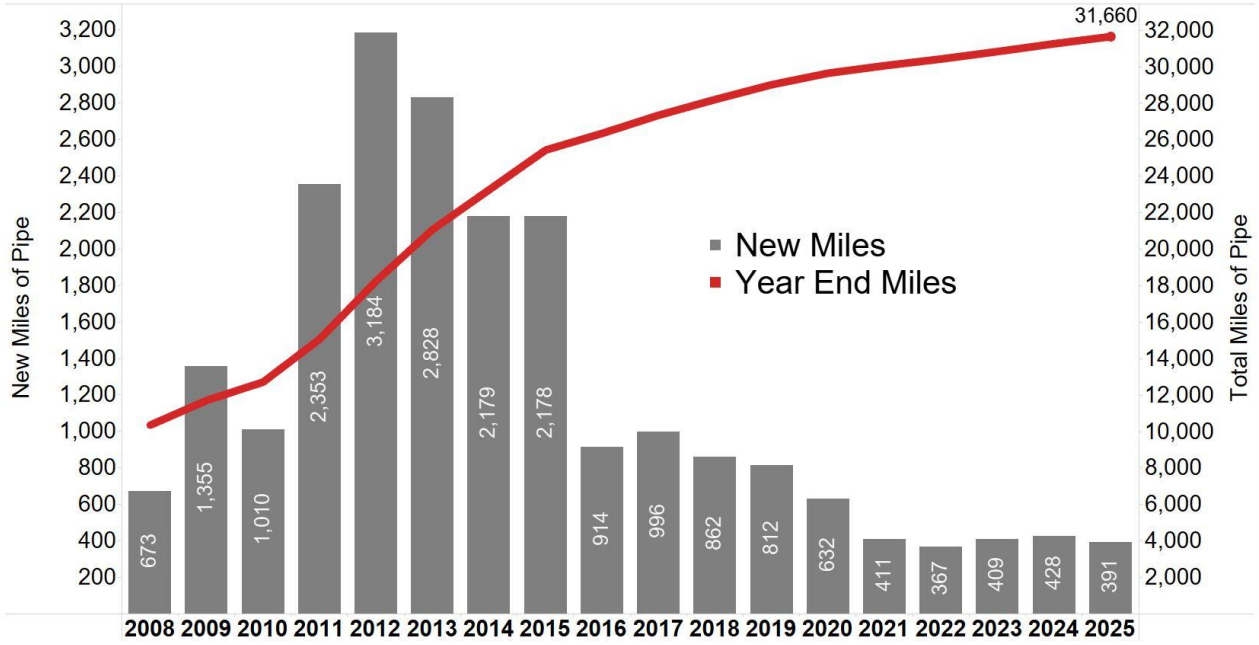


Figure 10. North Dakota pipeline mileage

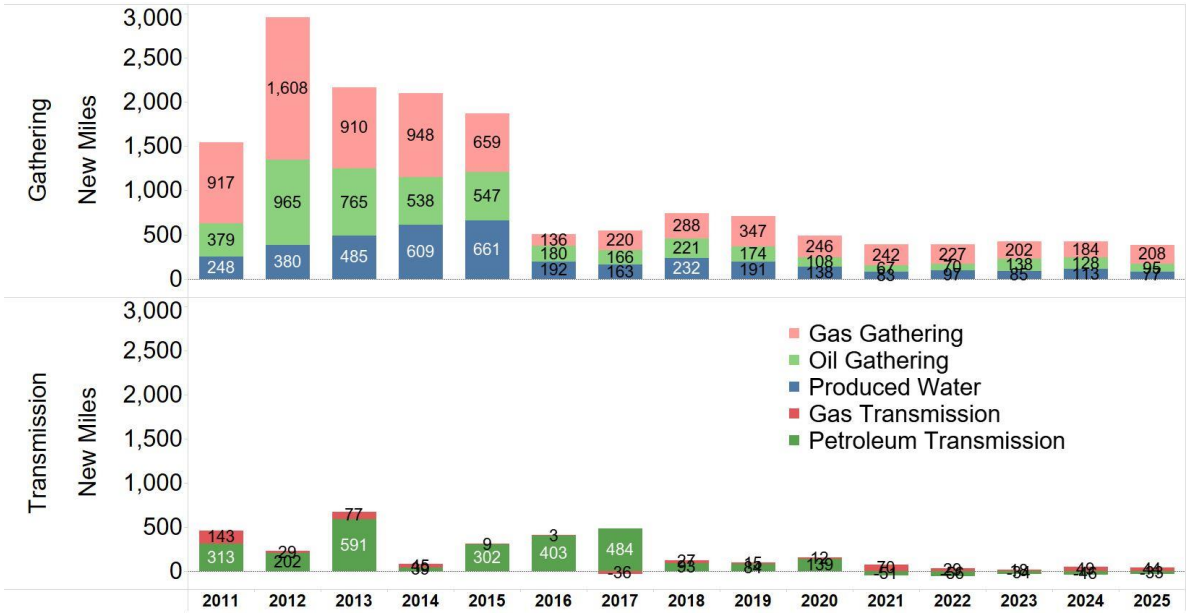


Figure 11. New North Dakota pipeline mileage by category

Crude Oil Pipelines, Refining, and Rail Transportation

Enbridge/North Dakota Pipeline Company: Having completed several expansion projects over the past number of years, Enbridge now has the capacity to move 355,000 BOPD on its pipeline system to

Clearbrook, MN. Enbridge completed their work to expand northbound capacity of 145,000 BOPD in early 2013 for the larger scale "Bakken Expansion Project". Oil using the northbound route navigates the Enbridge Saskatchewan system to an interconnect with the Enbridge Mainline at Cromer, MB. Once on the Mainline system, the Williston Basin oil quickly reenters the United States and meets eastbound Enbridge oil at Clearbrook, MN.

Enbridge's plans to construct the 225,000 BOPD "Sandpiper" system were deferred during the third quarter of 2016 due to unexpected regulatory challenges in Minnesota and ultimately canceled.

In November 2025, Enbridge announced its proposed Mainline Optimization Phase 2 (MLO2) project, which could provide approximately 250,000 BOPD of additional transportation capacity for western Canadian crude oil. The project would involve reversing the existing Enbridge Bakken Pipeline (Line 26) between Berthold, North Dakota, and Cromer, Manitoba, allowing Canadian crude oil to move south through North Dakota and utilize existing capacity on the Dakota Access Pipeline. As of September 2026, the proposed MLO2 project had been postponed, with future development dependent on market conditions, commercial commitments, and regulatory approvals.

Bridger, Belle Fourche, and Butte Pipelines (Bridger Pipeline System): Bridger and Belle Fourche Pipelines operate as intra-regional pipeline systems moving oil to several pipeline interconnects or rail facilities in the Williston Basin. One such pipeline interconnect is with the Butte Pipeline near Baker, MT. The Butte Pipeline currently has the capacity to move 300,000 BOPD to Guernsey, WY. In Guernsey, WY, the oil is transported to Wood River, IL on the Platte Pipeline, Cushing, OK on the White Cliffs Pipeline, or loaded into rail cars for further transport.

In mid-2022, Bridger Pipeline began constructing a multi-segment expansion project from Johnson's Corner, ND to Guernsey, WY to meet growing production levels. Placed into service in early 2023, the 137-mile, 16-inch "South Bend Pipeline" is able to ship 175,000 BOPD to Baker, MT. Additionally, a 191-mile southern section of 20-inch pipeline moves up to 200,000 BOPD of North Dakota and Rockies oil from Hulett, WY to Guernsey, WY. At Guernsey, WY oil has multiple shipping options by pipeline and rail.

During 2026, Bridger Pipeline and South Bow advanced plans for additional crude oil transportation infrastructure linking western Canada and the Rocky Mountain region to Cushing, Oklahoma, and Gulf Coast markets. The proposed developments include the Prairie Connector, expansions to Bridger's existing pipeline network, and the proposed Liberty Bridge Pipeline connecting Guernsey, Wyoming, to Cushing. The proposed project is primarily designed to transport western Canadian crude oil rather than domestically produced Williston Basin crude oil.

BakkenLink: After announcing plans in 2010 to offer a pipeline system connecting the Williston Basin to the (now canceled) Keystone XL Pipeline in Eastern Montana, BakkenLink altered their project scope. The BakkenLink system collects crude oil from various locations along its route south of Lake Sakakawea and delivers the oil to a unit train rail facility located near Fryburg, ND. In late 2015, Andeavor (formerly Tesoro Corporation) purchased the BakkenLink pipeline and rail facility from Great Northern Midstream.

In February 2018, Andeavor (now Marathon Petroleum) sought, and was granted, approval from the North Dakota Public Service Commission to add NGL service to the existing BakkenLink crude oil system. Completed in late 2018, the additional NGL service to Fryburg, ND uses three new line segments on the north and south ends of the BakkenLink system.

Energy Transfer Partners: In early 2014, Energy Transfer Partners (ETP) held an open season to solicit interest in a new 30" pipeline from North Dakota to Patoka, IL. In June 2014, ETP announced that they had secured sufficient shipper support to move forward with the project. The project began construction in May 2016 and was placed into commercial service on June 1, 2017. When the "Dakota Access" pipeline began collecting oil north and south of Lake Sakakawea it had the ability to transport up to 520,000 BOPD.

In 2018, two successful open seasons were held for additional service on the Dakota Access pipeline. With additional shipper commitments, the pipeline was expanded to carry up to 600,000 BOPD.

In 2019, ETP began the regulatory process to expand the Dakota Access system up to 1.1 million BOPD through the use of additional pump stations and horsepower at existing pump facilities. In August 2021, ETP announced the most recent completion of the Dakota Access Pipeline system expansion to a new system capacity of 750,000 BOPD. No timelines have been announced as to when the full system expansion up 1.1 million BOPD would be complete.

In December 2025, the U.S. Army Corps of Engineers published the final Environmental Impact Statement (EIS) for the Dakota Access Pipeline's Lake Oahe crossing. On May 21, 2026, the Corps signed a Record of Decision granting an easement with additional conditions, allowing the pipeline to continue operating beneath Lake Oahe. The Dakota Access and Energy Transfer Crude Oil pipeline systems provide transportation capacity of up to 750,000 BOPD from North Dakota to Patoka, Illinois, with additional connectivity to Gulf Coast markets.

In November 2025, Enbridge announced plans to potentially utilize available pipeline capacity as part of its Mainline Optimization Phase 2 (MLO2) project. The proposed project would allow additional western Canadian crude oil to move south through North Dakota and access markets served by the Dakota Access Pipeline. Additional details are provided in the Enbridge section.

Kinder Morgan Double H Pipeline: The 12-inch, 485-mile Double H Pipeline transported oil from North Dakota and Montana to Guernsey, Wyoming, where it connected with other regional pipelines for further distribution. Originally developed by Hiland Partners, the 88,000 BOPD system became operational in 2015. Kinder Morgan acquired the pipeline later that year as part of its purchase of Hiland Partners.

In July 2024, Kinder Morgan announced plans to convert the Double H Pipeline to NGL service in response to changing market demand. In April 2026, Kinder Morgan completed its approximately $165 million Hiland Express project, converting the existing Double H Pipeline from crude oil transportation to NGL

service. The conversion provides Williston Basin producers and midstream operators with additional NGL transportation capacity and market connectivity.

Plains All American Pipeline: In November 2010, Plains All American Pipeline (Plains) announced plans to construct a new 103-mile, 12-inch, pipeline from Trenton, ND to an interconnect with the existing Wascana Pipeline at the United States-Canada border in northeast Montana. The "Bakken North" pipeline went into service in May 2014, with an initial capacity of 40,000 BOPD, expandable to 75,000 BOPD.

Marathon Petroleum Mandan Refinery (Formerly Andeavor/Tesoro): Expanded by 10,000 BOPD in 2012, Marathon Petroleum operates a 72,000 BOPD refinery in Mandan, ND. The refinery receives its light sweet feedstock through a network of pipelines in the Williston Basin. Products generated at the refinery are distributed directly from a truck rack at the facility or through the NuStar North Pipeline to eastern North Dakota and Minnesota.

Following the fiscal year, on November 3, 2026, Marathon Petroleum announced an agreement to sell the Mandan refinery and related midstream assets, along with its St. Paul Park, Minnesota, refinery, to CVR Energy. The transaction is expected to close by the end of 2026, subject to closing conditions and regulatory approvals.

Marathon Petroleum Dakota Prairie Refinery: In late June 2016, Tesoro Corporation purchased the Dakota Prairie Refinery from MDU Resources Group and Calumet Specialty Products Partners. The Dakota Prairie Refinery began processing 20,000 BOPD at its facility just west of Dickinson, ND in May 2015. The "diesel topping" refinery produced around 7,000 BPD of diesel fuel for regional consumption, while the remaining product was transported for further processing or use.

In 2018, a decision was made to convert the refinery to produce renewable diesel fuel by mid-2020. Beginning in June 2020, the facility no longer used crude oil as a feedstock. Renewable diesel fuel from the facility is now primarily being shipped by rail to markets in California.

Davis Refinery: Meridian Energy Group is proposing to construct a crude oil refinery in Billings County, east of the Fryburg Rail Facility in Belfield. The refinery is designed with an inlet oil capacity of 49,500 BPD. All refined products are expected to be marketed regionally with transportation taking place by truck and/or rail. Preliminary site preparation began in July 2018 with plant completion undetermined at time of report publication.

A map of North Dakota crude oil gathering systems can be found on the Pipeline Authority website

Rail Loading Facilities: The transportation of crude oil by rail has played a critical role in moving increasing volumes of crude oil from the Williston Basin to markets across the United States and Canada. Figure 12 illustrates the estimated market share percentages for rail, pipeline, and local refining in the Williston Basin, while Figure 13 presents the estimated volume of oil transported by rail out of North Dakota.

Additional maps, capacities, and details about various facilities are available on the Pipeline Authority's website.

A significant decrease in crude-by-rail volumes is evident during the 2015-2017 period in Figures 12 and 13. This decline can be attributed to reduced production in North Dakota and diminished market incentives for using rail transport. Prior to the 2020 industry downturn, crude-by-rail volumes had been steadily increasing as production rose and pipeline egress reached capacity. The Pipeline Authority estimates that six of the more than 20 rail facilities in the region remain active in loading crude oil, with the most active facilities being those capable of handling unit trains and offering multiple inbound/outbound marketing options.

The future utilization of crude-by-rail in North Dakota will be influenced by oil production volumes, market pricing, pipeline capacity, and regulatory oversight.

A map of North Dakota oil rail loading facilities can be found in Appendix B

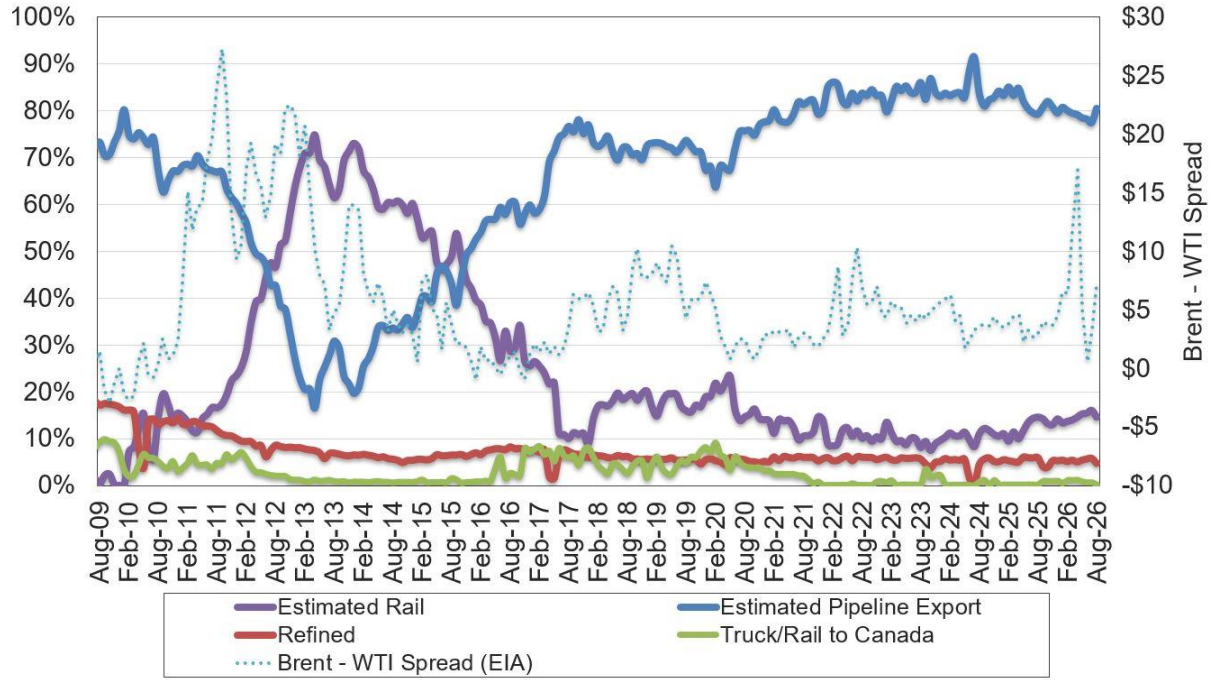


Figure 12. Estimated oil transportation by mode (August 2026 data)

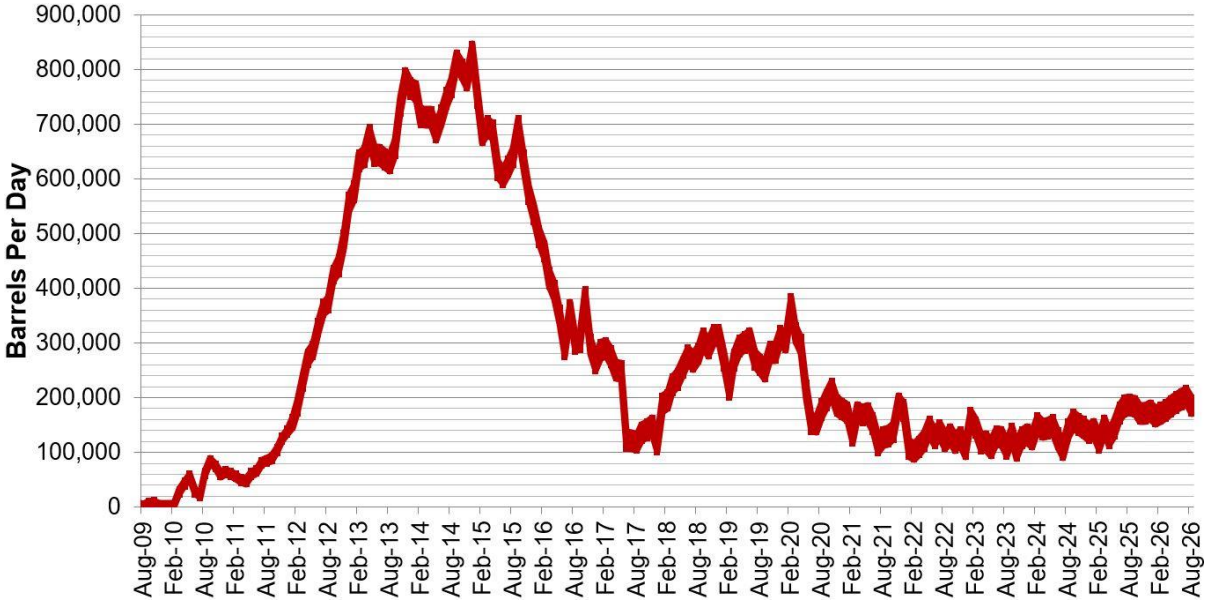


Figure 13. Estimated outbound crude oil rail shipments (August 2026 data)

Natural Gas Pipelines

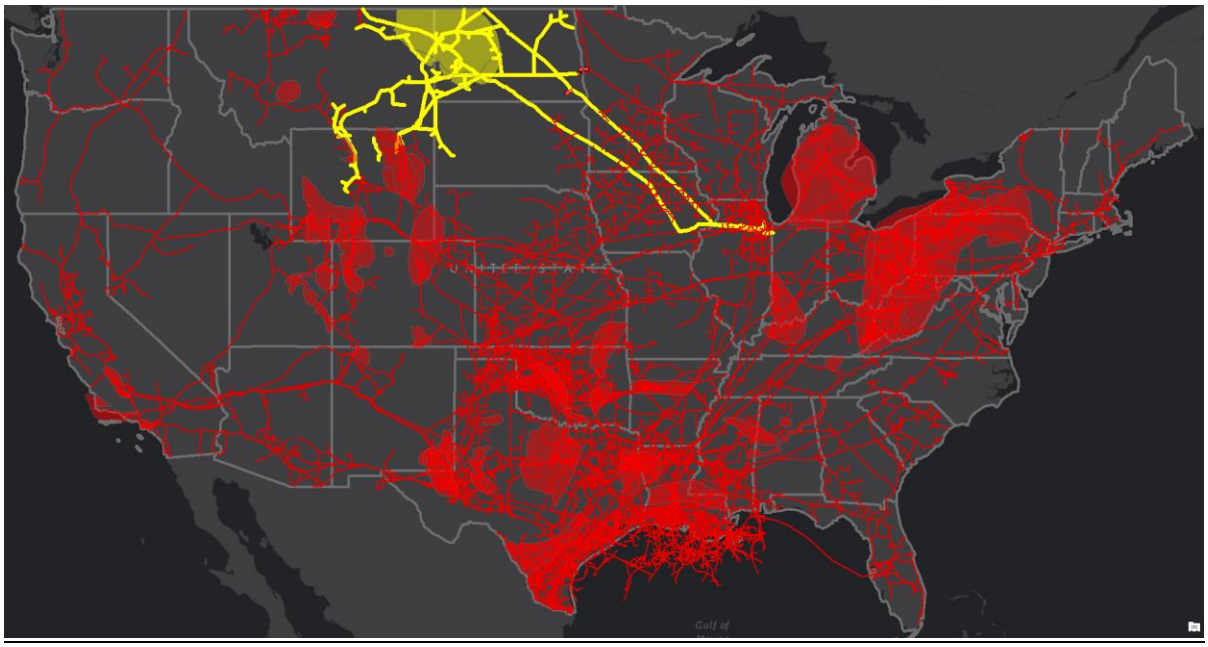


Figure 14. North Dakota's interstate gas pipelines (yellow) and the national interstate gas pipeline network (red)

Alliance Pipeline: The Alliance Pipeline is a high pressure, large diameter natural gas pipeline that originates in British Columbia, Canada and terminates at the Aux Sable gas processing plant near Chicago, IL. The Alliance Pipeline transports "dense gas" or gas that still contains high BTU natural gas liquids, such as propane and butane. In February 2010, the Alliance Pipeline began transporting rich natural gas from North Dakota via a new interconnect with the Prairie Rose Pipeline near Bantry, ND (See Aux Sable below).

The 36-inch diameter United States portion of the pipeline has a certified capacity of 1.513 BCFD. The Alliance Pipeline has one direct North Dakota delivery point in Hankinson and one interconnect with Montana Dakota Utilities to serve industrial manufacturing in Gwinner.

In response to growing natural gas production, Alliance Pipeline announced plans on June 22, 2011, to construct a new, 80-mile, natural gas pipeline from the Hess Gas Plant in Tioga, ND to an interconnection point near Sherwood, ND. Commissioned in late 2013, the "Tioga Lateral Pipeline" has the ability to deliver liquids rich, high BTU, natural gas to Chicago, IL for further processing and transportation. The Tioga Lateral has the capacity to transport up to 126 million cubic feet per day (MMCFD).

Northern Border: The Northern Border Pipeline, owned by TC Pipelines and ONEOK Partners, is a 1,412-mile pipeline originating at the Port of Morgan in Montana and terminating near North Hayden, Indiana. The pipeline has a system receipt capacity of 2.37 BCFD, with less than 20% of the gas supply in the first half of 2026 originating in Canada through a receipt point with the Foothills Pipeline at the Port of Morgan. The 42-inch diameter Northern Border Pipeline receives gas deliveries at a total of seventeen receipt points in the Williston Basin with fourteen of those points for North Dakota gas supply. (See the Bison Pipeline section below for details on the Bison XPress expansion project)

WBI Energy: Formerly known as Williston Basin Interstate Pipeline Co., WBI Energy operates more than 3,800 miles of natural gas transmission pipelines throughout North Dakota, Montana, Wyoming, Minnesota, and South Dakota. This network of pipelines plays a vital role in North Dakota's natural gas industry. It contains fourteen interconnecting points with other regional pipelines and can also deliver natural gas to local distribution companies or natural gas storage fields. WBI continues to make system upgrades in western North Dakota in order to meet growing customer demand.

In June 2016, WBI announced an open season to connect the eastern North Dakota portion of the system with the Viking Pipeline in western Minnesota. This project, known as the Valley Expansion, does not directly support North Dakota gas production volumes, but rather would serve to provide additional gas volumes to consuming markets in eastern North Dakota. The Valley Expansion project became operational in late 2018.

In early 2019, WBI Energy announced plans to construct a new gas pipeline system called the "North Bakken Expansion Project". Started in July 2021 and completed in Q1 2022, the $260 million system consists of 60 miles of 24" pipe and 30 miles of 12" pipe. The initial project added 250 MMCFD of capacity from Tioga, ND to an interconnect with the Northern Border Pipeline in McKenzie County. Capacity can be expanded to 600,000 MCFD to meet growing gas volumes in the future.

In Q3 2021, WBI Energy held a successful open season for a system expansion in Southeast North Dakota. The 60.2-mile, 12-inch pipeline provides up to 20.6 MMCFD of natural gas transportation capacity from Mapleton to Wahpeton, North Dakota. WBI Energy began the FERC regulatory process in Q2 2022, with formal support from the Industrial Commission being submitted in June 2022 and final approval received

in Q3 2023. The pipeline entered service in Q4 2024 and has the potential to connect to additional nearby communities and end-users as market conditions warrant.

In Q1 2022, WBI Energy held a successful open season for the expansion and permanent reversal of the existing Grasslands pipeline. The 16-inch pipeline connects to the Northern Border pipeline near Manning, ND and delivers gas to two additional natural gas pipelines in Wyoming for further transport to the Cheyenne trading hub. The expansion and reversal project was completed in Q4 2023, with an initial transportation capacity of approximately 94 MMCFD.

In Q4 2024, WBI Energy launched a non-binding open season for its proposed Bakken East natural gas pipeline, designed to transport western North Dakota natural gas to markets in central and eastern North Dakota. During the 2025–2026 fiscal year, the project continued advancing through the regulatory and commercial development process. In February 2026, the project entered the FERC pre-filing environmental review process, followed by the completion of a successful binding open season in March 2026.

Following the fiscal year, on September 30, 2026, MDU Resources announced a positive final investment decision for the project, subject to regulatory approvals. The revised project design includes approximately 350 miles of mainline pipeline and an initial design capacity of 1.4 BCFD. Construction is anticipated during the 2028–2030 period, with Phase I reaching central North Dakota in late 2029 and Phase II extending to eastern North Dakota by late 2030.

In addition to Bakken East, WBI Energy is advancing two other natural gas transmission projects in North Dakota. The Line Section 32 Expansion consists of a proposed 17-mile, 24-inch pipeline lateral providing approximately 190,000 dekatherms per day of capacity to Basin Electric's proposed Bison Generation Station in Williams County, with an anticipated in-service date in late 2028. WBI is also evaluating the Minot Industrial Pipeline, a proposed 90-mile pipeline from Tioga to Minot designed to transport approximately 250 MMCFD of natural gas to support industrial development, with a potential in-service date in late 2029.

Intensity Infrastructure Partners: In early 2025, Intensity Infrastructure Partners launched a non-binding open season for its proposed “Intensity Pipeline.” The project is proposed to be developed in two phases. Phase I consists of 136 miles of 42-inch-diameter pipeline with an initial capacity of approximately 1.5 BCFD, extending from McKenzie County to southern McLean County.

In April 2025, a 208-mile, 30-inch Phase II extension was announced, connecting the Phase I segment near southern McLean County to Casselton, North Dakota. The extension is designed to bring the total system length to approximately 344 miles, with an initial capacity target of 1.1 BCFD, expandable to 1.5 BCFD with additional compression. The in-service target for the proposed extension is January 1, 2030.

Aux Sable: In June 2011, Aux Sable announced the acquisition of the Prairie Rose Pipeline and condensate recovery facility near Stanley, ND. Originally constructed by Pecan Pipeline, the 75-mile, 12-inch system

went into service February 2010 and has the capability to transport over 120 MMCFD of unprocessed natural gas from Mountrail County to an interconnect with the Alliance Pipeline near Bantry, ND.

Bison Pipeline: TC Energy placed the 302-mile, 30-inch Bison Pipeline into service in early 2011. The pipeline was built to connect natural gas production in the Powder River Basin of Wyoming to the Northern Border Pipeline in Morton County, North Dakota. The pipeline had an initial capacity of 407 MMCFD and could be expanded to 1 BCFD. From 2018 to the first half of 2020, the Bison Pipeline was idle. Limited and sporadic natural gas transportation resumed in May 2020 and ceased in September 2020.

In the first half of 2022, TC Energy began informally seeking interest for a proposal to reverse the Bison Pipeline to serve growing natural gas transmission needs from North Dakota. In June 2023, a binding open season was held offering 430,000 dekatherms per day of capacity. Two shippers, Hess and ONEOK, signed up for a combined total of 300,000 dekatherms per day of firm capacity. In Q3 2023, TC Energy filed for project approval at FERC with an in-service target of Q1 2026. An expansion from 300,000 to the proposed 430,000 dekatherms per day is possible in the future if supported by shipper demand.

As of Q3 2026, while all physical on the project has been completed, the project has not been placed in commercial service. No updated timelines have been publicly provided by any of the parties.

Dakota Natural Gas: Dakota Natural Gas, LLC was formed in 2018 to provide natural gas service to areas of North Dakota that were currently not served by any other natural gas utility. Regulated by the North Dakota Public Service Commission, Dakota Natural Gas was authorized to provide natural gas distribution service to retail and commercial customers in North Dakota. The first project was completed in 2019 and provided gas service from the Viking Pipeline in western Minnesota to the community of Drayton, ND. The second project was completed in late 2021 and delivers gas from the Viking Pipeline to residential and industrial users in the communities of Mayville and Hillsboro, ND. Further expansion to residential and commercial users in Portland, ND was completed in Q4 2022.

A new project to connect the cities of Arvilla and Larimore in Northeast North Dakota was announced in mid-2023 and placed in service in late 2024.

Natural Gas Liquids Pipelines

ONEOK Bakken NGL Pipeline: On July 26, 2010, ONEOK Partners announced plans to construct a new 12" natural gas liquids pipeline capable of moving 60,000 BPD from existing and planned facilities in the Williston Basin to an interconnect with the Overland Pass Pipeline near Cheyenne, WY. The "Bakken NGL Pipeline" was built to address the high volumes of natural gas liquids that are extracted from the rich Bakken gas during processing. The pipeline operates as a Y-grade system, with product fractionation taking place in Bushton, KS. ONEOK announced completion of the pipeline in April 2013 and an expanded capacity of 140,000 BPD in September 2014.

In February 2018, ONEOK announced the Elk Creek Pipeline, a $1.4 billion NGL transmission system connecting Williston Basin production to Mid-Continent markets. Construction began in 2018 and the line entered service in late 2019. ONEOK completed an expansion of the Elk Creek Pipeline in 2025, increasing its transportation capacity to approximately 435,000 BPD and bringing the company's combined NGL takeaway capacity from the Rocky Mountain region to approximately 575,000 BPD.

Vantage Pipeline: On July 15, 2010, Mistral Energy announced a new 430-mile liquid ethane pipeline from Tioga, ND to Empress, AB. With an initial capacity of 40,000 BPD, the new "Vantage Pipeline" was built to address the high concentration of ethane found in North Dakota's natural gas. Placed into service Q2 2014 in conjunction with the Hess Tioga Gas Plant Expansion, the pipeline was constructed of 10" pipe. In September 2014, Pembina Pipeline Corporation purchased the Vantage Pipeline from Mistral Midstream.

On February 10, 2015, Pembina Pipeline announced that the Vantage ethane pipeline would expand to connect to ONEOK's Stateline plants with 50 miles of 8" pipeline. The $85 million system expansion also included taking the existing mainline capacity from 40,000 bpd to 65,000 bpd. Ethane deliveries from the ONEOK Stateline plants to Vantage began in May 2017.

Kinder Morgan Hiland Express Pipeline: In April 2026, Kinder Morgan completed its approximately $165 million Hiland Express project, converting the Double H crude oil pipeline to natural gas liquids service. The converted system provides approximately 85,000 BPD of NGL transportation capacity from the Williston Basin to Wyoming, expanding market access for the region's growing NGL production.

Carbon Dioxide Pipelines

Dakota Gasification: Dakota Gasification Company's 12- to 14-inch, 205-mile pipeline entered service in 2000 and transports approximately 150 MMCFD of carbon dioxide to oilfields near Weyburn, Saskatchewan. In May 2026, Basin Electric Power Cooperative announced an agreement to sell the pipeline with the transaction expected to close by the end of 2026. Dakota Gasification is expected to remain involved in pipeline operations through the end of 2027.

Denbury Resources: Denbury Resources began construction in 2021 on a pipeline to connect the Cedar Creek Anticline oilfields in eastern Montana and southwest North Dakota to the existing Greencore Pipeline at Bell Creek, MT. The 110-mile, $150 million extension began delivering carbon dioxide for field injection in early 2022.

Project Tundra: Project Tundra is a proposed carbon capture, utilization, and storage initiative associated with Minnkota Power Cooperative's Milton R. Young Station near Center, North Dakota. The project is designed to capture carbon dioxide emissions from the coal-fired power plant for permanent underground sequestration, with potential opportunities for enhanced oil recovery.

Following the fiscal year, in August 2026, Minnkota announced a revised development structure with Reliant Carbon Capture & Storage assuming responsibility for the planned carbon capture facility. Later that month, the North Dakota Industrial Commission approved approximately $205 million in loans to support continued project development. The project remains under development, with future construction and operation dependent on additional commercial and regulatory milestones.

Midwest Carbon Express: Summit Carbon Solutions, established by Summit Agricultural Group in 2021, has been developing the proposed Midwest Carbon Express pipeline to transport captured carbon dioxide from ethanol production facilities across the Midwest for permanent underground sequestration. The original project envisioned a pipeline network spanning five states, connecting more than 50 ethanol plants to underground storage facilities in central North Dakota, with the ability to transport approximately 18 million tons of carbon dioxide annually.

In May 2026, Summit announced plans to prioritize a revised pipeline route extending west through Nebraska to a proposed sequestration site in Wyoming, rather than the previously planned North Dakota destination. The future role of North Dakota's previously proposed pipeline and storage facilities remains uncertain, and no definitive construction or in-service timeline has been established for the revised project.

Planned Activities

Over the coming year, the Pipeline Authority will continue to focus on managing the State of North Dakota's firm natural gas transportation capacity position on WBI Energy's proposed Bakken East Pipeline. Following the execution of the precedent agreement in April 2026, the Authority will continue to work closely with WBI Energy, natural gas marketers, producers, utilities, and prospective end-users to identify opportunities for other shippers to assume portions of the state's capacity commitment as soon as commercially feasible. These efforts will seek to maximize the utilization of the state's capacity position while supporting the development of new natural gas markets, improving transportation reliability, and expanding access to North Dakota-produced natural gas for residential, commercial, and industrial customers.

In parallel, the Authority will continue its broader efforts to analyze well performance, develop production forecasts, and assess transportation needs for crude oil, natural gas, and natural gas liquids (NGLs) across North Dakota. Updated forecasts will be issued regularly to reflect evolving market conditions, energy price trends, and changes in industry drilling and completion activity.

The Authority will also remain engaged in discussions regarding natural gas storage, additional pipeline infrastructure, and emerging energy development opportunities that could further strengthen the state's midstream capabilities and support economic development.

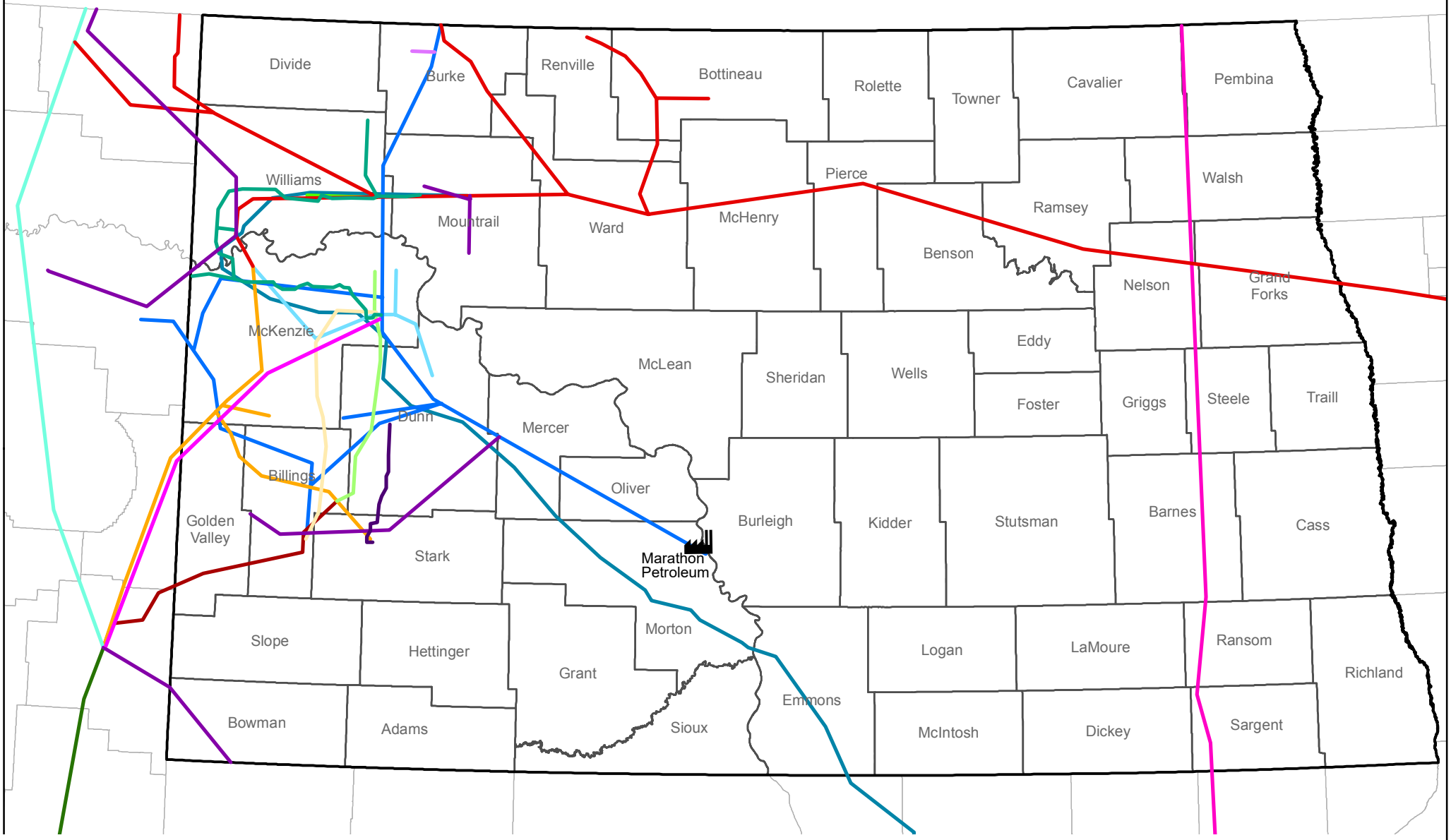
Finally, the Pipeline Authority Director will continue participating on the Clean Sustainable Energy Authority's technical committee and maintain the organization's long-standing commitment to industry

and public information sharing through briefings, presentations, and reports to policymakers, stakeholders, and community groups.

APPENDIX A

North Dakota Pipeline Maps

North Dakota Crude Oil Pipelines



South Bend
Basin Transload
Butte
Marathon
Hiland
Bridger
Bakken Oil Express
Belle Fourche
Crestwood
Enbridge
Keystone Pipeline
Targa
BakkenLink
Bridger
Dakota Access
Four Bears
Little Missouri

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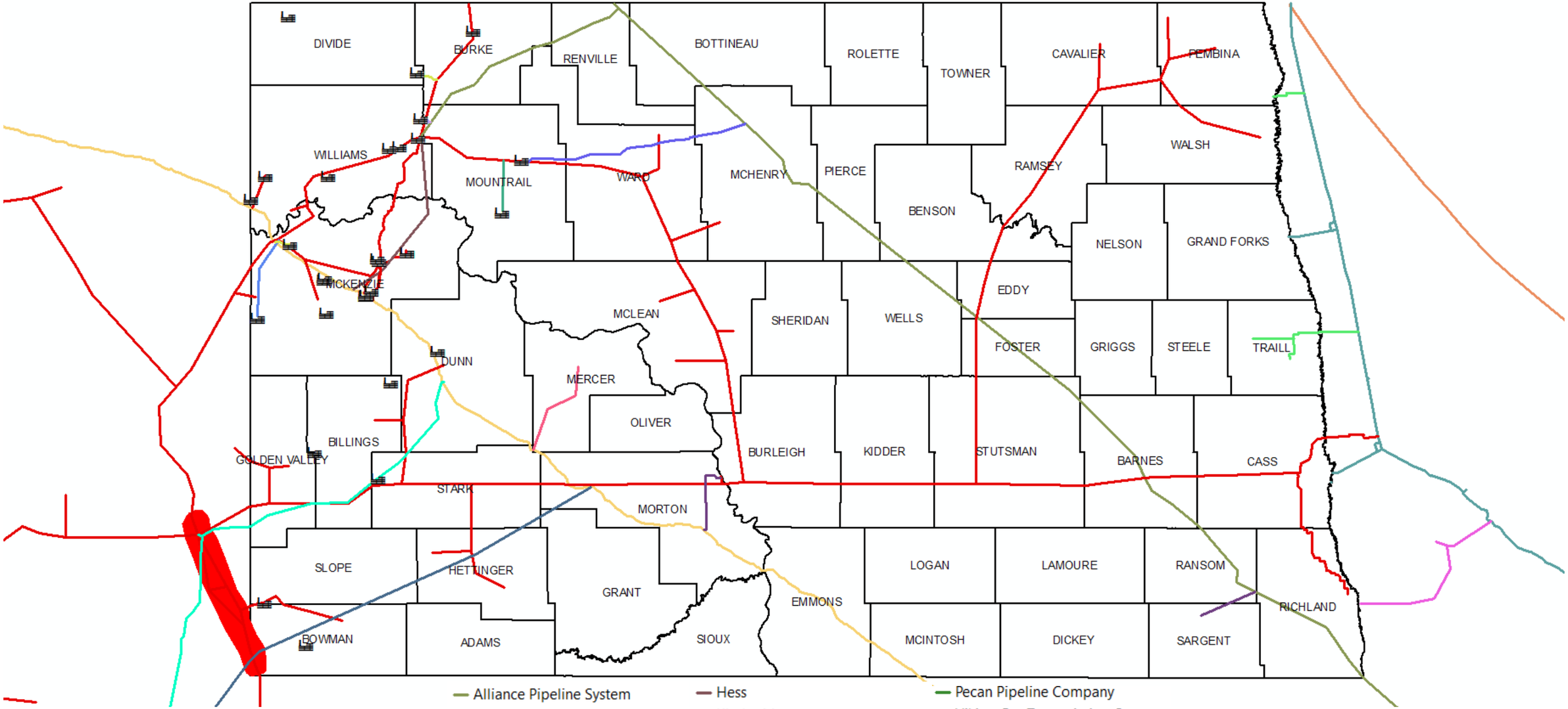
Major Natural Gas Infrastructure



- Alliance Pipeline System
- Aux Sable
- Basin Electric
- Bison Pipeline
- Dakota Natural Gas
- Grasslands Pipeline
- Great Lakes Gas Trans Co
- Great Plains Natural Gas Co.
- Hess
- Kinder Morgan
- Liberty Midstream
- MDU
- Marathon Petroleum
- Norse Pipeline LLC
- Northern Border PL Co
- ONEOK Gas Transmission LLC
- Pecan Pipeline Company
- Viking Gas Transmission Co
- Williston Basin Interstate PL Co
- Gas Plants
- WBI Baker Gas Storage

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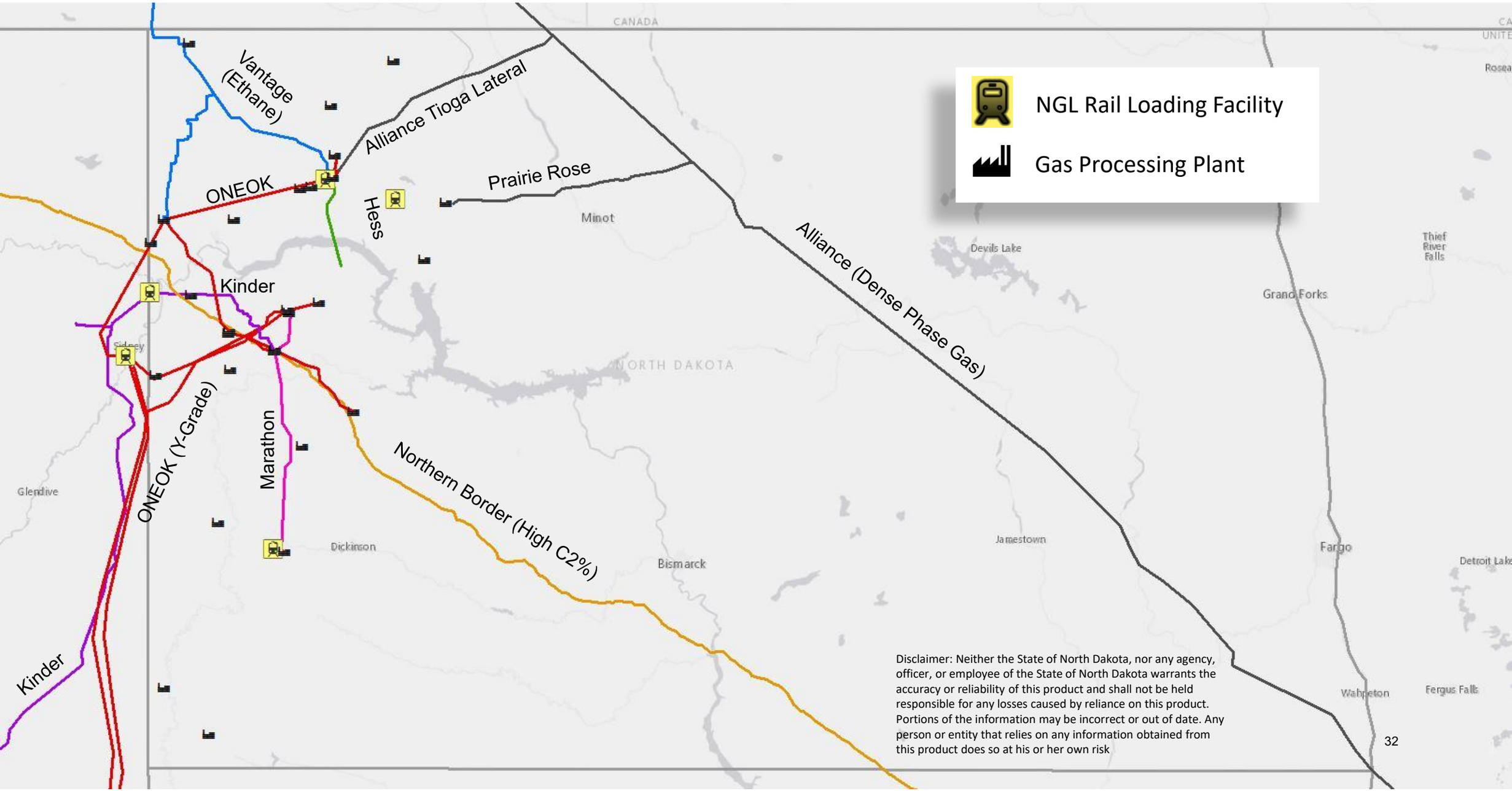
Major Natural Gas Liquids Infrastructure



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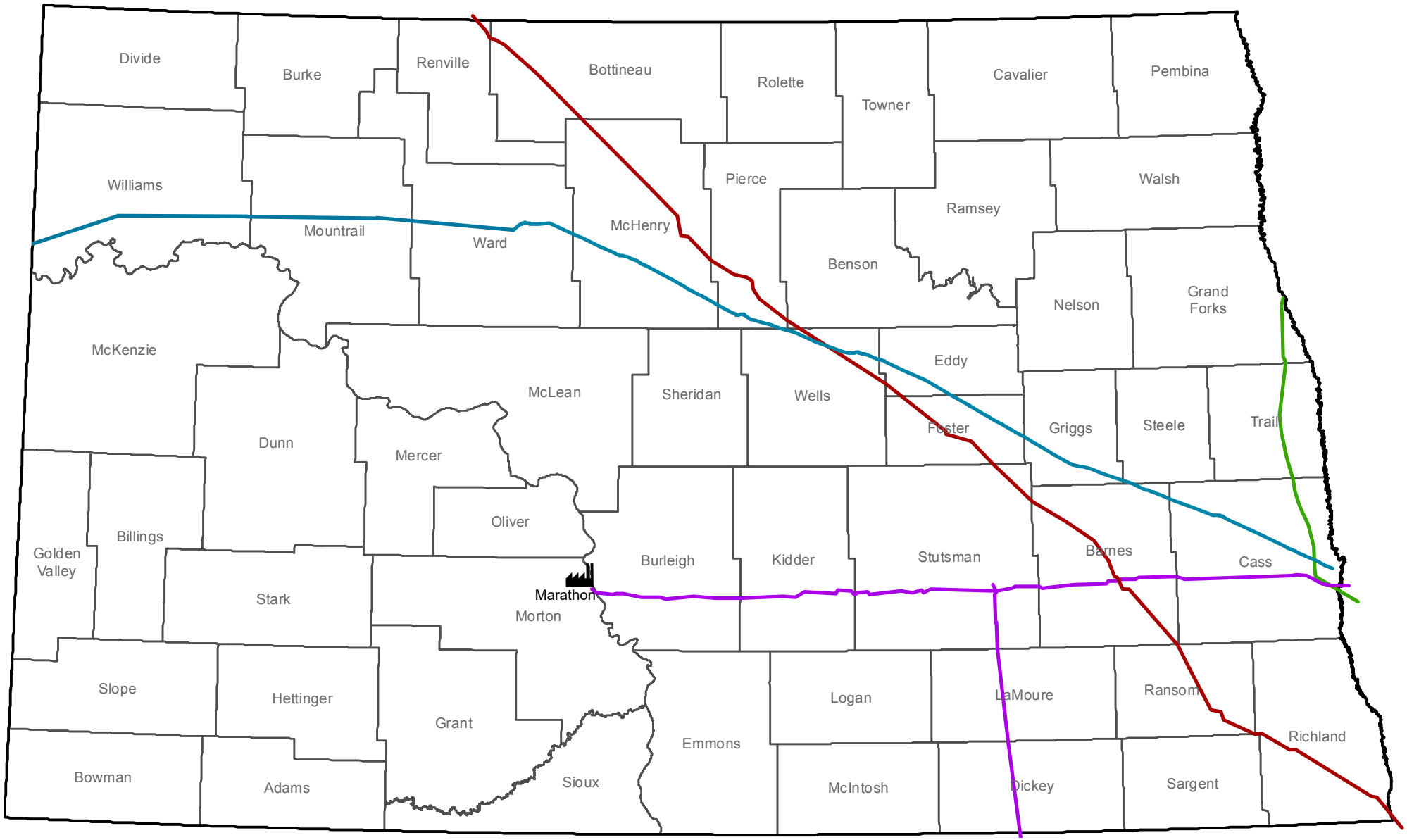
North Dakota Products Pipelines



Date: 7/13/2015

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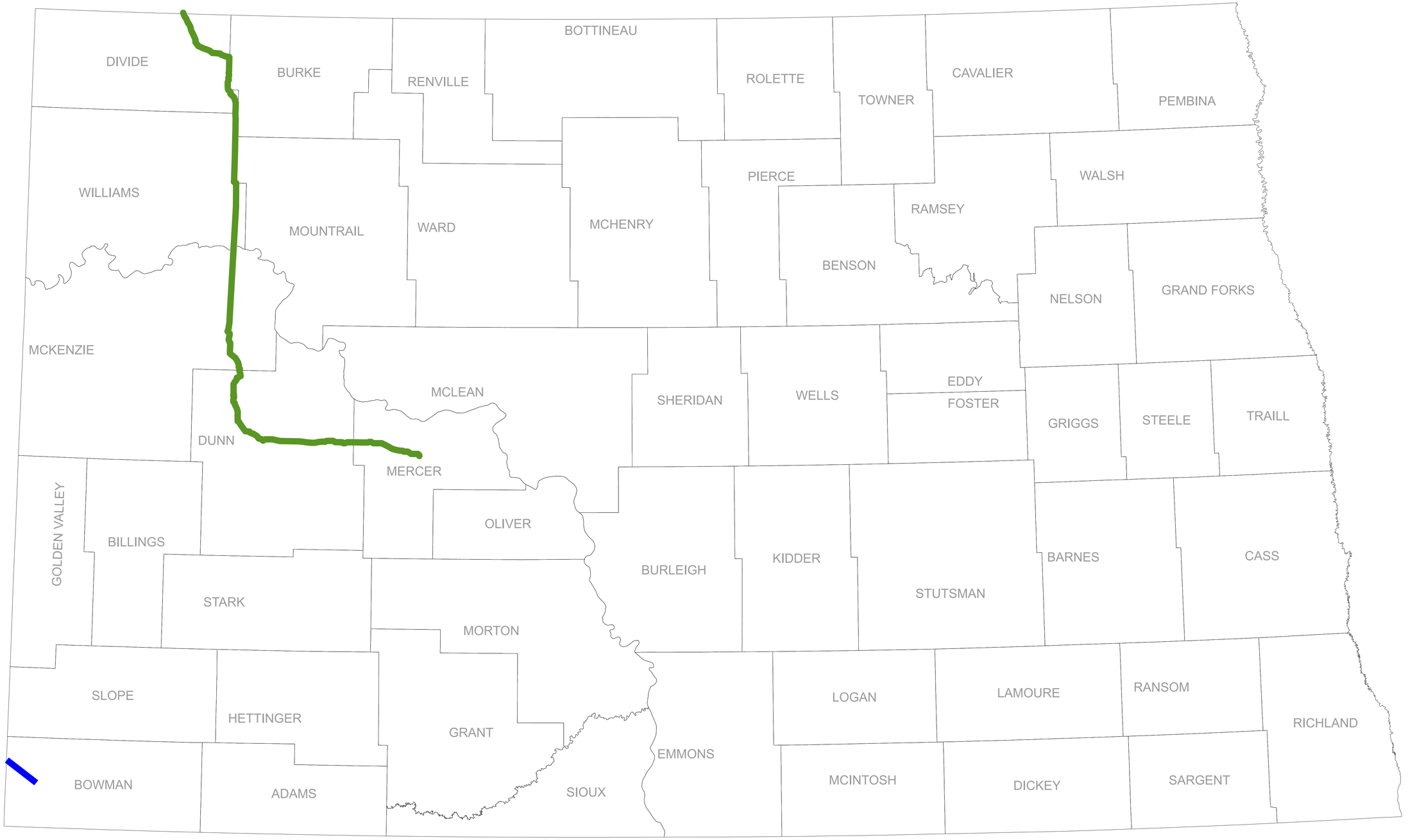
North Dakota CO_2 Pipelines

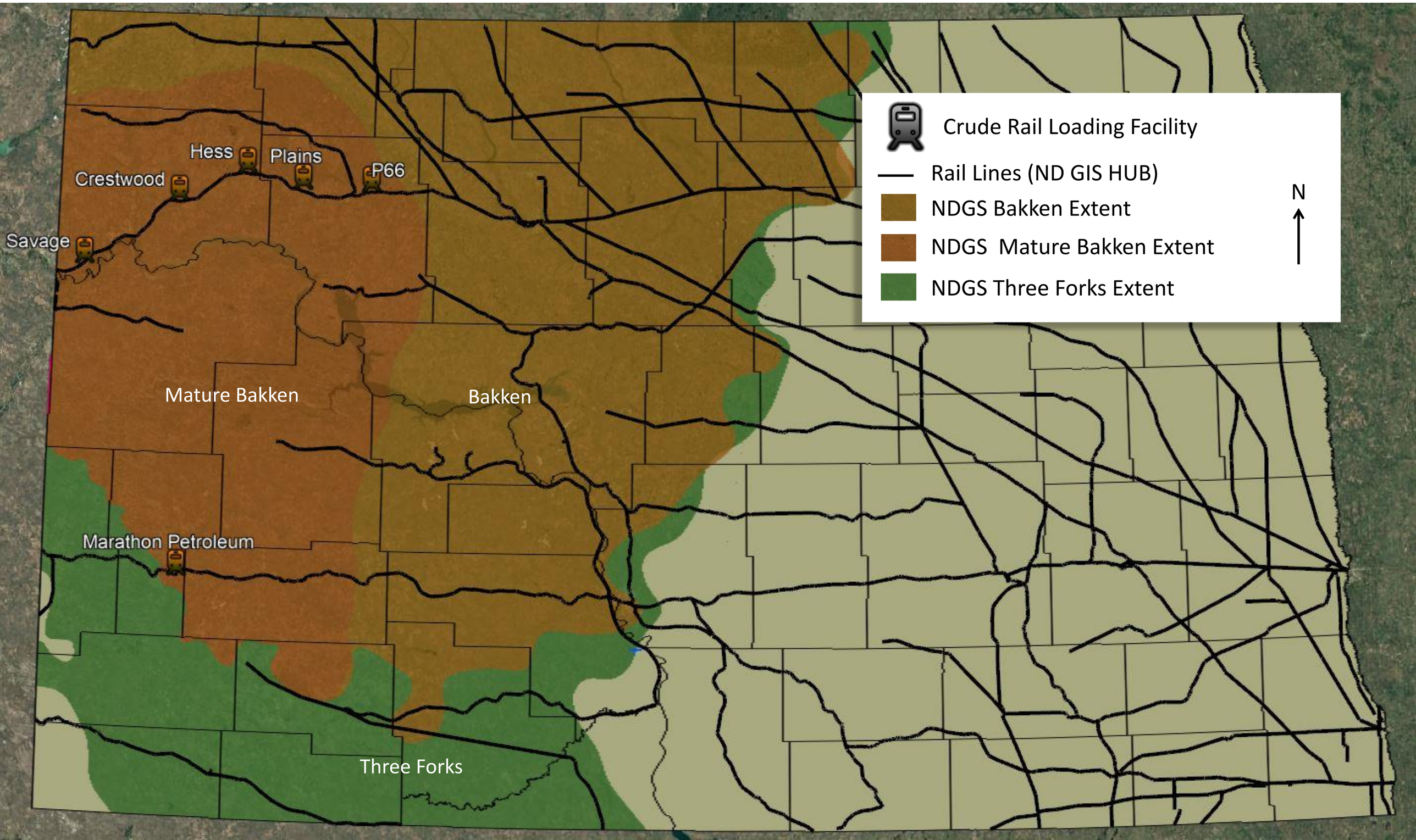


APPENDIX B

North Dakota Crude Oil Rail Loading Map

North Dakota Crude Oil Rail Loading Facilities In Service

North Dakota Pipeline Authority – July 2026



APPENDIX C

North Dakota Gas Processing Plant Table

Natural Gas Processing Capacity, Million Cubic Feet Per Day

Owner Company	Facility	County	2006	2008	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
North Dakota																					
Steel Reef	Lignite	Burke	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	0
ONEOK	Marmarth	Slope	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ONEOK	Grasslands	McKenzie	63	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90
ONEOK	Stateline I	Williams	NA	NA	NA	NA	100	100	100	100	100	120	120	120	120	120	120	120	120	120	120
ONEOK	Stateline II	Williams	NA	NA	NA	NA	NA	100	100	120	120	120	120	120	120	120	120	120	120	120	120
ONEOK	Garden Creek I	McKenzie	NA	NA	NA	NA	100	100	120	120	120	120	120	120	120	120	120	120	120	120	120
ONEOK	Garden Creek II	McKenzie	NA	NA	NA	NA	NA	NA	120	120	120	120	120	120	120	120	120	120	120	120	120
ONEOK	Garden Creek III	McKenzie	NA	NA	NA	NA	NA	NA	120	120	120	120	120	120	120	120	120	120	120	120	120
ONEOK	Lonesome Creek	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	200	200	280	280	280	280	280	280	280	280	280
ONEOK	Demicks Lake	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200	200	200	200	200	200
ONEOK	Demicks Lake II	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200	200	200	200	200
ONEOK	Demicks Lake III	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200	200
ONEOK	Bear Creek	Dunn	NA	NA	NA	NA	NA	NA	NA	NA	80	80	130	130	130	130	130	130	130	130	130
ONEOK	Bear Creek II	Dunn	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200	200	200	200
Petro Hunt	Little Knife	Billings	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
True Oil	Red Wing Creek	McKenzie	4	4	4	4	4	10	10	10	10	10	15	15	15	15	15	15	15	15	15
Sterling Energy	Ambrose	Divide	0.5	0.5	0.5	0.5	0.5	0.5	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
EOG Resources	Stanley	Mountrail	NA	20	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*
Chord Energy	Ray	Williams	NA	10	NA	NA	NA	NA	NA	10	10	10	15	25	25	25	25	25	25	25	25
Andeavor	Robinson Lake	Mountrail	NA	30	45	90	90	90	110	130	130	130	130	150	150	150	150	150	150	150	150
Andeavor	Belfield	Stark	NA	NA	NA	30	30	35	35	35	35	35	35	35	35	35	35	35	35	35	35
XTO - Nesson	Ray	Williams	NA	10	10	10	10	10	10	25	25	25	25	25	25	100	100	100	100	100	100
Hess	Tioga	Williams	110	110	110	110	110	110	250	250	250	250	265	265	265	415	415	415	415	415	415
Targa/Hess JV	LM4	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200	200	200	200	200	200
Kinder Morgan	Badlands	Bowman	4	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Kinder Morgan	Norse	Divide	NA	NA	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Kinder Morgan	Watford City	McKenzie	NA	NA	NA	50	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90
Kinder Morgan	Roosevelt	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	50	50	50	200	200	200	200	200	200	200	200
Silver Hill Energy Partners	County Line	Williams	NA	NA	NA	NA	NA	NA	NA	NA	20	20	30	30	30	30	30	30	30	60	60
Summit Resources	Knutson	Billings	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**
Targa Resources	Badlands	McKenzie	NA	NA	NA	45	45	45	45	90	90	90	90	90	90	90	90	90	90	90	90
USG Midstream Bakken	DeWitt	Divide	NA	NA	NA	NA	NA	3	3	3	3	3	3	3	3	3	3	3	3	3	3
1804 Ltd	Spring Brook	Williams	NA	NA	NA	NA	NA	NA	NA	45	45	45	60	70	70	70	70	70	70	70	70
Crestwood	Wild Basin	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	80	145	320	320	320	320	320	320	320	320	320
Crestwood	Arrow	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	30	30	150	150	150	150	150	150	150	150
Caliber Midstream	Hay Butte	McKenzie	NA	NA	NA	NA	NA	NA	10	10	10	10	10	10	10	10	10	10	10	10	10
Kinder Morgan	Sanderson	Williams	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	250	250	250	270	270	270
Aux Sable - Chicago, IL																					
Aux Sable	Prairie Rose	Mountrail	NA	NA	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126
		Total, MMCFD	**222.0**	**355.0**	**491.0**	**661.0**	**901.0**	**1,015.0**	**1,444.5**	**1,599.5**	**2,029.5**	**2,137.0**	**2,492.0**	**3,202.0**	**3,402.0**	**4,077.0**	**4,077.0**	**4,277.0**	**4,297.0**	**4,327.0**	**4,321.0**



North Dakota Pipeline Authority
State Capitol 14th Floor • 600 E. Boulevard Ave. Dept. 405 • Bismarck, ND 58505-0840
Phone: (701)220-6227 • Fax: (701)328-2820
E-mail: jjkringstad@ndpipelines.com • www.pipeline.nd.gov

Attachment 11

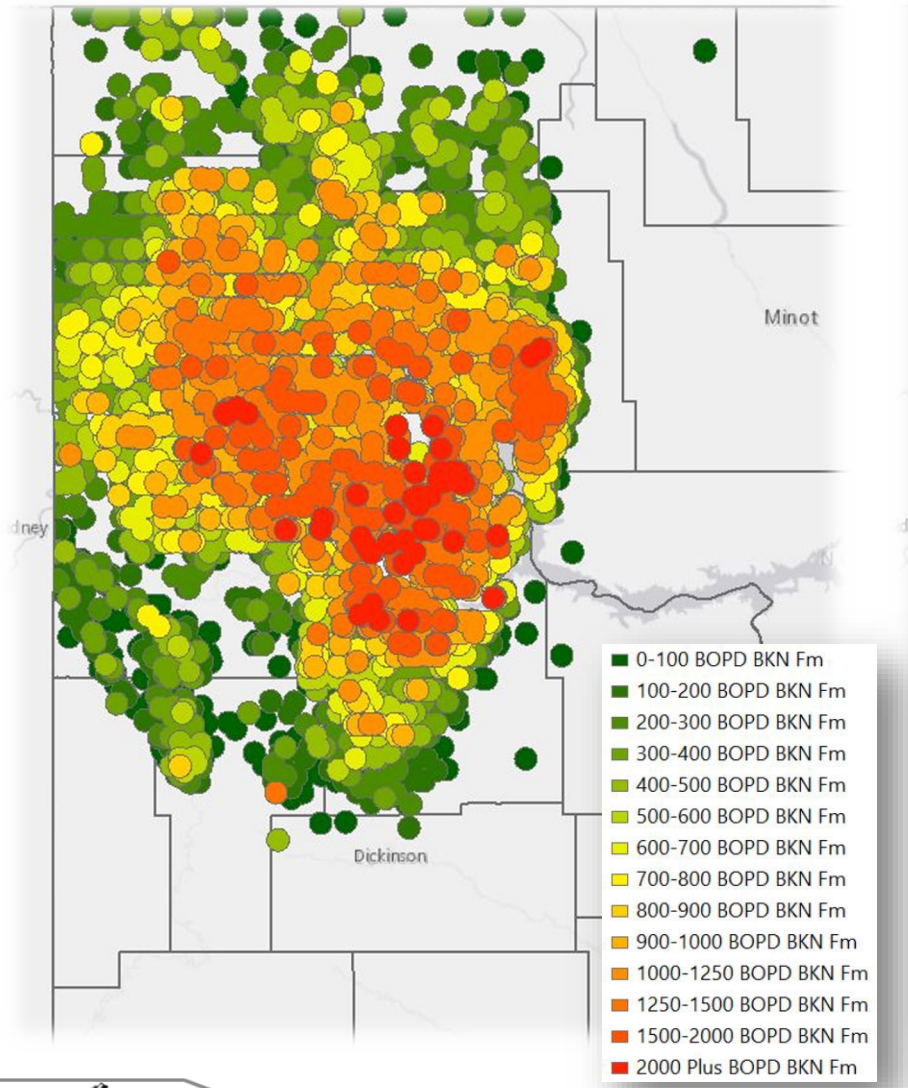
Pipeline Authority NDIC Update

Justin J. Kringstad
Geological Engineer
Director
North Dakota Pipeline Authority

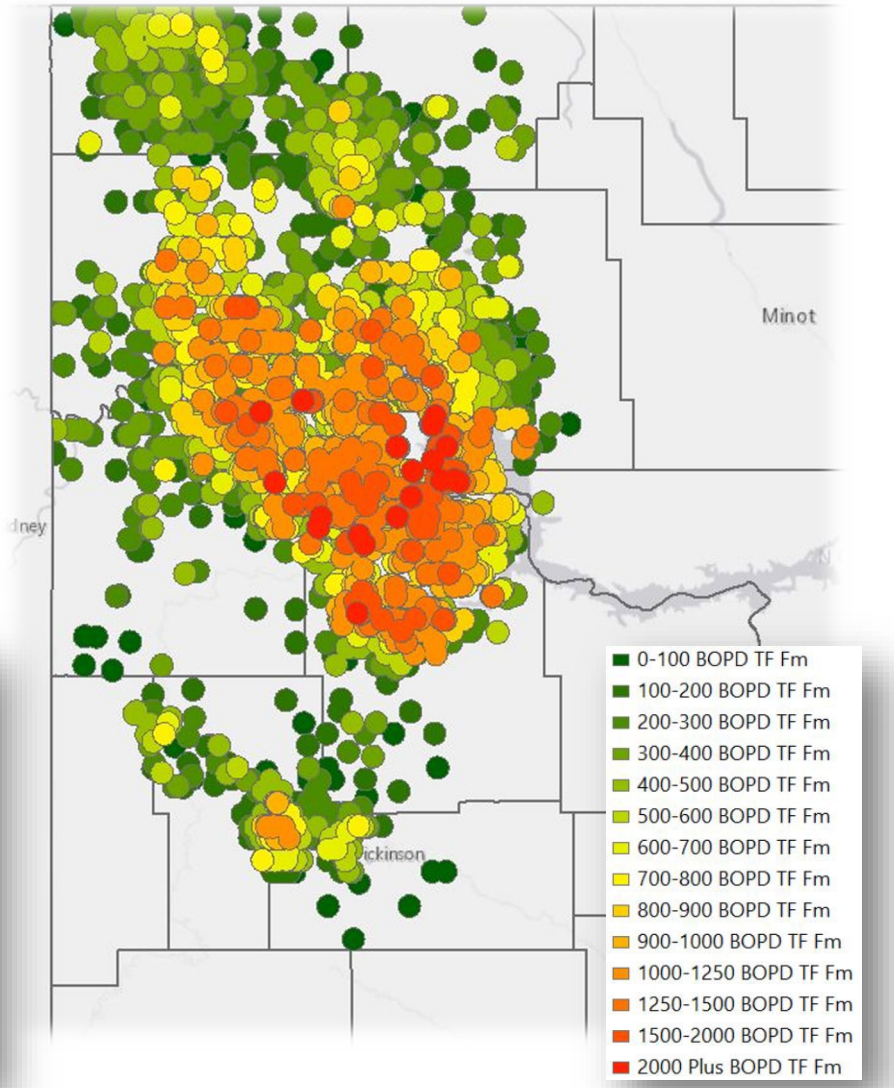
November 23, 2026

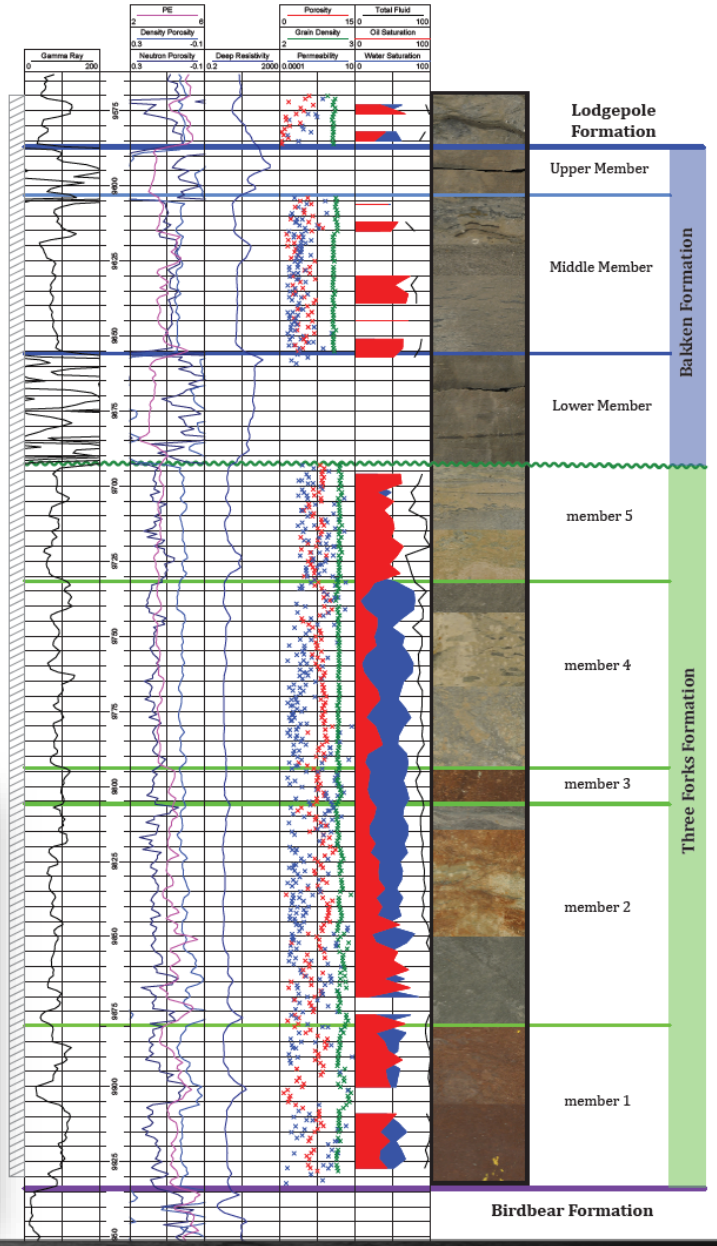
Bakken & Three Forks Formations

Bakken Formation

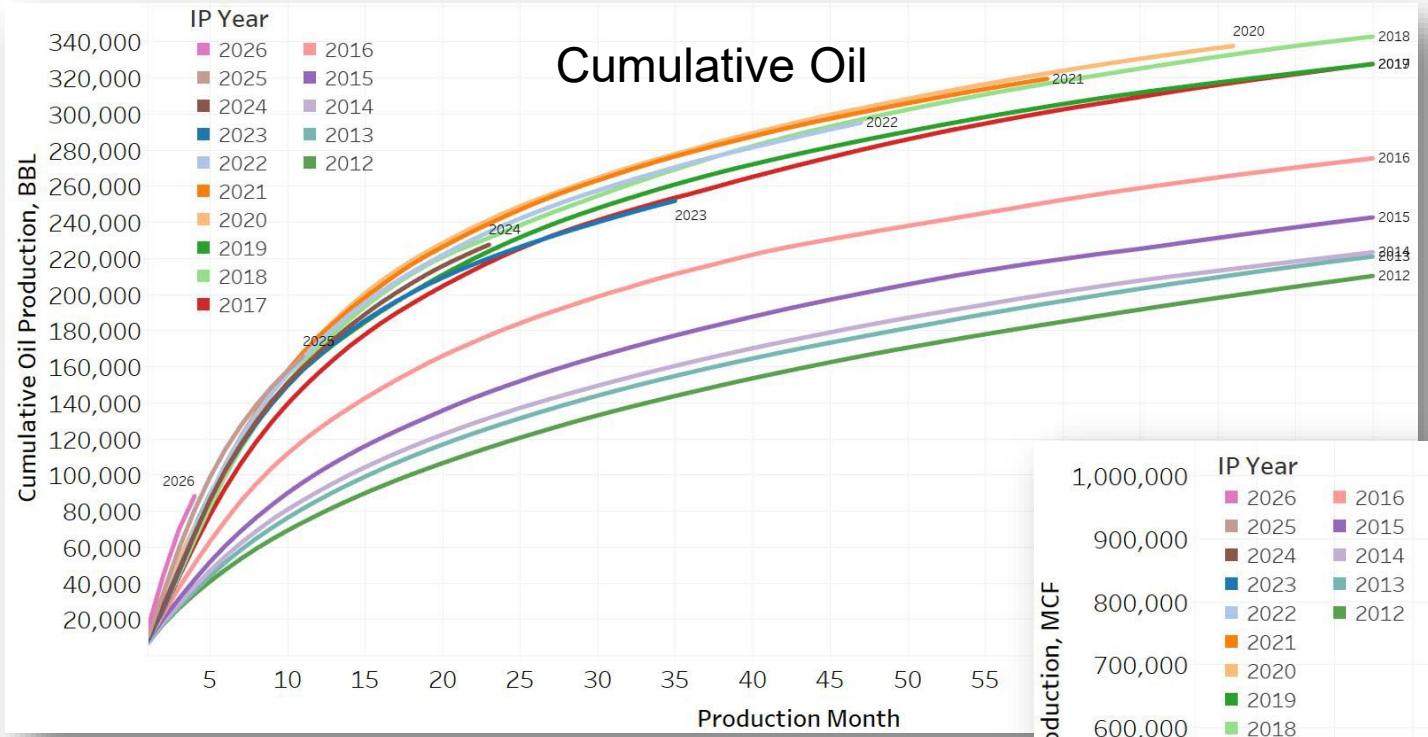


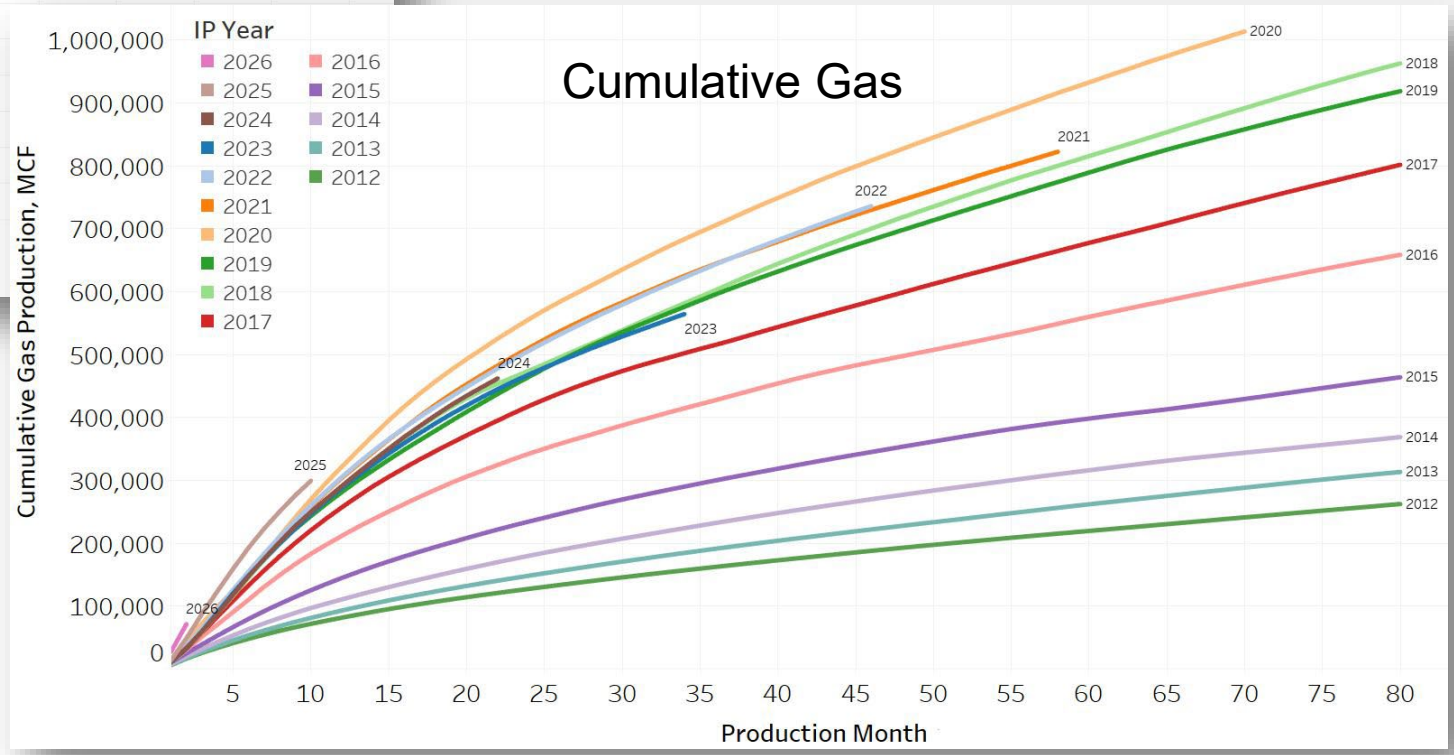
Three Forks Formation



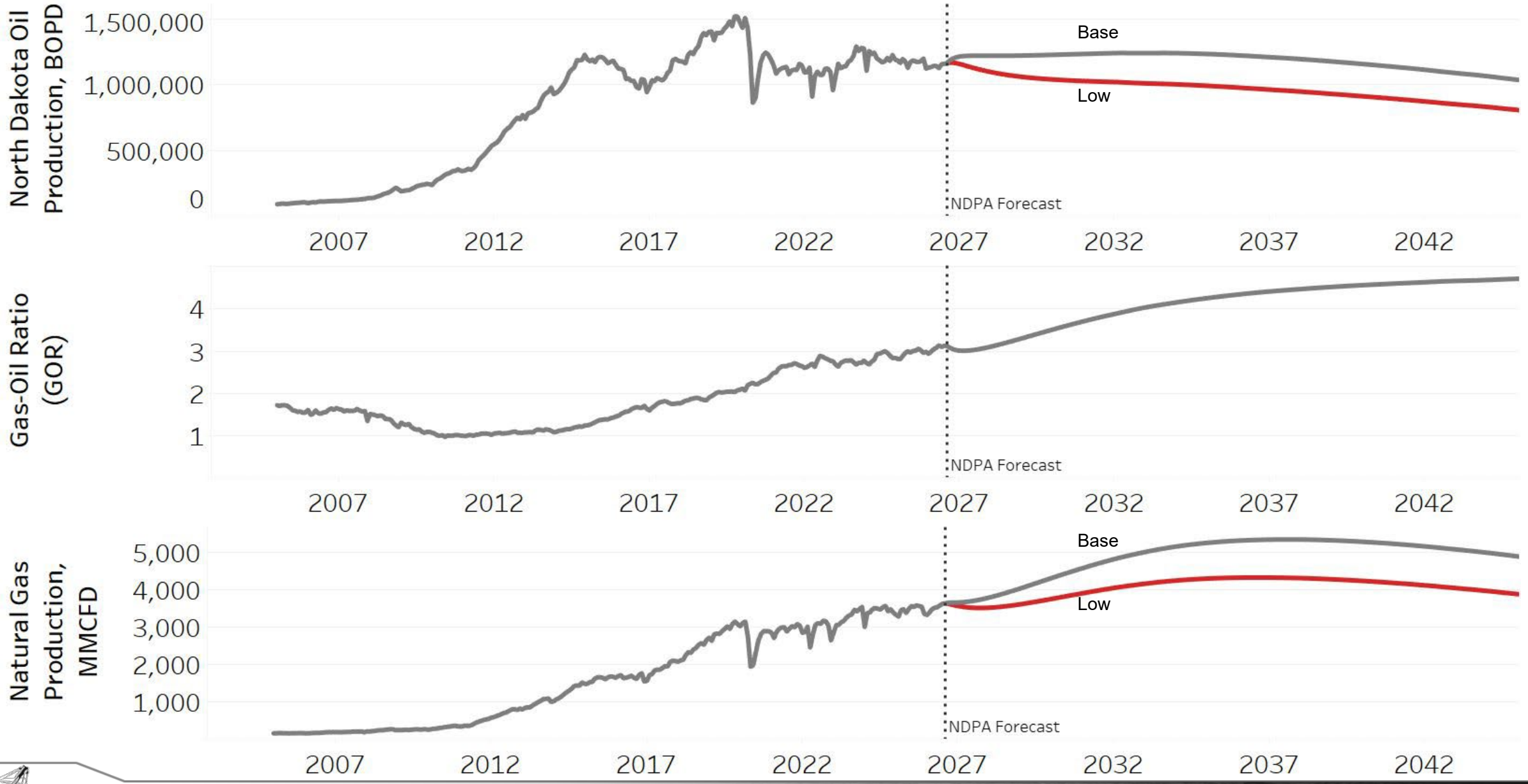


Statewide Bakken Production

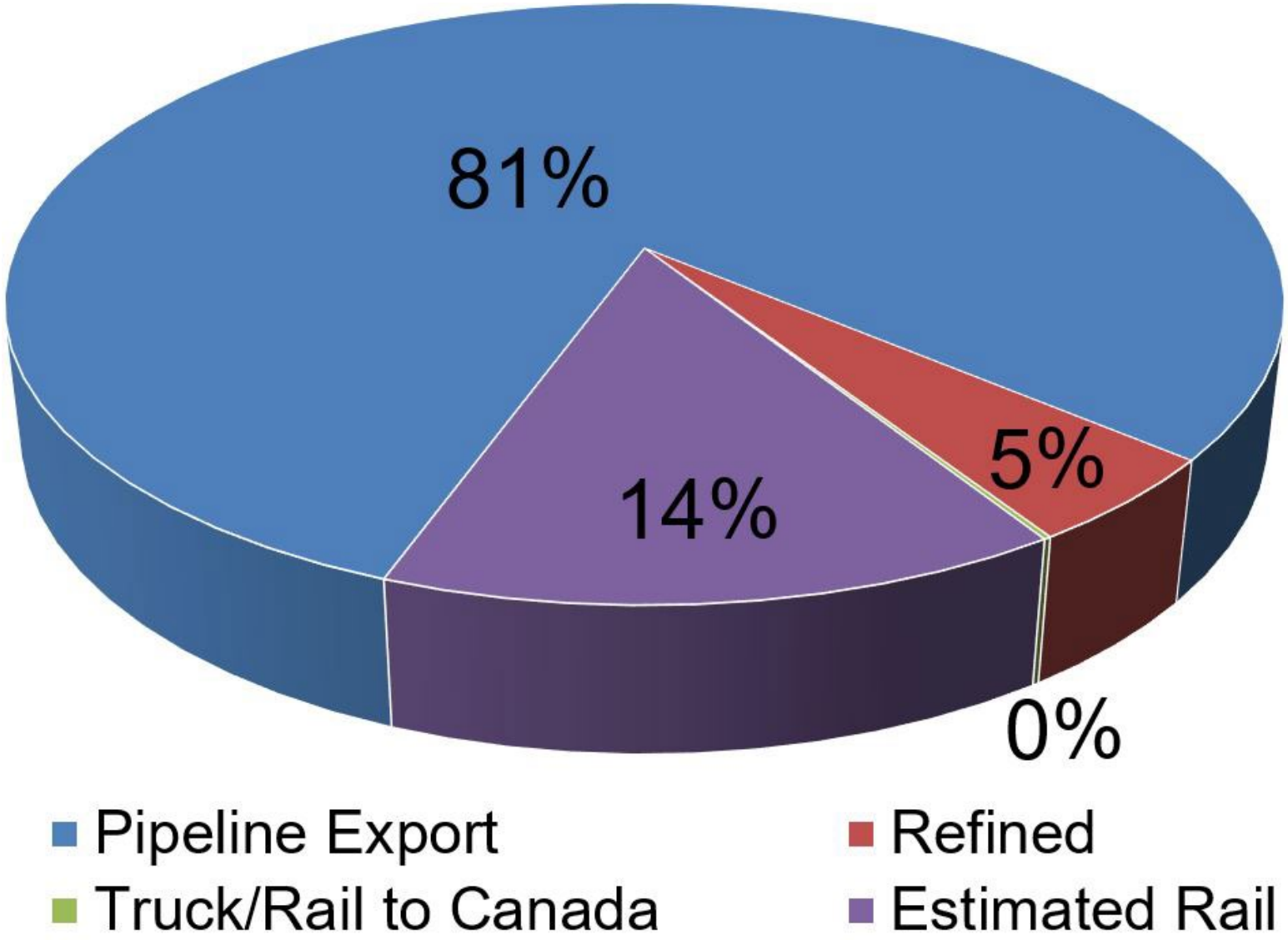




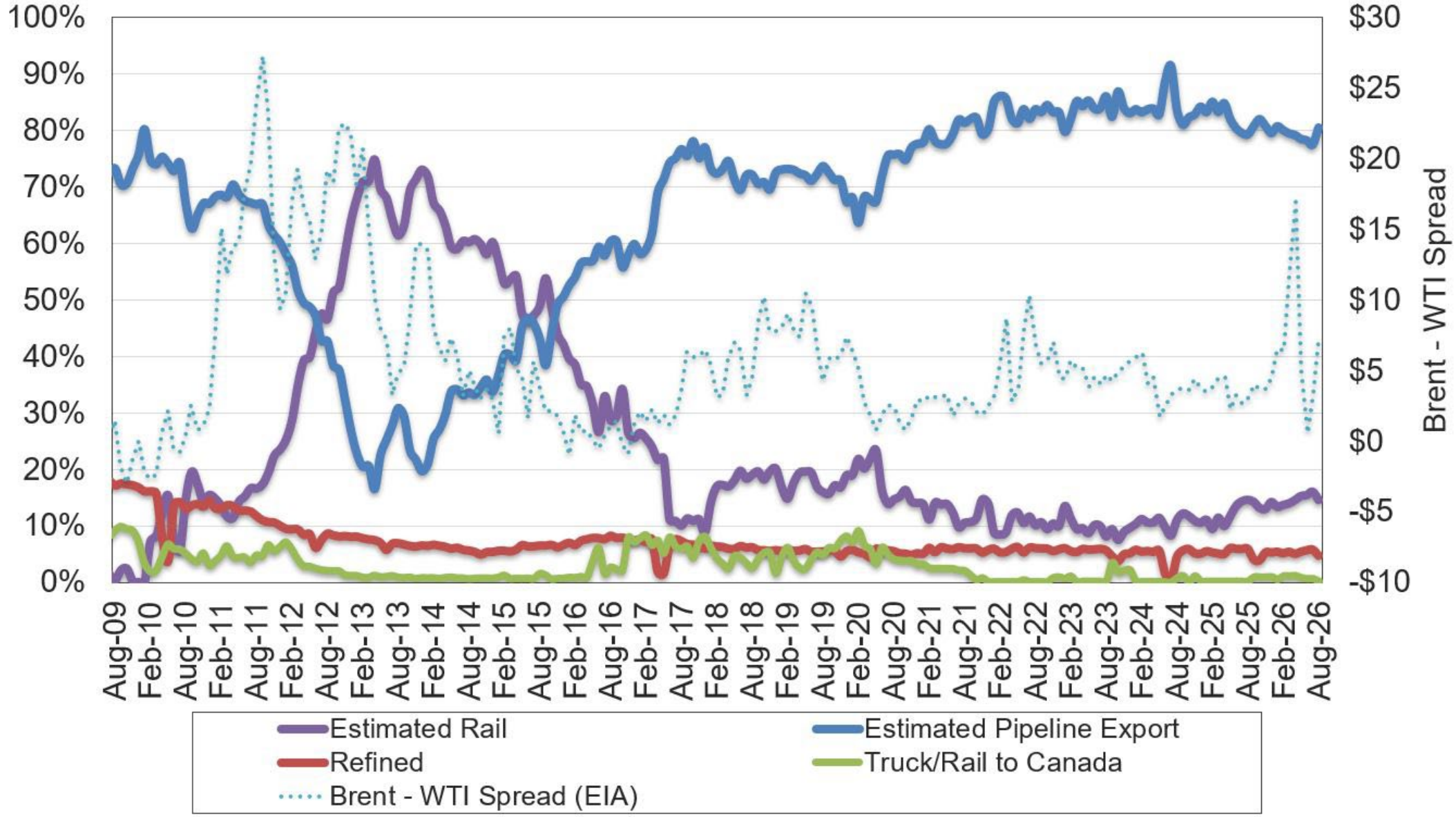
ND Production Forecast: EIA Price Deck



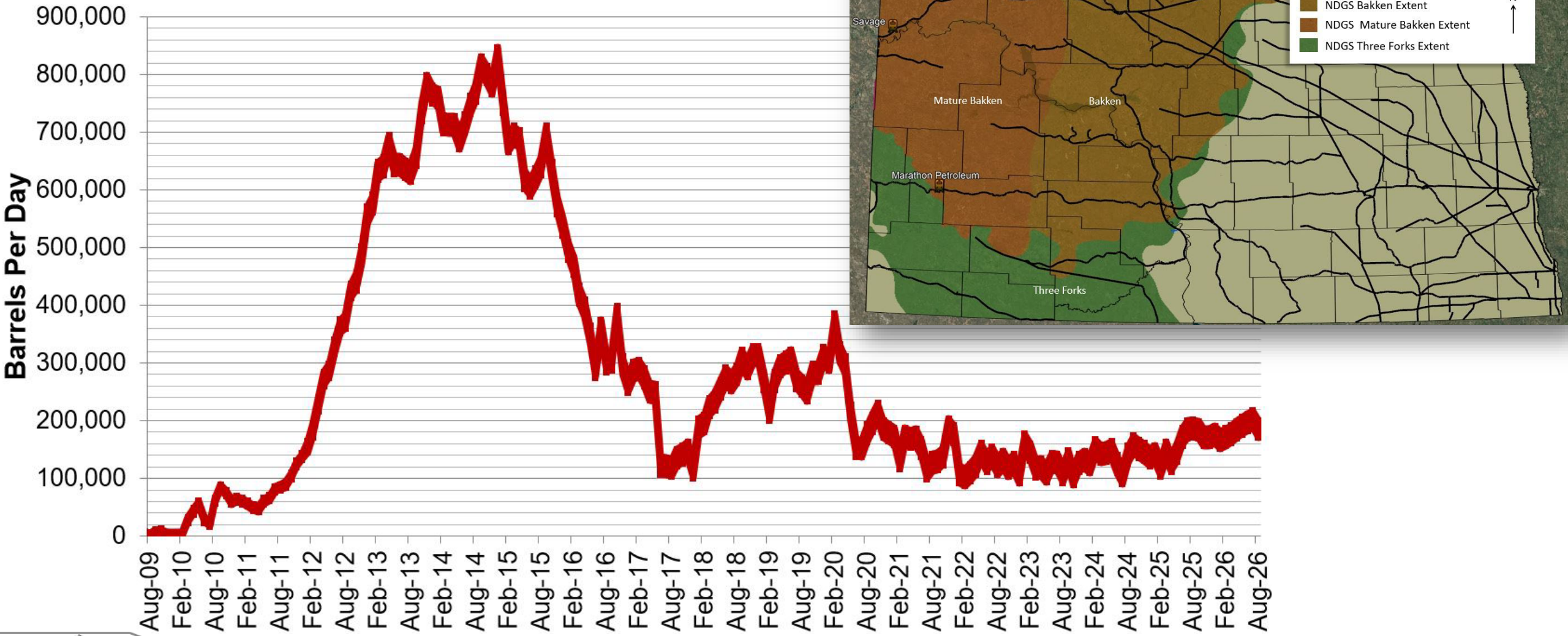
Estimated Williston Basin Oil Transportation



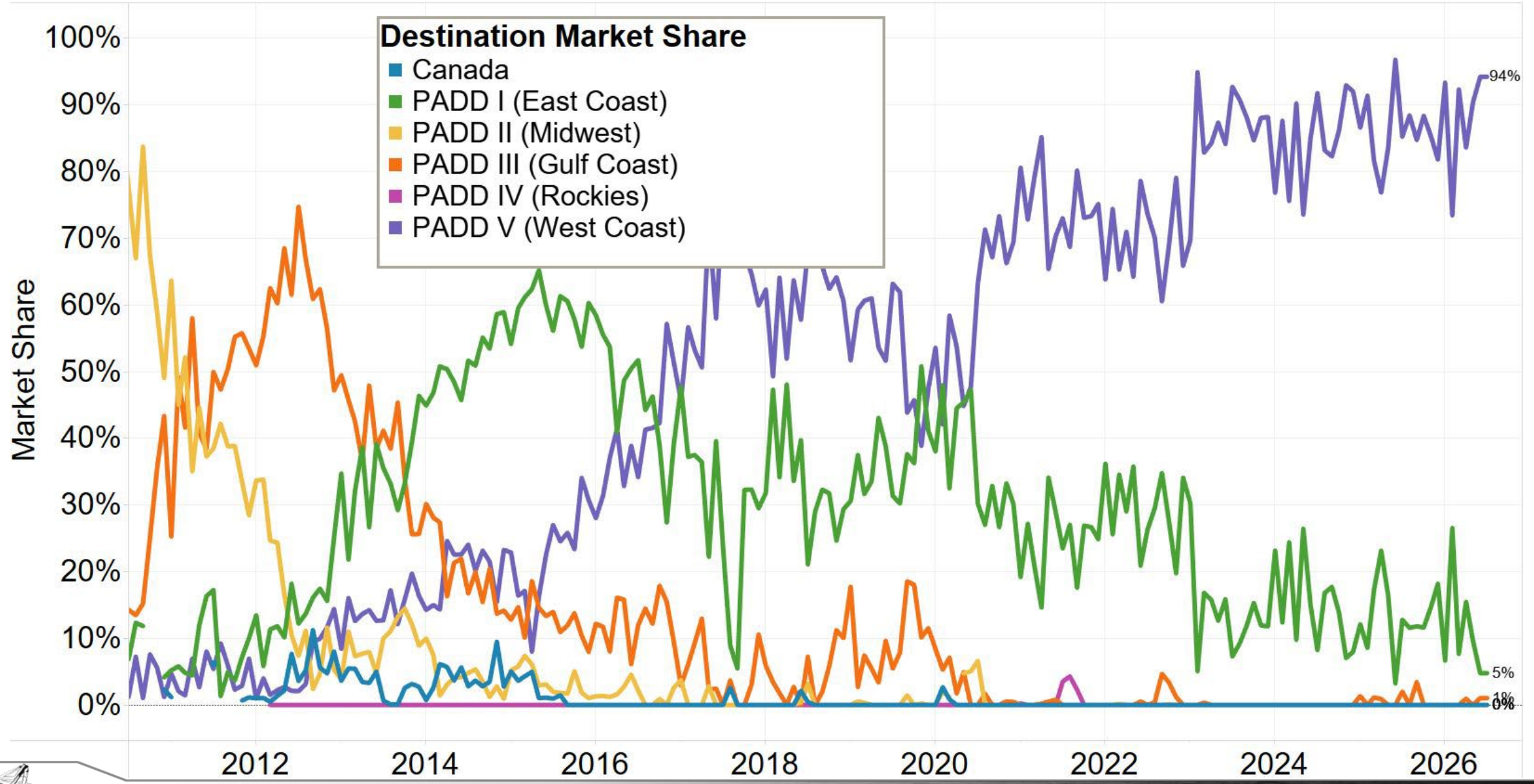
Estimated Williston Basin Oil Transportation



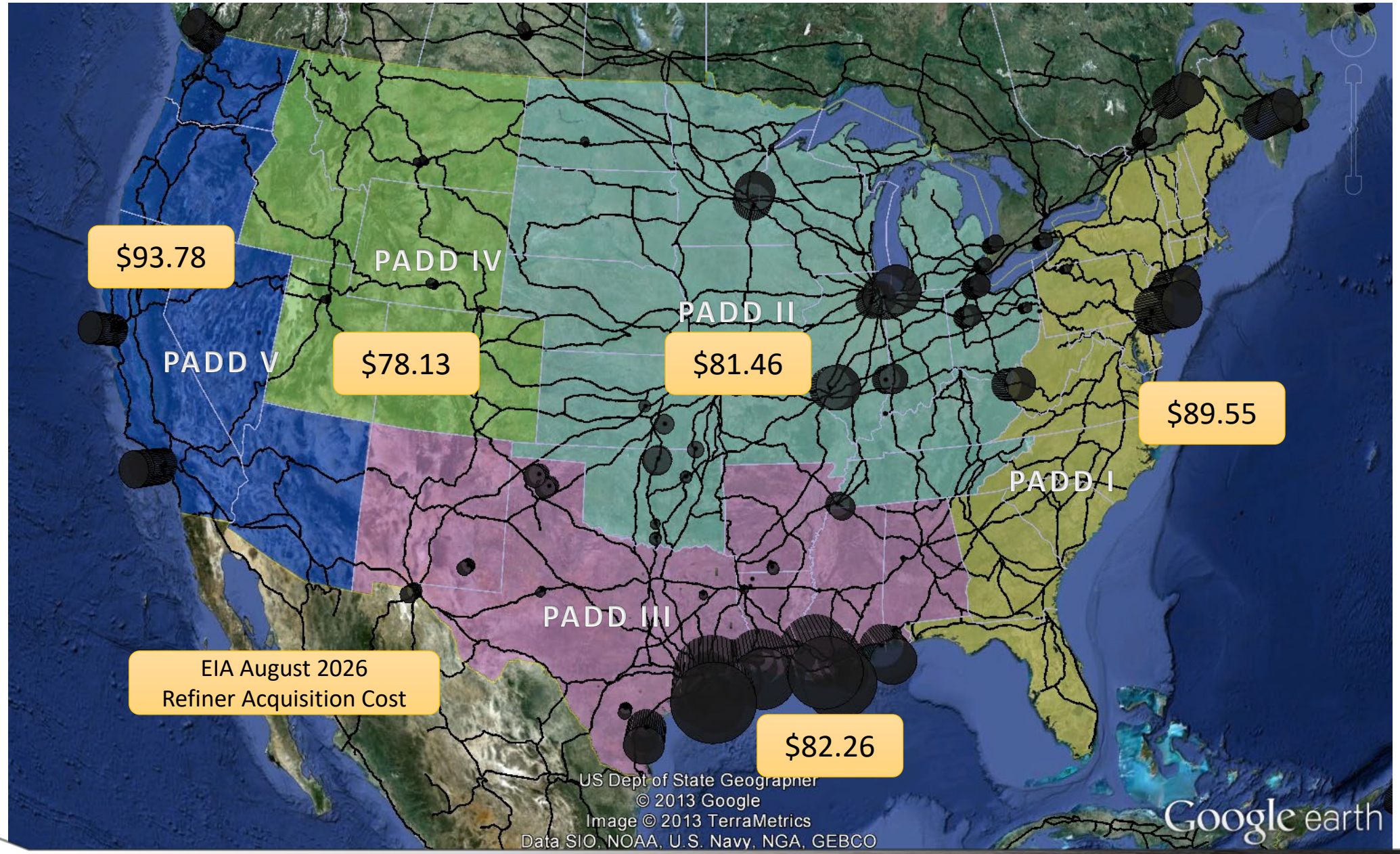
Estimated ND Rail Export Volumes



Rail Destinations Market Share (July 2026)



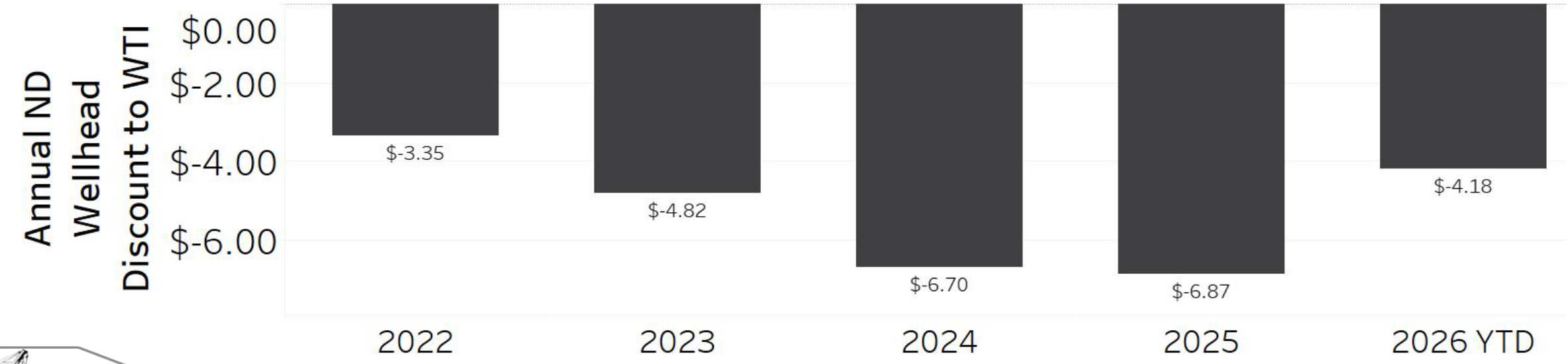
Major Rail Lines and Refineries



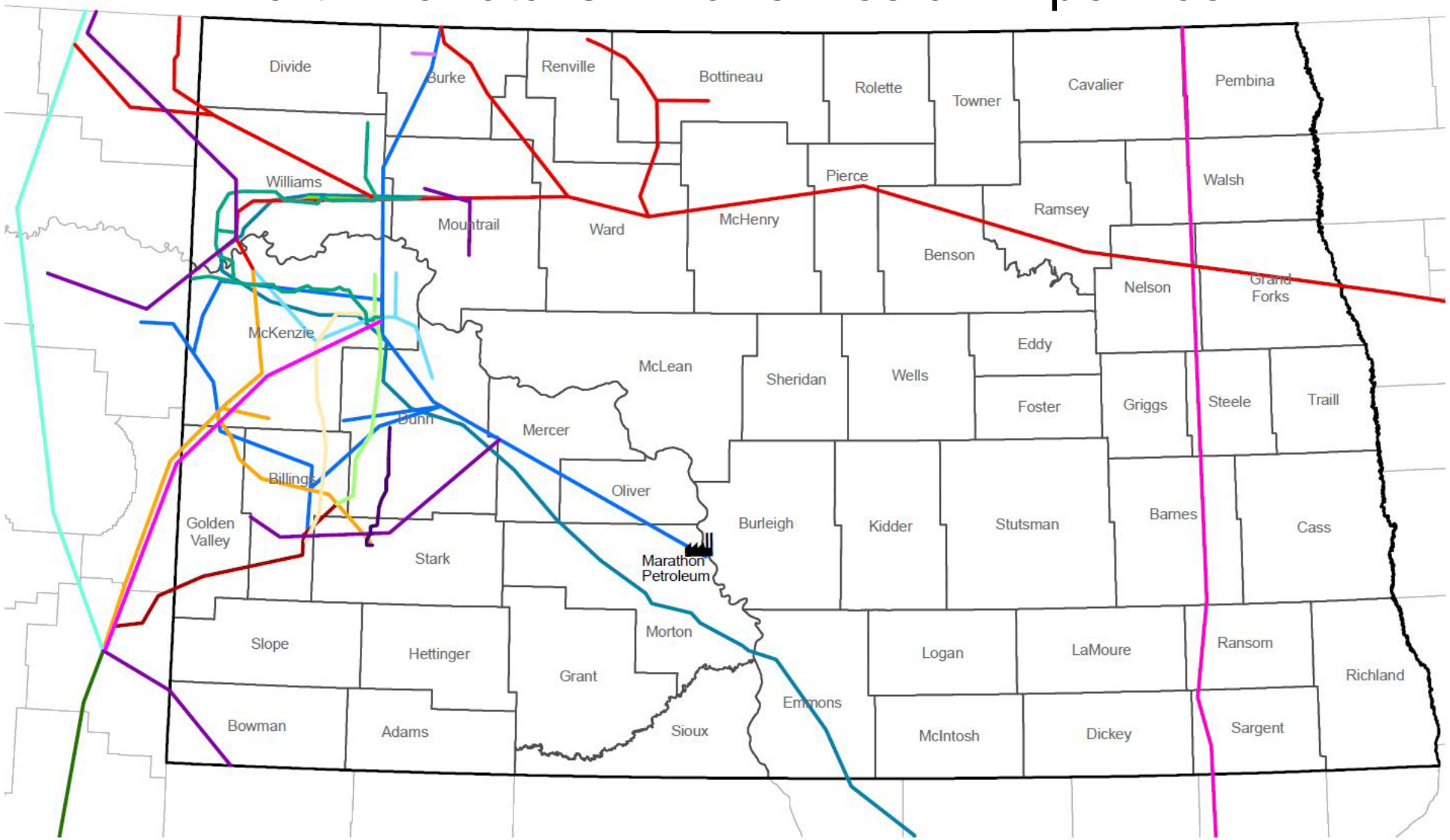
Average North Dakota Oil “Discount” to WTI



Last Five Years Annual Average

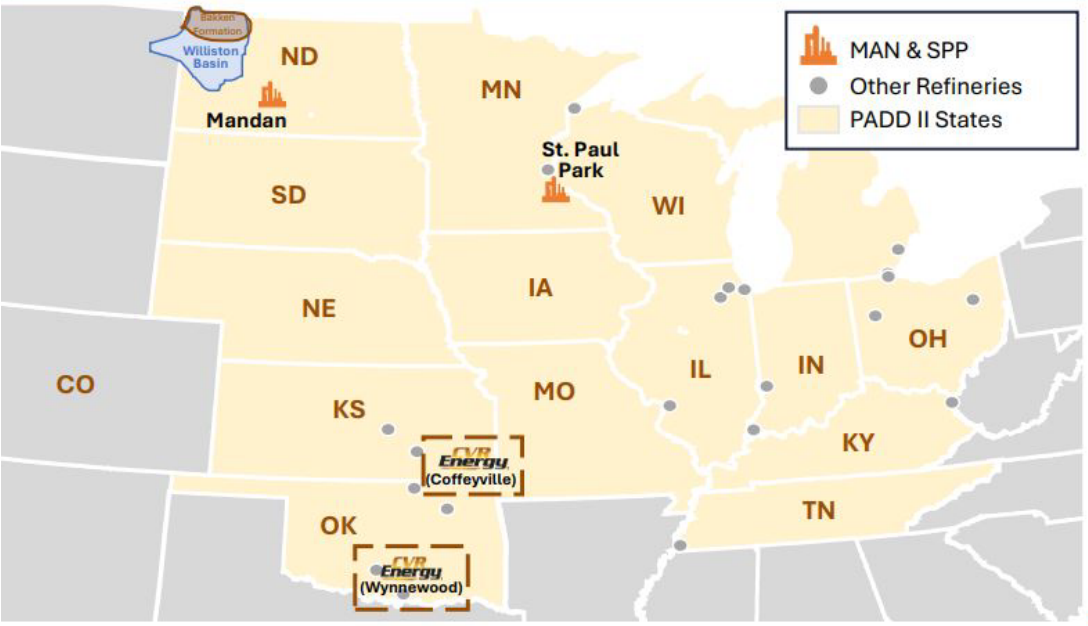


North Dakota Oil Transmission Pipelines

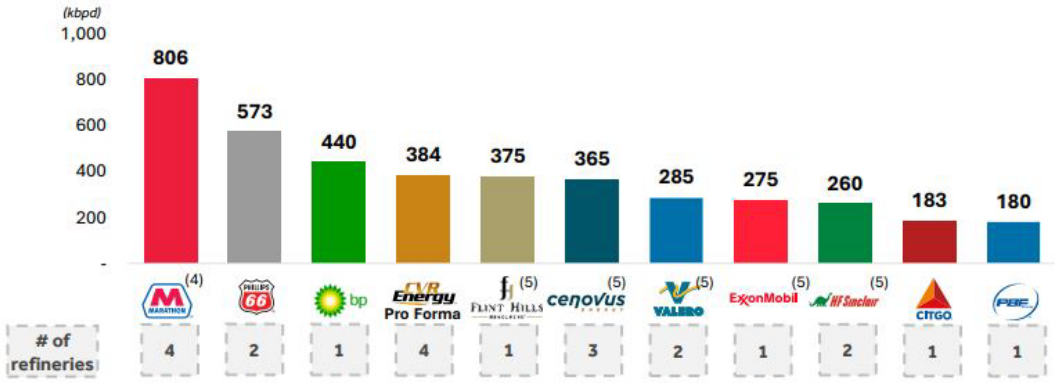


Refining Market | PADD II Refining Landscape (cont'd)

PADD II Refineries by Capacity



PADD II Refineries by Company



Overview

	Corporation	Site Name	Location	Capacity (bpd)
1	BP	Whiting	Whiting, IN	440,000
2	Flint Hills	Pine Bend	Saint Paul, MN	375,000
3	Phillips 66 [1]	Wood River	Wood River, IL	345,000
4	MPC	Catlettsburg	Catlettsburg, KY	307,000
5	ExxonMobil	Joliet	Joliet, IL	267,000
6	MPC	Robinson	Robinson, IL	253,000
7	Phillips 66	Ponca City	Ponca City, OK	228,000
8	Valero	Memphis	Memphis, TN	195,000
9	CITGO	Lemont	Lemont, IL	183,000
10	PBF Energy	Toledo	Toledo, OH	180,000
11	Cenovus	Lima	Lima, OH	170,000
12	Cenovus	Toledo	Toledo, OH	151,000
13	MPC	Detroit	Detroit, MI	146,000
14	HF Sinclair	El Dorado	El Dorado, KS	135,000
15	CVR Energy	Coffeyville	Coffeyville, KS	132,000
16	HF Sinclair	Tulsa	Tulsa, OK	125,000
17	CHS	McPherson	McPherson, KS	115,000
18	CVR Energy	St. Paul Park	Saint Paul, MN	105,000
19	MPC	Canton	Canton, OH	100,000
20	Valero	Ardmore	Ardmore, OK	90,000
21	CVR Energy	Wynnewood	Wynnewood, OK	74,500
22	CVR Energy	Mandan	Mandan, ND	72,000
	Other [3]			78,500
	Total			**4,267,000**

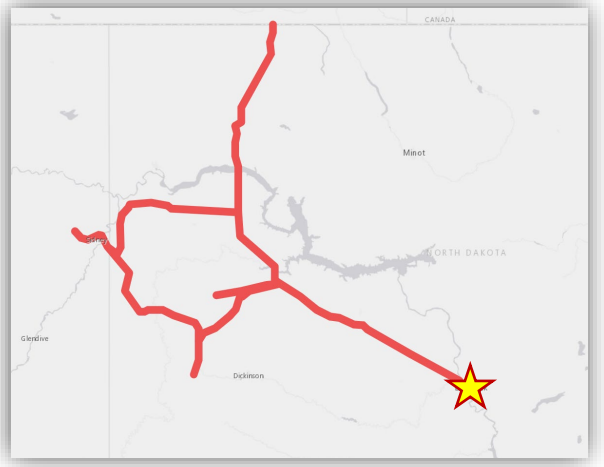
Combined Capacity: 384 mbpd

Source: Public company filings, Oil & Gas Journal, U.S. Energy Information Administration.

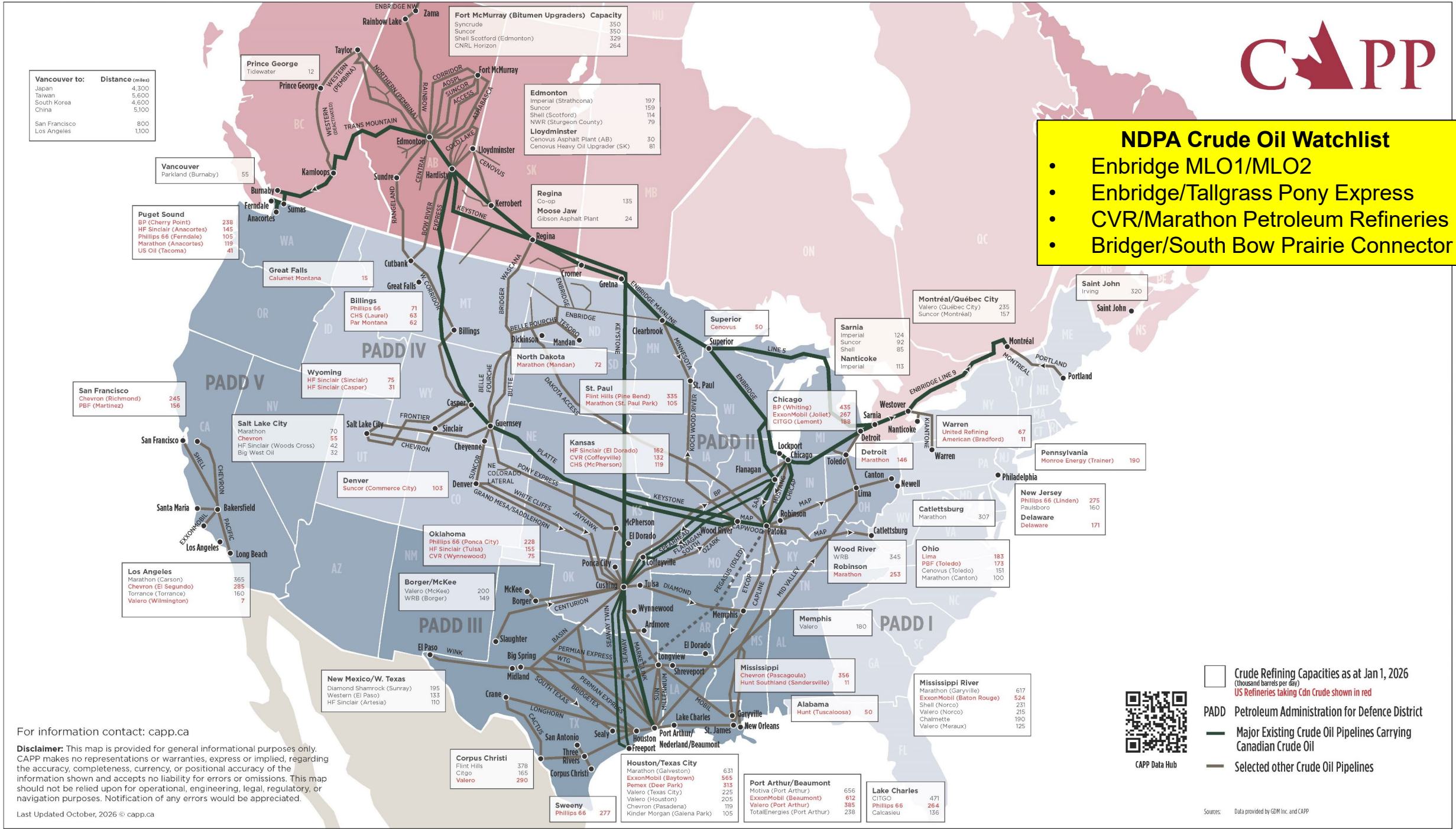
1. Wood River is owned by WRB Refining LP. Phillips 66 acquired Cenovus's 50% interest; shown at 100%.
2. Comprises HF Sinclair's Tulsa East and Tulsa West facilities, which EIA reports separately.
3. Sites below 60,000 bpd: Superior, WI (Cenovus: 44,000 bpd) and Mount Vernon, IN (CountryMark: 38,000 bpd).
4. Represents Pro Forma MPC refining capacity.
5. Represents total throughput capacity as of latest annual company filing. Company does not disclose crude oil capacity by region.

Source: CVR 11-3-2026 Earnings Call

Important Note:
MPLX Tesoro High Plains Pipeline System Not Included in Sale



CANADIAN AND U.S. CRUDE OIL PIPELINES AND REFINERIES 2026



For information contact: capp.ca

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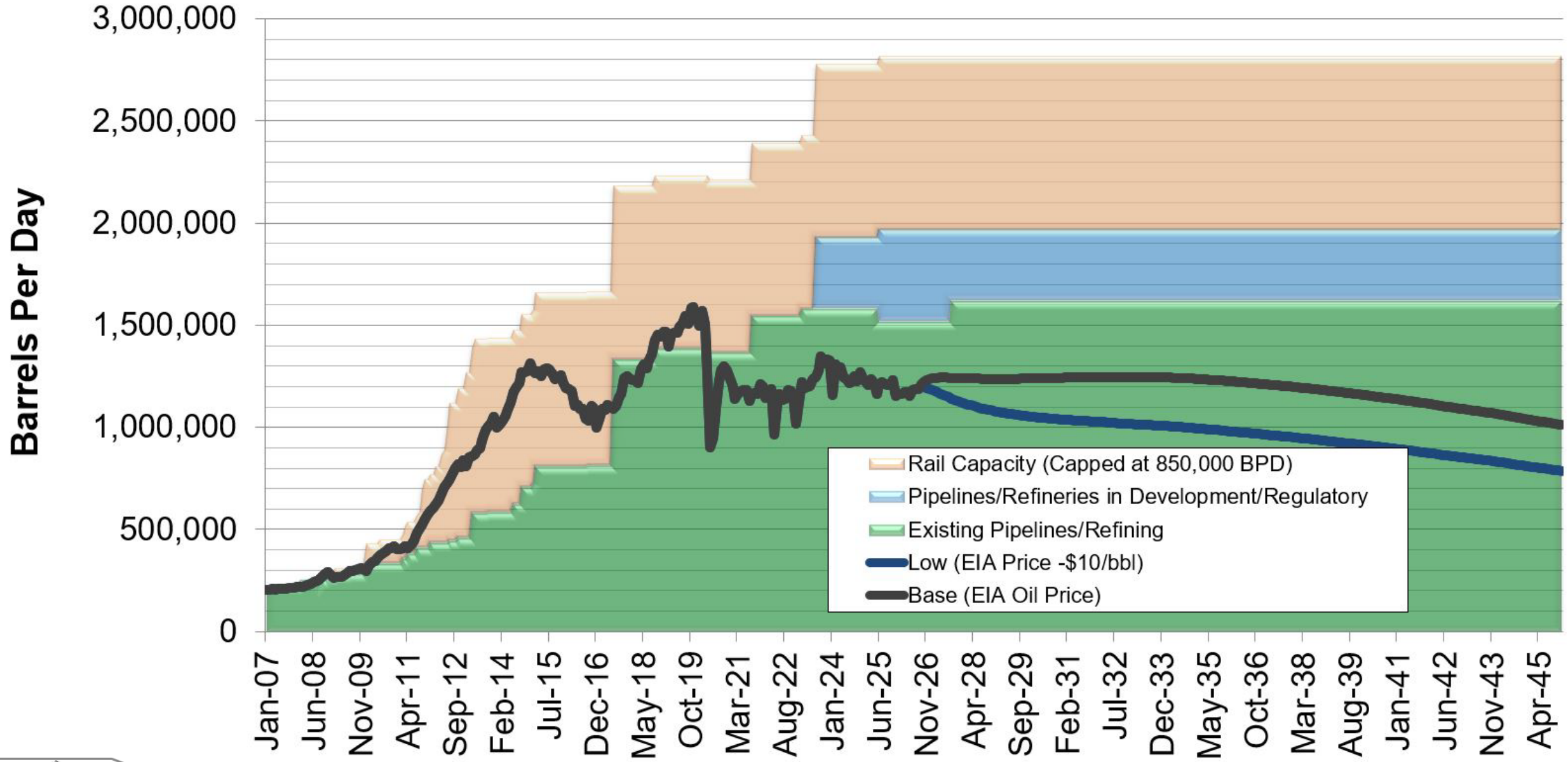
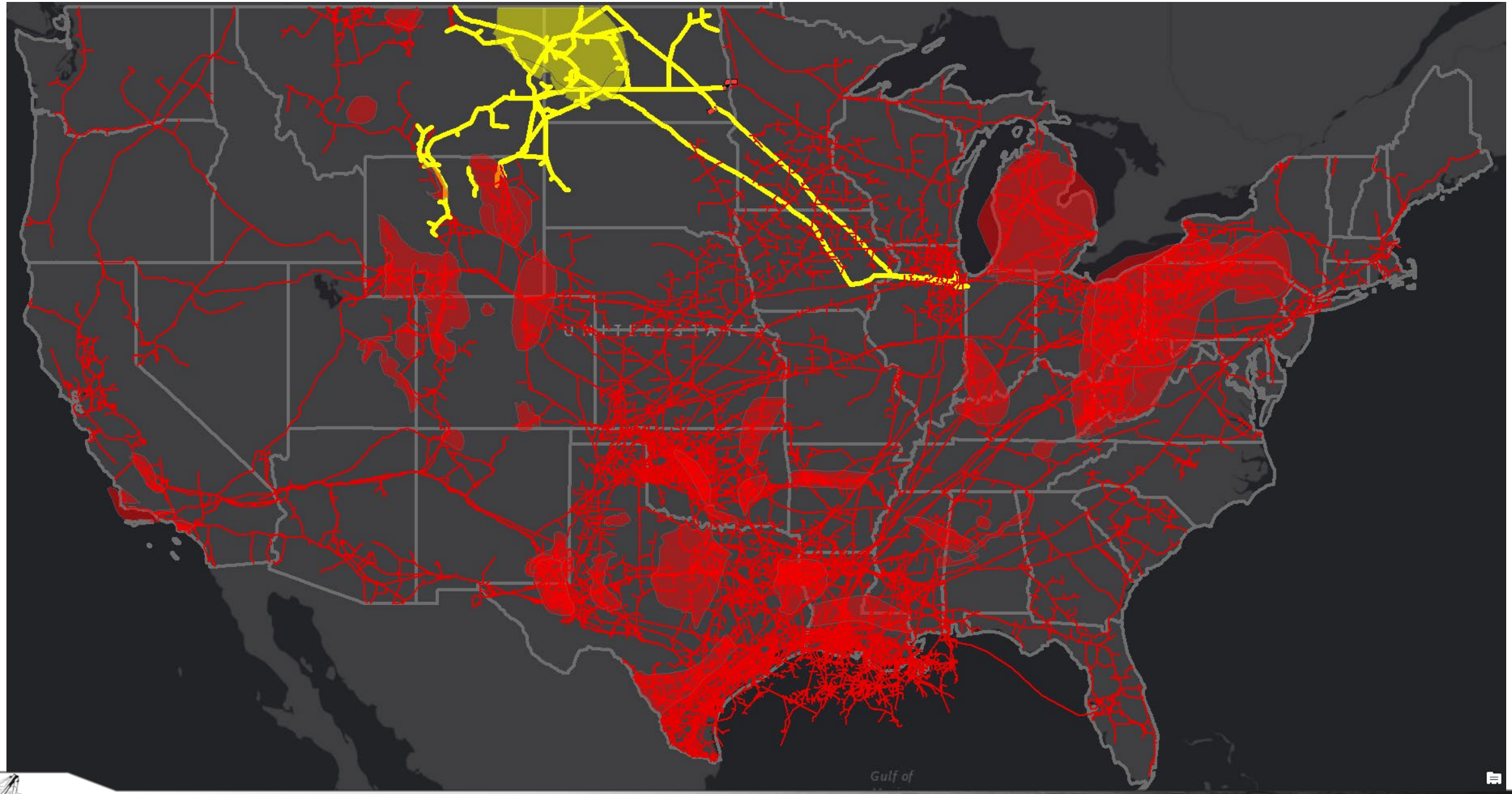
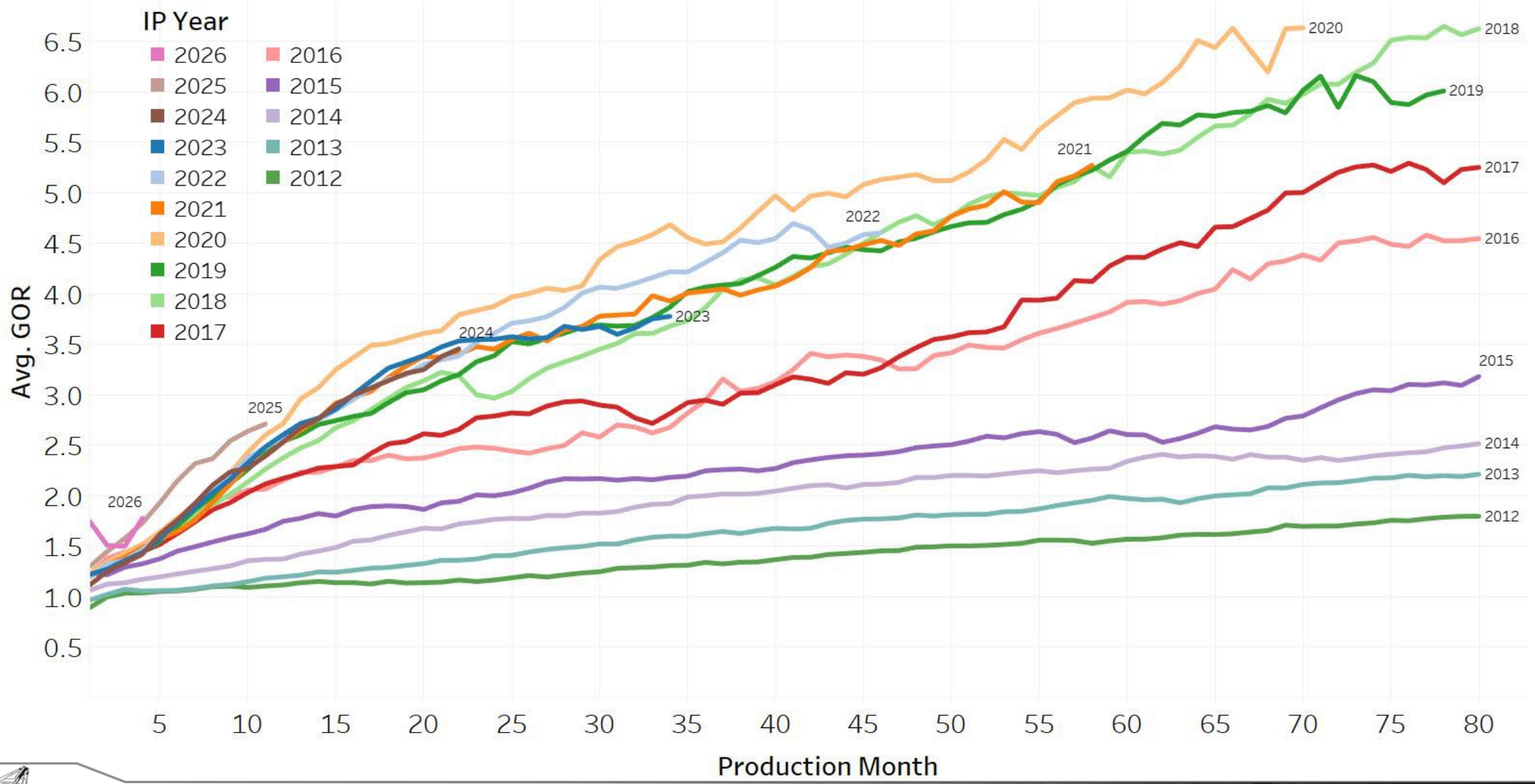
Williston Basin Oil Production & Export Capacity, BOPD



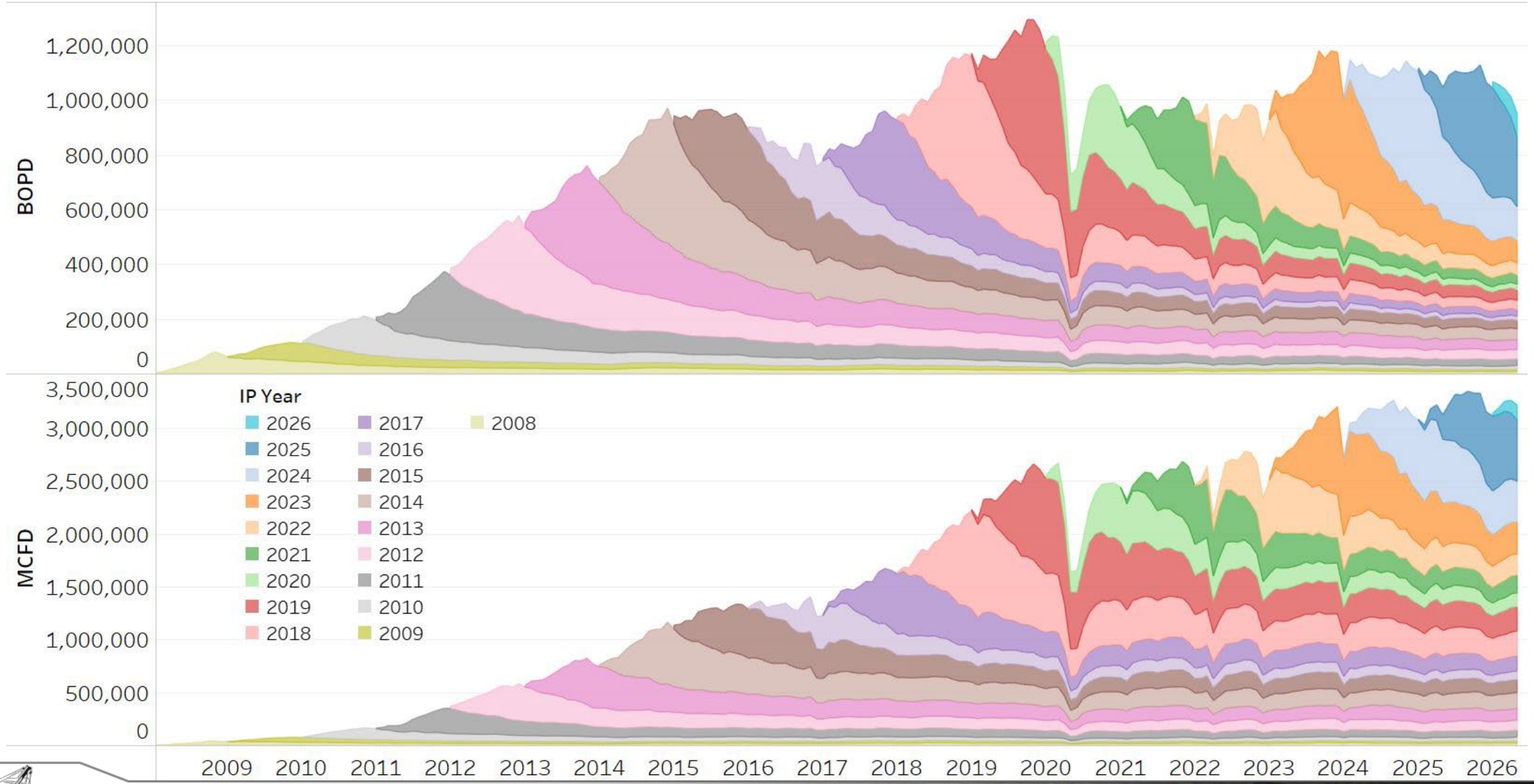
Bakken Natural Gas Infrastructure



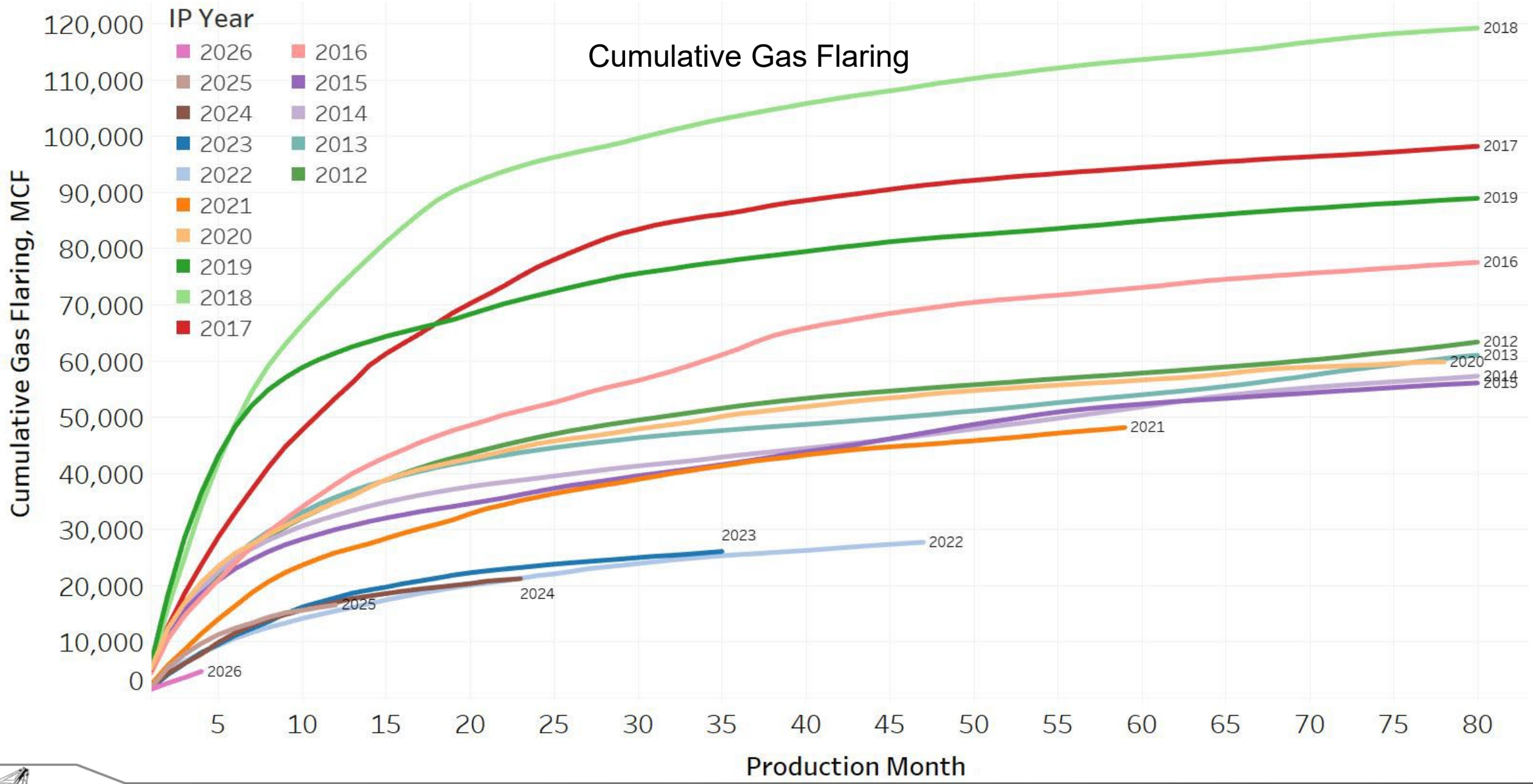
Statewide Bakken Gas/Oil Ratios



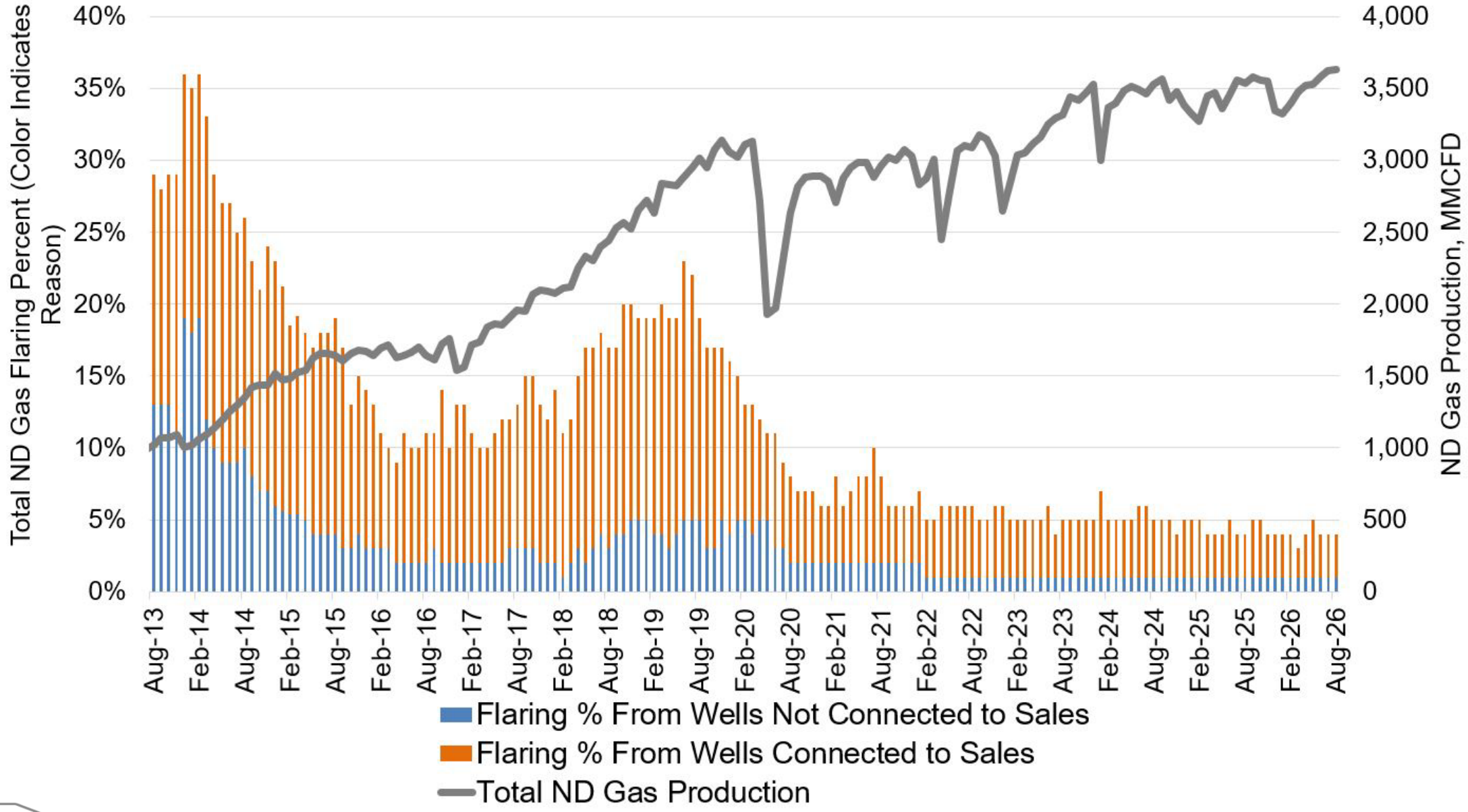
Bakken Base Decline By Well Vintage



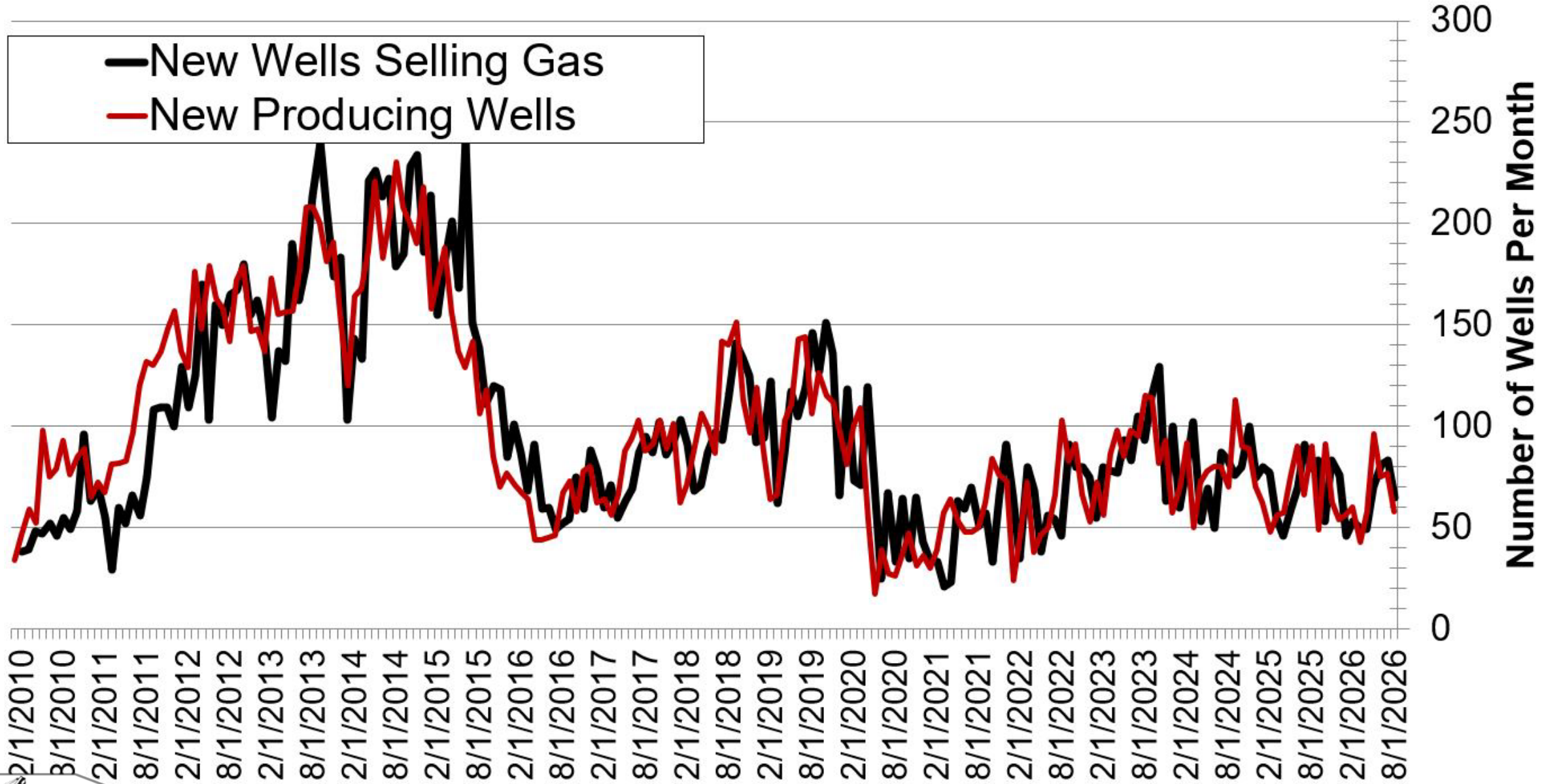
Record Low Gas Flaring



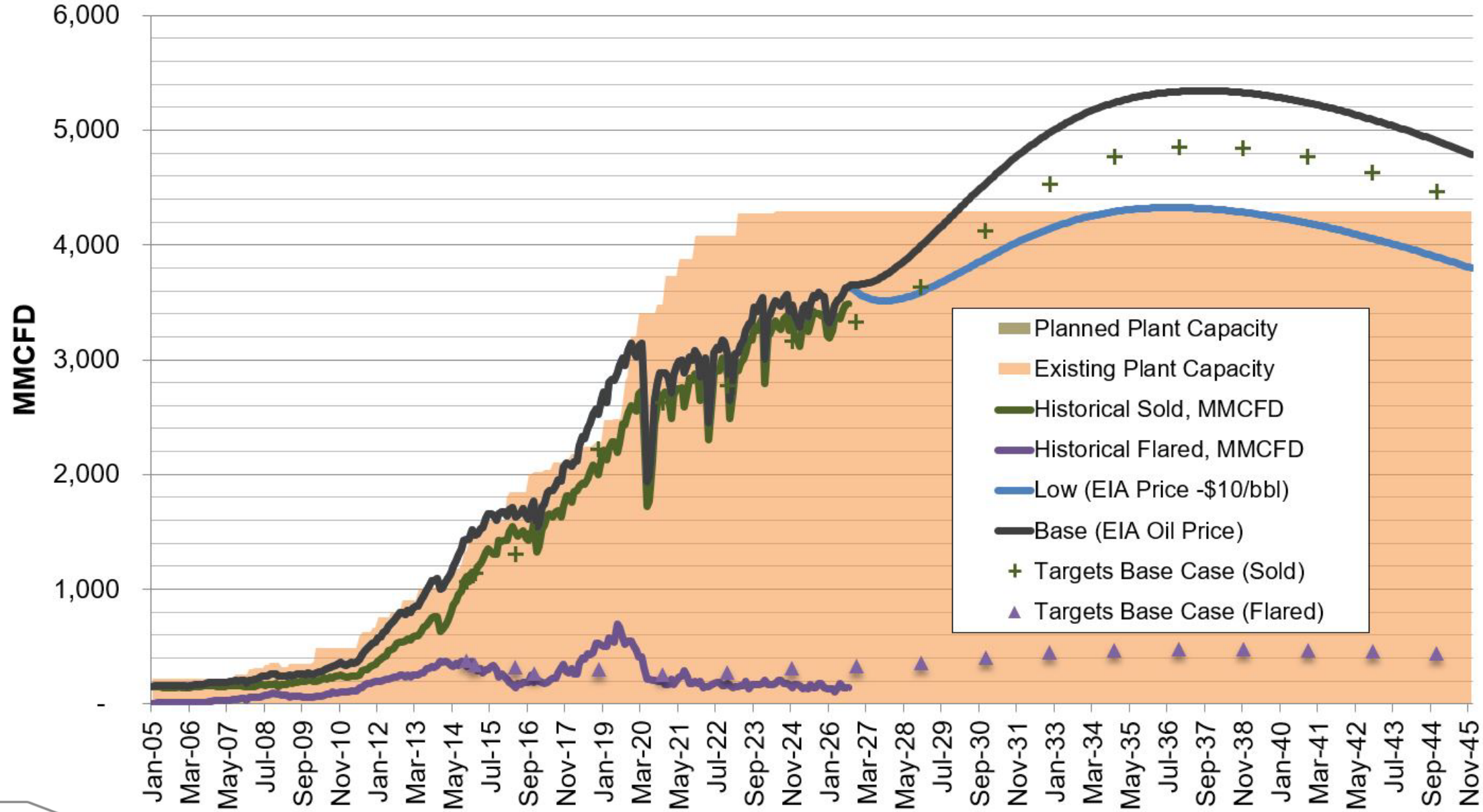
Solving the Flaring Challenge



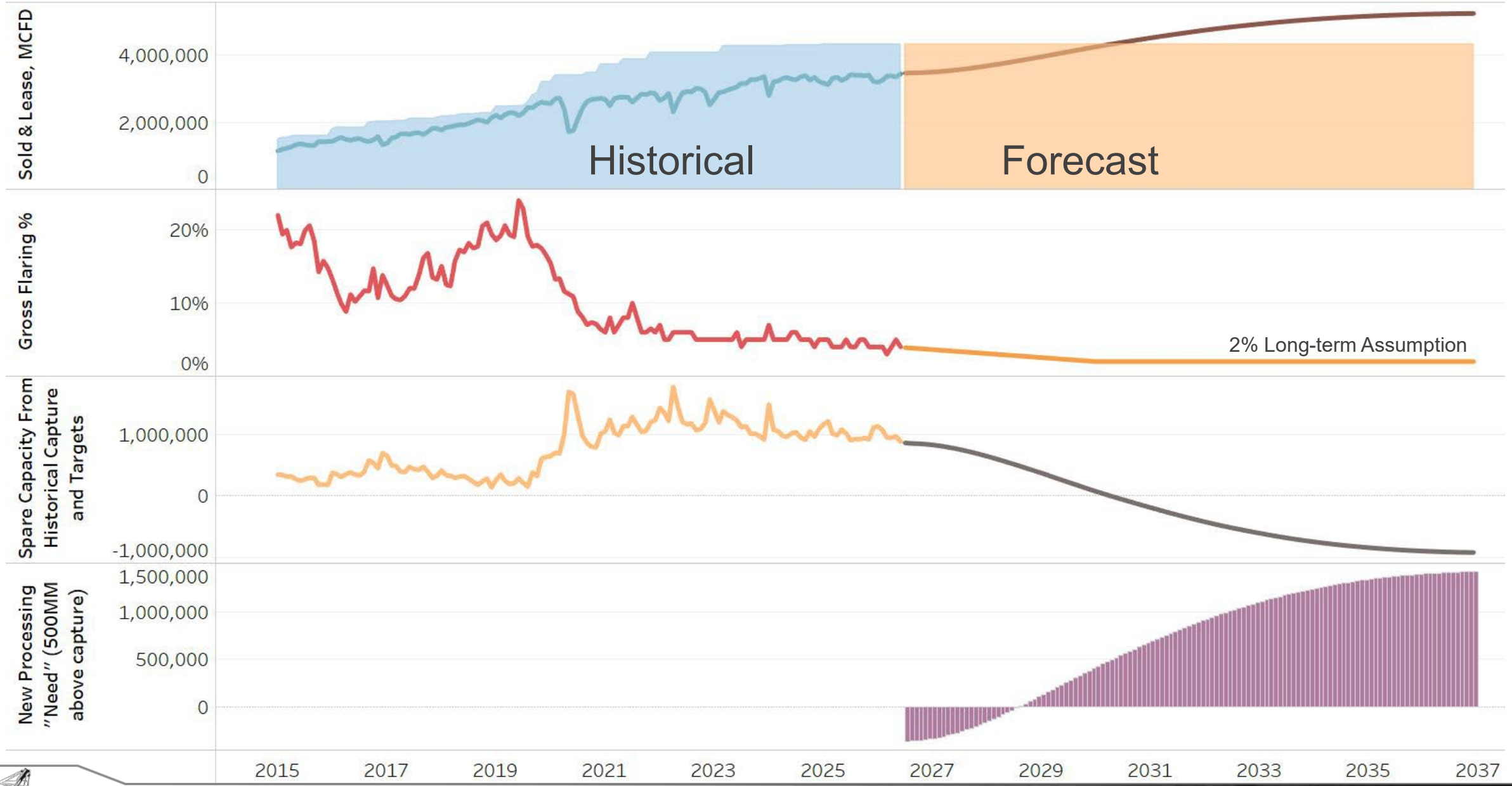
Solving the Flaring Challenge



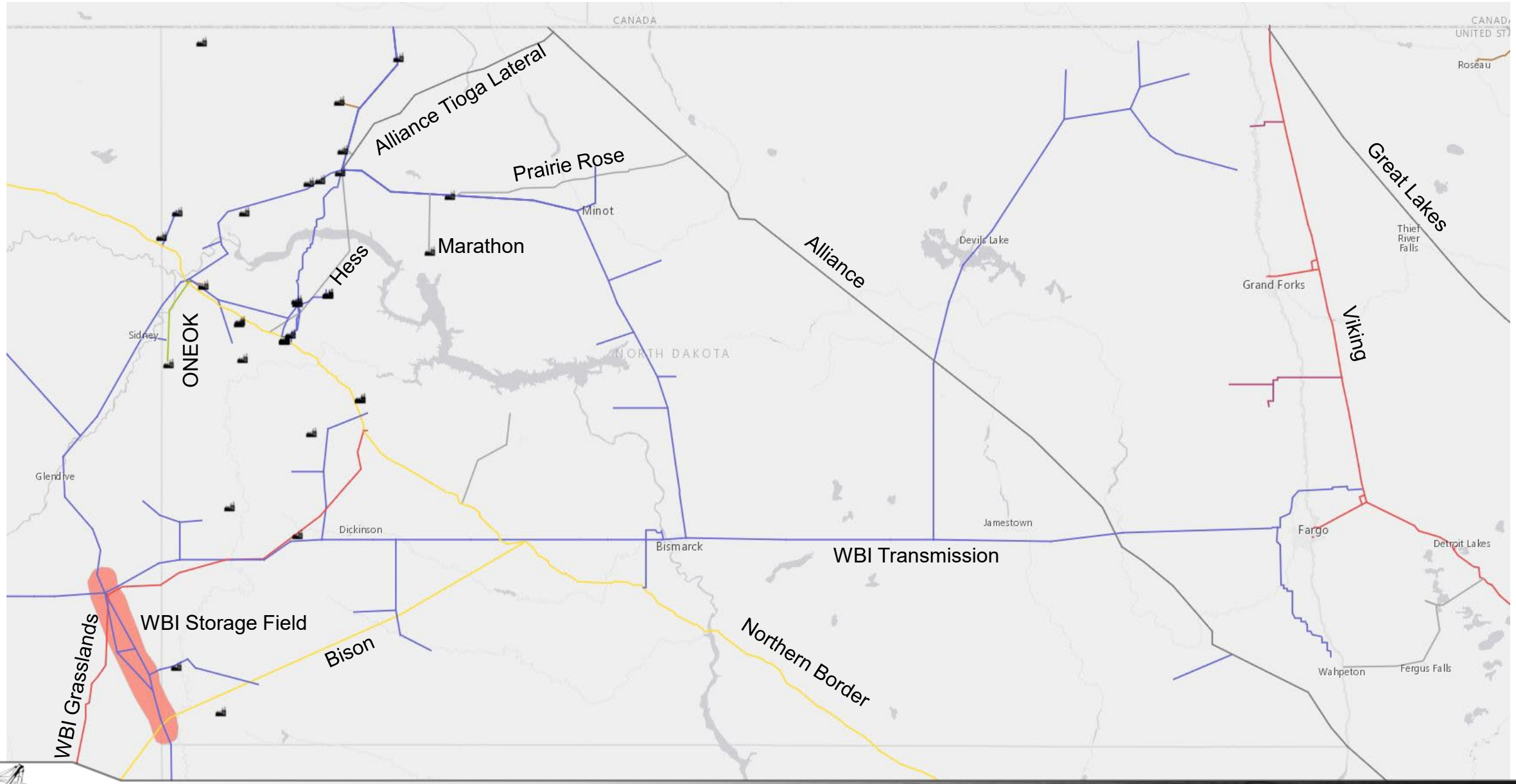
North Dakota Gas Processing Outlook



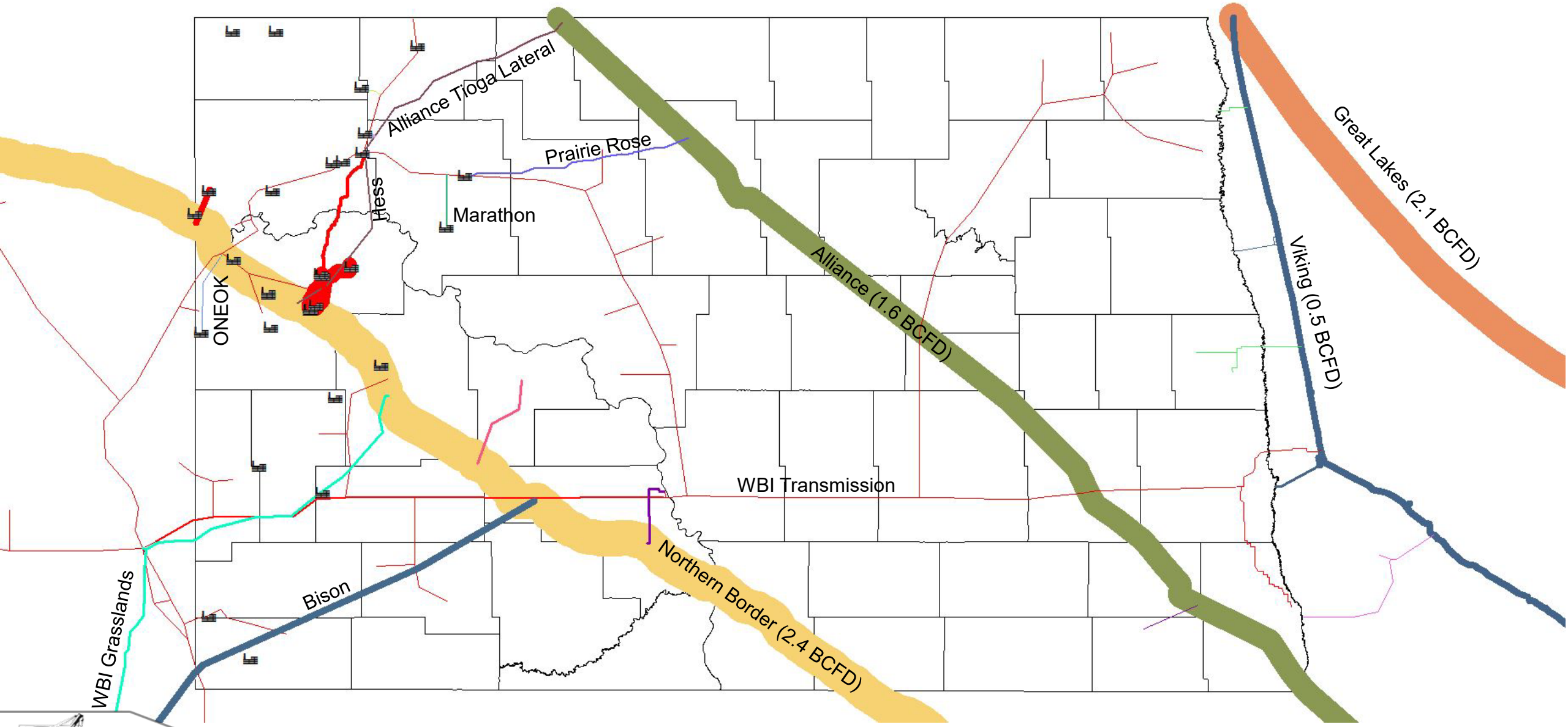
Gas Processing Capacity & Spare Capacity*



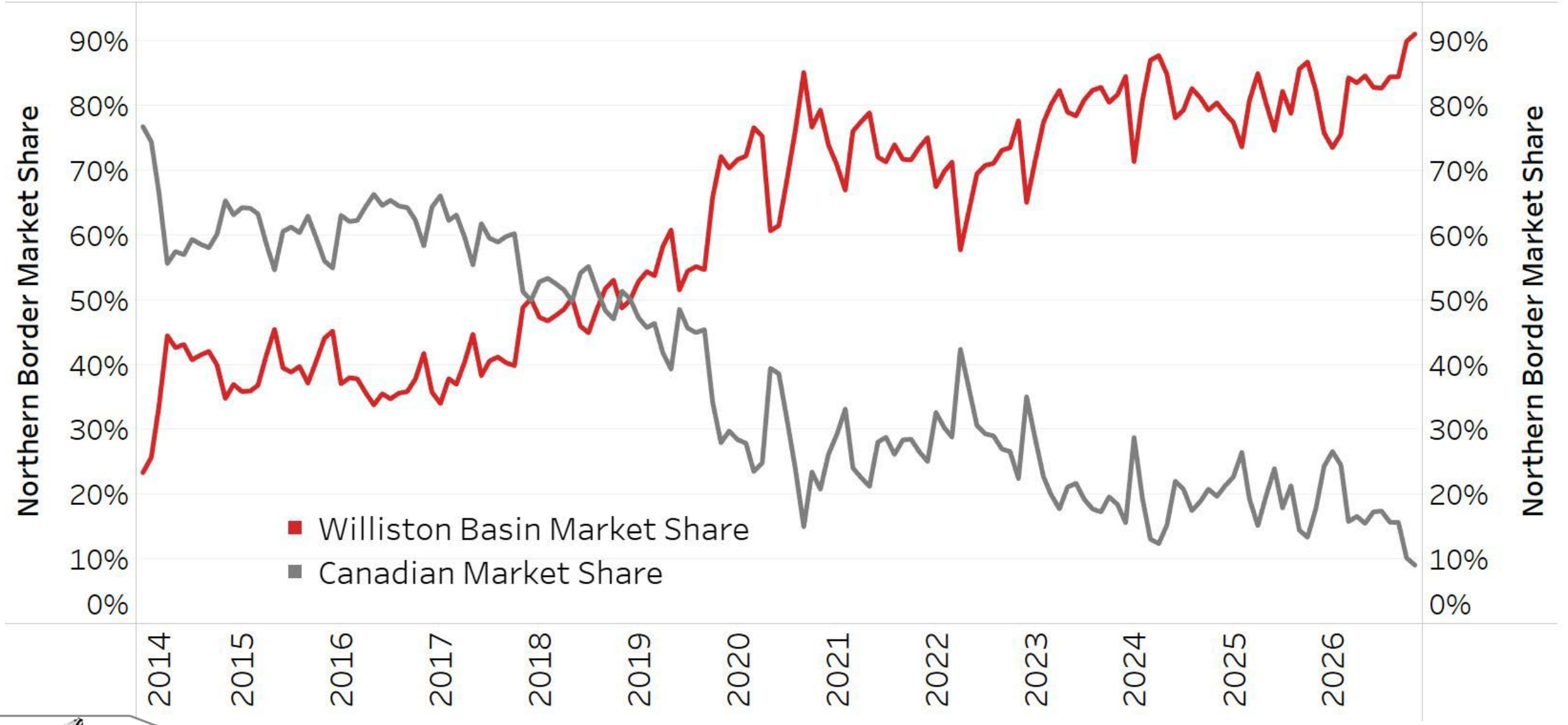
Major Residue Gas Pipeline Infrastructure



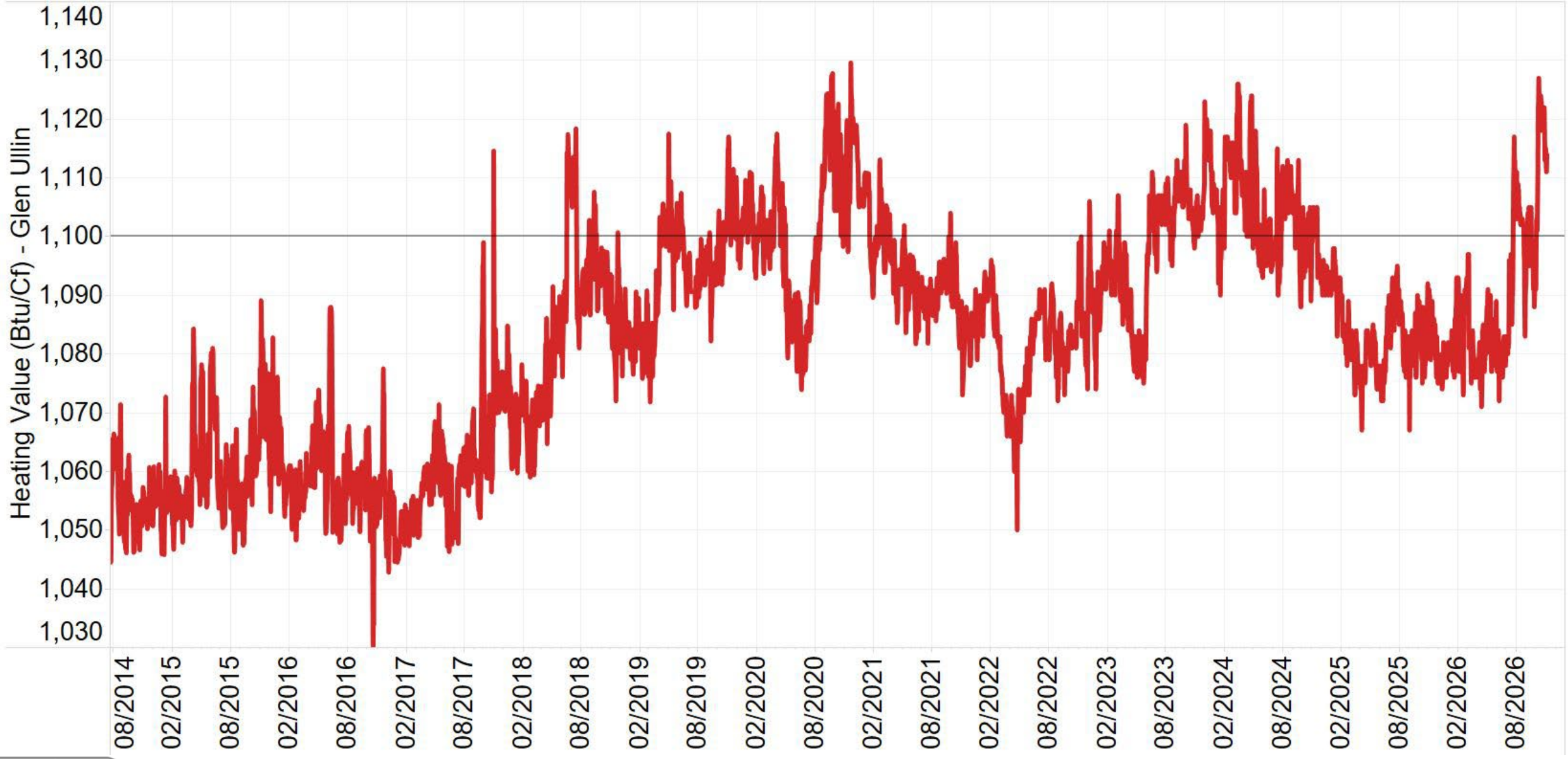
Residue Gas Pipeline Capacity Visualization



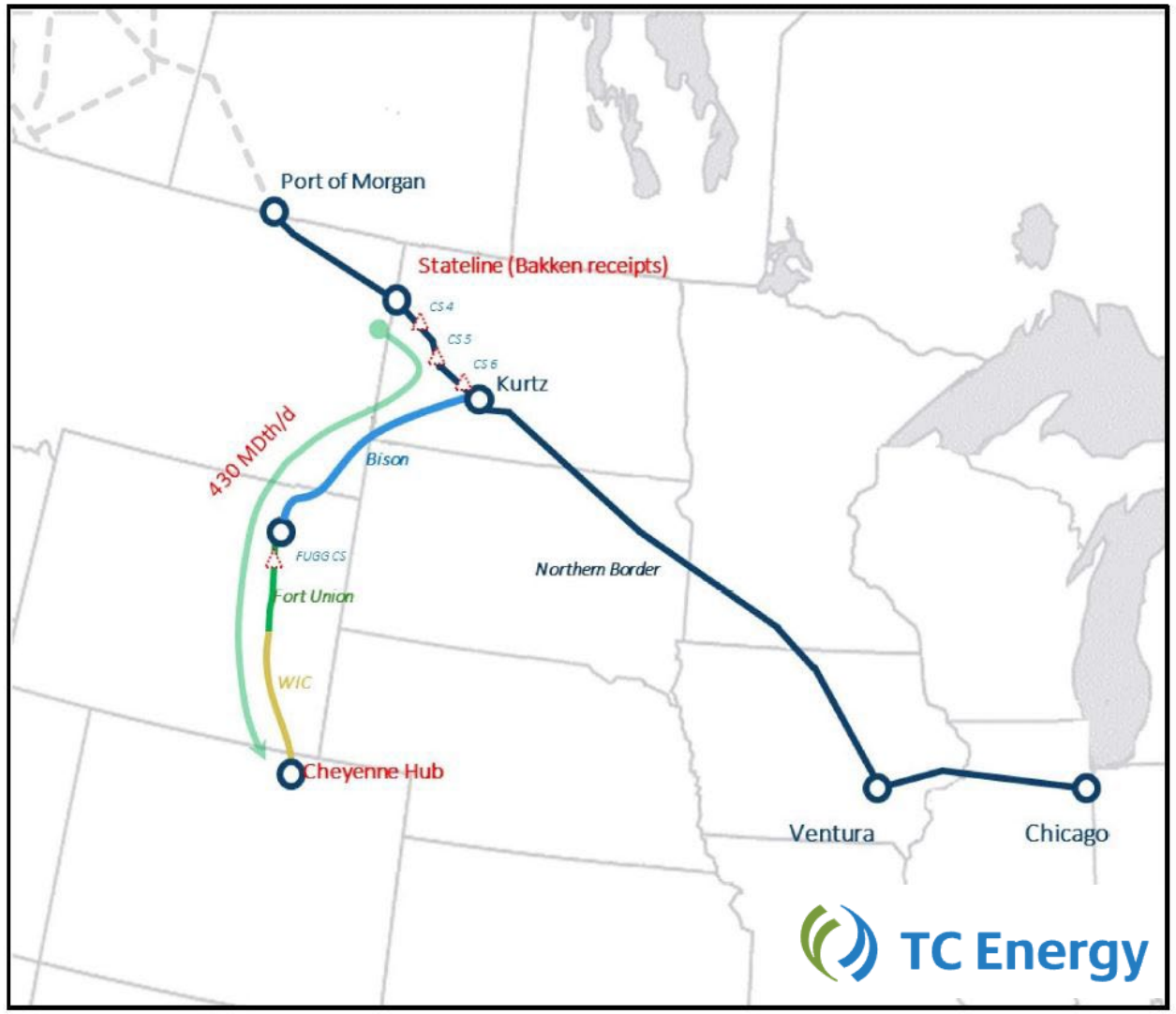
Northern Border Pipeline Market Share



Northern Border BTU at Glen Ullin, ND



TC Energy / Kinder Morgan: Bakken xPress Project



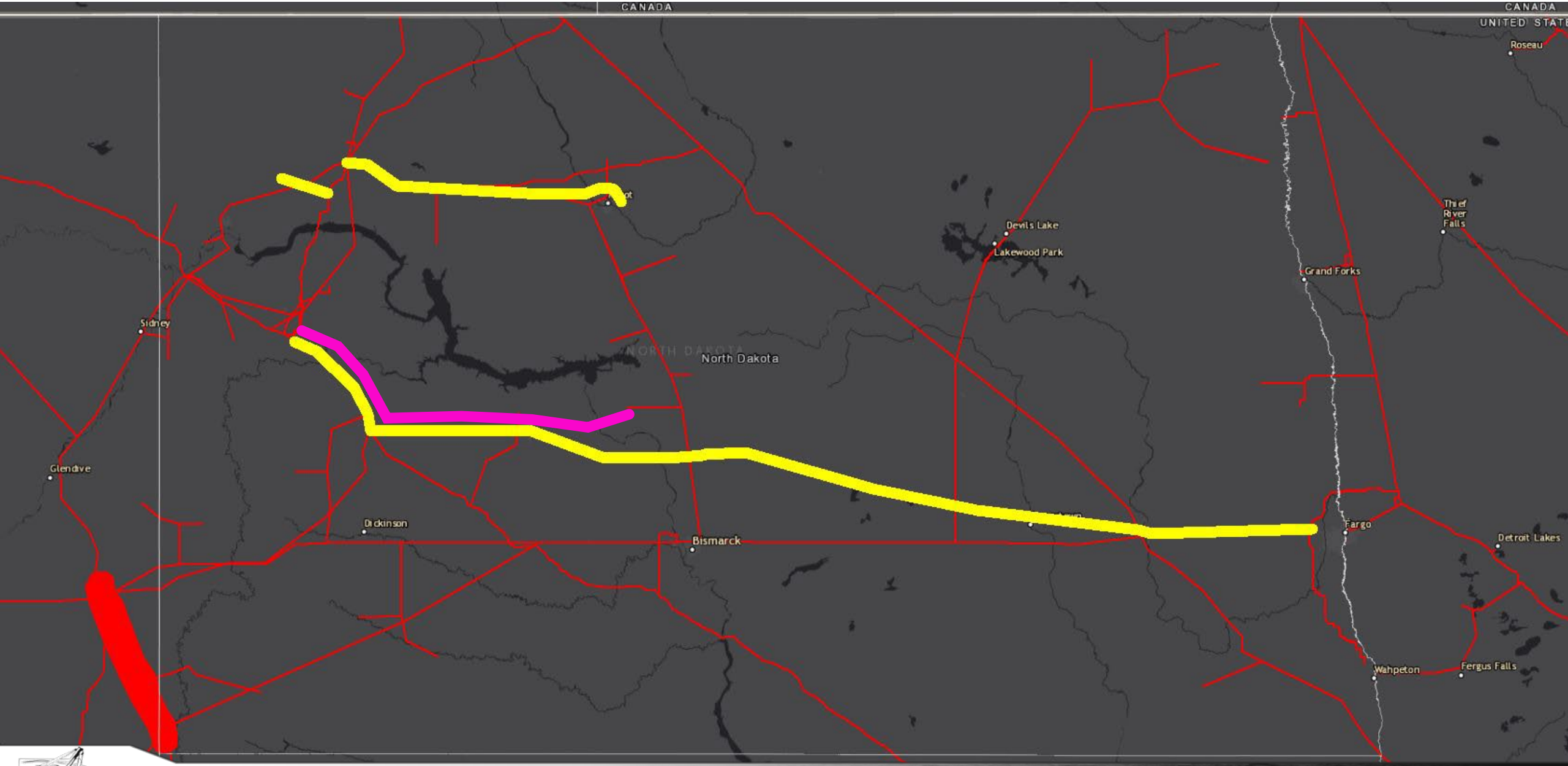
Project Highlights

- Non-binding open season April 4 - May 6, 2022
- Binding Open Season: June 1-30, 2023
- Three compressor upgrades in North Dakota
- Reverse the idle Bison Pipeline (30" – 302 Mile)
- Capacity 300,000 Dth/Day (430,000 Offered)
- May 2026 targeted in-service date **(DELAYED)**
- Fort Union Gas Gathering and Wyoming Interstate Company provide further transport to Cheyenne hub.
- Seeking commitments 10yrs or Longer
- $555 million: $347 Replacement/$208 Expansion

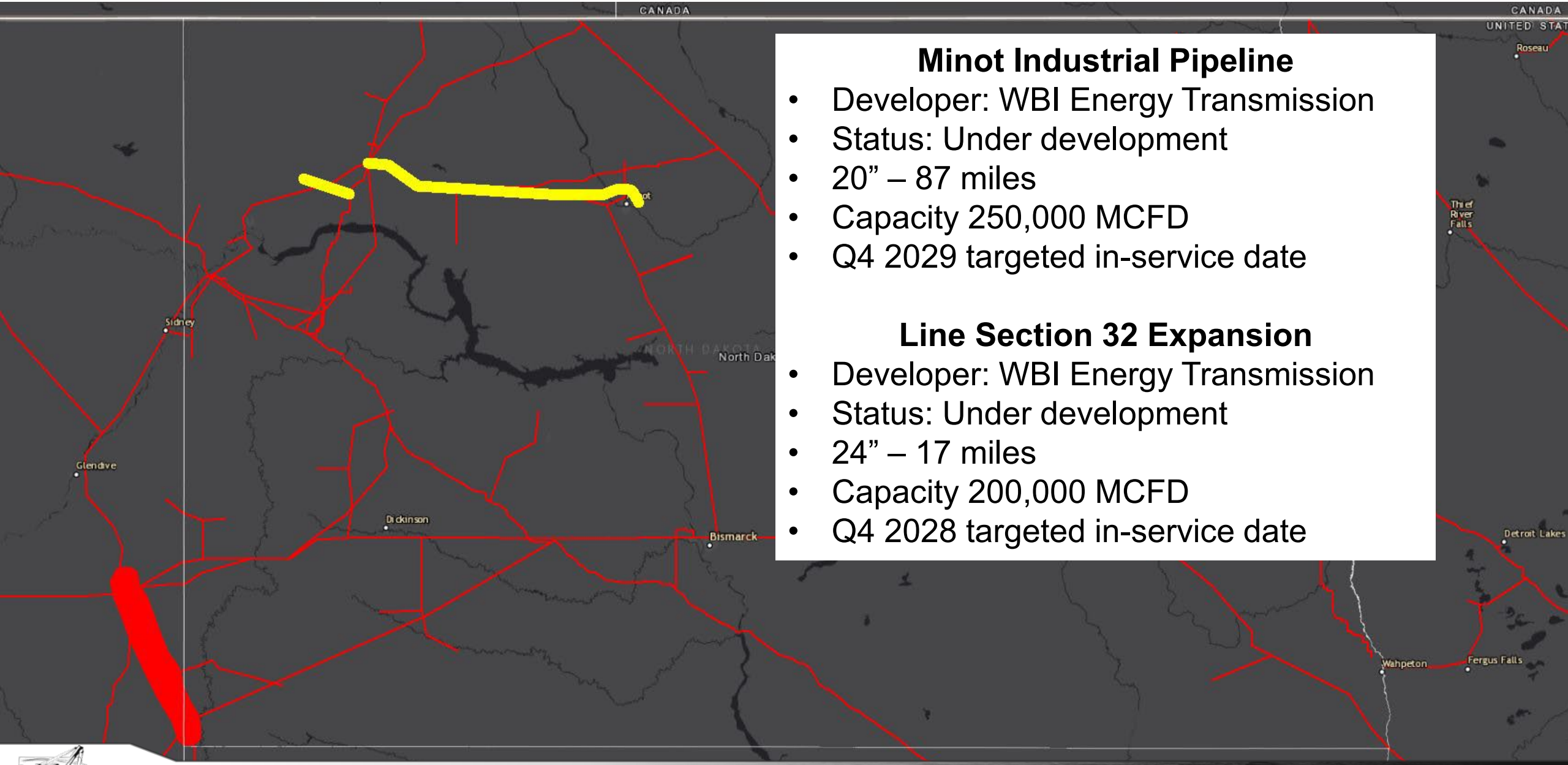
Proposed Rates

- NBPL/Bison $0.45/Dth + Fuel/Elec to WIC/FUG Interconnect
- WIC/FUG to Cheyenne $0.30/Dth + Fuel/Elec

Beyond 2026: Gas Transmission Projects



Beyond 2026: Gas Transmission Projects



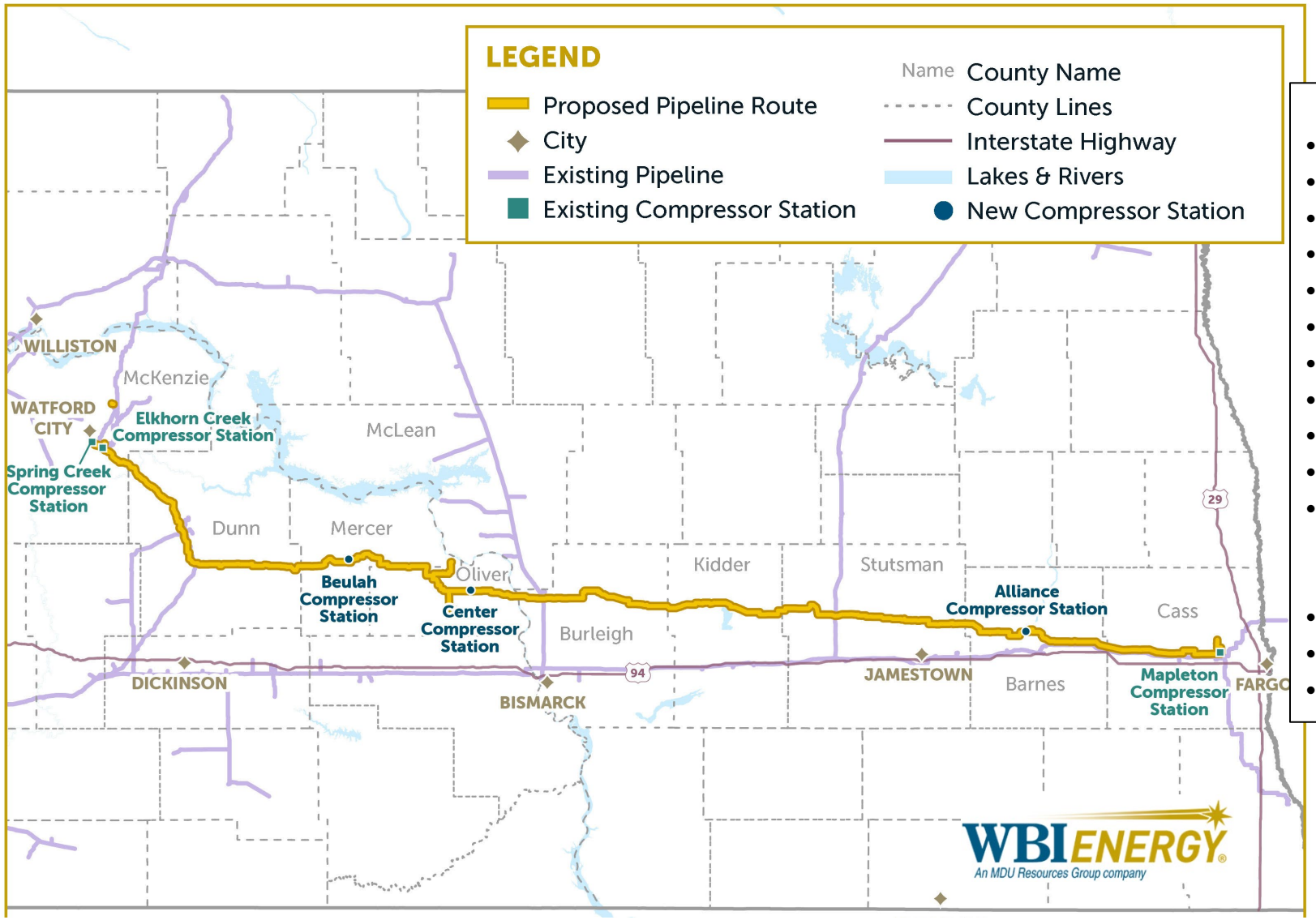
Minot Industrial Pipeline

- Developer: WBI Energy Transmission
- Status: Under development
- 20” – 87 miles
- Capacity 250,000 MCFD
- Q4 2029 targeted in-service date

Line Section 32 Expansion

- Developer: WBI Energy Transmission
- Status: Under development
- 24” – 17 miles
- Capacity 200,000 MCFD
- Q4 2028 targeted in-service date

WBI Energy: Proposed Bakken East Project



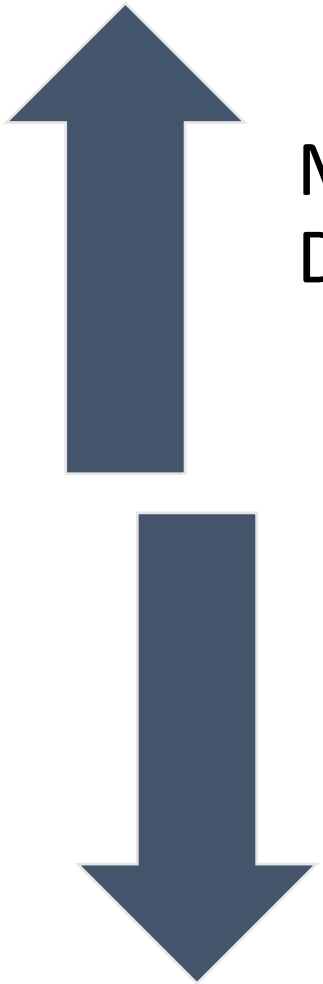
Natural Gas Pipeline Project Highlights

- Non-binding open season Dec 16 – Jan 31, 2025
- Binding open season Feb 2 – Mar 12, 2026
- 134 Miles: 42” Pipe
- 162 Miles: 36” Pipe
- 57 Miles: 30” Pipe
- 20 Miles: 20”-30” Pipe (Laterals)
- Compression: ~89,000 HP
- Proposed Capacity 1,400,000 Dth/Day
- Phase 1 (West) : Nov 2029 targeted in-service
- Phase 2 (East) : Nov 2030 targeted in-service
- Seeking commitments 20yrs or Longer

Estimated Rates

- $0.85 to $0.90/Dth + Fuel/Electric/Commodity
- Anchor Shipper Minimum: 100,000 Dth/Day
- Foundation Shipper Minimum: 250,000 Dth/Day

How Will NDPA Manage Contracted Capacity?



Most Desirable

Least Desirable

Release capacity to replacement shipper(s) in increments greater than one year at FERC required rate structure

Release capacity to replacement shipper(s) in increments less than one year at bid rates *(Limited by 54-17.7-04 Subsection 3)*

Release of capacity to an asset manager for an appropriate term length

Pay obligated precedent agreement rates until a release or asset management agreement is established

Intensity Infrastructure Partners Proposed Pipeline



Phase 1 Project Highlights

- Non-binding open season Feb 3 – Mar 7, 2025
- 136 Miles: 36” Pipe
- Proposed Capacity 1,100,000 Dth/Day
- July 2029 targeted in-service
- Seeking commitments 10yrs or Longer

Phase 1 Estimated Rates

- Sub-$0.40/Dth + Fuel/Electric/Commodity
- Anchor Shipper Minimum: 100,000 Dth/Day
- Foundation Shipper Minimum: 250,000 Dth/Day

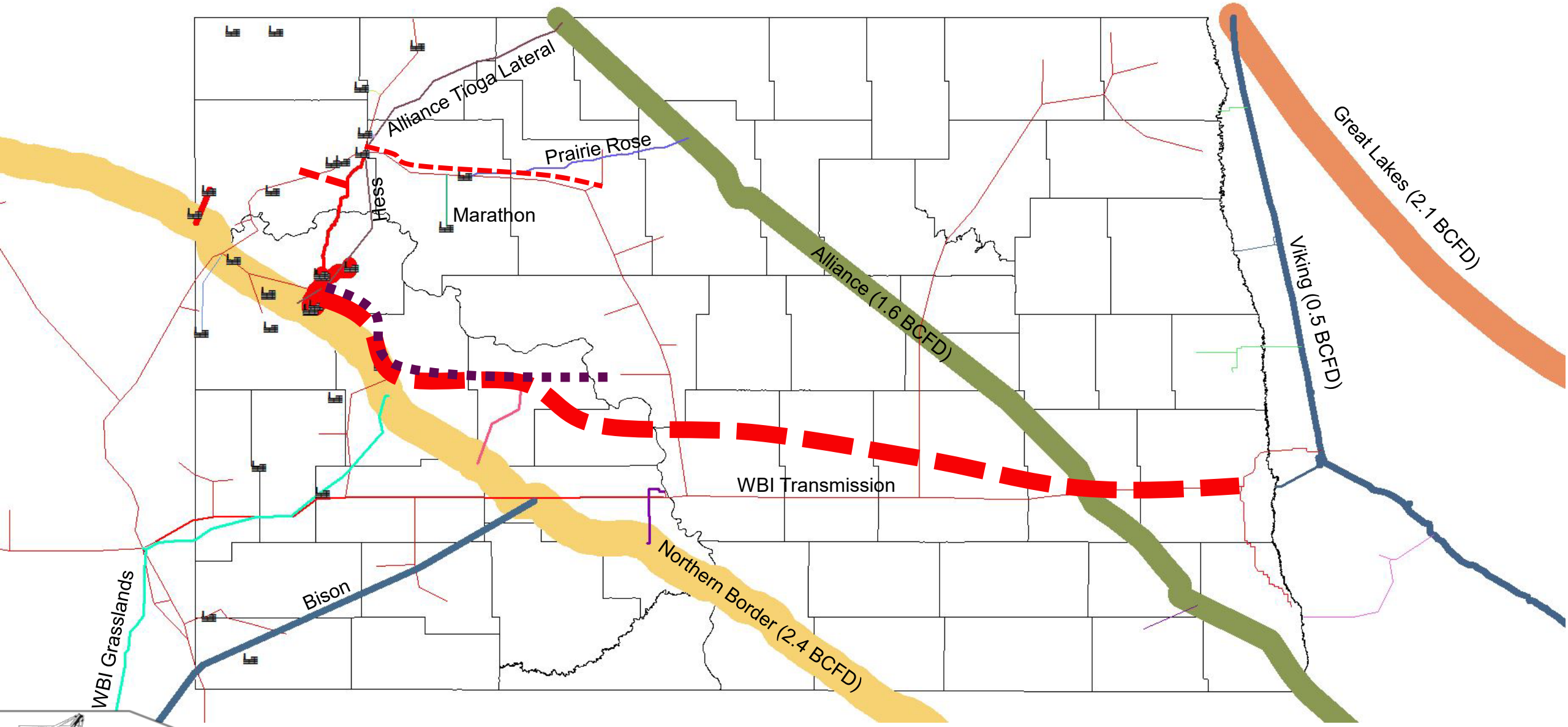
Phase 2 Project Highlights

- Non-binding open season Apr 17 – May 23, 2025
- 208 Miles: 30” Pipe
- Proposed Capacity 430,000 Dth/Day
- January 2030 targeted in-service
- Seeking commitments 10yrs or Longer

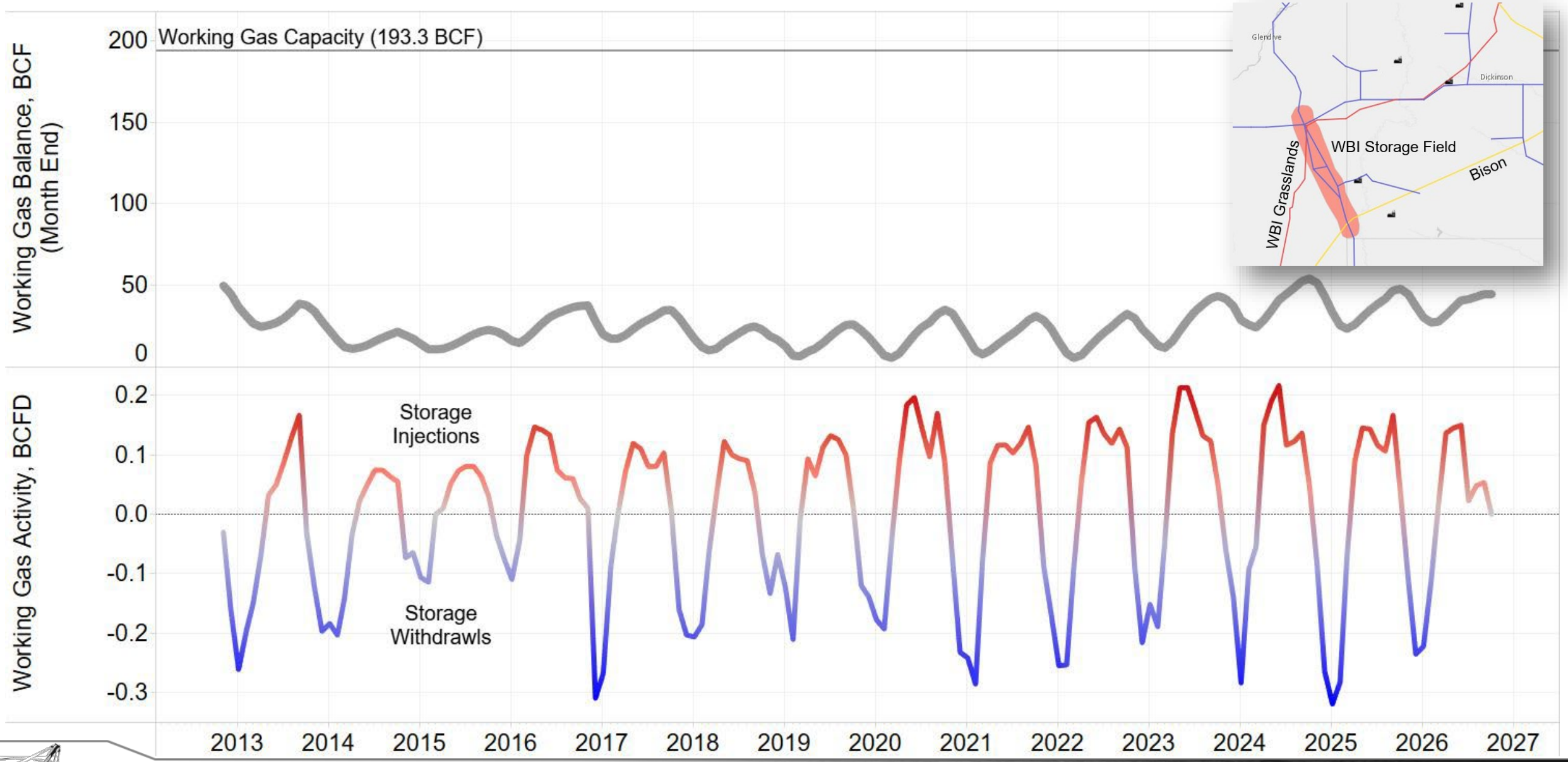
Phase 2 Estimated Rates

- $0.80/Dth + Fuel/Electric/Commodity
- Anchor Shipper Minimum: 100,000 Dth/Day
- Foundation Shipper Minimum: 250,000 Dth/Day

Residue Gas Pipeline Capacity Visualization

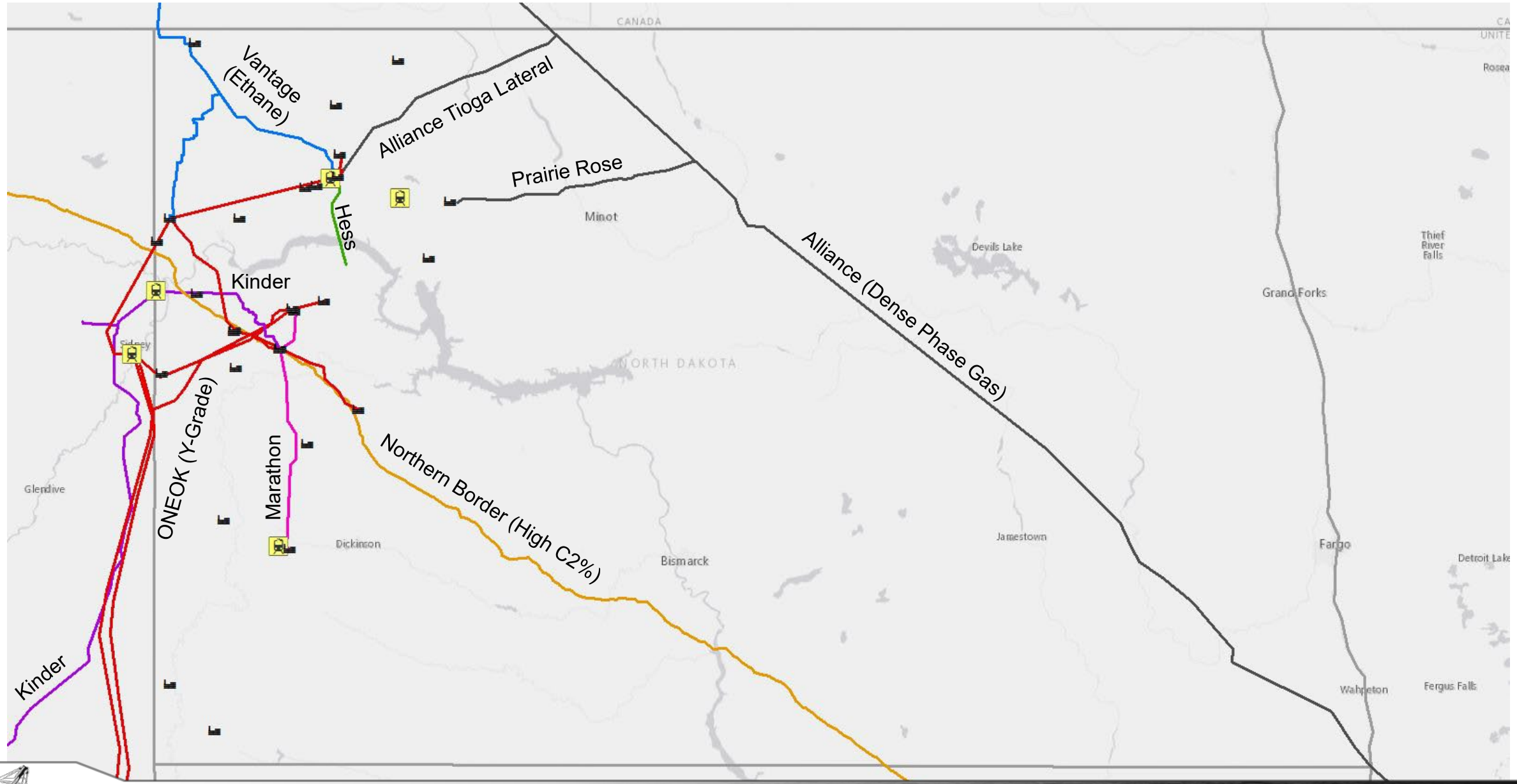


Residue Gas Storage – WBI Energy*

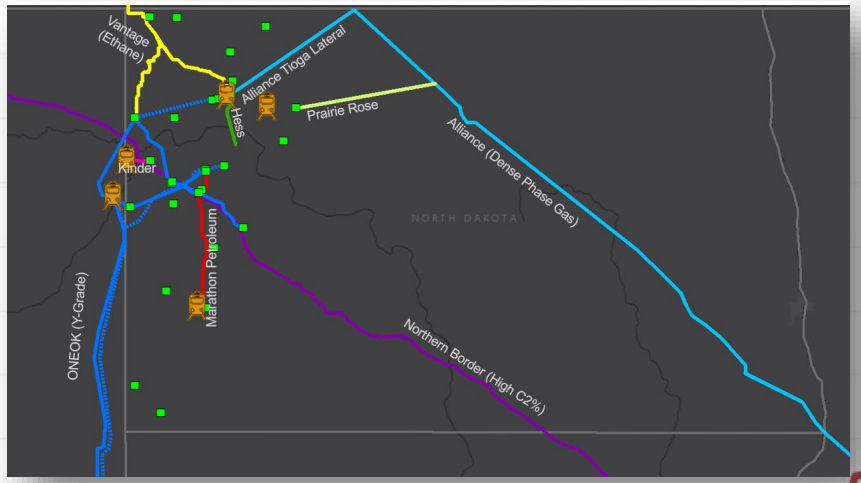


*WBI Energy Storage Fields: Baker & Elk Basin

Regional NGL Infrastructure



PADD II to PADD IV NGL Pipeline Flows



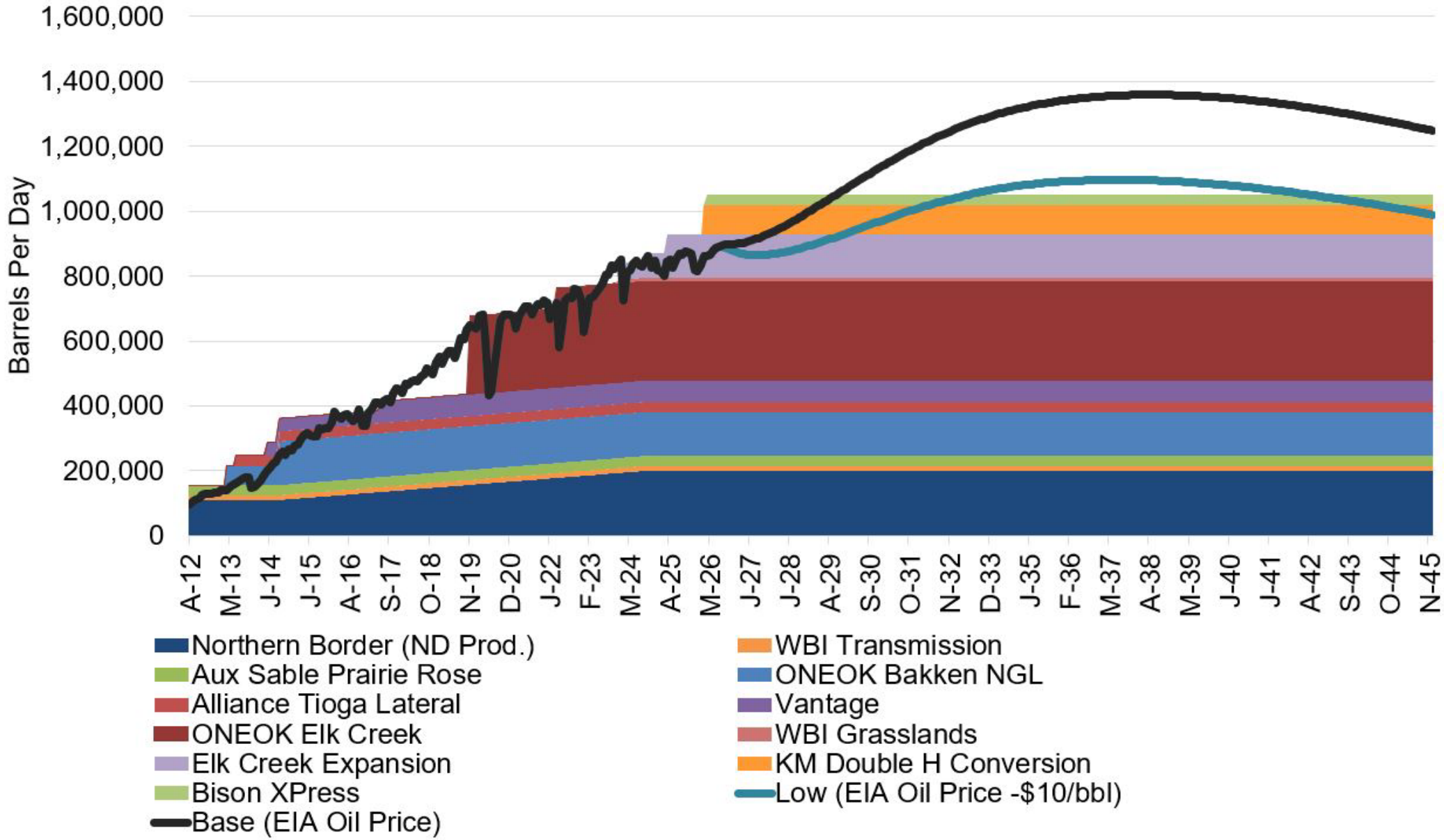
Barrels Per Day

170,000
160,000
150,000
140,000
130,000
120,000
110,000
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0

2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028

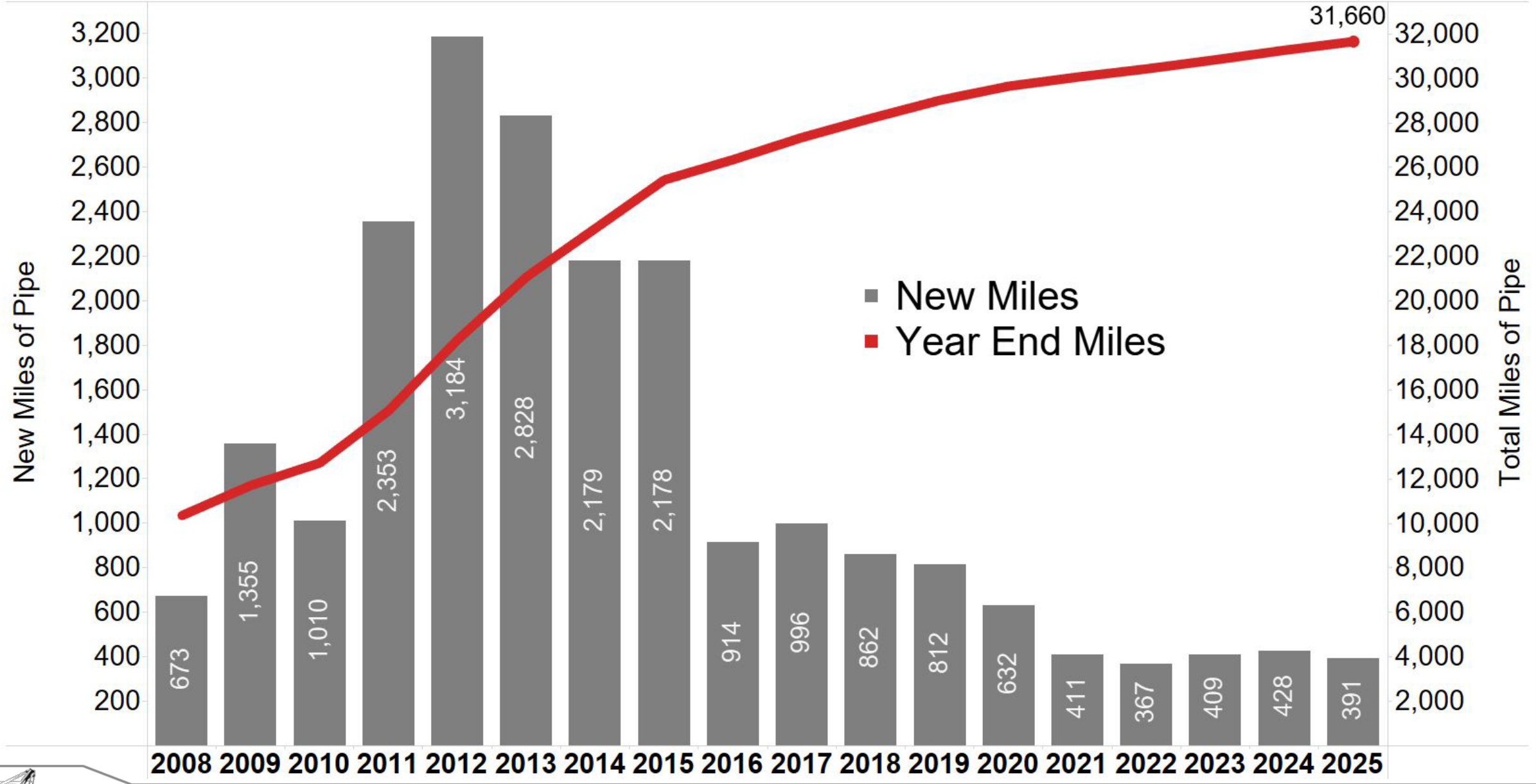
Propane
Ethane
Normal Butane
Natural Gasoline
Isobutane

NGL Transport Needs* – With New Cheyenne Pipes

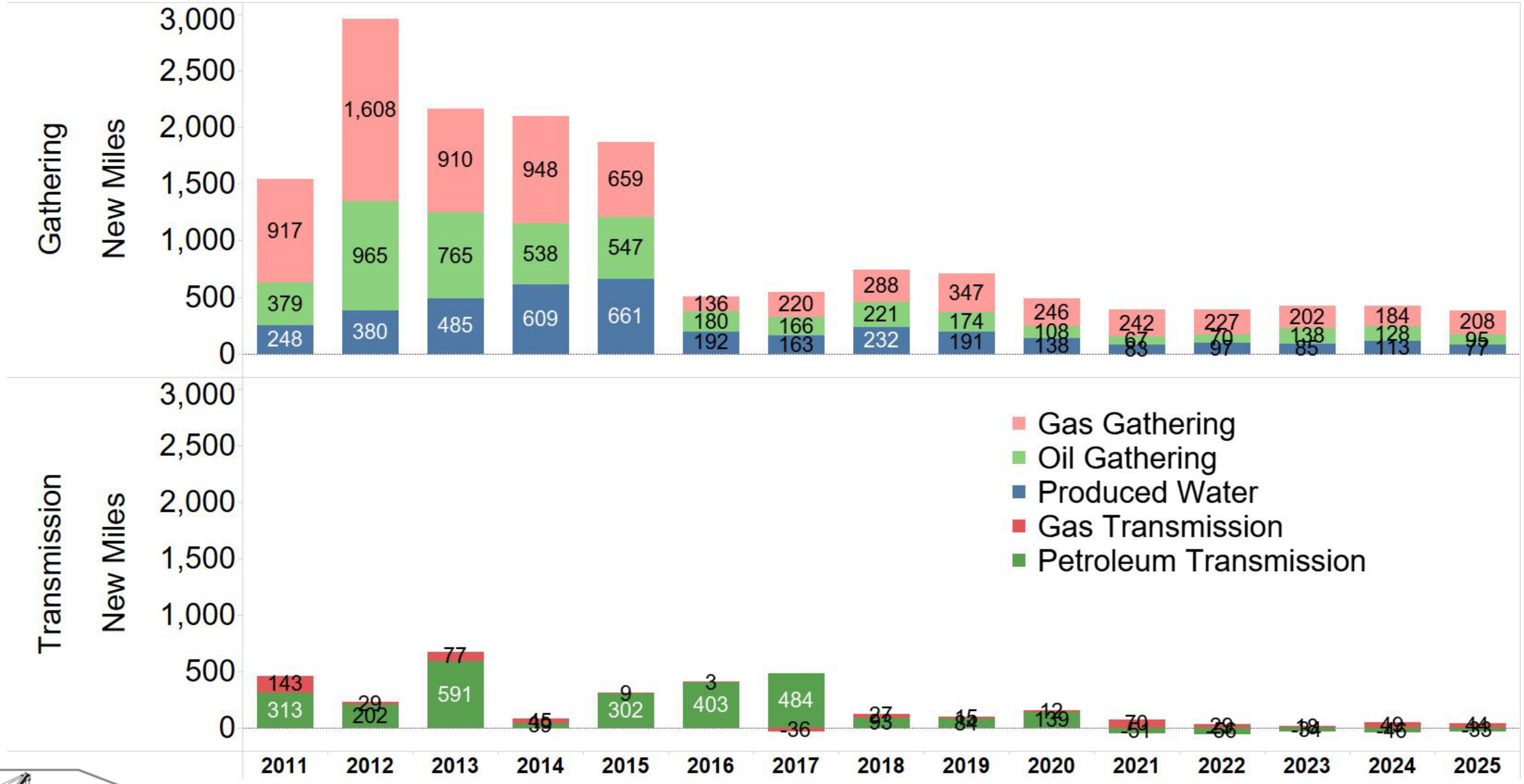


*Rail and Local Trucking Not Included

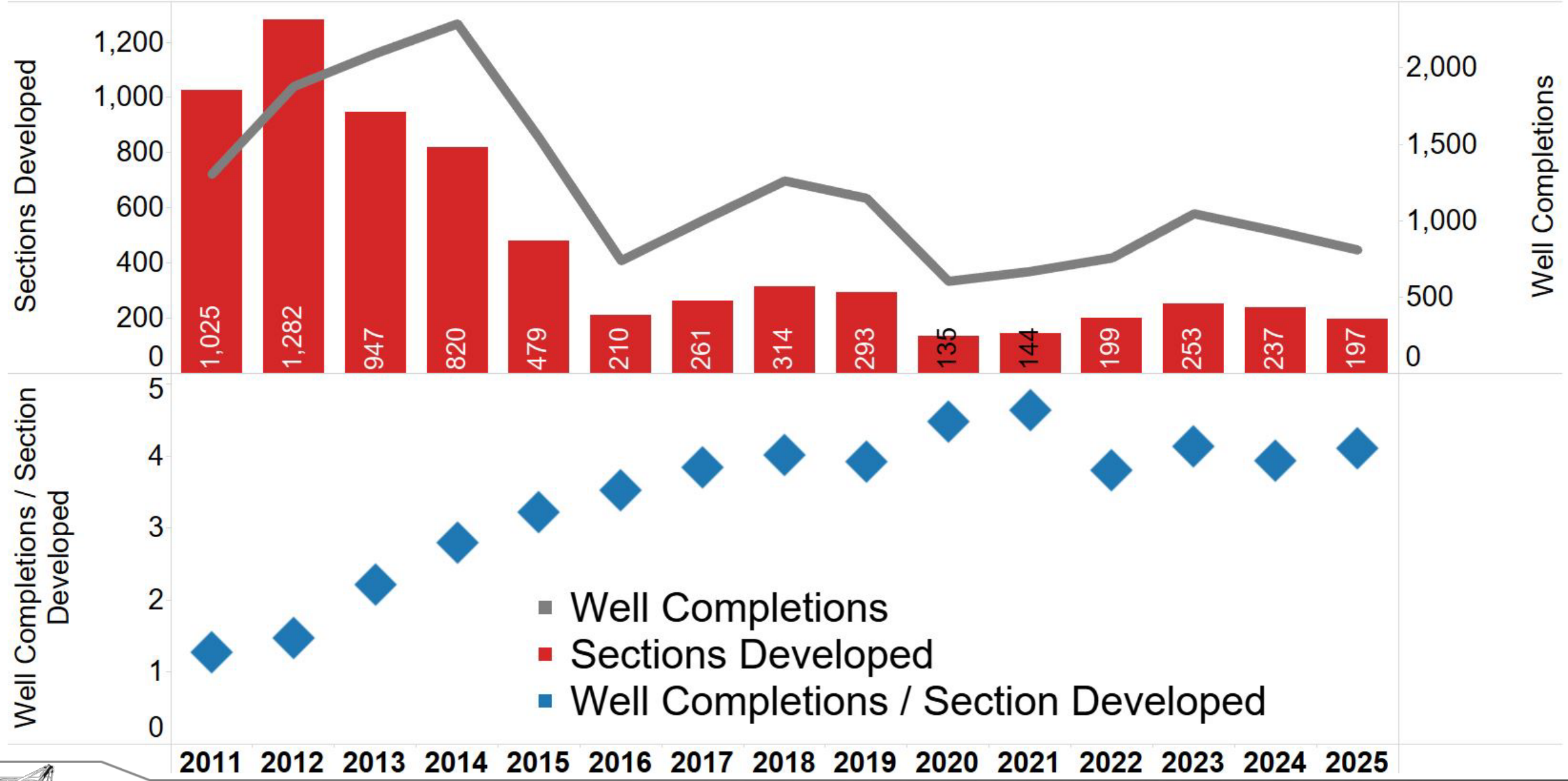
North Dakota Pipeline Construction



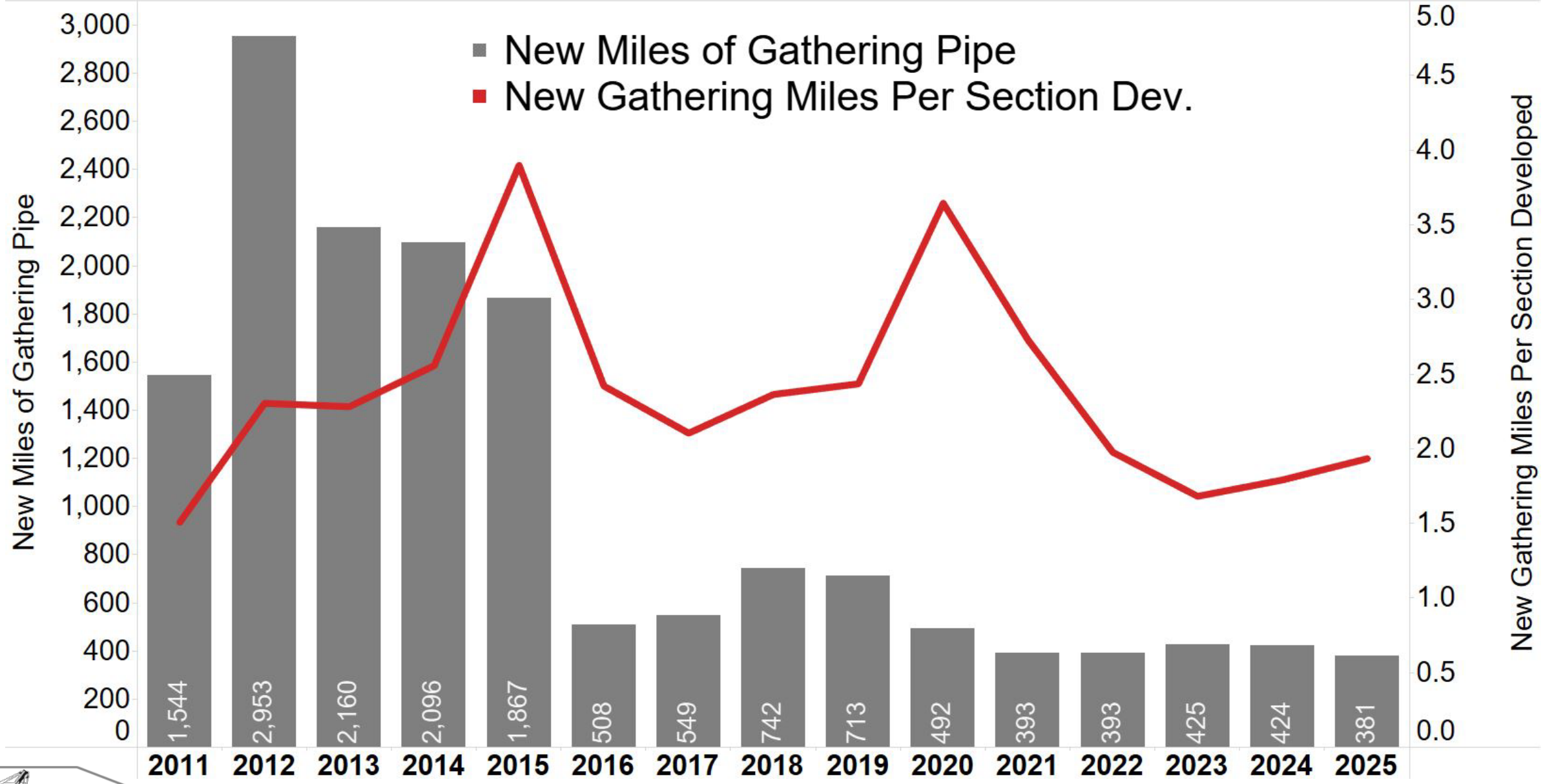
North Dakota Pipeline Construction



Drilling Activity & Gathering Miles Installed



Drilling Activity & Gathering Miles Installed



Contact Information

Justin J. Kringstad, Director

North Dakota Pipeline Authority

600 E. Boulevard Ave. Dept. 405
Bismarck, ND 58505-0840

Phone: (701)220-6227
E-mail: jjkringstad@ndpipelines.com

811 Know what's below. Call before you dig.

Website:

www.northdakotapipelines.com

Attachment 12

North Dakota Industrial Commission

Claire Vigesaa – Executive Director
ND Transmission Authority
November 23, 2026

North Dakota Transmission Authority

NORTH Dakota Be Legendary.

DOE IIJA Formula Grant Awards

Year	DOE Grant	ND Match	Total
FY22/23	$7,499,037	$1,124,856	$8,623,893
FY24	$3,885,295	$ 582,794	$4,468,089
FY25/26	$7,104,486	$1,065,673	$8,170,159
Total	**$18,488,818**	**$2,773,323**	**$21,262,141**

NDIC Awarded to Date

- **Twelve Projects - $12,365,463**

ELIGIBLE PROJECTS

Applicant	Project	Grant Request	Total Cost
City of Hillsboro	Electric System Upgrades	$3,613,500	$4,818,000
City of Lakota	Substation Transformer/controls/T-line	$2,621,250	$3,495,000
TOTAL		**$6,234,750**	**$8,313,000**

RECOMMENDATION

- ❑ Accept the FY25/FY26 IIJA Funds
- ❑ Award $6,234,750 for the City of Hillsboro and City of Lakota Projects

NORTH Dakota

Be Legendary.

NDTA North Dakota Transmission Authority

BIL 40101(d) Application

Project Title: Phase 1 Electrical Upgrades

Applicant: City of Hillsboro

Date of Application: 06/02/2025

Date of Application Revision: 11/06/2026

Amount of Grant Request: $3,613,500

Total Amount of Proposed Project: $4,818,000

Duration of Project: 3 Years (2026-2028)

Point of Contact (POC): Levi Reese

POC Telephone: 701-636-4620

POC Email: levi.reese@hillsboro-nd.us

POC Address:

19 South Main Street

Hillsboro, ND 58045

North Dakota Transmission Authority

North Dakota Industrial Commission

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Applicant Description

Located in Traill County, North Dakota, the City of Hillsboro has an estimated population of 1,649, based on the 2020 decennial census. The city was founded in 1880, incorporated in April of 1883, and lies between two of North Dakota's largest cities. Fargo, North Dakota, is 42 miles southwest of the City of Hillsboro, and Grand Forks, North Dakota, is located 40 miles north. Hillsboro is served by major transportation networks including Interstate 29, State Highway 200, the BNSF Rail line, and the Hillsboro Regional Airport.

The City of Hillsboro is led by a city commission, which includes a president and four commissioners:

- Levi Reese, President
- Paul Geray, Commissioner – Vice President
- Jon Myers, Commissioner
- Jason Pohlkamp, Commissioner
- Nicole Evans, Commissioner

The city provides municipal power, water, sewer, garbage and recycling services to its residents. The power transmission supply to the city consists of looped 69 kV transmission lines owned by Xcel Energy. Hillsboro Utilities distributes power through a system composed of both overhead and underground sections and is supported by two 69 kV to 4.16 kV load-serving substations. Approximately 56% of the distribution system is underground. In 2024 the City of Hillsboro provided power to 1,069 customers, with annual sales of approximately 32,000 MWh.

Project Description

Capital Improvement Plan – Phase 1

The scope of this project is the first of a four-phase capital improvement plan. These phase 1 improvements aim to eliminate or minimize system deficiencies and improve capacity to meet future demand. The improvements included within Phase 1 are discussed below:

Water Treatment Plant Mainline Project

The City partners with East Central Regional Water District to provide water service to the region. We are expanding our regional water treatment plant to increase treatment capacity, which will require additional power from our electrical system. We will install new underground circuitry and convert to a 12.5 kV system voltage on the west feeders. This will eliminate potential voltage and distribution system capacity violations once the treatment plant expansion is complete.

Northeast and Southeast Voltage Conversions

These improvements include the installation of new underground circuitry and conversion from a 4.16 kV to 12.5 kV system voltage via step-up transformers at the Traill substation. This will help eliminate voltage and capacity violations under system normal and contingency. Additionally, it eliminates old unjacketed 4.16 kV underground circuitry and provides more reliable service to the essential services within our community including our schools and medical facilities.

Need for Improvements

Back-feed capabilities under peak loading conditions are limited due to the use of 200 Amp load-break elbows on some 4/0 aluminum circuit mainlines – significantly reducing the overall capacity of the 4.16 kV system west of the interstate. Additionally, there are radial portions of the system with no back-feed capability whatsoever. The existing 4.16 kV system is limited in the amount of voltage it can provide while within the conductor's thermal limitations. Within each substation, critical equipment in the yard is on average over 40 years of age, with the transformer at Traill Substation operating on a rebuilt unit.

The physical condition of the existing 4.16 kV overhead distribution system is average in general, with the most concerning areas located on the downtown feeder. No obvious problems with recent construction methods were observed, however, areas of town with unjacketed concentric neutral type underground cable pose a risk of corroding away causing costly cable failures.

The City plans to convert older overhead segments of the system to new underground lines, which serves to increase the level of safety and reliability of service, especially during storms and other weather-related events. Improvements in construction methods of underground

lines have been made in recent years allowing for the sectionalizing of line. This process provides quicker fault detection and helps protect equipment.

As the primary utility providing power to the East Central Regional Water District treatment facility, maintaining a continuous power supply at water treatment plants is crucial for ensuring the delivery of safe and clean drinking water to our region. Any interruption in power can lead to significant public health risks, operational challenges, and environmental concerns. Alongside power interruptions, voltage concerns can damage treatment facility equipment leading to unpredictable down time and expenses.

The primary role of water treatment plants is to purify and deliver potable water to the public. A power outage can halt treatment processes, allowing contaminants to enter the water supply. This can lead to waterborne diseases, posing serious health risks, especially to vulnerable populations such as children, the elderly, and those with compromised immune systems. Ensuring stable power supply is essential for protecting public health.

Water treatment plants must operate continuously to meet the demands of the community and regions they serve. Power outages can disrupt the pumping, filtration, and disinfection processes necessary for treating water. Interruptions can result in inadequate water pressure, leading to supply shortages and potentially impacting firefighting capabilities and other critical services that depend on a reliable water supply.

Load Growth and Energy Projections

The maximum overall system peak of 8,322 kW was established in the winter of 2021. Over the past four (4) years, the City's system has experienced an average increase of approximately 4.8% for the summer peak demand loading levels while the winter peak has remained fairly flat.

To ensure the city retains the ability to provide power to the growing demands of its residents and businesses, replacing aged conductor is an important first step in the capital improvement process. Alongside reducing line loss, the improvement of the 4.16 kV system to a 12.5 kV system will remedy voltage violations experienced during heavy loading levels. Based on load growth projections conducted by DGR Engineering, by 2033 the City of Hillsboro will reach a peak system demand of nearly 12,764 kW.

Design and Engineering

The improvements outlined within the capital improvement plan are designed to increase system reliability, provide flexibility and expandability to meet the needs of projected growth, and ensure voltage levels are maintained at all times within ANSI limits for Class A service.

The City intends to adopt a formal policy to maintain "N-1" or "single contingency" design on all transmission, substation, and distribution facilities when feasible. "Single contingency" design is defined as the ability to operate the system peak load with the loss of any single major system

component. Electric consumers have undoubtedly come to expect that electric service be available at all times, except for minor weather-related outages.

Improving the system will help maintain voltage levels at the consumer's premises within ANSI limits for class A service. Voltage limits are defined as a maximum voltage of 126 volts, a minimum voltage of 110 volts, and a maximum daily voltage swing of eight (8) volts.

System improvements will be conducted in a manner that considers flexibility and adaptability allowing for a number of combinations of circuit configurations for serving existing loads as well as future system development. This will be accomplished by designing multiple tie and switching points between distribution circuits, as well as providing sufficient distribution circuits themselves. Alongside the improvement of cable, 600 Amp deadbreak elbows will replace the existing 200 Amp load-break elbows on the mainline system. This will create a more robust system and allow the ability to safely transfer critical loads from circuit to circuit.

The system will be designed such that new loads can be added without major upheaval to the existing system. This does not mean the system should be overbuilt, rather sufficient capacity must be available in substations and lines to handle the addition of a reasonably large load without scrambling to provide facilities for it and affecting consumer's rates.

Anticipated Results

The anticipated result of this capital improvement project is increased system capacity, improved reliability, and a hardening of systems that affect public health and safety. By improving the current distribution system to a 12.5 kV circuit, the new system will be well on its way to support the projected peak demand of 12,764 kW by 2033. Converting a portion of the current overhead spans to underground further insulates the system from weather-related damage typically caused by wind, ice, and lightning. Improvements will also reduce voltage violations and line losses further protecting consumer electronics within homes and businesses.

Proactively replacing aging overhead lines and unjacketed underground cables with modern underground systems will reduce the frequency and duration of outages. Sectionalizing allows for quicker fault isolation and restoration to the affected area, therefore increasing the availability of power while also providing the ability to reroute power around the problem area.

Technological and Economic Impacts

Modernizing the electrical infrastructure positions the City of Hillsboro for long-term economic growth by attracting new businesses and supporting the current and future population of the city. A reliable utility system is a key factor in economic development and community resilience. Technological improvements to the distribution system like voltage conversion and enhanced underground cabling increase operational efficiency and help reduce energy losses. In doing so, less maintenance costs translates to better financial stewardship for the city and may potentially fewer utility rate increases for residents.

Standards of Success

Objective 1: Eliminate system deficiencies

The City of Hillsboro plans to address critical system deficiencies in its aging electrical infrastructure throughout the first phase of the capital improvement plan. Currently, the use of 200 Amp load-break elbows on 4/0 aluminum circuit mainlines limits back-feed capabilities, especially under peak loading conditions. Additionally, restructuring the system to address radial portions of the system will provide additional back-feeding options during outage situations, decreasing the system's vulnerability. The existing 4.16 kV system also struggles to maintain voltage within thermal limits, and areas with unjacketed concentric neutral underground cables are at an increased risk of failure due to their age and state of corrosion. Upgrading to 600 Amp deadbreak elbows and replacing deteriorating cables will significantly enhance the system's robustness and operational flexibility during outage situations.

Objective 2: Increase capacity to meet future demand

A major procedure identified in the attached capital improvement plan is the voltage conversion from a 4.16 kV to 12.5 kV system, which will support the projected peak demand of 12,764 kW by 2033. This upgrade will reduce voltage violations and line losses, while also ensuring the system can handle growing residential and commercial loads. Improving the system to 12.5 kV introduces a system that's built for scalability and flexibility. Incorporating multiple tie and switching points alongside sufficient distribution circuits will help accommodate the introduction of new loads without major disruptions throughout the system. Adopting an "N-1" contingency design will allow the system to continue operating even if a major component fails, ensuring uninterrupted service during peak demand periods.

Objective 3: Improve reliability and safety of power distribution

The City aims to convert older overhead lines to modern underground systems, which are less susceptible to weather-related damage such as wind, ice, and lightning. The attached outage summary from 2021-2024 provides a breakdown of when outages typically occur within the city. Outages frequently appear throughout the system during the months of May through August. These outages correlate with the seasonality of electrical storms paired with high winds indicating the system's overhead lines are particularly vulnerable to weather-related events. Converting these lines to underground systems will improve overall system reliability and public safety.

Modern underground construction methods allow for sectionalizing, which enables quicker fault detection and isolation, reducing outage duration. Ensuring a stable power supply is especially critical for facilities like water treatment plants and medical facilities, where interruptions in electrical service can pose serious public health risks.

Maintaining voltage within ANSI Class A limits will protect sensitive equipment in homes and businesses, while proactive infrastructure upgrades will enhance overall system resilience and

reduce maintenance costs tied to unplanned major construction events. These improvements will also support economic development and future expansion by providing a reliable utility system that attracts new businesses and supports community growth.

Project Timeline

Activity	Start	Finish
NDIC Application Selection	May 2026	July 2026
DOE Approval	August 2026	October 2026
Engineering Design	September 2025	February 2026
Bid Opening	November 2026	March 2027
Bid Award	December 2026	April 2027
Construction	May 2027	October 2028

Project Budget

The City of Hillsboro is requesting a 75% grant through the North Dakota Transmission Authority for $4,226,250. The City will fund the remaining 25% local match through a loan from the Bank of North Dakota's Infrastructure Revolving Loan Fund.

Project Associated Expense	NDIC Grant	Applicant's Share (Cash)	Total
SE Voltage Conversion			
Construction Contract	$660,000	$220,000	$880,000
Owner-Furnished Materials	$942,000	$314,,000	$1,256,000
Engineering & Contingencies	$400,500	$133,500	$534,000
NE Voltage Conversion			
Construction Contract	$737,250	$245,750	$983,000
Owner-Furnished Materials	$551,250	$183,750	$735,000
Engineering & Contingencies	$322,500	$107,500	$430,000
Total	**$3,613,500**	**$1,204,500**	**$4,818,000**

North Dakota Transmission Authority

North Dakota Industrial Commission

BIL 40101(d) Application

Project Title:
WAPA Substation & Transmission Line Replacements

Applicant:
City of Lakota/Lakota Municipal Utilities

Date of Application:
May 14, 2025

Date of Application Revision:
November 5, 2026

Amount of Grant Request:

$2,621,250

Total Amount of Proposed Project:
$3,495,000

Duration of Project:
16 months (Sep. 2026-Dec. 2027)

Point of Contact (POC):
Amie Vasichek

POC Telephone:
701-247-2454

POC Email:
lakotact@polarcomm.com

POC Address:
PO Box 505

Lakota, ND 58344

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Please use this table to fill in the correct corresponding page number.

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EXHIBIT	

Applicant Description

The City of Lakota is in Nelson County, ND and is also the county seat. As such, the City of Lakota provides critical emergency response service and provides critical service to the Good Samaritan Home, an elderly care home. Reliable electric and water service is critical to the health and safety of those residents. The City of Lakota also serves a large agriculture trade area and is home to a large Cenex Harvest States Agronomy Facility. Given the northern tier climate, the planting, spraying, and harvest windows are short. Any interruption in providing service to the region's agriculture producers has a significant impact on food & energy production.

The City of Lakota has a population of 680 residents and continues to grow. The City of Lakota owns and operates its own utility, Lakota Municipal Utilities, which provides electricity, water, and sewer to our customers. The Lakota Municipal Utilities sold 14,936,673 kWh to its customers in 2024.

According to the Climate and Economic Justice Screening Tool, Lakota and Nelson County are rated 65th percentile for low median income. In 2024, Lakota Municipal Utilities had on average 25 households on fuel assistance with the state funded assistance program; each averaging 65% LIHEAP Cost Share. The Lakota Municipal Utilities makes every effort to assist its utility customers by seeking assistance during dire financial times; connecting them to resources such as Red River Community Action, Salvation Army and Red Cross. Lakota Public School has approximately 22% of the student population qualified for the free/reduced meal program. These are significant factors our utility considers when anticipating needed maintenance work and improvements to the utility system. Our utility has affordable rates for our customers, increasing rates to cover the actual cost of improvements would not be burdensome on our customer base.

Project Description

At the request of WAPA and with the recent Infrared Inspection report provided by MRES (attached), the substation for the city of Lakota and maintained by WAPA is need of various replacements. This project would address the aging transformers and prevent possible long-term outages.

In addition to the substation replacement, the city of Lakota needs to install a transmission line from the substation into the City of Lakota. This is includes approximately 5000 feet of boring, plowing and trenching.

The city of Lakota & Lakota Municipal Utilities will follow NDCC and all work will be completed by a crew provided by WAPA. This should cover all requirements to follow with the RTES, NEPA AND DBA guidelines.

Standards of Success

The city of Lakota will contract with MRES to conduct the infrared inspection report after the project is completed to show that the substation transformers are operating efficiently and also compare it to the inspection report completed on 5/14/2025.

Project Timeline

If awarded, we anticipate this project to begin in the fall of 2026, however we are also aware the extended time it will take for the appropriate transformers to be built and delivered. This may cause a delay in the project, but we will work with WAPA To communicate an updated timeline. We estimate 6 months for the delivery of the transformers, but are hopeful that the lead time for these critical items have significantly decreased prior to awarding of the grant.

Project Milestones:

1. Bid Packet/Advertise: November 2026-January 2027
2. Contracts signed/Bid Award/Order Materials – January 2027-February 2027
3. Installation – February 2027-December 2027
4. Final Inspection: February, 2028

Project Budget

*Please use the table below to provide an **itemized list** of the project's capital costs; direct operating costs, including salaries; and indirect costs; and an explanation of which of these costs will be supported by the financial assistance and in what amount. The budget should identify all other committed and prospective funding sources and the amount of funding from each source. **Please feel free to add columns and rows as needed.** Higher priority will be given to projects with a high degree of matching private industry investment.*

Project Associated Expense	NDIC Grant	Applicant's Share (Cash)	Total
Control Panel & Relay Replacement	$291,375	$97,125	$388,500
12.47Kv Oil Breaker Replacement	$275,625	$91,875	$367,500
115-12.47Kv Transformer Replacement	$1,693,125	$564,375	$2,257,500
Transmission Line	$361,125	$120,375	$481,500
Total	$2,621,250	$873,750	$3,495,000

Attachment 13



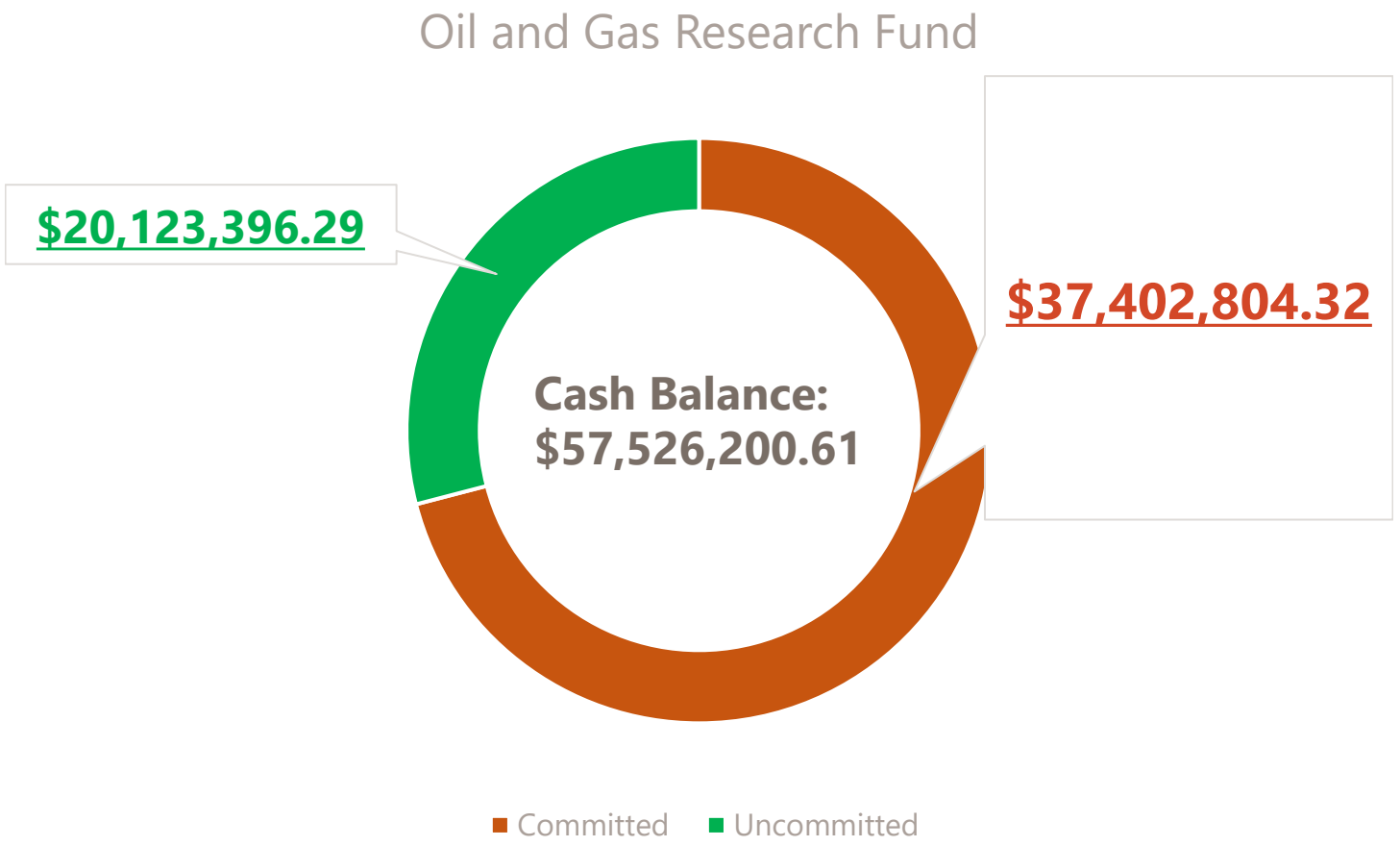
OIL AND GAS RESEARCH PROGRAM PROJECT MANAGEMENT REPORT

November 2026

NORTH Dakota

Be Legendary.™

OIL AND GAS RESEARCH FUND BALANCE NOVEMBER 2026



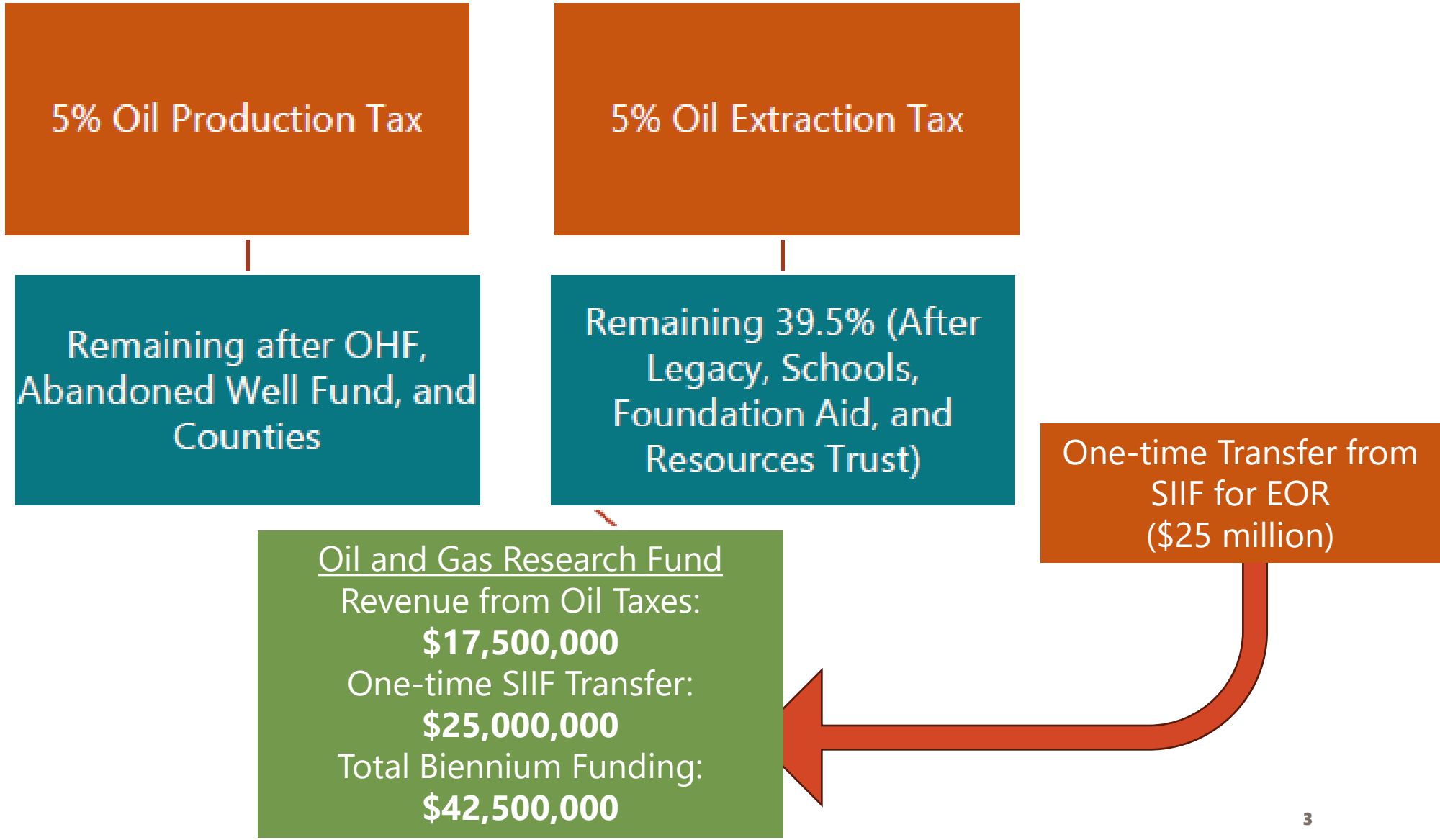
Funding Source:
- $17.5 million oil production and extraction tax
- $25 million SIIF for EOR

135 Cumulative Projects

11 Active Projects

Cumulative Value:
- $145.19 million granted
- $665.62 million project value

2025-2027 BIENNIUM FUNDING:



DIRECTOR'S COMMENTS
G-63-B
iPIPE 4.0
Submitted by: UND EERC
Principal Investigator: Darren D. Schmidt
Request for: $3,000,000
Total Project Costs: $6,000,000
Duration: 24 Months

Description of the Project:
The intelligent Pipeline Integrity Program (iPIPE) was created in 2018 to eliminate pipeline leaks through innovation. The investment from the North Dakota Industrial Commission (NDIC) matched 1:1 with industry has brought new technology to North Dakota pipelines and enabled the prevention and mitigation of pipeline releases that was not previously possible. iPIPE's investment in satellite technology has enabled commercial monitoring of over 1500 miles2 of pipeline in North Dakota annually. Satellite algorithms provide alerts to the operator that result in the discovery of pinhole leaks that were previously undetectable. This is made possible by constant monitoring of the vegetation health in the pipeline right-of-way (ROW). The training of this satellite artificial intelligence was enabled by iPIPE projects. Presently, finding these issues early is preventing any noticeable impact and mitigating the loss of product. iPIPE has funded work advancing computational pipeline monitoring (CPM) leak detection. Although a common technology used for oil and gas pipelines, the implementation has lagged for produced water lines. A project demonstrating advanced leak detection algorithms on a produced water pipeline resulted, so far, in the deployment of the technology on six produced water systems in North Dakota encompassing 252 miles.3 The iPIPE program is presently working on leak prevention by advancing in-line inspection (ILI) technology. Various types of stress corrosion cracking can lead to pipe failures in which ILI technologies are used to detect. Where circumferential cracks are more readily detected, axial stress corrosion cracking has been elusive. iPIPE is supporting the development and testing of the first ILI device that includes the capability to detect axial corrosion cracking. iPIPE is also advancing methane detection with three manned aircraft projects that address methane quantification and enable detection over snow cover. The consortium wants to continue with iPIPE 4.0 to advance technology and implement new innovations in North Dakota that improve pipeline performance and integrity.

Technical Reviewers' Recommendations: 1 Fund; 1 Funding may be Considered

Director's Recommendation: Fund for $1,000,000

Conflicts of Interest: None

Council Motion: To approve funding in the amount of $3,000,000.

Vote: 7 yes; 0 nay; 0 abstaining from voting

Oil and Gas Research Program
Grant Round 63 Abstract Summaries

G-63-B iPIPE 4.0 by UND EERC

Project Description: The intelligent Pipeline Integrity Program (iPIPE) was created in 2018 to eliminate pipeline leaks through innovation. The investment from the North Dakota Industrial Commission (NDIC) matched 1:1 with industry has brought new technology to North Dakota pipelines and enabled the prevention and mitigation of pipeline releases that was not previously possible. iPIPE's investment in satellite technology has enabled commercial monitoring of over 1500 miles2 of pipeline in North Dakota annually. Satellite algorithms provide alerts to the operator that result in the discovery of pinhole leaks that were previously undetectable. This is made possible by constant monitoring of the vegetation health in the pipeline right-of-way (ROW). The training of this satellite artificial intelligence was enabled by iPIPE projects. Presently, finding these issues early is preventing any noticeable impact and mitigating the loss of product. iPIPE has funded work advancing computational pipeline monitoring (CPM) leak detection. Although a common technology used for oil and gas pipelines, the implementation has lagged for produced water lines. A project demonstrating advanced leak detection algorithms on a produced water pipeline resulted, so far, in the deployment of the technology on six produced water systems in North Dakota encompassing 252 miles.3 The iPIPE program is presently working on leak prevention by advancing in-line inspection (ILI) technology. Various types of stress corrosion cracking can lead to pipe failures in which ILI technologies are used to detect. Where circumferential cracks are more readily detected, axial stress corrosion cracking has been elusive. iPIPE is supporting the development and testing of the first ILI device that includes the capability to detect axial corrosion cracking. iPIPE is also advancing methane detection with three manned aircraft projects that address methane quantification and enable detection over snow cover. The consortium wants to continue with iPIPE 4.0 to advance technology and implement new innovations in North Dakota that improve pipeline performance and integrity.

Objective: To advance technologies that reduce the frequency and duration of pipeline releases.

Expected Results: iPIPE is finding what was previously undetectable and stopping leaks early to prevent large releases. This has been accomplished with the early adoption of satellite technology, advanced sensor-based leak locating, new technology on produced water pipelines, and enhanced methane detection. iPIPE ensures that North Dakota is at the forefront of pipeline integrity practices. iPIPE 4.0 will continue to scout and conduct

DIRECTOR'S COMMENTS
G-63-D
North Dakota Petroleum Foundation
Principal Investigator: Eric Delzer
Request for: $1,211,217
Total Project Costs: $2,906,434
Duration: 24 Months

Description of the Project:
The Foundation will continue to pursue its mission through public outreach, education, messaging, and informational opportunities, developing online materials that are scalable, relatable to targeted audiences, and deployable across multiple channels. Each initiative operates with the support and oversight of NDPC staff. Our biennial Public Perception Survey, last completed in January 2026, shows 87% of North Dakotans favor oil and gas development and 92% believe the state should increase production (42%) or keep it the same (50%).

Technical Reviewers' Recommendations: 3 Fund

Director's Recommendation: Fund for $1,211,217

Conflicts of Interest: 1

Council Motion: To approve funding in the amount of $1,211,217.

Vote: 6 yes; 0 nay; 1 abstaining from voting

Oil and Gas Research Program
Grant Round 63 Abstract Summaries

G-63-D North Dakota Petroleum Foundation Education and Outreach Program by North Dakota Petroleum Foundation

Project Description: The Foundation will continue to pursue its mission through public outreach, education, messaging, and informational opportunities, developing online materials that are scalable, relatable to targeted audiences, and deployable across multiple channels. Each initiative operates with the support and oversight of NDPC staff. Our biennial Public Perception Survey, last completed in January 2026, shows 87% of North Dakotans favor oil and gas development and 92% believe the state should increase production (42%) or keep it the same (50%).

Objective: To administer and continue its education and outreach programs. The mission of the Foundation is to provide and support education and outreach opportunities related to the petroleum industry, develop and advance quality-of-life initiatives, and promote and enhance the conservation heritage of North Dakota.

Expected Results: Applicant has been building on education, outreach, conservation, and awareness initiatives for several years. Public opinion surveys guide messages and show effectiveness. These programs become more critical each year as the oil and gas industry strives to provide the information that North Dakotans want and need.

Duration: 23 months

Budget: The total cost is $2,906,434. The grant request from OGRP is $1,211,217.

BUDGET

Project Associated Expense	NDIC's Share	Applicant's Share (Cash)	Applicant's Share (In-Kind)	Other Project Sponsor's Share
Outreach[3]	$20,121.00	$20,121.00	$6,000.00	$86,000.00
Education				
ND Energy Education[4]	$246,847.00	$246,847.00		$260,000.00
Teacher Seminar[5]	$26,898.00	$26,898.00	$28,000.00	$74,000.00
Promotion, Marketing & Measurement[6]				
Advertising	$572,588.00	$572,588.00		
Administration & Consulting	$46,925.00	$46,925.00	$10,000.00	
Sponsorships & Programs	$125,947.00	$125,947.00		
Publication, Printing & Web	$1,803.00	$1,803.00		
Economic Impact Study	$15,793.00	$15,793.00		
Statewide Oil Distribution Study	$10,000.00	$10,000.00		$20,000.00
Public Perception Study	$26,495.00	$26,495.00		
New Initiatives	$117,800.00	$117,800.00		
TOTAL	**$1,211,217.00**	**$1,211,217.00**	$44,000.00	$440,000.00

Participants: The North Dakota Petroleum Council, NDPC member-companies, Western Dakota Energy Association (WDEA), 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 (NDSLD), North Dakota Safety Council (NDSC), and civic and community groups, among others.

Statement	Weighting Factor	G-63-D1	G-63-D2	G-63-D3
1. Objective	9	45	36	45
2. Achievability	7	28	28	35
3. Methodology	8	40	40	32
4. Contribution	8	24	32	32

5. Awareness/Background	5	25	20	20
6. Project Management	3	12	9	12
7. Equipment/Facilities	2	10	6	10
8. Value/Industry-Budget	4	16	12	16
9. Financial Match – Budget	4	16	16	20
Average Weighted Score		216	199	222
	Total: 50		250 possible points	
Overall Recommendation:				
Fund		X	X	X
Funding May Be Considered				
Do Not Fund				

Technical Reviewers' Comments

Reviewer G-63-D1
I recommend funding the application.

North Dakota has decades of oil and gas development and production ahead and should continue positioning itself as a national and world leader in responsible energy development. It would be unwise to overlook the importance of a successful education program such as this, particularly given how quickly public perception and attitudes toward the industry can change. Maintaining an informed public will remain important to the industry's long-term success in North Dakota.
What has really set these efforts apart is the remarkable level of collaboration among the various industry and community partners. Anyone who has attended events such as CookFest or the T4 Summits can quickly appreciate the value these programs bring to the communities and individuals, they reach. These efforts play an important role in maintaining public understanding, building trust, and supporting the industry's social license to operate.
Recommendation: Fund

Reviewer G-63-D2
The proposed project appears to align well with the goals of the Oil and Gas Research Council and offers potential benefits to North Dakota's energy industry. The objectives and approach appear reasonable, and the project merits consideration for funding.
Recommendation: Fund

Reviewer G-63-D3

The North Dakota Petroleum Foundation has submitted a strong education and outreach proposal that is consistent with the goals of the Oil and Gas Research Council. The project builds upon established government agencies, and other stakeholders. The application clearly defines the Foundation's education and outreach mission and provides specific programs to accomplish its objectives. The Foundation also has established methods for measuring participation, public perception, digital engagement, and program feedback.

Overall, the application presents established programs, experienced management, significant stakeholder participation, and a strong financial commitment from sources outside the Commission. The project provides substantial educational and public outreach benefits related to North Dakota's oil and gas industry.

Recommendation: Fund

DIRECTOR'S COMMENTS
G-63-E
Empire North Dakota, LLC
Starbuck Thermal-Assisted Waterflooding
Principal Investigator: Reinaldo Figuera, M.Sc
Request for: $1,100,000
Total Project Costs: $2,200,000
Duration: 18 Months

Description of the Project:
Project Description: This demonstration project at the Starbuck Field will evaluate, optimize and document thermal-assisted waterflooding in a mature conventional North Dakota reservoir. Thermal injection has operated at Starbuck since late 2024, providing an existing field-scale platform for controlled evaluation, data acquisition, performance analysis and development of knowledge that can be transferred beyond the project area. Sustaining that platform reliably is the operating problem the project addresses.

North Dakota's conventional fields are a large, stranded and declining resource. Non- Bakken production is approximately 29,300 barrels per day, about 2.6 percent of state output, and roughly 10,250 stripper wells, 52 percent of the state's wells, deliver about 15 percent of production. The shallow, paraffin-prone Spearfish and Madison fields of the Bottineau–Renville legacy area, roughly 3,000 feet deep, approximately 36 degrees API, with original oil in place on the order of 13 million barrels per section, are the Starbuck-type play. Low reservoir temperature makes wax the operating constraint, and no field-validated method presently exists for screening or applying thermal-assisted waterflooding to them.

Starbuck is the demonstration; the deliverable is the method. The demonstration area is representative of that trend, and the operating conditions, water quality specifications, heat delivery relationships and production response indicators established here are intended to be applied directly to other Spearfish and Madison fields across the Bottineau– Renville area and to mature conventional reservoirs throughout North Dakota.

Technical Reviewers' Recommendations: 1 Fund; 1 Funding may be Considered

Director's Recommendation: Fund for $1,100,000

Conflicts of Interest: None

Council Motion: To approve funding in the amount of $1,100,000.

Vote: 7 yes; 0 nay; 0 abstaining from voting

Oil and Gas Research Program
Grant Round 63 Abstract Summaries

G-63-E Starbuck Thermal-Assisted Waterflooding: Field Research and Demonstration for Broader North Dakota Application by Empire North Dakota LLC

Project Description: This demonstration project at the Starbuck Field will evaluate, optimize and document thermal-assisted waterflooding in a mature conventional North Dakota reservoir. Thermal injection has operated at Starbuck since late 2024, providing an existing field-scale platform for controlled evaluation, data acquisition, performance analysis and development of knowledge that can be transferred beyond the project area. Sustaining that platform reliably is the operating problem the project addresses.

North Dakota's conventional fields are a large, stranded and declining resource. Non-Bakken production is approximately 29,300 barrels per day, about 2.6 percent of state output, and roughly 10,250 stripper wells, 52 percent of the state's wells, deliver about 15 percent of production. The shallow, paraffin-prone Spearfish and Madison fields of the Bottineau–Renville legacy area, roughly 3,000 feet deep, approximately 36 degrees API, with original oil in place on the order of 13 million barrels per section, are the Starbuck-type play. Low reservoir temperature makes wax the operating constraint, and no field-validated method presently exists for screening or applying thermal-assisted waterflooding to them.

Starbuck is the demonstration; the deliverable is the method. The demonstration area is representative of that trend, and the operating conditions, water quality specifications, heat delivery relationships and production response indicators established here are intended to be applied directly to other Spearfish and Madison fields across the Bottineau–Renville area and to mature conventional reservoirs throughout North Dakota.

Objective: To assess thermal-assisted waterflooding as an integrated process in which reservoir characteristics, fluid behavior, feedwater chemistry, thermal generation and injection performance, and surface facility reliability collectively influence production response and incremental oil recovery. Field oil rate averaged approximately 558 barrels per day from October 2025 through January 2026 with the thermal units in service, and approximately 387 barrels per day from February through June 2026 with the units substantially out of service and water passing cold to the wellhead, across an unchanged producing well count and a higher injection rate. The difference of approximately 171 barrels per day is the measured response to loss of heat delivery, and is a lower bound because the decline had not stabilized by June. The project target is approximately 380

barrels per day of incremental oil with all three units operating in optimized mode. These observations establish a measurable response but not the controlling mechanisms, sustainable operating conditions or transferability of the process. Under controlled and measurable operating conditions, the project will generate an integrated dataset incorporating water chemistry, treatment performance, injection rate, temperature, pressure, equipment availability, scaling and maintenance history, downtime and production response. Analysis will define a sustainable thermal operating envelope that balances heat delivery and production response against water-related scaling tendency and equipment reliability.

Expected Results: The findings will be translated into a field-validated screening and applicability framework for other mature conventional North Dakota fields.

The project is expected to generate both operational improvements at Starbuck and research products with broader value to North Dakota. Expected results include improved feedwater quality, reduced scaling and acid cleanout frequency, increased thermal equipment availability, more consistent heat delivery, and definition of a sustainable operating window that balances temperature, injection conditions, scaling tendency, reliability and production response.

Duration: 18 months

Budget: The total cost is $2,200,000. The grant request from OGRP is $1,100,000. Cost share is $1,100,000 Empire North Dakota LLC cash match. The Energy & Environmental Research Center will perform $271,043 of research scope as a subcontractor.

Project-Associated Expense	NDIC Share (USD)	Empire Cash (USD)	Total Project (USD)
Labor & Technical Support			
Labor – Engineering & Field	$ 100,000	$ 100,000	$ 200,000
Engineering & Technical Support	$ 125,000	$ 125,000	$ 250,000
Surveillance & Testing			
Monitoring and Surveillance	$ 70,000	$ 70,000	$ 140,000
Fluid Characterization and Testing	$ 25,000	$ 25,000	$ 50,000
Reservoir Characterization and Screening Framework	$ 30,000	$ 30,000	$ 60,000
Facilities & Equipment			
Water Treatment System & Enhanced Heater	$ 750,000	$ 750,000	$ 1,500,000
Total Project (USD)	**$ 1,100,000**	**$ 1,100,000**	**$ 2,200,000**

Participants: Empire North Dakota LLC and UND EERC.

Statement	Weighting Factor	G-63-E1	G-63-E2
1. Objective	9	27	27
2. Achievability	7	28	21
3. Methodology	8	40	24
4. Contribution	8	24	16
5. Awareness/Background	5	20	20
6. Project Management	3	12	9
7. Equipment/Facilities	2	6	8
8. Value/Industry-Budget	4	16	12
9. Financial Match – Budget	4	16	12
Average Weighted Score		189	149
	Total: 50		250 possible points
Overall Recommendation:			
Fund		X	
Funding May Be Considered			X
Do Not Fund			

Technical Reviewers' Comments

Reviewer G-63-E1

Recommend to fund with cost share changes If this project succeeds results will be applicable to other EOR projects in Bottineau and Renville Counties. The significant involvement of EERC in all phases of the project makes achievement of project objectives likely. Data from a successful project could have a significant positive impact on conventional reservoir EOR in Bottineau and Renville Counties.

The background of the investigator team is exceptional. The plan includes well defined milestones.

The proposal doesn't provide a hypothesis for how hot water injection will improve oil recovery. Producing formation data such as bottom hole temperature and pressure, oil analysis data such as paraffin content and pour point, or water analysis data such as calcium concentration and scaling

tendency should be requested. The potential project scope reduction options offered in the Methodology section
indicate potential significant shortfalls could occur. The facility design, equipment specifications, and vendor selection are currently undefined, but are included as Phase 3 work of EERC.

Recommendation: Fund

Reviewer G-63-E2

It would be easy to look at this project as simply a creative way to
finance the purchase of needed production equipment to implement an enhance oil recovery project, but it does have a true research potential to increase the oil and gas industry knowledge of operating a thermally enhanced waterflooding operation. I recommend funding this project if the OGRP has ample funding available.

Recommendation: Funding May Be Considered

DIRECTOR'S COMMENTS
G-63-H
SOGC, LLC
Rewriting the Bakken Playbook: Orthogonal Infill Well Drilling and Diagnostics-Guided Completions to Boost Stimulated Reservoir Volume and Recovery in the Bakken
Principal Investigator: Lee Bartholomew
Request for: $6,614,528
Total Project Costs: $59,974,528
Duration: 24 Months

Description of the Project:
This project seeks to demonstrate the first diagnostics-guided redevelopment of a mature Bakken drilling unit using orthogonally oriented infill wells (east-west well azimuth) designed to intersect underdrained reservoir compartments and create new stimulated reservoir volume between existing wells (north to south well azimuth). The hypothesis is that strategically placed orthogonal wells can access remaining oil that is poorly contacted by existing wellbores and fracture networks, thereby increasing reservoir drainage eU̓iciency and ultimate recovery. This project will integrate well diagnostics, laboratory analyses, fracture modeling, completion engineering, and reservoir simulation to optimize orthogonal well placement and stimulation design. The project will focus on the Martens Drill Spacing Unit (DSU) in the Sanish Field of Mountrail County, where twelve existing horizontal wells completed between 2010 and 2017 provide an ideal test case for evaluating this innovative redevelopment approach. These wells represent a generation of Bakken development that predated many of the completion innovations now being applied successfully across the basin. A key element of the project is the acquisition of new diagnostic information from mature wells. Field investigations will be conducted to evaluate wellbore conditions, identify potential restrictions to production, and gather data that can improve understanding of reservoir depletion and well performance.

Technical Reviewers' Recommendations: 1 Fund; 1 Funding may be Considered

Director's Recommendation: Fund for $4,000,000

Conflicts of Interest: 1

Council Motion: To approve funding in the amount of $6,614,528, the original amount requested by the applicant.

Vote: 6 yes; 0 nay; 1 abstaining from voting

Oil and Gas Research Program
Grant Round 63 Abstract Summaries

G-63-H Rewriting the Bakken Playbook: Orthogonal Infill Well Drilling and Diagnostics-Guided Completions to Boost Stimulated Reservoir Volume and Recovery in the Bakken by SOGC, LLC

Project Description: This project seeks to demonstrate the first diagnostics-guided redevelopment of a mature Bakken drilling unit using orthogonally oriented infill wells (east-west well azimuth) designed to intersect underdrained reservoir compartments and create new stimulated reservoir volume between existing wells (north to south well azimuth). The hypothesis is that strategically placed orthogonal wells can access remaining oil that is poorly contacted by existing wellbores and fracture networks, thereby increasing reservoir drainage efficiency and ultimate recovery. This project will integrate well diagnostics, laboratory analyses, fracture modeling, completion engineering, and reservoir simulation to optimize orthogonal well placement and stimulation design.

The project will focus on the Martens Drill Spacing Unit (DSU) in the Sanish Field of Mountrail County, where twelve existing horizontal wells completed between 2010 and 2017 provide an ideal test case for evaluating this innovative redevelopment approach. These wells represent a generation of Bakken development that predated many of the completion innovations now being applied successfully across the basin. A key element of the project is the acquisition of new diagnostic information from mature wells. Field investigations will be conducted to evaluate wellbore conditions, identify potential restrictions to production, and gather data that can improve understanding of reservoir depletion and well performance.

Objective: To develop and demonstrate an innovative redevelopment strategy for mature Bakken drilling units using orthogonally oriented infill wells combined with advanced well diagnostics, reservoir characterization, engineering analysis, and optimized completion designs.

The hypothesis of this project is that orthogonal wells drilled transverse to existing well orientations can access underdeveloped reservoir compartments, establish new flow pathways, improve communication with previously bypassed rock volumes, and increase stimulated reservoir volume (SRV). By fundamentally changing the geometry of reservoir drainage within a mature drilling unit, orthogonal well development has the potential to significantly increase estimated ultimate recovery (EUR) compared with conventional redevelopment approaches.

Expected Results: To generate a comprehensive, field-validated methodology for evaluating mature Bakken wells and designing more effective redevelopment programs. The integration of production analysis, well diagnostics, laboratory testing, geologic modeling, and reservoir simulation will improve understanding of reservoir depletion, remaining oil distribution, wellbore conditions, and factors limiting production performance. These results will reduce uncertainty in future development planning and provide operators with actionable data for selecting redevelopment targets and optimizing completion designs. The project is also expected to demonstrate how modern completion technologies, including longer laterals and higher-intensity stimulation designs, can increase stimulated reservoir volume and improve recovery efficiency compared with legacy development practices. The final deliverables will provide operators and stakeholders with redevelopment recommendations based on diagnostics-guided completion design, oil production forecasts, and a practical workflow for evaluating and redeveloping mature Bakken drilling units across North Dakota. Successful implementation will help extend the productive life of existing assets, increase oil recovery, and improve the economic value of mature Bakken developments.

Duration: 24 months

Budget: The total cost is $59,997,528. The grant request from OGRP is $6,614,528. Cost share is provided by SOGC and UND EERC.

Project Associated Expense	NDIC Share (OGRP)	SOGC & Partners Share (Cash)	Total Expense
Drilling & completing 5 new wells (DCF)		$ 53,000,000	$ 53,000,000
Well Pad Construction		$ 360,000	$ 360,000
Cleanout of 11 Existing wells	$ 5,225,000		$ 5,225,000
Subcontractor - EERC	$ 1,389,528		$ 1,389,528
Total Project Cost	$ 6,614,528	$ 53,360,000	$ 59,974,528
Requested funds % of total			11%

Participants: SOGC, LLC and their working interest Partners and UND EERC.

Statement	Weighting Factor	G-63-H1	G-63-H2
1. Objective	9	36	18
2. Achievability	7	21	14
3. Methodology	8	40	24
4. Contribution	8	32	16
5. Awareness/Background	5	20	15
6. Project Management	3	12	9
7. Equipment/Facilities	2	10	4
8. Value/Industry-Budget	4	20	20
9. Financial Match – Budget	4	20	20
Average Weighted Score		211	140
	Total: 50		250 possible points
Overall Recommendation:			
Fund		X	
Funding May Be Considered			X
Do Not Fund			

Technical Reviewers' Comments

Reviewer G-63-H1

If this project succeeds results will be applicable to a large portion of the currently developed Bakken oil field and the background of the investigator team is exceptional.
The plan includes well defined milestones.
The significant involvement of EERC in all phases of the project makes achievement of project objectives likely.
Data from a successful project could have a significant positive impact on redevelopment and ultimate recovery from the Bakken reservoir.
Recommendation: Fund

Reviewer G-63-H2

Careful consideration should be made for this proposal in regards to the potential issues it may present for future EOR projects, if successful and considered for large scale implementation in the Bakken formation across the entire Williston basin. It may need to be limited to those areas that might be considered poor candidate regions for EOR injection. The potential for increased primary oil and natural gas recovery, for those regions deemed poor EOR candidates, would make cross-cutting wellbores an attractive option
for operators, even for inclusion as part of potential unitization rules.

Recommendation: Funding May Be Considered

DIRECTOR'S COMMENTS
G-63-L
Extending Well Life and Increasing Oil Production via Casing Gas Recovery
Submitted by: University of North Dakota
Energy & Environmental Research Center (UND EERC)
Principal Investigator: Darren D. Schmidt
Request for: $438,500
Total Project Costs: $877,000
Duration: 12 Months

Description of the Project:

The project will field-test next-generation two-stage oilless compression technology designed to increase oil recovery from Bakken wells by reducing gas pressure and lowering bottomhole flowing pressure. Testing across three production levels will evaluate oil production improvements, reliability, and scalability, with the goal of extending the economic life of mature wells and increasing recovery from existing Bakken resources.

Technical Reviewers' Recommendations: 1 Funding may be Considered

Director's Recommendation: Fund for $438,500

Conflicts of Interest: None

Council Motion: To approve funding in the amount of $438,500.

Vote: 6 yes; 1 nay; 0 abstaining from voting

Oil and Gas Research Program
Grant Round 63 Abstract Summaries

G-63-L Extending Well Life and Increasing Oil Production Via Casing Gas Recovery by University of North Dakota Energy & Environmental Research Center

Project Description: Building on the successful Clean Natural Gas Capture and Emissions Reduction Program, which funded deployment of 30 single-stage gas capture units across the Bakken, this project advances next-generation oilless compression technology to unlock improved oil recovery (IOR) through aggressive casing gas pressure drawdown. Conventional field compressors frequently choke, degrade, or fail when processing wet, liquid-rich casinghead gas. To overcome this critical technical barrier, this project will field-validate a newly engineered, two-stage oilless compressor featuring double the throughput capacity and double the discharge pressure capability of the original design, uniquely capable of handling severe liquid fallout without operational interruption.

By drawing down annular casing gas pressure, the system directly lowers bottomhole flowing pressure, increasing reservoir drawdown and accelerating liquid crude influx into the lateral. To demonstrate broad field applicability and statewide scalability, the project will pilot oilless units across three distinct Bakken production regimes: (~150–100 bpd), (~80–40 bpd), and (~20 bpd). This multitier field validation will quantify the IOR uplift and extend the economic lifespan of mature Bakken wells prior to plug and abandonment—delivering a high-return solution that maximizes North Dakota's hydrocarbon recovery, extends resource life, and increases state royalty revenues.

Objective: To Improve oil production before wells reach their economic limit by exploring the use of a new prototype oilless compressor designed to recover wet casing gas. Reducing pressure in the production casing lowers the flowing bottomhole pressure, increasing inflow from the reservoir. The technique increases the total oil recovery for the well and generates additional revenue.

Expected Results: Oilless compression technology provides cost advantages over conventional compression due to the capability to handle wet wellhead gas and its reliability, simplification, and reduced maintenance. A new two-stage compressor has been prototyped to meet the flow and pressure requirements for casing gas recovery. Casing gas recovery improves oil recovery; however, application has been limited due to the high costs of conventional compression. Three field trials will be conducted to answer the following:

1. What improved oil recovery (IOR) can be achieved by reducing casing pressure in Bakken wells at various production rates (i.e., well life at ~150–100 bpd, ~80–40 bpd, and ~20 bpd)?

2. Will a newly designed oilless compressor perform adequately in the field (uptime, flow rate, pressure capacity, pressure control)?

3. Is there an optimum casing drawdown pressure with respect to oil production performance?

The technology has application to at least 5000 out of over 17,000 Bakken wells. The potential for added tax revenue to North Dakota is $10,000–$100,000 per well.

Duration: 12 months

Budget: The total cost is $877,000. The grant request from OGRP is $438,500. Cost share commitments are provided by Advanced Flow Solutions ($144,500) and Steffes ($294,000). The in-kind cost share includes the engineering, development, and field-testing during the project term.

Table 4. Budget Breakdown

Project-Associated Expense	NDIC Share (cash)	Commercial Share (in-kind)	Total Project
Labor	$78,486	$0	$78,486
Travel	$2011	$0	$2011
Subcontractor – Steffes	$300,000	$0	$300,000
Printing and Duplicating	$12	$0	$12
Laboratory Fees and Services			
Document Production Service	$2769	$0	$2769
Total Direct Costs	$383,278	$0	$383,278
Facilities and Administration	$55,222	$0	$55,222
Total Cash Requested	**$438,500**	**$0**	**$438,500**
In-Kind Cost Share			
AFS	$0	$144,500	$144,500
Steffes	$0	$294,000	$294,000
Total In-Kind Cost Share	**$0**	**$438,500**	**$438,500**
Total Project Costs	**$438,500**	**$438,500**	**$877,000**

Participants: UND EERC, Advanced Flow Solutions Inc., Steffes, LLC, and selected operators.

Statement	Weighting Factor	G-63-L1
1. Objective	9	36
2. Achievability	7	21
3. Methodology	8	16
4. Contribution	8	24
5. Awareness/Background	5	15
6. Project Management	3	6
7. Equipment/Facilities	2	6
8. Value/Industry-Budget	4	12
9. Financial Match – Budget	4	12
Average Weighted Score		148
	Total: 50	250 possible points
Overall Recommendation:		
Fund		
Funding May Be Considered		X
Do Not Fund		

Technical Reviewers' Comments

Financial commitment from other sources – A minimum of 50% of the total project must come from other sources to meet the program guidelines. Support less than 50% from Industrial Commission sources should be evaluated as favorable to the application.

Reviewer G-63-L

DIRECTOR'S COMMENTS
G-63-M
Energy Transformed, Inc.
Multi-Well Demonstration of Natural Gas Liquids (NGL) Huff-and-Puff Enhanced Oil Recovery in the Bakken Petroleum System
Principal Investigator: David Szabo
Request for: $4,850,000
Total Project Costs: $24,600,000
Duration: 24 Months

Description of the Project:
To Energy Transformed (ET4m) is partnering with Chevron Corporation to conduct an enhanced oil recovery (EOR) pilot project on a drilling spacing unit (DSU) in the Bakken Formation. This project will be the first long-term cyclic injection of natural gas liquids (NGLs) in North Dakota. The project builds on previous work conducted in the Eagle Ford Formation in Texas by BlackBrush Oil and Gas (DeLapp et. al., 2025). NGLs are widely understood in EOR processes to be first-contact-miscible (FCM) (Green and Willhite, 1998). Miscible fluids form a single phase with the reservoir oil enhancing the oil's mobility properties; swelling the oil, reducing oil viscosity, and reducing oil density. In very tight reservoirs such as the Bakken, these effects drive the affected oil out of the very low permeability rock / shale and into the wellbore to be produced to surface. NGLs, because of their properties, are immediately miscible with oil at reservoir pressure and temperature upon first contact, hence there is no need to inject large volumes of fluid to increase reservoir pressure to induce miscibility. Additionally, the density of NGLs assists with a rapid reservoir pressure response minimizing injection volumes. Economic application requires efficient recovery and reuse of the NGLs upon reproduction. ET4m specializes in recovery and reuse technology to enable EOR with NGLs. The project will provide the field experience from full-scale cyclic injection in multiple wells necessary to evaluate the effectiveness of oil recovery and the ability to reproduce and reuse NGLs over a 24-month project period.

Oil recovery factors from unconventional shale reservoirs tend to be 10% or less from primary depletion in most cases. Advances in drilling and hydraulic fracturing are making incremental improvements on this however a huge resource remains in reservoirs that have already been drilled up. Developing economically viable enhanced oil recovery (EOR) technologies capable of increasing recovery from existing wells represents one of the largest opportunities to extend the productive life of North Dakota's oil industry while maximizing utilization of existing infrastructure.

Technical Reviewers' Recommendations: 2 Fund

Director's Recommendation: Fund for $3,000,000

Conflicts of Interest: None

Council Motion: To approve funding in the amount of $4,850,000, the original amount requested by the applicant.

Vote: 7 yes; 0 nay; 0 abstaining from voting

Oil and Gas Research Program
Grant Round 63 Abstract Summaries

G-63-M Multi-Well Demonstration of Natural Gas Liquids (NGL) Huff-and-Puff Enhanced Oil Recovery in the Bakken by Energy Transformed, Inc.

Project Description: To Energy Transformed (ET4m) is partnering with Chevron Corporation to conduct an enhanced oil recovery (EOR) pilot project on a drilling spacing unit (DSU) in the Bakken Formation. This project will be the first long-term cyclic injection of natural gas liquids (NGLs) in North Dakota. The project builds on previous work conducted in the Eagle Ford Formation in Texas by BlackBrush Oil and Gas (DeLapp et. al., 2025) . NGLs are widely understood in EOR processes to be first-contact-miscible (FCM) (Green and Willhite, 1998) . Miscible fluids form a single phase with the reservoir oil enhancing the oil's mobility properties; swelling the oil, reducing oil viscosity, and reducing oil density. In very tight reservoirs such as the Bakken, these effects drive the affected oil out of the very low permeability rock / shale and into the wellbore to be produced to surface. NGLs, because of their properties, are immediately miscible with oil at reservoir pressure and temperature upon first contact, hence there is no need to inject large volumes of fluid to increase reservoir pressure to induce miscibility. Additionally, the density of NGLs assists with a rapid reservoir pressure response minimizing injection volumes. Economic application requires efficient recovery and reuse of the NGLs upon reproduction. ET4m specializes in the recovery and reuse technology to enable EOR with NGLs. The project will provide the field experience from full-scale cyclic injection in multiple wells necessary to evaluate the effectiveness of oil recovery and the ability to reproduce and reuse NGLs over a 24 month project period.

Oil recovery factors from unconventional shale reservoirs tend to be 10% or less from primary depletion in most cases. Advances in drilling and hydraulic fracturing are making incremental improvements on this however a huge resource remains in reservoirs that have already been drilled up. Developing economically viable enhanced oil recovery (EOR) technologies capable of increasing recovery from existing wells represents one of the largest opportunities to extend the productive life of North Dakota's oil industry while maximizing utilization of existing infrastructure.

Objective: To evaluate, design, execute, monitor, and optimize a multi-well field demonstration of Natural Gas Liquids (NGL) Huff-and-Puff enhanced oil recovery within the Bakken Formation.

To demonstrate the efficacy of the injection of intermediate hydrocarbon components, predominantly propane, butanes, and natural gas liquid mixtures in a huff and puff manner to mobilize incremental oil from mature shale wells. Small scale, single well pilot projects supplemented with detailed reservoir simulation provide strong evidence that NGL Huff and Puff has the potential to deliver a step change in recovery factor, potentially doubling the recovery achieved with primary depletion alone.

To demonstrate the effectiveness of a novel surface facility concept that separates NGLs from the oil for reuse at the wellsite and stabilizes the oil for custody transfer. The technology addresses economic challenges with large-scale application of NGL Huff and Puff, economic recovery of the NGLs, and stabilization of the incremental oil recovered with NGLs.

Expected Results: Within the first 6 cycles, the wells being treated are expected to increase oil production rates significantly, potentially returning to their initial rate when they were first brought into production. Through the nominal 24-month term of the project, the wells are expected to have gone through approximately 10 cycles and delivered incremental reserves on the order of 30% to 50% of their cumulative primary production up to the start of the project. Continued application of the NGL Huff and Puff process is expected to double ultimate recovery from the project wells after 3 to 5 years of cycling.

Duration: 24 months

Budget: The total cost is $24,600,000. The grant request from OGRP is $4,850,000. Cost share is provided by ET4M, Chevron, and C3 Oil Field Services.

Bakken CMS Demonstration Cost Summary

Expense	NDIC Share	ET4m	Chevron	C3 OFS	Total
Project Design		$ 200,000	$ 100,000		$ 300,000
Workovers/Well Conditioning/Well Tie-ins	$ 500,000		$ 2,500,000		$ 3,000,000
NGL Recycle System Incl. Winterization	$ 1,500,000	$ 10,500,000			$ 12,000,000
Mob./Installation/Commission		$ 300,000	$ 300,000		$ 600,000
First Phase Y-Grade Injection Y-Grade			$ 2,500,000		$ 2,500,000
Second Phase Y-Grade Injection Y-Grade			$ 2,500,000		$ 2,500,000
Second Phase Opt. including conformance control	$ 400,000			$ 200,000	$ 600,000
Sampling and Lab Analysis	$ 200,000	$ 200,000	$ 200,000		$ 600,000
Gathering facility upgrade	$ 250,000		$ 250,000		$ 500,000
Labor					
Subcontract EERC	$ 1,500,000				$ 1,500,000
Subcontract Texas Tech	$ 500,000				$ 500,000
Total	$ 4,850,000	$ 11,200,000	$ 8,350,000	$ 200,000	$ 24,600,000
NDIC Request	$ 4,850,000				
Total Cost Share	$ 19,750,000				

Participants: Energy Transformed, Inc., Chevron Corporation, UND EERC, Texas Tech University, C3 Oil Field Services.

Statement	Weighting Factor	G-63-M1	G-63-M2
1. Objective	9	36	36
2. Achievability	7	28	28
3. Methodology	8	32	32
4. Contribution	8	40	40
5. Awareness/Background	5	15	20
6. Project Management	3	6	12
7. Equipment/Facilities	2	8	8
8. Value/Industry-Budget	4	20	20
9. Financial Match – Budget	4	20	16
Average Weighted Score		205	212
	Total: 50		
Overall Recommendation:			
Fund		X	X
Funding May Be Considered			
Do Not Fund			

Technical Reviewers' Comments

Reviewer G-63-M1

This project should be funded. It has potential to generate science and technology data that would place North Dakota and the Bakken at the forefront of unconventional oil and gas industry technical expertise, around the world, ironically back where it was at the beginning, as the world's first unconventional oil producing province.

The use of the currently sub-market valued resource of NGL from Bakken production to potentially double the current estimated Bakken reservoir EUR is hard to even imagine, but it sure would be a wonderful thing, even if half that increase occurred. That is a win-win along multiple economic avenues for North Dakota, with increased oil and gas production, extended resources life, additional tax proceeds, etc. **Recommendation: Fund**

Reviewer G-63-M2

If this project succeeds results will be applicable to a large portion of the Bakken oil field. The background of the investigator team is exceptional. The plan includes well defined milestones. The significant involvement of EERC makes achievement of project objectives much more likely. Data from a successful project could have a significant positive impact on the ultimate recovery from the Bakken reservoir. **Recommendation: to fund with cost share changes.**

DIRECTOR'S COMMENTS
G-63-N
Browning Oil Company, Inc.
Maximizing Primary Recovery from Mission Canyon Horizontal Wells Through Selective Inflow Control Technology
Principal Investigator: Kelly Blackwood
Request for: $672,000
Total Project Costs: $1,344,000
Duration: 20 Months

Description of the Project:
This field-scale research and technology demonstration will evaluate selective inflow control as a method to improve primary oil recovery from open-hole horizontal wells completed in conventional Mission Canyon reservoirs in North Dakota. The initial pilot will be conducted in BOCI-operated MHMU #6, API 33-007-00088, in the Medora Heath–Madison Unit. During drilling, the well encountered a fractured interval near the heel after the wellbore entered a deeper portion of the Mission Canyon/Fryburg target. Subsequent production has underperformed expectations, and BOCI believes this interval may be contributing a disproportionate share of produced water while limiting production from the remainder of the lateral. BOCI proposes to install a production liner equipped with mechanically actuated, reclosable sleeves separated by external isolation packers. This system will allow individual sections of the existing open-hole lateral to be selectively opened, closed, isolated, and tested. Following installation, the ESP will be rerun and the well will be tested under multiple sleeve configurations. Oil, water, total-fluid rate, water cut, pressure, fluid level, ESP performance, tracer response, and sleeve position will be monitored to determine how individual portions of the lateral contribute to production.

Technical Reviewers' Recommendations: 1 Fund, 1 Funding may be Considered

Director's Recommendation: Fund for $672,000

Conflicts of Interest: None

Council Motion: To approve funding in the amount of $672,000.

Vote: 7 yes; 0 nay; 0 abstaining from voting

Oil and Gas Research Program
Grant Round 63 Abstract Summaries

G-63-N Maximizing Primary Recovery from Mission Canyon Horizontal Wells Through Selective Inflow Control Technology by Browning Oil Company, Inc.

Project Description: This field-scale research and technology demonstration to evaluate selective inflow control as a method to improve primary oil recovery from open-hole horizontal wells completed in conventional Mission Canyon reservoirs in North Dakota. The initial pilot will be conducted in BOCI-operated MHMU #6, API 33-007-00088, in the Medora Heath–Madison Unit. During drilling, the well encountered a fractured interval near the heel after the wellbore entered a deeper portion of the Mission Canyon/Fryburg target. Subsequent production has underperformed expectations, and BOCI believes this interval may be contributing a disproportionate share of produced water while limiting production from the remainder of the lateral.

BOCI proposes to install a production liner equipped with mechanically actuated, reclosable sleeves separated by external isolation packers. This system will allow individual sections of the existing open-hole lateral to be selectively opened, closed, isolated, and tested. Following installation, the ESP will be rerun and the well will be tested under multiple sleeve configurations. Oil, water, total-fluid rate, water cut, pressure, fluid level, ESP performance, tracer response, and sleeve position will be monitored to determine how individual portions of the lateral contribute to production.

Objective: To determine whether selective isolation of a high-water-contributing interval can reduce water production, redistribute pressure drawdown and inflow toward other portions of the lateral, and increase oil contribution from reservoir contact that is currently underutilized. Testing will also determine whether changes in production are repeatable as individual intervals are opened and closed.

This project is broader than remediation of a single well. BOCI operates several conventional North Dakota fields, including MHMU, FHMU, SFTU, and TRMU, where primary recovery remains an important development mechanism and additional horizontal drilling opportunities may remain. In these fields, localized fractures, high-permeability intervals, or unfavorable wellbore placement can cause a small portion of an open-hole lateral to dominate fluid production. The resulting water volumes can consume artificial-lift and surface-handling capacity, reduce oil productivity, increase operating cost, and discourage additional drilling. The proposed project is distinct from prior NDIC-supported

work focused on mature Mission Canyon wells and water-coning mitigation. BOCI's objective is to evaluate selective inflow control as a tool to preserve and improve primary recovery in fields where continued development and new drilling may still be economic.

Expected Results: To determine whether selective isolation of individual sections of an open-hole Mission Canyon lateral can materially change the well's inflow profile and improve oil recovery. This project will also provide a baseline for improved oil production to determine feasibility for more advanced systems.

- Identify whether one or more discrete intervals are responsible for disproportionate water entry;
- Determine whether those intervals can be effectively isolated;
- Quantify the resulting change in oil and water production;
- Evaluate whether inflow can be redirected toward other portions of the lateral;
- Determine whether individual lateral sections can be managed dynamically as reservoir conditions change;
- Establish screening criteria for applying the technology to other conventional horizontal wells.

Duration: 20 months

Budget: The total cost is $1,344,000. The grant request from OGRP is $672,000. Cost share is provided by Browning Oil Company.

Participants: Browning Oil Company, UND EERC, NCS Multistage

Statement	Weighting Factor	G-63-N1	G-N2
1. Objective	9	27	27
2. Achievability	7	28	28
3. Methodology	8	32	24
4. Contribution	8	32	16
5. Awareness/Background	5	20	15
6. Project Management	3	12	6
7. Equipment/Facilities	2	8	4
8. Value/Industry-Budget	4	16	12

9. Financial Match – Budget	4	12	4
Average Weighted Score		187	136
	Total: 50		250 possible points
Overall Recommendation:			
Fund		X	
Funding May Be Considered			X
Do Not Fund			

Technical Reviewers' Comments

Reviewer G-63-N1

A large portion of North Dakota conventional reservoir production is from water drive and waterflooded Mission Canyon pools. Successful application of technology that can control fluid inflow could very significantly increase ultimate oil and gas recovery from those pools. This technology could prove even more important when EOR with natural gas, surfactants, or CO2 is utilized.

Recommendation: Fund

Reviewer G-63-N2

While the science and technology contribution from the project is likely to be small, it does provide research data on a new application, implementation, and operation of sophisticated oil and gas industry technology that can be used in other fields, formation, and basins. In that regard, even a failure to meet objectives and goals of increased oil cut, and other metrics, would still use research data for future applications of this proposed technology.

Recommendation: Funding May Be Considered

technology projects that advance leak detection and prevention. Projects are anticipated to include prevention through in-line-inspection (ILI), external sensors, computational pipeline monitoring, and remote monitoring such as aerial and satellite surveillance. iPIPE conducts an annual forum and monthly meetings that engage members in collaboration. Reports are delivered by the Energy & Environmental Research Center (EERC) to the Oil and Gas Research Program (OGRP) and iPIPE members. iPIPE's members wish to continue the iPIPE collaboration that puts North Dakota first.

iPIPE 4.0 will build on ILI prevention technologies from the previous program and further the technology for use.

Duration: 24 months

Budget: The total cost is $6,000,000. The grant request from OGRP is $3,000,000. Cost share is provided by iPIPE members totaling $1,050,000 cash and in-kind support from technology suppliers of $1,950,000. In-kind cost share will occur on behalf of technology suppliers and from member support provided for technology demonstration.

Table 4. iPIPE 4.0 Budget

Project-Associated Expense	NDIC Share (Cash & In-Kind)	Technology Providers Share (In-Kind)	Member Share (Cash)	Total Project
Labor	$599,647	$0	$189,305	$788,952
Travel	$22,630	$0	$8,882	$31,512
Supplies	$885	$0	$315	$1,200
Subcontractor – Technology Provider #1	$0	$0	$355,000	$355,000
Subcontracto – Technology Provider #2	$0	$0	$355,000	$355,000
Subcontractor – Technology Provider #3	$490,000	$0	$0	$490,000
Subcontractor – Technology Provider #4	$490,000	$0	$0	$490,000
Subcontractor – Technology Provider #5	$490,000	$0	$0	$490,000
Subcontractor – Technology Provider #6	$489,000	$0	$0	$489,000
Communications	$261	$0	$79	$340
Printing and Duplicating	$258	$0	$78	$336
Food	$3,440	$0	$100	$3,540
Freight	$381	$0	$119	$500
Laboratory Fees and Services				
Document Production Service (Graphics, Editing, and Workflow)	$11,493	$0	$3,900	$15,393
Software Solution Services	$1,411	$0	$500	$1,911
Field Safety Fee	$15,223	$0	$5,000	$20,223
Total Direct Costs	$2,614,629	$0	$918,278	$3,532,907
Facilities and Administration	$385,371	$0	$131,722	$517,093
Total Cash Requested	$3,000,000	$0	$1,050,000	$4,050,000
In-Kind Cost Share				
Technology Providers	$0	$1,950,000	$0	$1,950,000
Total In-Kind Cost Share	$0	$1,950,000	$0	$1,950,000
Total Project Costs	$3,000,000	$1,950,000	$1,050,000	$6,000,000

If less funding is available than requested, the project's objectives may be delayed.

Participants: EERC; Chevron Corporation; Oneok, Inc.; Energy Transfer; TC Energy Corporation; Marathon Petroleum Logistics (MPLx); Enbridge, and South Bow. Industry members operate pipelines and include interstate assets.

Statement	Weighting Factor	G-63-B1	G-63-B2
1. Objective	9	27	36
2. Achievability	7	21	28
3. Methodology	8	24	40
4. Contribution	8	32	32
5. Awareness/Background	5	25	25
6. Project Management	3	9	12
7. Equipment/Facilities	2	10	10
8. Value/Industry-Budget	4	16	16
9. Financial Match – Budget	4	16	12
Average Weighted Score		180	211
	Total: 50		250 possible points
Overall Recommendation:			
Fund			X
Funding May Be Considered		X	
Do Not Fund			

Technical Reviewers' Comments

Reviewer G-63-B1

My assessment is that iPIPE 4.0 has a credible basis for funding, but the application would benefit from additional technical and financial safeguards before the full award is approved. Therefore, my recommendation is that funding be considered. The application's merits are an exceptional, experienced research institution, established industry participation, access to operating pipelines, a history of technology development and a clear relationship to North Dakota's oil and gas research priorities. The program's technology-demonstration model also provides a reasonable route toward commercial deployment. **Recommendation: Funding May Be Considered**

Reviewer G-63-B2

Since the beginning of the shale revolution, a number of high-profile pipeline release incidents occurring around the United States, including in North Dakota, have created an unofficial societal expectation to continue striving for ways to improve pipeline safety. The iPIPE program

has shown itself to be a high-value program that brings together leading industry stakeholders and cutting-edgetechnology providers with a common goal of continual improvement. The unique technology selection process has proven effective and provides a strong foundation for the next phase of the program.My recommendation is to fund the application, as it aligns very well with a number of OGRP goals and iPIPE has a demonstrated track record of success.**Recommendation: Fund**

November 10, 2026

PUBLIC FINANCE AUTHORITY ADVISORY COMMITTEE

RECOMMENDATION TO THE INDUSTRIAL COMMISSION

The Advisory Committee, at its November 10, 2026 meeting, reviewed, discussed, and recommends approval of a $20,000,000 increase to a previously approved $45,000,000 (total $65,000,000) Drinking Water State Revolving Fund Program loan to the City of Bismarck.

North Dakota Public Finance Authority
Advisory Committee

Keith Lund, Chairman
Linda Svihovec
John Phillips

NORTH Dakota | Public Finance Authority
Be Legendary.

Memorandum

To: Public Finance Authority Advisory Committee
Miles Silbert, Public Financial Management LLC
Kylee Merkel, Bank of North Dakota

From: DeAnn Ament, Executive Director

Date: October 15, 2026

Re: City of Bismarck
Clean Water State Revolving Fund

Purpose of the Project:

Relocate the Hay Creek Lift Station, construct a new gravity sewer connecting the existing and new lift stations, and install a new forcemain to the gravity sewer.

Project Cost:

CWSRF Request	$20,000,000
CWSRF Original Request	45,000,000
Project Total	$65,000,000

Population to Benefit from the Project: 74,722

The requested term for the Clean Water State Revolving Fund (CWSRF) loans is 30 years. The City of Bismarck will issue revenue bonds payable with sewer revenue. The average annual payment for the revenue bond will be $2,661,896. The debt reserve requirement will be $2,769,935 and the 110% coverage requirement will be $2,928,085.

Sewer Rates:

The City has 21,409 residential connections and 2,235 commercial connections which respectively pay base rates of $11.54 and $61.52 per connection per month and volume charges of $3.16 and 5.13 per 748 gallons.

Sewer Fund Net Operating Coverage:

	2022	2023	2024	2025
Interest Revenue (Loss on Investment)	$ (73,162)	$ 1,026,931	$ 1,597,450	$ 1,431,249
Operating Revenue	14,055,940	14,033,509	14,916,336	15,413,836
Operating Expenses	8,711,739	9,109,613	9,137,664	9,320,130
Net Operating Income	5,271,039	5,950,827	7,376,122	7,524,955
Depreciation	3,939,795	4,117,822	3,933,432	3,924,138
Adjusted Net Operating Income	$9,210,834	$10,068,649	$11,309,554	$11,449,093
Revenue Bond Payments	$3,637,317	$ 3,615,819	$ 3,601,128	$ 3,652,066
Net Operating Coverage	253%	278%	314%	313%
Proforma CWSRF Payment	$2,661,896	$ 2,661,896	$ 2,661,896	$ 2,661,896
Proforma Net Operating Coverage	146%	160%	181%	181%

The existing revenues will generate sufficient net operating income to meet the required net operating coverage requirement.

Outstanding Indebtedness December 31, 2025:

	Original Amount	Outstanding Amount
Improvement Bonds	$248,715,000	$112,470,000
Revenue Bonds [1]	143,459,760	56,450,909
BND Infrastructure Revolving Loan	26,000,000	22,095,372
Sales Tax Bond	19,615,000	14,145,000
Other Financial Obligations	10,959,103	5,994,992
Total	$448,748,863	$211,156,273

[1] All payments have been made as agreed. The City has three CWSRF including the original CWSRF loan and four Drinking Water State Revolving Fund (DWSRF) loan with total outstanding balances of $33,685,909.

The average annual payment of all outstanding debt including this request is $35,963,321 which is $481 per resident.

Population and Employment

The City of Bismarck is located in Burleigh County. Based on the 2020 census, the total population is 73,622; this is a increase of 12,350 from the 2010 census. The largest employers in the City are the State of North Dakota employs 4,456, Sanford Health with 3,273 employees and Bismarck Public School has 2,200 employees.

Bismarck K-12 School Enrollment:

				Projected
2022-2023	**2023-2024**	**2024-2025**	**2025-2026**	**2026-2027**
13,732	13,749	13,677	13,700	13,700

The City's 2025 taxable valuation was $552,264,156. This is an increase of $128,970,355 from the 2021 taxable valuation.

Property Tax Levies and Collections as of 10/14/2026:

Levy Year	Dollar Amount of Levy	Amount Collected to Date of Application	Percentage Collected
2025	$112,424,105	$107,862,592	96%
2024	$124,444,959	$123,137,637	99%
2023	$126,777,277	$125,879,820	99%

Special Assessments Certified for Collection as of 10/14/2026:

Year	Dollar Amount	Amount Collected to Date of Application	Percentage Collected
2025	$18,759,497	$17,833,245	95%
2024	$18,888,401	$18,542,994	98%
2023	$18,378,468	$18,357,666	100%

City of Bismarck Mill Levy History:

Year	City	School	Park District	State and County	Total for Each Year
2025	76.38	106.46	32.09	22.17	237.10
2024	76.88	107.19	32.68	40.62	257.38
2023	77.91	107.19	32.63	36.26	253.99
2022	77.88	107.19	33.82	35.26	254.15
2021	77.75	107.19	33.80	35.40	254.14

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pfm

Memorandum

TO: DeAnn Ament, Executive Director
North Dakota Public Finance Authority

FROM: PFM Financial Advisors LLC

DATE: November 10, 2026

RE: Marketplace Analysis - Clean Water State Revolving Fund Program
City of Bismarck

The City of Bismarck ("City") has presented a request to the Authority and the North Dakota Department of Environmental Quality ("Department") for a $20,000,000 increase to a previously approved $45,000,000 for a total of $65,000,000 under the Clean Water State Revolving Fund Program ("CWSRF Program"). The CWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various wastewater treatment projects and landfill projects as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds to relocate the Hay Creek Lift Station, construct a new gravity sewer connecting the existing and new lift stations, and install a new force main to the gravity sewer.

The municipal securities to be acquired by the Authority will be revenue bonds of the City payable from sewer revenues. The proposed term of the loan is 30 years with a subsidized interest rate of 1.50%. The City's average annual payment under the proposed loan will be approximately $2,661,896, indicating a 110% net revenue coverage requirement of approximately $2,928,085. The City will be required to deposit $2,769,935 into a reserve fund with payments of $553,987 per year for the first five years of the loan. Pro forma net operating coverage of the sewer fund was 1.46x, 1.6x,1.81x and 1.81x for 2022-2025, respectively. The existing sewer fund revenues will provide sufficient net revenues to meet the 110% coverage requirement.

As of December 31, 2025, the City has $112,470,000 of Improvement Bonds, $56,450,909 of Revenue Bonds, $22,095,372 of Bank of North Dakota Infrastructure Revolving Loans, $14,145,000 of Sales Tax Bonds, and $5,994,992 of other financial obligations outstanding. The City currently has three CWSRF and four DWSRF loans outstanding with a combined total balance of $33,685,909. The City is current in its payments for its outstanding Authority loans.

Funding for the construction of the City's projects has been included in a list of approved projects as prepared and updated by the Department. As an authorized participant in the CWSRF Program, the City will benefit substantially from the subsidized fixed rate loans made under the Program. Consequently, no other financing mechanism can provide a greater cost advantage than that offered by the CWSRF Program.

BND
Bank of North Dakota

PO BOX 5509, 1200 Memorial Hwy.
Bismarck, ND 58506-5509

800.472.2166
800.366.6888 TTY
701.328.5600

bnd.nd.gov

Attachment 19E

Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker
Bank of North Dakota

Date: November 4, 2026

RE: City of Bismarck
Clean Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a $20,000,000 increase to an existing loan (from $45,000,000 to $65,000,000) to the City of Bismarck under the Clean Water State Revolving Fund (CWSRF). CWSRF is financing 100% of the project. The proceeds from the loan will be used to relocate the Hay Creek Lift Station, and related sewer lines, lift stations and forcemains. The project will allow for increased capacity and for provide the ability for future expansion.

The City will issue revenue bonds payable with sewer user fees. The annual payment will average $2,661,896. The requested loan term is 30 years. The City currently serves 21,409 residential connections and 2,235 commercial connections. Residential connections pay a monthly base rate of $11.54 and a volume charge of $3.16 per 748 gallons. Commercial connections pay a monthly base rate of $61.52 and a volume charge of $5.13 per 748 gallons. The City annually reviews and adjusts utility rates. Existing revenues will generate sufficient coverage to service both the new and existing debt service requirements.

Debt Service Coverage:

Sanitary Sewer Fund	**2023**	**2024**	**2025**	**Projected**
Operating Revenue	14,033,509	14,916,336	15,413,836	15,413,836
Interest Revenue	1,026,931	1,597,450	1,431,249	1,431,249
Operating Expenses	-9,109,613	-9,137,664	-9,320,130	-9,320,130
Net Operating Revenue	5,950,827	7,376,122	7,524,955	7,524,955
Plus: Depreciation	4,117,822	3,933,432	3,924,138	3,924,138
Adjusted Net Operating Income	10,068,649	11,309,554	11,449,093	11,449,093
Current Debt Service	3,616,819	3,601,128	3,652,066	3,652,066
Proposed Debt Service				2,661,896
Total Debt Service				6,313,962
Debt Service Coverage	278%	314%	313%	181%

BND
Bank of North Dakota

PO BOX 5509, 1200 Memorial Hwy.
Bismarck, ND 58506-5509

800.472.2166
800.366.6888 TTY
701.328.5600

bnd.nd.gov

Outstanding Debt (as of December 31, 2025):

	Original Amount	Current Balance
Improvement Bonds	248,715,000	112,470,000
Sales Tax Revenue Bonds	19,615,000	14,145,000
BND IRLF	26,000,000	22,095,372
Water Revenue Bonds	44,459,760	13,952,098
Sewer Revenue Bonds	99,000,000	42,498,811
Other Financial Obligations	10,959,103	5,994,992
	448,748,863	211,156,273

Average annual debt service requirements are estimated at $35,963,321, which is an average of $481.29 per resident.

Based on the 2020 census, the population was 74,722. Historical census populations were 61,272 in 2010 and 55,532 in 2000. The largest employers in the City are the State of North Dakota, Sanford Health Center and Bismarck Public Schools.

Based upon the PFA recommendation and the benefits obtained with this project, BND concurs with their evaluation and support of the request.

Kylee Merkel
Business Banker

Attachment 19F



hay creek 10yr event peak

4,840 gpm - 2018
6,670 gpm - 2030
8,060 gpm - 2040

26th st ps

8,060 gpm
new hay creek ps
new location

8,060 gpm
new force main capacity

12,000 gpm
wachter ps

14,500 gpm
gravity capacity

Alternative 3

Pump Station

- 26th St PS
- Hay Creek PS (new location)
- Wachter PS

Pipe Type

- Force Main
- Gravity Sewer

NORTH Dakota | Public Finance Authority
Be Legendary.

Memorandum

To: Industrial Commission: Governor Kelly Armstrong, Attorney General Drew H. Wrigley, Agriculture Commissioner Doug Goehring

From: DeAnn Ament, Executive Director

Date: November 10, 2026

Re: City of McVille, Clean Water State Revolving Fund
City of McVille, Drinking Water State Revolving Fund

Under current policy, the Public Finance Authority can make loans under the State Revolving Fund Program in an amount not to exceed $2,000,000 and under the Capital Financing Program in an amount not to exceed $500,000 without seeking the final approval of the Industrial Commission. Within this policy, once the loan has been approved, the Public Finance Authority is required to provide the details of the loan to the Industrial Commission. Accordingly, the Public Finance Authority and its Advisory Committee used this policy to approve the following loans.

The committee reviewed the City of McVille's application for a $331,000 Clean Water State Revolving Fund loan and a $614,000 Drinking Water State Revolving Fund loan for a $2,394,235 project. Funding from the Department of Water Resource's Cost-Share program in the amount of $53,580, a Community Development Block Grant of $1,000,000, and a North Dakota Department of Transportation Flex Fund award of $395,655 will complete the project's funding. The project will replace the water and sanitary sewer mains along three blocks of McVille's Main Street. The requested loan term is 30 years. The City will issue revenue bonds payable from water and sewer user fees.

The Public Finance Authority's Advisory Committee approved these loans at their November 10, 2026, meeting.

NORTH Dakota | Public Finance Authority
Be Legendary.

Memorandum

To: Public Finance Authority Advisory Committee

From: DeAnn Ament, Executive Director

Date: October 21, 2026

Re: City of McVille
Clean Water State Revolving Fund

Purpose of the Project:

Replacement of the water and sanitary sewer mains on three blocks of McVille's Main Street.

Project Cost:

CWSRF Request	$331,000
DWSRF Request	614,000
DWR Cost Share	53,580
CDBG Funds	1,000,000
NDDOT Flex Fund Grant	395,655
Project Total	$2,394,235

Population to Benefit from the Project: 392

The requested term for the Clean Water State Revolving Fund (CWSRF) loans is 30 years. The City will issue $331,000 revenue bonds payable with water and sewer revenue. The average annual payment for the revenue bonds will be $13,806. The debt reserve requirement will be $14,800 and the 110% coverage requirement will be $15,186.

Water and Sewer Rates:

The City has 219 residential and 27 commercial connections for water and sewer. Water monthly base rates increased from $16.50 to $30 with a usage charge of $7/1,000 gallons and sewer monthly base rates increased from $7 to $9 with a usage charge of $3/1,000 gallons. The City added a new $15 Improvement fee per month per connection. The City serves Tri-County Rural Water for 1,200 bulk units at $4/1,000 gallons. These increases were effective October 1, 2025, and are anticipated to annually generate revenue of $90,036.

Water and Sewer Fund Net Operating Coverage:

	2022	2023	Unaudited 2024	Unaudited 2025
Interest Revenue	$ -	$ 21	$ 24	$ -
Operating Revenue	222,829	242,514	235,694	245,547
Operating Expenses	195,343	212,508	211,710	167,143
Net Operating Income	27,486	30,027	24,008	78,404
Revenue Bond Payments	$ 37,483	$ 36,888	$ 36,228	$ 45,458
Net Operating Coverage	73%	81%	66%	172%
Proforma Revenue Increase	$ 90,036	$ 90,036	$ 90,036	$ 82,410
Proforma Revenue Bond Payments[1]	$ 69,826	$ 69,826	$ 69,826	$ 69,826
Net Operating Coverage	110%	113%	108%	139%

[1]The proforma revenue bond payments include the average debt payment for the new CWSRF loan, new Drinking Water State Revolving Fund (DWSRF) loan, DWSRF Water Treatment loan that was approved February 2026, and a reduction for the finalization of the Capital Financing Program Water Treatment loan.

The rate increase coupled with existing operating revenue will generate sufficient net operating revenue to meet the net operating coverage requirement.

Outstanding Indebtedness September 1, 2026:

	Original Amount	Outstanding Amount
Revenue Bonds [2]	$1,542,000	$ 270,812
Other Debt	1,738,628	1,410,331
Total	$3,280,628	$1,681,143

[2] All payments have been made as agreed. The City has one DWSRF and two Capital Financing Program (CFP) loans with an outstanding balance of $1,513,236.

The average annual payment of all outstanding debt including this request, the DWSRF request, and the CFP is $226,660 which is $578 per resident.

Population and Employment

The City of McVille is located in Nelson County 67 miles southwest of Grand Forks. Based on the 2020 census, the total population is 392; this is an increase of 43 from the 2010 census. The largest employers in the City are Nelson County Health Center employs 90, Dakota Prairie Elementary employs 40, and Nelson County Highway Department has approximately 13 employees.

Dakota Prairie 1 K-12 School Enrollment:

				Projected
2022-2023	**2023-2024**	**2024-2025**	**2025-2026**	**2026-2027**
278	267	268	260	255

The City's 2025 taxable valuation was $797,633. This is an increase of $122,431 from the 2021 taxable valuation.

Property Tax Levies and Collections as of 10/14/2026:

Levy Year	Dollar Amount of Levy	Amount Collected to Date of Application	Percentage Collected
2025	$99,219	93,169	94%
2024	$96,801	93,653	97%
2023	$98,502	98,502	100%

No special assessments were certified for collection in the last three years.

City of McVille Mill Levy History:

Year	City	School	Park District	State and County	Other	Total for Each Year
2025	112.69	80.78	26.56	115.40	19.42	354.85
2024	116.62	81.80	28.31	115.20	14.42	356.35
2023	118.67	78.43	28.55	116.58	14.47	356.70
2022	106.69	85.81	30.03	112.39	14.75	349.67
2021	121.02	86.48	35.27	109.86	4.90	357.53

Attachment 20A.1

Legend

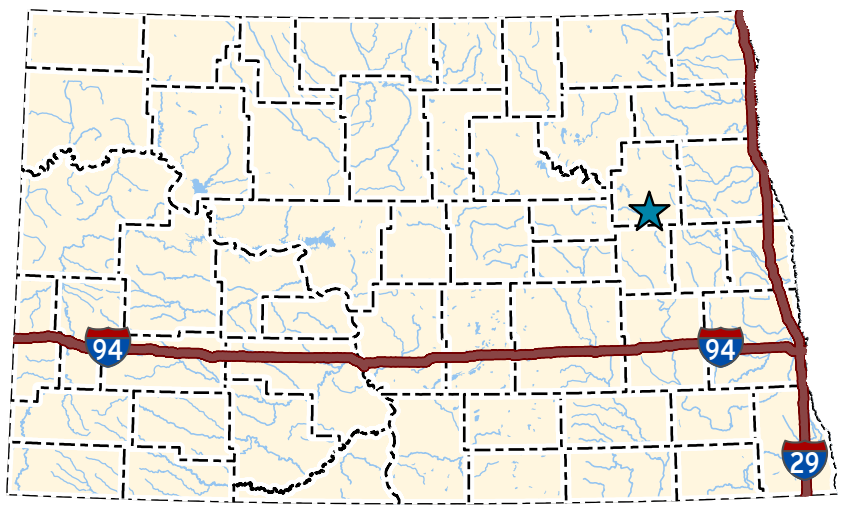
Project Location

Water Treatment Plant

25TH ST NE
112TH AVE NE
GOLF AVE
NYHUS AVE
BERWICK AVE
VAIL AVE
ROGERS AVE
FELTON AVE
MC DOUGALL AVE
HAMLIN ST
MAIN ST
OLSGARD ST
SHEYENNE ST
LEE ST
BALDWIN ST
5TH ST
6TH ST

35 15 18

Source: Esri, USDA FSA





WATER SYSTEM IMPROVEMENTS 2025
MCVILLE, NORTH DAKOTA

N W E S

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moore engineering, inc.

NORTH Dakota Be Legendary. | Public Finance Authority

Memorandum

To: Public Finance Authority Advisory Committee

From: DeAnn Ament, Executive Director

Date: October 21, 2026

Re: City of McVille
Drinking Water State Revolving Fund

Purpose of the Project:

Replacement of the water and sanitary sewer mains on three blocks of McVille's Main Street.

Project Cost:

DWSRF Request	$614,000
CWSRF Request	331,000
DWR Cost Share	53,580
CDBG Funds	1,000,000
NDDOT Flex Fund Grant	395,655
Project Total	$2,394,235

Population to Benefit from the Project: 392

The requested term for the Drinking Water State Revolving Fund (DWSRF) loans is 30 years. The City will issue $614,000 revenue bonds payable with water and sewer revenue. The average annual payment for the revenue bonds will be $25,598. The debt reserve requirement will be $27,170 and the 110% coverage requirement will be $28,158.

Water and Sewer Rates:

The City has 219 residential and 27 commercial connections for water and sewer. Water monthly base rates increased from $16.50 to $30 with a usage charge of $7/1,000 gallons and sewer monthly base rates increased from $7 to $9 with a usage charge of $3/1,000 gallons. The City added a new $15 Improvement fee per month per connection. The City serves Tri-County Rural Water for 1,200 bulk units at $4/1,000 gallons. The increases were effective October 1, 2025, and are anticipated to annually generate revenue of $90,036.

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2023	118.67	78.43	28.55	116.58	14.47	356.70
2022	106.69	85.81	30.03	112.39	14.75	349.67
2021	121.02	86.48	35.27	109.86	4.90	357.53

Attachment 20B.1

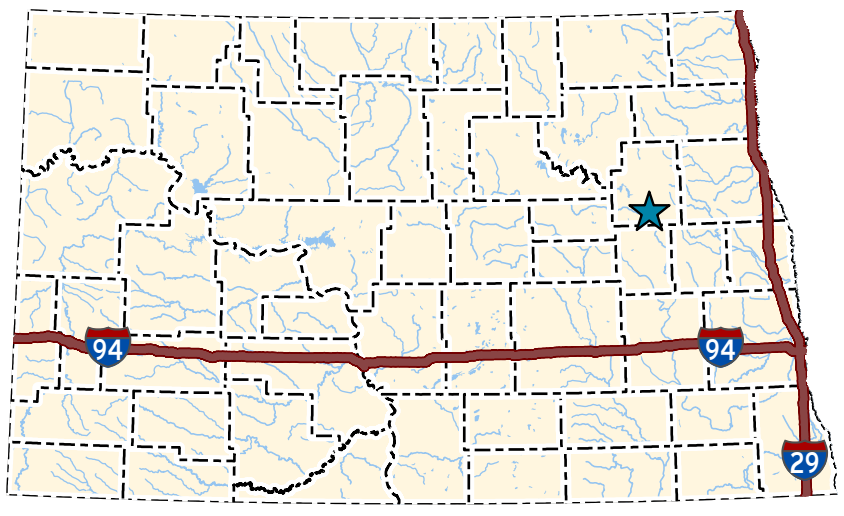
Legend

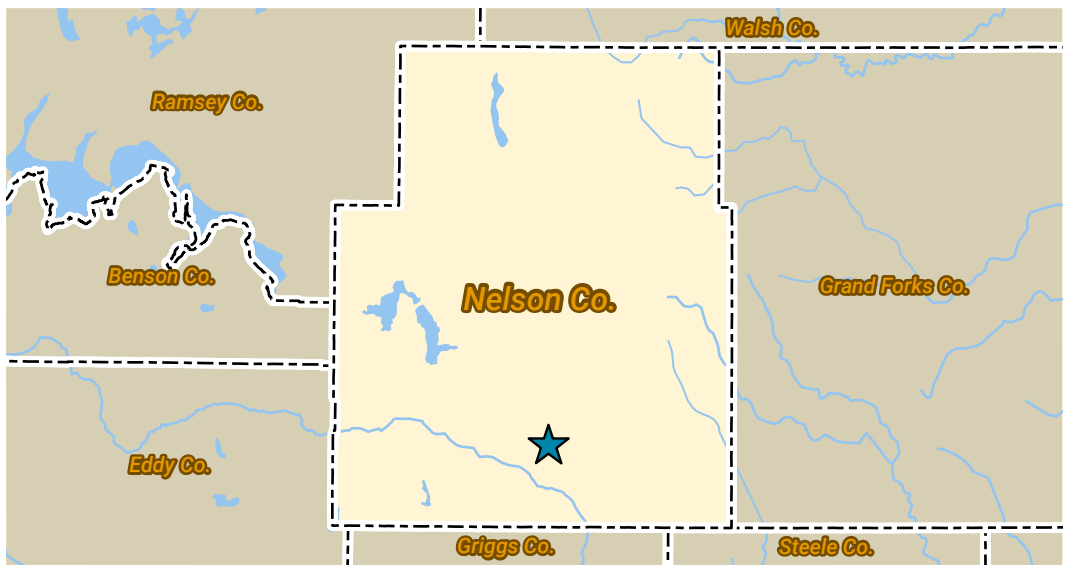
Project Location

Water Treatment Plant

25TH ST NE
112TH AVE NE
GOLF AVE
NYHUS AVE
BERWICK AVE
VAIL AVE
ROGERS AVE
FELTON AVE
MC DOUGALL AVE
HAMLIN ST
MAIN ST
OLSGARD ST
SHEYENNE ST
LEE ST
BALDWIN ST
5TH ST
6TH ST
35
15
18

Source: Esri, USDA FSA





WATER SYSTEM IMPROVEMENTS 2025
MCVILLE, NORTH DAKOTA

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moore engineering, inc.

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NORTH DAKOTA housing FINANCE AGENCY

November 23, 2026

To: North Dakota Industrial Commission

From: Brandon Dettlaff, Executive Director

RE: Multifamily Application Award Summary for Low Income Housing Tax Credit, HOME Investment Partnership Program, National Housing Trust Fund, and Housing Incentive Fund

North Dakota Housing Finance Agency (NDHFA) held a multifamily rental production and rehabilitation application round to allocate funds available through the Federal Low Income Housing Tax Credit (LIHTC), HOME Investment Partnerships (HOME), National Housing Trust Fund (HTF) and the state Housing Incentive Fund (HIF). The application deadline was Sept. 30, 2026

Twelve projects submitted applications including an additional funding request from an existing approved application. The application round was significantly oversubscribed with requests for exceeding the funding available by over $7.6 million tax credits and $17 million equity funding

Scoring and ranking was completed in November. Five projects (including the additional allocation) were selected for funding. Detailed summaries of the successful projects are provided below. A listing of all the applications received is provided as an attachment.

BACKGROUND: FUNDING AVAILABILITY

Low Income Housing Tax Credit (LIHTC)

The LIHTC program was created with the passage of the Tax Reform Act of 1986 and made permanent in 1993. LIHTC gives investors a dollar-for-dollar reduction in their federal tax liability in exchange for providing financing for affordable rental housing. Annually the IRS establishes a per capita rate and a small state minimum volume cap for which states receive their credit allocation. North Dakota receives the small state minimum and forward allocates credits. A total of $4,469,659 credits were available, and requests received totaled $12,110,860 ($7,641,201 oversubscribed).

HOME Investment Partnership Program (HOME)

The HOME program is funded by HUD and is provided to states as formula grants to provide a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income households. HOME is the largest federal block grant

available to state and local governments and is designed exclusively to create affordable housing for low-income households. North Dakota receives the small state minimum of $3 million. A total of $2,071,452.15 was made available for multifamily rental production and rehabilitation. Requests received totaled $7.6 million. ($5.5 million oversubscribed)

National Housing Trust Fund (HTF)

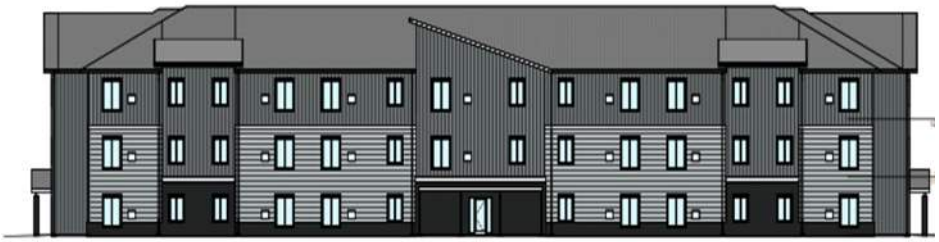
Created through the Housing and Economic Recovery Act of 2008 and first funded in 2016 through a directed set aside from a percentage of new mortgage purchases made by Fannie Mae and Freddie Mac. North Dakota receives the small state minimum which averages $3 million. 100 percent of the fund must be used to create units targeted for 30 percent area median incomes. A total of $3,215,818.84 was made available and a total of $13 million in requests were received. ($9.8 million oversubscribed)

Housing Incentive Fund (HIF)

Authorized by the 69th Legislative Assembly as a general fund appropriation for $35 million, $9,850,000 for ND Homeless Grant, $5 million for single family projects in a developing community or for a community land trust project and $20 million for multifamily activities. $13 million was awarded in 2025 and $7.6 million was available to award for the 2026. A total of seven applications were received requesting over $9.5 million. ($2 million oversubscribed)

SUCCESSFUL APPLICATION SUMMARY

1. **Harvest Acres 2, Fargo ND**



Harvest Acres 2 Apartments will consist of thirty-nine (39) units (thirty-three (33) one-bedroom and Six (6) two-bedroom) senior property (62 and over). Building amenities include an elevator, community room, community kitchen, library, fitness room, and secure entry. Unit amenities include A/C, above range microwaves, dishwasher, and washer and dryer. Broadband infrastructure will be available to all units and community rooms. The project will provide a Service Coordinator for residents to identify tenant needs and connect them to community services. Total development costs are estimated at $12.8 million.

Beyond Shelter, Inc. is the owner/developer and intends to retain ownership. The project is located near parks, retail and recreational facilities. Harvest Acres will also preserve a long-term rental subsidy that was at risk of loss following the expiration of University Drive HAP Contract. HUD has approved rental subsidy transfer to Harvest Acres for 19 units. The first phase of this project is under construction.

Funding awarded includes $900,000 9% LIHTCs and $1,353,992.14, million HIF and $3,080,000 HTF.

Project Location 2185 65th Ave South, Fargo ND



2. **MHL Limited Partnership #122**

Opera House (Devils Lake) , Newport (Devils Lake) and Villa DeRemer (Grafton)





MHL Limited Partnership 122 is an acquisition/rehabilitation and preservation of existing USDA Rural Development affordable housing properties. Opera House is a 20-unit senior residential property built in 1895 with prior renovations occurring 1985 and 2003. The application is proposing upgrading exterior finishes including some brick repair and window replacement, interior full unit renovations, and systems updates. Newport Apartments is a 17-unit senior housing complex built in 1920 with prior renovations completed in 1988. Renovations proposed include exterior upgrades, window replacement, full interior unit renovations, and systems replacements. Villa De Remer is a 30-unit senior property built in 1923 with last renovations completed in 2000. Located on the Life Skills and Transition Center campus, the property has been operating as a traditional rental complex since 2000. Proposed renovations include window replacement, exterior upgrades, and a thorough interior upgrade to units and common spaces.

Total development costs for all three properties is $14.7 million

MetroPlains Development Partners is the developer with MetroPlains Holdings, LLC as general partner. MetroPlains intends to retain partnership position in the new ownership entity.

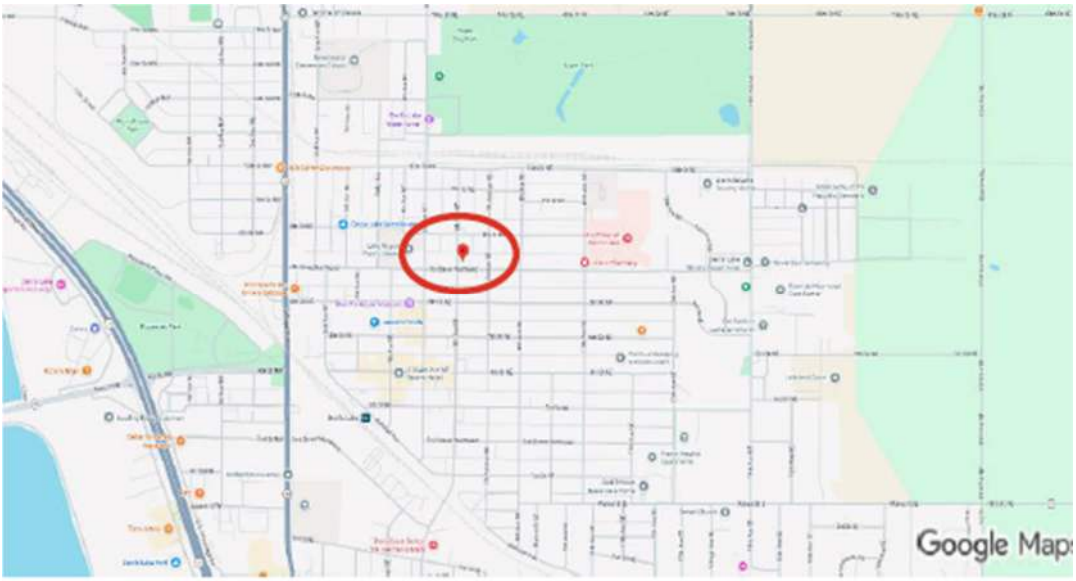
The application was awarded $1,085,000 LIHTCs.

Project Locations

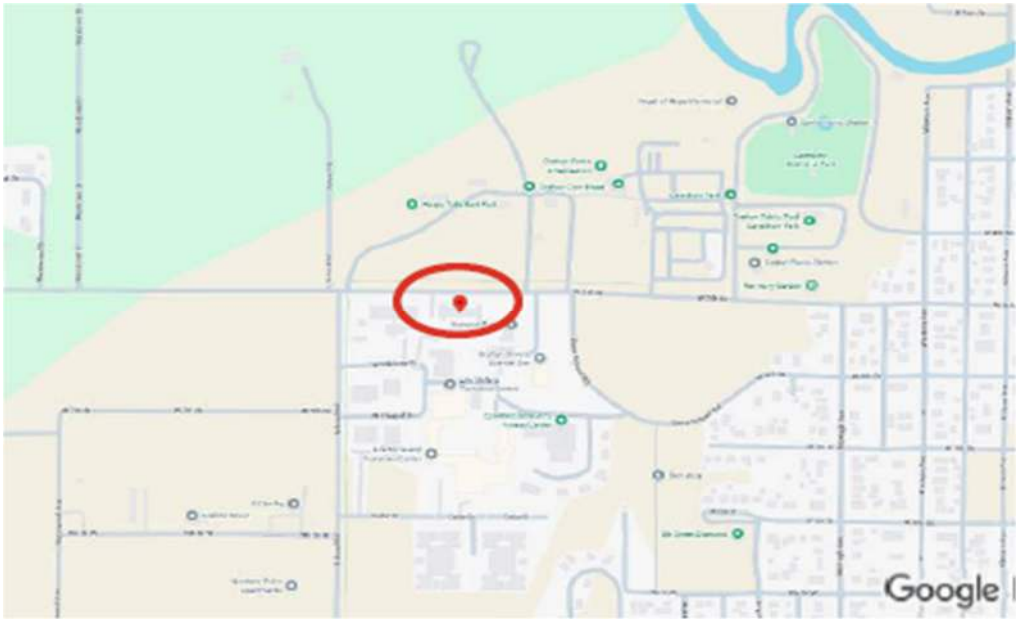
Opera House 318 4th Ave NE, Devils Lake



Newport 601 7th Street NE, Devils Lake



Villa DeRemer 808 West 5th Street, Grafton



3. **Engle Court Phase II, Minot**



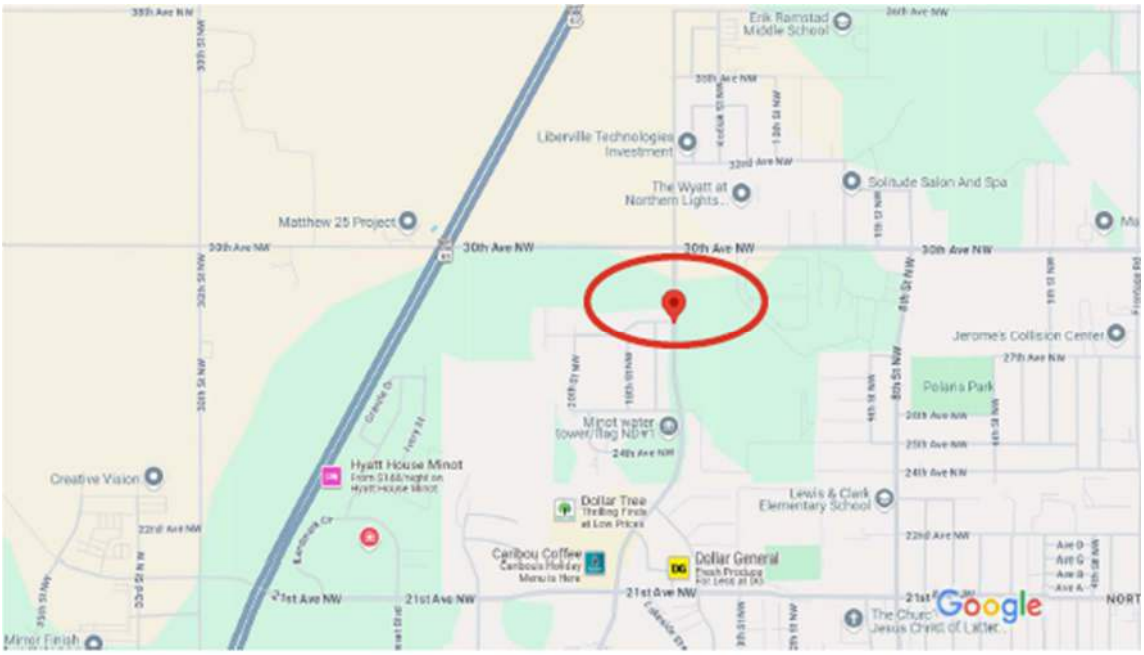
Engle Court Apartments Phase 2 will consist of 36 units. The building will consist of a unit mix of 9 one-bedroom units, 18 two-bedroom units and 9 three-bedroom units for general occupancy. The building will have three floors accessible by elevator. The units will include a kitchen with refrigerator, stove, microwave, and dishwasher, living room, bathroom, hydronic baseboard heat and through wall air conditioning. Amenities such as a dog park and family playground are shared with the first phase which is currently under construction. Total development costs are estimated at $17 million.

Minot Housing Authority (MHA) will partner with Beyond Shelter Inc. to develop the property and MHA will act as management general partner and property management once completed. The application is the second phase of MHA's repositioning plan to reposition 40 single -family public housing units that are currently scattered throughout the City of Minot. MHA will sell the properties which are in need of rehabilitation and updating to single family homeowners. Any current residents of the housing units will receive relocation vouchers. The project based rental assistance from the homes will create 20 project

based rental assistance units so tenants in those units will pay no more than 30 percent of their income toward rent.

The application was awarded $1.4 LIHTCs and $3 million HIF.

Project Location 1225 27th Ave NW, Minot



4. **Elson Shores 1, West Fargo**

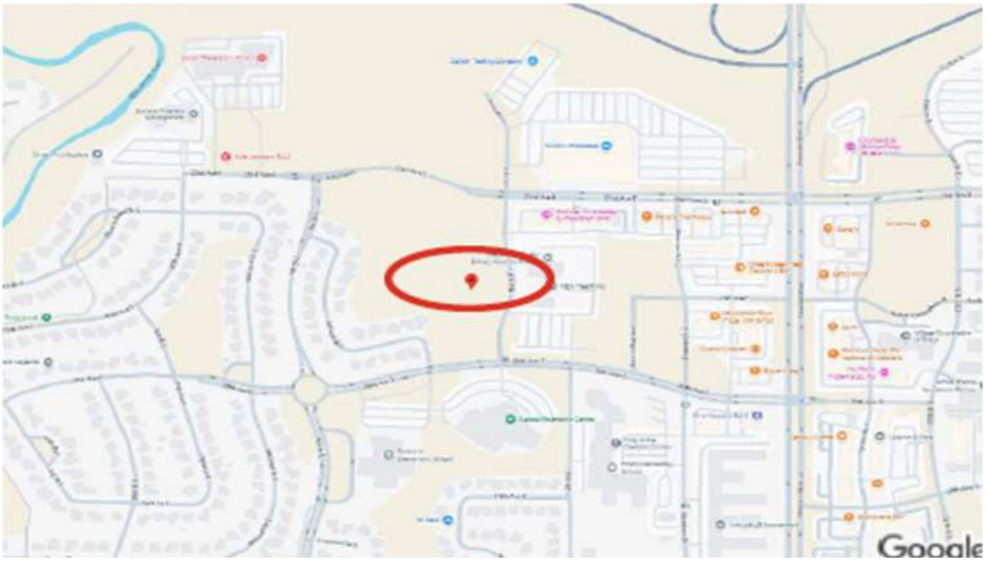


Elson Shores 1 is a 40-unit senior (62 and over) residential property. Unit mix includes thirty-seven (37) one-bedroom and three (3) two-bedroom apartments. The building will offer a range of amenities including a secure entry, elevator, community room, community kitchen, library, and fitness room. Each unit will be equipped with modern features designed for comfort, accessibility, and aging in place, including air conditioning , above-range microwaves, dishwashers, and in-unit washers and dryers. The project will also include a service coordinator position to refer tenants to community resources and programs. Total development costs are estimated at $17.1 million.

The project is developed by Beyond Shelter, Inc. and the Housing Authority of Cass County (HACC) and is the first phase of a planned public housing repositioning of scattered site units located in Casselton ND. HACC is also committing twenty project-based vouchers.

The application was awarded $1,084,000 LIHTCS, and $3,270,000 HIF.

Project Location 2500 6th Street East, West Fargo



5. **Riverside Cottages III, Jamestown (Additional Allocation)**

Project Location: Multiple Buildings: Gardenette Drive, Jamestown

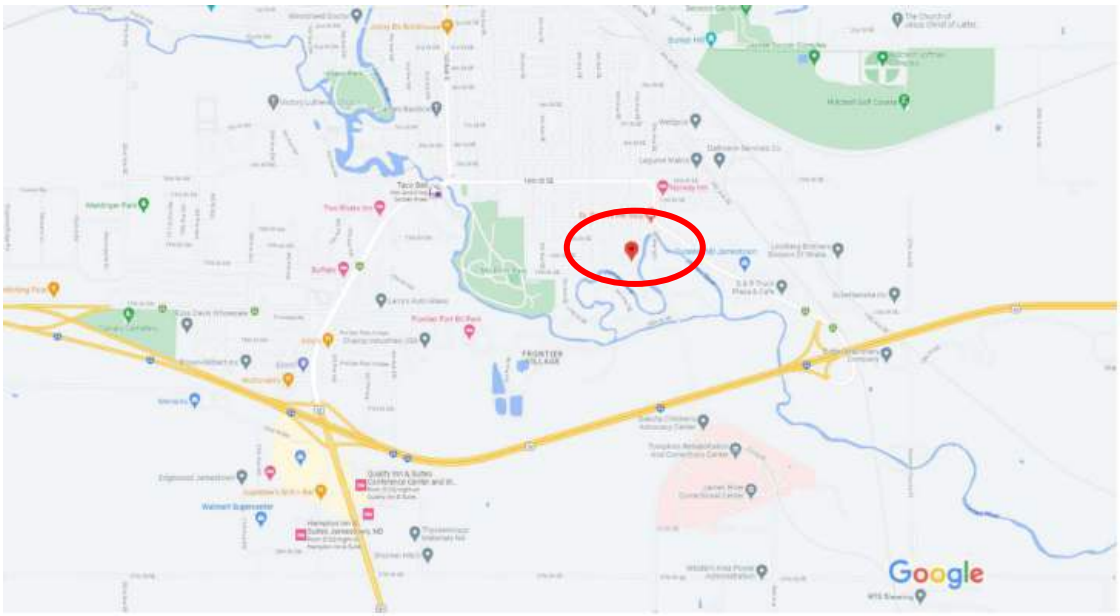
The Riverside Cottages (FKA The Gardenette) is a multiphase acquisition rehab project proposing acquire and rehab an existing 168-unit development. The development is currently comprised of 42 single-story, slab-on-grade fourplexes. All existing 168 units are one bedroom. When construction is complete the rehabilitated development will host a mix of unit sizes to accommodate the variety of household sizes.

The project is divided into three phases to maximize funding sources. Each phase is a separate application and must compete on its own. In phase 1, A total of 40 units, 8 three-bedroom units and rehab 32 one-bedroom units. In phase 2, rehabilitation of 40 one-bedroom units. And in phase 3, 50 one-bedroom and 20 two-bedroom units for a total of 150 units down from 168. The first two phases are completed and the units are leased. The total development costs were $13 million for phase 1, $12.8 million phase 2, and $22.6 million for phase 3 for a total of $58 million. The project relied on energy rebates to come through to be fully funded. Since initial estimates, development costs have increased for phase three to $31 million, and the rebates are still pending so phase three required some additional funding to be completed.

Stride Development PBC, St. Paul, MN, is the project developer who will be partnering with Community Works ND (CWND) a non-profit partner who will be part of the final ownership entity. CWND will provide property management and will be contracting with a community service provider to provide tenant support coordination services to the residents.

Phase three was previously awarded $3 million HIF and was seeking a tax-exempt bond issuance and 4% credits. The application was awarded an additional $2,071,452.15 HOME and $135,818.84 HTF funds.

Project Location Multiple Buildings Gardenette Drive, Jamestown



2026 Annual Application Round- Applications Due 09/30/2026

9% LIHTC Available	4,469,659	**HOME Available**	$2,071,452.15	Max LIHTC per Project:	34%	$ 1,519,684
HIF Available	$7,623,992.14	**HTF Available**	$3,215,818.84			

Development Name	Request for Set Aside	Applicant	Location	Total Units	Type of Development	Target Population	LIHTC 9	LIHTC 4	HIF	HOME	HTF	Development Cost
Riverside Cottages III	CHDO	Lewis & Clark Housing Developers	Jamestown	70	Acq / Rehab	General Occupancy	-	-	$ -	$ 1,980,612.00	$ 2,860,884.00	$ 31,830,908.00
Cottages off Collins	Nonprofit	Community Works North Dakota	Mandan	32	New Construction	General Occupancy	1,000,000	-	$ -	$ 1,000,000.00	$ 1,000,000.00	$ 11,807,014.00
Tobi Lane Twin Homes	Nonprofit	Grand Forks Homes	Grand Forks	24	New Construction	General Occupancy	1,413,109	-	$ 3,500,000.00	$ -	$ -	$ 17,797,561.00
Harvest Acres Apartments 2	Nonprofit, CHDO	Beyond Shelter, Inc	Fargo	39	New Construction	Senior (62+)	1,213,965	-	$ 1,500,000.00	$ 750,000.00	$ 200,000.00	$ 12,886,046.00
Cottonwood Commons		Burleigh Co HA & Blueline Development	Bismarck	50	New Construction	General Occupancy	1,258,360	-	$ 800,000.00	$ 800,000.00	$ 800,000.00	$ 17,492,883.00
Dakota Landing	Nonprofit	Commonwealth Dev Corp	Williston	40	New Construction	General Occupancy	1,258,365	-	$ -	$ 1,510,574.40	$ 2,496,586.00	$ 15,524,481.00
Dakota Terrace		EWR Minot Dakota Terrace Apartments, LLC	Minot	138	Acq / Rehab	Senior (55+)	-	-	$ 1,299,366.95	$ -	$ -	$ 4,331,223.00
Elson Shores 1 Apartments		Housing Authority of Cass County	West Fargo	40	New Construction	Senior (62+)	1,275,000	-	$ 1,000,000.00	$ 600,000.00	$ 800,000.00	$ 17,158,220.00
Elson Shores 2 Apartments		Housing Authority of Cass County	West Fargo	36	New Construction	Senior (62+)	825,000	-	$ 400,000.00	$ 400,000.00	$ 400,000.00	$ 14,458,153.00
Engle Court Phase II		Minot Housing Authority	Minot	36	New Construction	General Occupancy	1,475,892	-	$ 1,050,000.00	$ 600,000.00	$ 1,600,000.00	$ 17,165,945.00
Opera House, Newport, Villa DeRemer		MHL Limited Partnership #122	Scattered	67	Acq / Rehab	Senior (55+)	1,132,804	-	$ -	$ -	$ -	$ 14,701,206.00
Villas at Durango	Nonprofit	Commonwealth Dev Corp	Bismarck	40	New Construction	General Occupancy	1,258,365	-	$ -	$ -	$ 2,880,000.00	$ 15,518,396.00
12	**6**			**612**			**12,110,860**	**-**	**$ 9,549,366.95**	**$ 7,641,186.40**	**$ 13,037,470.00**	**$ 190,672,036.00**
Amount Oversubscribed							7,641,201		$ 1,925,374.81	$ 5,569,734.25	$ 9,821,651.16	

2026 Annual Application Round- Applications Selected for Commitment

Development Name	Request for Set Aside	Applicant	Location	Total Units	Type of Development	Target Population	LIHTC 9	LIHTC 4	HIF	HOME	HTF	Development Cost
Harvest Acres Apartments 2	Nonprofit, CHDO	Beyond Shelter, Inc	Fargo	39	New Construction	Senior (62+)	900,000	-	$ 1,353,992.14	$ -	$ 3,080,000.00	$ 12,886,046.00
Riverside Cottages III	CHDO	Lewis & Clark Housing Developers	Jamestown	70	Acq / Rehab	General Occupancy	-	-	$ -	$ 2,071,452.15	$ 135,818.84	$ 31,830,908.00
Opera House, Newport, Villa DeRemer		MHL Limited Partnership #122	Scattered	67	Acq / Rehab	Senior (55+)	1,085,000	-	$ -	$ -	$ -	$ 14,701,206.00
Engle Court Phase II		Minot Housing Authority	Minot	36	New Construction	General Occupancy	1,400,000	-	$ 3,000,000.00	$ -	$ -	$ 17,165,945.00
Elson Shores 1 Apartments		Housing Authority of Cass County	West Fargo	40	New Construction	Senior (62+)	1,084,659	-	$ 3,270,000.00	$ -	$ -	$ 17,158,220.00
Total Awarded				252			4,469,659	0	$ 7,623,992	$ 2,071,452	$ 3,215,819	
Funding Remaining							0		$ -	$ -	$ -	

NORTH DAKOTA housing FINANCE AGENCY

November 12, 2026

TO: Industrial Commission

FR: Terri Mollman-Larson, Homeownership Director

RE: **North Dakota Roots Income Limits**

North Dakota Roots Income Limits

This notice serves as a report to the Industrial Commission regarding changes to North Dakota Roots income limits, pursuant to the Resolution adopted and signed by the Industrial Commission on May 22, 2025.

Historically, North Dakota Roots income limits were set at 150% of the FirstHome program income limits. Following the discontinuation of the Bank of North Dakota's residential real estate program, which provided financing for non-conforming loans, NDHFA modified ND Roots to offer a secondary market option for these loans. As part of that change, income limits were eliminated.

Since then, staff have observed that higher-income households often use ND Roots primarily as a source of bridge financing, rather than for its intended purpose of providing affordable mortgage financing. A review of 2025 and 2026 program activity also found no utilization of down payment assistance by borrowers with household incomes of $250,000 or more.

Because ND Roots is funded through taxable bond proceeds, serving higher-income borrowers reduces the resources available to households who rely on the program for affordable financing and down payment assistance. Limited bond resources can also put upward pressure on interest rates and/or require the agency to temporarily suspend the program until additional funds become available through a subsequent bond issuance.

To preserve resources for the households the program is intended to serve, staff recommended, and the NDHFA Advisory Board approved establishing a $250,000 household income limit for all ND Roots loans, with the exception of non-conforming loans. The new limits will apply to loan reservations made on or after December 1, 2026, as outlined in Program Directive No. 128 (Exhibit 1).

2624 Vermont Avenue • PO Box 1535 • Bismarck, North Dakota 58502-1535
Ph: 701/328-8080 • Fax: 701/328-8090 • Toll Free: 800/292-8621 • 711 (TTY)
ndhousing.nd.gov
hfainfo@nd.gov

Exhibit 1

NORTH DAKOTA HOUSING FINANCE AGENCY

HOME MORTGAGE FINANCE PROGRAM (ND ROOTS)

PROGRAM DIRECTIVE NO. 128

MAXIMUM ANNUAL INCOME

The following Program Directive will serve as written notice of the applicable maximum annual income (as defined in the North Dakota Roots Mortgage Purchase Agreement dated as of July 2024) for an eligible mortgagor of a mortgage loan. These maximum annual income limits are **effective for mortgage loans in which the reservation is dated on or after the herein effective date December 1, 2026.**

MAXIMUM ANNUAL INCOME
ND ROOTS

COUNTY	ALL FAMILY SIZES
All Counties	$250,000

Effective date of this Program Directive No. 128: **December 1, 2026**

NORTH DAKOTA'S HOUSING CHALLENGE: GROWING, AGING, AND BECOMING LESS AFFORDABLE

North Dakota is growing — and the housing supply needs to keep up

48,315
Additional Units Needed

25,589
Units Projected at Current Trends

22,726
Projected Housing Shortfall

North Dakota is aging rapidly

- By 2034, the number of householders age 65+ is projected to grow 39%, from 83,740 to 116,762.
- Most older adults are aging in place, increasing the need for accessible homes, home modifications, supportive services and long-term care options.

Housing costs are rising faster than incomes

Since 2014:

- Median monthly homeowner costs with a mortgage increased 43%, from $1,236 to $1,762.
- Median gross rent increased 43%, from $676 to $954.
- Per-capita personal income increased 26.7%.
- Inflation over the same period was approximately 33%.
- 39% of renters are housing-cost burdened, compared with 16% of homeowners.

The affordable housing gap is substantial

- Opportunities for lower-income householders to find affordable rents are limited in North Dakota.
- There was an estimated 68,609 extremely- and very-low-income renter households in 2024. One in five spent at least half their income toward rent.
- There were only 2,378 subsidized units available to extremely- and very-low-income renter households.

The housing market is producing fewer attainable homes

- In 2015, 64% of homes sold for $250,000 or less.
  - By 2025, that fell to just 34%.
- Homes selling for more than $350,000 increased from 12% of sales to 36%.
- The average value of a permitted new single-family home reached $348,873 in 2025, up 77% since 2015.
- For the 46% of households earning less than $62,340, the maximum affordable home price is estimated at only $164,614.

What our communities need us to do

BUILD
Close the projected 22,726-unit housing gap

EXPAND
Provide housing options for a rapidly aging population

PRESERVE
Protect existing affordable housing as subsidies and restrictions expire

AFFORD
Increase attainable homeownership and affordable rental opportunities

North Dakota Housing Finance Agency is a self-supporting and mission-driven state agency dedicated to making housing affordable for all North Dakotans.

ndhousing.nd.gov

NORTH DAKOTA housing FINANCE AGENCY

NORTH DAKOTA
OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

North Dakota Mill and Elevator Association

Audit Report for the Year Ended June 30, 2026

Client Code: 475



This audit has been conducted by the Office of the State Auditor pursuant to the authority within North Dakota Century Code Chapter 54-10

Office of the State Auditor

North Dakota Mill and Elevator Association

Audit Report for the Year Ended June 30, 2026 | *Client Code 475*

WHAT WE LOOKED AT AND WHY

North Dakota state law requires that our team perform an audit once every two years or otherwise provided by law. This included a review of financial transactions, including expenses, to determine whether the financial statements are fairly stated. Our audit communicates any errors, internal control weaknesses or potential violations of law identified in significant or high-risk functions of the entity being audited.

WHAT WE FOUND

This audit did not identify any areas of concern.

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OFFICE OF THE STATE AUDITOR

NORTH DAKOTA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Members of the Legislative Assembly

Industrial Commission

Cathy Dub, President and CEO, North Dakota Mill and Elevator Association

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Opinion

We have audited the financial statements of the business-type activities of the North Dakota Mill and Elevator Association, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the North Dakota Mill and Elevator Association's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the North Dakota Mill and Elevator Association, as of June 30, 2026, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Dakota Mill and Elevator Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the North Dakota Mill and Elevator Association are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the North Dakota Mill and Elevator that is attributable to the transactions of the North Dakota Mill and Elevator

Association. They do not purport to, and do not, present fairly the financial position of the state of North Dakota, as of June 30, 2026, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Changes in Accounting Principle

Also, as discussed in Note 1, the North Dakota Mill and Elevator Association adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements,* and Statement No. 104, *Disclosure of Certain Capital Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Dakota Mill and Elevator Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing our audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Dakota Mill and Elevator Association's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Dakota Mill and Elevator Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions for pensions, the Schedule of Employer's Share of Net OPEB Liability and the Schedule of Employer Contributions for OPEB be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively compare the North Dakota Mill and Elevator Association's basic financial statements. The Schedule of Appropriations is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Appropriations is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2026 on our consideration of the North Dakota Mill and Elevator Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose

of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Dakota Mill and Elevator Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the North Dakota Mill and Elevator Association's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor
Bismarck, North Dakota
October 22, 2026

Management's Discussion and Analysis

This section of the North Dakota Mill and Elevator Association's annual financial report presents management's discussion and analysis of the Mill's financial performance during the fiscal year that ended June 30, 2026. Please read this information in conjunction with the financial statements that follow this section.

Overview of the Financial Statements

The Mill provides the following financial statements to compare results of the current fiscal year 2026 to the last fiscal year 2025: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and Notes to the Financial Statements.

The Statement of Net Position reflects the Assets and Deferred Outflow of Resources, Liabilities and Deferred Inflow of Resources, and Net Position from the current fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Position reflects the change in Operating Revenues, Operating Expenses, and Non-Operating Revenues and Expenses for the fiscal year, resulting in the same ending Net Position on the Statement of Net Position for the fiscal year.

The Statement of Cash Flows shows the net cash increases and decreases from operating, financing, capital & related financing, and investing activities. It also discloses non-cash transactions.

The Notes to the Financial Statements explain in detail the Mill's accounting policies, budgeting and budgetary control, deposits, receivables, inventories, capital assets, accounts payable and accrued liabilities, short-term notes payable, long-term liabilities, notes payable, lease obligations, bonus and other employee agreements, pension plan, post-retirement benefits, deferred compensation plan, concentrations, related party transactions, hedging derivative instruments, risk management, and commitments and contingencies.

FINANCIAL SUMMARY

Condensed Financial Data

	FY 2026	FY 2025
Current Assets	$ 109,666,592	$ 112,218,003
Noncurrent Assets	11,988,443	3,104,269
Capital Assets	221,281,710	215,699,969
Total Assets	$ 342,936,745	$ 331,022,241
Deferred Outflow of Resources	$ 5,084,250	$ 5,999,488
Current Liabilities	$ 98,323,637	$ 87,064,039
Noncurrent Liabilities	84,680,721	94,989,696
Total Liabilities	$ 183,004,358	$ 182,053,735
Deferred Inflow of Resources	$ 5,291,970	$ 7,613,149
Invested in Capital Assets	$ 152,789,893	$ 143,121,951
Unrestricted	6,934,773	4,232,895
Total Net Position	$ 159,724,666	$ 147,354,845

Operating Revenue		
Gross Sales	$ 456,681,029	$ 476,072,638
Sales Deductions	(99,471,638)	(100,114,382)
Net Sales	$ 357,209,391	$ 375,958,256
Nonoperating Revenue		
Interest Income	224,484	334,682
Miscellaneous	169,805	68,960
Total Revenues	$ 357,603,680	$ 376,361,898
Operating Expenses		
Material Cost	$ 273,807,479	$ 289,413,324
Manufacturing, Selling, General	53,740,197	55,827,756
Nonoperating Expenses		
Interest Expense	3,678,342	4,376,369
Other	35,805	50,039
Total Expenses	$ 331,261,823	$ 349,667,488
Revenue Over Expenses	$ 26,341,857	$ 26,694,411
Transfer to Industrial Commission	(142,561)	(116,355)
Transfer to General Fund	(12,512,382)	(12,679,845)
Transfer to Ag Fuel Tax Fund	(1,317,093)	(1,334,721)
Change in Net Position	12,369,821	12,563,490
Beginning Net Position as restated	147,354,845	134,791,355
Ending Net Position	$ 159,724,666	$ 147,354,845

- Gross sales reached $456,681,029.
- During the fiscal year, the Mill shipped 18,783,327 hundredweight of flour.
- The Mill made a profit of $26,341,857.
- Mill operations provided more than $307,101,669 to the region and another $712,475,872 in secondary economic activity for a total economic impact of more than $1,019,577,541.

Certain operating information is set forth below, as a percentage of gross sales for the fiscal years ended June 30, 2026 and June 30, 2025:

	FY 2026	FY 2025
Gross Margin	18.30%	18.20%
Material Costs	59.96%	60.80%
Operating Costs	11.77%	11.70%
Profits	5.77%	5.60%

DETAILED ANALYSES, DECISIONS, OR CONDITIONS

Current assets decreased $2,551,000 from last fiscal year's total of $112,218,000 to $109,667,000. This decrease is due primarily to decrease in the value of current receivables, which changed from $74,899,000 from last fiscal year to $72,595,000 in fiscal year 2026.

Deferred outflows of resources decreased $915,000 from fiscal year 2025 to $5,084,000 from $5,999,000, largely due to the decrease in pension deferred outflow of resources.

Current liabilities increased $11,260,000 from last year. The major changes were in the short-term note payable to the Bank of North Dakota which increased $4,014,000 due to increased short term borrowing needs on the

operating line of credit, and grain payables which increased $6,733,000 from fiscal year 2025 due to an increase in grain settlement checks payable to vendors as of June 30th. Long term liabilities decreased $10,309,000 from last year due to decreases in long term notes payable in the amount of $7,810,000 due to increased principal payments on debt, and in net pension liability in the amount of $1,408,000 due to a decrease in NDPERS actuarial calculated net long term pension payable.

Deferred inflows of resources decreased $2,321,000 to $5,292,000 in fiscal year 2026 from $7,613,000 in fiscal year 2025, due to the decrease in pension deferred inflow of resources.

The total net position increased by $12,370,000, resulting in an improvement in overall financial position from $147,355,000 in fiscal year 2025 to $159,725,000 in fiscal year 2026. This increase is shown in the change of invested in capital assets, which grew $9,668,000 from fiscal year 2025 from increased capital asset spending in fiscal year 2026.

Gross sales reached $456,681,000 for the fiscal year compared to $476,072,000 last year. Sales of spring wheat flour were 17,372,000 hundredweight or 92.5 percent of our total sales while sales of durum products were 1,411,000 hundredweight or 7.5 percent of our total sales. This compares to sales of 17,221,000 hundredweight of spring wheat flour and 1,530,000 hundredweight of durum products last year. Although the Mill had an increase in sales volume from fiscal year 2025, the average sales price per hundredweight of flour products declined slightly during fiscal year 2026 due to the lower cost of grain purchased. Bulk flour sales represent 82 percent of the flour sold. Flour packed in bags accounted for 18 percent of the flour sold.

The Mill spent more than $248,206,000 buying wheat and durum. This is down from the previous year purchases of $267,098,000. The change from fiscal year 2025 is due primarily to a decrease of $0.21 in average price paid per bushel for grain purchased by the Mill during the year, which also is reflected in our decreased gross sales amounts. In fiscal year 2026 the Mill settled the purchase of 38,276,000 bushels of wheat and durum while in fiscal year 2025 the Mill settled the purchase of 39,871,000 bushels. The majority of the grain purchased is from North Dakota growers or grain elevators.

In addition to spending over $248,206,000 on grain, most of which went to North Dakota farmers, the Mill also spent $31,356,000 with other North Dakota based suppliers. Payroll costs for the North Dakota Mill were $27,539,000 for the year ending June 30, 2026. These three items, when added together, show that the Mill provided a direct economic impact to the region of over $307,101,000. A North Dakota State University study stated that for every dollar in direct economic activity from wheat processing, another $2.32 was generated in secondary economic activity. Thus, the Mill produced $712,475,000 in secondary economic activity resulting in a total economic impact of more than $1,019,577,000.

Operating costs were $53,740,000 compared to $55,828,000 last year. This is a decrease of $2,088,000 from last year. The primary cause for this change in operating costs is due to the decrease in salaries and wages which was the result of a cost savings on annual pension expense. Consequently, the operating cost per hundredweight of production decreased to $2.88 from $2.99 in fiscal year 2025.

Gross margins as a percent of gross sales increased to 18.3 percent from 18.2 percent in fiscal year 2025. Profits as a percent of gross sales increased to 5.8 percent compared to 5.6 percent last year. The Mill experienced a profit of $26,342,000 compared to a profit of $26,694,000 last year.

Operating activities for the year ended June 30, 2026 provided cash of $47,537,000 compared to $58,238,000 in fiscal year 2025. Cash was used primarily for capital projects and transfers to APUF and the General Fund. There was an operating profit for this same period of $29,662,000 compared to $30,717,000 in fiscal year 2025.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

The Mill's carrying value of capital assets increased $5,582,000 to $221,282,000 for the year ended June 30, 2026, reflected in the increase of $6,608,000 in property, plant and equipment from fiscal year 2025 with increased capital project spending on various construction projects

The Mill's cash requirements relate primarily to capital improvements and a need to finance inventories and receivables based on raw material costs and levels. These cash needs are expected to be fulfilled by the Mill through operations and an established operating line of credit with the Bank of North Dakota. The Mill has a $125,000,000 operating line of credit with the Bank of North Dakota. The Mill also has a term note and a construction note with the Bank of North Dakota.

The Mill had $36,874,000 short-term debt outstanding and payable to the Bank of North Dakota on June 30, 2026, compared to $32,860,000 last year due to increased principal payments on outstanding debt. Additionally, due to increased principal payments on current debt and no new debt taken in the fiscal year, the Mill also had $50,695,000 in long term debt outstanding and payable to the Bank of North Dakota on June 30, 2026, compared to $58,304,000 in fiscal year 2025.

The Mill's current lease liability increased $379,000 to $8,380,000 in fiscal year 2026 from $8,001,000 in fiscal year 2025 with the addition of new lease agreements for 60 rail cars in the current year, while the long term lease liability decreased $894,000 to $26,606,000 in fiscal year 2026 from $27,500,000 in fiscal year 2025 due to declining principal balances in older lease agreements

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Mill utilizes futures contracts offered through regulated commodity exchanges to reduce risk. The Mill is exposed to risk of loss in the market value of inventories and fixed purchase and sales contracts. To reduce this risk, opposite and offsetting futures positions are taken.

U.S. annual wheat flour production was 419 million hundredweights, down 2% from 2024. Production of whole wheat flour in the U.S. was estimated at 17.3 million hundredweights which is a 5% decrease from 2024. Durum flour and semolina production was 31.4 million hundredweights, down 1% from 2024. We expect grain and financial markets to continue to be volatile.

North Dakota produced another quality spring wheat and durum crop this year. Average spring wheat protein is estimated to be 14.2%. Harvest conditions were good. Spring wheat quality has an effect on flour quality. The crop this year is working well for our customers.

Financial Statements

STATEMENT OF NET POSITION | *June 30, 2026*

ASSETS	June 30, 2026
Current assets:	
Cash and cash equivalents	$ 225
Receivables, net (note 4)	70,477,465
Inventories (note 5)	35,762,177
Notes receivable	2,117,647
Prepaid expense	1,309,079
Total current assets	$ 109,666,593
Noncurrent assets:	
Notes receivable	$ 11,000,000
Patronage capital credits	713,443
Other assets	275,000
Capital assets, net (note 6)	221,281,710
Total noncurrent assets	233,270,153
Total assets	$ 342,936,746
DEFERRED OUTFLOW OF RESOURCES	
Accumulated decrease in fair value of hedging derivative instruments	$ 388,550
Derived from pensions	4,513,790
Derived from other post-employment benefits	181,910
Total deferred outflows of resources	$ 5,084,250
LIABILITIES	
Current liabilities:	
Checks issued in excess of cash	$ 3,767,969
Accounts payable and other liabilities (note 7)	27,183,735
Due to state general fund	12,512,382
Due to ag products utilization fund	1,317,093
Hedging derivative instruments	388,550
Short term notes payable	36,873,966
Long-term liabilities - current portion	
Compensated absences	393,277
Notes payable	7,506,987
Lease liability	8,379,676
Total current liabilities	$ 98,323,635
Noncurrent liabilities:	
Net other post-employment benefit liability	$ 454,964
Net pension liability	13,270,440
Long-term liabilities - noncurrent portion	
Compensated absences	1,160,976
Notes payable	43,188,107
Lease liability	26,606,235
Total noncurrent liabilities	84,680,722
Total liabilities	$ 183,004,357
DEFERRED INFLOWS OF RESOURCES	
Derived from pensions	$ 5,146,351
Derived from other post-employment benefits	145,619
Total deferred inflows of resources	$ 5,291,970
NET POSITION	
Invested in capital assets	$ 152,789,893
Unrestricted	6,934,773
Total net position	$ 159,724,666

The accompanying notes are an integral part of the financial statements.

Financial Statements

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION | *For the Year Ended June 30, 2026*

	June 30, 2026
OPERATING REVENUES	
Sales (net of sales deductions of $99,471,640)	$ 357,209,388
Total operating revenues	$ 357,209,388
OPERATING EXPENSES	
Material cost	$ 273,807,480
Wages and benefits	25,265,021
Repairs and maintenance	5,026,355
Operating supplies	1,627,844
Utilities	6,497,751
Insurance	2,458,770
Outside services	2,455,826
Office supplies	72,138
Computer expense	512,974
Communications	71,718
Travel and entertainment	296,172
Employee expense	237,526
Safety expense	139,626
Postage and mailing	41,765
Advertising	144,390
Dues and subscriptions	231,098
Legal and professional	273,999
Depreciation	8,387,225
Total operating expenses	$ 327,547,678
Operating income	$ 29,661,710
NONCAPITAL SUBSIDIES	
Transfer to state general fund	$ (12,512,382)
Transfer to ag products utilization fund	(1,317,093)
Transfer to Industrial Commission	(142,561)
Total noncapital subsidies	$ (13,972,036)
Operating income and noncapital subsidies	$ 15,689,674
OTHER NONOPERATING REVENUES (EXPENSES)	
Interest income	$ 224,484
Interest expense	(3,678,342)
Miscellaneous income	169,810
Other expense	(35,805)
Total other nonoperating expenses	$ (3,319,853)
Increase in net position	$ 12,369,821
Total net position - beginning of year	$ 147,354,845
Total net position - ending	$ 159,724,666

The accompanying notes are an integral part of the financial statements.

Financial Statements

STATEMENT OF CASH FLOWS | *June 30, 2026*

	June 30, 2026
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 450,495,831
Payments to suppliers	(373,759,894)
Payments to employees	(29,199,051)
Net cash provided by operating activities	$ 47,536,886
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from noncapital debt	$ 237,124,477
Principal paid on noncapital debt	(237,147,893)
Interest paid on noncapital debt	(2,614,848)
Ag promotion	(35,805)
Transfer to Industrial Commission	(142,561)
Transfer to state general fund	(12,679,845)
Transfer to ag products utilization fund	(1,334,721)
Net cash used by noncapital financing activities	$ (16,831,196)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt and leases	$ (12,669,954)
Interest paid on capital debt and leases	(3,039,115)
Acquisition and construction of capital assets	(14,998,121)
Net cash used by capital and related financing activities	$ (30,707,190)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income on investments	$ 1,500
Net cash provided by investing activities	$ 1,500
Net increase in cash and cash equivalents	$ 0
Cash and cash equivalents, beginning	225
Cash and cash equivalents, ending	$ 225
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	$ 29,661,710
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	18,000,139
Pension and OPEB expense	(851,375)
Interest expense paid on lease activities	1,975,621
Other nonoperating income	392,789
Decrease (Increase) in receivables, net	2,304,367
Decrease (Increase) in notes receivable	(8,882,353)
Decrease (Increase) in inventories	(774,063)
Decrease (Increase) in prepaid expense	752,956
Decrease (Increase) in patronage capital credits	(1,821)
Increase (Decrease) in accounts payable	8,014,657
Increase (Decrease) in accrued payroll	(1,486,398)
Increase (Decrease) in other liabilities	26,915
Increase (Decrease) in accrued sick and vacation pay	(155,018)
Decrease (Increase) in deferred outflows for pension and OPEB	(1,441,240)
Total adjustments	$ 17,875,176
Net cash provided by operating activities	$ 47,536,886
SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS	
Assets acquired through lease	$ 8,583,752
Total non cash transactions	$ 8,583,752

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

Summary of Significant Accounting Policies

The significant accounting policies, as summarized below and the financial statements for the North Dakota Mill and Elevator Association (Mill) are in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

For financial reporting purposes, the Mill has included all its operations as enterprise funds and has considered all potential component units for which the Mill is financially accountable and other organizations for which the nature and significance of their relationship with the Mill are such that exclusion would cause the Mill's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Mill to impose its will on that organization; or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Mill.

Based upon these criteria, there are no component units to be included within the Mill as a reporting entity and the Mill is included within the state of North Dakota as a reporting entity.

B. Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Mill's activities are considered to be an enterprise fund, single business-type activity (BTA) and accordingly, are reported within a single column in the basic financial statements.

C. Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus. The accrual basis of accounting is utilized by the enterprise fund. Revenue is recognized at the time of shipment from the Mill or from the transloading site. Expenses are recognized at the time goods and services were received and accepted.

D. Cash and Cash Equivalents

This classification appears on the Statement of Net Position and the Statement of Cash Flows and includes petty cash and cash on deposit with the Bank of North Dakota.

E. Receivables

Accounts receivable represents amounts due from customers for credit sales. Other receivables consist of grain margin accounts. Notes receivable represents amounts due from customers. The grain margin accounts and hedging derivative instruments are used to buy and sell spring wheat futures contracts on the Minneapolis Grain Exchange. Any activity would be recognized at cost after the settlement period. The allowance method is used to account for estimated uncollectible accounts receivable.

F. Inventories

Grain committed to production is valued at cost. Grain committed to sale is valued at net commitment price. Excess grain inventories are valued at June 30 Minneapolis grain market values, less freight costs to Minneapolis. Flour, feed, and resale inventories are valued at ingredient cost plus manufacturing costs incurred in their production. Supplies inventories are valued at cost. The first-in, first-out basis is used for all inventories.

G. Capital Assets

Capital assets are stated at cost. When it is determined that a project consisting of machinery, equipment, or buildings will span more than one year, a "construction in progress" project folder is established to facilitate the accumulation until completion. Upon completion, the completed item is transferred to the applicable asset category. Movable equipment with a cost of $10,000 or more is capitalized and reported in the accompanying financial statements.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets, generally 10 to 20 years for infrastructure, 30 to 40 years for buildings, 5 to 25 years for plant equipment, 7 to 10 years for office equipment and furniture, 3 to 8 years for intangibles, and 5 to 10 years for leasehold improvements. The leased right of use assets are amortized on a straight-line basis over the shorter of lease term or the assets useful life.

H. Noncurrent Long-Term Liabilities

Noncurrent long-term liabilities include compensated absences that will not be paid within the next fiscal year and long-term notes payable to the Bank of North Dakota.

I. Leases

Leased right of use assets and the corresponding lease liability are recorded at the present value of future payments over the shorter of the lease term or the assets useful life. The future lease payments are discounted using the implicit rate identified in the lease, or if not identified, then the Mill's incremental borrowing rate is used. The leased right of use assets are amortized on a straight-line basis.

J. Compensated Absences

Annual Leave - Union employees earn vacation within a range of 12 days to 30 days per year depending on length of continuous service. Other employees are entitled to earn annual leave, based on tenure of employment, within a range of 12 days to 30 days per year. Individuals may bank earned vacation time to a total accumulation of 30 days payable at retirement or upon severance of employment.

Sick Leave - Union employees earn sick pay at the rate of one day for each two months of continuous employment. Upon termination, union employees shall be paid an amount equal to $50 times the total unused days of accumulated leave, not to exceed $5,000. Other employees earn sick pay at the rate of one day per month. Upon termination, these employees are entitled to be paid 10% of their accumulated sick leave, if employed 10 years or longer.

The Mill used the historical review method for calculating the estimated compensated absence liability and used actual salary and pay rates for payment determination in accordance with GASB Statement No. 101.

K. Scale Accrued Purchases

Grain received/unloaded at the Mill that has not yet been settled by the Mill.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Net Position

The Mill's net position is classified as follows:

Invested in Capital Assets – This represents the Mill's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets.

Unrestricted Net Position – Unrestricted net position includes resources derived from customer sales which may be used to meet the Mill's ongoing obligations.

O. Revenue and Expense Recognition

The Mill presents its revenues and expenses in accordance with GASB Statement No. 103, Financial Reporting Model Improvements. Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses consist of (a) subsidies received and provided, (b) revenues and expenses related to financing, (e) resources from disposal of capital assets and inventory, and (e) investment income and expenses.

Revenues or expenses that otherwise would be classified as nonoperating are classified as operating if those transactions constitute the Mill's principal ongoing operations.

Subsidies are defined as resources received from another party or fund (1) for which the Mill does not provide goods and services to the other party or fund and (2) that directly or indirectly keep the Mill's current or future fees and charges lower than they would be otherwise; resources provided to another party or fund (1) for which the other party or fund does not provide goods and services to the Mill and (2) that are recoverable through the Mill's current or future pricing policies; and all other transfers. Noncapital subsidies are reported separately from other nonoperating revenues and expenses.

P. New Accounting Pronouncements

During fiscal year 2026, the Mill adopted GASB Statement No. 103, *Financial Reporting Model*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*.

The Mill will implement the following new pronouncements for fiscal years ending after 2026: GASB Statement No. 105, *Subsequent Events*. The effect that this GASB Statement will have on future financial statements has not yet been determined.

NOTE 2

Budgeting and Budgetary Control

The Mill provides its own operating funds. A two-year budget appropriation is approved by the State Legislature. The Mill's budgeting is on the accrual basis. The Mill does not use encumbrance accounting.

NOTE 3

Deposits

North Dakota Century Code (N.D.C.C.) sections 6-09-07 and 21-04-02 govern the deposit and investment of public funds.

N.D.C.C. section 6-09-07 states, "All state funds…must be deposited in the Bank of North Dakota...or must be deposited in accordance with constitutional and statutory provisions." N.D.C.C. section 21-04-02 provides that public funds belonging to or in the custody of the state shall be deposited in the Bank of North Dakota.

At June 30, 2026, the carrying amount of the Mill's deposits was $225, and the bank balance was $1,000,000. All deposits are exposed to custodial credit risk because they are not covered by depository insurance and the deposits are uncollateralized. These monies are deposited in the Bank of North Dakota and are guaranteed by the state of North Dakota (N.D.C.C. section 6-09-10).

NOTE 4

Receivables

Receivables at June 30, 2026 consist of the following:

		Allowances		
June 30, 2026	Gross Receivables	Bad Debts	Billbacks/ Promotional	Net Receivables
Current Receivables				
Accounts	$72,577,900	$(2,103,436)	$(1,525,459)	$68,949,005
Margin accounts	1,528,460			1,528,460
Total Current Receivables	$74,106,360	$(2,103,436)	$(1,525,459)	$70,477,465

At June 30, 2026, the ages of gross accounts receivable were as follows:

	2026
Current	$ 39,910,780
1-30 Days	20,978,652
31-60 Days	9,246,012
61-90 Days	1,606,273
Over 90 Days	836,183
	$ 72,577,900

NOTE 5

Inventory

At June 30, 2026, inventories consisted of the following:

	2026
Grain	$ 26,998,383
Flour, Feed, Resale	6,852,091
Supplies	1,911,703
Total Inventories	$ 35,762,177

The Mill's net position in the grain market at June 30, 2026 was as follows:

	2026 Bushels	
	Wheat	Durum
Company Owned (Priced) Grain and Flour on Hand	3,287,582	364,025
Open Purchase Contracts	(30,989)	
Cash	5,499,427	1,062,853
Futures	3,915,000	
Subtotal	12,671,020	1,426,878
Committed to Production	(12,729,609)	(984,917)
Net Position (Short) Long	(58,589)	441,961

NOTE 6

Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2026:

	Balance July 1, 2025	Additions	Deletions	Transfers	Balance June 30, 2026
Capital Assets, Non-Depreciable:					
Land	$ 1,783,611				$ 1,783,611
Construction in Progress	57,505,452	$15,107,281	$ (81,194)	$(7,467,127)	65,064,412
Total Capital Assets, Non-Depreciable	$ 59,289,063	$15,107,281	$ (81,194)	$(7,467,127)	$ 66,848,023
Capital Assets, Depreciable/Amortizable:					
Infrastructure	$ 20,138,826		$ (115,422)	$ 1,412,070	$ 21,435,474
Buildings	73,186,550		(97,524)	1,355,454	74,444,480
Machinery & Equipment	124,219,064		(225,571)	4,598,606	128,592,099
Intangibles	2,179,368				2,179,368
Furniture & Fixtures	1,045,156		(46,408)	100,997	1,099,745
Leased Right of Use Assets:					
Land	104,472				104,472
Infrastructure	1,431,925				1,431,925
Machinery & Equipment	55,504,378	8,583,752	(5,532,197)		58,555,933
Furniture & Fixtures	7,129				7,129
Total Capital Assets, Depreciable/Amortizable	$277,816,868	$ 8,583,752	$(6,017,122)	$ 7,467,127	$287,850,625
Less Accumulated Depreciation and Amortization:					
Infrastructure	$ 5,231,810	$ 822,597	$ (115,421)		$ 5,938,986
Buildings	26,457,006	1,932,667	(97,524)		28,292,149
Machinery & Equipment	64,398,773	5,400,894	(225,571)		69,574,096
Intangibles	1,712,840	148,615			1,861,455
Furniture & Fixtures	823,312	80,528	(13,524)		890,316
Leased Right of Use Assets:					
Land	104,472				104,472
Infrastructure	125,368	100,773			226,141
Machinery & Equipment	22,550,983	9,507,715	(5,532,197)		26,526,501
Furniture & Fixtures	1,396	1,426			2,822
Total Accumulated Depreciation and Amortization	$ 121,405,960	$17,995,215	$(5,984,237)	$ -	$ 133,416,938
Total Capital Assets, Depreciable, Net	$ 156,410,908	$ (9,411,463)	$ (32,885)	$ 7,467,127	$ 154,433,687
Capital Assets, Net	$ 215,699,971	$ 5,695,818	$ (114,079)	$ -	$ 221,281,710

NOTE 7

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2026 were as follows:

	2026
Accounts Payable	$ 13,876,058
Scale Accrued Purchases	8,650,618
Accrued Gain Sharing	3,972,717
Accrued Payroll	539,691
Accrued Payroll Taxes and Benefits	24,714
Accrued Commissions	119,937
Total accounts payable and accrued liabilities	$ 27,183,735

NOTE 8

Short-Term Notes Payable

The Mill uses a revolving line of credit to finance current operations with the Bank of North Dakota. The line of credit is for $125 million as of June 30, 2026 and $88.1 million is unused. All Mill assets including but not limited to equipment, accounts, and inventory are pledged as collateral for the line of credit along with the notes payable discussed in Note 10. The interest rate is variable at 1.0% over the 3-month FHLB (Federal Home Loan Bank), adjusted quarterly. As of June 30, 2026, the rate was 4.851%. Short-term debt activity for the year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Draws	Repayments	Balance June 30, 2026
Line of credit	$32,860,281	$237,124,477	$(233,110,792)	$36,873,966

NOTE 9

Long-Term Liabilities

The summary of changes in the long-term liabilities for June 30, 2026 is as follows:

	Balance July 1, 2025	Additions	Reductions	Balance June 30, 2026	Current Portion	Noncurrent Portion
Compensated Absences	$ 1,709,270	$ 1,138,755	$ (1,293,772)	$ 1,554,253	$ 393,277	$ 1,160,976
Notes Payable	58,303,767		(7,608,674)	50,695,093	7,506,986	43,188,107
Lease Liability	35,500,540	8,583,753	(9,098,382)	34,985,911	8,379,676	26,606,235
Total Long-Term Liabilities	$ 95,513,577	$ 9,722,508	$ (18,000,828)	$ 87,235,257	$ 16,279,939	$ 70,955,318

Compensated absences are also shown as long-term liabilities for annual and sick leave payable to employees upon retirement or severance of employment. See details in Note 1

NOTE 10

Notes Payable

The Mill borrowed $40 million during fiscal year 2021 from the Bank of North Dakota to finance current operations and it is recorded as a notes payable. The interest rate is fixed at 2.5% and the term is ten years. In fiscal year 2023, the Mill entered into a $40 million long term note with the Bank of North Dakota to fund the construction of a Midds Storage and Handling Facility. The note has a fixed 3.0% interest rate, 5-year term, requiring interest only monthly payments for the first 2 years, followed by 3 years of monthly principal and interest payments based on a 10-year amortization. All Mill assets including but not limited to equipment, accounts, and inventory are pledged as collateral for the notes payable along with the line of credit discussed in Note 8.

The schedule of maturities of notes payable is as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 7,506,986	$ 1,263,545	$ 8,770,532
2028	34,380,824	504,312	34,885,136
2029	4,350,949	170,772	4,521,720
2030	4,456,334	60,743	4,517,078
	$50,695,093	$ 1,999,372	$52,694,466

NOTE 11

Lease Liability

During the fiscal year ended June 30, 2026, the Mill had leases for bulk rail and box cars with original terms of 5 to 26 years on 1,123 cars. The Mill also has leases with BNSF for land and track rental, CSX for track rental, US Bancorp for three shuttle wagons, and Pitney Bowes for a postage meter. The minimum future lease interest and principal payments for each of the next five years and in the aggregate is as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 8,379,676	$1,712,190	$10,091,866
2028	7,501,191	1,286,954	8,788,145
2029	5,985,165	917,710	6,902,875
2030	3,997,564	629,566	4,627,130
2031	2,592,147	442,633	3,034,780
2032-2039	6,530,168	607,145	7,137,313
	$34,985,911	$5,596,198	$40,582,109

NOTE 12

Bonus and Other Employee Agreements

The CEO's annual bonus opportunity is based on performance, up to 30% of base salary. The employee's annual bonus opportunity is based on achieving production, safety, and profit goals. Production and safety goals have a 4% bonus potential if profits exceeded $5 million in the fiscal year and the profit bonus for fiscal year 2026 was 1% for each million after $10 million in profit. The bonus potential was accrued. (See Note 7)

NOTE 13

Pension Plan

The Mill participates in the North Dakota Public Employees' Retirement System (NDPERS), administered by the state of North Dakota. The following brief description of NDPERS is provided for general information purposes only. Participants should refer to N.D.C.C. chapter 54-52 for more complete information.

DESCRIPTION OF PENSION PLAN

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

PENSION BENEFITS

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal

retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

DEATH AND DISABILITY BENEFITS

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of $100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

REFUNDS OF MEMBER ACCOUNT BALANCE

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

MEMBER AND EMPLOYER CONTRIBUTIONS

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 9.26% of covered compensation

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is $25 and the maximum may not exceed the following:

1 to 12 months of service – Greater of one percent of monthly salary or $25
13 to 24 months of service – Greater of two percent of monthly salary or $25
25 to 36 months of service – Greater of three percent of monthly salary or $25
Longer than 36 months of service – Greater of four percent of monthly salary or $25

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2026, the Mill reported a liability of $13,270,440, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Mill's proportion of the net pension liability was based on the Mill's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2025, the Mill's proportion was 0.834661 percent, which was an increase of 0.04985 from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the Mill recognized a pension expense of ($1,009,017). At June 30, 2026, the Mill reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 716,969	
Changes of assumptions	1,378,364	$ 3,675,376
Net difference between projected and actual earnings on pension plan		1,172,608
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,091,112	298,367
Employer contributions subsequent to the measurement date	1,327,345	
Total	$ 4,513,790	$ 5,146,351

$1,327,345 reported as deferred outflows of resources related to pensions resulting from the Mill contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2027	$ (44,720)
2028	(1,267,743)
2029	(327,518)
2030	(319,925)
2031	-
Thereafter	-

ACTUARIAL ASSUMPTIONS

The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.9%	5.03%
International Equity	19.1%	6.10%
Private Equity	7%	8.30%
Domestic Fixed Income	23%	2.32%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.47%
Cash Equivalents	0%	0.00%

DISCOUNT RATE

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with

an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 5.20%; and the resulting Single Discount Rate is 6.50%

SENSITIVITY OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Employer's proportionate share of the net pension liability	$19,794,643	$13,270,440	$7,850,979

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in a separately issued NDPERS financial report.

NOTE 14

Other Post Employment Benefits (OPEB)

The Mill participates in the North Dakota Public Employees' Retirement System (NDPERS) other post employment benefits (OPEB) administered by the state of North Dakota. The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

DESCRIPTION OF OPEB PLAN

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB BENEFITS

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to $5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

At June 30, 2026, the Mill reported a liability of $454,964 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Mill's proportion of the net OPEB liability was based on the Mill's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2025, the Mill's proportion was 0.6917000 percent, which was an increase of 0.008851 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the Mill recognized OPEB expense of $84,055. At June 30, 2026, the Mill reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,331	$ 6,613
Changes of assumptions	39,443	39,166
Net difference between projected and actual earnings on OPEB plan investments		87,621
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,241	12,219
Employer contributions subsequent to the measurement date	113,895	
Total	$ 181,910	$ 145,619

$113,895 reported as deferred outflows of resources related to OPEB resulting from the Mill's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:	
2027	$ 35,039
2028	(58,514)
2029	(35,449)
2030	(18,680)
2031	-
Thereafter	-

Actuarial Assumptions

The total OPEB liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 107% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 113% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 87% for males and 88% for females. Mortality rates are projected from 2010 using the MP-2021 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	37%	4.00%
Small Cap Domestic Equities	7%	6.00%
Domestic Fixed Income	27%	3.29%
International Equities	29%	7.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

SENSITIVITY OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net OPEB liability of the Plans as of June 30, 2025, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Employer's proportionate share of the net OPEB liability	$672,327	$454,964	$271,706

NOTE 15

Deferred Compensation Plan

The state offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all state employees, permits them to defer a portion of their current salary until future years. Participation in the plan is optional. The deferred compensation is not available to the employees until separation of employment, unforeseeable emergency, de minimis distribution, or qualified domestic relations orders. All compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive use of the employee or their beneficiary.

The Mill employees deposit to deferred compensation for June 30, 2026 was $535,940.

NOTE 16

Concentrations

The Mill sells a substantial portion of its product to five major customers. Sales to these customers totaled approximately 9,717,970 hundredweight for the year ended June 30, 2026. For June 30, 2026, sales to these customers were 52% of total sales.

Approximately 70% of employees are employed under a two-year bargaining agreement that will expire at June 30, 2027. This contract contains a provision that states there shall be no strikes, slowdowns, or stoppages of work, picketing, boycotts, or other interference with the full operations of the business of the Mill by the employees covered by this agreement and there shall be no lockout by the Mill.

NOTE 17

Related Party Transactions

For fiscal year 2026, section 54-18-19 of the N.D.C.C. provides that the Industrial Commission shall transfer to the state general fund, 50% of the annual earnings and undivided profits of the Mill after any transfers to other state agricultural-related programs. The moneys must be transferred on an annual basis in the amounts and at the times requested by the director of the Office of Management and Budget. For the year ended June 30, 2026 , the Mill had a due to state general fund of $12,512,382.

Section 54-18-21 of the N.D.C.C. provides that the Industrial Commission shall transfer 5% of the net income earned by the Mill during that fiscal year to the Agricultural Products Utilization Fund. For the year ended June 30, 2026, the Mill had a due to the Agricultural Products Utilization Fund of $1,317,093.

As referred to in Note 3, the Mill does all banking with the Bank of North Dakota. They also have a revolving line of credit with the Bank of North Dakota and notes payable, which are discussed in Notes 8 and 10.

The Mill paid the Industrial Commission, a state of North Dakota agency, $142,561 in fiscal year 2026.

NOTE 18

Hedging Derivative Instruments

Fair value measurements are used to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

FAIR VALUE HIERARCHY

In accordance with GASB Statement No. 72, assets and liabilities are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of assumptions used to determine fair value. These levels are:

Level 1 - Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

DETERMINATION OF FAIR VALUE

In accordance with GASB Statement No. 72, fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Mill's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurement in accordance with the fair value hierarchy.

The following is a description of valuation methodologies used for liabilities recorded at fair value.

HEDGING DERIVATIVE INSTRUMENTS

Fair values of the grain future contracts are determined on the Minneapolis Grain Exchange.

ASSETS AND LIABILITIES RECORDED AT FAIR VALUE ON A RECURRING BASIS

The balance of liabilities measured at fair value on a recurring basis at June 30, 2026 are as follows:

	2026			
	Total	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Liabilities				
Hedging Derivative Instruments	$ 388,550	$ 388,550		
Total	$ 388,550	$ 388,550		

The fair values balances and notional amount of hedging derivative instruments outstanding at June 30, 2026 and the changes in fair values of such hedging derivative instruments for the year then ended as reported in the financial statements are $388,550, classified as Hedging Derivative Instruments (one contract equals 5000 bushels) and $388,550, classified as Deferred Outflows of Resources – Accumulated decrease in fair value of hedging derivative instruments.

The fair value of the grain futures contracts was determined on the Minneapolis Grain Exchange. The daily limit for any trade days margin requirement is $.60 per bushel, unless two or more wheat futures contract months within a crop year close at limit bid or limit offer, then the limit will increase by 50% per bushel the next business day. Daily price limits will revert back to $.60 per bushel the business day after which no wheat futures contract month closes at the expanded limit bid or limit offer.

The Mill has entered into futures contracts for spring wheat to lock in a price for a future delivery or settlement period. These contracts are entered into to protect the Mill against price fluctuations of the commodity. The price protection is needed to cover any long or short positions compared to flour sales. The table below shows the cost and market values of these spring wheat futures at June 30, 2026:

2026					
Month	# Contracts Long/(Short)	Average Cost	Quoted Prices in Active Mkts	Cost	Market Value
Sept. 26	270	6.1375	6.0650	$ 8,263,850	$ 8,187,750
Dec. 26	495	6.4657	6.3150	15,948,513	15,629,625
March 27	18	6.9037	6.5275	581,038	587,475
				$ 24,793,401	$ 24,404,850

The Mill is exposed to credit risk on hedging derivative instruments that are in asset positions. All grain futures trades are completed using two different national brokerage firms on the Minneapolis Grain Exchange. ADM Investor Services is rated A by the Standard & Poor's Rating Service. StoneX Group Inc. is rated BB by the Standard & Poor's Rating Service.

The Mill is exposed to rollover risk on grain futures trades whenever the hedge ratio (defined in aggregate of the size across all futures months relative to the underlying net cash position) does not equal 1.0. On June 30, 2026, the table below shows the hedge ratio by futures month going forward:

June 30, 2026	
Period	Hedge Ratio
September 2026	1.0
December 2026	1.0
March 2027	1.0
Net Position	1.0

NOTE 19

Risk Management

The Mill is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Mill carries liability insurance and property insurance through the state's Risk Management Fund (RMF) and commercial insurance, respectively.

The 1995 Legislative Session established the RMF, an internal service fund, to provide a self-insurance vehicle for funding the liability exposures of state agencies resulting from the elimination of the state's sovereign immunity. The RMF manages the tort liability of the state, its agencies, and employees. All state agencies participate in the RMF and each fund's contribution was determined using a projected cost allocation approach. The statutory caps on State liability will increase each year starting in fiscal year 2023 through fiscal year 2027 as follows:

- Fiscal year 2023: $375,000 per person, $1.0 million per occurrence
- Fiscal year 2024: $406,250 per person, $1.625 million per occurrence
- Fiscal year 2025: $437,500 per person $1.75 million per occurrence
- Fiscal year 2026: $468,750 per person and $1.875 million per occurrence
- Fiscal year 2027: $500,000 pe person and $2.0 million per occurrence

The Mill participated in North Dakota Workforce Safety and Insurance (WSI), an enterprise fund of the state of North Dakota. The WSI is a state insurance fund and a 'no fault' insurance system covering the state's employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees injured in the course of employment.

The Mill participates in the State Bonding Fund which currently provides blanket fidelity bond coverage in the amount of $2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

There have been no significant reductions in insurance coverage from the prior years and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 20

Commitments and Contingencies

At June 30, 2026, the Mill had committed to purchase 5,499,427 bushels of spring wheat and 1,062,853 bushels of durum.

In addition, at June 30, 2026, construction commitments totaled $33,135,588, amounts authorized totaled $98,200,000 and amounts expended/construction in progress totaled $65,064,412.

Required Supplementary Information

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY | *ND Public Employees Retirement System Last 10 Fiscal Years*

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2026	0.834661%	$13,270,440	$11,047,139	120.13%	73.63%
2025	0.784811%	$14,678,760	$10,295,133	142.58%	68.02%
2024	0.807462%	$15,569,905	$9,874,211	157.68%	65.31%
2023	0.838493%	$24,149,157	$9,733,537	248.10%	54.47%
2022	0.813052%	$8,474,445	$9,206,923	92.04%	78.26%
2021	0.820307%	$25,807,034	$9,048,978	285.19%	48.91%
2020	0.842955%	$9,880,043	$8,768,169	112.68%	71.66%
2019	0.832005%	$14,040,992	$8,547,332	164.27%	62.80%
2018	0.749966%	$12,054,415	$7,655,981	157.45%	61.98%
2017	0.836299%	$8,150,549	$8,427,920	96.71%	70.45%

The amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information

SCHEDULE OF EMPLOYER CONTRIBUTIONS | *ND Public Employees Retirement System Last 10 Fiscal Years*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2026	$1,327,345	($1,327,345)	$0	$12,108,733	10.96%
2025	$1,299,488	($1,299,488)	$0	$11,047,139	11.76%
2024	$1,077,020	($1,077,020)	$0	$10,295,133	10.46%
2023	$957,137	($957,137)	$0	$9,874,211	9.69%
2022	$916,749	($916,749)	$0	$9,733,537	9.42%
2021	$811,839	($811,839)	$0	$9,206,923	8.82%
2020	$772,196	($772,196)	$0	$9,048,978	8.53%
2019	$796,459	($796,459)	$0	$8,768,169	9.08%
2018	$708,182	($708,182)	$0	$8,547,332	8.29%
2017	$642,553	($642,553)	$0	$7,655,981	8.39%

Required Supplementary Information

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY | *ND Public Employees Retirement System Last 10 Fiscal Years**

	Employer's proportion of the net OPEB liability (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2026	0.691700%	$454,964	$7,186,122	6.33%	75.94%
2025	0.682849%	$590,019	$7,079,150	8.33%	68.35%
2024	0.744799%	$744,614	$7,486,594	9.95%	62.74%
2023	0.783110%	$939,974	$8,084,872	11.63%	56.28%
2022	0.769127%	$427,768	$8,385,470	5.10%	76.63%
2021	0.776550%	$653,232	$8,852,437	7.38%	63.38%
2020	0.785778%	$631,127	$8,768,169	7.20%	63.13%
2019	0.781137%	$615,199	$8,547,332	7.20%	61.89%
2018	0.707681%	$559,783	$7,655,981	7.31%	59.78%

**Complete data for this schedule is not available prior to 2018. The amounts presented for each fiscal year have a measurement date of the previous fiscal year end.*

Required Supplementary Information

SCHEDULE OF EMPLOYER CONTRIBUTIONS | *ND Public Employees Retirement System Last 10 Fiscal Years**

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2026	$113,895	($113,895)	$0	$12,108,733	0.94%
2025	$113,965	($113,965)	$0	$7,186,122	1.59%
2024	$112,039	($112,039)	$0	$7,079,150	1.58%
2023	$116,743	($116,743)	$0	$7,486,594	1.56%
2022	$124,973	($124,973)	$0	$8,084,872	1.55%
2021	$122,209	($122,209)	$0	$8,385,470	1.46%
2020	$123,089	($123,089)	$0	$8,852,437	1.39%
2019	$127,521	($127,521)	$0	$8,768,169	1.45%
2018	$113,390	($113,390)	$0	$8,547,332	1.33%

**Complete data for this schedule is not available prior to 2018.*

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1

Changes of Benefit Terms

Pensions:

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

OPEB:

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2024.

NOTE 2

Changes of Assumptions

Pensions:

The actuarial assumptions used in the actuarial valuation as of July 1, 2025 were based on an experience review for the period from July 1, 2019 to July 1, 2024, and were adopted for first use commencing with the actuarial valuation as of July 1, 2025.

OPEB:

The actuarial assumptions used in the actuarial valuation as of July 1, 2025 were based on an experience review for the period from July 1, 2019 to July 1, 2024, and were adopted for first use commencing with the July 1, 2025 actuarial valuation. The following assumptions were changed: price inflation, salary increase rates, retirement rates, turnover rates, disability rates, RHIC participation rates, and mortality rates.

Supplementary Information

SCHEDULE OF APPROPRIATIONS | *For the Year Ended June 30, 2026*

OBJECT	2025-2027 Final Appropriation	2026 Expenses	Balance June 30, 2026
Salaries and wages	$ 60,365,008	$ 27,712,654	$ 32,652,354
New and Vacant FTE pool	1,973,530		1,973,530
Operating expenses	45,101,877	20,288,112	24,813,765
Agriculture promotion	500,000	35,805	464,195
Contingency	500,000		500,000
TOTAL	$ 108,440,415	$ 48,036,571	$ 60,403,844
SOURCE			
Special fund authority	$ 108,440,415	$ 48,036,571	$ 60,403,844
TOTAL	$ 108,440,415	$ 48,036,571	$ 60,403,844

2025-2027 Appropriation amounts come directly from the North Dakota Session Laws, Chapter 46, Senate Bill 2014

The following is a reconciliation of the GAAP expenses from the Statement of Revenues, Expenses and Changes in Net Position to the Schedule of Appropriations:

	2026
Total operating expenses	$ 327,547,678
Adjustments:	
Material cost	(273,807,480)
Depreciation	(8,387,225)
Change in compensated absences	155,018
Pension expense	2,274,231
OPEB expense	18,384
Demurrage	200,160
Agriculture promotion	35,805
Expenses per schedule of appropriations	$ 48,036,571

OFFICE OF THE STATE AUDITOR

NORTH DAKOTA

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Members of the Legislative Assembly
Industrial Commission
Cathy Dub, President and CEO, North Dakota Mill and Elevator Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the North Dakota Mill and Elevator Association as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the North Dakota Mill and Elevator Association's basic financial statements, and have issued our report thereon dated October 22, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the North Dakota Mill and Elevator Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Dakota Mill and Elevator Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Dakota Mill and Elevator Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Dakota Mill and Elevator Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/S/

Joshua C. Gallion
State Auditor
Bismarck, North Dakota
October 22, 2026

OFFICE OF THE STATE AUDITOR

NORTH DAKOTA

GOVERNANCE COMMUNICATION

Industrial Commission

October 22, 2026

We have audited the financial statement of the business-type activities of the North Dakota Mill and Elevator Association for the year ended June 30, 2026 and have issued our report thereon dated October 22, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 22, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the North Dakota Mill and Elevator Association are described in Note 1 to the financial statement. As described in Note 1, the North Dakota Mill and Elevator Association changed accounting policies in fiscal year 2026 related to financial reporting and disclosure of certain capital assets by adopting Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model,* and GASB Statement No. 104, *Disclosure of Certain Capital Assets,* respectively. We noted no transactions entered into by the North Dakota Mill and Elevator Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on the management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the North Dakota Mill and Elevator Association's financial statements were:

- Useful lives of capital assets
- Net pension liability

Management's estimate of the useful lives, as described in Note 1, is used to compute depreciation on capital assets. Management's estimate of the net pension liability is based on the actuary's calculation in accordance with the employment contracts. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No known or likely misstatements were identified during the audit.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated October 22, 2026.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the North Dakota Mill and Elevator Association's financial statement or a determination of the type of auditor's opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the North Dakota Mill and Elevator Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Industrial Commission and management of the North Dakota Mill and Elevator Association, and is not intended to be and should not be used by anyone other than these specified parties.

Best regards,



Robyn Hoffmann, CPA
Audit Manager



Office of the State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE
600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505

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North Dakota Mill
Review of Operations
1st Quarter Ended 9/30/26

Summary

The Mill experienced a profit of $5,514,630 in the first quarter compared to a profit of $5,987,995 last year.

	9/26	9/25
Profits	$5,514,630	$5,987,995
Sales	120,745,937	116,266,426
Cwt. Shipped		
Spring	4,493,416	4,419,952
% to Total	92.5%	92.6%
Durum/Blends	363,960	352,920
Total	4,857,376	4,772,872
Bulk Shipments	3,967,670	3,928,149
% to Total	81.7%	82.3%
Bag Shipments	853,133	803,394
% to Total	17.6%	16.8%
Tote Shipments	36,574	41,329
% to Total	.8%	.9%
Family Flour Shipments	173,191	180,453
% to Total	3.6%	3.8%
Organic Flour	34,553	29,805
% to Total	.7%	.6%
Spring / Winter Purchased	9,108,499	9,429,242
Durum Purchased	636,762	682,611
Total	9,745,261	10,111,853

Sales

Sales for the first quarter were $120,745,937 compared to $116,266,426 last year, an increase of 3.9%. The price of grain settled with suppliers at the mill for the first quarter of the year is $0.55 per bushel above last year. Shipments of 4,857,376 cwts. in the first quarter were 84,504 cwts., above last year. Bag shipments of 853,133 cwts. are 6.2% above last year. Family flour shipments were 173,191 cwts., a decrease of 7,262 cwts., from last year's first quarter shipments of 180,453 cwts. Organic flour shipments were 34,553 cwts., an increase of 4,748 cwts. from last year.

Operating Costs

Operating costs for the first quarter were $14,298,167 compared to $13,942,290 last year, an increase of 2.6%. Total flour production for the first quarter was 2.1% above last year's first quarter. Operating cost per cwt. of production was $2.94 per cwt., compared to $2.93 cwt., last year, an increase of 0.3%

Profits

The mill had profits of $5,514,630 in the first quarter compared to $5,987,995 in the last year. This is a decrease of 7.9%. Gross margins as a percent of gross sales for the quarter were 17.2% compared to 18.0% last year.

Risk Management Position

The table below shows our hedge ratio by futures month going forward. As the table indicates the mill continues to be closely matched in the overall net positions with some slight variations in monthly positions.

Position Report
30-Sept-26

Period	Hedge Ratio
Dec-26	1.0
Mar-27	1.0
May-27	1.1
Net Position	1.0

cc: Cathy Dub, President & CEO

North Dakota Mill
Quarterly Income Statement Summary
For the Three Months Ending Wednesday, September 30, 2026

Attachment 26B

	1st Qtr					
	Sep 2026	Sep 2025	Change	Fiscal Year 2027	Fiscal Year 2026	Change
GROSS SALES	$120,745,937	$116,266,426	$4,479,511	$120,745,937	$116,266,426	$4,479,511
SALES DEDUCTIONS	(26,942,014)	(25,287,425)	(1,654,590)	(26,942,014)	(25,287,425)	(1,654,590)
NET SALES	$93,803,923	$90,979,001	$2,824,922	$93,803,923	$90,979,001	$2,824,922
COGS	($73,078,553)	($70,040,012)	($3,038,541)	($73,078,553)	($70,040,012)	($3,038,541)
GROSS MARGIN	$20,725,370	$20,938,989	($213,619)	$20,725,370	$20,938,989	($213,619)
Gross Margin	17.2%	18.0%	-0.8%	17.2%	18.0%	-0.8%
OPERATING EXPENSES						
PRODUCTION	($11,572,345)	($11,157,805)	($414,540)	($11,572,345)	($11,157,805)	($414,540)
QUALITY CONTROL	(411,739)	(422,040)	10,301	(411,739)	(422,040)	10,301
MARKETING	(767,087)	(799,213)	32,126	(767,087)	(799,213)	32,126
GENERAL & ADMIN	(1,546,995)	(1,563,232)	16,237	(1,546,995)	(1,563,232)	16,237
TOTAL OPERATING EXPENSES	($14,298,167)	($13,942,290)	($355,876)	($14,298,167)	($13,942,290)	($355,876)
per cwt production	$2.94	$2.93	$0.01	$2.94	$2.93	$0.01
OPERATING INCOME	$6,427,203	$6,996,699	($569,496)	$6,427,203	$6,996,699	($569,496)
OTHER INCOME	$170,474	$61,803	$108,671	$170,474	$61,803	$108,671
OTHER EXPENSES	(1,083,047)	(1,070,507)	(12,540)	(1,083,047)	(1,070,507)	(12,540)
NET INCOME	$5,514,630	$5,987,995	($473,365)	$5,514,630	$5,987,995	($473,365)
PRODUCTION - CWTS.						
SPRING WHEAT FLOUR	4,494,193	4,404,030	90,163	4,494,193	4,404,030	90,163
% to total	92.5%	92.5%	0.0%	92.5%	92.5%	0.0%
DURUM FLOUR/SEMO	364,444	355,359	9,085	364,444	355,359	9,085
% to total	7.5%	7.5%	0.0%	7.5%	7.5%	0.0%
TOTAL CWTS.	4,858,637	4,759,389	99,248	4,858,637	4,759,389	99,248
SALES - CWTS.						
SPRING WHEAT	4,493,416	4,419,952	73,464	4,493,416	4,419,952	73,464
% to total	92.5%	92.6%	(0.1%)	92.5%	92.6%	(0.1%)
DURUM & BLENDS	363,960	352,920	11,040	363,960	352,920	11,040
% to total	7.5%	7.4%	0.1%	7.5%	7.4%	0.1%
TOTAL CWTS.	4,857,376	4,772,872	84,504	4,857,376	4,772,872	84,504
BY-PRODUCTS	69,568	69,663	(95)	69,568	69,663	(95)
Price per ton	$99.77	$86.61	$13.16	$99.77	$86.61	$13.16

MEMORANDUM

TO: North Dakota Industrial Commission
FROM: Cathy Dub
DATE: November 23, 2026
RE: Budget Request for the 2027-2029 Biennium

The North Dakota Mill (NDM) respectfully submits its budget request for the 2027-2029 biennium. Over the past 26 years, NDM has achieved substantial growth and operational improvement through strategic investments in infrastructure, technology, and workforce development. During this period, flour shipments have increased from approximately 6 million cwt to more than 18 million cwt, while annual profits have grown from less than $2 million in FY 2000 to $26.3 million in FY 2026. Over the past five fiscal years, NDM has generated average annual profits of $21.1 million and provided average annual transfers of $11.1 million to the General Fund and APUF.

These investments have also resulted in significant efficiency gains. Production per full-time equivalent employee has increased from just over 50,000 cwt to nearly 110,000 cwt annually, demonstrating NDM's commitment to continuous improvement and operational excellence.

NDM is currently completing an expansion of its E-Mill, increasing daily capacity from 500 cwt to 5,000 cwt. The project will add approximately 1.5 million cwt of annual production capacity without requiring additional staffing. However, the expansion will increase operating costs, including utilities, insurance, and maintenance, which are reflected in the proposed budget.

The current union contract expires on June 30, 2027. As negotiations for a successor agreement have not yet commenced, the budget includes assumed salary, and wage increases of 4.0 percent annually during the upcoming biennium.

NDM also requests continued flexibility in managing workforce levels and operations. As a self-funded, for-profit enterprise, NDM must be able to adjust staffing to meet changing operational requirements and market conditions. Accordingly, NDM requests removal from the FTE Funding Pool and authority to manage staffing levels as necessary to maximize operational efficiency and profitability. No General Fund dollars are utilized to support NDM operations; all expenditures are funded through revenues generated by the Mill.

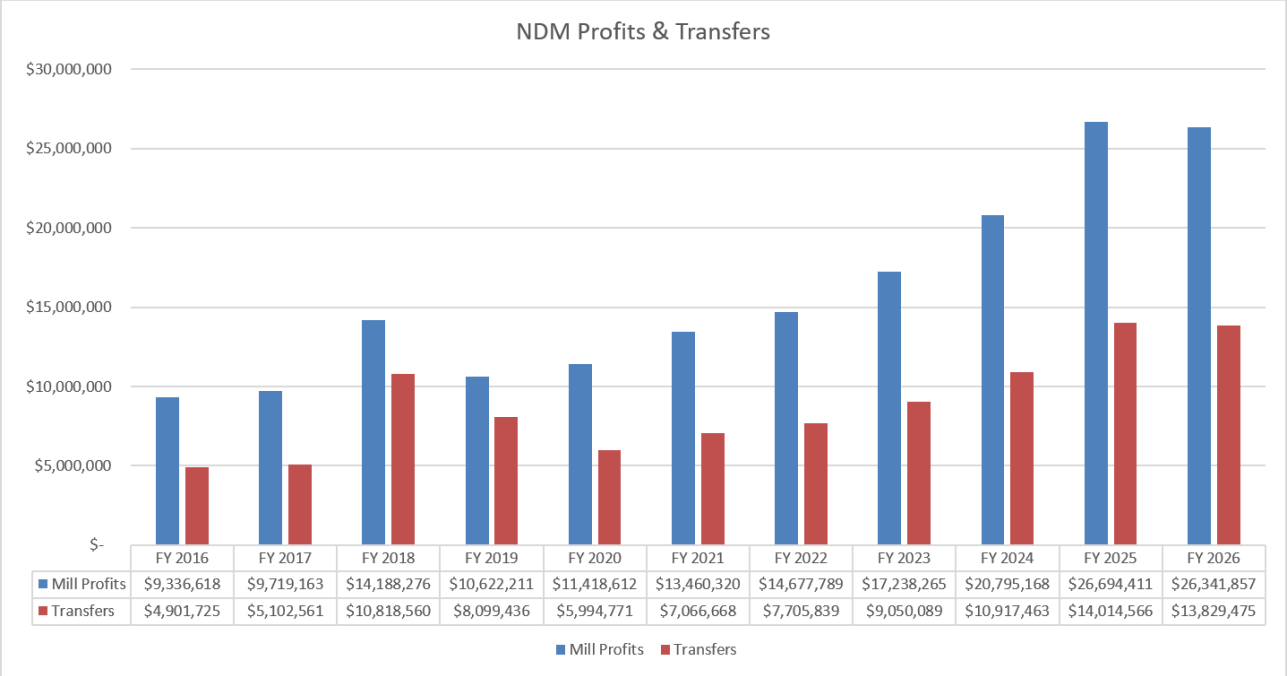
The budget was developed using current operational requirements, projected growth, and prevailing economic conditions. In FY 2026, NDM produced 18.66 million cwt and recorded sales of 18.78 million cwt. Based on current demand projections and expanded production capacity, NDM anticipates annual sales exceeding 20 million cwt annually during the 2027-

2029 biennium. Budget assumptions also reflect ongoing inflationary pressures and increased costs associated with supporting continued growth.

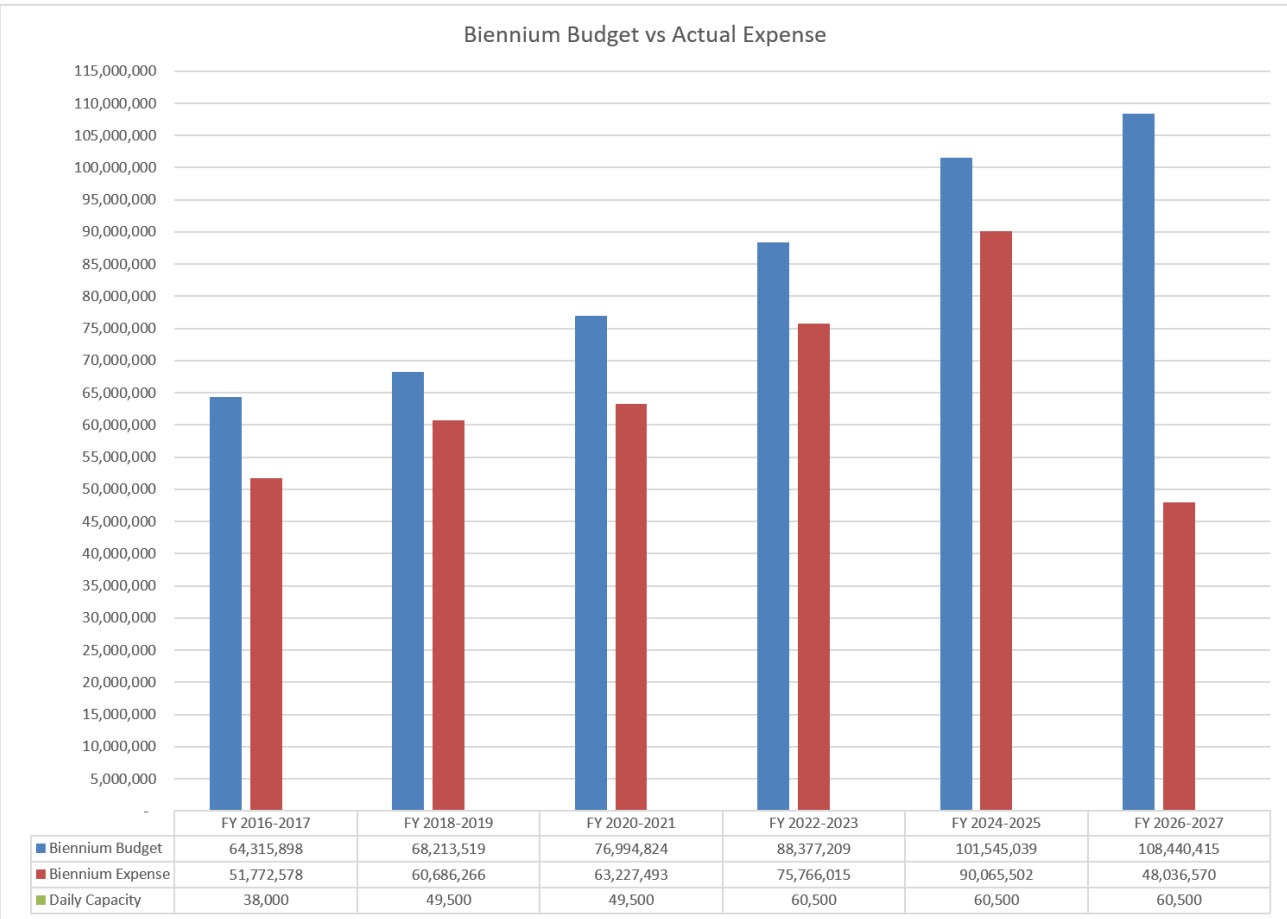
Key budget adjustments include:

- **Salaries and Benefits:** Funding for annual wage increases, overtime, shift differential, and employee equity adjustments. NDM has not implemented a comprehensive market adjustment since 2018, despite a 31.3 percent increase in production capacity during that period. The budget also includes three additional positions.
- **Additional Staffing**: NDM is requesting one laboratory technician and two sanitation workers to support increasing food safety and security requirements. Enhanced customer and certification audits, along with FSSC 22000 requirements, have increased staffing demands. The total salary and benefit cost is $183,306 for the laboratory technician and $359,092 for the sanitation positions.
- **Operating Expenses:** Increases in supplies, utilities, insurance, repairs, contracted services, information technology, and professional services to support expanded operations and address inflationary cost pressures.
- **Contingency:** An increase in contingency funding from $500,000 to $1,000,000 to address unforeseen operational needs during the biennium.

The proposed budget represents an overall increase of 10.9 percent compared to the previous biennium. The full appropriation amount requested is $121,565,978. This request is necessary to support continued growth, maintain operational efficiency, ensure regulatory compliance, and sustain the profitability that enables ongoing transfers to the General Fund and APUF. NDM remains committed to prudent financial management and to maximizing the value returned to the citizens of North Dakota.



	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Mill Profits	$9,336,618	$9,719,163	$14,188,276	$10,622,211	$11,418,612	$13,460,320	$14,677,789	$17,238,265	$20,795,168	$26,694,411	$26,341,857
Transfers	$4,901,725	$5,102,561	$10,818,560	$8,099,436	$5,994,771	$7,066,668	$7,705,839	$9,050,089	$10,917,463	$14,014,566	$13,829,475



	FY 2016-2017	FY 2018-2019	FY 2020-2021	FY 2022-2023	FY 2024-2025	FY 2026-2027
Biennium Budget	64,315,898	68,213,519	76,994,824	88,377,209	101,545,039	108,440,415
Biennium Expense	51,772,578	60,686,266	63,227,493	75,766,015	90,065,502	48,036,570
Daily Capacity	38,000	49,500	49,500	60,500	60,500	60,500

BANK OF NORTH DAKOTA

CEO Update - (November 2026) (Non-Confidential)

"Our mission is to promote North Dakota agriculture, commerce, and industry. We do that by managing risk, providing liquidity, being a growth catalyst for North Dakota, and earning a balanced total return to our State."



Strategic (Traction EOS)

Annual Goals 2026

Annual Goals (2026)	Status
Fully prepared for 2027 Legislative session with Governance Framework Plan finalized	On Track
Roughrider Coin successful pilot with 1+ North Dakota financial institution.	Complete
Phase I – Student loan software implementation	On Track
Upper Midwest infrastructure build with 1+ successful new financial institution customer	On Track
Traction/EOS Five Foundational Tools rolled to all of BND	On Track
AI Framework developed and two use cases presented (productivity and risk mitigation)	On Track

Company Rocks Q4 2026

Company Rocks (Q4 2026)	Status
Roughrider Coin – Five Completed Live Transactions w/in Pilot Group	On Track
Successful FASB Audit Preparation	On Track
ADA Compliance Phase I	On Track
Execute the Two Chosen AI Business Use Cases (Appraisal Scraping and Knowledge Base)	On Track
Student Loan System Transition Plan (Phase III)	On Track
Final Preparation for Legislative Session	On Track
Traction EOS Implementation Final Phase (Quarterly Conversations and People Analyzer)	On Track
Operational Restructure Plan Finalized with Executive Alignment	On Track

The 2026 Annual Goals are all on track. The Roughrider Coin digital wallet infrastructure goal is considered complete with the successful transactions rolled out in October of this year.

Company Rocks for the last quarter of the year continue to align with accomplishment of our Annual Goals.

Strategic Initiatives

Updated Four-Year Strategic Picture



We are seeking approval to adopt the updated four-year strategic picture, as shown above, into our Vision/Traction Organizer for the bank. The strategic picture includes two separate, yet interrelated, parts – 1) the top portion indicates the general strategic focus areas important in managing the bank's culture and direction, and 2) the bottom portion provides more specific information on the strategic direction of each of the bank's core vertical offerings or functions.

Another way to frame this is that the top portion integrates within every single vertical of the bottom portion, albeit at times in differing ways. For example, strong banking practices play a material role in each of the seven verticals as each carry, in some way, a certain amount of credit risk.

The top portion indicates, regardless of the vertical, that the bank will focus on strong banking principles, strong relationships with our partners and stakeholders, have a solid talent management system to attract and retain top talent, and engage in technological advancements to successfully fulfill on our mission over the next four years. Executive management believes this to be the most appropriate mix of strategic approaches in this continually volatile business and political environment for financial institutions.

With this consistent strategic approach in mind, the following bullets more specifically describe the future direction proposed for our existing six bank verticals.

It is important to note that we are seeking approval and alignment for only the strategic direction of these verticals. Specific new projects will continue to require approved business cases prior to execution.

Participation Lending

- The core existing vertical that provides most revenue and resultant net income/dividends generated by the bank.
- Current size = $5.4 billion ($4.1 billion commercial/commercial real estate and $1.3 billion agriculture)

	2022	2023	2024	2025	2026 Annualized	5-Yr AVG
Ag Loan Growth *	1.19%	3.46%	8.23%	8.54%	0.84%	**4.46%**
Commercial Loan Growth	31.59%	13.68%	11.77%	-0.31%	2.37%	**11.82%**
Total Core Loan Growth	24.76%	11.82%	11.17%	1.14%	2.10%	**10.20%**

* 2026 Annualized Ag Loan Growth net of $400 million disaster program.

- Historical growth averaging 10.2% over the last five years (outside of the record Farm Financial Stability disaster program in 2026). However, the trend in growth is slowing as shown in the table above with 2025 and 2026 showing 1.14% and 2.10% portfolio growth, respectively, compared to double digit growth in prior years.
- Primary reasons for the slowing growth trend in 2025 and 2026 include, but are not limited to:
    - Improved liquidity and appetite for on book loan balances by our financial institution partners in North Dakota post-COVID era,
    - The bank strategically shifting from a "Find a Way to Yes" strategy to "Balanced Credit Structuring and Decisioning" in 2025 to proactively manage credit risk; and,
    - Due to rapid historical growth, the core loan portfolio is now at a size ($5.4 billion) where the standard amortizing runoff is nearly $40 million per month. The bank's historical new loan production has averaged $20 million per month. In other words, to simply keep the $5.4 billion loan portfolio from shrinking monthly we must somehow double new monthly loan production.

Strategically moving forward in the Participation Lending core vertical:

- We expect flat to nominal annual growth – 0-2% with a moderate risk of overall portfolio shrinkage.
- We plan to maintain market margins aligned with our financial institution partners – in a continually volatile rate environment (e.g. 100 bps rate shocks have now normalized and are no longer considered rate shocks).
- We plan to maintain our "balanced credit structuring and decisioning" approach to appropriately manage credit risk in a volatile credit environment.
- We plan to utilize Traction Core Way process work coupled with A.I. integration to improve core lending and credit processes.
- We plan to continue to strive to be trusted advisors for our financial institution partners and live up to our proven process of identifying, ideating, and initiating.
- Upon the prior recommendation of our Advisory Board, we plan to refocus communication strategies to our core verticals and away from FinTech (*see Advisory Board Action Plan on Page 9)*.

North Dakota Disasters

- Since 2024, the bank has executed four comprehensive disaster and/or stability programs:
    - 2024 Agriculture Stability Program
    - 2025 Grain Storage Program
    - 2025 Furloughed Federal Employee Relief Program
    - 2025 Farm Financial Stability Program
- The latest farm stability program was record-breaking in size at $500 million (surpassing the previous $154 million).

Strategically moving forward in the North Dakota Disaster vertical:

- We expect the need for new and creative disaster and/or stability programs will continue to increase resulting from the volatile environments (e.g. weather, rates, political polarity, geopolitical events, technological change, etc.) likely to affect the state.
- We plan to maintain sufficient capacity and liquidity to "*be there when needed*" (BND Core Value).
- We plan to continue to assess needs as they arise and work closely within our governance framework to develop tailor-made solutions that fill gaps.

North Dakota Student Lending

- A mission-based vertical originated to aid North Dakota students with secondary education financing options.
- Current size = $912 million

	2022	2023	2024	2025	2026 Annualized	5-Yr AVG
Student Loan Growth	-3.61%	-3.71%	-4.88%	-5.97%	-5.23%	**-4.68%**

- The student loan portfolio has shrunk in each of the past five years at an average rate of (4.68%).
- Primary reasons for the shrinkage include, but are not limited to:
    - In 2024, the bank stopped lending activity to applicants considered "out of state/out of state" – those that were born/raised outside of North Dakota and attended college outside of North Dakota. Prior to stopping this line of business, the portfolio had grown significantly in the "out of state/out of state" category. Resultant default rates became unacceptable and prior management deemed the activity beyond the mission of the bank.
    - Additionally, the bank has not historically provided consolidation loans to North Dakota students who reside outside of the state post-college. Note that the bank is currently testing a pilot program to provide consolidation loans to North Dakota students regardless of the state they choose to reside in post-college (aka ND Graduate Consolidation Program).
    - Significant operational and compliance challenges with the UAS lending administration software degraded the bank's ability to grow in this vertical. Note that the bank is currently replacing the UAS software system with a new partner vendor.
    - Successful growth in the bank's College Save program (match dollars to promote saving for secondary education).
- Alongside student lending products, the bank has also invested significant resources into financial education and outreach.

Strategically moving forward in the North Dakota Student Lending vertical:

- We expect the portfolio to continue to shrink until a stabilization point is reached – expected at roughly $650 to $750 million in size. The stabilization point is the level projected to support North Dakota student needs without the "out of state/out of state" effect.
- We plan to make the following strategic changes so we can effectively reach and maintain – and perhaps even slightly grow the portfolio in the long-term – the stabilization point of the portfolio.
    - Successfully replace our student lending administrative system with enhanced focus on digital delivery of sound products that meet the students' financial needs. A more specific focus on digital delivery, FinTech complementary applications, speed to close, etc.; and less focus on ancillary services.
    - Assuming pilot success, roll out the ND Graduate Consolidation Program state-wide to provide student debt consolidation loans to any North Dakota-born or North Dakota high school graduate regardless of where their residency exists post-college.
    - We plan to amend pricing specifications on North Dakota consolidation loans to reach below market levels thereby providing rate relief to North Dakota students. We would envision larger rate incentives offered for those students returning to North Dakota to live and work.
    - Like the Participation Lending vertical, we plan to utilize Traction Core Way process work coupled with A.I. integration to improve core lending and credit processes.

Legislative Programs

- The off-balance sheet vertical where the bank acts as administrator, facilitator, and/or collector on legislatively directed revolving loan funds.
- Additionally, the vertical where our PACE interest-buydown programs reside.
- Current size = $1.3 billion

Strategically moving forward in the Legislative Programs vertical:

- We plan to continue to work within our governance framework (Industrial Commission, legislative houses, agency partners, etc.) to effectively manage a stable set of programs that align to the state's overall strategic priorities.
- We plan to work to consolidate some of the 26 existing programs to gain improved productivity, alignment, and efficiencies.
- It is likely the bank will be asked to provide administrative support to a new "Ready ND" fund (f.k.a. ND Development Fund) or a similar form with a new mission to provide gap infrastructure financing alternatives, which we would roll into this vertical.
- We plan to closely manage state lines of credit in the context of off-balance sheet assets and the effect on capital requirements.
- We plan to continue to build on the success of the various PACE programs and evolve them for alignment to state strategies (i.e. Regen AgPACE, etc.)

Misson-Based

- The vertical where the bank serves as a trusted advisor identifying, ideating, and initiating the strength of the state for those needs deemed strategically important within our governance model.

Strategically moving forward in the Mission-Based vertical:

- We plan to continue to work within our governance framework (Industrial Commission, legislative houses, agency partners, etc.) to serve as that trusted advisor for those needs deemed strategically important (e.g. pipelines, housing, value-added agriculture, data centers, cash management, etc.)

FinTech

- The new vertical established in 2024 with three strategic goals:
    - Help educate and connect our financial institution partners within the FinTech context on a recurring basis so they maintain strategic resilience in the new competitive landscape – (i.e. spring/fall recurring B3 conferences)
    - Engage in projects that serve the highest and best use of the unique North Dakota banking model – State, Bank of North Dakota, and our financial institution partners – (i.e. Roughrider Coin digital wallet infrastructure)
    - Grow non-competitive deposit balances to support/enable bank growth and derisk the balance sheet with improved diversification in funding sources.

Strategically moving forward in the FinTech vertical:

- We plan to build on the success of the initial B3 conferences through continuation and adding additional cohorts.
- We plan to continue to build the Roughrider Coin digital assets infrastructure to fulfill on a host of use cases that benefit the unique North Dakota banking model (subject to ongoing approval).
- We plan to offer traditional correspondent and treasury services to upper Midwest state partners (e.g. Wyoming) for the benefit of North Dakota – opening the possibility of both diversified deposit growth not competing with our existing financial institution partners and noninterest income for the bank as well as potential future expansion of the Roughrider Coin network (subject to future approval).

Participation Vertical Communication Action Plan

The bank's Advisory Board directed management to provide an action plan addressing feedback that BND is moving away from its core participation vertical and has less interest in approving commercial and agricultural participation loans.

In preparation of the plan, management reached out to several financial institution partners to confirm the feedback. We learned that our move away from "find a way to yes" to a more "balanced" credit decisioning culture has given the impression that we hold less interest in approving loans. Additionally, with our recent heightened focus on standing up the new FinTech vertical (Roughrider Coin, B3, etc.), our messaging has given the impression that FinTech is all we care about.

We take this feedback seriously and have crafted a strong action plan as requested:

1. We will continue to proactively seek feedback from our financial institution partners with more emphasis on recurring feedback. Long-term, we are researching the idea of a more formalized and automated feedback system to take advantage of the technology. If deemed appropriate, we will seek business case approval and funding at a future date for this new software integration.

2. We will maintain our "balanced" credit decisioning approach as it is proper and appropriate to maintain balanced credit risk for the bank. However, with that said, we recognize that we moved quickly in this strategic shift and plan to slow the pace of change. In other words, we will slightly rebalance into more consideration of the relationship side of credit decisioning with slightly less emphasis on appropriate structure and pricing. We embrace this is not a problem to solve, but instead a polarity to manage – and always seeking the right balance is the key goal.

3. We will refocus our messaging around the importance of our core verticals (participation lending, disasters, student loans, etc.) and away from FinTech. Now that the FinTech vertical is off the ground, it seems an appropriate time to shift our messaging emphasis on the fact that FinTech is simply our way to help protect our core verticals and not replace them. We will utilize our existing communication channels (i.e. direct line calls, podcasts, state of the bank, etc.) and will consider new channels (BND CEO roundtables, podcast, etc.) if deemed appropriate.

4. We will shift focus to legacy initiatives as we balance the polarity of "Legacy Evolution" for the bank. In other words, we plan to slow down the pace of strategic shifts and changes to allow our unique North Dakota banking model (the state, BND, and our financial institution partners) to settle in and absorb the changes already made.

Bank management believes these four slight shifts in approach will effectively address the current uncertainty in our unique North Dakota banking model.

Quarterly Comparison	YTD 3/31/26	YTD 6/30/26	YTD 9/30/26	12/31/26
Credit Quality	2.74%	2.85%	2.85%	
Enterprise Risk Management	3.75%	3.75%	3.75%	
Financial Performance	3.00%	3.00%	3.09%	
Mission and Strategy	4.50%	4.50%	4.50%	
Total Payout Percentage	**13.99%**	**14.10%**	**14.19%**	**0.00%**

	Min	Target	Max	Actual
Credit Quality	☆			2.85%
Enterprise Risk Management		☆		3.75%
Financial Performance		☆		3.09%
Mission and Strategy		☆		4.50%
			Payout Percentage	**14.19%**



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Industrial Commission of North Dakota

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Governor

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Attorney General

Doug Goehring
Agriculture Commissioner

TO: Industrial Commission Members

FR: Executive Director Karen Tyler

DT: November 23, 2026

RE: 2026 Industrial Commission Meeting Schedule

After consultation with schedulers for each Commission member, for the 2027 Industrial Commission meeting schedule the following dates are proposed for consideration of approval:

Tuesday January 26, 9:00 am

Tuesday February 23, 9:00 am

Monday March 29, 9:00 am

Thursday April 29, 1:30 pm

Thursday May 27, 1:30 pm

Friday June 25, 9:00 am

Thursday July 29, 1:30 pm

Tuesday August 31, 9:00 am

Tuesday September 28, 9:00 am

Monday October 25, 9:00 am

Tuesday November 23, 9:00 am

Thursday December 16, 9:00 am

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