

Minutes of a Meeting of the Industrial Commission of North Dakota  
Held on October 24, 2017 beginning at 1:00 p.m.  
Governor's Conference Room  
State Capitol

Present: Governor Doug Burgum, Chairman  
Attorney General Wayne Stenehjem  
Agriculture Commissioner Doug Goehring

Also

Present: Leslie Oliver, Governor's Office  
Lynn Helms, DMR  
Bruce Hicks, DMR – Oil and Gas Division  
Hope Hogan, Attorney General's Office  
Alison Ritter, DMR – Oil and Gas Division  
Other attendees are listed on the attendance sheet available in the Commission files  
Members of the Press

Governor Burgum called the Industrial Commission meeting to order at 1:00 p.m. and the Commission took up Department of Mineral Resources business.

Mr. Helms discussed proposed orders for the following cases heard on August 23, September 20 and 21, 2017:  
Case 26014, Order 28428 - confiscation of production-related equipment and salable oil  
Case 26015, Order 28429 - confiscation of production-related equipment and salable oil  
Case 26016, Order 28430 - confiscation of production-related equipment and salable oil  
Case 26017, Order 28431 - confiscation of production-related equipment and salable oil

Mr. Helms said these four cases all deal with Strike Oil, Inc. He provided a handout that showed a photograph of each of the well sites. (The handout is available in the Commission files.) He stated that the proposed orders authorize the confiscation of the production-related equipment and facility and any salable oil on the well sites. (Copies of the orders are available in the Commission files.) He reviewed the work that needed to be done on each site.

He discussed how UAVs are being used to take photographs of well sites and then those photographs are being used for overseeing the reclamation and inspections of the well sites. He pointed out that one of the benefits of using the UAV technology is that when reclaiming well sites the road is often gone and, as in these cases, the inspector was able to park his vehicle by the highway and use the UAV to take photographs over the site itself, inspect it and get an idea of what reclamation needs to be done. He noted that two of the wells have been plugged and need to be reclaimed and two of the wells will have to be plugged and abandoned and the site reclaimed. He stated that the staff's best estimate at this time is that it will cost \$350,000 to plug and reclaim the four sites. He indicated that the Commission has a judgement against Strike Oil for \$551,000 based on two complaints for not doing the plugging and reclamation, a \$100,000 bond that the Division can confiscate and their estimate is that the equipment and oil is worth about \$40,000. He indicated that they will be pursuing restitution under the complaints from all the parties involved including any working interest owners. Any funds collected will be deposited in the Abandoned Well Restoration Fund and payments to the contractors doing the work on reclaiming the sites will be paid from that Fund.

**Case 26014:** It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that Order 28428 issued in Case 26014 authorizing the confiscation of all production-related equipment and salable oil associated with the Savelkoul #7-21 well, NE/4 NW/4 Section 7, Township 159 North, Range 894 West, Renville County and facility, be approved this 24<sup>th</sup> day of October, 2017. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

**Case 26015:** It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that Order 28429 issued in Case 26015 authorizing the confiscation of all production-related equipment and salable oil associated with the Artz #22-42 well, SE/4 NE/4 Section

**22, Township 163 North, Range 82 West, Bottineau County and facility, be approved this 24<sup>th</sup> day of October, 2017. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

**Case 26016: It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that Order 28430 issued in Case 26016 authorizing the confiscation of all production-related equipment and salable oil associated with the Artz #15-13 well, NW/4 SW/4 Section 15, Township 163 North, Range 82 West, Bottineau County and facility, be approved this 24<sup>th</sup> day of October, 2017. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

**Case 26017: It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that Order 28431 issued in Case 26017 authorizing the confiscation of all production-related equipment and salable oil associated with the North Dakota State #36-12 well, SW/4 NW/4 Section 36, Township 164 North, Range 84 West, Renville County and facility, be approved this 24<sup>th</sup> day of October, 2017. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

Mr. Helms discussed proposed Order 28476 in Case 26063 involving the confiscation of injection-related equipment and salable oil at the Klandl 26-31X SWD well in McKenzie County and access to records. (A copy of the order is available in the Commission files.) He provided a handout that included a photograph of the well site. (A copy of the handout is available in the Commission files.) He provided a history of the operations at this site. This well was drilled in the 1980's and Alturas Energy, LLC, the current operator, is the 8<sup>th</sup> operator of the well. When the well operations were transferred between operators the Division had an agreement that the operators were to bring the well site into compliance with the Commission's rules. There are now three compliance agreements. Prior operators had done a considerable amount of work on the site but Alturas has not. The five large tanks have some contaminated waste in them that will have to be hauled to an approved disposal site (probably in Montana). The tanks, salt water pump and wellhead have a net value of approximately \$20,000 at best and the reclamation costs could exceed \$1,000,000. He indicated that there are bonds in place totaling approximately \$115,000 that the Division will also be collecting. In this specific case, the State is under bonded. When the Commission amended the rules and raised the bond amounts Alturas refused to increase their bonds. That is one of the complaints the Commission has issued against Alturas. The Commission has issued default orders and filed for judgements totaling \$935,000 against Alturas and the Division will pursue all the investors to recover as much as possible. If Alturas had complied with the rules and increased their bond amounts there would have been sufficient funding for the plugging and reclamation.

In response to a question regarding if there is a list of other companies that have failed to increase their bonds, Mr. Helms said Mr. Hicks has prepared that list with a total of five bonds in that situation involving a total of twenty wells. The Alturas wells are in that total and are a majority of the twenty wells so the problem is fairly small. The staff is working hard to get all these bonds into compliance. It is estimated that the financial exposure to the Abandoned Well Plugging and Site Restoration Fund is in the \$2 to \$3 million range. The dollars for that Fund come from the collection of fines or civil penalties as well as permit fees and a small amount from the Gross Production Tax. There are sufficient dollars in that Fund at this time to cover that potential exposure.

In response to a question, Mr. Helms stated that there are more of these cases at this time of year when crops are off and contractors are nearing the end of their busy season. The State is able to get better bids by the contractors at this time of the year. If the Commission approves the proposed order the staff will proceed to get contractors in place and get the wells plugged and the reclamation done.

**Case 26063:** It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that Order 28476 issued in Case 26063 authorizing the confiscation of all injection-related and salable oil associated with the Klandl #26-31X SWD well, NW/4 NE/4 Section 26, Township 148 North, Range 105 West, McKenzie County and facility, be approved this 24<sup>th</sup> day of October, 2017. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Helms said Cases 26068, 26069, and 26070 are applications from Marathon Oil Company seeking permission to flare from 21 wells. He handed out a map showing the spacing units for those wells in Dunn County near ONEOK's Bear Creek Plant. (A copy of the map is available in the Commission files.) (Copies of the proposed orders for these cases are available in the Commission files.) Mr. Helms stated the reason for the application is these 21 older wells produce hydrogen sulfide. They don't know the reason why they do but that is being researched. The Bear Creek Plant is not designed to process hydrogen sulfide – it is designed to process sweet Bakken gas. If the wells are to be safely produced then the gas needs to go to a flare so the hydrogen sulfide is burned and doesn't represent a public health and safety hazard. He noted that combined the 21 wells produce less than 900,000 cubic feet per day so it is a very small amount with a low H<sub>2</sub>S concentration. Marathon has investigated the economics of doing sulfur recovery at the well sites and it is not economic right now. ONEOK continues to evaluate the economics of putting sulfur recovery at the Bear Creek Plant. Mr. Helms stated that the proposed order would grant their request through December, 2018. At that time the Commission can look at the economics to see if they have improved or if there are more wells that can be aggregated to make it economic or if research has identified a technology to eliminate the H<sub>2</sub>S problem.

**Case 26068:** It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28481 issued in Case 26068 allowing the flaring of gas from certain wells in the Bailey-Bakken Pool, Dunn County, through December 2018, be approved this 24<sup>th</sup> day of October, 2017. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

**Case 26069:** It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28482 issued in Case 26069 allowing the flaring of gas from certain wells in the Chimney Butte-Bakken Pool, Dunn County, through December 2018, be approved this 24<sup>th</sup> day of October, 2017. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

**Case 26070:** It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28483 issued in Case 26070 allowing the flaring of gas from certain wells in the Killdeer-Bakken Pool, Dunn County, through December 2018, be approved this 24<sup>th</sup> day of October, 2017. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Helms said Case 26035 is a very exciting project involving injection wells for enhanced oil recovery. He provided an exhibit from the hearing showing the location of the project and the pilot layout and well nomenclature. (A copy of the handout is available in the Commission files.) This is an application from Liberty Resources for an enhanced oil recovery pilot project (one or two years) at a location approximately six or seven miles northwest of Tioga. Liberty Resources wants to test what the industry calls a "huff and puff" operation to inject field produced gas with added hydrocarbons from their gas processing plant (ethane and possibly propane) and then produce it back and see how much they can enhance oil recovery. Mr. Helms explained the process the operator would follow. If it works then they contemplate unitizing a larger area and developing a bigger project to do multiple 1280's across the area. EOG has been very successful with this technology in the Eagle Ford. They started with a 32 well test in 2016 and have added 300,000 barrels of oil in one year and are going to be utilizing

this technology on many more wells this year. They are seeing 30 to 70% gains in reserves from their wells. He mentioned that if ethane works the operator believes CO<sub>2</sub> will work as well. This project is really important not just for the 30 to 70% reserve gain of Bakken recovery but it could become very important to the State's coal industry as well. He indicated that the staff is recommending approval of the application with one caveat. The staff does not believe the western most well is a good candidate. It produces from the Middle Bakken and the control well to the west of it, which would be the boundary well to make sure that the injected gas does not go outside the spacing unit, produces from the Three Forks formation and the adjacent well is in the Three Forks. The proposed order would approve the application for the other six wells. (A copy of the proposed order listing the six wells is available in the Commission files.)

**Case 26035: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28449 issued in Case 26035 approving the injection of hydrocarbon fluid during a pilot injection project into the McGregor-Bakken Pool in six wells in a 1280 acre spacing unit described as Sections 8 and 17, Township 158 North, Range 95 West, Williams County, be approved this 24<sup>th</sup> day of October, 2017. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

Mr. Helms said Case 26102 is a request from the Energy and Environmental Research Center (EERC) for a waiver of the requirement for a bond for stratigraphic test holes and is part of Project Tundra. He distributed a Google Earth map showing the location of the test holes, and the route of the 2-D seismic work that has already been done. (A copy of the handout is available in the Commission files.) This project is to drill, stratigraphic tests to test the Amsden Formation for CO<sub>2</sub> storage with the Milton Young Power Plant being the source of the CO<sub>2</sub>. The request is to grant drilling permits without a plugging and reclamation bond. Mr. Helms noted that this project involves funding from the federal government and the federal government does not commit grant dollars for a state bond. The EERC is not going to case or produce the test holes and will plug and reclaim them within a month of drilling them. This work is being done for scientific data gathering--coring, logging, wire line surveys to check injectivity, etc. Mr. Helms recommended approval of the waiver.

**Case 26102: It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that Order 28516 issued in Case 26102 granting an exception to NDAC Section 432-02-03-15 regarding the filing of a bond for two stratigraphic test holes, be approved this 24<sup>th</sup> day of October, 2017. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously. (A copy of Order 28516 listing the location of the two test holes is available in the Commission files.)**

Mr. Helms discussed a contract for a study of the best techniques for remediating soil compaction due to oil and gas operations on well and facility sites in North Dakota. A copy of HB 1347, Section 2 (d) was distributed. The language in the bill indicates the project should come to the Commission for approval. He stated that a contract has been prepared and reviewed by legal counsel. The cost of the project is \$387,000. He indicated that this is a good project. Soil compaction after decades of running heavy trucks over these sites causes reclamation to take much longer than it should. If the research identifies some techniques that could be implemented it may be possible to reduce the reclamation time in half or better.

**It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission approves North Dakota State University proposal to conduct the study of the best techniques for remediating soil compaction due to oil and gas operations on well and facility sites in North Dakota as authorized in House Bill 1347 - NDCC §38-08-04.5 2 (d) and authorizes the Department of Mineral Resources Director to execute a contract with North Dakota State University. On a roll call vote, Governor**

**Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

Mr. Helms presented the proposed 2018 Oil and Gas Division Hearing Schedule for the Commission's approval.

**It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission approves the 2018 Oil and Gas Hearing Schedule as follows:**

**Schedule for Oil & Gas Hearings 2018  
Bismarck, North Dakota  
DMR Conference Room 1000 East Calgary Ave**

<u>Hearing Date</u>	<u>Docket Closing Date</u>
<b>January 17, 2018</b> January 18, 2018	December 15, 2017
<b>February 21, 2018</b> February 22, 2018	January 19, 2018
<b>March 21, 2018</b> March 22, 2018	February 16, 2018
<b>April 25, 2018</b> April 26, 2018	March 23, 2018
<b>May 30, 2018</b> May 31, 2018	April 27, 2018
<b>June 27, 2018</b> June 28, 2018	May 25, 2018
<b>July 25, 2018</b> July 26, 2018	June 22, 2018
<b>August 22, 2018</b> August 23, 2018	July 20, 2018
<b>September 19, 2018</b> September 20, 2018	August 17, 2018
<b>October 17, 2018</b> October 18, 2018	September 14, 2018
<b>November 14, 2018</b> November 15, 2018	October 12, 2018
<b>December 19, 2018</b> December 20, 2018	November 15, 2018 <u>THURSDAY</u>
<b>January 16, 2019</b> January 17, 2019	December 14, 2018

**On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

Mr. Helms presented draft comments on the Bureau of Land Management's proposal to temporarily suspend or delay certain requirements contained in the 2016 Final Waste Prevention Rule (also known as the Venting and Flaring Rule) until January 17, 2019. Comments are due by no later than November 6, 2017. He indicated that these comments have not been circulated to the Commission's staff members for their review. He asked that the Commission consider approving the comments by signature.

**It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission, subject to final approval being granted by signature, submit comments due by November 6, 2017 regarding the Bureau of Land Management's proposal to temporarily suspend or delay certain requirements contained in the 2016 Final Waste Prevention Rules (also known as the Venting and Flaring Rule) until January 17, 2019. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously. (The following comments were approved by signature.)**

U.S. Department of the Interior  
Director (630), Bureau of Land Management  
Mail Stop 2134LM, 1849 C St., N.W.  
Washington, D.C. 20240  
Attention: 1004-AE54.

Federal eRulemaking Portal: <http://www.regulations.gov>.

Dear Bureau of Land Management:

The North Dakota Industrial Commission (NDIC) appreciates this opportunity to provide comments on the Bureau of Land Management proposed rule entitled "Waste Prevention, Production Subject to Royalties, and Resource Conservation; Delay and Suspension of Certain Requirements" (BLM Proposed Rule) which would temporarily suspend or delay until January 17, 2019 certain requirements in the final rule published on November 18, 2016 (2016 Final Rule). For requirements in the 2016 Final Rule that are currently in effect, the BLM Proposed Rule would temporarily suspend their effectiveness until January 17, 2019. The BLM Proposed Rule will allow BLM sufficient time to review the 2016 Final Rule and consider revising or rescinding its requirements.

While the NDIC supports suspension and delay of the 2016 Final Rule requirements, the NDIC believes the length of the proposed suspension and delay should be longer, at least two years, to accommodate potential litigation that may follow adoption of the proposed rule.

The provisions of the BLM Proposed Rule proposed to be suspended include: (1) requirement to submit a waste minimization plan; (2) gas capture percentage requirements (compliance deadlines to be delayed one year); (3) section 3179.9 measurement requirements; (4) approval process for royalty free flaring transition period (new end date is January 17, 2019); (5) section 3179.101(a) well drilling provisions; (6) section 3179.102 well completion provisions; (7) pneumatic controllers requirements; (8) pneumatic diaphragm pump requirements; (9) storage vessel requirements; (10) downhole well maintenance and liquids unloading; and (11) leak detection requirements.

The NDIC also specifically recommends suspension of "*§ 3179.6 - When flaring or venting is prohibited: The operator must flare rather than vent any gas that is not captured with some exceptions.*" The section, in part, duplicates North Dakota's prohibition of venting natural gas. The 2016 Final Rule allows venting in four explicit circumstances whereas the NDIC's rules and regulations do not provide explicit exceptions for venting but allow the NDIC to grant an exception only after notice and public hearing. Any exception granted by the BLM will likely create a direct conflict with North Dakota's ability to administer its oil and gas regulatory program.

The NDIC recommends that section 3179.6 of the 2016 Final Rule be suspended or delayed and BLM not adopt a rule that conflicts with the NDIC's regulations to prevent venting; rather the NDIC believes the BLM should actively participate in any hearings scheduled before the NDIC for venting exceptions on federal wells.

The NDIC provides the following specific comments on "the necessity of the proposed suspensions and delays, the costs and benefits associated with the proposed suspensions and delays:"

The primary reason that the BLM should postpone the 2016 Final Rule and consider revising or rescinding its requirements is that BLM over-stepped its bounds when it adopted the 2016 Final Rule requirements. The 2016 Final Rule exceeded the BLM's statutory authority, and because the estimated benefits of the stated authority and purpose of the rule – preserving the public's natural gas resources – is outweighed by the cost of implementing the rule; i.e., it will cost more to implement the rule than what is saved, the rule is arbitrary and capricious. The NDIC wishes to emphasize that the BLM must be careful to remain within the jurisdiction granted to it by Congress.

In addition, the imposition of the additional regulatory requirements under the 2016 Final Rule threatens the amount of royalties received by mineral owners and taxes paid to the State of North Dakota. While federal minerals in many states occur in large contiguous blocks; in North Dakota, smaller tracts of federal minerals are interspersed with state and privately owned minerals as explained below under North Dakota Split Estate. If permitting is delayed because one or more wells penetrate federal minerals, then development of all wells on the entire multi-well pad will be delayed. Federal minerals would therefore not be protected from drainage and the correlative rights of the state and private mineral owners would be violated.

Each year North Dakota collects more than \$90 million in royalties from the production of oil and gas on federal and Indian lands. Based on oil price projections from the Energy Information Agency, over the next 30 years North Dakota anticipates to collect more than \$6 billion in royalties from federal and Indian lands. The use of the 30-year projection represents the anticipated life of the resource as it is known today. Because North Dakota operates on a biennial budget, a single year of decreased revenue at the beginning of the biennium adversely impacts revenue for both fiscal years in that biennium. Likewise, because the state budget for the next biennium relies heavily on actual revenue from the previous biennium, decreased revenue in one year can adversely impact budget projections and corresponding appropriations for four years or more. As such, the decrease in revenue in the current fiscal year will in turn diminish North Dakota's revenue and appropriations for many succeeding years. In North Dakota, federal royalty revenue is shared with the counties in North Dakota. A decrease in federal royalty revenue will adversely affect critical funding sources for public services such as health districts, emergency management, human services, roads, schools, and law enforcement.

Finally, it is anticipated that the 2016 Final Rule will force many North Dakota oil and gas operators to refocus their planned drilling activities to spacing units that do not contain federal lands rather than confront the possibility that BLM will restrict production on new wells under section 3179.11. There are currently 20 companies with significant oil and gas operations on federal and Indian lands in North Dakota. The shifting of capital investment to state and privately owned lands, and the delay or loss of full development on federal and Indian lands will result in significant loss of oil and gas resources and associated revenues estimated at more than \$1 billion over the next two to five years. The displacement of numerous oil and gas operations due to implementation of the 2016 Final Rule will also result in the loss of employment. It is anticipated that North Dakota will lose more than 1,000 jobs from the relocation of oil and gas operations due to the implementation of the 2016 Final Rule. This estimate was derived from a study done by the North Dakota Department of Mineral Resources in conjunction with North Dakota State University Department of Agribusiness and Applied Economics, and the Vision West Project. This study looked at the average number of jobs per drilling rig and producing well in North Dakota. From this study it is possible to estimate how many of those jobs would be lost as a result of the reduction in capital investment expected from implementation of the 2016 Final Rule. This study looked at the impact of the 2016 Final Rule as a whole; luckily many of these job losses will be averted by suspending the January 17, 2018 deadline until the rule can be revised.

The State of North Dakota is ranked 2nd in the United States among all states in the production of oil and gas. North Dakota produces approximately 350 million barrels of oil per year and 400 billion cubic feet of natural gas per year.

The NDIC, Department of Mineral Resources, Oil and Gas Division has jurisdiction to administer North Dakota's comprehensive oil and gas regulations found at North Dakota Administrative Code (NDAC) Chapter 43-02-03. These regulations include regulation of the drilling, producing, and plugging of wells; the restoration of drilling and production

sites; the perforating and chemical treatment of wells, including hydraulic fracturing; the spacing of wells; operations to increase ultimate recovery such as cycling of gas, the maintenance of pressure, and the introduction of gas, water, or other substances into producing formations; disposal of saltwater and oil field wastes through the ND UIC Program; and all other operations for the production of oil or gas.

North Dakota Split Estate - North Dakota has a unique history of land ownership that has resulted in a significant portion of the state consisting of split estate lands that could be adversely affected by the 2016 Final Rule. Mineral ownership of North Dakota lands upon which oil and gas development has occurred consists of approximately 85% private lands, 9% federal lands, and 6% state lands. Many of the private lands in North Dakota upon which oil and gas development has occurred are split estate lands, with more than 30% of the potential development on private surface involving federal minerals and therefore subject to the 2016 Final Rule.

Unlike many western states that contain large blocks of unified federal surface and federal mineral ownership, the surface and mineral estates in North Dakota were at one time more than 97% state and privately owned as a result of the railroad and homestead acts of the late 1800s. However, during the depression and drought years of the 1930s, numerous small tracts in North Dakota went through foreclosure. The federal government, through the Federal Land Bank and the Bankhead Jones Act, foreclosed on many farms taking ownership of both the mineral and surface estates. Many of the surface estates were later sold to private parties with some or all of the mineral estates retained by the federal government. This resulted in a large number of small federally owned mineral tracts scattered throughout western North Dakota. Federally owned mineral tracts impact more than 30% of the oil and gas spacing units which are typically recognized as a communitized area (CA) by the BLM. There are a few large blocks of federal mineral ownership including the Dakota Prairie Grasslands in southern McKenzie and northern Billings Counties and the Fort Berthold Indian Reservation which the federal government has trust responsibility and manages the surface estate through the U.S. Forest Service or Bureau of Indian Affairs. See map, Exhibit 1. Even within these areas, federal mineral ownership is interspersed with a “checkerboard” of private and state mineral or surface ownership. Therefore, virtually all federal management in North Dakota’s oil and gas producing region consists of some form of split estate.

Given North Dakota’s unique land ownership situation, the 2016 Final Rule could have far-reaching adverse impacts on North Dakota’s ability to administer its oil and gas regulatory program. This is reflected in the preamble to the 2016 Final Rule which states:

*“Of the vented and flared gas reported to ONRR, 15.2 percent came from wells extracting only Federal minerals; 9.0 percent from Indian ownership, and 75.8 percent from mixed ownership (some combination of Federal, Indian, fee (private) and State land). While all of the natural gas flared or vented from the Federal and Indian lands categories originates from the Federal and Indian mineral estates, only a portion of the natural gas flared or vented from the mixed ownership category originates from the Federal and Indian mineral estates.”*

The 2016 Final Rule significantly and adversely impacts North Dakota, because the rule displaces North Dakota’s sovereign authority, and it improperly asserts BLM regulatory authority over vast stretches of state and privately owned minerals – solely because they are interspersed with a small number of federal tracts.

The potential adverse impacts of the 2016 Final Rule on North Dakota’s ability to administer its oil and gas regulatory program are many. Therefore, the NDIC supports suspension of the 2016 Final Rule with the recommended changes outlined in this letter, and the State of North Dakota intends to defend its sovereign jurisdiction over oil and gas regulation in any manner necessary.

Signed by the North Dakota Industrial Commission

Mr. Helms stated that he would also recommend that the Commission comment on the Bureau of Land Management’s Notice of Intent to amend Land Use Plans regarding Greater Sage-Grouse Conservation and Prepare Associated Environmental Impact Statements or Environmental Assessments. Comments are due by no later than November 27, 2017. He does not have comments prepared yet to circulate to the Commission staff. He has been working with Game and Fish to make sure that if he writes comments they are consistent with what



Game and Fish wants since they manage the Sage Grouse. He just got some feedback from Game and Fish today that they have filed their comments and he needs to spend more time reviewing those comments because they appear to focus on drilling and well workover activity. A significant issue with the Sage Grouse Plan is how it potentially impacts the CO<sub>2</sub> pipeline from Bell Creek to Bowman which is the hope for the Cedar Hills Field; the Sage Grouse habitat and the BLM Rule overlays Cedar Hills Field. The initial plan resulted in a complete change in the route of that CO<sub>2</sub> pipeline and has delayed that project two or three years. He wants to make sure that issue is adequately covered in the comments.

**It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission, subject to final approval being granted by signature, submit comments due by November 27, 2017 regarding the Bureau of Land Management's Notice of Intent to amend Land Use Plans regarding Greater Sage-Grouse Conservation and Prepare Associated Environmental Impact Statements or Environmental Assessments. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously. (The following comments were approved by signature.)**

Bureau of Land Management  
Mr. John Carlson  
5001 Southgate Drive  
Billings, MT 59101  
email: jccarlso@blm.gov

<https://eplanning.blm.gov/epl-front-office/eplanning/comments/commentSubmission.do?commentPeriodId=54848>

**RE: COMMENTS Intent to Amend Land Use Plans Regarding Greater Sage-Grouse Conservation**

Dear Bureau of Land Management:

The North Dakota Industrial Commission (NDIC) appreciates the opportunity to offer comments on the Intent to Amend Land Use Plans Regarding Greater Sage-Grouse Conservation.

The NDIC supports the proposal to amend greater sage-grouse land use plans, to help improve sage-grouse conservation, and to strengthen communication and collaboration between states and the federal government. The NDIC is pleased that Secretary Zinke has taken a deeper look into the last minute changes to resource management plans in the western US in the summer of 2015. Secretarial Order Number 3353 was issued on June 7, 2017. The purpose of this order was to:

- Enhance cooperation between the Department of the Interior (DOI) and the 11 western states in the sage grouse range.
- Support a partnership with clearly defined roles and objectives for State and Federal agencies responsible for sage grouse management in order to sustain healthy sage grouse populations.
- Establish a team to review the Federal land management's sage grouse plan amendments and revisions completed on or before September 2015.

The State of North Dakota has a significant interest in this plan amendment proposal and provides the following comments to identify a few significant areas where the BLM should prioritize its efforts:

Due to North Dakota's unique history of land ownership, it is typical for oil and gas spacing units in North Dakota to consist of a combination of federal, state, and private mineral ownership. North Dakota Century Code § 38-08-01 requires the North Dakota Industrial Commission to support the development, production, and utilization of oil and gas while preventing waste of these resources and protecting the correlative rights of all owners. The Priority Habitat Management Areas (PHMAs) in the September 2015 North Dakota Greater Sage-Grouse Approved Resource Management Plan Amendment overlay the proposed carbon dioxide (CO<sub>2</sub>) pipeline route and the Cedar Hills oil field. This proposed pipeline and enhanced oil recovery (EOR) plan represent the current highest potential carbon utilization and storage project in North Dakota.

**NET BENEFIT:** The requirement for a net gain/conservation benefit on compensatory mitigation should be removed from BLM Resource Management Plans (RMPs). The genesis of term net benefit or net conservation gain is a Presidential memorandum issued by President Obama on November 3, 2015. As a result, federal agencies have included requirements for net gain in all mitigation actions to offset development. Even though President Trump has rescinded the November 3, 2015 memorandum, federal policy and BLM RMPs still require a net conservation gain when calculating compensatory mitigation.

Since North Dakota development projects in sage grouse habitat will occur on federal, state, and private land, a federal requirement of net conservation gain is forcing additional conservation to occur on private lands.

**HABITAT AREAS:** BLM has adopted a no surface occupancy (NSO) rule for all surface lands within their PHMAs. North Dakota allows surface occupancy in core areas under a number of restrictions; including lek buffers, seasonal timing restrictions and others. BLM should align PHMA/core area requirements with the North Dakota restrictions.

**Sagebrush Focal Areas:** Since President Trump's executive order rescinded the mineral withdrawal in these areas, there truly is no longer a need for Sagebrush Focal Areas. BLM should reclassify these areas.

Signed by the Industrial Commission

Mr. Helms reported that the Department of Interior has created a Royalty Policy Committee and under this Committee there are three subcommittees -- Fair Return & Value; Tribal Affairs; Planning, Analysis and Competitiveness. He has been appointed to serve on the Planning, Analysis and Competitiveness Subcommittee. He distributed a handout listing the subcommittees and bullet points about the tasks for those subcommittees. (A copy of the handout is available in the Commission files.) He stated his appreciation for the federal government wanting to get states involved and listening to what states and tribes want in terms of changing the nature of leasing and energy production on Department of Interior Lands. He indicated that it is nice to have a seat at the table and wanted to let the Commission know about the work the subcommittee is going to be doing. He said each of the subcommittees are meeting separately and each subcommittee has a different co-directors or co-chairs.

Governor Burgum stated that he has just learned that Chairman Fox, from the Three Affiliated Tribes, has been appointed to the Tribal Affairs Committee. Mr. Helms said that was great and suggested that someone within his office or the Industrial Commission serve on that subcommittee as well. Fort Berthold is a mixture of fee, allotted and tribal lands so it is important for somebody to represent the fee mineral owners and fee surface owners as well.

Being no further Department of Mineral Resources business, Governor Burgum adjourned the meeting at 1:41 p.m. and the Commission took up Pipeline Authority business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary

Minutes of a Meeting of the Industrial Commission of North Dakota  
Held on October 24, 2017 beginning at 1:00 p.m.  
Governor's Conference Room  
State Capitol

Present: Governor Doug Burgum, Chairman  
Attorney General Wayne Stenehjem  
Agriculture Commissioner Doug Goehring

Also

Present: Leslie Oliver, Governor's Office  
Justin Kringstad, Pipeline Authority  
Lynn Helms, DMR  
Bruce Hicks, DMR – Oil and Gas Division  
Alison Ritter, DMR – Oil and Gas Division  
Other attendees are listed on the attendance sheet available in the Commission files  
Members of the Press

Governor Burgum called the Pipeline Authority portion of the Industrial Commission meeting to order at 1:41 p.m. following completion of Department of Mineral Resources business.

Mr. Justin Kringstad, Pipeline Authority Director, presented the Pipeline Authority 2017 Annual Report. (A copy is available in the Commission files.)

Ms. Karlene Fine, Industrial Commission Executive Director/Secretary, presented the Pipeline Authority Fund Annual Financial Report. (A copy is available in the Commission files.) She noted a balance of \$51,705 as of June 30, 2017.

Mr. Kringstad presented the Pipeline Authority quarterly report. (A copy is available in the Commission files and it is posted on the Pipeline Authority website.) His presentation included:

- Current oil transportation dynamics
- Understanding current and future oil production
  - Pricing Update
  - Activity
  - Oil forecasts
- North Dakota Natural gas production
  - Flaring and gas capture
  - Natural Gas liquids
- Pipeline construction update
- Refac economics

Being no further Pipeline Authority business, Governor Burgum adjourned the meeting at 2:33 p.m. and took up Renewable Energy Program business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary

Minutes of a Meeting of the Industrial Commission of North Dakota  
Held on October 24, 2017 beginning at 1:00 p.m.  
Governor's Conference Room  
State Capitol

Present: Governor Doug Burgum, Chairman  
Attorney General Wayne Stenehjem  
Agriculture Commissioner Doug Goehring

Also

Present: Leslie Oliver, Governor's Office  
Jay Schuler, Department of Commerce  
Andrea Pfennig, Department of Commerce  
Other attendees are listed on the attendance sheet available in the Commission files  
Members of the Press

Governor Burgum called the Renewable Energy Program portion of the Industrial Commission meeting to order at 2:33 p.m. following completion of Pipeline Authority business.

Ms. Karlene Fine, Industrial Commission Executive Director/Secretary, presented the Renewable Energy Program Fund Financial Report (end of 2015-2017 biennium information and 2017-2019 biennium information through August 31, 2017) as follows:

Renewable Energy Development Fund  
Financial Statement  
**2015-2017 Biennium**  
October 24, 2017 Industrial Commission Meeting

	<u>Cash Balance</u>
July 1, 2015 Balance	\$ 3,496,859.75
Revenues from Resources Trust Fund	\$ 3,000,000.00
Other Revenues through June 30, 2017	\$ 6,646.96
Returned cash	\$ 331.40
Expenditures through June 30, 2017	<u>\$(2,216,680.06)</u>
Cash Balance as of June 30, 2017	\$ 4,287,158.05
Outstanding Project Commitments as of June 30, 2017	<u>\$(2,808,380.88)</u>
Uncommitted dollars as of June 30, 2017	<b>\$ 1,478,777.17</b>

Renewable Energy Development Fund  
Continuing Appropriation Authority  
2015-2017 Biennium

July 1, 2015 Balance of Uncommitted Dollars	\$ 2,470,113.85
Transfer from Resources Trust Fund for 2015-2017 Biennium	\$ 3,000,000.00
Interest Income	\$ 5,446.96
Income from Project Applications	\$ 1,200.00
Returned Commitments	<u>\$ 331.40</u>
	\$ 5,477,092.21
Administrative Expenditures	\$( 108,315.04)
Commitments 2015-2017	<u>\$( 3,890,000.00)</u>
	\$ 1,478,777.17

57-51.1-07. Allocation of moneys in Oil Extraction Tax Development Fund states the following:

Five percent of the amount credited to the Resources Trust Fund must be transferred no less than quarterly into the Renewable Energy Development Fund, not to exceed three million dollars per biennium.

Renewable Energy Development Fund (54-63-04, N.D.C.C.) – Continuing appropriation. The Renewable Energy Development Fund is a special fund in the state treasury. All funds in the Renewable Energy Development Fund are appropriated to the Industrial Commission on a continuing basis for the purpose of carrying out and effectuating this chapter. Interest earned by the Fund must be credited to the Fund.

Renewable Energy Development Fund  
 Financial Statement  
**2017-2019 Biennium**  
 October 24, 2017 Industrial Commission Meeting

	<u><b>Cash Balance</b></u>
July 1, 2017 Balance	\$ 4,287,158.05
Revenues from Resources Trust Fund	\$ 264,026.74
Other Revenues through August 31, 2017	\$ 485.58
Expenditures through August 31, 2017	<u>\$( 45,490.63)</u>
Cash Balance as of August 31, 2017	\$ 4,506,179.74
Outstanding Administrative Commitments ( <i>estimate</i> )	\$ (139,650.37)
Outstanding Project Commitments as of August 31, 2017	<u>\$(2,763,289.88)</u>
Uncommitted Cash as of August 31, 2017	<b>\$ 1,603,239.49</b>

Renewable Energy Development Fund  
**Continuing Appropriation Authority**  
 2017-2019 Biennium

July 1, 2017 Balance of Uncommitted Dollars	\$ 1,478,777.17
Transfer from Resources Trust Fund for 2017-2019 Biennium	\$ 3,000,000.00
Interest Income ( <i>Estimated</i> )	\$ 5,000.00
Income from Project Applications ( <i>Estimated</i> )	<u>\$ 1,500.00</u>
	\$ 4,485,277.17
Administrative Commitments ( <i>Estimated</i> )	\$( 140,000.00)
Commitments 2017-2019	<u>\$( 0.00)</u>
	\$ 4,345,277.17

Following the 2017 Legislative Session 57-51.1-07. Allocation of moneys in Oil Extraction Tax Development Fund states the following:

Three percent of the amount credited to the Resources Trust Fund must be transferred no less than quarterly into the Renewable Energy Development Fund, not to exceed three million dollars per biennium.

Renewable Energy Development Fund (54-63-04, N.D.C.C.) – Continuing appropriation. The Renewable Energy Development Fund is a special fund in the state treasury. All funds in the Renewable Energy Development Fund are appropriated to the Industrial Commission on a continuing basis for the purpose of carrying out and effectuating this chapter. Interest earned by the Fund must be credited to the Fund.

Mr. Jay Schuler, Renewable Energy Council Chairman, and Andrea Pfennig, Department of Commerce, presented the Renewable Energy Council recommendation on the following Grant Round 34 application:

R034-C - Integrated Carbon Capture and Storage for North Dakota Ethanol Production - Phase II; Submitted by EERC, Total Project Costs - \$690,000; Amount Requested - \$345,000 (A copy of the application is available in the Commission files.) This project will build on the feasibility study for integrating carbon capture and storage (CCS) of CO<sub>2</sub> emissions from Red Trail Energy to reduce net CO<sub>2</sub> emissions associated with ethanol production that was completed in Phase I. The goal of this phase is to reduce knowledge gaps in regulatory, processing, and financial requirements and thus encourage investment toward integrating commercial CCS with ND ethanol production in order to realize CO<sub>2</sub> market credits from low-carbon fuels (LCF) programs.

Specifically, the project will generate:

- Permitting pathways for implementing CCS in ND.
- Up-to-date qualification requirements for LCF programs.

- Site-specific data leading to reduced uncertainty and close knowledge gaps.
- Update Phase I project designs.
- Improve economics
- A community outreach plan.

Of the 50% match, \$145,000 comes from Red Trail Energy (in-kind) -- commitment of Red Trail Energy staff time -- and \$200,000 comes from DOE (cash). This project could help North Dakota ethanol plants capitalize on national low-carbon fuel markets. It would assist in defining the regulatory pathway for Class VI well permitting and provide greater understanding of LCF programs and how they integrate with ND primacy.

Ms. Pfennig noted that during Phase I the EERC did an economic and technical feasibility study. The Council vote was 5 to fund and 0 not to fund.

In response to a question, Mr. Schuler indicated that this work is focused on storage and does not include any work on enhanced oil recovery. In order to get the higher value for the ethanol in California and Oregon they need to leave the CO<sub>2</sub> in storage.

In response to a question about the EPA Alternative Pathway Certification, Mr. Dustin Willett, Red Trail Energy, stated that is one of the avenues Red Trail Energy is looking into along with the California, Oregon and Washington marketplace. They have also kept a close eye on the British Columbia market. One of the contingencies that was recommended by the Council includes the analysis of the British Columbia's LCF policy.

In response to a question, Mr. Willett said the storage would be in the Broomcreek formation is 6,400 feet deep directly below the plant. Over a 100-year lifespan the plume would go approximately 20 miles around the plant if the plant was injecting over the next 80 years.

**It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the recommendation of the Renewable Energy Council to fund the grant application "Integrated Carbon Capture and Storage for North Dakota Ethanol Production - Phase II" and authorize the Industrial Commission Executive Director to execute an agreement with the Energy and Environmental Research Center to provide a total of Industrial Commission Renewable Energy Program funding in an amount not to exceed \$345,000 with the contingencies that the study includes 1) Canadian LCA methodologies; 2) the revised financial analysis that is to be a deliverable of this study include potential revenues from other programs including British Columbia's LCF policy, Canada's proposed Clean Fuels Standard and the proposed revisions to 45Q federal tax credit. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

Ms. Fine presented a request for confidentiality of certain information of the Integrated Carbon Capture and Storage for North Dakota Ethanol Production - Phase II reports as follows: (A copy of the request is available in the Commission files.)

RE: Confidentiality determination

The Renewable Energy Program statute - Chapter 54-63 - allows the Industrial Commission to determine if certain information is confidential.

Paul Arnason with the Energy and Environmental Research Center (EERC) has requested confidentiality for certain information that will be part of the "Integrated Carbon Capture and Storage for North Dakota Ethanol Production - Phase II" project. Mr. Arnason has provided the information that is required in the statute to make the determination

of confidentiality. **Therefore it is my recommendation that the Industrial Commission grants the EERC's confidentiality request and determines that the following information is confidential:**

Estimated potential Carbon Intensity (CI) values and subsequently estimated revenue that will be provided as part of the "Integrated Carbon Capture and Storage for North Dakota Ethanol Production - Phase II" project.

**It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Industrial Commission Executive Director/Secretary that the following items be determined confidential:**

**Estimated potential Carbon Intensity (CI) values and subsequently estimated revenue that will be provided as part of the "Integrated Carbon Capture and Storage for North Dakota Ethanol Production - Phase II" project.**

**On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

Ms. Fine presented a request for a special grant round from the University of North Dakota as follows:

RE: Additional Renewable Energy Program Grant Round

The Industrial Commission is in receipt of a request for the establishment of an additional grant round (Round 35). The Renewable Energy Program policies allow for the establishment of additional grant rounds by the Industrial Commission.

Dr. Michael Mann with the University of North Dakota has requested an additional grant round to allow for the resubmission of a proposal that has time sensitivity.

I have consulted with Andrea Pfennig with the Department of Commerce as to whether she has any objections to having an additional grant round and she has indicated she does not. Therefore, I am recommending the establishment of an additional grant round with a deadline submission date of November 17, 2017.

**It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Industrial Commission Executive Director/Secretary and approve an additional grant round for the Renewable Energy Program with an application submission deadline of November 17, 2017. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

Being no further Renewable Energy Program business, Governor Burgum adjourned the meeting at 2:49 p.m. and took up Housing Finance Agency business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary

Minutes of a Meeting of the Industrial Commission of North Dakota  
Held on October 24, 2017 beginning at 1:00 p.m.  
Governor's Conference Room  
State Capitol

Present: Governor Doug Burgum, Chairman  
Attorney General Wayne Stenehjem  
Agriculture Commissioner Doug Goehring

Also

Present: Leslie Oliver, Governor's Office  
Jolene Kline, Housing Finance Agency  
Other attendees are listed on the attendance sheet available in the Commission files  
Members of the Press

Governor Burgum called the Housing Finance Agency portion of the Industrial Commission meeting to order at 2:49 p.m. following completion of Renewable Energy Program business.

Ms. Jolene Kline, Housing Finance Agency Executive Director, presented the first detailed Housing Finance Agency Quarterly Report. (A copy is available in the Commission files.) She introduced the senior managers of her staff--Pat Nagel, Chief Financial Officer, Dave Flohr, Max Wetz, Jennifer Henderson and Wayne Glaser. The quarterly report included the following:

- Executive Summary
- Bonds
- Homeownership
- Property Management
- Planning and Housing Development
- Outreach and Public Affairs.

The Executive Summary stated:

As a self-funded agency, North Dakota Housing Finance Agency utilizes its resources to help ensure that every North Dakotan has an affordable place to live.

Homeownership - Dave Flohr is the Director

- Through the use of the tax-exempt Mortgage Revenue Bond program, NDHFA is able to provide below market interest rates and/or purchase assistance to low- and moderate-income borrowers. Loan reservations year-to-date 2017 are on track with 2016. NDHFA's homeownership loan production has increased each year since 2014.
- Homeownership purchase assistance (down payment and closing cost assistance) is a highly used benefit of utilizing an NDHFA homeownership loan. Year-to-date in 2017, 83 percent of borrowers under NDHFA programs have received purchase assistance which is similar to the percentage in 2016. The percentage of borrowers using purchase assistance has steadily increased each year since 2013.
- NDHFA's experience and efficiency in servicing more than \$1 billion in loans is illustrated by low delinquency and foreclosure rates. The agency strives to help people avoid foreclosure and with a 0.5 percent foreclosure rate, the agency is well below the state, regional and national rates. In addition to agency program loans, NDHFA also services home loans for Habitat for Humanity and Community Works ND to allow them to focus on their primary non-profit missions.
- NDHFA provides housing counseling and homebuyer education to assist households in better understanding their finances, the home buying process and the responsibilities of homeownership. Since 2012, 878 households have used the agency's online homebuyer education course.

Property Management - Wayne Glaser is the Director

- NDHFA provides contract administration services to HUD and HUD-assisted multifamily housing projects. Along with ensuring compliance with program regulations, the agency issues payments of more than \$1 million per month to projects on behalf of HUD.
- The rental units overseen by NDHFA serve households with some of the greatest needs in the state. The average monthly income of households living in these units is \$935 and without the rental assistance provided through NDHFA, many would struggle to find affordable housing.
- NDHFA works directly with property managers and owners to aid them in navigating and maintaining compliance with HUD regulations.



#### Planning and Housing Development - Jennifer Henderson is the Director

- The Helping HAND program utilizes agency capital to make needed housing repairs for low-income households. Forty-two percent of the grant funds this quarter have been used for roof replacement projects. In the history of the program, \$5.7 million of agency capital has been expended to rehab 7,242 housing units which leveraged \$43.4 million in total development costs.
- The RAP Program assists households in removing accessibility barriers by providing matching funds from agency capital. While the RAP program's eligibility allows households to be qualified at 80 percent of Area Median Income, the majority of those served are extremely low-income households. Sixty-seven percent of the funds this quarter were used for bathroom accessibility. These accessibility improvement help keep people in their homes and out of nursing homes which cost around \$96,000 annually. Program-to-date, \$567,996 of agency capital has been granted to make \$2.2 million in accessibility improvements to 387 housing units.
- The Housing Incentive Fund was important in helping energy impacted communities house ESW employees. In the most recent application round, a total of eight applications were received requesting \$4.6 million with only \$3.7 available. HIF plays a key role in funding permanent supportive housing projects.
- Since 2009, NDHFA has received applications for more than double the amount of Low Income Housing Tax Credits available. LIHTC is extremely competitive and projects serve the most vulnerable populations and targets very low- and extremely low-income households. NDHFA allocates approximately \$2.7 million in credits annually which brings equity of about \$26 million to projects. Since the program was started in 1987, more than \$51.6 million in tax credits has been allocated to create and rehab 7,034 housing units totaling nearly \$715 million in total construction costs.
- The Housing Trust Fund is in its second year of funding. Units created must serve extremely low-income populations and the program works with others to help add supportive housing units. NDHFA receives \$3 million in trust funds each year.

#### Outreach and Public Affairs - Max Wetz is the Director

- A goal of outreach and education efforts is to ensure partners, service providers, and community leaders understand the importance housing plays to community development efforts and the health and well being of its citizens.
- Affordable housing creates health care industry savings and reduces the amount of government resources needed to care for families. Seniors who lack stable, accessible housing visit the emergency room four times as often as those who are adequately housed.
- NDHFA is participating in a number of outreach and education efforts including the North Dakota Supportive Housing Collaborative and the infrastructure pillar of the Main Street Initiative. It continues to work to align housing resources to community needs with focus on rural communities that may lack capacity.

Ms. Kline and the HFA staff responded to numerous questions and discussed in detail the various housing programs administered by the Agency. Ms. Kline also reported on the new authorization by the Commission to utilize Agency capital to fund a Community Land Trust pilot program. In response to a question, Ms. Kline and Ms. Henderson summarized the financing package of the LaGrave Project that included federal Low Income Tax Credits; Housing Trust dollars and CDBG funding. They also summarized the ownership of that Project and the services that will be provided to the tenants in that facility. Ms. Kline indicated that the project had been structured after the Cooper House in Fargo. The Agency staff is hopeful that this model can be replicated in other communities.

Being no further Housing Finance Agency business, Governor Burgum adjourned the meeting at 3:57 p.m. and the Commission took up Bank of North Dakota business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary

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Present: Governor Doug Burgum, Chairman  
Attorney General Wayne Stenehjem  
Agriculture Commissioner Doug Goehring

Also

Present: Leslie Oliver, Governor's Office  
Melanie Gaebe, Agriculture Department  
Eric Hardmeyer, Bank of North Dakota  
Todd Steinwand, Bank of North Dakota  
Kirby Evanger, Bank of North Dakota  
Shane Husar, Eide Bailly  
Other attendees are listed on the attendance sheet available in the Commission files  
Members of the Press

Governor Burgum called the Bank of North Dakota portion of the Industrial Commission meeting to order at 3:57 p.m. following completion of Housing Finance Agency business.

Mr. Eric Hardmeyer, Bank of North Dakota President, introduced Shane Husar with Eide Bailly to present six audits.

Mr. Husar, Eide Bailly presented the following audits for programs that are administered by the Bank of North Dakota: (Copies of the audits are available in the Commission files.)

1. Ag PACE Fund - June 30, 2017
2. PACE Fund - June 30, 2017
3. Rebuilders Loan Program - June 30, 2017
4. Medical Infrastructure Loan Program - June 30, 2017
5. Addiction Counselor Internship Loan Program - June 30, 2017
6. Infrastructure Revolving Loan Fund - June 30, 2017

Mr. Husar stated that all six audits were audited in accordance with generally accepted Government Auditing Standards and the financial statements are presented in accordance with those Standards. All the audits are for the fiscal year end of June 30, 2017. All the audits had an unmodified opinion -- clean opinion; there were no internal control issues; no non-compliance related issues and no adjustments proposed or identified during the course of the audit. The financial statements as presented by the Bank to the auditor were subject to Eide Bailly's audit procedures and their firm did not find any misstatements or propose any adjustments that had to be completed by the Bank. The financial system that the Bank has in place presents the financial statements fairly and in accordance with accounting standards.

Mr. Husar indicated that Katie Williams had been the primary auditor on these audits but was unable to be at the meeting today. In response to a question he indicated that their firm had been conducting the audits on the Bank for five years -- the State Auditor's Office has selected them to continue to do the audits on the Bank for another three years.

Mr. Husar commented on each audit and the Bank staff responded to operational questions or provided an explanation of each program such as:

- purpose of the fund and whether it has changed over time;
- if the program guidelines are in law;

- how each program works;
- funding source for the program;
- whether the funding level was sufficient for what the program is accomplishing;
- terms of the loans and interest rates;
- how the interest buydowns work;
- whether or not the fund is a revolving loan fund;
- number of loans outstanding for each program;
- size of the loans;
- what the demand is for each program--whether it was a one-time program;
- what the collateral is for the loans;
- who qualifies for the loan.

In response to a question, Mr. Husar stated that their procedures include compliance requirements. The primary focus of their audit is on the financial statements and the financial health of the fund but they do some compliance checks.

Governor Burgum requested that the Bank prepare information on the amount of money in the special funds and what the initial source of funding was for those programs--BND capital or other special funds such as the Strategic Investment and Improvement Fund (SIIF).

Mr. Hardmeyer presented a proposed resolution Authorizing Certain BND Employees to Execute Loan Instruments. He indicated that the only change was adding the Economic Development & Government Programs Market Manager position (Kelvin Hullet) to have authority to execute loan instruments.

**It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission approves the following Resolution Authorizing Bank of North Dakota Employees to Execute Loan Instruments:**

**RESOLUTION OF THE INDUSTRIAL COMMISSION  
AUTHORIZING BANK OF NORTH DAKOTA EMPLOYEES  
TO EXECUTE LOAN INSTRUMENTS**

North Dakota Century Code §6-09-26 states that within the scope of authority granted by the industrial commission, the president may execute instruments on behalf of the Bank, including any instrument granting, conveying, or otherwise affecting any interest in or lien upon real or personal property. Other officers or employees of, and legal counsel to, the Bank may execute instruments on behalf of the Bank when authorized by the industrial commission.

THEREFORE, BE IT RESOLVED by the Industrial Commission that the following named officers and employees of the Bank are hereby authorized to execute all documents and instruments necessary to finalize and close any applicable loan; and to execute and acknowledge conveyances, transfers, assignments, releases, satisfactions, and other instruments affecting liens on, title to, and interests in real or personal property on behalf of the Bank;

President and Chief Executive Officer  
Senior Vice President, Business Development  
Senior Vice President, Credit Administration  
Financial Institutions Market Manager  
Residential Real Estate Manager  
Economic Development & Government Programs Market Manager

Special Assets Manager  
Business Bankers

**On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

Mr. Hardmeyer presented the 2018 Bank of North Dakota Holiday Schedule for approval. He stated that these holidays are the same as in 2017 -- the Bank follows the Federal Reserve schedule.

**It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission approves the 2018 Bank of North Dakota Holiday Schedule as follows:**

**BANK OF NORTH DAKOTA  
2018 HOLIDAY SCHEDULE**

The 2018 holidays will be observed by the Bank of North Dakota and the Federal Reserve Bank of Minneapolis and its Helena Branch on the following dates:

New Year's Day .....	Monday, January 1
Martin Luther King Jr. Day .....	Monday, January 15
Presidents Day .....	Monday, February 19
Memorial Day .....	Monday, May 28
Independence Day.....	Wednesday, July 4
Labor Day .....	Monday, September 3
Columbus Day .....	Monday, October 8
Veterans Day .....	Monday, November 12*
Thanksgiving Day .....	Thursday, November 22
Christmas Day.....	Tuesday, December 25

\*Actual holiday is Sunday, November 11

**On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

Mr. Hardmeyer provided the Commission with a red-lined copy of amendments to the Advisory Board of Directors to the Bank of North Dakota Policy and reviewed each of the changes that were being proposed. (A copy of the red-lined version of the policy is available in the Commission files.) There was discussion on the compensation for the Advisory Board members -- they receive the same amount that a legislator receives plus their travel costs. The Bank may also pick up some educational costs that are related to their Board duties. Mr. Hardmeyer indicated that they provide a valuable service to the Bank.

**It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission amend the Advisory Board of Directors to the Bank of North Dakota Policy and approve the Policy as follows:**

**PURPOSE**

This policy statement establishes the purpose, duties, and functional responsibilities of Bank of North Dakota Advisory Board of Directors which is established to enlist the help of private enterprise and to encourage more active use of the purposes of which Bank of North Dakota was created pursuant to Chapter 6-09-02.1 and 6-09-02.2 of the North Dakota Century Code.

**ELEMENTS**

I. Membership

The Governor shall appoint an Advisory Board of Directors consisting of seven persons, at least two of whom must be officers of banks, the majority of the stock of which is owned by North Dakota residents, and at least one of whom must be an officer of a state or federally chartered financial institution. The Governor shall appoint a Chairman, Vice Chairman, and Secretary. The term of directors is four years. The Industrial Commission shall define the duties of the Advisory Board.

II. Meetings

- A. One-half or more of Committee members shall constitute a quorum.
- B. A majority of Committee members present must vote favorably to carry a motion.
- C. Meeting minutes will be kept by the recording secretary and be designated non-confidential or confidential.

III. Duties

- A. Meet regularly with the management of Bank of North Dakota to review the Bank's operations to determine whether recommendations should be made by the Board to the Industrial Commission relating to improved management performance, better customer service, and overall improvement in internal methods, procedures, and operating policies of the Bank.
- B. Make recommendations to the Industrial Commission relating to the establishment of additional objectives for the operation of Bank of North Dakota.
- C. Make recommendations to the Industrial Commission concerning the appointment of officers of Bank of North Dakota.
- D. Meet regularly with the Industrial Commission to present any recommendations concerning Bank of North Dakota.
- E. In addition to the foregoing and pursuant to authorization from the Industrial Commission, act on behalf of the Bank with respect to the powers and functions of the Bank.
- F. Review and approve loans within established lending authority.
- G. Annually review the Advisory Board of Directors to Bank of North Dakota policy.
- H. Complete an annual performance review of the President of the Bank.

**AUDIT COMMITTEE**

I. Purpose

The Advisory Board will serve as the Audit Committee. The Audit Committee will provide assistance to the North Dakota Industrial Commission in fulfilling its statutory and fiduciary responsibilities for audits and examinations of Bank of North Dakota.

II. Responsibilities

The Audit Committee will carry out the following responsibilities:

Financial Statements

Review and discuss with management and the independent auditor the annual audited financial statement of Bank of North Dakota and programs and funds administered by Bank of North Dakota.

- o ND Guaranteed Student Loan Program (SLND)
- o Ag PACE Fund (Agriculture Partnership in Assisting Community Expansion)
- o PACE Fund (Partnership in Assisting Community Expansion)
- o Beginning Farmer Revolving Loan Fund
- o Community Water Facility Loan Fund
- o Rebuilders Loan Program
- o College SAVE
- o Medical Facility Infrastructure Loan Program
- o Infrastructure Loan Fund
- o Addiction Counselor Internship Loan Program
- o School Construction Assistance Loan Fund

Internal Control

- A. Determine that the Bank has adequate administrative, operating, and internal controls, and that it is operating in accordance with its prescribed procedures.
- B. Determine the Bank has adequate controls to ensure compliance with applicable laws, regulations and other requirements.
- C. Evaluate the adequacy and effectiveness of the Bank's internal accounting control environment through discussions and reviews of reports issued by the Bank's internal auditors, independent auditors, bank examiners and other external audit and review entities. In addition, determine that appropriate corrective action is being taken by management to address noted internal control weaknesses.

External Audit & Reviews

- A. Review audit and examination plans of the independent auditors and the Department of Financial Institutions.
- B. Review reports issued by independent auditors, bank examiners and other external audit or review entities, including all management responses to such reports.
- C. Appraise the effectiveness of external audit efforts through regular meetings with the independent auditors.

Audit Committee is responsible for oversight of the Bank's assurance providers, which include Internal Audit, Compliance, Credit Review and Information Security. Below is a list of responsibilities as it relates to each assurance provider.

I. Internal Audit

- A. Annually review the Internal Audit Policy.
- B. Review and approve the annual reports and work plans for Internal Audit.
- C. Review quarterly Internal Audit Status report.

- D. Review Annual Risk Acceptance Tracking Report annually.
- E. Review internal audit findings and ensure appropriate corrective actions are implemented by the affected service area.
- F. Review the activities, staffing, and organizational structure of the Internal Audit function and appraise the effectiveness of internal audit efforts through regular meetings with the internal auditors.
- G. Participate in the selection, compensation, evaluation, and where appropriate, replacement of the Chief Risk Officer (CRO). The CRO may only be removed with the approval of the Audit Committee.
- H. Review results of internal and external assessments as described in the Internal Audit Quality Assurance Program and ensure the appropriateness of Internal Audit's corrective action, as necessary.
- I. Annually review and approve Internal Audit's Strategic Plan.
- J. Annually review Risk Assurance Map.

II. Compliance

- A. Review external reports and ensure appropriate corrective actions are implemented.
- B. Review and approve the internal annual report and work plans for Compliance.

III. Credit Review

- A. Review and approve the annual reports and work plans for Credit Review
- B. Review annual and quarterly credit quality reports prepared and issued by Credit Review / Credit Administration.
- C. Review the activities and effectiveness of the credit review staff and provide feedback on the status of lending related issues identified and reported by credit review through meetings with Credit Review manager as needed.

IV. Information Security

- A. Reasonably understand the business case for information security and the business implications of information security risks.
- B. Review assessments of the information security program's effectiveness - Annual Reports and other reporting as appropriate
- C. Provide expectation and requirement to management and hold management accountable for central oversight and coordination, assignment of responsibility and effectiveness of information security program.

Other Responsibilities

- A. The Audit Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities, and personnel of the Bank, its external auditors and its legal advisors. In

connection with such investigations or otherwise in the course of fulfilling its responsibilities, the Committee has the authority to independently retain special legal, accounting, or other consultants to advise it, and may request any officer or employee of the Bank, its independent legal counsel or independent auditor to attend a meeting of the Audit Committee.

- B. Establish a mechanism for employees to anonymously report concerns about questionable accounting, internal accounting control or auditing matters to the Audit Committee Chair.
- C. Determine whether restrictions are being placed by management on the scope of examinations and audits.
- D. Advisory Board is responsible to evaluate and approve management's acceptance of risk related to any internal/external audit or review findings/recommendations to determine if acceptance of risk is reasonable or if further action is required of management.
- E. Provide regular and free access to the Chief Risk Officer or Internal Audit Manager, Compliance Specialist, Credit Review Manager and Information Security Manager, including sessions and interim communications between each, as appropriate.

### III. Reporting

- A. Report to the Industrial Commission about BND Audit Committee activities and issues that arise with respect to the quality or integrity of the Bank's financial statements, the Bank's compliance with legal or regulatory requirements, the performance and independence of the Bank's external auditors, and the performance of the internal audit function.
- B. Prepare an annual report to the North Dakota Industrial Commission summarizing the work performed in fulfilling the Audit Committee's responsibilities.

**On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

Mr. Hardmeyer presented the BND Third Quarter 2017 Performance Highlights. (A copy of the performance highlights is available in the Commission files.) He noted the following:

- Balance Sheet - \$6.7 billion in assets - down approximately \$200 from what had been budgeted. Deposits are down as state revenues continue to be down. Loans are down \$83 million from what had been budgeted although they are up about \$97 million from where the Bank was last year.

Governor Burgum expressed his concerns about the student loan portfolio and the potential risks -- increasing default rates; political movements to make a college education free and to forgive all student loan debt; the changing dynamics of higher education; value of certain college degrees; competition in higher education for students; higher tuition costs with costs not adjusted for the type of degree the student is seeking; and the need to focus the loans to student borrowers to meet the State's workforce needs.

Mr. Hardmeyer stated that the Bank's strategic plan for the next few years will be talking about those issues and how the Bank can have a different approach in the student loan area. He indicated that with the Bank's 50 years of experience in the student loan business they are seeing the trends and will be discussing with the Commission how they can make a difference and improve how the Bank does



business with student loan borrowers and with the higher education institutions.

- Income Statement - \$114 million as of 9/30/2017--\$10 million more than what had been budgeted. Majority of that is from net interest rate income as rates went up and deposit rates stayed the same as deposit rates tracked what was happening in the private sector. The Bank will be increasing the amount of its transfers to the Provisions for Credit Loss. Had budgeted for \$4.5 million but by year end will be at \$12 million. Anticipate income for the year will be over \$140 million.
- Leverage Ratio of 12.76% - a high-water mark for the Bank. Bank will be making the transfer of \$70 million to the General Fund later this month. Even with that transfer the Bank will continue to have a strong leverage ratio that will exceed the Bank's current internal benchmark of 10%.
- Net Loans to Earning Assets - Currently at 73% similar to the ND average of 70%. Below the threshold of 90%. Liquidity becomes an issue if the amount of loans goes too high. In response to a question, Mr. Steinwand stated the Bank is not turning down any good loan applications because of liquidity issues.
- Loan originations - \$803 million of loans with the majority of the loans being commercial participations. Mr. Steinwand indicated that the activity has slowed down compared to what it had been. It is much slower in the western part of the state.
- Delinquencies - Student loans delinquencies continue to come down as more borrowers are using the DEAL One program which requires strong borrowers. Residential portfolio continues to struggle in western North Dakota. The majority of the residential loans are federally guaranteed.

There was discussion regarding the agriculture delinquencies and what the agriculture producers had seen this fall - farm payments were lower than expected in some parts of the state. Eastern part of the state experienced record wheat crops.

- Allowance for credit losses is at \$84 million with \$1.5 million more being added each month. Between capital and allowance the Bank is in a very strong position.
- College Save - Net assets of \$131 million in savings for North Dakotans. \$42 million nationwide. 33,000 total College Save accounts; 21,000 are ND accounts.

Mr. Hardmeyer provided the non-confidential Bank of North Dakota Advisory Board July 27 and August 18, 2017 meeting minutes.

Under other business, Mr. Hardmeyer indicated that the Bank is expecting a rating from S&P any day. In response to a question, Mr. Hardmeyer stated that the Bank's deposits are rated the same as the State because the State guarantees those deposits. He indicated that S&P meets with the Bank and does significant due diligence and reviews the Bank's various models (risk, investment, etc.) He is anticipating a rating of "A+" stable.

Governor Burgum closed the meeting at 4:44 p.m. pursuant to North Dakota Century Code 6-09-35 to discuss the following items listed on the agenda under Bank of North Dakota confidential business:

- Consideration of Bank of North Dakota Loan Applications
- Presentation of Non-Accrual Loans Quarterly Recap/Detail
- Presentation of Problem Loans - Adversely Classified Quarterly Recap

- Presentation of Loan Charge-Offs and Recoveries Y.T.D. 6/30/17
- Presentation of BND Advisory Board confidential July 27, and August 18, 2017 meeting minutes.

Individuals present during the confidential session in addition to the Industrial Commission members were:

Leslie Oliver, Governor's Office  
Melanie Gaebe, Agriculture Department  
Eric Hardmeyer, Bank of North Dakota  
Todd Steinwand, Bank of North Dakota  
Kirby Evanger, Bank of North Dakota  
Karlene Fine, Industrial Commission

Following the confidential portion of the meeting, the Commission reconvened in non-confidential session at 5:12 p.m. and the public was invited to return. Governor Burgum stated that during its executive session the Commission considered Bank of North Dakota loan applications and **it had been moved and seconded that the Bank of North Dakota be authorized to participate in loans identified as Attachments 26 and 27. In non-confidential session, on a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

Being no further Bank of North Dakota business, Governor Burgum adjourned the meeting at 5:13 p.m. and took up Western Area Water Supply Authority business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary

Minutes of a Meeting of the Industrial Commission of North Dakota  
Held on October 24, 2017 beginning at 1:00 p.m.  
Governor's Conference Room  
State Capitol

Present: Governor Doug Burgum, Chairman  
Attorney General Wayne Stenehjem  
Agriculture Commissioner Doug Goehring

Also

Present: Leslie Oliver, Governor's Office  
Other attendees are listed on the attendance sheet available in the Commission files  
Members of the Press

Governor Burgum called the Western Area Water Supply Authority portion of the Industrial Commission meeting to order at 5:13 p.m. following Bank of North Dakota business.

Because of the length of the meeting Ms. Karlene Fine, Industrial Commission Executive Director/Secretary, noted that the following Western Area Water Supply Authority September Financial Report and Debt Reduction Report is in the Commission members' meeting materials: (A complete copy of the report is available in the Commission files.)

RE: Western Area Water Supply Authority-Industrial Sales-September, 2017 & Debt Repayment Report

Attached is the Western Area Water Supply Authority (WAWS) financial information for the month of September, 2017.

Page 1 prepared by the Bank of North Dakota, reflects debt service payments through the month of September, 2017. With the restructuring of the loans the principal and interest was paid only on the \$87.75 million BND loan. Page 2 is a copy of the restructured debt service report.

The next 3 pages (pages 3, 4 & 5) I prepared based on the information provided by WAWS staff reflecting September revenues and expenses and net income. Net income for the month of September was \$736,909.78 before making the principal payment or making any baseline sales payments. When you include the baseline payment expense the net income for the month of September is \$336,927.69. As you will recall from the overall Debt Service spread sheet the breakeven sales monthly number is \$994,920. With WAWS sales for the month of September being \$1,666,729.88 WAWS was over that number by \$671,809.88. This is good news. However, there are some accounts payable that need to be paid.

Page 6 is the balance sheet prepared by WAWS staff as of September 30, 2017. As noted on the Balance Sheet the Accounts Receivables are \$4,153,187.20. This is the first time the Balance Sheet has removed the Deferred Expense line item (baseline sales payments) as an asset and only as an accounts payable. The liabilities include, within the accounts payable line item, both the 2016 and 2017 baseline sales payments which total \$8,399,618.18. Pages 7 & 8 are the consolidated balance sheet for the WAWS General Account which includes the Industrial Account balance sheet.

The Commission recently discussed the WAWS pricing of water and the Commission indicated they wanted to see the average sale price for the water each month. For the months of July through September the numbers are:

July	\$0.01362 per gallon or \$0.57 per barrel
August	\$0.01542 per gallon or \$0.65 per barrel
September	\$0.01285 per gallon or \$0.54 per barrel

Ms. Fine stated that she had visited with Mr. Jaret Wirtz and there were no action items that needed to be taken at this meeting.

Being no further Western Area Water Supply Authority business, Governor Burgum adjourned the meeting at 5:15 p.m. and took up North Dakota Building Authority business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



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Held on October 24, 2017 beginning at 1:00 p.m.  
Governor's Conference Room  
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Present: Governor Doug Burgum, Chairman  
Attorney General Wayne Stenehjem  
Agriculture Commissioner Doug Goehring

Also

Present: Leslie Oliver, Governor's Office  
Other attendees are listed on the attendance sheet available in the Commission files  
Members of the Press

Governor Burgum called the Administrative portion of the Industrial Commission meeting to order at 5:17 p.m. following completion of North Dakota Building Authority business.

Ms. Karlene Fine, Industrial Commission Executive Director/Secretary presented a request from the North Dakota State Investment Board for approval of Investment Board Management of the Tobacco Prevention and Control Trust Fund on behalf of the Office of Management and Budget as follows:

RE: Investment Board Request

The North Dakota Century Code states in 21-10-06:

...The state investment board may provide investment services to, and manage the money of, any agency, institution, or political subdivision of the state, subject to agreement with the industrial commission. The scope of services to be provided by the state investment board to the agency, institution, or political subdivision must be specified in a written contract. The state investment board may charge a fee for providing investment services and any revenue collected must be deposited in the state retirement and investment fund... (emphasis added)

Attached is a request from the Retirement and Investment Office's Fiscal and Investment Operations Manager for the State Investment Board ("Board") to be permitted to enter into an agreement with the Office of Management and Budget ("OMB") to provide investment management services for the Tobacco Prevention and Control Trust Fund ("Fund").

The Industrial Commission in June of 2015 approved the Board providing these services for this Fund. However, since the oversight of the Fund has now been transferred to OMB the Board needed to seek approval for the Board to enter into an agreement with OMB to provide investment services for this Fund. **It is my recommendation that this request be granted.**

**It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accept the Industrial Commission Executive Director's recommendation and grant the Investment Board's request to enter into an agreement with the Office of Management and Budget to provide investment management services for the Tobacco Prevention and Control Trust Fund. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.**

In response to a question, Ms. Fine stated that the Deputy Executive Director/Secretary position has been posted. She provided a copy of the posting to the Commission members. She stated that the submission date for applications is November 26, 2017.

The Commission members also extended birthday greetings to Ms. Fine. She thanked them for their cards and best wishes.

Being no further Administrative business, Governor Burgum adjourned the meeting at 5:18 p.m.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary