

Minutes of a Meeting of the Industrial Commission of North Dakota
Held on February 14, 2018 beginning at 1:30 p.m.
Governor's Conference Room, State Capitol

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

Also Present: Lt. Governor Brent Sanford (portions of the meeting)
Leslie Oliver, Governor's Office
Jessie Pfaff, Agriculture Department
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 1:30 p.m.

Housing Finance Agency

Ms. Jolene Kline, Housing Finance Agency Director, requested the appointment of a Public Hearing Representative regarding the Housing Finance Agency's proposed 2019 Low Income Housing Tax Credit Program Qualified Allocation Plan - public hearing to be held on March 29, 2018.

It was moved by Commissioner Goehring and seconded by Governor Burgum that the Industrial Commission appoints Jolene Kline as the Commission's representative at the March 29, 2018 10:00 a.m. public hearing on the Housing Finance Agency's proposed 2019 Low Income Housing Tax Credit Program Qualified Allocation Plan. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Ms. Kline requested the appointment of a Public Hearing Representative regarding the Housing Finance Agency's proposed 2018 National Housing Trust Fund Allocation Plan - public hearing to be held on March 29, 2018.

It was moved by Commissioner Goehring and seconded by Governor Burgum that the Industrial Commission appoints Jolene Kline as the Commission's representative at the March 29, 2018 11:00 a.m. public hearing on the Housing Finance Agency's proposed 2018 National Housing Trust Fund Allocation Plan. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

North Dakota Transmission Authority

Mr. Jason Bohrer, Lignite Energy Council, commented on the search that had been done to find the individual to serve as the Transmission Authority Director. Part of that process included a reevaluation of the work of the Transmission Authority Director and where that individual should focus their attention. He is pleased to report that John Weeda has been identified to serve as Director. He brings considerable experience -- over 40 years with Great River Energy -- and is current on the issues facing the industry.

Ms. Karlene Fine, Industrial Commission Executive Director, concurred in the recommendation of Mr. Weeda and provided the following memorandum regarding the appointment of the North Dakota Transmission Authority Director effective February 14, 2018:

RE: Transmission Authority Director

As you know Tyler Hamman resigned as North Dakota Transmission Authority Director on August 18, 2017. I am pleased to recommend the appointment of John Weeda to serve as North Dakota Transmission Authority Director. The funding for the Transmission Authority Director position comes through the Lignite Research Program contract with the Lignite Energy Council. A portion of the funding the Industrial Commission awarded to the Lignite Energy Council for the "Enhance, Preserve and Protect the North Dakota Lignite Industry Phase VII Project" included dollars for the Transmission Authority work.

John recently retired from Great River Energy after a 42 year career. He served on the EmPower Commission since it was established in 2007 until his retirement from Great River Energy so he has a good understanding of North Dakota's diverse energy resources and energy issues. He has an extensive background in working with both lignite and renewable resources and understands the complexity of the transmission system.

Therefore, it is my recommendation, that the Commission name John Weeda as the Director of the North Dakota Transmission Authority effective February 14, 2018.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accept the recommendation of the Industrial Commission Executive Director and name John Weeda Director for the North Dakota Transmission Authority effective February 14, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Western Area Water Supply Authority

Ms. Fine presented the January Financial Report and Debt Reduction Report as follows: (A complete copy of the report is available in the Commission files.)

RE: Western Area Water Supply Authority-Industrial Sales-January, 2018 & Debt Repayment Reports

Attached is the Western Area Water Supply Authority (WAWS) financial information for the 2017-2019 biennium through the month of January, 2018.

Page 1 was prepared by the Bank of North Dakota reflecting the debt service payments for the month of January, 2018. With the restructuring of the loans the principal and interest was paid this month only on the \$87.75 million BND loan (3.06425% variable rate in January).

The next 3 pages (pages 2, 3 & 4) I prepared based on the information provided by WAWS staff reflecting January revenues and expenses and net income. Net income for the month of January was \$203,906.23 after making the principal payment but not paying baseline sales.

As you will recall from the overall Debt Service spread sheet the breakeven sales monthly number is \$1,063,061 (an increase from the breakeven number of \$994,920 for CY 2017). With WAWS sales for the month of January being \$1,168,411 WAWS was over that number by \$105,350. This is good news. In addition to sales revenue WAWS also received \$92,672.60 from a charged-off account collection.

Page 5 is the balance sheet prepared by WAWS staff as of January 31, 2018. The liabilities include, within the accounts payable line item, the 2016, 2017 and 2018 baseline sales payments which total \$9,999,547.17. Pages 6 & 7 are the consolidated balance sheet for the WAWS General Account which includes the Industrial Account balance sheet.

You have requested that the average sale price for water be provided each month. For the months of July through January 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
October	\$0.01305 per gallon or \$0.55 per barrel
November	\$0.01346 per gallon or \$0.57 per barrel
December	\$0.01404 per gallon or \$0.59 per barrel
January	\$0.01442 per gallon or \$0.61 per barrel

Mr. Jaret Wirtz, WAWSA Executive Director, gave an update on sales and current activities. He indicated that there is considerable demand for water and the forecast for 2018 looks very promising. In response to questions he discussed pricing, the volume of water needed for well pads, recent line breaks, leak detection equipment and operations.

Department of Mineral Resources

Attorney General Stenehjem introduced Dan Gaustad, a Special Assistant Attorney General with respect to the Sorum lawsuit. He reviewed Mr. Gaustad's experience in providing legal services for the State.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that under the authority of North Dakota Century Code Sections 44-04-19.1 and 44-04-19.2 the Industrial Commission close the meeting to the public and enter executive session for the purpose of attorney consultation. The purpose of the executive session will be to consult with the Commission's attorneys regarding pending adversarial proceedings in Case No. 09-2018-CV-00089 Sorum et al v State of North Dakota, et al On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Governor Burgum stated that the discussion during executive session must be limited to the announced purpose for entering into executive session which is anticipated to last approximately 15 to 30 minutes. Any formal action by the Commission will occur after it reconvenes in open session. The executive session will begin at 2:01 p.m. Following the executive session the Commission will reconvene in open session.

EXECUTIVE SESSION

Members Present:

Governor Doug Burgum
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Department of Mineral Resources Personnel Present:

Lynn Helms Department of Mineral Resources Director

Bruce Hicks Department of Mineral Resources Oil and Gas Division Assistant Director
Ed Murphy Department of Mineral Resources Geological Survey
Alison Ritter Department of Mineral Resources Public Information Officer

Others in Attendance:

Brent Sanford Lt. Governor
Leslie Oliver Governor's Office
Dan Gaustad Special Assistant Attorney General
Jessie Pfaff Agriculture Department

Governor Burgum reconvened the Commission in open session at 2:36 p.m. and the public was invited to return to the meeting room. During its executive session the Commission consulted with its attorney(s) regarding Case No. 09-2018-CV-00089. The Commission provided guidance to its attorney.

Mr. Lynn Helms, Department of Mineral Resources Director, presented proposed Order No. 28865 in Case No. 26202 regarding Hunt Oil's petition for reconsideration of Industrial Commission Order No. 28618 (A copy of the proposed order and Hunt Oil's petition for reconsideration is available in the Commission files.) Mr. Helms explained the case and what had been approved in Commission Order 28618 which he had signed. He reviewed the arguments made in the petition for reconsideration. He stated that the staff does not believe their arguments are persuasive because the actions taken in Commission Order 28618 were based on the sworn testimony given by the Hunt Oil representative during the hearing. Therefore they are recommending that the petition for reconsideration be denied.

Case 26202: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28865 issued in Case 26202 denying the petition for reconsideration be approved this 14th day of February, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Ed Murphy, State Geologist, presented the Geological Survey Quarterly Report. (A copy is available in the Commission files.) His report included information on the following topics:

- Wilson M. Laird Core and Sample Library
- Sample Boxes Moved
- Landslide Mapping
- Engineering and Environmental (Infrastructure) Reviews
- High-level Radioactive Waste Disposal
- 2017 Public Fossil Dig Program
- Regulatory Programs
- Publications this Quarter
- Presentations this Quarter

The Commission expressed an interest in having the staff give a demonstration at a future meeting on how they are using the drones in their research and performing their regulatory responsibilities.

Mr. Murphy presented the Department of Mineral Resources Geological Survey 2017 Strategic Plan Yearend Review as follows:

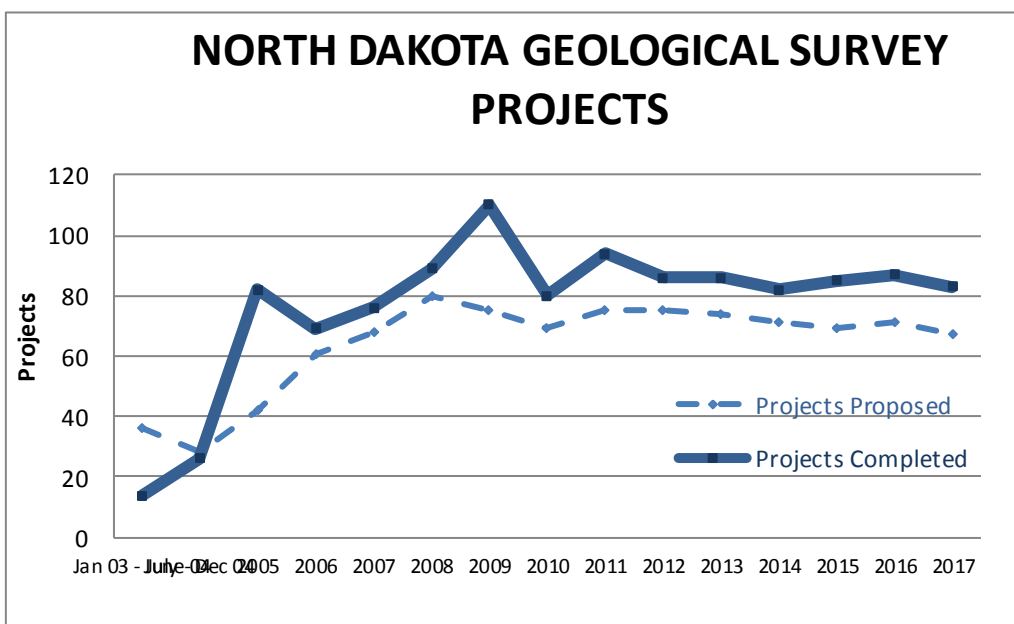
**Department of Mineral Resources
 NORTH DAKOTA GEOLOGICAL SURVEY
 2017 STRATEGIC PLAN YEAREND REVIEW**

The 2017 Strategic Plan for the North Dakota Geological Survey contained 67, one-year goals. We completed all but 9 of those projects. Of the nine not completed, three projects (two sets of surface geology maps and a gravel pit assessment) were left unfinished due to a shift in priorities to landslide maps, an unfinished Bakken project of Julie LeFever’s was not completed because of the time it would take to finish it, a potash report was not published because priorities were shifted over to a rare earth project, only one (rather than two) temporarily abandoned oil wells were temperature logged due to a cut in federal funding, a paleontological report was completed but not published, and two Survey webpage changes were not completed due to other project priorities.

In addition to completing 58 of the original projects, we completed 24 additional projects. Examples of projects added and completed in 2017 include: three presentations and a poster at the Rocky Mts. Sectional Mtg. of AAPG in Billings, Mt., 112 additional landslide maps were published, purchased a drone and evaluated 33 sites, moved all 70,000 sample boxes into the new core library warehouse, added one public fossil dig and expanded another, greatly expanded the size and scope of the rare earth project and report, and generated a bill draft for two new chapters of the century code.

As a result, we completed 86 projects in 2017, 15 more than proposed. We completed a number of projects even though we went eight months with a vacant subsurface geology position and moved the other two subsurface geologists to our core library in Grand Forks.

Proposed Projects	=	67
Projects Partially Completed	=	9
Projects Completed	=	58
Projects Added and Completed	=	25
Total Completed Projects	=	83



Proposed and completed projects in Geological Survey Strategic Plans (2003-2017).

SUBSURFACE ASSESSMENTS

One-year Plan:

1. Three stratigraphic posters to display at NAPE 2017.
2. Present one paper at the 2017 Williston Basin Petroleum Conference.
3. **Complete and publish the east-flank Bakken report that Julie LeFever was working on.**
4. Publish the 100k map and cross sections of the Inyan Kara for the Kenmare 100K sheet. (Crosby)
5. Publish cross section of organic-rich horizons in the Red River Formation. (AAPG Bulletin article)
6. Publish the 100k map and cross sections of the Inyan Kara for the Grassy Butte 100K.
7. Publish the 100k map and cross sections of the Inyan Kara for the Killdeer 100K sheet.

Added projects:

1. Presented an additional paper at the 2017 Williston Basin Petroleum Conference.
2. Subsurface storage potential in Stutsman County. (GI 202)
3. Inyan Kara talk at AAPG Rocky Mts. Sectional Meeting.
4. Red River talk at AAPG Rocky Mts. Sectional Meeting.
5. Tyler talk at AAPG Rocky Mts. Sectional Meeting.
6. Poster session at AAPG Rocky Mts. Sectional Meeting.
7. Red River Formation kukersites. (RI 118)

CORE AND SAMPLE LIBRARY

One-Year Plan:

1. New core library manager in place as quickly as possible. (June)
2. Transfer a subsurface geologist to core library to assist industry. (July)
3. Change out light fixtures in black light laboratory. (June)
4. Convert five keyed doors to keyless entry to improve security. (May)
5. Solve acid vapor problems in core photo lab. (March -- moved acid bath under vent, sealed when not in use).
6. Photograph 10,000 feet of core and add to website. (11,320 ft.)
7. Move 20,000 sample boxes into the new warehouse addition.

Added projects:

1. Moved an additional 50,000 sample boxes into the new warehouse addition. (November 1)

GEOHERMAL ASSESSMENTS

One-year Plan:

1. **Temperature log two oil wells.** (temperature logged one well in 2017 - **50:50 federal match program not funded**).

LIGNITE ASSESSMENTS

One-Year Plan:

1. Interpret lithologies from 200 oil and gas gamma logs and place into coal database.
2. Convert additional data in DOS based program into PETRA.

GEOLOGIC MAPPING

Detailed Surface or Subsurface Mapping

One-Year Plan:

1. Publish the surface geology of four quadrangles in northeastern North Dakota. (Edinburg, Lankin, Dahlen, Fordville)
2. Publish the surface geology of the Crown Butte and Crown Butte Lake quads.
3. Publish the surface geology of two quadrangles in the Bismarck area. (maps completed—in press).
4. Publish 100 LiDAR quadrangles from central North Dakota.
5. Publish map of localized sand and gravel deposits in eastern ND using LiDAR.

Added projects:

1. Published the surface geology of five additional quadrangles in northeastern North Dakota. (Fordville SW, Fordville SE, Inkster, Pleasant Valley, and Orr)
2. Published an additional 454 LiDAR quadrangles from central North Dakota.

Mineral Resource Mapping

One-Year Plan:

1. Publish a phase III report on the potash deposits of northwestern North Dakota.
2. Published a report on rare earth concentrations in western North Dakota lignites.

Added projects:

1. Greatly expanded the size and scope of the rare earth report. (RI 117, 104 p.)

Geologic Hazards Mapping

One-Year Plan:

1. Publish 10 landslide maps (1:24,000) in pipeline areas in western North Dakota.
2. Publish 10 landslide maps (1:24,000) in pipeline areas in northwestern North Dakota.
3. Publish five landslide maps (1:24,000) of potential wind farms in eastern North Dakota.
4. Publish five landslide maps (1:24,000) of potential wind farms in central North Dakota.

Added projects:

1. Published an additional 33 landslide maps in pipeline areas in central North Dakota.
2. Published 25 landslide maps (1:24,000) in pipeline areas in western North Dakota.
3. Published 25 landslide maps (1:24,000) in pipeline areas in northwestern North Dakota.
4. Published 22 landslide maps (1:24,000) in pipeline areas in southwestern North Dakota.
5. Published 7 landslide maps (1:24,000) in wind farm project areas in western North Dakota. (142 total)
6. Purchased drone to aid in slope evaluation and generated 4,572 photos and 53 videos.

Geochemical Mapping

One-Year Plan:

1. Compare uranium and rare earth concentrations looking for exploration trends. (scintillometer – in RI 117)

PALEONTOLOGICAL ACTIVITIES

One-Year Plan:

1. Administer Dickinson Public Fossil Dig.
2. Administer Bismarck Public Fossil Dig.
3. Administer Medora Public Fossil Dig.
4. Continue to assist the new director and paleontologist at the Dakota Dinosaur Museum.
5. Evaluate two public fossil exhibits outside of Bismarck. (Cavalier Co. Museum & Pembina State Museum).
6. Publish a report on the Medicine Hill fauna. (completed, but not published)
7. Conduct 25 tours of the Corridor of Time Exhibit or the Paleo Lab at the Heritage Center.

8. Present lectures on prehistoric life in North Dakota to public and academic groups.
9. Publish volume 1 of the ND paleo outreach books.
10. Spend one week excavating dinosaur fossils at Fort Rice site – as funding allows.
11. Assess land tracts identified for development for potential impact on paleontological resources for the State Land Department.
12. Interact with federal agencies to assure effective management of ND paleontological resources.

Added projects:

1. Pembina Public Dig added to the schedule.
2. Added 38 more outreach activities.
3. Moved Bismarck airport exhibit.
4. Developed a new touchable exhibit for the Pembina State Museum.
5. Spent two additional weeks excavating dinosaur fossils at Fort Rice site.
6. Established a work study program with two University of Mary students to assist in collections.

STATE FOSSIL COLLECTION

One-Year Plan:

1. Collect, prepare, and curate fossil specimens from public digs and agency digs into the collection.

STATE ROCK AND MINERAL COLLECTION

One-Year Plan:

1. Collect, prepare, and curate rocks and minerals collected by NDGS staff or donated to the collection.

REGULATORY ACTIVITIES

One-Year Plan:

1. Review and, if need be, update Underground Injection Control Class III Rules.
2. Transfer nonconfidential geophysical coal logs from confidential file to public file.
3. Issue permits for coal exploration in a timely manner.
4. Issue permits for subsurface minerals in a timely manner.
5. Issue permits for geothermal facilities in a timely manner.
6. Issue permits for fossil collecting on State administered lands in a timely manner.
7. Continue to educate geothermal installers about the state's permitting program.
8. Complete environmental reviews of landfill permit applications, coal mine permit applications, highway, pipeline, and transmission line corridors, wind farms in a timely manner.
9. Answer inquiries from industry and the public regarding program rules and regulations.

Added projects:

1. Generated a bill draft for NDCC 38-23 and 38-24 regarding high-level radioactive waste disposal and subsurface storage and retrieval.

OUTREACH ACTIVITIES

Public Outreach

One-Year Plan:

1. Prepare materials and populate booth at NAPE 2017.
2. Assist with the 2017 ND Petroleum Council Teacher Seminar.
3. Publish six major geology articles in the DMR newsletter.
4. Prepare program for the 2017 Kids Reading Day at the Heritage Center.
5. Continue to provide public presentations pertaining to a variety of geologic topics in ND.
6. Continue to publish DMR newsletter in a timely manner.

Added projects:

1. Published four additional major geology articles in the DMR newsletter.

Survey Web Page

One-Year Plan:

1. Create a more user friendly search index for publications.
2. Change out front page of Survey website.

Computerized Geologic Database

One-Year Plan:

1. Identify geologic data to be scanned and placed into a Survey database.

Information Dissemination

One-Year Plan:

1. As studies are completed, provide the results as NDGS publications.
2. Place links to digital copies of reports on our homepage.
3. Provide coal information to the National Coal Resource Database (downhole temperature data).
4. When published, place pdfs of ND mineral, surface, geothermal, and geologic hazards maps on the Survey website.
5. Place shape files of coal, uranium, landslides maps, etc on the website for download.

Earth Science Information Center (ESIC)

One-Year Plan:

1. Continue to maintain a wide variety of map products related to North Dakota.

Mr. Murphy reviewed the Geological Survey's proposed 2018 Strategic Plan.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission adopts the following Department of Mineral Resources North Dakota Geological Survey 2018 Strategic Plan.

**Department of Mineral Resources
NORTH DAKOTA GEOLOGICAL SURVEY
2018 STRATEGIC PLAN**

MISSION

To serve as the primary source of geologic information in the state by: 1) interpreting the states geologic setting; 2) conducting geological investigations that emphasize the state's economic products, geological hazards, and energy resources; 2) establishing a scientific framework from which to base regulatory programs; and 3) operating and maintaining a public repository for fossils, rock specimens, rock cores, well cuttings, and associated geologic data.

OVERVIEW

The 2018 Geological Survey Strategic Plan contains 69 one-year project plans. This is a flexible document and we will continue to add and subtract projects as priorities change. Examples of one year goals in this strategic plan include: two papers and a core workshop at the Williston Basin Petroleum Conference, getting industry feedback on desired analytical equipment in the core library, publish a report on the potash deposits in ND, publish a rare earth report, publish 110 landslide quadrangles, add a new fossil exhibit in the

Heritage Center and expand an existing one, and generate a bill draft governing lake bed sediment dredging in ND.

SUBSURFACE ASSESSMENTS

One-year Plan:

1. Publish a report on the middle and lower Three Forks Formation. (GI 205)
2. Display two stratigraphic posters at NAPE 2018.
3. Present a paper at the 2018 Williston Basin Petroleum Conference on the Devonian.
4. Present a paper at the 2018 Williston Basin Petroleum Conference on the Silurian.
5. Present a core workshop at the 2018 Williston Basin Petroleum Conference.
6. Publish the 100K map and cross sections of the Inyan Kara for the Kenmare 100K sheet.
7. Publish the 100K map and cross sections of the Inyan Kara for the Belfield 100K sheet.
8. Publish the 100K map and cross sections of the Inyan Kara for the Dickinson 100K sheet.

Long-Term Plan:

1. Provide stratigraphic and structural information to industry on major oil and gas plays in ND.
2. Generate information on current and future oil and gas plays useful to industry and the citizens of ND.
3. Complete digital stratigraphic column of North Dakota.
4. Determine the framework geology (stratigraphy & structure) of the Williston Basin in three dimensions.
5. Continue involvement in the annual Williston Basin Petroleum Conference.

CORE AND SAMPLE LIBRARY

One-Year Plan:

1. Photograph 10,000 feet of core and add to website.
2. Photograph thin sections as they become available and post on website.
3. Create an interview form and interview companies and students after they use the core library to identify analytical equipment that would be of benefit to core library users.
4. Evaluate the pros and cons of generating thin sections in the core library.
5. Continue to monitor for water problems along the east side of the building.
6. Continue to assist with janitorial duties at building.
7. Complete cross training of core library technicians.
8. Determine the proper balance between generating core gamma rays and core photographs.

Long-Term Plan:

1. Post all core analyses on website.
2. Review and revise safety policy for the expanded core facility.
3. Photograph all 450,000 feet of core in the core library (prioritize based upon industry interest).
4. Identify whole core holdings and determine what should be slabbed and photographed and what should be retained for whole core analysis.
5. Take a large view photograph of each thin section and add it to subscription site.
6. Evaluate cross-training of technicians every two years.

GEOHERMAL ASSESSMENTS

One-year Plan:

1. Determine feasibility of continuing to temperature log oil wells with limited funds.

Long-Term Plan:

1. Publish all forty-four 100k geothermal sheets using actual subsurface temperature data for ND.
2. Enhance ability to respond quickly to requests for geothermal data from industry.

3. Periodically evaluate methods of storing and publishing geothermal data.

LIGNITE ASSESSMENTS

One-Year Plan:

1. Interpret lithologies from 100 oil and gas gamma logs and place into coal database.
2. Convert additional data in DOS based program into PETRA.

Long-Term Plan:

1. Evaluate feasibility and usability of a 1:250K series of coal map sheets.
2. Maintain and enhance ability to respond quickly to requests for lignite data.
3. Evaluate feasibility of scanning all public coal logs into a web-based system and requiring digital raster files of electric logs from industry.

GEOLOGIC MAPPING

Detailed Surface or Subsurface Mapping

One-Year Plan:

1. Publish the surface geology of the Crown Butte and Crown Butte Lake quads.
2. Publish the surface geology of three quadrangles in the Bismarck area.
3. Publish 200 LiDAR quadrangles from central North Dakota.

Long-Term Plan:

1. Complete 24K and 100K LiDAR maps for all of North Dakota.
2. Obtain an additional surface geologist so mapping responsibilities would be a quarter of the state.
3. Publish isopachs and contour maps of all the subsurface fms. and mappable intervals in North Dakota.
4. Expand investigative resources through the use of contract drilling.
5. Complete engineering property cross-sections of all urban areas in ND.

Mineral Resource Mapping

One-Year Plan:

1. Publish a phase III report on the potash deposits of northwestern North Dakota.
2. Publish a report on rare earth concentrations in western North Dakota lignites.

Long-Term Plan:

1. Complete mapping of all nonhydrocarbon mineral deposits in ND at a scale of 1:24,000.
2. Update existing maps, such as uranium, as nonconfidential information becomes available.
3. Digitize all uranium logs in our well files.

Geologic Hazards Mapping

One-Year Plan:

1. Publish 25 landslide maps (1:24,000) in pipeline areas in southwestern North Dakota.
2. Publish 25 landslide maps (1:24,000) in pipeline areas in north-central North Dakota.
3. Publish 10 landslide maps (1:24,000) of potential wind farms in North Dakota.
4. Publish 25 landslide maps (1:24,000) in western North Dakota.
5. Publish 25 landslide maps (1:24,000) in western North Dakota.
6. Utilize drone for landslide mapping as needed and provide assistance to other agencies.

Long-Term Plan:

1. Map all of the landslide-prone areas in North Dakota at a scale of 1:24,000.
2. Obtain recent stereo pair aerial photos of ND to map current landslides, supplement with LiDAR.
3. Convert photos to digital database and map landslides on computer.

PALEONTOLOGICAL ACTIVITIES

One-Year Plan:

1. Create a new exhibit and modify an existing exhibit in the Heritage Center.
2. Meet with Parks and Recreation and Historical Society to discuss tours of the Stumpf site.
3. Administer Dickinson Public Fossil Dig.
4. Administer Bismarck Public Fossil Dig.
5. Administer Medora Public Fossil Dig.
6. Administer the Pembina Gorge Dig.
7. Continue to assist the Dickinson Dinosaur Museum.
8. Evaluate two public fossil exhibits outside of the Bismarck area.
9. Publish a report on the Medicine Hill fauna.
10. Conduct 30 tours of the Corridor of Time Exhibit or the Paleo Lab at the Heritage Center.
11. Present lectures on prehistoric life in North Dakota to public and academic groups.
12. Publish volume II of the ND paleo outreach books.
13. Spend one week excavating dinosaur fossils at Fort Rice site.
14. Assess land tracts for development for potential impact on paleo resources for the Land Dept.
15. Interact with federal agencies to assure effective management of ND paleontological resources.

Long-Term Plan:

1. Explore additional paleontologic exhibit opportunities in communities across North Dakota.
2. Keep paleontology website up to date.
3. Evaluate current fossil collections system and revamp if necessary.
4. Maintain public fossil digs program at the current level and expand if possible.
5. Continue paleontology outreach activities including tours of the NDGS Johnsrud Paleontology Laboratory and fossil exhibits at the ND Heritage Center, public lectures, public field trips to fossil sites, identification of fossils for the public, participation in science olympiads and science fairs, etc.
6. Continue to conduct research to learn more about North Dakota's prehistoric life and the climates and environments that existed at different times in the geologic past.
7. Continue publishing technical and non-technical articles about the prehistoric life of North Dakota for the scientific and public communities.

STATE FOSSIL COLLECTION

One-Year Plan:

1. Collect, prepare, and curate fossil specimens from public digs and agency digs into the collection.

Long-Term Plan:

1. Continue collection and curation of North Dakota fossil specimens.
2. Prepare fossil specimens for scientific study, public display, and educational use.

STATE ROCK AND MINERAL COLLECTION

One-Year Plan:

1. Collect, prepare, and curate rocks and minerals collected by NDGS staff or from donations.

Long-Term Plan:

1. Continue collection and curation of North Dakota rock and mineral specimens.
2. Prepare rock and mineral specimens for scientific study, public display, and educational use.

REGULATORY ACTIVITIES

One-Year Plan:

1. Generate a bill draft governing lake sediment dredging in North Dakota.
2. Transfer non-confidential geophysical coal logs from confidential file to public file.
3. Issue permits for coal exploration in a timely manner.
4. Issue permits for subsurface minerals in a timely manner.
5. Issue permits for geothermal facilities in a timely manner.
6. Issue permits for fossil collecting on State administered lands in a timely manner.
7. Complete environmental reviews of landfill permit applications, coal mine permit applications, highway, pipeline, and transmission line corridors, wind farms in a timely manner.
8. Answer inquiries from industry and the public regarding program rules and regulations.

Long-Term Plan:

1. Propose the needed statute and rule changes to keep the regulatory programs functioning efficiently.
2. Modify, as needed, the assignment of duties for the coal exploration, subsurface minerals, UIC Class III, and geothermal regulatory programs.

OUTREACH ACTIVITIES

Public Outreach

One-Year Plan:

1. Prepare materials and populate booth at NAPE 2018.
2. Assist with the 2018 ND Petroleum Council Teacher Seminar.
3. Publish six major geology articles in the DMR newsletter.
4. Prepare program for the 2018 Kids Reading Day at the Heritage Center.
5. Continue to provide public presentations pertaining to a variety of geologic topics in ND.
6. Complete graphics for oil and gas coloring book.
7. Continue to publish DMR newsletter in a timely manner.

Long-Term Plan:

1. Prepare guidebooks for general public fieldtrips in areas of interest in North Dakota.
2. Meet with industry and state and federal agencies to assess study topics, on an as-needed-basis.
3. Hire a full-time outreach person.

Survey Web Page

One-Year Plan:

1. Create a more user friendly search index for publications.
2. Change out front page of Survey website.

Long-Term Plan:

1. Continue to place relevant geologic information and related technical material on the website.
2. Scan all of the electric and geologic logs from coal and uranium exploration holes.

Computerized Geologic Database

One-Year Plan:

1. Identify geologic data to be scanned and placed into a Survey database.

Long-Term Plan:

1. Complete digitization of existing databases and maintain files.

Information Dissemination

One-Year Plan:

1. As studies are completed, provide the results as NDGS publications, refereed journal articles, or

industry publications.

2. Place links to digital copies of maps and reports on Survey website.
3. Place shape files of coal, uranium, landslides maps, etc on the website for download.

Long-Term Plan:

1. Create digital files for all of the Geological Survey's historic documents.
2. Study the feasibility of scanning all aerial photographs in the Survey collection (either internally using outside funding or through a partnership with private industry) and unless prohibited by agreement, provide to the general public.
3. Scan electric and geologic logs from coal and subsurface mineral files and place on website.

Earth Science Information Center (ESIC)

One-Year Plan:

1. Continue to maintain a wide variety of map products related to North Dakota.

Long-Term Plan:

1. Publicize the availability of our ESIC materials through the Survey website and other forms of communication.
2. Determine if there are additional geoscience materials on ND that could be provided through our ESIC office.
3. Carefully maintain paper map inventory to avoid over-purchasing as the public transitions to digital maps.

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

In response to a question Mr. Murphy indicated that the Geological Survey has in the past worked cooperatively with the State Water Commission and he will discuss with Water Commission staff the use of their ground penetrating radar equipment and whether there are some opportunities for sharing resources.

Mr. Helms provided an update on the work he has been doing regarding the right-of-way issues on the Fort Berthold Reservation. He indicated some progress has been made on the tribal process but there are some new barriers with the BIA requirements--they now want a higher bond but haven't decided on an amount so all right-of-way approvals have been stopped. He indicated he will continue to work on this issue.

Bank of North Dakota

Mr. Eric Hardmeyer, Bank of North Dakota President, introduced Katie Williams from Eide Bailly. Ms. Williams presented the North Dakota Guaranteed Student Loan Program Audit (9/30/2017). (A copy of the audit is available in the Commission files.) She indicated that they issued an unmodified or clean opinion on the financial statements. There were no internal control deficiencies and no compliance issues reported.

The Commission and Bank management discussed the relationship between the Guaranteed Student Loan Program, the Student Loan Trust and the Bank of North Dakota.

Mr. Hardmeyer reviewed with the Commission a memorandum on the proposed 2018 Bank of North Dakota Budget.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the recommendation of the Bank of North Dakota Advisory Board and approves the following Calendar Year 2018 Budget for the Bank of North Dakota:

**BANK OF NORTH DAKOTA
ENDING BALANCE SHEET**

ACTUAL 2017 v. BUDGET 2018

	(In thousands)			
	Actual 2017	Budget 2018	Difference	% Change
Cash and due from banks	357,042	185,000	(172,042)	-48.19%
Federal funds sold	57,555	65,000	7,445	12.94%
Securities	1,665,252	1,825,053	159,801	9.60%
Loans				
Commercial	2,071,953	2,083,526	11,573	0.56%
Farm	668,904	697,558	28,654	4.28%
Residential	762,480	773,000	10,520	1.38%
Student loans	1,405,941	1,220,815	(185,126)	-13.17%
	4,909,278	4,774,899	(134,379)	-2.74%
Less allowance for loan loss	(84,958)	(82,768)	2,190	-2.58%
	4,824,320	4,692,131	(132,189)	-2.74%
Other assets	99,133	96,038	(3,095)	-3.12%
Total Assets	7,003,302	6,863,222	(140,080)	-2.00%
Deposits -				
Non-interest bearing	555,020	550,000	(5,020)	-0.90%
Interest bearing	4,049,938	3,968,000	(81,938)	-2.02%
Federal funds purchased and repurchase agreements	299,775	310,000	10,225	3.41%
Short and long-term borrowings	1,263,569	1,212,494	(51,075)	-4.04%
Other liabilities	10,198	10,891	693	6.80%
Total liabilities	6,178,500	6,051,385	(127,115)	-2.06%
Equity	824,802	811,837	(12,965)	-1.57%
Total Liabilities and Equity	7,003,302	6,863,222	(140,080)	-2.00%

BANK OF NORTH DAKOTA ENDING INCOME
STATEMENT

ACTUAL 2017 v. BUDGET 2018

(In thousands)

	Actual 2017	Budget 2018	Difference	% Change
Interest Income	219,700	240,354	20,654	9.40%
Interest Expense	37,865	58,964	21,099	55.72%
Net Interest Income	181,835	181,390	(445)	-0.24%
Provision for Loan Losses	12,000	6,000	(6,000)	100.00%
Net Interest Income After Provision	169,835	175,390	5,555	3.27%
Non-Interest Income	5,980	9,653	3,673	61.42%
Non-Interest Expense Salaries and benefits	16,608	17,424	816	4.91%
Data processing	5,157	8,190	3,033	58.81%
Occupancy and equipment	1,448	1,230	(218)	-15.06%
Other operating expense	7,318	10,115	2,797	38.22%
	30,531	36,959	6,428	21.05%
Net Income	145,284	148,084	2,800	1.93%
Return on Average Assets	2.11%	2.19%		
Return on Average Equity	17.00%	17.29%		

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

Mr. Hardmeyer presented the Fourth Quarter 2017 Performance Highlights. (A copy is available in the Commission files.) He noted that the Highlights are in a new format and indicated that if the Commission members had any suggestions or wanted any additional information contact Mr. Kirby Evanger. The Highlights include:

- Balance Sheet
- Income Statement

- Leverage Ratio
- Net Loans to Earning Assets
- Ten Year History
- Loan Originations
- Consolidated Loan Portfolio
- Commercial Loan Portfolio
- Agriculture Loan Portfolio
- Residential Loan Portfolio
- Student Loan Portfolio
- Commercial PACE
- Ag PACE & Beginning Farmer
- Credit Quality
- College SAVE

Mr. Hardmeyer presented the non-confidential Bank of North Dakota Advisory Board November 16, and 29 and December 21, 2017 meeting minutes.

Governor Burgum closed the meeting pursuant to N.D.C.C. 6-09-35 to discuss the following items:

- Consideration of Bank of North Dakota loan application
- Presentation of the following reports:
 1. Non-Accrual Loans Quarterly Recap/Detail
 2. Problem Loans - Adversely Classified Quarterly Recap
 3. Off-Balance Sheet Risk Quarterly Recap
- Determination of the Loan Chargeoffs and Recoveries for the year ending December 31, 2017 with 10-Year Summary
- Determination of Uncollectible Loans Presentation of confidential Bank of North Dakota Advisory Board November 16 and 29, and December 21, 2017 meeting minutes

EXECUTIVE SESSION

Members Present:

Governor Doug Burgum
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Bank of North Dakota Personnel Present:

Eric Hardmeyer Bank of North Dakota
Tim Porter Bank of North Dakota
Kirby Evanger Bank of North Dakota

Others in Attendance:

Leslie Oliver Governor's Office
Jessie Pfaff Agriculture Department

The Commission reconvened in open session at 4:34 p.m.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission approve the Loan Charge-Offs totaling \$6,581,267.05 and Recoveries totaling \$795,238.64 for the period January 1, 2017 through December 31, 2017. (The \$6,581,267.06 includes the 2017 loan charge-offs that are deemed uncollectible.) On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission make the determination that the following loans charged off in the years 2017, 2016 and 2013 totaling \$1,744,516.67 are determined uncollectible:

2017 Loan Charge-off Deemed Uncollectible*

Westwood Properties, LLC	\$ 209,743.75
Richard E. and Judith Johnson dba Frostfire Mountain	\$ 100,000.00
Prairie Meadows, LLC	\$1,034,725.93
Persevere, LLC	<u>\$ 55,148.92</u>
	\$1,399,618.60

and

Previous Loan Charge-offs Deemed Uncollectible*

Grand Forks Bean Company, Inc.	(2016)	\$313,589.99
Kyle Imsland c/b/a/ Redline Power Sports	(2013)	<u>\$ 31,308.08</u>
TOTAL		\$344,898.07

Also determined as uncollectible in 2017 are \$695,402.42 of student and residential loans which are not reportable under GLB.

*Uncollectible amounts are net of any recoveries received.

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

Being no further Industrial Commission business, Governor Burgum adjourned the meeting at 4:35 p.m.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary