Federal partnership facilitates development of Bakken Formation resources

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WASHINGTON — A partnership among Department of the Interior agencies and American Indian communities in North Dakota has spurred a 400 percent increase in revenues from increased domestic energy production over last year – providing substantial economic benefits to the tribal government and individual mineral owners.

“The Bakken Formation in North Dakota is producing more and more energy resources for domestic consumption, while providing increasing royalty revenue to the Three Affiliated Tribes of the Ft. Berthold Reservation,” said Greg Gould, Interior’s Acting Deputy Assistant Secretary for Natural Resources Revenue. “These royalty revenues are returned 100 percent to the Mandan, Hidatsa and Arikara tribal government and individual American Indian mineral owners, providing a crucial source of income and helping to spur local economies.”

During fiscal year 2011, the production of oil, natural gas and other hydrocarbons generated more than $117.4 million in royalty revenue at Ft. Berthold – a 400 percent increase over the previous year’s $26.5 million in royalty revenue. In fiscal year 2009, royalty revenue at Ft. Berthold totaled just $4.5 million.

Oil production represented the largest amount of royalties in fiscal year 2011 with a sales volume of about 7 million barrels, producing more than $105 million in revenue. Those numbers compare to the $25 million in royalty revenue received in fiscal year 2010, based on an oil sales volume of approximately 2 million barrels.

“The impressive energy production and revenue that are being generated on the Ft. Berthold Reservation are proof of what a successful federal-tribal partnership looks like,” said Interior Assistant Secretary-Indian Affairs Larry Echo Hawk. “This effort is based on the Tribes’ vision of economic self-sufficiency through the safe development of its energy resources coupled with strong leadership and determination to succeed from the Tribes’ and their federal partners.”

The federal partners include the Bureau of Indian Affairs, Office of Indian Energy and Economic Development, the Bureau of Land Management, the Office of Special Trustee for American Indians, the Office of Natural Resources Revenue, the Fish and Wildlife Service, the U.S. Geological Survey and the Environmental Protection Agency.

The Office of Indian Energy and Economic Development approached the Three Affiliated Tribes in 2002 to facilitate tribal efforts to develop energy resources on their lands. In 2008, a U.S. Geological Survey assessment of the Bakken Formation of the Williston Basin Province in Montana and North Dakota estimated a mean undiscovered resource volume at 3.65 billion barrels of technically recoverable oil, 1.85 trillion cubic feet of associated/dissolved natural gas, and 148 million barrels of natural gas liquids.

Lease sales on the reservation began in 2006 and the first new wells were drilled in 2009. The Bureau of Indian Affairs conducts the lease sales and the Bureau of Land Management performs compliance inspections on drillers operating on the reservation. BLM's Montana state office, which carries out these responsibilities for the Dakotas, has helped to improve leasing and inspections on the reservation. The Office of Indian Energy and Economic Development provides technical support to Interior's efforts at Ft. Berthold to more efficiently and more effectively provide services to the Indian mineral owners concerning the rapidly expanding oil and gas development taking place on the reservation.

Ongoing meetings among federal partners and tribal representatives are held to listen to tribal concerns and to address a wide range of coordination issues, identify opportunities to collaborate – including revisions in document processing – and other matters that impact the development of oil and gas resources on the reservation and the distribution of royalties.

The Bakken Formation, which straddles the northern United States and Canada and includes private, tribal, state and federal lands, has been characterized as a "world-class find." In July 2011, for example, the Bakken Formation produced 424,000 barrels, compared to Alaska's Prudhoe Bay, which produced 453,000 barrels of oil during the same month.

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The Assistant Secretary – Indian Affairs carries out the Secretary's responsibility for managing the government-to-government relationship between the federal government and the 565 federally recognized American Indian and Alaska Native tribes with a combined service population of about 1.9 million American Indians and Alaska Natives. The Indian Affairs Office of Indian Energy and Economic Development provides assistance to tribal communities with managing and developing their renewable and non-renewable energy resources and helping them to expand job creation, workforce training and economic development.

The Office of Natural Resources Revenue, under the Assistant Secretary for Policy, Management and Budget, collects and disburses revenue from energy production that occurs onshore on Federal and American Indian lands and offshore on the Outer Continental Shelf