

The background of the slide is a scenic photograph of a mountain valley in Yellowstone National Park. The foreground shows a valley floor with patches of snow and green vegetation. In the middle ground, there are steep, rocky slopes with some snow. In the background, there are large, flat-topped mountain peaks under a clear blue sky. Three large, horizontal arrows are overlaid on the image, pointing from left to right. The top arrow is dark blue, the middle one is dark green, and the bottom one is orange. The text is positioned in the lower right quadrant of the slide.

Yellowstone County Midyear 2015

By Paul E. Polzin

Director Emeritus

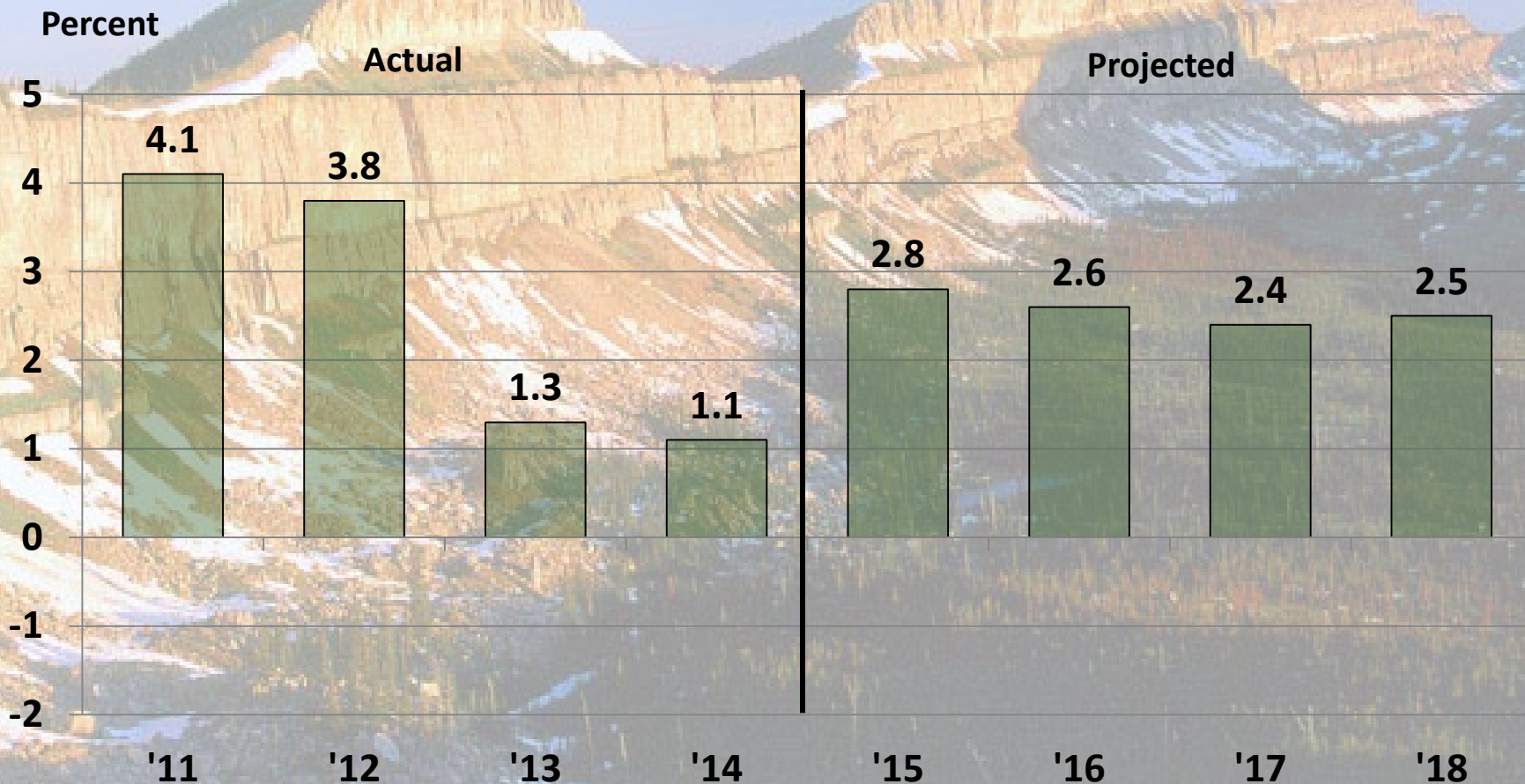
Bureau of Business and Economic Research

The University of Montana

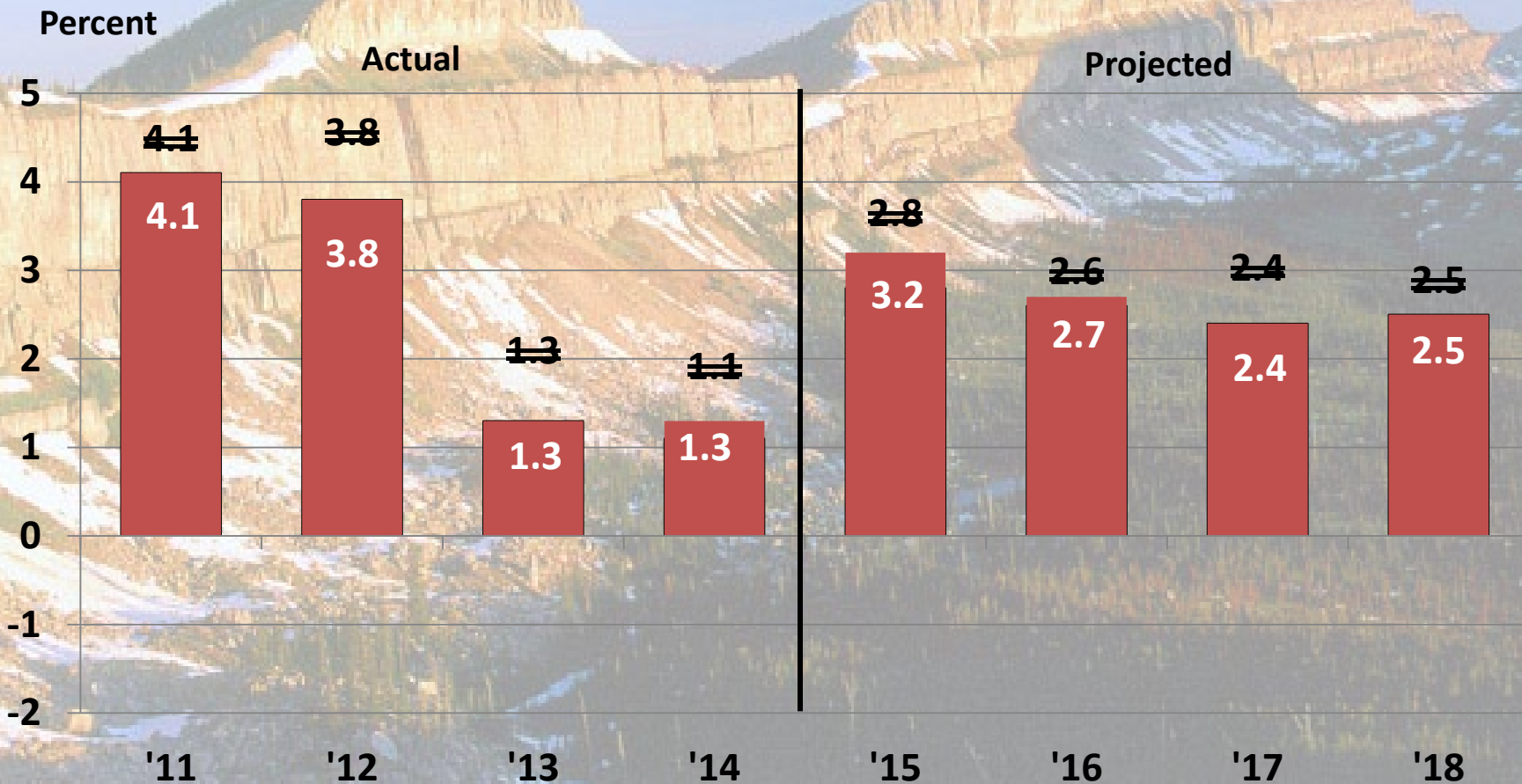
Yellowstone County's Economic Base 2013-2015

| | | <u>Feb. '15</u> | <u>Aug. '15</u> |
|------------------------------|-----|-------------------------|-----------------|
| Other Basic | 1% | | |
| Mining | 8% | HQ Less Vulnerable? | Weak Q3 Q4 |
| Nonresident Travel | 6% | Moderate Growth | Strong |
| Higher Ed. and State Gov't | 7% | Stable | ✓ |
| Transportation | 10% | Energy Growth | ✓ |
| Trade Center-Services | 11% | Vulnerable | ✓ |
| Federal Government | 12% | Headwinds | Declines |
| Trade Ctr.-Wholesale, Retail | 15% | Vulnerable | Strong Q3 Q4 |
| Trade Center-Health Care | 14% | Affordable Care Act? | ✓ |
| Manufacturing | 16% | Positive | Strong Q3 Q4 |
| Construction | | Industrial, Residential | ✓ |

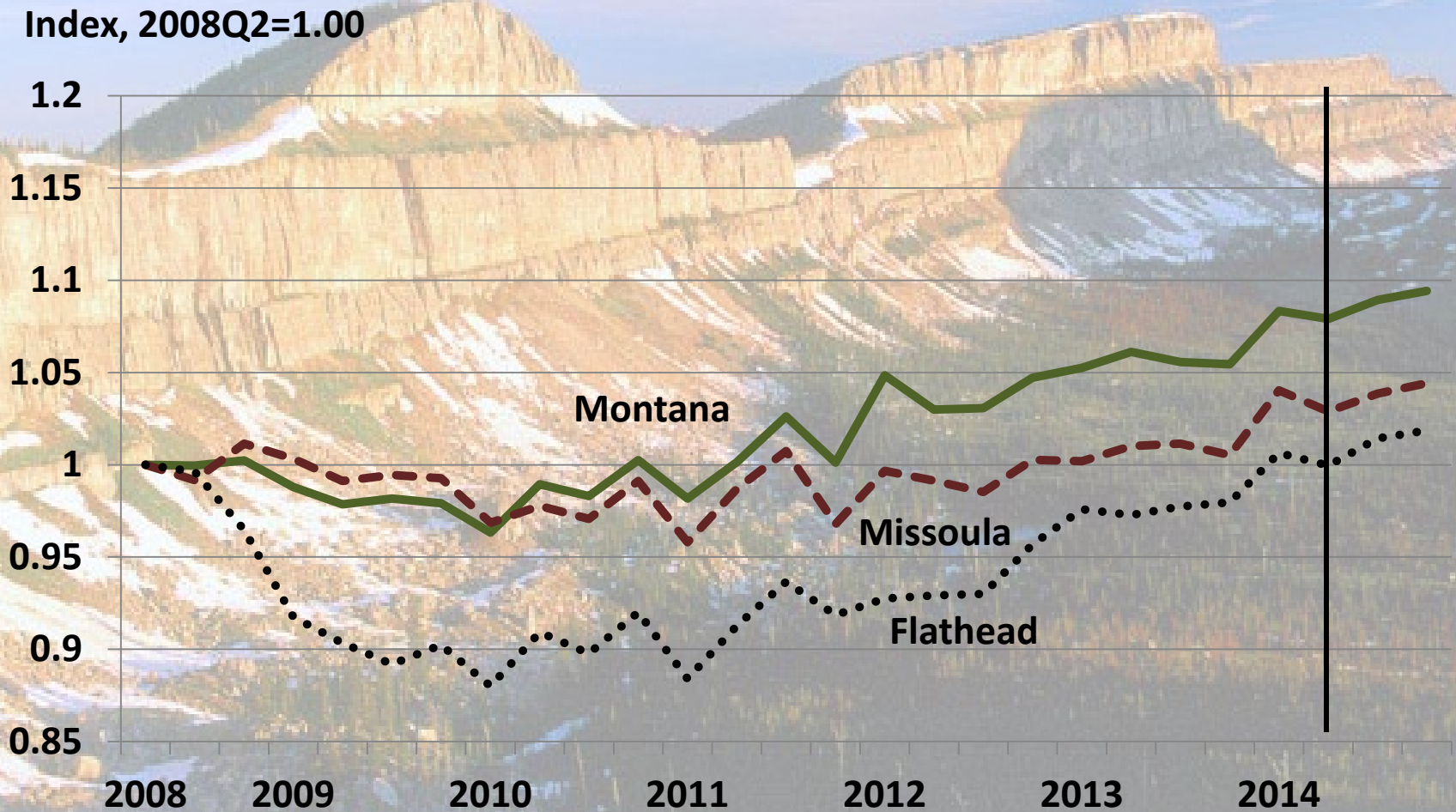
Actual and Projected Change in Nonfarm Earnings, Yellowstone County, 2011-2018



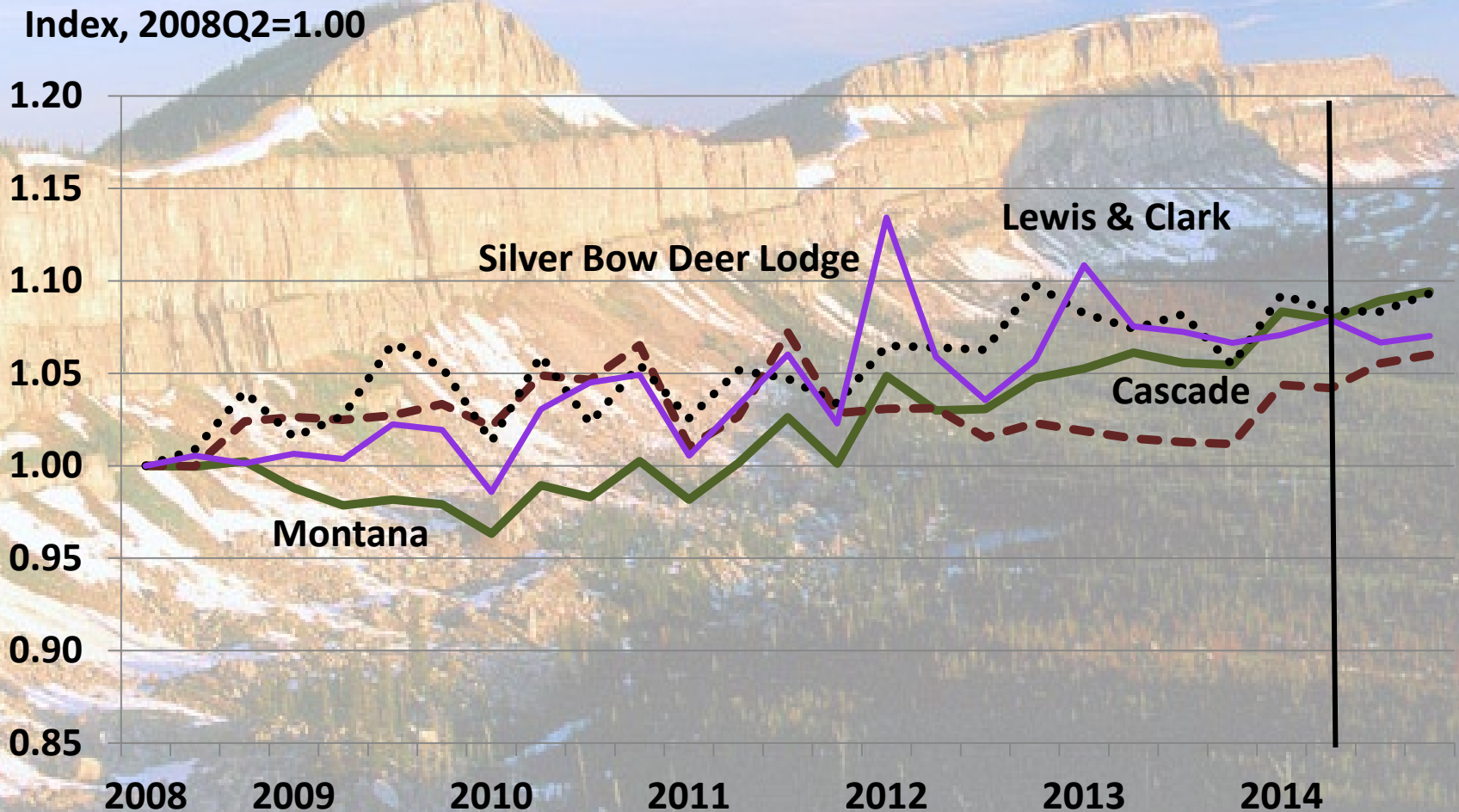
Actual and Projected Change in Nonfarm Earnings, Yellowstone County, 2011-2018



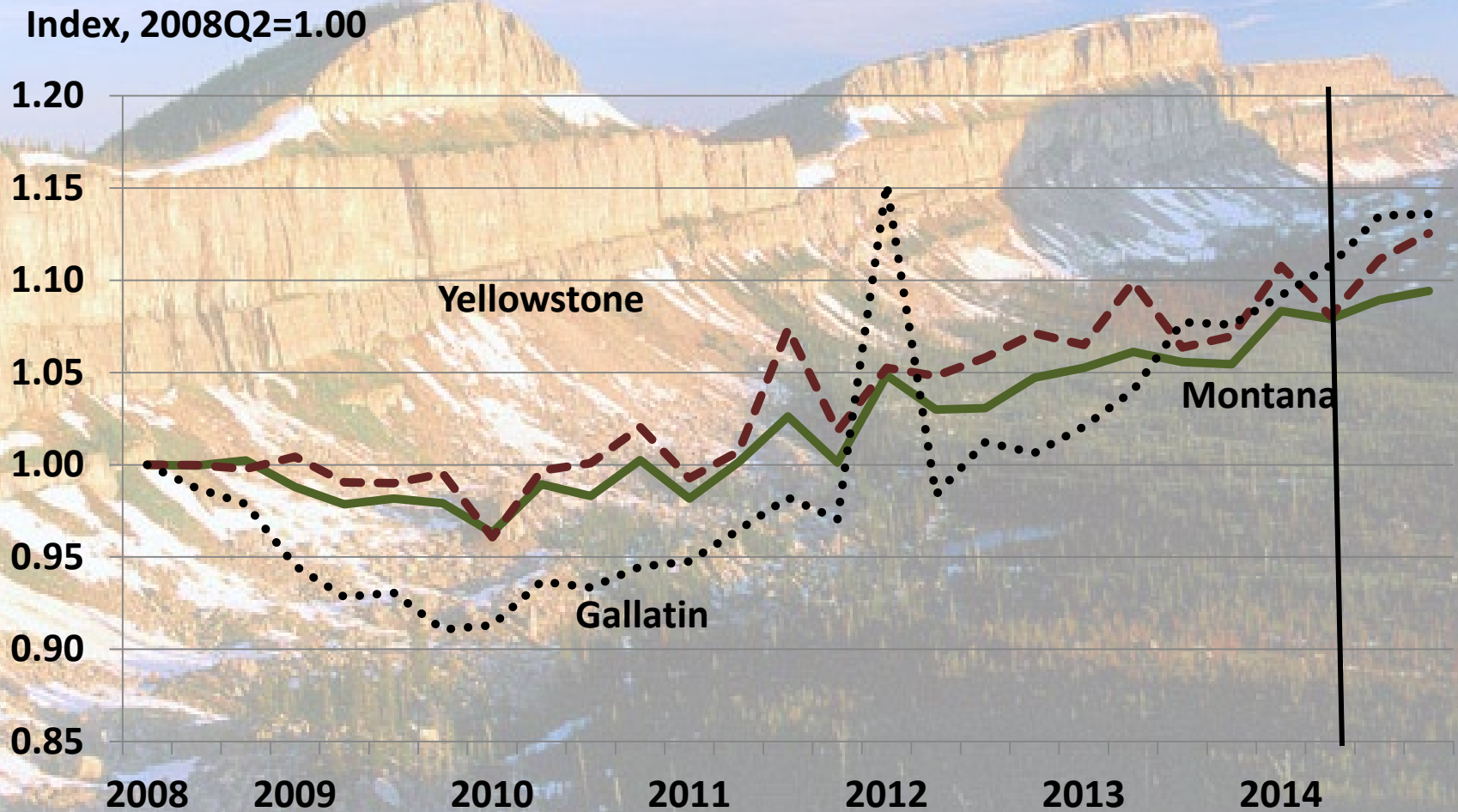
Inflation Adjusted Wages and Salaries, 2008-2014



Inflation Adjusted Wages and Salaries, 2008-2014

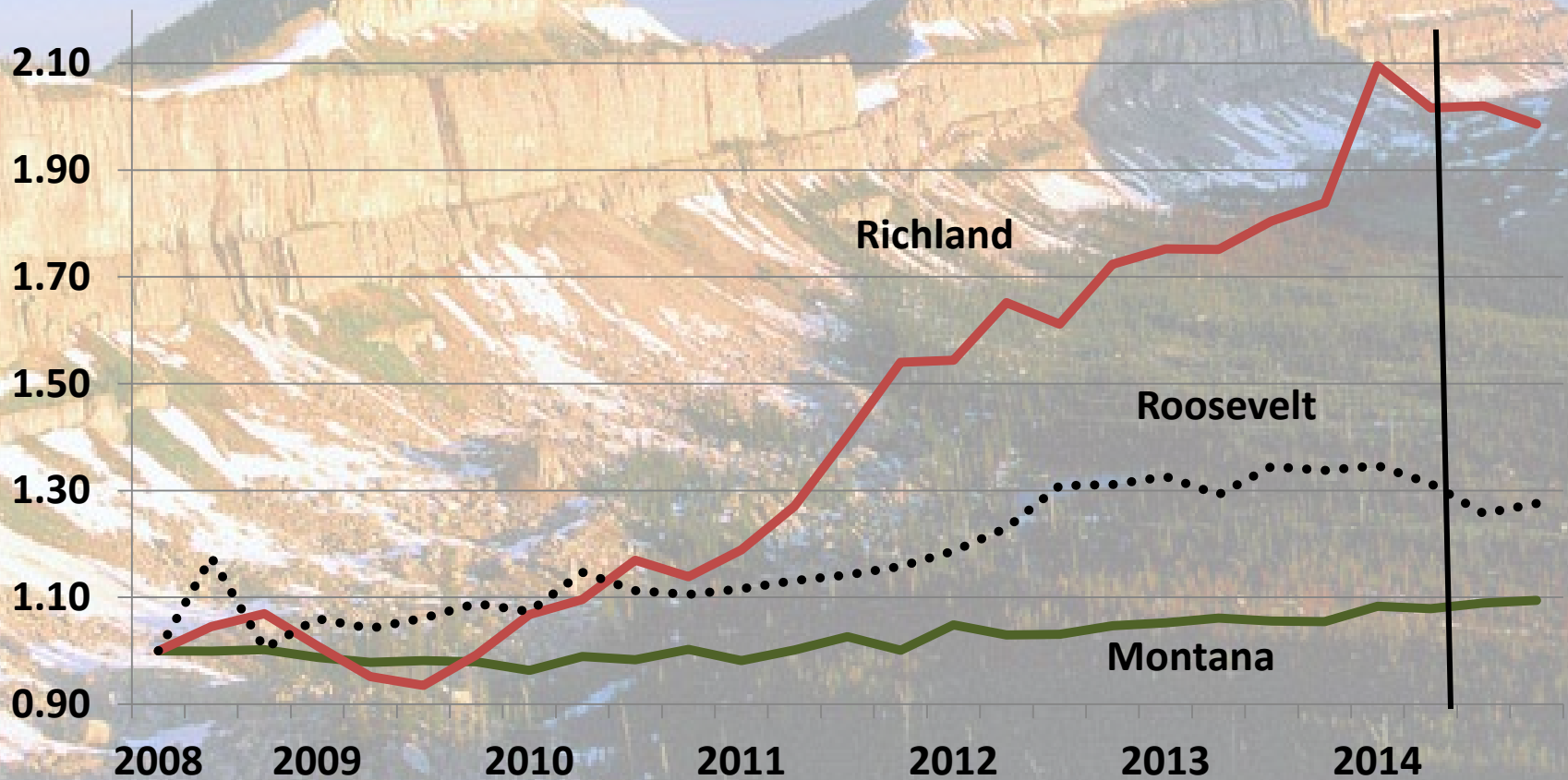


Inflation Adjusted Wages and Salaries, 2008-2014



Inflation Adjusted Wages and Salaries, 2008-2014

Index, 2008Q2=1.00





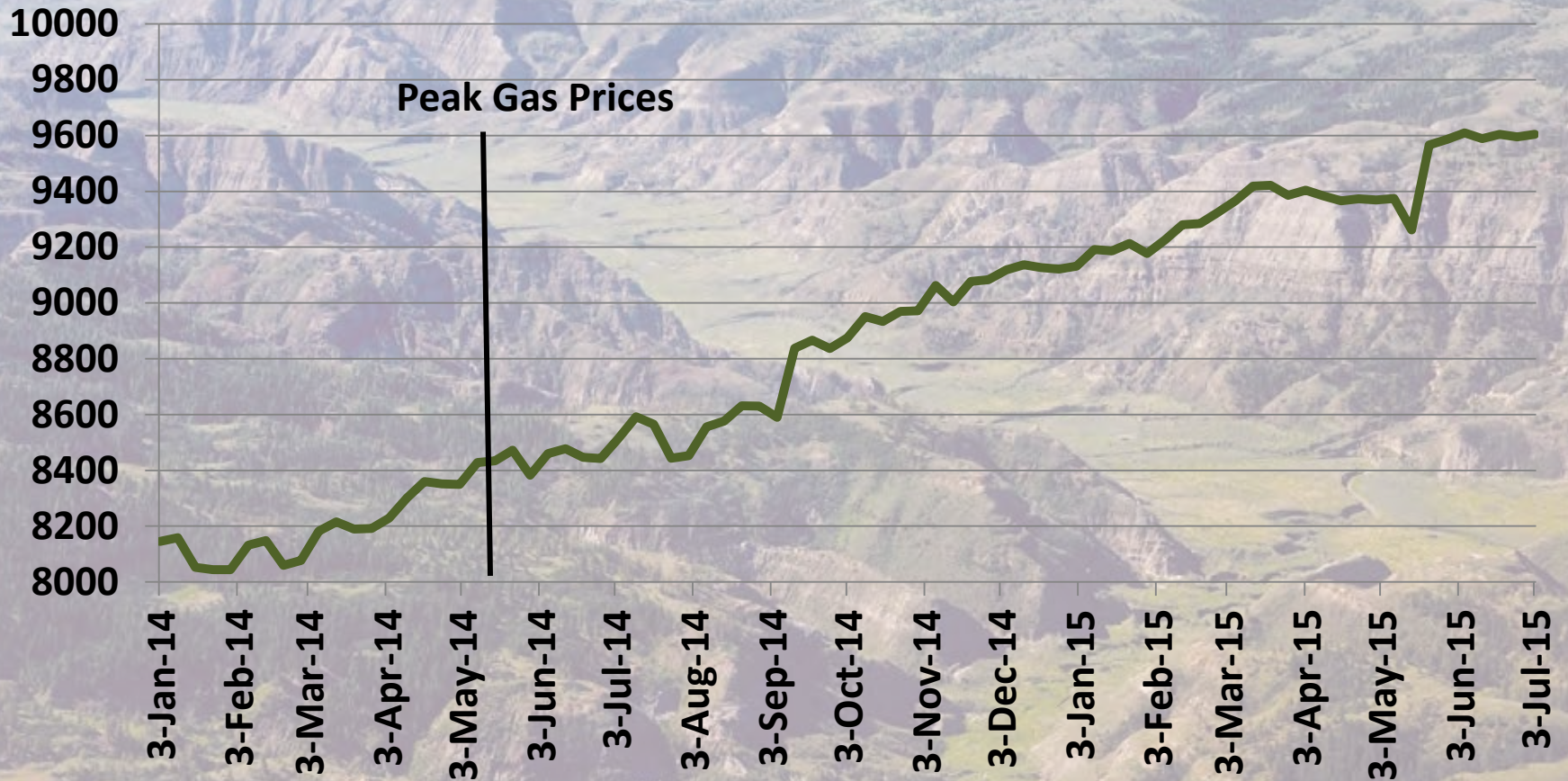
2015: A Different Oil “Bust”

By Paul E. Polzin

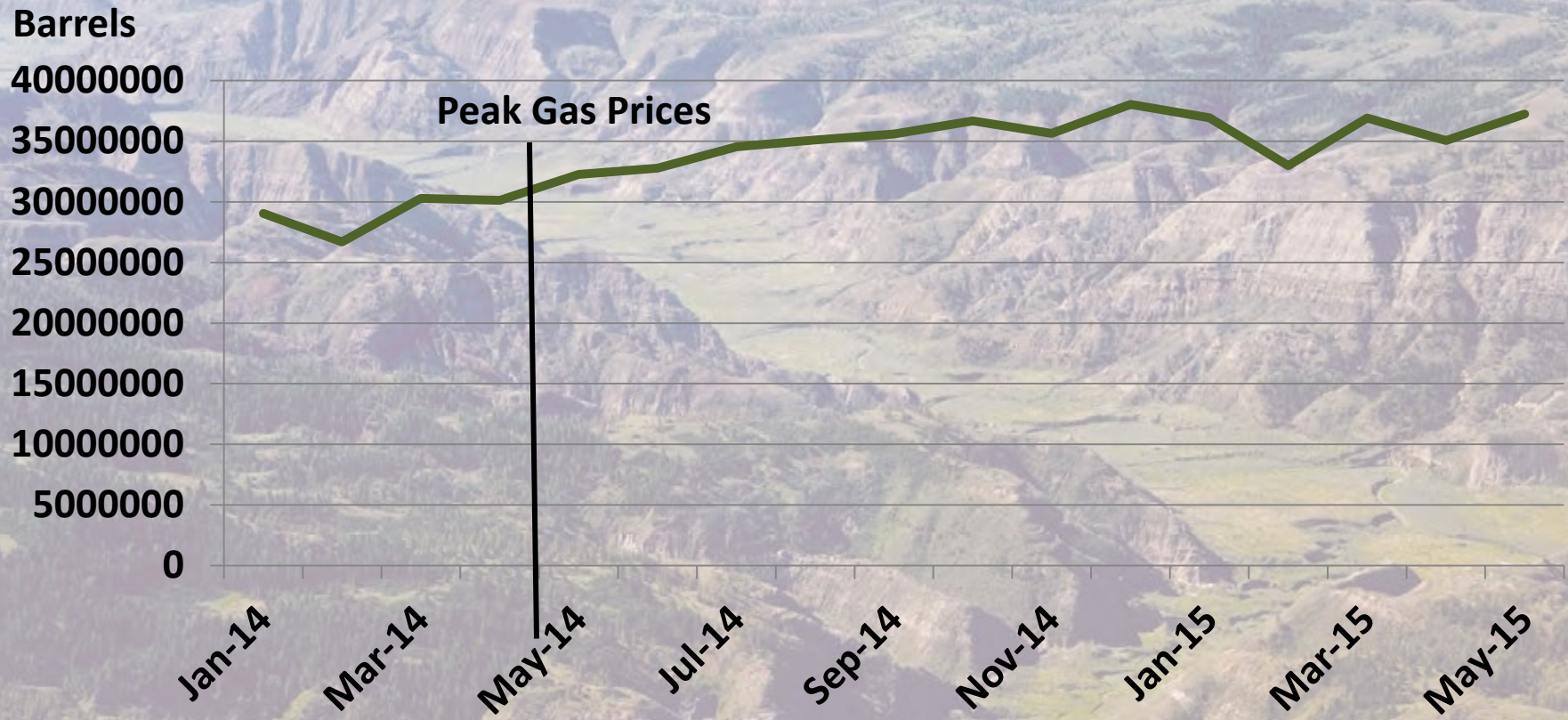
Program for Energy and Resource Economics
Bureau of Business and Economic Research

Weekly U.S, Crude Oil Production, 2014-2015

Thous. Barrels /day



Monthly Oil Production, North Dakota, 2014-2015



Monthly Oil Production, Montana 2014-2015

Barrels

2,700,000

2,600,000

2,500,000

2,400,000

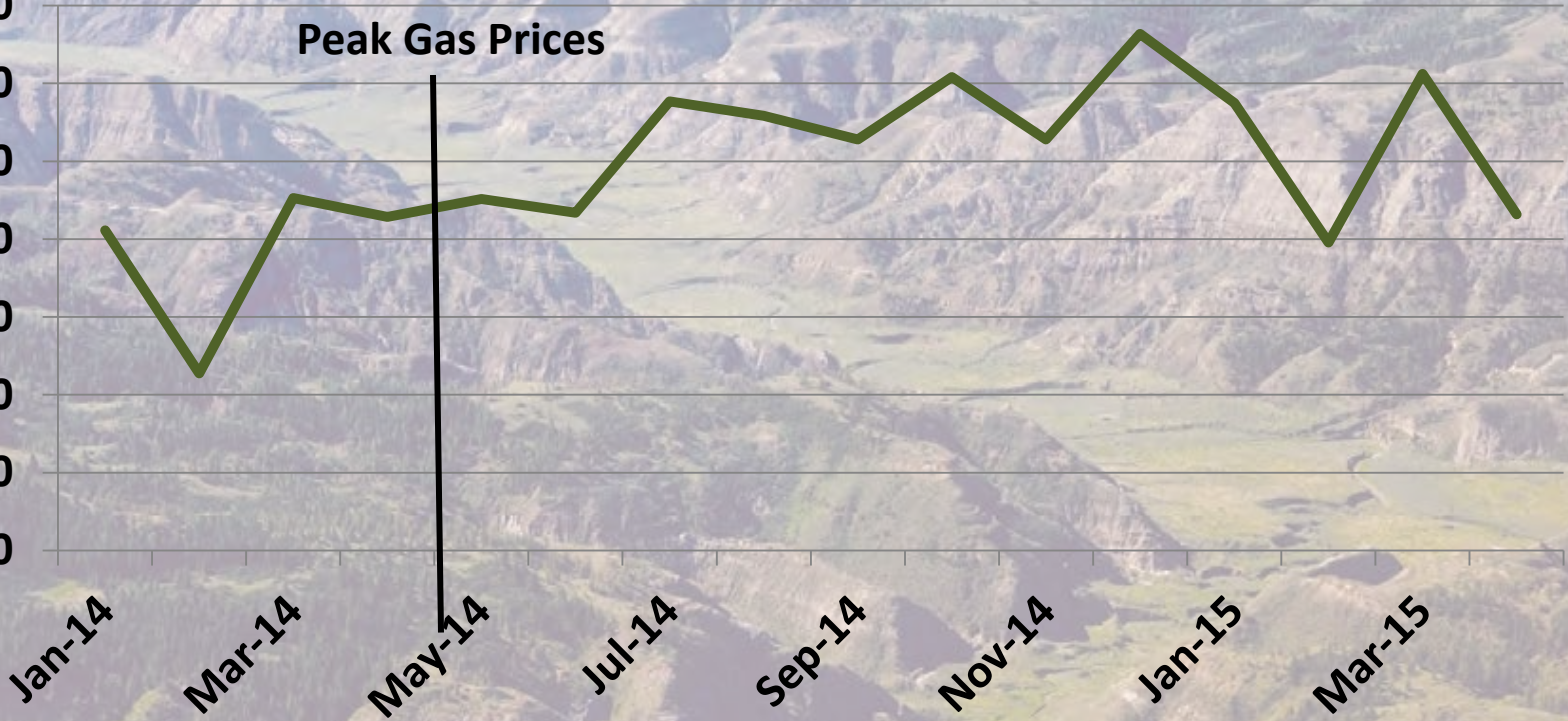
2,300,000

2,200,000

2,100,000

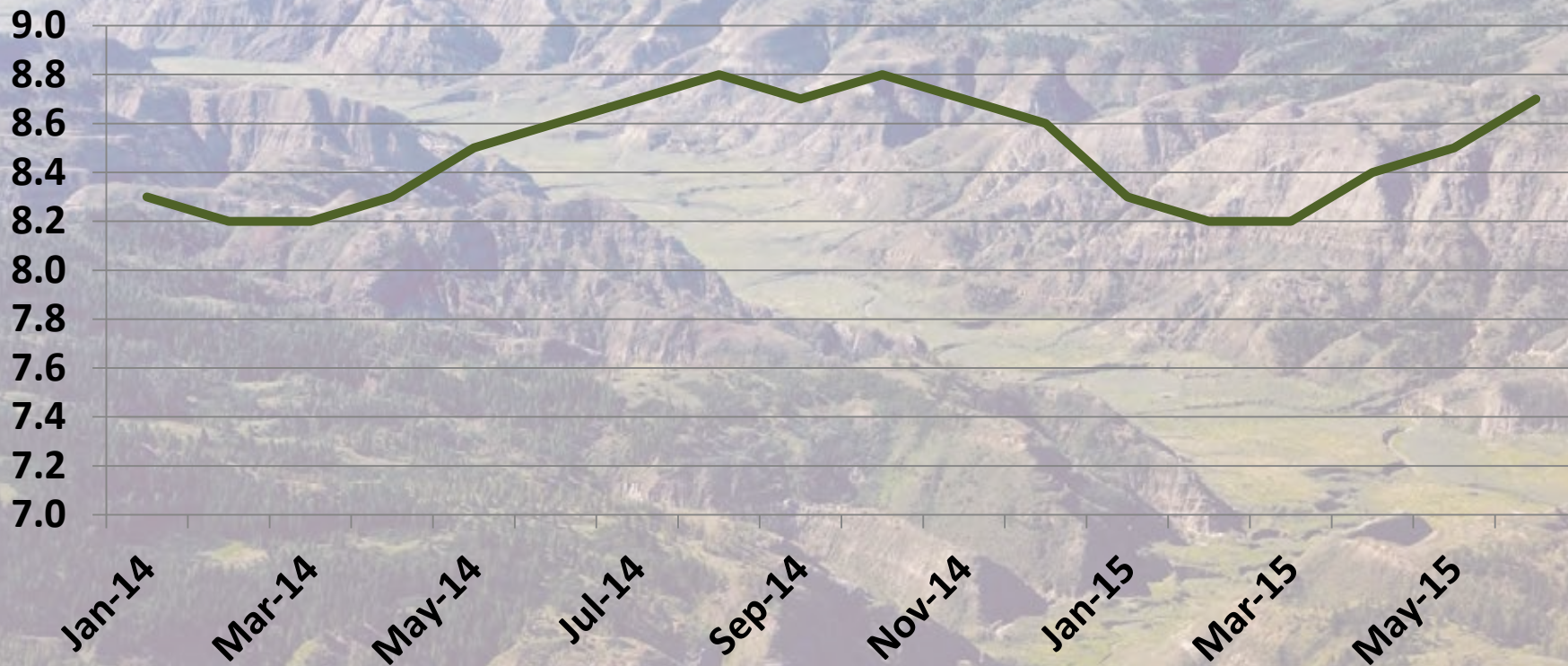
2,000,000

Peak Gas Prices



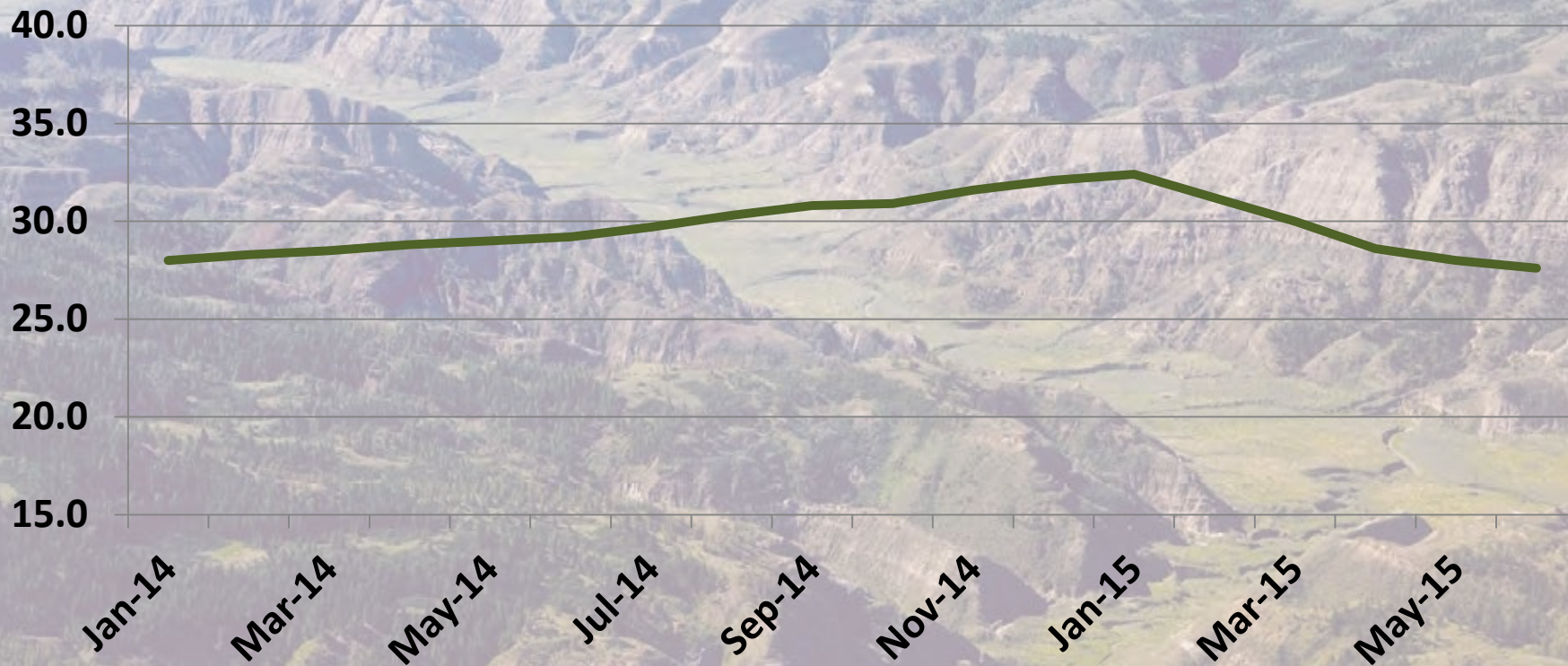
Monthly Employment, Mining and Logging, Montana, 2014-2015

Thousands of Workers



Monthly Employment, Mining and Logging, North Dakota, 2014-2015

Thousands of Workers



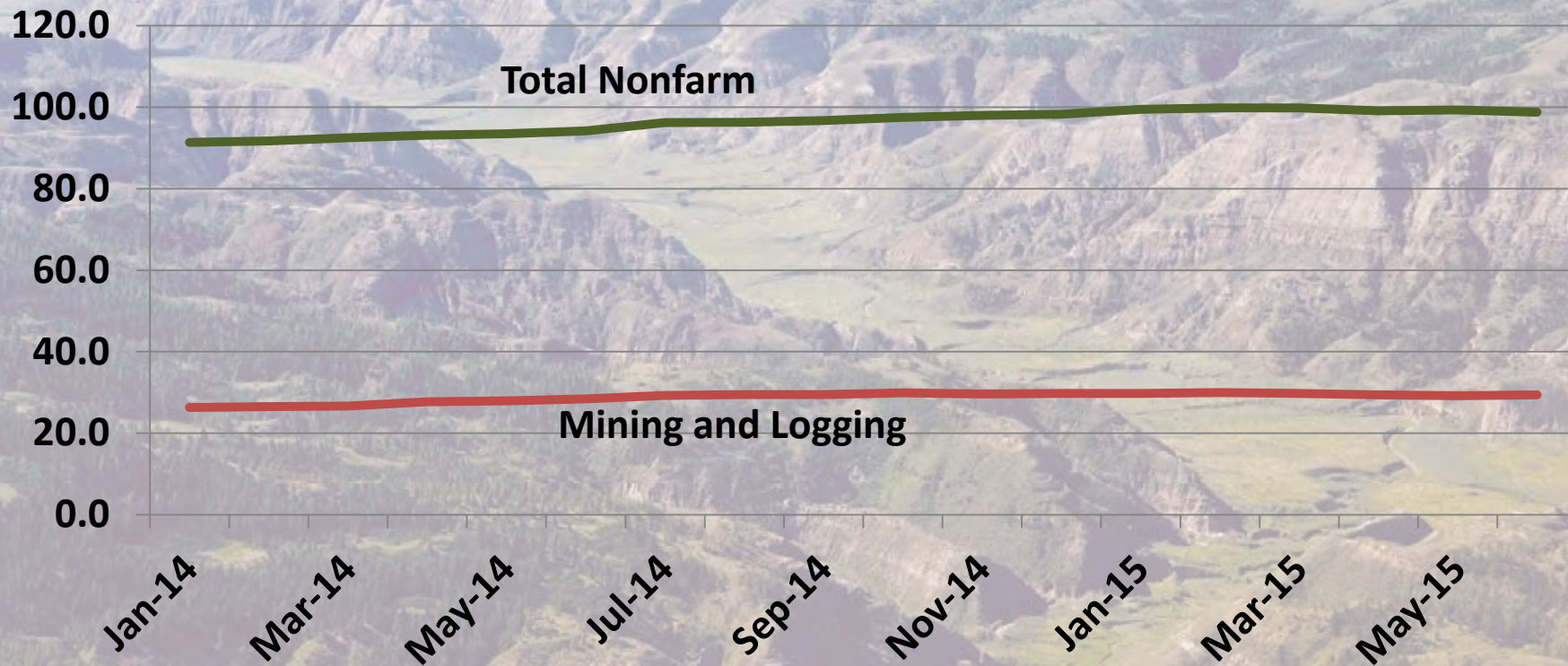
An aerial photograph of a rugged mountain range. The terrain is characterized by deep, winding valleys filled with green vegetation, interspersed with brown, rocky ridges and peaks. The perspective is from a high altitude, looking down into the valleys. The sky is a pale, hazy blue, suggesting a clear but slightly overcast day. The overall scene depicts a vast, natural landscape with significant topographical variation.

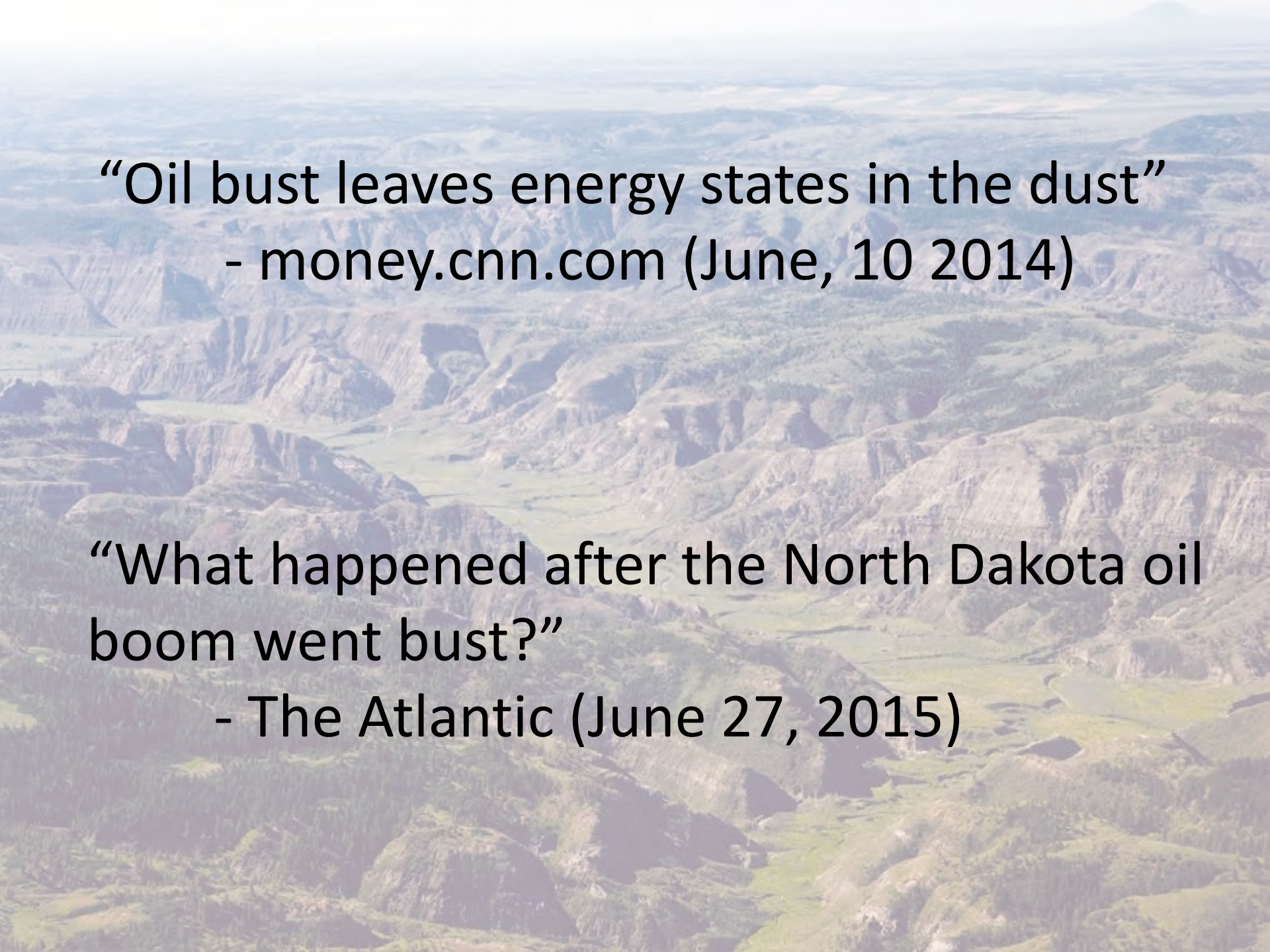
Economist, July 4, 2015, P. 53

“Midland has witnessed multiple booms and busts since the 1920s. Graced by Ferraris during the 2012-2014 boom, its highways are now populated by pickup trucks. Some 20,000-30,000 temporary workers have left.”

Monthly Employment, Midland, TX Metro Area 2014-2015

Thousands of Workers

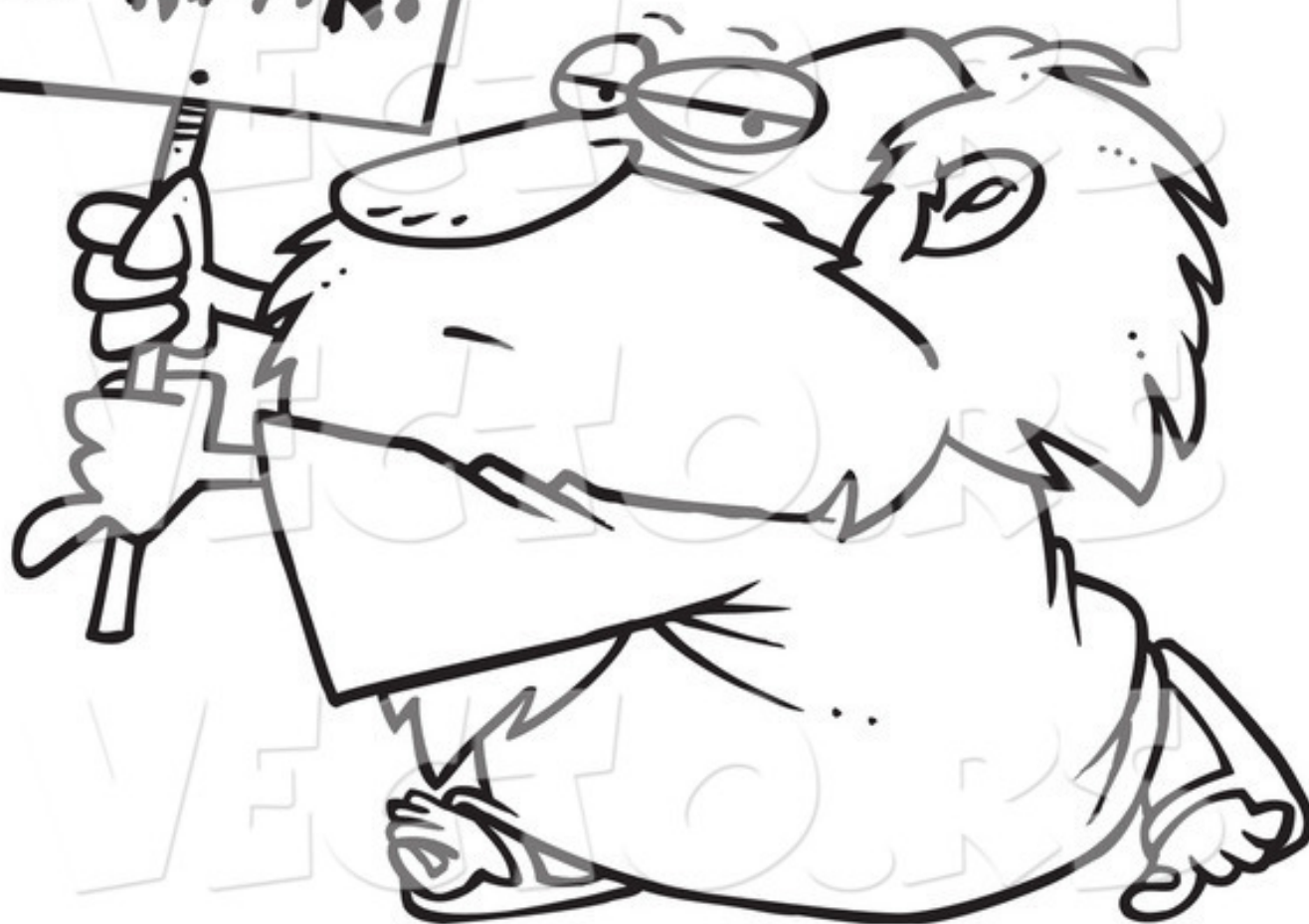




“Oil bust leaves energy states in the dust”
- money.cnn.com (June, 10 2014)

“What happened after the North Dakota oil boom went bust?”
- The Atlantic (June 27, 2015)

**THE END
IS NEAR!**

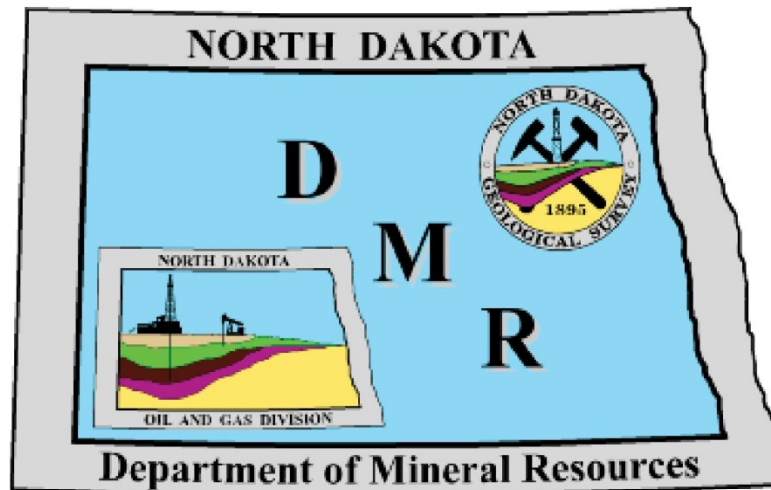


North Dakota Department of Mineral Resources

House Appropriations Committee

01/08/2015

Lynn D. Helms, Director



<http://www.oilgas.nd.gov>

<http://www.state.nd.us/ndgs>

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Bismarck, ND 58505-0840

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| | Breakeven | Rigs | |
|----------------------|------------------|-------------------|-----------------|
| | | 12/12/2014 | 1/7/2015 |
| Billings | \$44 | 2 | 1 |
| BOT-REN | \$52 | 5 | 4 |
| BOW-SLP | \$75 | 2 | 3 |
| Burke | \$62 | 3 | 2 |
| Divide | \$73 | 4 | 6 |
| Dunn | \$29 | 28 | 26 |
| Golden Valley | \$52 | 0 | 1 |
| McKenzie | \$30 | 64 | 59 |
| McLean | \$77 | 1 | 0 |
| Mountrail | \$41 | 33 | 28 |
| Stark | \$37 | 0 | 1 |
| Williams | \$36 | 40 | 35 |
| | | 183 | 166 |

Breakeven costs reflect a price at which new drilling would cease.
The price at which production from existing wells would be shut-in is \$15/bbl.

An aerial photograph of a vast, rugged landscape. The terrain is characterized by deep, winding canyons and valleys. The upper reaches of the canyons are rocky and brownish, while the lower valleys are filled with lush green vegetation, including dense forests and open fields. The perspective is from a high altitude, looking down into the valleys and across the expanse of the land. The sky is clear and light blue, suggesting a bright day.

Questions?