

EXHIBIT
HYNEK
2

EXTRAORDINARY INVESTMENT OPPORTUNITY

INVEST IN MOUNTRAIL COUNTY AND
OTHER OIL PRODUCING COUNTIES

THE RETURN WILL BENEFIT

THE ENTIRE STATE OF NORTH DAKOTA

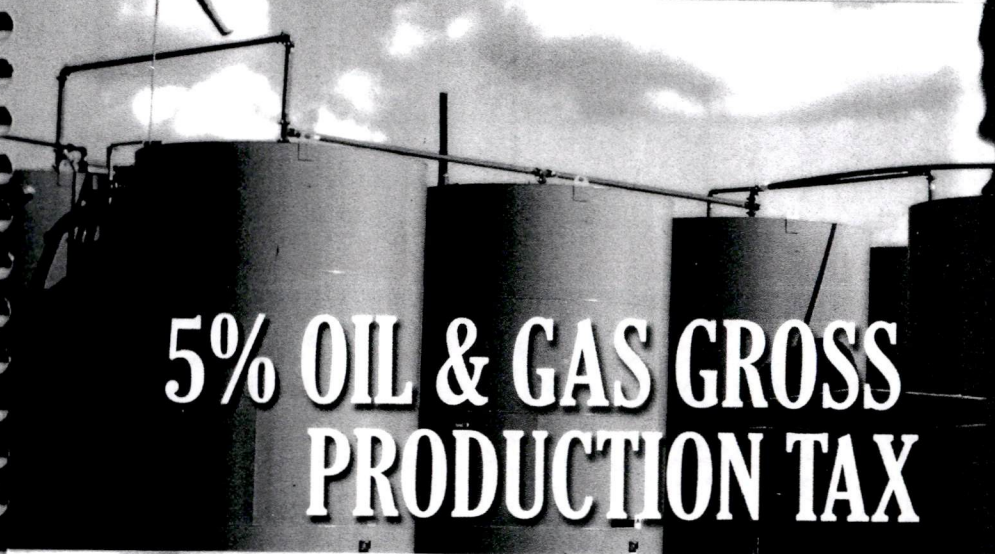
MOUNTRAIL COUNTY FACTS

County & Township Roads – 1,606.75 miles
Square Miles – 1,933 (8th largest in ND)
Population – 6,631 (2000 Census)

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Exhibit HYNEK 2

Mountrail County Commission



5% OIL & GAS GROSS PRODUCTION TAX

EXTRAORDINARY INVESTMENT FOR THE STATE OF NORTH DAKOTA

Summary Of Totals - One Year Period

	STATE WIDE	MOUNTRAIL COUNTY	ALLOCATED TO MOUNTRAIL CO.
Oil & Gas - 09-10 Fiscal Year Production Tax	\$312,309,030	\$122,862,330	\$14,778,986
Energy Impact Grants - Grant Round Year 2010 allocated To Subdivisions In Mountrail County			\$1,049,500
72 % Oil Extraction Tax 09-10 Fiscal Year	\$294,518,597	\$126,930,412	\$0
Royalty - State Lands 09 Calendar Year	\$55,600,933	\$20,240,012	\$0
Rent/Lease - School Lands 09 Calendar Year	\$103,202,367	\$42,591,480	\$0
General Royalty/Leasing General Lands 09 Calendar Year	\$26,493,723	\$391,738	\$195,869
Grand Totals	\$792,124,650	\$313,015,972	\$16,024,355

52% Of Total State Revenues Collected From Sources Above Comes From Mountrail County

$$\$313,015,972 - \$16,024,355 = \$296,991,617$$
Return On Investments = 1,853%

Fiscal Year 2009-2010

Total Collected by State	\$312,309,029.77
Total from Mountrail County	\$122,862,329.61 (Approx. 39.34%)
Total Allocated to Mountrail County	\$14,778,986.36
Mountrail County Allocation - \$14,778,986.36	
Cities	\$2,986,500.00
Co. General (60% transferred to road)	\$6,790,685.92
Schools	\$1,609,959.35
Infrastructure	\$3,392,179.22
Total	\$14,779,324.49
Less Prior Adjustments	-338.13
Total	\$14,778,986.37

STATE LAND DEPARTMENT STATS

(NO FUNDING DIRECTLY ALLOCATED TO MOUNTRAIL COUNTY)

• Total royalty received from oil and gas sales by trust for calendar year 2009

Mountrail Co.	Non-Mountrail Co.	Statewide total	
\$14,816,816	\$28,507,406	\$43,324,222	Permanent Trusts
<u>\$5,432,196</u>	<u>\$6,853,515</u>	<u>\$12,276,711</u>	Land and Minerals Trust (General Fund)
\$20,240,012	\$35,360,921	\$55,600,933	

• Total royalty received from oil and gas sales by trust for calendar year 2010 (Y-T-D, sales dates of 1/10 and 2/10)

Mountrail Co.	Non-Mountrail Co.	Statewide total	
\$3,798,409	\$6,304,437	\$10,102,846	Permanent Trusts
<u>\$1,550,596</u>	<u>\$1,313,812</u>	<u>\$2,864,407</u>	Land and Minerals Trust (General Fund)
\$5,349,004	\$7,618,249	\$12,967,253	

• Total bonus received from lease sales by trust for calendar year 2009

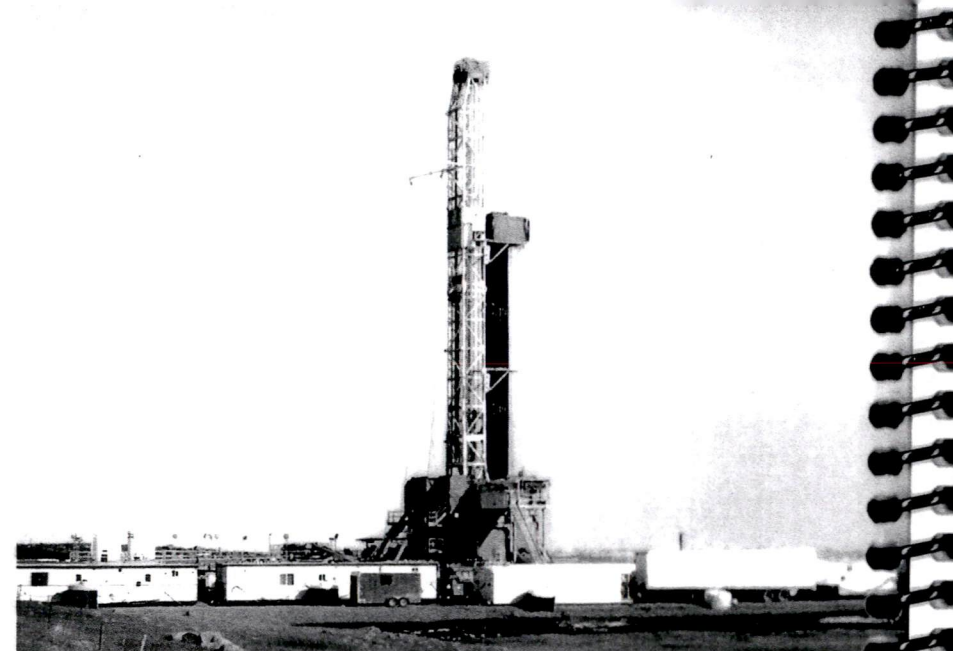
Mountrail Co.	Non-Mountrail Co.	Statewide total	
\$36,087,272	\$42,467,271	\$78,554,543	Permanent Trusts
<u>\$6,504,208</u>	<u>\$18,143,616</u>	<u>\$24,647,824</u>	Land and Minerals Trust (General Fund)
\$42,591,480	\$60,610,887	\$103,202,367	

• Total bonus received from lease sales by trust for calendar year 2010 (Y-T-D, sales dates of 2/10 and 5/10)

Mountrail Co.	Non-Mountrail Co.	Statewide total	
\$11,771,300	\$118,362,378	\$130,133,678	Permanent Trusts
<u>\$3,257,225</u>	<u>\$72,020,863</u>	<u>\$75,278,088</u>	Land and Minerals Trust (General Fund)
\$15,028,525	\$190,383,241	\$205,411,766	

• Mountrail County net mineral acres managed by the Board of University and School Lands

Net Mineral Acres	Trust Name
63,297	Common Schools Trust
7,121	Other Permanent Trusts
25,477	Lands and Minerals Trust - BNB
2,263	Lands and Minerals Trust - Sovereign Lands
1,100	Capitol Building Trust
99,259	Total



% OIL EXTRACTION TAX

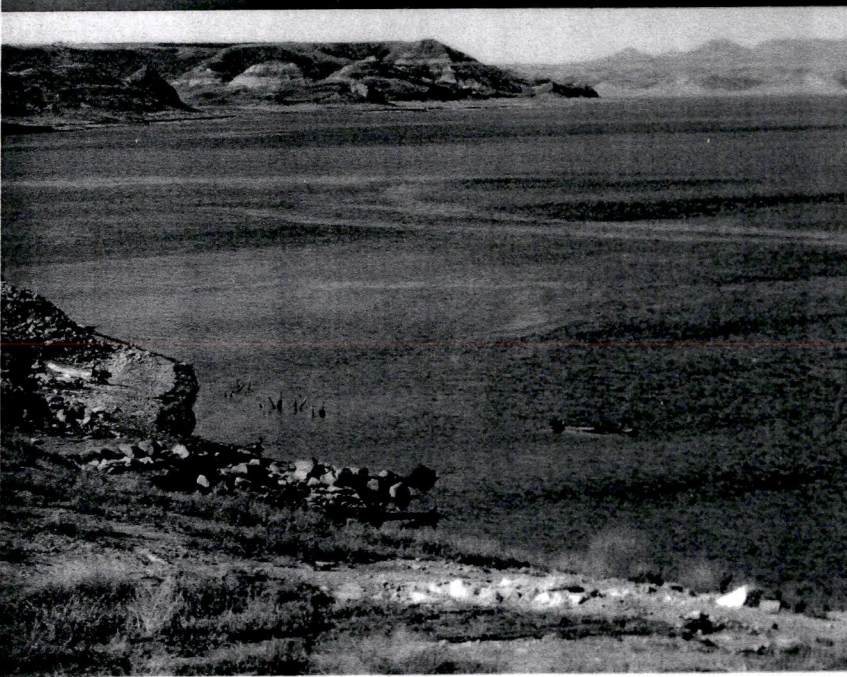
(NO FUNDING DIRECTLY ALLOCATED TO MOUNTRAIL COUNTY)

Collections from Mountrail

08 Fiscal Year	\$23,797,890	(Approx. 12% of State collections)
09 Fiscal Year	\$63,604,360	(Approx. 34% of State collections)
10 Fiscal Year	\$126,930,412	(Approx. 43% of State collections)

Collections State-wide

08 Fiscal Year	\$192,813,060
09 Fiscal Year	\$184,522,389
10 Fiscal Year	\$294,518,597



EXPLANATION OF FLOOD AID MONIES - CONTINUED

- Overlay – 3 miles – County pavement in Osborn Township
Completed in 2009 Year
\$826,469 – Final Cost
- 5 miles – Sanish So. (West side of New Town Loop Rd) – Reclaimed pavement to gravel – Completed in 2009 Year
\$172,098 – Final Cost
- 6 miles – Sanish South (West side of New Town Loop Road) – Grading & gravel.
1 mile – Between Sections 4 & 5 (East side of NT Loop Road) – Grading & gravel
\$5,231,327 – Engineering & Contractor (2010 Year - contracts signed)
- 6 miles – Sanish South (West side of New Town Loop Road) – Double chip seal
1 mile – Between Sections 4 & 5 (East side of NT Loop Road) – Double chip seal
\$350,000 – Estimated Cost – 2010/2011 Year – Process of calling for bids
- 12 miles – Palermo South Road – Grading, gravel & overlay
\$12,188,265 – 8/10 – Updated preliminary estimate
2010/2011 – Preliminary plans / right of way;
2012 Grading & gravel
\$6,000,000 – Estimated Flood Aid Monies
- 10 miles – East side of the New Town Loop Road – Reclaim pavement to gravel
2010 Year
\$350,000 – Estimate cost (\$35,000 per mile)
- 10 miles – East side of the New Town Loop Road – Grading & gravel
2011 – Call for bids if funding allows
\$7,500,000 – Estimate cost (\$750,000 per mile
based off west Loop Road Project)
- Stanley Shop/Offices – (equipment has exceeded shop capacity)
Preliminary estimate for building, site and contingency \$6,099,150
Project is in progress
\$4,000,000 – Estimated Flood Aid Monies

Total Allocation of Flood Aid Money - \$ 24,429,894

**FLOOD AID MONIES
2009 & 2010 CALENDAR YEARS
EXPLANATION OF MOUNTRAIL COUNTY SHARE**

County Road & Bridge (25%) =	\$ 7,519,129	2009 Year
	<u>\$ 5,277,543</u>	2010 Year
		(thru July)
TOTALS	12,796,672	
Unorganized Townships Share		
of 25% Of Allocations To Townships =	\$ 2,312,583	2009 Year
	<u>\$ 1,620,981</u>	2010 Year
		(thru July)
TOTALS	\$3,933,564	
 Grand Total To Date	 \$ 16,730,236	

act :
*the majority of this money is from leasing (Rents & Bonuses) and
 a one time payment – once spent it is gone. Mineral royalties are
 minimal at this point in time. The flood money received to date is
 spent or allocated; see below for explanation.*



GRAVEL ROADS

Mountrail County

2008 Year – 109.25 Miles

2010 Year – 83.75 Miles

5 miles reclaimed from pavement to gravel
two year period

Weldon East – 4 Miles

Waltermo South – 5 Miles

Wanish South – West Loop Road – 5 Miles

West Loop Road – 11.5 Miles

Estimated cost to mill based off 2009 project
\$1,420 per mile

Estimated cost to overlay remaining

75 Miles @ \$400,000 per mile = \$33,500,000

Estimated cost to rebuild & overlay

75 Miles @ \$1,000,000 per mile = \$83,750,000

Estimated cost to chip seal remaining



GRAVEL ROADS

Mountrail County Gravel Roads

2010 Year – 283 Miles (Includes Unorganized Townships)

Estimated per mile cost:

- Graveling – \$12.00 x 300 yards per mile = \$3,600 per mile
- Rebuild – \$300,000 per mile

Estimated cost to gravel

283 Miles @ \$3,600 per mile = \$1,018,800 (annual cost)

Estimated cost to rebuild

283 Miles @ \$300,000 per mile = \$84,900,000

Gravel Roads - Organized Townships in Mountrail County

2010 Year – 1,240 Miles

Estimated cost to gravel

1,240 Miles @ \$3,600 per mile = \$4,464,000 (annual cost)

Estimated cost to rebuild

1,240 Miles @ \$300,000 per mile = \$372,000,000

IMMEDIATE ROAD CONCERNS

MOUNTRAIL COUNTY

Chip seals – 19.82 miles – Various paved roads
\$594,600 Estimated cost (\$30,000 per mile)

12 miles – Palermo South Road – Grading, gravel & overlay
\$12,188,265 (Preliminary estimate)

6 miles – Sanish South (West side of New Town
Loop Road) – Grading, gravel & overlay
\$8,302,391 (Preliminary estimate)

9 miles – East side of the New Town Loop Road –
Grading, gravel & overlay
\$11,700,000 Estimate cost (\$1,300,000 per mile)

6 miles – Belden East Road – Grading, gravel & overlay
\$6,000,000 – Estimated cost (\$1,000,000 per mile)

Overlays – 20 miles minimum – Various paved roads
\$8,000,000 – Estimated cost (\$400,000 per mile)

Total Road Concerns - \$ **46,785,256**

IMMEDIATE BUILDING CONCERNS

MOUNTRAIL COUNTY

- Stanley Shop/Offices
(equipment has exceeded shop capacity)
\$6,099,150 – Estimated cost
- New Town Shop
(equipment has exceeded shop capacity)
\$2,000,000 – Estimated cost

Total Building Concerns - **\$8,099,150**

Ongoing Annual Expenses – Mountrail County 2011 Budget Year

Positions – 28 new positions since 2008 year

Total per year – \$2,714,464

Operating expenses include fuel, repairs, uniforms, travel, training, office supplies and insurance. Equipment includes pickups (\$32,000 each every 2 years), motor graders (\$250,000 each every 8 years), computers and office equipment.

2008 Yr.	2011 Yr.	Increase
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Supporting evidence of yearly personnel costs (does not include overtime):

Employees	Department	Position	Salary	Benefits	Total
2	4	2 Clerk of Court	\$34,728	\$19,800	\$109,056
3	4	1 Auditor	\$34,728	\$19,800	\$54,528
3	4	1 Recorder	\$34,728	\$19,800	\$54,528
5	9	4 Sheriff	\$39,900	\$20,700	\$242,400
6	10	4 Sheriff	\$43,476	\$21,300	\$259,104
½	1	½ Road	\$61,500	\$24,400	\$42,950
10	22	12 Road	\$41,736	\$21,000	\$752,832
1	2	1 Road	\$37,236	\$20,400	\$57,636
0	1	1 Road	\$50,000	\$22,500	\$72,500
2	2½	½ Co. Bldgs.	\$30,000	\$2,300	\$16,150
0	1	1 Planning	\$66,780	\$25,200	\$91,980
		28 Total			\$1,753,664

Supporting evidence of yearly equipment & operating costs:

Employees	Department	Position	Equip./Vehicles Per Employee	Operating Per Employee	Total
2	4	2 Clerk of Court	\$600	\$500	\$2,200
3	4	1 Auditor	\$600	\$500	\$1,100
3	4	1 Recorder	\$600	\$19,800	\$20,400
5	9	4 Sheriff	\$600	\$500	\$4,400
6	10	4 Sheriff	\$16,000	\$11,000	\$108,000
½	1	½ Road	\$16,000	\$5,000	\$10,500
10	22	12 Road	\$31,250	\$33,000	\$771,000
1	2	1 Road	\$600	\$500	\$1,100
0	1	1 Road	\$16,000	\$5,000	\$21,000
2	2½	½ Co. Bldgs.		\$200	\$100
0	1	1 Planning	\$16,000	\$5,000	\$21,000
		28 Total			\$960,800

Other ongoing office expenses

Overtime – Past 3 Years

Year	Road	Sheriff	Recorder	Clerk Crt.	Total
2007	\$14,710	\$11,736	\$8,657	\$291	\$35,394
2008	\$20,544	\$25,872	\$3,339	\$1,225	\$50,980
2009	\$108,123	\$57,326	\$3,742	\$1,426	\$170,617

(Does not include all offices or exempt employees' time)

- Longevity/bonuses
- Assessing fees (gas plants 2009 contract) – \$75,800 plus travel expenses
- Recorder copies, computers, mtg. agreements (for landmen)

PORT BERTHOLD INDIAN RESERVATION B.I.R.)

BOUNDARIES WITHIN MOUNTRAIL COUNTY TOTAL MILES OF ROAD

16.75 TOTAL ROADS ON THE F.B.I.R.

RESERVATION ROADS MAINTAINED BY MOUNTRAIL COUNTY =

33.50 Township Graveled Roads
39.75 County Graveled Roads
21.00 County Paved Roads
94.25 All Roads Maintained by Mountrail County

RESERVATION ROADS MAINTAINED BY BUREAU OF INDIAN AFFAIRS =

10.00 Graveled Roads
12.50 Paved Roads
22.50 All Roads Maintained By B.I.A.
(To the best of our knowledge)

ct :

Mountrail County maintains 93% of the roads on the reservation.
B.I.A. maintains 7% of the roads of the reservation.



**ND ASSOCIATION OF OIL & GAS
PRODUCING COUNTIES
UNIFORM COUNTY PERMIT SYSTEM
PERMIT FEES GENERATED ANNUALLY FOR COUNTIES**

FY 2005-FY 2010

	FY 05	FY 06	FY 07	FY 08	FY 09	10 MONTHS FY10 YTD TOTAL
BOWMAN	\$46,040	\$56,590	\$77,010	\$64,750	\$66,230	\$52,733
DUNN	\$2,760	\$5,050	\$64,460	\$155,779	\$174,739	\$215,104
McKENZIE	\$15,370	\$16,030	\$100,470	\$137,116	\$176,771	\$196,570
MOUNTRAIL	\$620	\$2,670	\$12,180	\$150,228	\$285,174	\$340,570
STARK	\$7,920	\$9,960	\$28,260	\$51,680	\$52,560	\$45,650
WILLIAMS	\$10,330	\$12,360	\$54,580	\$89,644	\$99,229	\$160,346
OTHER	\$65,440	\$83,740	\$177,270	\$177,526	\$183,912	\$161,470
TOTAL	\$148,480	\$186,400	\$514,230	\$826,723	\$1,038,615	1,172,442

Cumulative Barrels of Oil Produced in State of North Dakota

Barrels per month

August 2006	3,482,334
August 2007	3,866,102
August 2008	5,570,981
August 2009	7,203,383
August 2010	10,134,446

Cumulative Barrels of Oil Produced in Mountrail County

Barrels per month % of oil produced

August 2006	30,738	.88%
August 2007	235,050	6.08%
August 2008	1,586,456	28.48%
August 2009	2,934,463	40.74%
August 2010	3,185,909	31.44%

Active Drilling Rigs – As of 10/25/2010

Billings	3	McLean	1
Bottineau	1	Mountrail	38
Bowman	1	Renville	1
Burke	3	Slope	1
Divide	10	Stark	4
Dunn	23	Williams	31
McKenzie	35		
Total			152

Producing Wells – As of August 2010

State of North Dakota	4,851
Mountrail County	698

PERMITS PROCESSED BY COUNTY

	FY 06	FY 07	FY 08	FY 09	10 MONTHS FY10 YTD TOTAL
BOWMAN	2,048	2,029	1,490	1,493	1,024
DUNN	505	1,701	4,110	4,656	5,599
McKENZIE	1,603	2,687	3,143	4,276	4,653
MOUNTRAIL	267	396	4,074	7,660	8,326
STARK	533	878	1,595	1,617	1,408
WILLIAMS	1,236	1,471	2,109	2,320	3,442
OTHER	4,470	4,846	4,121	4,222	3,642
TOTAL	10,662	14,008	20,642	26,244	28,094