

# South Dakota and Montana Oil and Gas Industry Outlook

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## **Abstract**

*In 2012, South Dakota set an all-time high for oil production totaling 1,754,208 bbls from 163 wells. This passed the previous high of 1,699,789 bbls set in 2008. Over 98% of the oil is produced from the Red River Formation in Harding County.*

*Natural gas production continued to decline. In 2012, 95 wells produced 554.5 MMCF of marketable natural gas, well below the 933.3 MMCF produced in 2011. All marketable natural gas production continues to occur in Harding County from the Shannon Sandstone.*

*During the summer of 2012 the South Dakota Oil & Gas Development and Preparedness Work Groups completed a report addressing the potential for future oil development and how the state could prepare for challenges faced with an expanding oil and gas industry. The most likely scenario for South Dakota, over the next fifteen years, will be slow, steady oil development with an average of one rig drilling approximately 12 new Red River wells per year.*

*Montana oil production in 2012 increased to 26,415,213 bbls reversing five years of consecutive declines. Gas production totaled 66,849,228 MCF. This production was from 14,884 wells, up 111 wells from the previous year.*

*A total of 189 wells were drilled with 121 of these wells being drilled horizontally. This is the first year in which the number of horizontal wells exceeded the number of vertical wells.*

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