

Minutes of the
EMPOWER NORTH DAKOTA COMMISSION

March 1, 2016
Bismarck State College, NECE Bldg Room 335
1500 Edwards Avenue
Bismarck, ND

Members present:

Al Anderson, John Weeda, Jason Bohrer, Ron Day, Ron Ness, Dale Niezwaag, David Straley, Mark Nisbet, Terry Goerger, Cory Fong for Jay Skabo

Ex Officio Members:

Julie Voeck, Mark Bring, Margaret Hodnik

Others present:

Sherri Frieze, Department of Commerce
Emily McKay, BSC
Justin Kringstad, NDPA
Tyler Hamman, LEC/ND Transmission Auth.
Jean Schafer, Basin Electric
Karlene Fine, Industrial Commission
Carlee McLeod, Utility Shareholders of ND
Cory Fong, Odney Advertising
Steve McNally, Hess Corp
Levi Andrist, GA Group
Todd Kranda, Kelsch Law Firm
Zac Smith, NDAREC
Gaylon Baker, Stark Development
John Olson, John M. Olson, P.C.
Danette Welsh, ONEOK
Darryl Dukart, NDAOGPC
Zac Weis, NDPC Regulatory Committee

CALL TO ORDER/WELCOME

Chairman Anderson called the meeting to order at 10:00 a.m. and welcomed Commission members and guests.

APPROVAL OF MINUTES

A motion was made by Straley and seconded by Day to approve the minutes of January 19, 2016. Motion carried unanimously.

Chairman Anderson mentioned that he would like the subcommittees to discuss key areas to address in the current EmPower North Dakota 2014 Policy Updates and Recommendations document.

Regulatory Subcommittee Report

1. Page 28; siting problems of transmission lines across state lines and a definition of the regional transmission organization and its responsibilities. The siting problem is compounded by the overlapping patchwork of federal, state and local regulatory rules.
2. Page 13; mission statement needs to be updated. Regulations from the Federal government need to be linked with costs to technology feasibility.
3. Page 14; 1st bullet to be edited with language reflecting options for the Federal Government to accept ND solutions.
4. Page 14; 3rd bullet; Department of Health staffing levels need to be addressed.
5. Page 14; last paragraph needs to be reworded with less focus on "waste". Possible inclusion of solar energy.

Infrastructure Subcommittee Report

1. Future EmPower meetings to include updates from the Housing Finance Agency, Upper Great Plains Transportation Institute and BNSF Railway on future investments.
2. Deletion of natural gas from the initial five initiatives. (to which 5 initiatives does this refer/)
3. Road transportation improvements for the northern route in McKenzie County and key energy corridors. Inclusion of specifics such as Hwy numbers, and clearer identification of energy corridors
4. Buy down loan availability for community infrastructure.
5. Continued funding to the Department of Agriculture for the Ombudsman program.
6. Siting, permitting and zoning jurisdictional authority for water resources.
7. Page 6; introduction needs to be rewritten.
8. Page 7; 4th & 5th bullets need to be rewritten, with possible deletion of other bullets.

R & D Subcommittee Report

1. Legislature to consider more support of CO2 development.
2. Encourage funding for basic research through the legislature.
3. Increase funding for agriculture, oil and coal for commercialization level.
4. Engage ND with the Electrical Power Research Institute.
5. Greater expansion of the Legacy Fund.
6. Page 11; emphasize that CO2 is here to stay.

**Infrastructure Projects/Regulatory Challenges
Potential Legislation
Commissioner Julie Fedorchak**

Public Service Commissioner Julie Fedorchak spoke about Infrastructure projects, Regulatory Challenges and Potential Legislation.

She talked about project investment in ND within the past 3 years from pipelines, electric transmission lines and wind projects. She highlighted pending and permitted wind projects.

Regulatory Challenges included the process of reclamation and jurisdiction rules for pipelines, railroads, and mandates that exist in the energy industry.

**Perspective of Western Communities
Dunn County Commissioner Daryl Dukart**

Daryl spoke about the need for affordable housing projects in the southwest. He also addressed childcare affordability, reclamation projects, pipeline easements, ombudsman program, fines for cleanup of spills, road projects on hold, and the next steps to help fund the emergency management services in the Bakken region.

Appendix A

**ND Petroleum Council Regulatory Committee
Zac Weis, Chairman, ND Petroleum Council
Regulatory Committee**

Zac spoke about the slowdown of oil, Bureau of Land Management rules, EPA rules, efforts on cleanup with waste items, and how pipeline management release response can be managed.
Appendix B

Public Comment

No comments were given.

FUTURE MEETINGS

The next meeting is planned for April 12th at the ND Heritage Center, Bismarck, ND.

ADJOURNMENT

The meeting was adjourned unanimously at 4:00 pm.

Al Anderson Chairman	Date
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Sherri Frieze Recording Secretary	Date
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SLOW DOWN “Yes” – BUST – “NO”!

- ▶ Daryl Dukart landowner in the Bakken Play,
- ▶ Dunn County Commissioner,
- ▶ Chairman of NDAOGPC,
- ▶ Vision West ND Consortium Chairman
- ▶ Board member of Killdeer Area Ambulance Service
- ▶ Board Member Northern Ag Development Corporation

Transportation

Housing

Pipelines, reclamation, safety- easements- spills

Child care

EMS

Industrial Evaluation Taxation

*Economic
Diversification*

Easement issues:

*County
Government*

HOUSING



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Housing

Although the housing climate is experiencing transitional changes, it still continues to be an issue for our area. Providing affordable housing options to our seniors and disabled is a challenging endeavor. However, I believe HIF dollars can be a valuable resource to help meet the needs of these vulnerable populations. Being forced to use 20-30 percent of ones earned income toward the cost of housing is just not a viable option for many.

Housing Incentive Fund (HIF)

- ▶ There will always be a need for affordable housing and that cannot be achieved by the private investment core without some incentives. HIF funding is a small tool with a great resource to allow these projects to continue.
- ▶ Housing plays a vital role in retention of employees, retaining seniors citizen in rural areas, is one of the many obstacle economic development has to look at very closely as affordable housing is not always

CHILD CARE



Child care



- ▶ While childcare discussions are not as prominent as they once were at the height of the oil boom, it is still a concern for many citizens and employers.
- ▶ Improved assistance programs can help alleviate the financial impacts on the facilities. Assistance programs along with other actions will generate affordable daycare opportunities.

TRANSPORTATION



Transportation

- ▶ As a result of the surge funds and other early funding programs provided in the past two legislative sessions, we made great strides improving road systems, railways, airports, and pipelines. Thanks to the legislations efforts, crucial funding was distributed, which allowed areas to modernize its infrastructure.



Have we reached the limit of needs for infrastructure for the state? **No way**, we will still have to face the challenge of declining funds headed into the 2017 legislative session. Hopefully, we all can work together to still have the ability to keep the infrastructure growth at a somewhat progressive pace.

Economic Diversification

Tourism



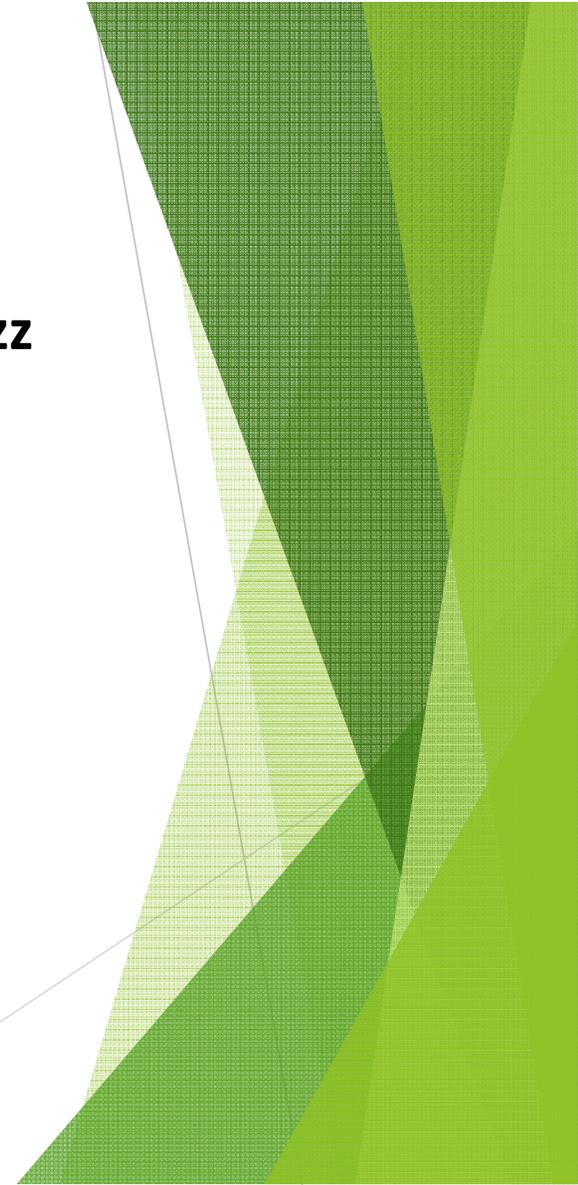
Plastic recycle plant



Economic Diversification

Economic diversification has become somewhat of a buzz word today and studies are being conducted across the state. Many counties, cities, and small rural towns are working to develop creative ways to use existing resources to fabricate and generate new opportunities.

. These efforts are focusing on ways to create new job opportunities in an effort to retain the new population that resulted from the energy industry progress over the past six years.





These include ideas related to value added agriculture, energy by product processing, service providing industries, home grown foods coop's, tourism, small town - downtown development, (the Ma and Pa bakery type of business) and the assembly of a plastics manufactory plant. Anyone of these along with many more ideas will build a stronger more vibrant North Dakota and will help us retain a higher number of people in our great state over time.

Pipelines, Reclamation, Safety- Easements- Spills

- ▶ Pipelines, reclamation, safety, easements and spills are in some fashion all related. Pipeline needs will continue to be of high importance because it is the safest ways to transport oil, gas, and water.



With this need comes good sound reclamation regulation, rules and laws which protect the environment of North Dakota. Continuous efforts to safeguard the land will insure that we have the ability to continue to fulfill worldwide food needs.



Easement issues:

Overload and poorly written easements have created a challenging negotiating environment today. However, progress will require a continued need for easement, so this will be a never ending challenge for our state.



SPILLS

One of the biggest challenges faced by county EMS directors and providers, landowners, and me as a county commissioner are spills. We fear the potential of this happening on our land. Will the clean-up process work, what is going to be the cost, is the clean-up work happening in a way we will see minimal impacts or will we suffer economic losses for years?

pipeline
monitory



Technology is available to prevent spills, so guidelines must include regulations that require the use of modern technologies that is available.



County Government

In anticipation of the expected revenue shortages, Dunn County adjusted its budgets at the mid-year point. The road budget decreased from 22 million to 19 million in order to effectively manage end of projections for completion of all projects.

Industrial Evaluation Taxation

Vision West ND formed a committee to research and study industrial evaluation taxation.

The committee will remain vigilant in providing reliable and appropriate data that demonstrates the problems in the process of industrial evaluation taxation in counties.

EMS

Sheriff's department -States attorney—Ambulance
and Fire and Rescue

I am going to end with this because I really believe
we are not experiencing declines in services
required by EMS.

EMS



Emergency Services

Area EMS crews feel strain

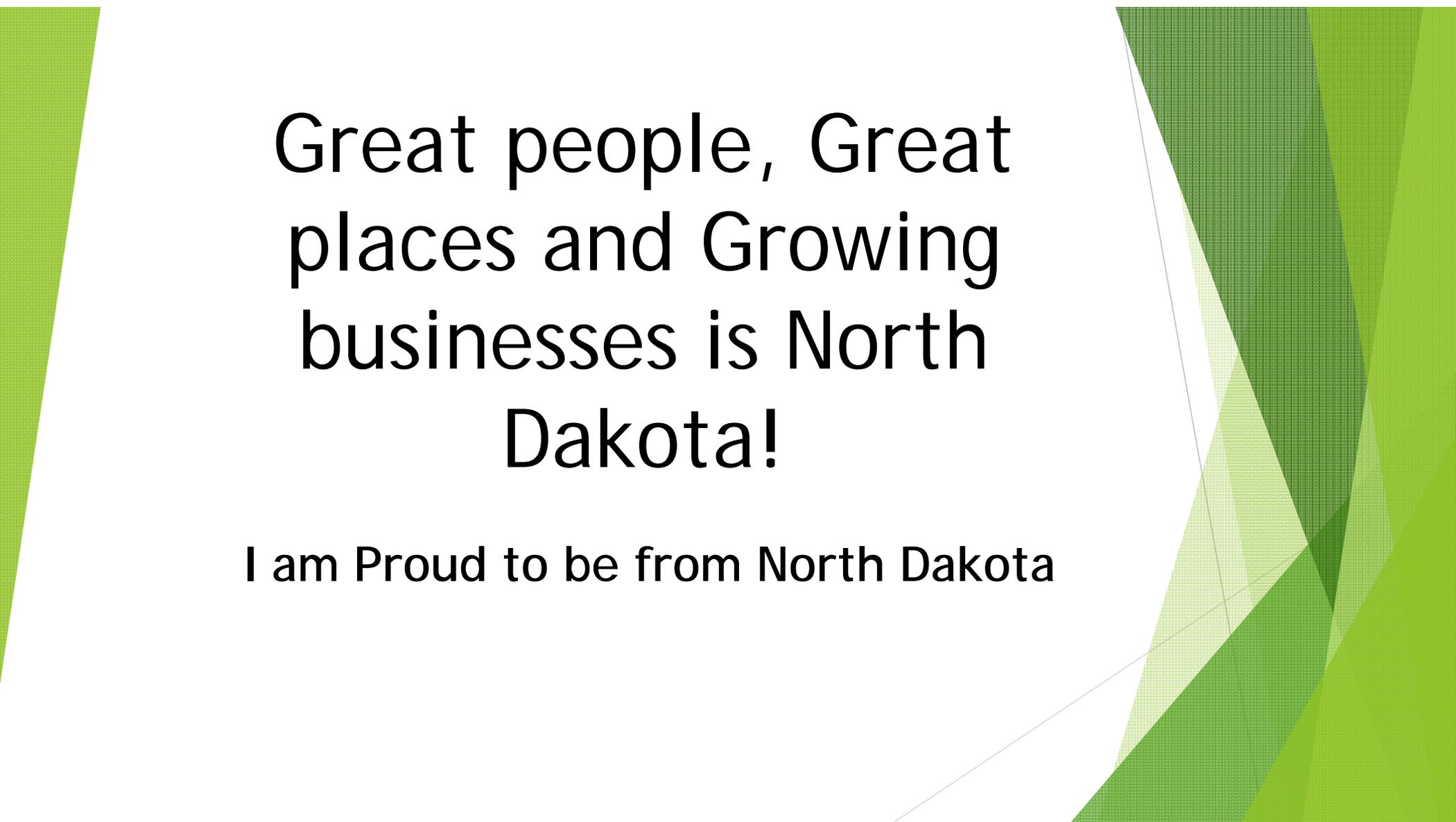
By [Dickinson Press Staff](#)

Dunn County continues to experience significant challenges with drugs, human trafficking, accidents, and domestic violence. Have they leveled off from six months ago? I would say “yes” the continuous increase we observed over the past four years of 15%-25% annually has leveled off to about a 10% increase as of now.

Construction activities are also occurring just outside of our county, in neighboring counties like Mountrail, McKenzie and Mercer. Ambulance, Rescue and Fire protection in these areas have adapted to the needs of EIO grants. If funding is not released from these grant funds it will soon have a negative impact on many of these services. I ask we approach all areas of EMS needs and funding with great caution so we do not lose what we have built up in many areas as of now.

Thank You

I still see this as North Dakota's CASH COW for the next century if not longer and many may say it is no different than those past oil trend years we all called a bust. I see it different, I see great economic possibilities and the growth of the rural areas, cities and development of manufactory of energy out here in western North Dakota. This play has brought a positive amount of wealth to all who live in our great state.



Great people, Great
places and Growing
businesses is North
Dakota!

I am Proud to be from North Dakota

Daryl Dukart

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COUNCIL

We keep North Dakota going strong



EmPower ND

March 1, 2016

Zac Weis, Chairman,
NDPC Regulatory Committee



ND Oil & Gas Activity

- 38 active Drilling Rigs
- 1.15 M bbls/day Production
- Loss of 25,000 ND jobs

An Industry under fire at a
time of lower for longer



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BLM Rules

- BLM Hydraulic Fracturing Rule
- BLM Onshore Order
 - #3 – Site Security
 - #4 – Measurement of Oil
 - #5 – Measurement of Natural Gas
- Field Office Sundry Notice Decision Record
- BLM Venting & Flaring Rule (#9)



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EPA Rules

- WOTUS
- EPA “4-pack” Proposed Rules on Methane
 - Source Determination Rule
 - Tribal NSR
 - NSPS 0000a
 - Control Techniques Guidelines for O&G
- Innovative Enforcement/114 requests



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US Fish and Wildlife

- Dakota skipper & Poweskiek skipperling
- Northern Long Eared Bat
- Sprague's Pipit
- New candidate species weekly
 - Monarch butterfly
 - Bee
 - North Dakota Moose



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EPA & BLM Rules

- Part of Administration's Climate Change initiative
- New rules aimed at methane emissions, measurement, royalties and restrictions
- Another example of agency overreach
- BLM lacks statutory authority for air quality regulation
- Methane emissions from oil and gas activities at EPA says 1.1%; EDF estimates 0.38% of production
- Emissions down by 21% since 2009/while production up 47% without regulation
- Coal/Oil & Gas leasing on public lands—Clinton says “done deal”
- President’s Budget \$10.25/barrel tax on oil and gas production



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Efforts within State

- North Dakota DoH Environmental Section
 - Clean power plan
 - 114 requests/task force
 - TENORM
 - Spills & Remediation/Reclamation
 - **Not enough resources to protect ND primacy**
 - Have not adopt EPA regulation on emissions: 0000,
 - need 20 more FTEs
 - Door open for EPA to overfile
- **Strong support for State Regulation**
- **NDIC Rule Making**
 - 40 Changes



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HB 1432: Federal Legislative Impact Advisory Committee

- Committee created by HB 1432
 - Legislature appropriated \$1.5 million for biennium
 - 1432 allows for supplemental funding for Committee
 - Ag groups, LEC, NDPC, majority and minority legislative representatives
1. Provided funding for AG for WOTUS injunction
 2. Funding for Species Studies



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Remediation Resource Manual

- Task Force: DoH, DMR, Governor's office, Ag Commissioner, NW Landowners Assoc. EERC, NDSU and Industry
- Provide alternatives to “scoop and haul”
- Landowner input and dissatisfaction with replacement top soil
- Manual is not regulation, it is tool for communication with landowners and a guide to remediation options



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Brine Spill

Initial Soil Analysis EC 27.0 mS/cm
Native Soil Analysis EC 0.8 mS/cm



Soil Analysis EC 1.0 mS/cm



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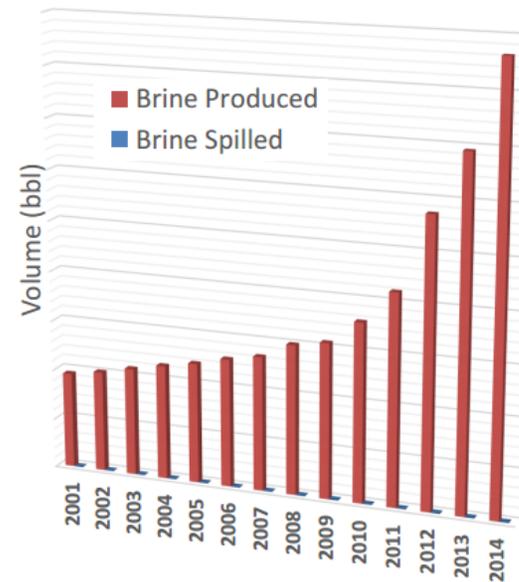
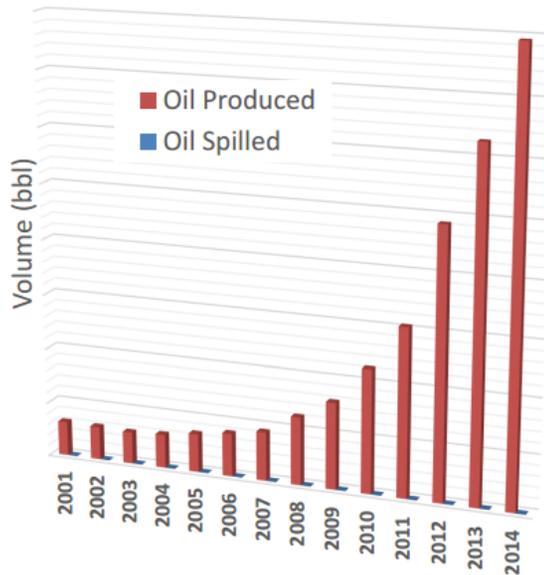




Overall spill stats, 2001-2014

In 2014, approximately 396,000,000 bbl of oil produced; 20,000 bbl of oil spilled (0.005%).

In 2014, approximately 432,000,000 bbl of brine produced; 71,000 bbl of brine spilled (0.01%).



Source: NDDH and DMR.



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Spills

- 79% occur on easement;
- Specially designed to contain fluids;
- No environmental impact.
 - ND has stiffest regulations in the country



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Saltwater & Pipeline Remediation

But most important:

It can, unfortunately,
happen...

...but it can be, is being,
and will be fixed.



Brine-impacted landscape ()



Remediation and reclamation complete ()



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Registration opens Jan. 26!

24TH ANNUAL
**WILLISTON
BASIN
PETROLEUM
CONFERENCE**

**MAY
24-26
2016**

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FEATURING
LOU HOLTZ
"COACHING
WHEN IT
COUNTS"

**BAKKEN
FORWARD**



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Questions?

Thank you!