



ENERGY DEVELOPMENT AND TRANSMISSION COMMITTEE

Wednesday, September 16, 2020
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Rich Wardner, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Rich Wardner, Brad Bekkedahl, Kathy Hogan, Ray Holmberg, Merrill Piepkorn, David S. Rust; Representatives Dick Anderson, Tracy Boe, Mike Brandenburg, Alisa Mitskog, Todd Porter, Don Vigesaa

Members absent: None

Others present: Senator Joan Heckaman, New Rockford, member of the Legislative Management
Senators Jessica Unruh-Bell, Beulah, and Dale Patten, Watford City
See [Appendix A](#) for additional persons present.

It was moved by Representative Vigesaa, seconded by Senator Rust, and carried on a voice vote that the minutes of the June 2, 2020, meeting be approved as distributed.

TECHNOLOGICALLY ENHANCED NATURALLY OCCURRING RADIOACTIVE MATERIALS

Chairman Wardner called on Senator Dale Patten, Watford City; and Mr. Brent Bogar, Senior Consultant, AE2S Nexus, for testimony ([Appendix B](#)) regarding technologically enhanced naturally occurring radioactive materials and radioactive waste disposal sites.

In response to a question from Senator Rust, Mr. Bogar said an estimated 2,500 truckloads of technologically enhanced naturally occurring radioactive materials is shipped out of North Dakota each quarter.

GAS CAPTURE AND UTILIZATION

Chairman Wardner called on Mr. Lynn Helms, Director, Department of Mineral Resources, Industrial Commission, for testimony ([Appendix C](#)) regarding the Coronavirus Aid, Relief, and Economic Security (CARES) Act, plugging and reclamation, and gas capture in North Dakota.

In response to a question from Senator Holmberg, Mr. Helms said \$33,175,000 of the state's share of CARES Act funds will be spent on plugging abandoned wells, and \$33,175,000 will be spent on reclamation.

In response to a question from Senator Bekkedahl, Mr. Helms said because well operators are charging post-production costs against natural gas royalties, royalty owners are paying for the processing and marketing of their share of the gas. He said well operators may not charge royalty owners for the operator's share of the gas but operators likely charge royalty owners the full processing and marketing amount allowed under the lease contracts.

Senator Bekkedahl said royalty owners have shown him statements wherein post-production deductions have been up to 60 percent of the royalty owner's net check amount of the oil and gas royalty.

In response to a question from Representative Brandenburg, Mr. Helms said the ONEOK pipeline currently is moving 180,000 barrels of liquids a day.

In response to a question from Senator Patten, Mr. Helms said discrimination between an operator and a operator or between an operator and a nonoperator is not allowed in North Dakota in natural gas pricing. He said there are numerous individual leases, contracts, and joint operating agreements, some of which are very unfriendly to the nonoperator working interest owner and to royalty owners. He said some leases allow for the net negatives to be piled on and charged against the oil and gas royalties.

RECYCLING PRODUCED WATER IN OIL AND GAS OPERATIONS

Chairman Wardner called on Mr. John Harju, Vice President for Strategic Partnerships, Energy and Environmental Research Center, for testimony ([Appendix D](#)) regarding the status of the Industrial Commission's study on recycling produced water in oil and gas operations.

In response to a question from Senator Piepkorn, Mr. Harju said even though there is not an unlimited supply of fresh water, the State Water Commission has indicated there are very large volumes of uncommitted water flowing through the state via the Missouri River system.

In response to a question from Representative Mitskog, Mr. Harju said concentrations of minerals and elements have been observed in the produced waters, in addition to the substantial presence of other salts. He said it has been challenging to find the selective technology to specifically pull the more desirable salts from the produced water.

LANDFARMING

Chairman Wardner called on Mr. Danny Middlebrooks, Executive Vice President, Northern Field Gathering and Processing; and Mr. David McQuade, Senior Director, Operational Discipline, Targa Resources, for testimony ([Appendix E](#)) regarding landfarming hydrocarbon impacted soil.

In response to a question from Senator Piepkorn, Mr. Middlebrooks said when Targa Resources brought on the LM4 plant, Targa Resources was moving 86 million cubic feet of natural gas liquids a day through the LM1-LM3 plants. He said an additional 55 million cubic feet of gas was moved a day after Targa Resources turned on the LM4 plant. He said Hess Production Co. owns 50 percent of the LM4 plant.

In response to a question from Senator Hogan, Mr. McQuade said siting occurs at the state level with little to no involvement from cities or counties because the zoning for landfarms is a temporary position.

Senator Hogan said consulting local planning and zoning commissions about their zoning rules is crucial, especially near urban areas because local planning and zoning commissions may be aware of specific zoning issues.

BIOREMEDIATION

Chairman Wardner called on Mr. Luke P. Lee, Tribal Liaison, Chief Oilfield Services LLC; and Ms. Jen Neve, President, Oppenheimer Biotechnology, Inc., for testimony ([Appendix F](#)) regarding biological remediation.

In response to a question from Chairman Wardner, Mr. Lee said Chief Oilfield Services typically does not deal with environmental agencies. He said the companies hiring Chief Oilfield Services for biological remediation handle all interaction with the state environmental agencies having oversight over a project and consult with tribal governments if the spill is on tribal land.

In response to a question from Senator Heckaman, Ms. Neve said the charge for a biological remediation project is dependent on the area size of the spill. She said another cost factor is the testing required by state environmental agencies which is a separate charge but does get rolled into the price of the project itself.

In response to a question from Representative Brandenburg, Mr. Lee said Chief Oilfield Services has not performed any underground biological remediation projects but the microbes used can migrate 18 inches into the ground.

Ms. Neve said the microbes can be infiltrated or injected deep into the ground or the microbes can be introduced to an aquifer and the aquifer can be used to push through the microbes. She said an underground project would cost more because of the increased difficulty level compared to an aboveground project.

In response to a question from Representative Vigesaa, Ms. Neve said the biggest challenge to bringing biological remediation to North Dakota is the weather since biological remediation typically is perceived as a warm-weather technology. She said North Dakota's cold weather is no longer an issue since the technological advancement of the microbes used for biological remediation.

No further business appearing, Chairman Wardner adjourned the meeting at 12:10 p.m.

Christopher S. Joseph
Counsel

ATTACH:6