

**Testimony
House Energy and Natural Resources Committee
Chairman Todd Porter**

**Shane Goettle, Lobbyist/Vice Chair
Bakken Midstream Natural Gas, LLC
sgoettle@odney.com**

SENATE BILL 2065

Chairman Porter and members of the House Energy and Natural Resources Committee, my name is Shane Goettle. In addition to serving as a lobbyist today on behalf of Bakken Midstream Natural Gas, LLC, (“BMNG”), I am actively involved with BMNG Board leadership, serving as Vice-Chair. I submit this written testimony today in both capacities in favor of SB 2065.

BAKKEN MIDSTREAM NATURAL GAS, LLC

BMNG is developing opportunities for adding value to North Dakota energy in general, and natural gas liquids (“NGLs”) in particular. BMNG is a Delaware limited liability company. Its principals, advisors and strategic partners have considerable experience in development, construction and management of energy related value-added projects.

After years of work dedicated towards studying the feasibility of value-added energy opportunities in natural gas liquids (NGLs) in North Dakota, BMNG and its strategic partners are in the advanced stages of concluding the feasibility phase and, indeed, have, in many respects, already entered the development phase for one such project—namely an electric generation plant that we hope will serve as an anchor to support further value-added industrial development in North Dakota. That having been said, there is still considerably more that needs to be done to make our state attractive for NGL value-added projects, particularly in the area of NGL underground salt cavern storage.

In places like Alberta, Kansas, Texas, and other parts of the world where you find a robust value-added NGL use, such as the petrochemical industry, and you will also find that it is supported by underground storage for NGLs.

Storing NGLs underground requires the development of manufactured cavern space. Put simply, one first identifies salt zones that can be solution mined to open up underground caverns. NGLs or other liquids (such as crude oil, hydrogen, etc.), can then be pumped into these underground caverns. These manufactured caverns need to have high integrity—in short, they can NOT display any signs of underground migration of NGLs while being stored.

To recover the NGLs, water is necessary. The water is pumped into the cavern. The NGLs rise to the top and can be pumped out. Nearly 99 percent of the NGLs can be recovered before the cavern is emptied of NGLs and then reprepared to store NGLs again.

A good deal of study still needs to be done to determine whether or not North Dakota's geologic features can lend themselves to support underground storage. In fact, in a companion to this bill, SB 2014 (the Industrial Commission budget) provides up to \$14 million in state-sponsored research to investigate salt cavern development. The project consists of \$9 million to drill one hole, draw a salt core sample, and then conduct some geotechnical analysis. The additional \$5 million is for a contingent second hole: if the first drilling project is successful, there won't be any need to access the additional \$5 million, but it is there if a second drilling scenario becomes necessary. But, to even conduct this reserach, we need legal and regulatory certainty.

SB 2065 represents the first step toward providing the legal and regulatory certainty necessary for the development and operation of underground manufactured cavern space. You will find those provision on lines 13-30 on page 6 and lines 1-13 on page 7 in the version that

passed the Senate. We look forward to working with this committee to improve the bill toward the ends I have described.

Mr. Chairman and members of the committee, thanks for this opportunity to testify and to work with you on creating a value-added energy future in North Dakota.