



# INDUSTRIAL COMMISSION OF NORTH DAKOTA

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## NORTH DAKOTA PIPELINE AUTHORITY

Governor  
**Doug Burgum**  
Attorney General  
**Wayne Stenehjem**  
Agriculture Commissioner  
**Doug Goehring**

### North Dakota Pipeline Authority North Dakota Century Code 54-17.7

The North Dakota Pipeline Authority (Pipeline Authority) was created by the North Dakota Legislature in 2007. The statutory mission of the Pipeline Authority is “to diversify and expand the North Dakota economy by facilitating development of pipeline facilities to support the production, transportation, and utilization of North Dakota energy-related commodities, thereby increasing employment, stimulating economic activity, augmenting sources of tax revenue, fostering economic stability and improving the State’s economy.” As established by the Legislature the Pipeline Authority is a builder of last resort, meaning private business would have the first opportunity to invest in and/or build additional needed pipeline infrastructure. The Industrial Commission acting as the Pipeline Authority has issued no bonds under this statutory authority.

By law the Pipeline Authority membership is comprised of the members of the Industrial Commission. The Industrial Commission transferred \$700,000 during the 2019-2021 biennium from the Oil and Gas Research Fund to the Pipeline Authority Fund for the Pipeline Authority’s operations and studies. This was an increase in the amount transferred from the prior biennium because the Pipeline Authority contracted with the Energy and Environmental Research Center to do a comprehensive study on the natural gas liquid composition in North Dakota’s produced gas. With extensive private sector support, that study was recently completed and was the most thorough review of shale basin natural gas chemistry known to date. The study results suggest that North Dakota’s two primary natural gas liquids, ethane and propane, are expected to increase in concentration as wells drilled in the Bakken/Three Forks system age. This new information greatly assists in future infrastructure planning efforts to reduce natural gas flaring and provide support for efforts to utilize natural gas liquids for value-added opportunities in North Dakota.

The Industrial Commission has named Justin Kringstad, a consultant, as Director of the Pipeline Authority. He works closely with the Director of the Department of Mineral Resources, the President of the North Dakota Petroleum Council and the Executive Director/Secretary of the Industrial Commission. The Pipeline Authority has no other staff and receives no direct General Fund appropriation. The Pipeline Authority Director reports to the Industrial Commission and the Oil and Gas Research Council on a regular basis.

The Pipeline Authority participates in a monthly webinar in addition to making numerous presentations to the Legislative interim committees and the public. These presentations are available on the Pipeline Authority website at [www.northdakotapipelines.com](http://www.northdakotapipelines.com) The Authority’s most recent Annual Report is available on the website and a paper copy is included with this testimony.

During the 2019-2021 biennium the Pipeline Authority continues to work closely with the midstream industry in North Dakota to quantify future pipeline and processing needs for the region. This work identified a particular need for additional natural gas transmission pipeline capacity and solutions to address increasing levels of natural gas liquids in the transmission pipeline network. Evolving



production technology and dynamic commodity pricing make the Pipeline Authority's production forecasting efforts an ongoing process. Mr. Kringstad also served on the Bakken Restart Task Force and continues as an advisor for the EmPower Commission, State Rail Plan, Office of Management and Budget, Department of Commerce, and Department of Transportation.

The Pipeline Authority website is updated on a regular basis so you should add this website to your "favorites". We are hopeful that this website will be a good tool for keeping policy makers, citizens and industry informed of what is happening with the development of pipelines in North Dakota.

ANALYSIS OF THE PIPELINE AUTHORITY FUND  
N.D.C.C. 54-17.7-11  
Continuing Appropriation

	<u>2019-2021 Biennium</u>	<u>2021-2023 Biennium</u>
Beginning Balance	\$ 72,975	\$120,237
Add transfers and estimated revenues <sup>1</sup>		
Transfer from Oil and Gas Research Fund	\$ 700,000	\$ 350,000 <sup>3</sup>
Estimated Interest Income	\$ 1,400	\$ 500
Total Available	<u>\$774,375</u>	<u>\$470,737</u>
Less estimated expenditures and commitments <sup>2</sup>		
Administrative & Study Costs	\$ 350,000	\$ 150,000
Consultant Costs	\$ 304,138	\$ 310,000
Total estimated expenditures	<u>\$654,138</u>	<u>\$460,000</u>
Estimated ending balance	<u>\$120,237</u>	<u>\$ 10,737</u>

<sup>(1)</sup> Revenues reflect a transfer of \$700,000 from the Oil and Gas Research Fund for the 2019-2021 biennium. Estimated interest income includes actual interest income of \$1,167 through November 2020 and an estimate of the interest income through June 30, 2021.

<sup>(2)</sup> Actual administrative costs through November 2020 total \$298,077 with an estimate for the remainder of the biennium. Actual consultant costs through November 2020 total \$201,258 with an estimate for the remainder of the biennium.

<sup>(3)</sup> The amount to be transferred from the Oil and Gas Research Fund for the Pipeline Authority is at the discretion of the Industrial Commission.