

**Testimony of Josh Ruffo – 3/22/2021**  
**Tribal Straddle Well Adjustment to State/Tribal Oil Tax Agreement**  
**House Finance and Taxation Committee**  
**SB 2319**

Chairman Headland and members of the House Finance and Taxation Committee, thank you for the opportunity to testify today in support of SB 2319, in anticipation it can be amended to more closely reflect its introduced version.

My name is Josh Ruffo, and I am a resident of Turtle Lake, North Dakota. I have worked in the oil and gas industry for 15 years, and I am the current West Region Field Coordinator for Enerplus Resources.

Enerplus Resources (USA) Corporation is a subsidiary of Enerplus Corporation and we currently operate 776 wells in North Dakota, with 566 of those wells located on the Fort Berthold Indian Reservation (“FBIR”). Enerplus entered FBIR in 2008 and we are proud to employ a growing workforce of employees, several of which are enrolled members and live on the Reservation.

In the past five years alone, Enerplus has created hundreds of full-time jobs, paid \$177MM in extraction/production taxes and invested over \$2B of capital in FBIR and the State of North Dakota. We are currently producing over 40,000 barrels of oil per day.

The biggest drivers for economic recovery and long-term growth for Enerplus’ operations on FBIR is the crude oil price, costs, taxes, fair regulations and the ability to operate in a business-friendly environment.

The decision whether to shut in production, complete wells or drill new wells is largely dependent on these factors.

Since joining Enerplus Resources in 2010, one of my primary responsibilities has been to work directly with the MHA Nation leadership as the primary point of contact on behalf of our company. I am also responsible for all regulatory and environmental field compliance with our Bakken operations.

For the past 10 years Enerplus has engaged in and supported the many efforts of the oil and gas industry, the State of North Dakota and the MHA Nation to work together on providing regulatory certainty and a stable business environment on FBIR, especially on taxation policy.

With 30% of North Dakota's oil production coming from FBIR it is clear just how important it is for all parties involved to work together to ensure this operational stability is sustained.

In fact, one of the factors that led to our decision to grow our presence in ND, with our recently announced acquisition, was due to the stable tax and business environment that exists in ND and on FBIR.

We are concerned, therefore, when we hear the threat of dual-taxation with these straddle wells if an agreement is not reached on this bill. A dual-taxation environment, even if just on a subset of wells, would place a dark shadow over this stable tax environment – putting unnecessary risk on future investment, jobs, new well development and ultimately lost revenue for all parties involved.

**ENERPLUS RESOURCES  
(USA) CORPORATION**

US Bank Tower, Suite 2200  
950 17<sup>th</sup> Street  
Denver, CO 80202-2805

720-279-5500  
[www.enerplus.com](http://www.enerplus.com)

Enerplus believes SB 2319 provides a prime opportunity to avoid this pitfall and for the State of North Dakota and MHA Nation to again work together and find a solution on straddle well taxation policy that will move this regulatory stable environment forward.

We agree with Chairman Fox that a mutually agreed upon version of the bill should be reached in this legislative session.

Chairman Fox has also committed to this legislative body that resolution of the straddle well issue is the final oil and gas tax-related priority the MHA Nation would like to have resolved.

This should not only be seen as an incentive to come to agreement now but should also be viewed as a notable success for how far the state and MHA have come on working through tax issues and creating a long-term, shared-tax policy that is beneficial and fair to all.

At a time when Washington D.C. is attempting to create regulatory uncertainty with oil/gas development, Enerplus believes collaboration and leadership between the MHA Nation and the State of North Dakota is of particular importance.

Enerplus is proud to operate its business within FBIR and in the State of North Dakota. We appreciate the efforts of the state to partner with the MHA Nation to work on viable solutions, especially around tax policy, and we thank you for your continued demonstration of your support for our industry.

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Enerplus believes SB 2319 provides a favorable occasion for all parties – the MHA Nation, the State of North Dakota and the oil and gas industry to continue to present North Dakota as an attractive state for investment.

For these reasons, we are asking this committee and legislature to work out a solution with the MHA Nation and move SB 2319 forward in an amended version that addresses this issue now and not delay it for a future legislature to decide.

Thank you for your consideration of this important legislation. I look forward to any questions you may have.

#### Enerplus Background

- FBIR – since 2008
- Approximately 45% of all Enerplus production is from Ft. Berthold;
- Nearly 2/3 of Enerplus capital investment in 2021 will be in Ft. Berthold;
- 2021 Drilling & Completions Plan – 1 rig program; 20-26 wells, starting April 1
- We plan to resume completion operations on FBIR at the end of this month (current DUC's 28)
  
- Bruin acquisition (if asked) – Enerplus looks forward to the opportunity to expand our operations in North Dakota and increase our leasehold acreage, both on and off-FBIR. We closed on the acquisition on March 10<sup>th</sup>. More details and information on the acquisition is described in our publicly-released statement.

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