

SB 2228 Energy and Natural Resources Committee Testimony (In Favor Of)

Warren Woroniecki , Mercer / Morton County Landowner

Chairman and Committee members my name is Warren Woroniecki. I am from the Hebron area. Our ranch is in the very southwest corner of Mercer County. I ranch alongside my wife, daughter, son in law, and grandson, my parents, brother, and numerous cousins. In addition to our ranch I started a feed business when I was finishing college in 1987. We incorporated the feed business in 1991. We work with cattle producers located throughout all parts of North Dakota and Montana, and some parts of South Dakota.

Our feed businesses main focus was working with the beginning of the ethanol business. We utilized feed by products mainly sourced from AlChem in Grafton, ND. Then continued to work with ethanol plants located all over the Midwest. In the spring of 1998, we partnered with an agribusiness called the Arthur Companies, owned by the Burgum and Peltier Families. Through this partnership we became a powerhouse in marketing all feed by products from the ethanol, brewing, and crushing industries. We continued a successful partnership through the fall of 2010. At that time we decided to split our business to focus on our own core competencies.

We also operate my wife's families ranch by Keene, ND. We work hand in glove in energy development and salt water disposal. We have worked with industry greats like Continental Resources, Halliburton, XTO, Oasis, HESS, Targa, Crestwood, and One Oak, just to name a few.

When working with these companies in their land use needs we take into account the agricultural value of the land, its generational value in equity, and how to maintain these current values. We also take into account the current value of agricultural products and the future value those agriculture products from the land that needs to be idled to utilize the land for oil pads, roads, pumping infrastructure, holding tanks, etc. Those leases and some surface leases are targeted to specific areas.

These leases we hold with the energy companies are not blanket leases that cover all our land area like what the current carbon sequestering business is trying to pull off with a one time payment of \$25 / acre and a future value of \$0.50 per metric ton of carbon when they themselves will receive \$85 / metric ton.

Our leases for land use with energy development are paid yearly for the life of the project. These payments are based on rates comparable to the value the land would have if being leased for agricultural purposes. Eminent domain has never been used on our land for lack of coming up with equitable or just compensation.

Every landowner in town or out in the country should be very concerned about our current law regarding amalgamation and the ability of the Industrial Commission to take it from us without a court of law. Most of us in North Dakota work hard to build equity in land, buildings, business, and houses. When land is taken and used for projects like carbon capture where full surface leases are used, easements will be filed. The full surface is what we need to be in control of to graze our cattle, and plant our crops. Once these full surface easements are filed your land equity is set back close to zero. This results in losing generations of equity. That equity is what we need to borrow money for operating and expanding our businesses.

Every banker should be extremely concerned about the current law and if it were to be used. They should be concerned because in many situations in agricultural land use the banks usually hold all, or the majority of, the surface in collateral. No agricultural land investor will ever be able to get financing to buy land with full surface leases or be able to sell their own land for full agricultural value.

I encourage a Do – Pass on Senate Bill 2228

Respectfully Submitted,

Warren Woroniecki , Hebron ND