

Testimony of Jean Schafer
Dakota Gasification Company
HB 1210
January 30, 2025

Chairman Porter and members of the House Energy and Natural Resource Committee,
My name is Jean Schafer, and I am the Senior Legislative Representative for Basin Electric/Dakota Gas. I would like to share Dakota Gasification Company's (Dakota Gas) experience and perspective on carbon dioxide (CO₂) pipeline operations and our concerns with HB 1210.

Dakota Gas owns and operates the Great Plains Synfuels Plant near Beulah, North Dakota—the only commercial-scale coal gasification facility in the country that manufactures natural gas, and many other by-products including CO₂. For 25 years, we have safely operated a 205-mile pipeline transporting CO₂ from the Synfuels Plant to oil fields in Canada for enhanced oil recovery, in addition our project was constructed without any need for property condemnation in the US or Canada.

To lay the groundwork for our project's successful development, over 30 years ago we worked on the original legislation that classified CO₂ pipelines as common carriers, ensuring non-discriminatory practices and supporting their safe and effective operation. Dakota Gas also helped develop legislation for the 10-year CO₂ pipeline tax exemption adopted in 1997.

CO₂ pipelines are among the most heavily regulated industries in the US, with oversight provided by the Pipeline and Hazardous Materials Safety Administration (PHMSA). Under the existing PHMSA regulatory framework, our pipeline is held to stringent compliance in areas such as:

- pipeline integrity management,
- public awareness,
- control room management,
- operator qualification,
- emergency response planning, and
- comprehensive operating and maintenance manuals.

For further details on the activities in each of these areas, please review the additional information outlining the PHMSA regulatory framework examples passed out with my testimony.

At Dakota Gas, safety is our top priority. We employ a large, full-time team of highly skilled professionals dedicated to operating and maintaining the pipeline in compliance with all regulations, and advanced technology plays a vital role in ensuring the safety of our CO₂ pipeline. We conduct aerial patrols every two weeks to monitor the pipeline's condition and deploy pipeline inspection gauges (PIGs) every five years to comprehensively detect and report even the slightest anomalies. Additionally, we utilize a range of monitoring systems, including a computerized leak detection system that can pinpoint the location of a suspected leak. This would activate remote isolation valves limiting the amount of gas that could possibly escape on either side of a potential leak until verified. These comprehensive measures, along with additional safeguards, ensure the pipeline's integrity and safe operation.

House Bill 1210 introduces arbitrary requirements that undermine the effectiveness of PHMSA's existing framework. It imposes excessive and unnecessary penalties that fail to enhance safety and only create additional, confusing burdens for operators already adhering to stringent regulations. The current regulations are comprehensive and subject to continuous review and are updated to reflect advancements in technology and industry practices.

Against this backdrop, House Bill 1210 creates state regulations not based in fact or the history of the operation of our facilities in North Dakota. The truth is that our pipeline is subject to strenuous regulatory oversight and has an admirable operating history, demonstrating that CO₂ pipelines can and do operate securely, reliably, and in harmony with our environmental and community commitments.

We strongly urge the committee to reject House Bill 1210 and issue a Do Not Pass recommendation.

Thank you.