

HB 1210: CO2 Victim's Lien
House Energy & Natural Resources Committee
January 30, 2015
Presented by Rep. SuAnn Olson

Mr. Chairman and members of the committee, HB 1210 ensures that what happened in Sartatia Mississippi doesn't happen here. And what is that? Not the rainsoaked landslide that caused a CO2 pipeline break but the atrocity that the 45 people who were hospitalized, some with lingering problems, had no recourse against the company.

Big companies hire big law firms that far outmatch individuals. Their job is to make sure the owners lose as little as possible.

It's our job to look out for our citizens first, not big out of state companies.

This bill ensures that if a pipeline break injures people and property, the injured parties can file a victim's lien and if they can prove they were harmed, they can be treated as preferred creditors.

There are arguments that nothing is going to happen so this protection isn't needed or that somehow, it's not fair to the company. If the pipeline is safe, then this bill doesn't alter anything. But if it's not, we need to stand up for North Dakotans. Unlike natural gas, CO2 released from this pipeline won't stay on the easement. Natural gas goes up and then out. CO2 stays low and moves along the ground to the lowest points. Many of the people that may be affected by a CO2 leak are victims of reverse imminent domain. They are being put at risk without due process and without just compensation.

All pipeline incidents are required to be reported to PHMSA. have been an average of 636 incidents a year for the last 20 years and an average of 10-14 deaths each year depending on how many years are included in the average. Of course, these incidents and deaths are related virtually all from oil & natural gas but they are an undeniable of proof of danger. CO2 pipelines are more dangerous and as yet, throughout the US, the sample size for CO2 pipelines is small.

Here's the headlines from the Sartatia MS mishap which demonstrate the need for this bill. You can be sure that the details will be a little different in another CO2 pipeline break but the result will be the same. There will be very little left to compensate the unlucky people who happened to be in the way.

On February 22, 2020, the CO2 pipeline near Sartatia burst, hospitalizing 45.
"We got lucky," said Yazoo County Emergency Management Agency director Jack Willingham, who oversaw the rescue effort. "If the wind blew the other way, if it'd been later when people were sleeping, we would have had deaths."

On July 30, 2020 Denbury Resources, the company that owned and operated the pipeline filed bankruptcy. In that bankruptcy, they unloaded \$2.1B of debt.

DENBURY RESOURCES, INC. indicated on its bankruptcy petition that it does not expect there will be sufficient assets in the estate to make a payment to the unsecured creditors.

The PHMSA order will require the company to meet compliance requirements, such as communicating with all first responders who would be responsible for responding to a pipeline incident. Denbury has already paid a \$2.8 million penalty, the release said.

Exxon Mobil Corporation (NYSE: XOM) today announced it has closed its acquisition of Denbury Inc. (NYSE: DEN) in an all-stock transaction valued at \$4.9 billion, or \$89.45 per share, based on ExxonMobil's closing price on July 12, 2023.

About three years after Texas oil producer Denbury Inc. emerged from bankruptcy, four top executives are set to collect the final installment of a \$121.5 million post-reorganization pay deal that rivals some of the industry's most generous compensation packages.

*Chief Executive Officer Chris Kendall will receive the final portion of equity awards valued in total at \$68.7 million by year end, according to this year's proxy statement. His three top lieutenants will also split the remainder of their \$52.8 million package, just as the company looks to close a \$4.9 billion takeover by Exxon Mobil Corp. **Kendall's total is just shy of the value of stock awards Exxon CEO Darren Woods received over the past three years for running a company 100 times Denbury's size.***

Denbury also did not disclose that on Oct. 7, 2020, there was another accident while reconnecting the damaged pipeline section. While workers did a "controlled blow-down" to remove any remaining CO2 from the section, a valve "froze in the open position due to internal ice formation" and gas poured out, according to Denbury's report to the state Department of Environmental Quality. Multiple attempts to close it failed, and some residents had to be evacuated that night on short notice. But the second incident lasted longer — almost an entire day— and released 41,000 barrels of CO2, according to Denbury, while the Feb. 22 incident lasted four hours and released 31,407 barrels.

I would point out that the biggest CO2 pipeline to be proposed and permitted in ND is the Summit SCS pipeline. It has disclosed only a few of its owners but includes companies from China, South Korea, and Saudi Arabia. Communist China, as we know, has long been a declared adversary of our federal government. In fact, this body voted 89-4 just two weeks ago to approve spending \$15M on new drones because the ones we already owned were made by China. Yet, if we do not pass this bill, we are willing to allow Communist China to operate a pipeline carrying a substance that the Defense department deems a weapon of mass destruction, rather than ensuring that our own citizens are protected.

Mr. Chairman and members of the committee, I respectfully urge you to give HB 1210 as amended a DO PASS recommendation so that we put ND citizens in the best position possible to recover their losses. Thank you.