



WESTERN DAKOTA ENERGY ASSOCIATION

February 2, 2025

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Testimony of:

Geoff Simon, Lobbyist #144
in support of SB 2397 – Oil County Definition
Senate Finance and Taxation Committee

Chairman Weber and members of the Senate Finance and Taxation Committee:

On behalf of the city, county and school district members of the Western Dakota Energy Association (WDEA), we wish to express our strong support for SB 2397, which would provide a new definition for “oil-producing county,” offering the opportunity for the lesser producing counties to obtain much-needed transportation infrastructure funding.

The current definition applies to any county that receives more than \$5 million in gross production tax revenue annually, but four of the eight counties that currently meet that criteria – Billings, Bowman, Burke and Divide Counties – just barely exceed that threshold. In contrast, the other four counties in the category – Dunn, McKenzie, Mountrail and Williams – are several times over the \$5 million level. The disparity means the “Big Four” generally have adequate revenue to maintain and improve county and township roads, but the lesser four producing counties struggle to keep up in the face of increasing oil industry activity. There was a point a few months back when there were four rigs in both Burke and Divide Counties, bringing in heavy truck traffic that delivers a beating to county roads.

SB 2397 would change the oil county definition from a monetary amount to a production figure, which we believe more accurately reflects the amount of oilfield activity in a county. The legislation would change the threshold to 10 million barrels of crude annually, which would be based on the county’s three-year rolling average to account for sometimes sharp swings in oil production. Divide County, currently the No. 5 producing county, produced just over 8 million barrels in the most recent 12-month period. Compare that to No. 4 Williams County, which produced nearly 82 million barrels the past 12 months, yet the two counties are currently lumped into the same category in Century Code.

You will hear in other testimony that the road impacts from heavy oilfield truck traffic are real and increasing in Billings, Bowman, Burke and Divide Counties. We’ve all heard that drilling opportunities in the Tier One Bakken core, are nearly exhausted. Oil producers have begun moving into the Tier Two areas, namely Burke, Divide and northern Billings County. You’re also aware that activity has picked up in Bowman County with the CO2-based enhanced oil recovery operations of Denbury/ExxonMobil.

SB 2397 would make these lesser-producing counties eligible for transportation funding that is reserved in statute for non-oil producing counties. And if the buckets fill in the coming biennium, they would also be eligible for a share of Operation Prairie Dog funding.

Please keep the oil industry moving with a strong Do Pass on SB 2397.

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