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Senate Bill 2322

Testimony of Brady Pelton

Senate Energy and Natural Resources Committee

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Chairman Patten and members of the Committee, my name is Brady Pelton, vice president of the North Dakota Petroleum Council (“NDPC”). The North Dakota Petroleum Council represents more than 550 companies involved in all aspects of the oil and gas industry, including oil and gas production, refining, pipeline development, transportation, mineral leasing, consulting, legal work, and oilfield service activities in North Dakota, South Dakota, and the Rocky Mountain region. I appear before you today in opposition to Senate Bill 2322.

North Dakota has long been a national leader in energy innovation, recognizing the importance of carbon management technologies such as carbon capture, utilization, and storage (“CCUS”) and enhanced oil recovery (“EOR”). Carbon dioxide pipelines are a fundamental part of these advancements, providing a reliable transportation network to move CO₂ from industrial sources to storage sites and oil fields where it can be used for EOR.

Enhanced oil recovery using carbon dioxide has been identified as a key strategy for increasing oil production in North Dakota while also reducing emissions through permanent sequestration. The North Dakota CO₂-EOR Financial Analysis, recently prepared by the Office of the State Tax Commissioner, underscores the immense economic potential of enhanced oil recovery using carbon dioxide. The key economic benefits outlined in the study are billions of dollars in additional oil tax revenue, ensuring long-term oil production stability, and strengthening North Dakota’s position as a leader in responsible energy development.

By revoking common carrier status for carbon dioxide pipelines, Senate Bill 2322 significantly hinders future investment in pipeline infrastructure, directly threatening North Dakota’s ability to advance CCUS and EOR initiatives. Specifically, this legislation would:

- **Create Barriers to Infrastructure Development** – Common carrier status allows pipelines to operate as public utilities, ensuring fair and open access while enabling projects to secure necessary right-of-way agreements. Removing this status would discourage investment in CO₂ pipeline projects by increasing legal and financial uncertainty.
- **Restrict the Use of Eminent Domain** – Eminent domain is used sparingly and only as a last resort after extensive negotiation with landowners. However, it is a critical tool for completing pipeline networks that serve a broad public benefit. Without this authority, obtaining the necessary land for pipeline projects would become significantly more difficult, if not impossible.
- **Harm North Dakota’s Oil and Gas Industry** – Carbon dioxide pipelines are essential for delivering the carbon dioxide needed for enhanced oil recovery. Without a reliable supply, North Dakota risks losing billions of dollars in potential oil recovery, tax revenue, and job creation. Restricting the ability of CO₂ pipelines to operate as common carriers effectively limits the expansion of this vital technology.
- **Undermine North Dakota’s Business-Friendly Climate** – The state has historically embraced policies that attract investment in energy infrastructure. Revoking common carrier status for CO₂ pipelines would send a strong anti-business signal, discouraging companies from investing in the state’s energy future.

Senate Bill 2322 represents a step backward in North Dakota’s efforts to remain at the forefront of energy production and innovation. Carbon dioxide pipelines are critical to the future of enhanced oil recovery and carbon sequestration efforts, both of which support job creation, economic growth, and responsible resource development. Limiting the ability of CO₂ pipelines to operate as common carriers and restricting their ability to use eminent domain would stall progress, discourage investment, and significantly impact North Dakota’s economy. NDPC strongly opposes this bill, and we urge a **Do Not Pass recommendation** for Senate Bill 2322.

Thank you, and I would be happy to answer any questions.