

Dunn County response to oil industry activity
Reinhard Hauck, Dunn County Commissioner
Interim Energy Development and Transmission Committee
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Mr. Chairman, members of the committee; my name is Reinhard Hauck, a Dunn County Commissioner. A bit of history about me so that it may help you understand where I am coming from. First, I am the former Dunn County Auditor, a position I held for more than 30 years. I retired from that position in 2012 and I guess I thought that the frying pan wasn't hot enough, so I ran for commissioner and jumped into the fire in December of 2012 to serve the public in a different role.

I was auditor when the second oil boom hit, the one in the late 70s and early 80s. Dunn County had developed a zoning ordinance in 1976 to try to deal with the oil industry and plan for the growing needs of the county. It was a tough battle, a battle which cost the former auditor her job.

Zoning tried to deal with the industry by first having the oil well sites permitted by the county. The county wanted control of where the wells were sited, or at least an idea of where they would be located, to better serve the industry and the public with roads and road maintenance. The Little Knife field was developed and caused a lot of heartburn for the county, but that play was much more localized than the current Bakken play which tends to migrate and is concentrated to about one half of the county and spread out from there. The Bakken play uses more roads and services than the earlier plays in the second oil boom.

I live in the part of the county that has the scoria resources for many of the oil pads throughout the county and even into parts of McKenzie County and the Fort Berthold Reservation. I also am fortunate to live in an area that has a number of fresh water wells that are used to provide water for fracking.

The volume of trucks hauling scoria to well sites picked up considerably last year and into this year because of new pads being built. I get used to seeing scoria rocks lying on the road from overloaded trucks and the occasional accidental dump of a full load. Those trucks can beat a road up pretty fast.

Water usage has gone up tremendously because numerous wells in the oil producing counties are being re-fracked with newer technology that didn't exist when the wells were first drilled. The process of re-fracking the wells increases production substantially. Drilling activity continued during the recent downturn, but many of the new wells were not completed. Some remained uncompleted for up to two years while waiting for an increase in crude prices.

Tanker trucks are again on the move. Sometimes these trucks get lost. A GPS leads them down dead end roads and they end up in yards, running over mail boxes and tearing up a driveway trying to turn around.

Dunn County, like most of North Dakota, experienced a drought which hampered road maintenance all summer, and freeze up of the road surfaces this winter. Dust has been in the air all winter which means that gravel roads are losing their fines, the binder that keeps the gravel tied to the road. Consequently miles of county roads that have been used by the industry will need to be graveled again this summer since all that remains are the gravel rocks that cannot be maintained and made to hold to the road bed. Complaints are numerous from the local residents who have to use these road because of the wash boards, which make it nearly impossible to keep some vehicles on the road despite slowing down.

Rig counts are down but truck traffic is not. A rig can now drill about 2 to 2.5 wells in 30 days, which means more wells are being drilled by a single rig than earlier in the boom. These rigs must be serviced by heavy trucks which mostly travel on county roads and bridges. That constant pounding by heavy trucks means the roads and bridges require constant maintenance.

When new roads are built, it is common to apply a road binder such as magnesium chloride or calcium chloride which helps keep the gravel in place. This also keeps the dust to a minimum. The cost of this application alone is \$10,000 per mile. Road maintenance never ends as well as trying to control dust. Commissioners' phones ring all summer with complaints about dust. Our county's policy is to apply mag chloride to county roads in front of resident's farmsteads for about a quarter of mile in areas that are heavily used by the industry. Complaints come from those individuals, and rightly so, that are concerned about their livestock being dusted out as well as their crops and hay. The county cannot financially address all those complaints outside of residential areas. Last summer Dunn County spent over \$2 million just to control dust.

When the dust gets thick on the roads it also becomes a public safety issue. Accidents happen because you cannot see far enough in front of you to avoid obstacles. It can be worse than white out issues caused by a blizzard.

Counties continue to address ever-increasing public safety issues. Commissioners in all counties want everybody who is traveling to get to their destination and home safely each day. With the increased traffic and population comes more patrol officers. Dunn Counties Sheriff's Department pre-boom consisted of the Sheriff and three deputies. We now have the Sheriff and 17 deputies and have been asked to increase that by at least another deputy because of the numerous calls and drug related incidents within the county. The sheriff's department also consists of a truck enforcement division that carries a set of scales to try to protect our roads. All of the oil counties saw their sheriff's departments and budgets increase substantially since the resurgence of the oil industry.

Emergency responders are asked to step up more and more to cover the numerous emergency calls. Many of the ambulance personnel and all of the firefighters in Dunn County are volunteers. It is difficult to ask the volunteers to do more because they have full-time jobs and families, but yet they continue to respond. Volunteers are in short supply because of burnout. Equipment needs to be constantly updated in the fire departments in order to protect their volunteers and service the area with reliable equipment. That equipment is not cheap and funds are difficult to come by. This is true in all of the oil counties.

Dunn County has one paid Advanced Life Support ambulance service that had to be developed to meet the needs of the county. To date from the beginning of the year, that service is averaging more than two runs per day. They are still having a difficult time supporting the operation because of the numerous no-pay runs they make and the amount of the deduction they must take for Medicare runs.

Public safety is a priority in the counties and commissioners throughout the oil producing counties do everything possible to support the operations of the Sheriff's Department and Emergency Services.

Fully 92% of the state's oil production comes out of the four counties of Dunn, McKenzie, Mountrail and Williams, and that can be a difficult burden to bear to support the industry while maintaining the local infrastructure in the counties. There are never enough dollars to go around for any of the counties that have oil development and production, and it is not fair that the local property taxpayers should have to pay higher taxes to address impacts caused by the industry.

These impacts to surrounding counties and townships are large such that has never been seen before. The balancing act that these commissions and township official must do seems insurmountable at times.

The industry needs sound infrastructure to continue to operate, as well as the landowners, the farmers and ranchers, and all the residents of the impacted counties. Tough decisions are made every day by officials as to how to spend the limited dollars in the public coffers to best address all those needs.

We as county officials know that the landowners were here first and will be here after the dust settles. They are in it for the long haul and we must protect their interests.

We as oil producing counties want to personally thank this committee and the Legislature for past financial support. The funds provided allowed the counties to make much needed improvements to many miles of roads, which allowed us to briefly catch our breath. The highway bypasses provided to the heavily trafficked cities in western North Dakota made a lot of us breathe easier knowing that the safety of the residents in those cities was much improved. But as always, more money is needed so that we do not fall further behind in keeping our infrastructure safe and manageable in the years ahead.

Thank you.