

**STATE EFFORTS TO ASSESS IMPACTS OF OIL AND GAS DEVELOPMENT**  
**SEPTEMBER 15, 2010, 1:00 P.M.**  
**TAXATION COMMITTEE**  
**ROUGH RIDER ROOM, STATE CAPITOL**  
**SENATOR DWIGHT COOK, CHAIRMAN**

**SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE**

Good afternoon, Mr. Chairman and members of the committee, my name is Shane Goettle, Commissioner of the North Dakota Department of Commerce.

I am here with you today to provide you with an overview of our efforts to assess the impacts of oil and gas development in North Dakota.

The Department of Commerce, in cooperation with other state agencies and local officials, is undergoing four efforts to identify and assess needs. This includes transportation, housing, workforce, and technical assistance.

As you're aware, North Dakota's oil-producing counties are experiencing challenges in infrastructure relating to the significant growth in jobs, industry, population and wages in their communities. In the months of July and August, we held 12 meetings with County Commissioner and City Council Members from 14 oil and gas producing counties. In these meetings we briefed local officials on state efforts and initiatives to address oil impacts. We also listened to the many concerns and challenges experienced in the cities and counties.

One of the critical outcomes of the meetings was securing local involvement and commitment for a number of planning initiatives. We strongly emphasized the importance of planning—both to quantify needs as well as ensure the public dollars are being deployed in accord with a plan that has identified priorities and long-term solutions to the infrastructure challenges.

Through this effort, we are fully partnered with local governments to assist them in creating smart infrastructure development plans to address current and future challenges. The State, through the cooperative efforts of several agencies, has a four-part strategy to assist cities and counties in identifying areas where infrastructure development is most crucial.

Transportation

The Upper Great Plains Transportation Institute, in cooperation with the Oil and Gas Producing Counties, the North Dakota Department of Commerce and the North Dakota Department of Transportation, is conducting a study to secure a comprehensive understanding of county and township road needs. This study is compiling an assessment of current traffic counts on key county and township arteries. This establishes a base count. With assistance from the State Mineral Division, we are then projecting at least three different drilling and oil production scenarios from which we can further project traffic patterns from oil drilling and production over the next 10-20 years. This data will be used to quantify short-, intermediate- and long-term needs. Right now we are on track for a draft report by mid-November.

Housing

The North Dakota Housing and Finance Agency, the North Dakota Department of Commerce and the Bank of North Dakota are providing 70 percent of the funding for a comprehensive housing assessment. The communities of Watford City, Williston, Tioga, Stanley, New Town and Parshall have joined this study. Coupled with housing estimates generated by an employer survey described below, this comprehensive community assessment will help identify opportunities and barriers to housing development in these communities. We are also undertaking a series of surveys and interviews with housing developers to better understand barriers and obstacles to housing development in the oil and gas counties. When complete (sometime in December), the final report will have examined the housing issues from three perspectives: employer, community and developer.

#### Workforce

The North Dakota Petroleum Council and the North Dakota Department of Commerce are conducting a workforce needs assessment to project the workforce and skill needs for the oil and natural gas industry and industry sub-sectors. Seventy-seven oil and gas employers were targeted for this survey. This survey also includes a series of questions designed to assess short and long term housing demand to feed into the housing study described above.

#### Technical Assistance

This \$300,000 technical assistance matching grant program available through the North Dakota Department of Commerce will assist cities and counties in oil development areas to craft plans for water, sewer, zoning and other infrastructure needs connected with oil and gas development. To date, we have received formal applications from McKenzie County, Adams County, Stark County, Parshall, Crosby, Stanley and Killdeer and interest from a number of other communities. We do expect that all the funds will be used. This assistance should help these areas effectively deal with the impact of oil and gas development in a structured and organized manner.

Mr. Chairman and members of the Taxation Committee, thank you for allowing me the time to visit with you today. That concludes my testimony and I am happy to entertain any questions.