



DAKOTA RESOURCE COUNCIL
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NEWS RELEASE

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DRC Submits Comments for Rail Safety

Bismarck, ND--- Today, Dakota Resource Council's oil and gas task force submitted their final public comments to the North Dakota Industrial Commission (NDIC) on the safety and transportation of Bakken Crude. Last week the NDIC delayed their decision on new rules and reopened the comment period for an additional week. DRC members are asking the NDIC to make safety and health the top priority. Not only North Dakota, but the United States and Canada are watching to see if North Dakota officials will do the right thing.

During the past two years, DRC members have been concerned about the volatility of Bakken crude due to deadly explosions in train derailments in both Canada and the U.S., including one that hit close to home near Casselton, ND. That explosion led to an evacuation of the town. Last week, North Dakotans saw another train derailment near Casselton, but, since those trains were not carrying Bakken Crude, there were no explosions. This highlights the importance of North Dakota officials' responsibility to make sure the highly volatile Bakken crude is made safe before it is loaded onto trains.

The NDIC delayed the rulemaking process due to the wording of proposed rule, saying as written it was inconclusive and may lead to operators making erroneous judgments on whether treatments would be necessary to decrease vapor pressure. This is a legitimate concern that DRC raised in our original comments in September.

Theodora Bird Bear, DRC's Chair of the oil and gas task force, doesn't think it should be a problem for North Dakota to require safety standards, as the industry complies with standards in other oil producing states.

"The industry complies with much stronger standards in other states. For example in Texas, stabilization is done voluntarily by oil producers. It is time for the NDIC to act and put forth strong rules. Public safety is always the bottom line" said Bird Bear.

Concerning the rule currently being worked on by the NDIC, DRC members recommended four proposals that supplement the comments DRC provided in September. DRC's comments expand on the current proposed rules to ensure that Bakken crude is safe for transport:

- 1) **Ban Mixing Natural Gas Liquids with Crude** - One of the primary reasons for the explosiveness of Bakken crude is the "light ends" or natural gas liquids (better known as NGLs). NGLs are common heating fuels such as butane, propane, pentane etc..

When these liquids are mixed or left in crude oil there is the potential for explosion during transport in the case of an accident. North Dakota is the only state in the U.S. that allows companies to mix NGLs with oil. As a result, DRC strongly recommends the prohibition of the practice of mixing and/or leaving NGLs in crude oil prior to shipment. DRC further recommends that no NGLs can be added at rail terminals and at pipeline loading facilities.

- 2) **Require dedicated trucks and pipelines that can move processed oil stripped of NGLs** - In order to ensure that oil is not being tainted prior to shipment, DRC recommends that dedicated pipelines and/or trucks must transport the oil to rail loading terminals and pipeline hubs so that no illegal mixing of NGLs in treated crude can occur prior to final shipment.
- 3) **No new flaring should result from this policy** - At the September 23 hearing in Bismarck many companies testified that flaring was the solution that could remove volatile elements from crude. Flaring is already a problem in North Dakota that is being addressed by a flaring reduction policy promulgated by the NDIC, so any additional flaring resulting from this rulemaking would fly in the face of the flaring rule that was passed this spring.
- 4) **North Dakotans should benefit from the NGLs that are stripped out of crude** - Natural gas liquids include vital heating liquids that have beneficial uses. Because those living in western North Dakota bear many of the impacts of the oil boom, they also should benefit from the wealth of fuels that are being extracted, including heating fuels. We propose that a share of the NGLs that are processed in North Dakota at well sites or at processing facilities be sold to North Dakotans at a price significantly less than the market. The lower price can be achieved because the transport cost of the NGLs is almost zero. This would allow for a resource that would otherwise be mixed with crude or otherwise flared off to be used by the people of North Dakota.

The members at DRC urge North Dakota officials to continue to take steps toward safety in the rulemaking process.

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Founded in 1978, Dakota Resource Council is a statewide organization bringing together farmers, ranchers, small business owners, workers and other North Dakotans to address issues that affect their lives and livelihoods.