



November 8, 2011

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Heard It Through The Pipeline

Legislative Oil Patch Bus Tour November 5, 2011

The bus left Billings at 6 am on Saturday morning headed for various stops in northeastern Montana. During the trip from Billings to Miles City, Ken Morrison discussed the Keystone XL pipeline and introduced Dr. Scott Rickard. Dr. Rickard has been contracted by TransCanada to do an economic analysis of the pipeline. The analysis is near complete, and Scott discussed preliminary findings at a high level. Legislative questions were many and ranged from eminent domain needs to how many workers would be needed, capacity and impact on oil price, and housing.

The first stop was in Miles City at the new Sanjel facility. We were met by Sanjel employees Jacob "JD" Schmidt and Keenan Zentz. JD told the group how long they had been in Miles City, and that they had staffed 178 employees at an average wage from \$55-\$60,000. They hope to add an additional 50 employees. They told what they do, their service area, and invited questions. Legislative guests seemed interested and asked about training, benefit packages for employees, and if they lived in Miles City. JD estimated that about 80% of their current employees lived in the Miles City area. They also talked about some of the local business they generate and how they do quite a bit of work with local contractors, welders, machine shops and buy their pickup trucks locally. Questions were also asked about drug testing and work comp. JD and Keenan answered the questions and I was asked to discuss the importance of the employer rights bill on medical marijuana that was passed in the last session. Sanjel has a zero drug policy, like most in the industry, and [HB 43](#) helped protect them against employee claims if they terminated employment based on drug use.

The next stop was Glendive where we picked up Representative Rosendale and several local government and Department of Transportation officials. The Glendive Mayor, Jerry Jimison, talked about the increase in people that they are dealing with. Kevin Dorwart/Operations Director for Glendive spoke about the proactive position they have taken planning for water and sewer demands, however, physical features limit where the city can grow and they aren't sure how much growth to prepare for. They also talked about the levy around the west end of town and the fact it is no longer certified by the Army Corps of Engineers. Consequently the area cannot be developed until the Corps certifies the improved levy, which is unlikely. They spoke of impacts from oil and gas and their most pressing issues were county road impacts, inability to have competitive wages with the industry and difficulty finding employees.

The new regional administrator for the Montana Department of Transportation gave a short presentation on truck traffic and accidents in the area. Increased truck traffic is causing concern including a recent change order on the project north of Glendive to enhance base treatment to deal with truck loads. He gave a brief update on enforcement exercises being conducted in the area

between the MDT weight enforcement crews and the Montana Highway Patrol. Shane said that crews working in the area had three top enforcement issues:

People who are gainfully employed in Montana need to license their vehicles immediately after being gainfully employed. Quite a few citations are being issued for personal and company cars that are not licensed in Montana.

Drivers who are not qualified, and carrying the proper credentials including CDLs.
Hours of service violations.

Oneok Partners gave us a presentation on the rail facility they are building in Sidney and provided a detailed view of Oneok operations during a lunch presentation. The next stop was the Sidney High School, and a discussion with Superintendent Dan Farr, trustees and teachers. The facility is in poor shape and we heard of the difficulties of melding students from other parts of the country into the existing curriculum. They are experiencing difficulties making room for the incoming students. Sidney schools also spoke to the difficulty of retaining staff and competing with industry wages.

We left Sidney and went to Bainville via Culbertson. We made another stop at a workforce housing facility being built by the local Harmon family. Local residents showed us plans for the community shower, kitchen area being built and the trouble doing so and trying to comply with Montana standards. Harmon's had several examples of differences between North Dakota and Montana on things like code inspections and compliance.

Williston was the next and last stop. We hit the City Hall for a short discussion by Tom Rolfstad (Director local Economic Development) and Mayor Ward Koeser about impacts and the importance of planning and use of tax revenues to mitigate impacts.

We added Corey Miller, a drilling consultant working with Oasis Petroleum, and viewed a frac process from the side of the road. Corey did a great job explaining the process and handling questions. Keith Oyloe, Oasis led us to a well that was being drilled. He had hoped to tour the control office but problems during the process prevented that. However we were able to park on site and have Keith and Corey explain the operation and process. There were quite a few questions and interest.

To see some photos of the bus tour, please go to the MPA website, www.montanapetroleum.org, and click on Legislative Bus Tour: Oil/Gas Activity in the Bakken.

Attendees:

Representative Matt Rosendale, Glendive (organizer)
Representative Elsie Arntzen, Billings (organizer) with spouse
Representative Austin Knudsen, Culbertson (organizer)
Representative Hansen, Havre
Representative Skees, Whitefish with spouse
Representative Cuffe, Eureka
Representative Kary, Billings
Representative Belcourt, Box Elder
Representative Warburton, Havre
Representative Peterson, Billings
Representative Taylor, Polson
Representative O'Hara, Great Falls
Representative Skattum, Livingston with spouse
Representative Clark, Choteau/Augusta with spouse

Representative More, Bozeman
Representative Blyton, Joliet with Spouse
Senator Terry Murphy, Whitehall
Senator Moore, Miles City

Press:

Emily Boyles, KXGN/Examiner Online
Louisa Barber, Sidney Herald

Congressional Staff:

Kathy Kirkpatrick; Baucus
Bill Lombardi; Tester
Will Selph; Rehberg

Others:

Harold Blattie, Montana Association of Counties
Cary Hegreberg, Montana Contractors Association
Melissa Lewis, KLJ and Oneok
Annie Glover, 360 Solutions (Consulting)
E.J. Redding, 47 North (Consulting)
Dave Galt, MPA
Dexter Thiel, Sidney (School Board Trustee)
Luann Cooley, Sidney (School Board Trustee)
Paul Finnicum, Sidney (School Board Trustee)

Presenters/Attendees for part of trip:

Dick Vande Bossche
Director of Operations
ONEOK Partners

Dr. Scott Rickard
Dir. of Applied Research
MSU-Billings

Ken Morrison
TransCanada Corp.
Keystone XL Pipeline

J D Schmitt
Keenan Zentz
Sanjel

Operations Dir. Kevin Dorwart
Mayor Jerry Jimmison
City of Glendive
Municipal Infrastructure

Shane Mintz
Dist. Administrator
Mt. Dept. of Transportation

Luann Cooley
School Trustee
Richland County Schools

Leif Anderson
Beagle Properties
Real Estate Broker

Steve Kilbreath
Mt. Dept. of Environmental Quality
Workforce Housing Facilities

Williston, North Dakota Questions
Mayor Ward Koeser
Exec. Dir. Economic Development Tom Rolfstad

Keith Oylo
Corey Miller
Oasis Petroleum