

Minutes of a Meeting of the Industrial Commission of North Dakota
Held on March 27, 2019 beginning at 1:00 p.m.
Governor's Conference Room
State Capitol

Present: Governor Doug Burgum, Chairman
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Also Present: Other attendees are listed on the attendance sheet available in the Commission files
Members of the Press

Governor Burgum called the Industrial Commission meeting to order at approximately 1:00 p.m. and the Commission took up Housing Finance Agency business.

HOUSING FINANCE AGENCY

Ms. Jolene Kline, Executive Director, provided a legislative update. (A copy is available in Commission files.) There are two bills still being followed: HB 1014 (appropriation) and SB 2271 (Housing Incentive Fund). The legislation regarding criminal background checks for new employees has been passed.

PUBLIC FINANCE AUTHORITY

Ms. DeAnn Ament, PFA Executive Director, provided a legislative update. (A copy is available in Commission files.) The following bills are being monitored: HB 1014 (appropriation), HB 1067 (regarding certificates of indebtedness thresholds), SB 2214 (bonding for School Construction has been amended to removing the bonding), SB 2268 (Corridors of Commerce bonding - bonding has been removed), SB 2275 (bonding for Infrastructure Loan Fund - bill was defeated in the House), SCR4005 (use of Legacy Fund earnings - Resolution has been defeated). As of now, there are no additional bonding responsibilities being given to the Public Finance Authority during this session.

There was discussion regarding the potential for State bonding along with the benefits. In response to a question, Ms. Ament stated that there have been limited opportunities to testify about bonding. It is a concept that is not necessarily familiar, and it can be a lot to take in and process. Questions have been raised about the appropriation bond language and whether there would be buyers for these bonds. Time is being spent providing basic information about bonding. It has been several years since the State has issued bonds using the North Dakota Building Authority, resulting in a limited understanding of the pros and cons of bonding.

Mr. Eric Hardmeyer, BND President, indicated there were limited opportunities to provide information on bonding to legislators. However, on the Senate side they are more open to the concept. The Senate passed all the bonding bills, but the House has not been receptive of the concept.

WESTERN AREA WATER SUPPLY (WAWS)

Ms. Karlene Fine, Industrial Commission Executive Director and Secretary, presented the WAWS January and February Financial Report and Debt Reduction Report. (A copy of the report is available in the Commission files.) For the month of January there was a net income of \$1,067.07 and for February there was a negative of \$128,744.51.

In response to a question, Ms. Fine stated that it is a variable note at the Bank of North Dakota, so the interest will vary from month to month and it fluctuates depending on when WAWS makes the payment to the Bank.

Mr. Corey Chorne, AE2S, and Mr. Curtis Wilson, Executive Director for WAWS, provided an update on sales and current activity through February and provided a handout. (A copy of the handout is available in the Commission files.) Mr. Chorne stated that in 2019 the breakeven amount is \$13.6 million, which is a change from 2018 which had a breakeven amount of approximately \$12.5 million. This is a reflection of the change in the variable interest rate. WAWS has approximately \$1 million more in interest expense in 2019 than what they had in 2018. The year-to-date sales are \$2.3 million. Currently, total revenues are projected to be approximately \$20.5 million for the year.

Mr. Chorne indicated that March has been a strong month. Weather conditions impacted sales during January and February, but moving forward sales should be increasing. There was discussion regarding the impact the cold weather had on oil production. Mr. Wilson indicated that at -20° F the lay-flats are inoperable.

Mr. Chorne noted that the average revenue per barrel has been \$0.58 in 2019 compared to \$0.59 in 2018. As other contracts start taking additional water, the revenue number is expected to increase. Cost per barrel in 2018 ended with an average of \$0.19, and in 2019 it has been \$0.18. Cost is dependent on location. The further from Williston, the higher the cost. The cost range is \$.15-\$.36. Mr. Chorne noted that the \$.36 cost was an anomaly.

There was discussion regarding forecasted demand. Mr. Wilson indicated that things are picking up. He noted that there have been challenges for private providers in getting access to their water sources because of the weather, ice, intakes, and water quality.

In response to a question regarding risks associated with flooding, Mr. Chorne stated that the WAWS design is different, consisting of a concrete structure that is more robust than others. In the flooding of 2011, WAWS did not have issues with getting water in. Sediment came in and was a problem. However, steps have been taken with the pretreatment process to address that. There was an issue this week with the organics in the water which changed the taste of the water. It was not a safety concern and has been addressed.

There was discussion regarding the revenues being \$1.4 million below the projected revenues for the first two months. This should catch up in the coming months. Governor Burgum noted that a flat forecast is being utilized, but seasonality seems to be an issue. Mr. Wilson indicated that future information will account for seasonality.

A question was raised whether the March numbers are indicative of an overall demand or just catch up from the prior months. Mr. Wilson stated that he believes the industry will see an overall increase in the demand for water sales from all sources. Companies want the water, but it was just too cold in January and February to use the water.

Mr. Wilson reported that because of the variable rate on the Bank of North Dakota loan the Western Area Water Supply Authority Board has opted to pay three additional principal payments over the next three months. During 2018, WAWS had been making level debt service payments which, with the variable rate, resulted in less principal being paid. The first payment will be reflected next month.

Mr. Wilson provided a capital expenditure request for consideration.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accept the recommendation of the Industrial Commission Executive Director/Secretary and approve the request from the Western Area Water Supply Authority Board for payment from the Western Area Water Supply Authority industrial account of capital improvement costs for the Indian Hills & Alexander Pump Station Improvements projects in the amount of \$128,229.26. On a roll call vote, Governor Burgum, Attorney General Stenehjem, and Commissioner Goehring voted aye. The motion carried unanimously.

BANK OF NORTH DAKOTA

Mr. Eric Hardmeyer, BND President, provided a legislative update. (A copy is available in Commission files.) He reviewed the handout that listed the bills that have an impact on the Bank of North Dakota. The bills have been divided into 3 categories:

- Legislation Impacting BND Capital,
- Legislation Impacting BND Loan Programs & State Agency Borrowing Authority from BND - BND Direct Funding, and
- Legislation Impacting BND Loan Programs and State Agency Borrowing Authority - Other Funding Sources that would be administered by the Bank.

Currently, the bills impacting BND capital total \$235,000,000.

Mr. Hardmeyer then went through the details on the bills that the Bank is tracking and the status of each of the bills.

Bank staff specifically noted the bills that will assist the Bank in attracting projects to the State. The Commission stressed the importance of the Bank having the tools needed to grow the State's economy. It was stated that the Bank is currently working with several companies on potential financings of significant size that may use the Match Program and the guaranteed loan programs. Mr. Hardmeyer specifically reviewed an amendment that is being discussed regarding the transloading facilities in Minot.

There was discussion on use of Legacy Fund earnings for other than government costs--investing in opportunities to enhance economic development and diversify the State's economy.

Mr. Hardmeyer and Mr. Tim Porter, Bank of North Dakota Chief Financial Officer, provided information that the Bank staff has prepared on forecasted balances in the General Fund and the SIIF. (A copy of the analysis is available in the Commission files.) He stated that this analysis includes the Legacy Fund earnings. He stated that this modeling has been done so the Bank can do their planning for dollars coming into the Bank and then how those dollars can best be used through their programs to carry out its mission. He stated this information is also being used during the discussions about debt issuance and manage cash utilization--what is the appropriate balance. Governor Burgum thanked BND for their work.

Mr. Hardmeyer presented the Bank Advisory Board's non-confidential January 31, 2019 minutes.

Pursuant to N.D.C.C. 6-09-35, the Industrial Commission entered into executive session. Governor Burgum reminded the Commission members and those present in the executive session that the discussion during executive session must be limited to those items listed on the agenda which is anticipated to last between 15 and 30 minutes. It was noted that any formal action by the Commission would occur after it reconvened in open session. Commission members, their staff, and BND staff remained but the public was asked to leave the room. Governor Burgum closed the meeting at 2:18 p.m. pursuant to N.D.C.C. 6-09-35 to discuss the following items:

- Consideration of Bank of North Dakota De Minimis Cap Resolution
- Consideration of Bank of North Dakota loan applications
- Problem Loan Update
- Presentation of Confidential Bank Advisory Board January 31, 2019 meeting minutes
- Other Bank of North Dakota confidential business (as defined under N.D.C.C. 6-09-35)

BND EXECUTIVE SESSION

Members Present:

Governor Doug Burgum

Attorney General Wayne Stenehjem

Agriculture Commissioner Doug Goehring

Bank of North Dakota Personnel Present:

Eric Hardmeyer Bank of North Dakota

Todd Steinwand Bank of North Dakota

Kirby Evanger Bank of North Dakota

Gus Staahl Bank of North Dakota (phone)

Others in Attendance:

Leslie Oliver Governor's Office

Reice Haase Governor's Office

Andrea Pfennig Industrial Commission Office

Karlene Fine Industrial Commission Office

The meeting reconvened in open session at 2:41 p.m. Governor Burgum invited the public to return to the meeting room. He noted that during its executive session, the Commission made a motion regarding two Bank of North Dakota loan applications. **On a roll call vote, Governor Burgum, Attorney General Stenehjem, and Commissioner Goehring voted aye on the loan applications. The motion carried unanimously.**

DEPARTMENT OF MINERAL RESOURCES

Mr. Bruce Hicks, Assistant Director of the Department of Mineral Resources, Oil and Gas Division, presented the Oil and Gas Division Quarterly Report. (A copy is available in Commission files.)

The report included the following areas:

- Statistics including permitting, drilling, well count, production, prices, geophysical, inspection and enforcement,
- Gas Flaring,
- Drilling Permit Review,
- Complaints, and
- Performance Measures.

Mr. Hicks stated the rig count continues to go up every quarter and well counts have a new record every month. It was noted that efficiencies have continued to improve and during the most recent two quarters a drilling rig can now drill two wells per month. It was noted that the best month for completions in 2018 was 145 wells (average was 105 – drilling is now being done year-round but completions are seasonal). The number of wells waiting on completion continues to trend down, but it will take several years to

complete all the uncompleted wells unless there are additional frack crews. Mr. Lynn Helms, Department of Mineral Resources Director, stated that the number of wells waiting on completions provides some assurance that the production numbers used in the revenue projections are solid even if there is a downturn in drilling. However, having those wells waiting on completions delays income to the mineral owners. When these wells are completed new technology will be utilized and, hopefully, increase production.

A question was asked about what is being done to address workforce needs for frack crews operating in the state. Mr. Helms stated that industry and educators are working with high school juniors and seniors in western ND to encourage training so that these students are ready to work on frac crews when they graduate from high school. Competition from other oil and gas plays is an issue.

There was discussion regarding natural gas. Mr. Hicks stated that gas produced is at a record high. It was noted that existing plant capacity is projected to diminish quickly. While not all gas produced can be captured, by 2021 producers will need the next wave of investment in building plant capacity. He provided a map showing the current gas plants and information on additional gas plant capacity.

Mr. Hicks indicated that while the gas capture policy is being followed, the gas capture goal of 88% is not being met without allowances. He is hopeful that a pilot gas injection project on the potential storage of produced gas underground will give another option for how to handle produced gas rather than flaring it.

Mr. Hicks reviewed each of the following performance measures: Oil & Gas Permits Issued, UIC Permits Issued, Orders Signed-Cases Heard, Well Construction, Mechanical Integrity Tests, and Sales Meter Tests.

Mr. Hicks presented the 2019 Oil and Gas Division Strategic Plan for consideration. He noted some new items that have been added.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission adopts the following Department of Mineral Resources Oil and Gas Division 2019 Strategic Plan:

MISSION

Encourage and promote the development, production, and utilization of oil and gas in the state in such a manner as will prevent waste, maximize economic recovery, and fully protect the correlative rights of all owners to the end that the landowners, the royalty owners, the producers, and the general public realize the greatest possible good from these vital natural resources.

GOALS

- 1. Give timely hearing, consideration, and processing to all forms and applications.**
- 2. Open communication with the Industrial Commission.**
- 3. Achieve clean audits, high employee morale and professionalism, and efficient use of division employees and assets.**
- 4. Leadership in maintaining good relationships with other state agencies, federal agencies, and the legislature.**
- 5. Service nearly 3,000 website subscribers and the data needs of seven state agencies through our current Risked Base Data Management System (RBDMS) and web servers.**

IMPLEMENTATION

1-YEAR

- 1. Provide regular quarterly reports to Industrial Commission members.**

2. Collaborate with State agencies, research organizations, UND and the Unmanned Aerial System startups located in North Dakota, and the oil and gas industry to develop policy and procedure for identifying state-of-the-art pipeline monitoring systems and utilizing such systems to reduce the frequency and magnitude of pipeline spills.
3. Implement NorthSTAR Project to develop web-based forms and batch systems utilizing contractors and in-house personnel to implement electronic filing of “most used” Oil and Gas Division forms.
4. Provide computer and job skill training for appropriate agency staff.
5. Review and revise Rules and Regulations as appropriate.
6. Review and recommend revisions to Century Code as appropriate.
7. Develop tier-subscription services to provide daily, weekly, and monthly data downloads for industry.
8. Coordinate with TOPCORP and TrainND to provide training courses for OGD staff in petroleum geology & engineering, petroleum technology, communication, and environmental management.
9. Coordinate with Oil and Gas Research Council and research facilities in North Dakota to determine best techniques for remediating salt and other contamination from soil surrounding legacy waste pits.
10. Provide funding for North Dakota Department of Health’s Environmental Quality Restoration Fund through AWPSRF.
11. Defend State’s rights with regard to hydraulic fracturing, chemical disclosure, methane emissions, oil conditioning, and other federal regulatory overreach.
12. Encourage staff and website users to provide recommendations for improving and re-branding DMR website.
13. Scan bond files into database.
14. Upgrade current RBDMS to a web-based platform.
15. Encourage beneficial use of surplus gas to reduce surplus gas flaring emissions.
16. Document institutional knowledge of senior employees.
17. Create and update policies on administrative waivers and variances allowed by rule.

IMPLEMENTATION

3-YEAR

1. Provide regular quarterly reports to Industrial Commission members.
2. Provide additional training and professional development opportunities for entire agency staff.
3. Continue scanning new case and well files.
4. Increase field inspection and support staffing.
5. Review and revise Rules and Regulations as appropriate.
6. Review and recommend revisions to Century Code as appropriate.
7. Continue with NorthSTAR Project developing web-based forms and batch systems for electronic filing of remaining Oil and Gas Division forms.
8. Set up procedure for carbon dioxide administration.
9. Provide video conferencing and streaming of expert testimony at hearings. Explore live video streaming solutions utilizing credible low-cost commercial vendors.

IMPLEMENTATION

5-YEAR

1. Provide regular quarterly reports to Industrial Commission members.
2. Continue scanning new case and well files.
3. Provide training and professional development opportunities for entire staff including tuition reimbursement.
4. Review and revise Rules and Regulations as appropriate.

5. Review and recommend revisions to Century Code as appropriate.

On a roll call vote, Governor Burgum, Attorney General Stenehjem, and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Helms provided an update on the status of the agreement with the Bureau of Land Management (BLM) to regulate gas capture on federal lands. He indicated that a lot of negotiation has been taking place. The critical issue is that when the BLM initially advertised this rule revision, it appeared that all aspects of gas capture would be delegated to State decision making. As it stands now, there are four areas that BLM is retaining. Routine flaring would be an area delegated to the State, so a definition needs to be worked out. Operators need to know who is regulating when, and when they will be able to flare without paying federal royalties. Mr. Helms stated he would be reporting back to the Commission on these definitions and final issues. It needs to be clear when operators are subject to Federal rules and to State rules.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Department of Mineral Resources Director Lynn Helms is authorized to sign the Memorandum of Understanding with the Bureau of Land Management regarding the regulation of gas capture on federal lands.

Attorney General Stenehjem seconded the motion with the understanding that Mr. Helms will coordinate the final language with his office.

In response to questions, Mr. Helms stated that he anticipates the MOU could be signed in early May. The final draft should be available at the end of April. A near final draft that has been reviewed by the DMR assistant attorney general should be available at the April meeting.

Governor Burgum clarified that the Commission will have a chance to review the MOU before it is signed.

On a roll call vote, Governor Burgum, Attorney General Stenehjem, and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Helms presented a report on the status of State of Washington Senate Bill 5579. This bill would significantly restrict the unloading of Bakken crude oil in Washington. North Dakota sends approximately 200,000 bblpd to northwest Washington every day. North Dakota supplies three refineries in that state—one refinery that is 100% Bakken crude oil and two refineries that are 20% Bakken crude oil. Mr. Helms traveled to Washington with a group of oil and gas producers to testify against the bill before the Washington State House Environment and Energy Committee. He was able to get into the record information about there being no scientific basis for the proposed vapor pressure number, and that North Dakota would certainly litigate based on the federal preemption and interstate commerce regulations and laws. Based on Washington State's process, the bill must move out of committee by the end of next week.

Mr. Helms noted that he made a request to the North Dakota Senate Appropriations subcommittee to include an appropriation for litigation costs in case the Washington State bill is successful.

There was discussion about Mr. Helms testimony to the Washington State Legislature. Some of the items included in his testimony was information about Reid Vapor Pressure and the Sandia study that the Commission has invested in through the Energy and Environmental Research Center.

In response to questions, Mr. Helms provided the background information on how the Commission had determined that a 13.7 psi is the appropriate number. It is based on the national standard for stable crude oil which is 14.7 minus some error for sampling and measurement. The data collected at the time the North Dakota number was established indicated that there could be a 1 psi error in taking the sample and measuring the vapor pressure. Based on that information the Commission went to 13.7 from 14.7. The 9 psi level is based on a number that the Attorney General of New York proposed in an application to the federal government to do a rule making to reduce the vapor pressure of crude oil to 9 psi. The testimony put into the record states there is no scientific basis for the 9 psi level. Bakken crude oil treated to 9 psi vapor pressure would have no propane, no butane, and very little pentane in it and would be of very minimal value to a refinery. The refinery would have to treat it like heavy crude oil. It would devalue the crude oil immensely. This leads to the conclusion that if this becomes law, crude oil would no longer be transported to Washington from North Dakota.

The Commission asked to be kept informed of the status of this legislation.

Mr. Helms provided a legislative update. (A copy is available in Commission files.) Currently, DMR is actively following 13 bills. The bills that are currently active are:

- HB 1383 and SB 2261: DMR has provided information to the committees to avoid complications regarding hiring contractors for completing work on abandoned wells or for permit stipulations requiring oil and gas operators to mitigate direct impacts.
- HB 1290: There are concerns that if passed, it would be illegal for field inspectors to enter buildings and well sites. An amendment was offered that would exempt Health Department and DMR should the bill move forward.
- HB 1014: He has asked the Senate for the following six enhancements that the House did not include:
 - \$108,000 of operating expenses for the two new field inspectors.
 - Funds to cover the increase in cost of audit.
 - Temporary salary funds for a project that would help document institutional knowledge of retiring employees.
 - Two additional contingent FTE field inspectors if there are more than 22,500 wells.
 - Additional \$4 million for a produced gas storage demonstration project. This would enable two projects to be done. The House funded one project.
 - Funds for litigation regarding the State of Washington.

Mr. Helms provided an update on the Yellowstone River Flooding. He provided pictures (available in Commission files) depicting the situation. He noted that there are 69 oil well pads that have been impacted by flooding. There have been some floating tanks. These are being checked daily by a drone. There was a report of oil sheen, which has since been boomed. It was verified that it was not a leak from a tank, connection or well. It was a spill onsite that wasn't completely cleaned up. It has since been boomed and contained. There was also a report of a possible oil spill from a well. It was determined that it was organic matter breaking down, possibly from a coal seam.

After the 2011 flood, dikes were required to be raised. However, this is the worst flood this area has experienced.

The Commission asked Mr. Helms if he had enough staffing and resources to deal with this flood. Mr. Helms and Mr. Hicks indicated that DMR has spent a lot of resources monitoring the flood and has also called on drone pilots from the Minot and Dickinson offices. While still trying to fill open positions, they believe they have enough resources.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that under the authority of North Dakota Century Code Sections 44-04-19.1 and 44-04-19.2 the Industrial Commission close the meeting to the public and enter executive session for the purpose of attorney consultation. The purpose of the executive session will be to consult with the Commission's attorney(s) regarding adversarial proceedings in:

Case No. 09-2018-CV-00089, Sorum, et al v. State of North Dakota, et al.

and the following Complaint Cases:

- 1. Case 26327 - NDIC v. Apollo Resources, Jeffrey Reddoch, and Jeffrey Reddoch Sr.**
- 2. Case 27358 - NDIC v. Zavanna, LLC**
- 3. Case 27288 - NDIC v. PetroShale**
- 4. Case 27439 - NDIC v. Vast**

On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Governor Burgum reminded the Commission members and those present in the executive session that the discussion during executive session must be limited to the announced purpose for entering into executive session which is anticipated to last between 30 and 45 minutes.

Governor Burgum stated that the Commission was meeting in executive session to consult with the Commission's attorney(s) regarding Case Numbers 09-2018-CV-00089, 26327, 27358, 27288, and 27439 and noted that any formal action by the Commission would occur after it reconvened in open session.

Commission members, staff, DMR staff, Special Assistant Attorney General(s) and counsel with the Attorney General staff remained, but the public was asked to leave the room. The executive session began at 3:51 p.m.

DMR EXECUTIVE SESSION

Members Present:

Governor Doug Burgum
Attorney General Wayne Stenehjem
Commissioner Doug Goehring

Others in Attendance:

Leslie Oliver	Governor's Office
Reice Haase	Governor's Office
Lynn Helms	Department of Mineral Resources
Bruce Hicks	Department of Mineral Resources - Oil and Gas Division
Katie Haarsager	Department of Mineral Resources
Nici Meyer	Attorney General's Office
Daniel Gaustad	Pearson Christensen Law Firm
Andrea Pfennig	Industrial Commission Office
Karlene Fine	Industrial Commission Office

The Industrial Commission reconvened in open session at 4:31 p.m. and the public was invited to return to the meeting room. Governor Burgum noted that during its executive session the Commission consulted with its attorneys regarding Case Numbers: 09-2018-CV-00089, 26327, 27358, 27288, and 27439.

OUTDOOR HERITAGE FUND

Ms. Andrea Pfennig, Industrial Commission Deputy Executive Director, provided a legislative update. Of note:

- HB 1202: Passed the Senate Energy and Natural Resources committee and is awaiting floor action. This would require seven favorable votes from the OHF Advisory Board for an application to be forwarded to the Commission for final approval.
- SB 2058: Has been hog housed multiple times. In its current form, it does not impact OHF. Staff will continue to monitor the bill.

RENEWABLE ENERGY PROGRAM

Ms. Pfennig presented a request for a special grant round. The request came from Packet Digital, indicating a need for a second phase of work on the Portable Solar System Project that is being developed in conjunction with the Naval Research Lab, a subcontractor of the Department of Defense. Waiting for the regular August submission deadline would significantly delay this project.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the recommendation of the Industrial Commission Deputy Executive Director and approve an additional grant round for the Renewable Energy Program with an application submission deadline of April 15, 2019. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

NORTH DAKOTA BUILDING AUTHORITY

Ms. Fine provided a legislative update. There is one bill that is currently being tracked, SB 2297. It is currently being discussed in House Appropriations.

ADMINISTRATIVE BUSINESS

Ms. Fine presented the February 12, 2019 non-confidential meeting minutes for consideration.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the February 12, 2019 non-confidential meeting minutes be approved. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Ms. Fine provided a legislative update regarding HB 1014:

- The Mill is asking for two additional FTEs.
- Lignite Research Council would like language demonstrating legislative intent regarding potential lignite litigation.

Mr. Jason Bohrer and Mr. Jonathan Fortner from the Lignite Energy Council were present to provide information about the request for legislative intent regarding potential lignite litigation. They indicated there is potential energy legislation in Minnesota that would be detrimental to the lignite industry. The

legislation would set a goal to be 100% carbon free by 2050. With 50% of the electricity generated from North Dakota lignite mines and plants being sent to Minnesota that would have a negative impact on the industry. The model used for the draft legislative intent language proposed to the Senate Appropriations subcommittee today was the previous 2007 North Dakota legislation that was passed when Minnesota tried to do something that affected interstate commerce laws. In addition, the language proposes that as money is being sent to the North Dakota Lignite Research Fund to repay North Dakota for our litigation costs it would be reserved to pay for any future litigation costs. In response, Mr. Fortner provided an update on the status of the proposed legislation.

Mr. Bohrer stated that the Lignite Research Council continues to engage in educational efforts in Minnesota to spread awareness of the practices that occur in North Dakota.

With no further Industrial Commission business, Governor Burgum adjourned the meeting at 4:46 p.m.

NORTH DAKOTA INDUSTRIAL COMMISSION



Karlene Fine, Executive Director and Secretary