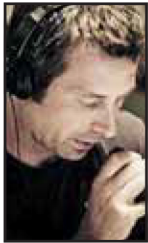


Sound bites of 2014: Ag, energy and the rail

The past year the country has seen an increase in energy production which has created a spotlight on the rail system within the United States. Since the planting of a seed to grow under the sun, en-



JASON SPIESS
For Bakken Breakout Weekly

ergy and agriculture have always worked together, only when the movement of those commodities occurs does the rail begin to enter the conversation. Today, the energy and agriculture supply has skyrocketed in the Bakken region, creating a new conversation about the railroad system.

Here are the some of the year's best quotes regarding the three legged stool of growing and shipping the Heartland's commodities.

Whiting Petroleum's CEO Jim Volker

"The relationship with ag and the oil and gas industry is one that goes back to the founding of our industry. That's why we call our departments that work with the surface owners our land departments," Volker said. "And we honor those relationships because, without them, we don't have a place to drill. So, it's very important for us to be good stewards of the land, air and water, as well as the oil and gas resource."

Lynn Helms, director North Dakota Department of Minerals

"There is a lot of overlap between ag and energy," Helms said. "First of all out in the oil patch there is the surface. We have to use a certain amount of that's been traditionally used for ag purposes to extract the energy. There have been efforts and there are ongoing efforts to reduce that footprint. We in the Bakken really are the first people to really shrink it to less than one percent of the surface being used for energy extraction to multi-well pads and the long reach horizontal and everything else the industry is doing. That's one of the intersections."

Harold Hamm, CEO, Continental Resources

"First of all, those two are the premiere industries of the state and are very important here and we recognize that, especially when working with landowners," Hamm said. "The ecopad development has been tremendous and the lateral development minimizes surface usage and has worked very well."

Brad Crabtree, VP fossil energy, Great Plains Institute

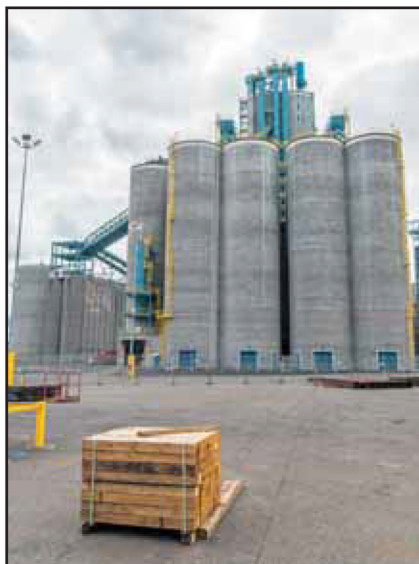
"Producing an energy ag economy in the state would be very exciting," Crabtree said. "The other thing is when you produce fertilizer from natural gas one of the by-products is carbon dioxide. And we can take that carbon dioxide and turn it around and use it to produce more oil. So you get this virtuous circle right. And that's an example of an absolute connection between ag and the energy economy."

Jeremy Dockter, co-founder, Expansion Energy

"In fact, there are those synergistic opportunities, and some people are well aware of this," Dockter said. "But for the general public, we have all of this surplus natural gas which can be used to create ag fertilizers and now we are even seeing proposals, several within the state of North Dakota, to do multi-billion dollar fertilizer projects using all this associated gas that we've got in abundance here in North Dakota. So the ag community will benefit greatly from energy and energy will benefit from ag."

North Dakota Agriculture Commissioner Doug Goehring

"North Dakota is one of the pilot states to develop the rules, to develop the ability to fly in areas under certain criteria and certain borders and boundaries and do the work that is needed to help agriculture be more effective and more efficient," Goehring said. "This is going to be a great story because they are also going to be working in other areas when it comes to security, emergency services, but also for the energy industry."



PAUL FLESSLAND/For the Tribune
A storage container filled with North Dakota grain is seen at Port of Vancouver, Wash.



PAUL FLESSLAND/For the Tribune
Agriculture and energy development have coexisted in western North Dakota since oil was discovered.

Kelly Wilkins, senior vice president of business development, Bridger LLC

"North Dakota started producing more oil than those local refineries could consume so you had to find new ways to new ways to get it to other markets. That set off a series of expansion projects and pipeline projects to get the Bakken routed around the choke points and into the Great Lakes, Cushing and the Gulf Coast," Wilkins said. "Those pipelines projects are huge and critical and in place. The problem is they just take a long time. There is a lot of permitting and regulatory review. It's all reasonable stuff; it's just slow and expensive and adds one to two years one the timeline. So come up with an alternative solution and that's the rail. You can put rail projects in quickly and suddenly you have a pipeline on wheels."

Marc Magliari, senior communications officer, Amtrak, Chicago

"We've had to change schedules and lengthen the schedules. We became very proactive in messaging passengers what the past couple of week's schedules have been so they can manage their expectations knowing they might cancel or look at other options," Magliari said. "They are still not running on time, but there is progress. Is it where we want it to be? No, but there is progress."

Matt Rose, executive chairman, BNSF Railway

"Petroleum growth has been huge; agriculture growth has been huge," Rose said. "Let me give you a stat that will put this into context. Over the last five-and-a-half-years, our business inbound and out of (North Dakota) has grown by 144 percent. North Dakota has accounted for 24 percent of all the volume growth within BNSF. We operate in 28 states and we have one state (North Dakota) that accounts for 24 percent."

Patrick Hughes, CEO, North Dakota LNG

"Governor (Jack) Dalrymple says it best, value added agriculture is a big part of North Dakota's past, and a big part of today and I think it will be a big part of tomorrow," Hughes said. "I think when you look at what is going on in the Bakken, the idea of using value-added natural gas products inside the ag business and to compliment the ag business, I think there is a remarkable opportunity. I think it is important to the viability of both businesses. And I think the sky's the limit."

Steve McNally, general manager, Hess Corporation

"Although there are some struggles at times with landowners at getting right of ways," McNally said. "My personal experience, having dealt with many of them, is if you just sit down and listen to them, understand what their issues are. And recognize the fact that all our employees are landowners. They have all the same issues. We all care about the same things. We want the state to be developed in a responsible, safe fashion."

Curtis Shuck, executive director, Port of Vancouver USA

"What's happening is there is a shift in the supply chain the way goods and services are moving," Shuck said. "With the expansion and boom that's going on in Asia right now, there's been a huge focus and shift to the railroad with grain, for instance."

□ □ □

Jason Spiess is a multi-media journalist and host of Building the Bakken Radio. Building the Bakken Radio can be heard in Bismarck on Super-Talk KLXX 1270AM on Sundays at 10am CT. To see if your listening area carries the radio program or see the entire Building the Bakken Media Network, visit www.buildingthebakken.com. Spiess can be contacted at jason@buildingthebakken.com.