

A candid conversation with Kevin Cramer

Rep. Kevin Cramer, R-N.D., may have the best seat in the house. By house, I am referring to North Dakota's economic future ready to explode once again. Only



JASON SPIESS
For *Bakken Breakout Weekly*

this time, the economic activity won't be the surprise economic left hook of oil and gas, rather, a 1-2-3 punch from energy, ag and UAS.

Cramer's potential view and power over this period is truly remarkable. He sits on the House Committee on Natural Resources and on the House Committee on Science and Technology — two areas North Dakota is abundant in and also on the cutting edge.

While serving the people in the halls of Washington, D.C., Cramer's background became a proper pedigree becoming engrossed in many aspects of the state's culture. Cramer has a background with the state's energy regulations, serving on the North Dakota Public Service Commission from 2003 to 2012. Many of the companies working in North Dakota today met Cramer while he was the state economic development director from 1997 to 2000.

And previous to his economic experience, he served as the state's tourism director from 1993 to 1997.

During a candid conversation with the congressman, I asked about the overall theme of states' rights and federal regulations. The upcoming Department of Interior fracking regulations quickly became the example to illustrate a bigger point.

"In my view, this new federal rule is just another example of regulatory overreach when states have been successfully regulating fracking for decades, including on federal lands, by the way. I see this a redundant federal regulation," Cramer said. "I see this as overreach and unnecessary."

Cramer continued, saying North Dakota has a long history of protecting the environment and safeguarding the public. He added many of the fracking rules were in while he was a state regulator and everything ran well without incident.

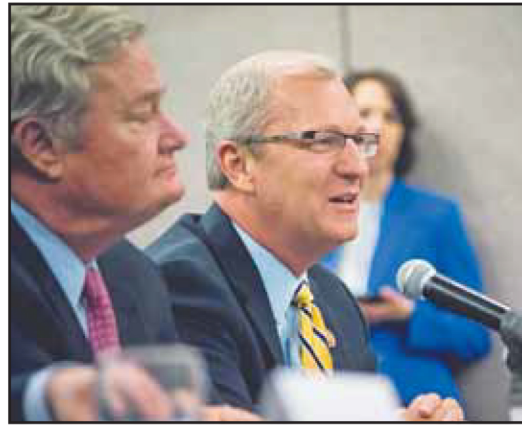
Cramer points out that when the federal government steps in and adds regulation, it impacts tribal land as well Bureau of Land Management land like national forests.

"Fort Berthold will for sure be im-

pacted, and they have the most significant bureaucratic hurdles to jump through just because they are a reservation," Cramer said. "So on top of BLM, and the entire Department of Interior, the Department of Energy, the EPA, the BIA, and then on top of that you'd have the sovereignty of the tribal government. So this has potentially dramatic impacts for the tribal lands."

He then pointed out the confusion and disparity of the preliminary research on the regulation.

"The BLM estimated the new ruling will cost about \$10,000 per well, but there are independent studies and one, off the



PAUL FLESSLAND for the Tribune
Rep. Kevin Cramer at a BNSF hearing.

top of my head, said it would be \$97,000 per well. So regardless whose estimate is closest to reality, it's a duplicate deal. It adds paperwork, delays."

The study Cramer is referring to was conducted by the Western Energy, which is dramatically different from the \$10K BLM study. Cramer then alluded to the fact that sometimes regulators do not understand true costs, and how it translates into the reality on the ground.

Bringing the federal fracking example full circle to his larger point, Cramer points out how others can be impacted too.

"That's the other thing, a lot of this comes down to competitive advantages and disadvantages," Cramer said. "So those states with large percentages of minerals under public land, those are the states that are not enjoying the economic activity that North Dakota and Texas are."

Cramer quickly points out what he believes is one of the issues in the marketplace when the feds get involved.

"Look, it's not an accident. Sure you have to start with oil under the ground; after that there are a lot of other considerations, and bureaucratic red tape is one of them," Cramer said. "So there is additional costs, delays and the fact it

is not necessary. It would be one thing if this additional layer of bureaucracy somehow provided safety. But it doesn't do that."

Cramer continued with comments on confusion and complacency.

"By the way, we already have delays at the BLM in North Dakota, specifically the Forest Service, in issuing permits and certificates," Cramer said "These are delays in providing the opportunity to create not only wealth and jobs for North Dakotans, industry and the supporting industries, but obviously revenue for the government."

Cramer then went to the pocketbook

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and the validity behind spending taxpayer dollars on lawsuits against the federal government.

"North Dakota, Wyoming, Colorado, the Western Energy Alliance and Independent Petroleum Association of America have filed a lawsuit against the Department of the Interior, and I suspect they will be successful," Cramer said. "But in the end those, too, add to the cost, add to the burden and they are unnecessary."

Transitioning to the emerging UAS market, Cramer questioned the loose and ambitious comment that the drone industry could be third largest in three to five years.

"That's seems pretty optimistic and aggressive, especially in the next three to five years. With that said, one doesn't have to be all that observant to notice the technological transformation taking place," Cramer said. "The UAS world, the unmanned aerial systems and vehicles world, it's in a breakout mode, it just needs to know where to break out."

Breaking out is the challenge. However, Cramer feels North Dakota's past will allow the industry to have experienced oversight in constructing the laws and protocols with the new technology.

"The challenge in the United States is the ability to use airspace to test the tech-

nology that it is lacking, and that's what we have," Cramer said. "We have been granted a lot of airspace by the FAA for research and that has been very good and optimistic. We are going to become, wait, we have become, the go-to place for this type of build-out."

While most focus on the ironing out of the regulations, many bankers and investors are waiting for the right law to pass in order to cut a check

"This has certainly been very important to national defense and the government, but more than anything it's been important to the private sector," Cramer said. "All the companies, whether it is Northrop Grumman or Boeing and some of the supporting companies like ComDale who will be manufacturing in Wahpeton, you are going to see a lot more of that type of investment."

Cramer doesn't necessarily see this industry taking off like oil and gas did recently, rather a slower build into the marketplace.

"But it is also a kind of grow slow thing," Cramer said. "We really do not know how the government is going to respond to it. The FAA has still been sort of slow in sanctioning certain types of research and are slower than we would like them to be. With that said, their main concern and mission is safety and we appreciate that."

Cramer said the UAS industry will have a presence in oil and gas, primarily in surveillance of pipelines and equipment, but it is ag and other industries looking to North Dakota for the lead.

"The thing North Dakota has going for it besides a flexible government and diverse climate and intellectual properties like University of North Dakota, is that we have a tremendous culture of aviation," Cramer said. "In fact, no state has more of a general aviation culture than we have. So we start out with some tremendous assets to bring to the UAS table."

Stepping back to re-answer whether the UAS industry will be the third largest in five years, Cramer simply said: "I don't know if the UAS industry will be No. 3 in five years, but I do think we will be No. 1 in the industry. North Dakota is going to shine like we always do."

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