

Burgums believes the Bakken is vital to state's overall economy

North Dakota gubernatorial candidate Doug Burgum has traveled to many towns in North Dakota to learn as much as he



JASON SPIESS
For Bakken Breakout
Weekly

can about the people, communities and their industries.

"We've traveled 16,000 miles across North Dakota on the ground, visited hundreds of events in 63 different cities," Burgum said. "I've met thousands of North Dakotans and through that process I have a good feel for the mood of the state and what people are feeling."

One part of the state that stood out to Burgum is the communities impacted by the Bakken oil fields.

"In particular, western North Dakota, understanding that people are hurting, during this downturn. Understanding what their needs are," Burgum said.

Burgum said he has heard a number of inspirational stories in western North Dakota and hears the passion and optimism in people, but believes the state has a number of challenges ahead.

"The first responsibility of a leader is to acknowledge a problem because that's the only way you can solve them," Burgum said.

He continued saying he feel great about the campaign, and feels excited to have a chance to lead the state. However, he understands the western side of the state has completely different needs and challenges than the east. But the one common element that can tie the two sides is the energy industry.

"Energy has been amazing for North Dakota," Burgum said. "It is such an essential part of what we have been able to accomplish and such an essential part of reaching out potential as a state."

Burgum said the state has been "blessed with an abundance of natural resources" from the soil the farmers use to the oil and gas below that soil. He also points out the people above the soil are one of those key natural resources too.

"Of course the advancements of technology that has allowed us to tap into this (oil and gas), much of that technology pioneered right here has been incredible," Burgum said. "It's changed the dynamics

of politics in the world, all because of what hard working men and women have done in North Dakota."

Burgum takes a step back from giving accolades to process the current reality with industry and the multiple layers of the state.

"The city level, the county level, the state level and the private companies that have come in and have taken all the risk. Think of all the capital that has been invested here. Think of all the talent that has been attracted here," Burgum said.

Burgum comes from the private sector and believe he understands how oil companies have a choice where their capital, talent and futures can go.

"I've worked and lead a global company and these oil companies are global companies and they can choose where they place their capital," Burgum said "We have to make sure we have an operating environment here that is attractive for people to deploy their capital here."

"The first responsibility of a leader is to acknowledge a problem because that's the only way you can solve them."

— N.D. gubernatorial candidate
Doug Burgum

Looking at the supply and demand of the Bakken and oil, Burgum cites the gloom and doom peak oil era as an example of how technology continues to drive industry. In addition to notion that oil was running out, the world was feed the idea that food was becoming scarce too, but technology opened new marketplaces there too.

"Take a look at the Case IH Quad Tractors that are manufactured in Fargo, they have more technology on that machine than was on the lunar lander," Burgum said. "And that's not a joke or an exaggeration, it's an incredible testament to what we are packing into both oil and agriculture."

Stemming from that example of increased technology and lowering costs, Burgum sees future technologies opening up more oil and gas opportunities, creating a greater supply for the country.

"If you take a look at the new technologies that are coming, the drilling is becoming more accurate, the fracking is



Jason Spiess

North Dakota gubernatorial candidate Doug Burgum, left, talks with Jason Spiess.

more productive," Burgum said. "The future looks very bright because we can keep lowering our marginal cost of production through technology."

Burgum said the increases in technology will continue to allow companies and the United States to be competitive in the global marketplace.

"In a world with excess supply, marginal cost matters," Burgum said.

Burgum transitioned into the downturn in oil prices, which is rippling into other industries creating the potential for a temporary recession. While he believes oil prices and the economy will recover, the digital economy is here to stay.

"When the digital economy occurs, it affects every job, every company, every industry," Burgum said. "And it should be affecting every government service."

Burgums gives an example of government regulation, which he says slows down a myriad of industries from energy to education to health care.

"We can get better productivity and better output through the application of technology in everything the government does," Burgum said.

When asked about the North Dakota oil and gas producing counties, Burgum said they have to be taken care of. From emergency services to roads to local control, their overall health is vital to the state's economy.

"Spending over a billion dollars (Surge Funding), giving it back to the oil and gas communities with local decision making and local control is exactly what needs to happen," Burgum said. "The only thing my running mate Brent Sanford (mayor of Watford City) might have said is that let's have the formula so that instead of sending it to Bismarck and have them send it back. Let's just keep more of it locally in

the first place."

When asked whether that was a platform of his campaign, Burgum said in western North Dakota everything is on the table because the state is leaving an era of abundance where money was coming in above the forecast. Now, revenues are coming in well below the forecast and rainy day funds are depleted. Burgum believes this will present challenges for western North Dakota as they plead their local cases to Bismarck during the next biennium.

"Local communities are going to know where to spend the next dollar in infrastructure because they are there," Burgum said. "And those are decisions that can be made in real time as opposed to every two years in Bismarck."

Bigger picture, Burgum sees the surge spending as a boon for western North Dakota in anticipation for when the oil activity picks up again. Everything from public safety to economic development opportunities.

"There is going to be a lot of pressure of how to do we reinvent and how do we streamline," Burgum said. "This isn't a belt tightening exercise, this is a reinvent government exercise."

□ □ □

Jason Spiess is an award-winning journalist, talk show host, publisher, author and executive producer. Spiess is a North Dakota native and NDSU graduate. He currently creates multimedia content for newspapers, magazines, and online news services. He is also the host of Building the Bakken, Mon-Dak OilField Review and Coffee & Capitalism Radio. Spiess also is author of the book Building the Bakken. For more information or to contact Spiess, email jason@buildingthebakken.com.