



WESTERN DAKOTA ENERGY ASSOCIATION

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WDEA Issues Plea to Rescind Order to Shut Down DAPL Pipeline Shutdown is Unnecessary and Would Inflict Lasting Economic Damage

The Western Dakota Energy Association issued a plea today to U.S. District Judge James Boasberg to rescind his order to shut down the Dakota Access Pipeline because of the widespread and potentially long-lasting economic damage such a shutdown would inflict on North Dakota communities.

“We do not believe Judge Boasberg fully appreciates the devastating economic ripple effect this decision could have on our state’s economy,” said WDEA President Shannon Holter. “The financial consequences would extend far beyond the pipeline company and the oil shippers who use it.”

“Our member communities are already reeling from the drop in oil prices and the economic shutdown caused by the coronavirus,” Holter added. “This is another gut punch to the industry, to royalty owners, to state and local government, to our schools, and even to ag producers if oil trains take up rail capacity during the fall harvest. The ripple effect would hit all segments of our economy.”

Holter noted that state officials believe the loss of DAPL’s 570,000 barrel per day takeaway capacity would likely add another \$5.00 or more per barrel to the cost of shipping North Dakota crude to refineries and other locations out of state. Added to the existing transportation differential which has already been running around \$8.00/barrel, he said it would be nearly impossible for North Dakota to compete with other oil-producing regions in the country, and will stop the oil industry recovery in its tracks.

“Companies have been restarting wells slowly and gradually bringing more people back to work,” said Holter, who is district representative for Murex Petroleum. “This will halt efforts to bring more marginal wells back online, and I’m afraid companies will go the other way and start shutting in wells again and laying off people who had just come back to work.”

The long-term effect of a DAPL shutdown could be even more serious. State regulators have expressed concern that the impacts on pricing could lead to an exodus from the Bakken as producers are compelled to focus on other shale plays closer to the market. Some speculate that in a time when oil supply is abundant, the shift in investment capital could become permanent and the state’s robust oil industry never fully recovers. That threat hits home in the cities, counties and school districts that WDEA represents.

Holter said the planned shutdown does not need to happen because it serves no purpose.

“DAPL is a state-of-the-art pipeline that has been operating safely for more than three years following completion of a thorough environmental assessment,” he said. “The environmental study demonstrated the pipeline poses no threat to the environment, but ironically shutting it down would increase the risk to the environment because more crude oil would be shipped by rail, which is not nearly as safe as pipelines.”

“Perhaps the most important consideration for Judge Boasberg is that there’s no point in shutting down the pipeline because it’s extremely unlikely an environmental impact statement will compel its owner, Energy Transfer Partners, to change any aspect of pipeline operations,” Holter said. “We implore Judge Boasberg to consider the fact that there are thousands of crude oil pipelines that cross over and under rivers in the United States, and DAPL is among the newest, safest and most efficient of all of them.”

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