Testimony of Tad True
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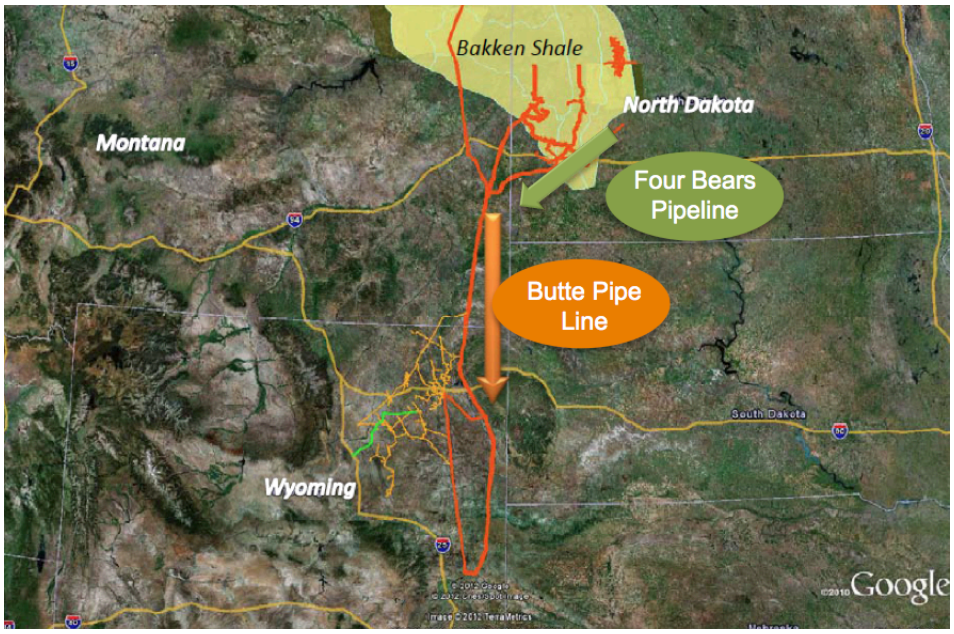
Good morning, my name is Tad True and I am the Vice President of Belle Fourche and Bridger Pipeline. I appreciate the opportunity to testify today. As background, our pipelines are part of a collection of family owned companies that we refer to as the True Companies. My grandfather, H.A. "Dave" True, started the True Companies in 1954 as a one-rig drilling company. Since that time, the companies expanded into exploration, pipe supply, pipelines, trucking, trading and logistics and other industries. We are headquartered in Casper, WY and have approximately 1,300 employees that work in 12 different states from North Dakota to Texas to Pennsylvania. My focus is running the pipeline operations of True companies. Our pipeline operations consist of gathering and mainline systems in North Dakota, Montana and Wyoming. We have approximately 3,800 miles of pipe in the ground and service only crude oil. Over the past several years, most of our effort and construction has been focused on supporting the development of the Bakken in the Williston Basin.

Meeting America's Growing Pipeline Infrastructure Needs

An example of America's growing pipeline infrastructure is Bridger's Four Bears Pipeline. Completed in September, 2011, the Fours Bears is a 77 mile pipeline running from New Town, ND to Fallon County, MT. Four Bears receives crude oil from the Bakken production area in North Dakota and delivers it to regional transportation infrastructure such as our own Butte Pipe Line in Baker, MT or the Bakken Oil Express rail facility in Dickinson, ND.



From these points, Bakken crude can travel our Butte Pipe Line to major interstate pipeline connections at Ft. Laramie and Guernsey, WY, or by rail to customers across the country. With a capacity of 110,000 barrels per day, we estimate that construction of the Four Bears Pipeline took over 300 trucks per day off of US Highway 85 and ND Highway 22. This translates to over 25 million truck miles off the roads in North Dakota.

Federal Permitting Frustrations

Unfortunately, reproducing the success of the Four Bears Pipeline is becoming more difficult. At a time when we need more energy transportation infrastructure to take away growing energy production, federal permitting decision are taking longer, growing more complicated, and resulting in more unnecessary delays. We do not necessarily blame this on local officials here in the regions. We know that our local federal workers are hard-working public servants trying to fulfill the missions of their agencies. And yet, the process is becoming worse, not better.

An example of our frustration with increasingly slow and unpredictable federal permitting is our proposed Butte Loop project. Originally conceived and commercially contracted in 2010, we proposed to build a new crude oil pipeline along an existing corridor established by a recently completed natural gas pipeline. The route crossed federal land, so we knew we would need to obtain federal land-crossing easements from the Bureau of Land Management. By utilizing an existing route and using existing federal environmental review studies completed for the existing pipeline, we estimated the time necessary to obtain federal permit approval at 6 months, with a construction time of 1 ½ years and startup date in 2012. Unfortunately, after 2 years of federal permitting delays, we are still not operating here in 2014.

When we first approached federal officials, they shared our thoughts that the project could be covered under a categorical exclusion because it followed an existing pipeline corridor. However, given national sensitivities arising from the unrelated Keystone XL project, they asked us to conduct an initial Environmental Assessment to dispel any worries. We complied with this request and submitted a Plan of Development in the fall of 2011 utilizing federal resource information from the existing corridor.

However, while this work was based on the federal government's own data, the federal government rejected it and requested a new analysis of the same route. We completed this additional analysis in the summer of 2012. By this time, the federal government issued additional instructional information regarding the Sage Grouse. Because of that, we would now be required to conduct a full Environmental Impact Statement. So, we went from a simple project using an existing corridor and recently completed federal analysis expected to take 6 months for approval to a full-blown environmental impact analysis and a 2 ½ year delay.

These federal permitting delays and additional requirements forced us to abandon this new pipeline project and shift instead to a simpler project replacing our existing Butte pipeline with a larger capacity line. The revised project involves our existing permit. We hope to have the Butte Expansion project online later this year, two years after the original Butte Loop project was expected to come on line with less operational capabilities than originally designed to serve our customers.

Unnecessary federal permitting delays are not unique to our region. In California, another pipeline operator is facing delays from the US Forest Service. Assessment of a line passing through Forest Service land highlighted maintenance issues needed to ensure the integrity of the pipeline. Such maintenance is routine and can involve going out to the site, digging up the area immediately around the pipeline at that location, applying a sleeve or patch around the pipe, and then refilling the area around the pipeline. However, the simple permit needed for these repairs, which does not require a NEPA review, has been delayed many months and that operator is not yet able to make the repairs.

Another pipeline operator discovered issues requiring repair in a pipeline in northern California. Under PHMSA's repair classification system, these were the type of issues that should be addressed within 90 days. However, it took state agencies and the Corps of Engineers over 15 months to issue the necessary permits. That same operator seeking to replace a 1,500-foot line in the California Bay Area faced a 10 month wait by the US Fish and Wildlife Service.

Recommendations for Improved Federal Infrastructure Permitting

1- Additional Resources for Federal Permit Review - A lack of federal resources for

infrastructure permitting review is a fundamental problem across multiple federal agencies in multiple regions of the country. We appreciate that regional staff is working hard to address the backlog, but they are simply overwhelmed with the workload and the limited resources they are receiving from Washington.

This is not a new problem. The General Accounting Office in 2013 criticized the federal government for not processing oil and gas production permits in a timely manner. Congress responded with bipartisan legislation passed into law to provide additional resources to the North Dakota Bakken area. However, federal permit approval delays are a national problem and a single example of help for one location will not address the multi-agency and multi-region scope of this issue. If the federal government is serious about spurring the energy transportation infrastructure this country needs, it will devote the relatively modest amount of additional resources needed for increased federal permit reviews.

2 - Common Sense Decision-Making - federal permitting delays in areas with established corridors, recent environmental review, or required maintenance point to a need for more common sense in federal permitting decisions. Complicated projects in new or sensitive areas will naturally require more extensive review. However, lengthy decision-making on simple or routine projects does not make sense. It also brings more unnecessary work and cost to the Federal government. These are areas where approvals should be streamlined, not delayed.

The solution is more leadership from senior and political leaders in Washington. Regional staff wanting to process routine issues in a timely manner may not feel they have the latitude or support from more senior managers. The safest route for them is usually more study or decision-making higher up the chain command, requiring more time-consuming review.

Improved federal permitting requires senior government leaders to do more to support and empower their organizations to make timely, common-sense decision.

3 - Certainty in Decision-Making - Not knowing when a federal permitting decision will be made is just as bad as delayed federal permit decision-making. Energy transportation infrastructure projects are complex, logistically challenging and financially expensive efforts. Major pipelines can cost billions of dollars and require the organization of thousands of workers across multiple states. All of this requires planning logistics, establishing schedules and spending money on construction materials and worker salaries. American entrepreneurs are ready and willing to take on these big, complex challenges for the benefit of their companies and American consumers. However, federal permitting processes that do not stick to schedules, impose unforeseen delays, or include unknown decision dates wreck havoc on our ability to build infrastructure. Most companies are not large enough to withstand indefinite delays. Inevitably, projects are scrapped, or not even proposed, because of the prospect of federal delays. A more predictable and certain federal permitting process will encourage the energy transportation infrastructure America needs.

Nationwide Permit Program

One area of success where we are thankful for federal government support is the Nationwide Permit program. The federal Clean Water Act requires what we all know of as a wetlands permit for dig and fill activities affecting waters of the United States. Shortly after passing this law, Congress realized the volume of permit requests would quickly overwhelm federal permit reviewers, so they amended the Clean Water Act to provide an exemption for de minimis activities with minimal impact to the environment. The Corps of Engineers administers

the Nationwide Permit program allowing thousands of activities with minimal environmental impact to go forward each year on an expedited basis as Congress intended. The program is used not only to approve pipeline projects, but other infrastructure such as electricity lines.

However, in recent years, national environmental groups have sued the Corps of Engineers over its administration of the program and its application to projects such as the southern leg of the Keystone XL pipeline from Oklahoma to Texas and the Flanagan South pipeline from Illinois to Oklahoma. U.S. federal courts have repeatedly rejected the lawsuits and reaffirmed Congressional intent and the program. Along with the project sponsors and a coalition of related trade associations, the federal government through the Department of Justice has vigorously defended this program. Indeed, without it, thousands of infrastructure projects from pipelines to renewable electricity transmission lines would grind to a halt. We want to publicly thank the DOJ, the Corps and its federal partners for their work to preserve this program.

Conclusion

In conclusion, thank you for inviting me to testify today. Energy infrastructure is providing the benefits of America's energy renaissance to consumers and workers across the country. Even smaller-sized companies such as Bridger pipeline can provide good-paying jobs in rural regions. Additional resources for more timely federal permit processing, common-sense decision-making, and more certainty for the federal permitting process will all encourage additional energy infrastructure that is built safely with respect for our natural resources.

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