

**Statement of Mark Johnsrud  
President and Owner of Power Fuels and Landtech Enterprises  
Regarding  
The US 85 Corridor  
Before the Committee of the Budget  
United States Senate  
Williston, ND  
May 28, 2009**

Mr. Chairman:

Good morning and thank you for inviting me to testify at this Senate Budget Hearing. My name is Mark Johnsrud and I am the President and Owner of Power Fuels and Landtech Enterprises, which are companies that provide fluid handling transportation and services to oil companies in the Williston basin.

We currently employ roughly 300 people in Western North Dakota and Eastern Montana. In the last 3-years, our business has grown from roughly 60 employees to our current employee base of 300. Our growth has been fueled by the expansion of the Bakken exploration that was started in Richland County several years ago and that has moved into Western North Dakota.

The US 85 Corridor is a very important initiative to service the growing energy industry. Highway 85 is the primary artery that provides essential access to the inflow and outflow for products to support the oil and gas industry. This includes a broad range of products to include: drilling rigs, well casing, drilling fluids, frac sand, pipeline components and movement of crude oil. From an energy industry prospective, we see the benefits of the US 85 Corridor in the following categories:

- Long-term planning.
- Safety.
- Tax base for North Dakota.

2008 was a monumental year for the North Dakota Petroleum industry. In April, the US Geological Survey Assessment released a report that estimates the Bakken formation has 3.0 to 4.3 billions of barrels of undiscovered,

technically recoverable oil. This is a 25-fold increase in the amount of oil that can be recovered compared to the agency's 1995 estimate of 151 million barrels of oil.

North Dakota produced more oil in 2008 than in any year since commercial production was established in the state in 1951. The State reported production of 62,776,123 barrels, up 39% compared to the 45,121,983 barrels extracted a year earlier. 2008 shatters the previous record, which was set in 1984, when the State produced 52,658,396 barrels.

Safety and safety training have become a primary focus by the energy industry. We participate in three safety-related data base services that: (i) rates our historical safety record, (ii) evaluates our current training program and (iii) reviews our written policy manual to come up with a total score. Companies are using this score to for vendor selection. The increase in traffic on Highway 85, especially truck traffic, and the fact that the highway is a two lane road increases the potential for more accidents. In addition, the combination of agricultural traffic (trucks, combines and tractors), tourist traffic and oilfield traffic using this busy two lane highway is a recipe for disaster.

The Highway 85 Corridor has become a critical component in the movement of oil to existing pipeline systems. Almost 59% of the stats increase in oil production was in Mountrail County last year. A significant amount of oil was and will be trucked from Mountrail County to pipeline stations in Richey, MT and Fryburg, ND. Trucks hauling oil will continue to be a major part of the movement of oil for the well to the pipeline.

Our state's infrastructure needs to continue to be a priority item for the Federal Government. If North Dakota is to continue to grow its energy business, we need to move this project to the top of the list. The oil and gas production tax for FY 2008 was nearly \$400 million this is up from \$68 million in 2003. As a North Dakota Resident, I am pleased to see our State have a surplus. As we look at today's challenging economy and other states with deficit problems, we need to invest in projects like the US 85 Corridor to keep our energy industry investing in North Dakota energy production.

Senator Conrad, thank you for the opportunity to share these comments with the Senate Budget Committee.