

Testimony before U.S. House of Representatives Committee on Oversight and Government Reform

A Blueprint for Domestic Energy Production

July 14, 2012

True companies: Belle Fourche and Bridger Pipeline

Noteworthy

- The original company, True Drilling was founded in 1954 by H.A. “Dave” True
- True companies have operations in Wyoming, North Dakota, Montana, Colorado, Utah, Texas, Oklahoma, New Mexico, Arizona, Louisiana, Mississippi and Pennsylvania.
- Belle Fourche Pipeline was founded in 1955.
- Bridger Pipeline was founded in 2003.
- Belle Fourche and Bridger Pipelines operate only in North Dakota, Montana and Wyoming.
- The combination of Belle Fourche and Bridger has 3,800 miles of pipeline in the ground.

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. The True companies were started by my grandfather 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.

The Bakken

Noteworthy

- The USGS estimated that the Bakken shale could produce up to 4.3 Billion barrels.

- Continental Resources estimates that the Bakken shale could produce over 20 Billion barrels, which would make the Bakken larger than Prudhoe Bay, currently the United States' largest oil field.
- North Dakota production is currently 639,000 barrels per day (bpd) an increase of 556,000 bpd from 10 years ago. This increase is approximately equal to the total reduction in
- In total, True pipelines transport approximately 250,000bpd of crude oil from the Williston Basin, the majority of which is Bakken oil.
- North Dakota is now the second to Texas in daily oil production.
- Texas has over 50,000 miles of active liquids pipelines.
- North Dakota has less than 4,000 miles of active liquid pipelines.

Oil is critical to our economy. We need reasonably priced gas, paved roads, diesel fuel, and we rely on countless petroleum products such as plastics. Our nation thrives on oil. With the discovery of the Bakken, our nation is suddenly privileged to have an incredible domestic supply.

Ten years ago, North Dakota's oil production was 84,000 bpd. It is now over 640,000bpd, representing a 760% increase during that time period. North Dakota is now 2nd to Texas in daily oil production. However, when you compare infrastructure, Texas has over 50,000 miles of liquids pipelines, while North Dakota has less than 4,000 miles. Our estimates show that North Dakota production could reach 1,200,000 bpd in the next decade; but, there is a clear and significant infrastructure gap that needs to be solved.

Pipelines

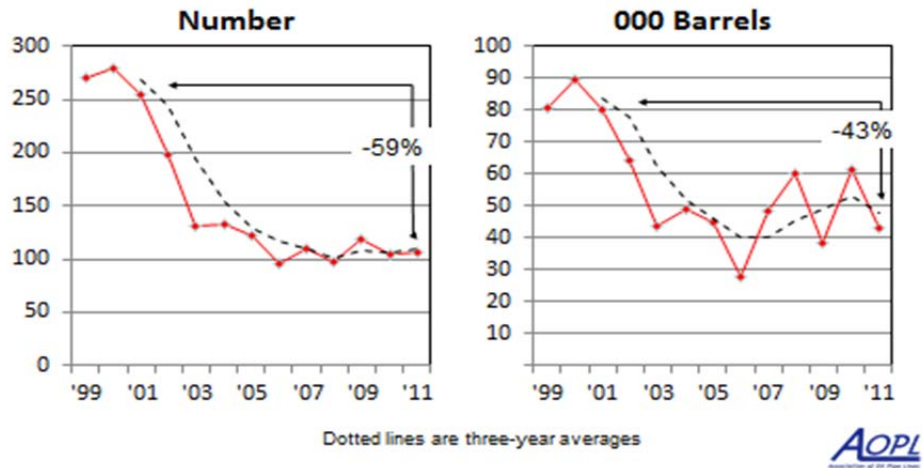
Noteworthy

- Bridger's Four Bears pipeline was completed in September, 2011. It is a 77 mile 12" epoxy coated pipeline with the capacity of 110,000bpd.
- Four Bears receives Bakken oil from New Town, ND and can deliver it to Butte Pipe Line at Baker, MT or the Bakken Oil Express rail facility at Dickinson, ND.
- We estimate that over 300 trucks per day were taken off of US Highway 85 and ND Highway 22. This translates into over 25,000,000 truck-miles off the roads in North Dakota.

Pipelines are Safe and Getting Safer

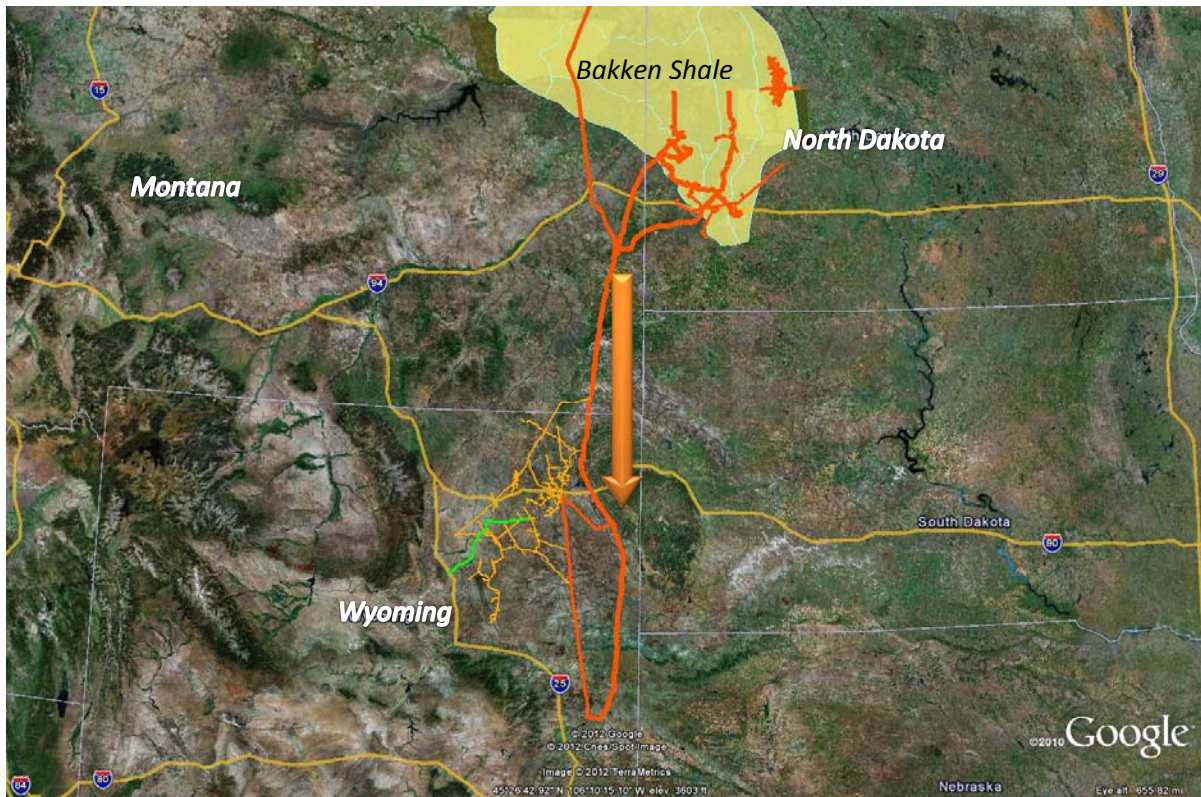
According to the U.S. Bureau of Transportation Statistics, pipelines are the safest way to transport oil. Accidents are 3,000 times more likely to occur with a large truck and 25 times more likely to occur by rail.

In addition, with the use of new inspection technology, pipelines have reduced their overall accident rate (see graph below) over 50% in the past ten years. Although, we are very proud of that fact, we still have work to do.



Efficiency

Pipelines are the most efficient means of oil transportation. I don't believe the impact of this efficiency is well understood. To better understand these efficiencies, we need to examine a simple hypothetical where Bridger/Belle Fourche Pipelines were no longer able to pump oil.



The impact in the Rocky Mountains and the Bakken would be significant.

1. **Cost:** The cost for Bakken oil would increase by \$10 per barrel for Rocky Mountain refiners.
2. **Trucks on Highways:** The total number of trucks would increase by over 250,000 trucks per year that would travel over 275,000,000 miles on U.S. and State Highways.
3. **A new refinery:** Finally, you would need to build an additional refinery with the capacity of 12,000 bpd just to produce enough diesel to support these trucks.

Four Bears Pipeline: From a different perspective, we just completed a new mainline in western North Dakota, called the Four Bears line. It is currently transporting over 75,000 bpd. This means that the Four Bears line has taken over 300 trucks off of North Dakota's highways. As I have heard in North Dakota, if you don't like trucks on the road, you have to like pipelines.

Job Creation and Economic Impact

Noteworthy

- Pipelines are forecasted to construct over 1,300 miles of liquids pipeline per year for the next 20 years resulting in an investment of over \$2 billion dollars per year (AOPL).

In 2007, our pipeline company had 80 employees. We now have 152, an increase of 190%. Most of that increase is due to the explosive growth of the Bakken in North Dakota. As importantly to the number of jobs that we have created, we believe they are high quality jobs. Fifteen years ago, I graduated from the University of Notre Dame and went to work for a firm specializing in hi-tech. This was during the internet boom. At that time, I believed that I hit the mother lode. Today though, we pay our starting gaugers and station operators an amount that is double what I was paid back then. We also provide comprehensive health insurance, a pension plan, and have an average of 10 years of service from our employees. These are the type of jobs we are offering and, I believe, these are the types of jobs our nation needs.

Conclusion

North Dakota is 2nd only to Texas in oil production; yet Texas has over 50,000 miles of pipeline and North Dakota has less than 4,000. Clearly, North Dakota has an infrastructure gap and the pipelines need to be built in order to support the Bakken, an essential domestic supply.

Pipelines are still the safest and most efficient mode of transportation. Considering the quality and quantity of jobs being created, investments in pipelines will continue to reap benefits for North Dakota, the Rocky Mountains and our nation as well.

This concludes my testimony and I look forward to your questions.

Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)

Name: Henry “Tad” True

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2009. Include the source and amount of each grant or contract.

None

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

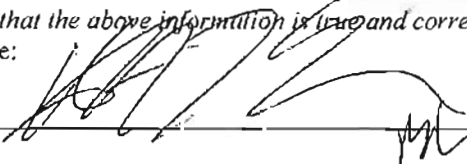
Belle Fourche Pipeline Company, Vice President
Bridger Pipeline LLC, Vice President

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2009, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

None

I certify that the above information is true and correct

Signature:



Date:

7/12/12