

**Senate Budget Committee Hearing**  
**“The Energy Industry’s Impact on Housing in North Dakota”**  
**Williston, North Dakota**  
**Williston Community Library**  
**1:00 PM, 6/1/10**

**EOG Resources, Inc.**  
**Prepared Statement**

Senator Conrad, the senator’s staff, federal representatives, distinguished guests, and citizens of North Dakota, thank you for convening this field hearing regarding housing needs related to crude oil and natural gas operations in the state. EOG Resources, Inc. (EOG) agrees that housing issues in western North Dakota need to be addressed in a proactive and efficient manner.

My name is John Boyd. I am EOG’s North Dakota Operations Manager, responsible for all aspects of our operations in the state. I was born and raised in Stanley, ND and am excited to see the positive economic impact oil and natural gas development is having in the state.

I have 30 years of experience in the industry in the US, including initiating and developing temporary field crew housing facilities for both onshore and offshore operations. I refer you to the brief biography submitted to your staff for more detail of my professional experience.

Currently, EOG employs 101 people in North Dakota alone and is the largest crude oil producer in the state.

As our operations began to ramp up in 2008, EOG recognized a shortage of housing for our employees and service contractors in the Mountrail County area. Many of our contractor personnel were spending considerable time outside of normal business hours commuting daily from Minot, Williston, and other towns in the area. In order to minimize the commuting and travel obligations for these workers and to minimize traffic on North Dakota roadways, we initiated development of a 400 person modular field crew housing facility located near Stanley to support drilling and completion operations crews and other support contractors. Modular housing has worked well for EOG in the past for our operations in other states.

In developing our modular field crew housing facility, our biggest challenges involved providing infrastructure services such as water supply, power/electricity supply, telecommunications, and sewage treatment facilities.

Early on during our activity in Mountrail County, we discovered that the power/electricity infrastructure had not been updated for 40-50 years. The system at that time was operating at maximum capacity and the area was experiencing blackouts. EOG and other oil and gas companies worked with the local electric cooperative to secure funding to upgrade the power grid in the county. This upgrade is very important to our continued operations in the area.

Originally, power/electricity for the field crew housing facility was provided by diesel generators. We now have power supplied to the facility because of the upgraded power grid.

Potable water at our field crew housing facility is trucked in daily and stored on site in cisterns. We are currently working on bringing city water to the facility from the city of Stanley.

Sewage from the field crew housing facility is also trucked daily from the facility to the city of Stanley sewage treatment lagoons. The operating capacity of the sewage lagoons is being stretched and the city is working on upgrading that system. This upgrade will be costly for the city.

Overall, the modular housing concept has worked efficiently. However, another type of housing that needs to be developed is permanent - single family homes or condominiums - for our operational personnel and their families who will work in our offices in Stanley. Most of the wells currently being drilled in North Dakota will be producing for 30 to 40 years at some given production volume and will require ongoing maintenance.

We anticipate that EOG's total number of employees also will increase as we hire additional staff to meet our operational needs as we continue to develop additional resources. We think that more families will be moving into the Mountrail County area.

Permanent housing is difficult to develop because the capital cost of installing infrastructure and its maintenance expense becomes the responsibility of each city. Due to the recent rapid expansion of operations in the state, most of the local communities are struggling to secure capital necessary to properly expand the infrastructure. In addition, the existing local infrastructure is being stressed due to the sheer number of people that it now must support.

EOG has been working with the Mayor of Stanley and the Mountrail County Commissioners to find additional land that can be developed for permanent housing. However, such areas do not have infrastructure to support that development and, I understand, the city of Stanley and the county do not have sufficient funds to upgrade the infrastructure. Herein lies the challenge.

In conclusion, EOG and our North Dakota employees consider ourselves to be an important, long term member of the local community of Stanley and Mountrail County. We support the efforts by the federal government to help the cities and counties of western North Dakota in upgrading the local infrastructure to meet future demands.

Thank you.