

Roads to Nowhere

Other states spending millions to tap heartland energy boom

If you haven't heard of the Bakken Formation or Williston, N.D., you probably will. To Nebraska policy makers, Williston is Nowhere, as in "Road to Nowhere." To the energy industry, it's the hub of a new energy boom. North Dakota has surpassed Louisiana in oil production, making it No. 4 among crude oil producing states.

Just one company, Continental Resources, plans to spend \$650 million next year and to have 23 new drilling rigs deployed. Its owner believes North Dakota's oil reserves are double the federal government's estimate of 4.2 billion barrels of oil in what's known as the Bakken shale formation. When it comes to North Dakota, supposedly another dying backwater in America's Buffalo Commons, "there is almost too much news to report," says Million Dollar Way, a blog devoted to the oil industry.

The Bakken Shale formation of the Williston Basin, which stretches from North Dakota into Saskatchewan, is the largest and most economically robust energy discovery in North America. Its growth has triggered housing shortages, transportation logjams and other welcome problems as infrastructure struggles to keep up with the boom. Oil production has more than doubled just since 2005, going from 2.8 million barrels a month to more than 7 million barrels a month today. Even railroads are benefiting, because pipeline capacity has been exceeded. It takes about 800 to 1,000 truck trips to open a new well. Western North Dakota lawmakers are begging the Legislature to build highways and make other investments to service the new prosperity.

Here, of course, the news is that Nebraska's highway system is about to fall apart because officials lack the vision to explore funding options to build new roads. The state's heavy reliance on the fuel tax to generate dollars for highways has created a fiscal crisis, as revenue from the tax declines while people drive less and use more fuel-efficient cars. The legislative report pegs the total cost of highway-

construction needs at \$13 billion over the next two decades and says Nebraska may only be able to cover about \$6.4 billion. Economic development isn't part of the state's highway priorities, and rural expressways that don't already carry lots of traffic are dismissed as Roads to Nowhere.

Another facet of the energy boom is natural gas. Half the country's homes are heated with it. Industries that make steel, plastics and chemicals count on it. Use of gas to generate electricity has gone up more than 50 percent over the past 10 years or so, with gas now used to make more than a fifth of the nation's electricity. New estimates of U.S. reserves are 35 percent higher than just two years ago, thanks to new technology that has allowed drillers to get gas from shale rock. Gas is cleaner than coal, cheaper than oil and a 90-year supply is within our borders. It's becoming the fuel of choice for new power plants, even in Nebraska, and it might help the nation curtail carbon dioxide and other pollution that contribute to global warming — coal might still be cheaper, but natural gas emits half as much carbon when burned to generate the same amount of electricity.

North Dakota and Texas have lots of it. They're also at both ends of the international trade corridor that includes the Ports-to-Plains, Heartland and Theodore Roosevelt Expressways. In seven of the states along the route, there are \$192.2 million of construction projects in progress, and additional funding keeps boosting the total. Colorado plans to replace a structurally deficient bridge just outside of Limon in the area connecting Ports-to-Plains and the Heartland Expressway. The Colorado Transportation Commission also approved \$15 million of state funding for 9.7 miles of U.S. 40/287. The Texas Transportation just approved \$4.3 million for the construction of an interchange at State Highway 158 and State Highway 349 in Midland, a segment of the Ports-to-Plains Corridor. Interestingly, the nation's lagging economy and its cost-cutting effect on construction contracting is resulting in project cost "underruns," as low bids free up budgeted money for additional projects. Our neighbors are taking advantage of the opportunities, not dithering about political fallout from raising gas taxes by a few cents.

Of course, oil and gas energy is only one reason to build the corridor. There's wind energy. Carrying farm products to market. International trade. New jobs.

All that stuff Nebraska could expect from a Road to Nowhere.