



Written by [Bob Adelman](#) on January 1, 2018

## Dakota Access Pipeline Fulfilling Its Promise

Fully operational since June, the Dakota Access Pipeline [is lowering transportation costs](#), reducing tank car usage, reducing environmental and population risk, improving South Dakota's financial condition, and putting the lie to the alarmist anti-pipeline propaganda.

There's scarcely a downside. An alleged criminal conspiracy that attempted to stop the pipeline in the name of protecting the environment, characterized as "The Enterprise" in a RICO lawsuit being brought by the pipeline's developer, is being exposed as a fraud upon the public. If successful, the lawsuit could cost the members of The Enterprise (including Greenpeace, EarthFirst!, and other so-called green groups allegedly involved in the conspiracy) a billion dollars. That would severely dampen its appetite for such misadventures in the future.

Prior to the completion of the pipeline, energy producers working the Bakken oil field in North Dakota faced a shipping penalty (called a "discount") ranging from \$7 to \$8 a barrel that reflected the additional cost of bringing in some 1,200 tank cars every day to transport the crude oil product by tanker to refineries on the Gulf Coast.

Now that "discount" has dropped to \$5 a barrel — about a 40 percent savings. And the result has been as predictable as Economics Rule Number One: When profits increase, capital "is drawn from the moon," as economic commentators express it. Operational rigs have jumped from 38 in January to 53 at the end of 2017. Production has soared, increasing from just over one million barrels per day (bpd) before the pipeline went operational, to 1,185,000 barrels a day — nearly a 30 percent increase.

Wryly, North Dakota's Tax Commissioner Ryan Rauschenberger said that Dakota Access's production increase has "exceeded expectations," expecting to put an estimated \$250 million into his state's coffers in the first 12 months of operation.

There are additional benefits as well. Instead of 12 100-car trains coming into the state to carry oil out, there are now only two. This reduces not only the risk of accidents (pipelines are far safer for crude oil transport than tank cars) but also any potential environmental hazard from spills.

Not only is North Dakota enjoying its unexpected financial bonus, but unemployment in the state has dropped to 2.8 percent. Companies are once again hiring roughnecks to run the new rigs which are pulling out oil in such quantities that it is resetting the global energy equation. As Dakota Access adds production, it pushes total American oil production to new levels. Estimates are that in 2018 U.S. crude





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oil production will exceed 10 million barrels a day. To put that in perspective, in September 2008, total U.S. output was just 3.8 mbd. Thanks to fracking technology and improved access and transportation facilities, U.S. crude oil production has nearly tripled in less than 10 years!

The previous administration in Washington moved heaven and earth to keep this from happening. Under President Obama, the Army Corps of Engineers denied an easement for construction of the pipeline; however, on January 24 the new Trump administration reversed that decision and advanced the construction of the pipeline. On February 7, the president authorized the Army Corps to proceed. The pipeline was completed by April and its first oil was delivered on May 14. It's amazing what can happen when government gets out of the way. On June 1, Dakota Access pipeline became fully operational.

As far as the RICO lawsuit instituted against the criminal environmentalist "Enterprise" by Energy Transfer Partners (ETP), the company behind the construction of the pipeline, is concerned, it spelled out its case in its filing last August. ETP said that the Enterprise "cynically planted radical, violent eco-terrorists on the ground amongst the [legitimate, peaceful] protesters, and directly funded their operations and publicly urged [those protesters] to [join them]."

The Enterprise, specifically Greenpeace, declared the lawsuit, ran a "relentless campaign of lies and outright mob thuggery" and "solicited donations under false claims about the pipeline, threatened the company's investors and lenders, launched cyberattacks against the company, and sought to sabotage the pipeline."

The ripple effect of lower energy costs thanks in part to the much lower costs of transporting it from North Dakota to Gulf Coast refineries is difficult to grasp in its entirety. As Economic Law No.1 kicks in (when the price of something declines, more is demanded), energy costs to American (and global) consumers will continue to decline, delivering an improved standard of living for every energy user on the planet.

If courts decide to levy compensatory and punitive damages against the Enterprise, that would be a nice bonus.

*Photo: kasto80/iStock/Getty Images Plus*

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