

# Tioga geologist will head state petroleum council

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By Jacob Orledge



Kathy Neset pauses in front of a Neset display during a recent trade show. NESET photo

Tioga geologist Kathy Neset recently ascended to the North Dakota Petroleum Council's top job. The new chairwoman wasn't taken by surprise at the September annual conference. She has served as vice chair of the oil and gas industry trade group for the last two years, a position traditionally reserved for the heir apparent.

"I knew that was coming," said Neset. "I knew I was stepping into a leadership role two years ago."

Neset Consulting Services has been a member of the petroleum council for years and it wasn't long before Neset was nominated, first to the board, and later, to the executive committee.

## Flaring

Neset will be at the forefront of the industry's response to issues facing the oil and gas industry, especially as they relate to providing input in the legislative process.

The biggest issue she has her eye on is flaring.

"It is the most important, critical issue for the industry and the state of North Dakota to deal with," she said.

The petroleum council was involved in the creation of gas capture benchmarks set by the North Dakota Industrial Commission — benchmarks the industry has failed to meet.

"The last one was 88 percent capture by November of 2018," but the industry was only at 81 percent as of August.

"We've got a lot of gas here," said Neset. "It is a resource. We should not be flaring it."

Neset plans to attack the flaring issue two ways — one short-term and one long-term.

The next couple months will witness more gas processing capacity coming online.

“Immediately we have smaller scale facilities, gas plants that are going to be handling more of this gas,” said Neset. “That’s a short-term fix.”

The new facilities may enable the industry to meet the 88 percent gas capture goal, and the 91 percent benchmark taking effect November 2020.

“I believe we will be very close to meeting that goal of gas capture,” said Neset. “Can we maintain that? How do we maintain and meet the next goal?”

### **The big plan**

The increased gas processing capacity will help satisfy some of the current demand but gas production is only going to increase thanks to higher oil production and advances in technology.

“The technology is improving,” said Neset. “We’re being much more effective with these fracks.”

That’s why the industry needs a long-term vision to not only increase the gas processing and pipeline capacities in North Dakota, but also keep more of the natural gas’ value locally.

Neset believes the petroleum council needs to take a leading role in planning.

“We are working very closely with industry, with producers, with midstream companies, with state entities to make that happen,” said Neset, with the ultimate goal of bringing the petrochemical industry to North Dakota.

“Very few states, very few industries, very few places in this world have the resources that we do right here in North Dakota,” said Neset. “I look at it as a challenge but it’s also an opportunity to take this state to the next level.”

Bakken Midstream, one of the companies seeking to develop the value-added natural gas industry in the state, has previously predicted a petrochemical facility is several years away, even under ideal conditions.

“They have the big plan,” said Neset. “They right now are one of the only companies coming in and coming up with the big answer and how to put it together.”

The million dollar question, as Neset put it, is what can the state and industry do today?

“Our responsibility is to start getting the infrastructure” in place, said Neset, pointing to the increased gas processing capacity expected to come online in the near future. “We need to be ready for that next step up. That’s where Bakken Midstream and the big plan comes into place.”

### **Local opportunity**

Tioga, the town Neset calls home, is perfectly positioned to take advantage of the value-added natural gas industry.

“It’s wonderful for Tioga,” said Neset. “We are right here, really at the epicenter and the heart of the Williston Basin.”

The Hess gas plant is located right next to the city, a convenient rail line runs through downtown and the recent oil boom has resulted in the infrastructure necessary to house a larger workforce.

“I am a believer that we know how to do it and we can do it correctly,” said Neset.

Bakken Midstream has not publicly identified any shortlist of potential locations for a petrochemical plant or other facilities. Earlier this year however, community stakeholders attended a forum to discuss how to best position the city as the optimal location for such a facility. The Tioga Economic Development Corporation followed up on that meeting by commissioning an air quality study, the results of which have not yet been released, to quash one rumored obstacle to new industries in the area.

“I think it means a lot to Tioga that we have this voice in the issue,” Neset said, now that she is the chair of the council.

### **A different perspective**

Neset said she brings a different perspective to the table than her predecessors.

“I’m not an operator. I’m not an oil company,” she said, but a service provider.

“I’m glad to be the chairperson of this council as a North Dakotan,” said Neset. “Now we have somebody in the driver’s seat of this council who is local. I think that’s important.”

She emphasized that the previous chairs of the group had done a “fabulous” job and that she intended to lead the council down the path they have charted. But a new point of view can be helpful.

“I’m also a landowner and I want to take care of the land here,” said Neset.

While the petroleum council and the Northwest Landowners Association have been at odds over a piece of legislation passed last spring that allegedly changes the definition of land, Neset plans to keep a healthy dialogue open between the two groups.

“My goal would be to continue down the road of outreach and education,” said Neset. “Let’s make sure everybody understands the complexities and the impacts.”

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