Economic, Social and Environmental Policy Challenges in the Bakken Oil Field

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Summary

Higher oil prices have caused rapid development in the Bakken oil field, centered in western North Dakota, leading to economic, social and environmental policy challenges. The Bakken Researchers’ Convening, hosted by the Strom Center of Dickinson State University, May 18-19, 2015, examined these challenges to begin to address the interdisciplinary problems faced by communities in the Bakken. This policy brief highlights policy research gaps identified in seven broad categories: population and migration, labor markets, housing and construction, income and wealth, business, sociological factors and the environment, in addition to others.

The Bakken

The Bakken Oil field has changed the landscape of the western quarter of North Dakota, giving rise to difficult economic, social, political, environmental and biophysical challenges that have global and local significance. The Bakken is the 10th global super-giant oil field to produce more than 1 million barrels of oil per day, with total recoverable estimates starting at 20 billion barrels of oil. This represents potentially more than 50 years of future oil production in the region. Like many boom communities, the major centers in the Bakken region have experienced rapid population growth to service the oil industry. For example, the town of Dickinson, ND, has nearly doubled in size, from 16,000 to 28,000, in the last five years. This has had corresponding impacts on the people living in the area and those arriving. A number of important research challenges have been identified by those working in the region. These challenges emphasize the importance of ensuring that research in the region targets the needs of stakeholders in the Bakken.

The challenges in the Bakken were placed into 7 major categories by the convening organization team to streamline the discussion. The population and migration flows of the individuals entering and leaving the Bakken are of particular interest. The labor market in the area is particularly challenging, as a lack of labor availability has affected the community. Higher incomes and increased wealth, for some individuals, have changed the outlook of the community, but also resulted in a new disparity in quality of life and affordability for basic needs. Housing and construction have lagged behind the demand of a richer, less educated community of domestic and foreign immigrants. Oil businesses have boomed, but the businesses that once existed in the area face heavy competition from oil companies. New workers and a lack of services have altered crime and domestic issues. Biophysical changes to the environment have created a host of social scientific factors to consider. Native American communities have experienced these challenges as well.
Key Policy Issues in the Bakken¹

Bakken researchers were asked: “From an academic perspective, what important research questions regarding the economic and community impact of the Bakken energy boom should be investigated?” Regarding population and migration, understanding migration flows into and out of the Bakken was identified as an important need. More specifically: Where do people come from? Is there migration within the Bakken? Difficulties involved in long-term decision making when it is unclear which individuals will stay in the region were highlighted, but the importance of considering even those currently viewed as likely to leave the Bakken was stressed. The need to understand the difference between employment-based migration and quality-of-life based migration is also important. The needs of international workers have been less well considered. A “culture of resignation and acceptance in ND”, where people tend to be ambivalent was identified. What role has this had on developmental planning? Intrastate migration issues were also raised.

Research needs surrounding housing and construction began with questions of the housing stock in general. Moving to greater specificity: Where are houses located relative to work sites for commuter considerations? What type of, and how much, housing is needed? What is the long-term impact of potentially poor housing quality? How does geographic dislocation affect families?

In the context of labor markets, the impact of J-1 Visas was noted. A series of wage issues over time, related to oil prices, were identified. Building on wages, problems with wages in secondary industries, forcing non-energy related manufacturers to leave the area or expand elsewhere, were stressed. More currently, the effects of layoffs in the Bakken on other parts of North Dakota were identified. Did workers who came to the Bakken for the wages and then departed achieve their financial goals?

Building on labor markets, income and wealth issues included potential negative impacts of accumulating wealth, including the differential distributions of it. Has royalty collection impacted philanthropy and community involvement? Where is the wealth going – is it being invested in the Bakken? There was also a debate about affordable housing, where definitions of affordability were skewed by high incomes.

Regarding business challenges, the issue of changing business composition was raised. Succession planning problems were identified. Business sustainability was also highlighted, as was industrial diversification.

Research needs regarding sociological factors included workplace safety, due to high fatality rates in certain sectors. Mental health support needs were also highlighted, along with bio-psycho-social factors. Public policy research needs were also raised. Environmental justice and environmental degradation gaps were also identified. A host of indigenous community issues were identified that interlaced all of the mentioned research needs and gaps, including jurisdictional issues, social concerns, emergency preparedness and responsiveness, policing and crime issues, and mobility in and out of communities. There was also discussion on ways to educate researchers on how to work with indigenous communities on research projects, especially on developing

¹A report of the full Bakken Researchers’ Convening can be found in De Laporte (2015).
relationships with community leaders regarding potential projects. A series of important questions were also noted: “Is what is happening in the Bakken actually good for the region? Should it happen? How will what is happening now affect the community 50 years from now?”

**Conclusions**

Due to its relatively recent evolution and current oil price volatility, the Bakken region presents varied policy challenges to researchers in the region. The Bakken Researchers’ Convening examined these challenges. This policy brief highlights the policy research gaps identified by the convening in seven broad categories: population and migration, labor markets, housing and construction, income and wealth, business, sociological factors and the environment, in addition to others. Collaboration amongst researchers and community stakeholders was viewed as essential to address interdisciplinary challenges in an effective manner that most benefits communities in the Bakken.

**References**