

SOUTH DAKOTA PROGRESS REPORT

August 2016

The Dakota Access Pipeline is an approximate 1,172-mile, 30-inch diameter pipeline that will transport domestically produced light sweet crude oil from the rapidly expanding Bakken and Three Forks productions areas in North Dakota to terminal facilities in Patoka, Illinois. It will transport up to 470,000 barrels per day with a capacity as high as 570,000 barrels per day or more. The project will include six gathering terminals in North Dakota with 142 miles of gathering lines, one pump station in each state, and 1,030 miles of mainline pipe.

FAST FACTS

Dakota Access has an office in Sioux Falls, South Dakota, from which employees will manage the permitting work and preparation for construction of the pipeline. Dakota Access has contracted with union construction contractor Michels Corporation to construct segments in South Dakota. As part of the agreement, Michels will use 100 percent union labor, with at least 50 percent of the workers sourced from local union halls. Hundreds of millions will be spent in labor payments in South Dakota. Dakota Access estimates that up to 4,000 local construction workers will be employed for the project in South Dakota.

Dakota Access has purchased voluntary easement agreements on **100%** of the properties along the route in South Dakota. Overall, Dakota Access has executed easement agreements on nearly **99%** of the properties across the entire four-state route.

Dakota Access received permit approval from the South Dakota Public Utilities Commission on November 30, 2015. Dakota Access has begun construction in all four states and intends to be ready for service by the end of 2016.

Findings from the Des Moines, Iowa-based Strategic Economics Group's economic and fiscal impact study show that Dakota Access will pay an estimated \$38.5 million in sales tax revenue to the state of South Dakota during construction. Thereafter, the project will make an annual property tax payment to the traversed South Dakota counties each year in service. The estimated property tax to be paid in South Dakota in its first year is \$13.5 million.

The Dakota Access project team has held over 100 meetings with local elected officials and community organizations in South Dakota since the project was announced last summer. In addition, Dakota Access has held four public Open Houses in South Dakota.

SOUTH DAKOTA *by the Numbers*

\$820 million

Total estimated project cost in South Dakota

\$38.5 million

Estimated sales tax revenue to be generated during construction

\$13.5 million

Estimated property tax revenue to South Dakota during the first year in service

\$2.9 million

Estimated local sales tax revenue to be generated during construction

100%

Percent of property agreements executed in South Dakota

4,000

Anticipated number of construction jobs created in South Dakota

274

Number of miles of pipe in South Dakota

100

Number of local meetings held to date by Dakota Access project team in South Dakota

1

Number of pump stations in South Dakota

ENERGY IN SD

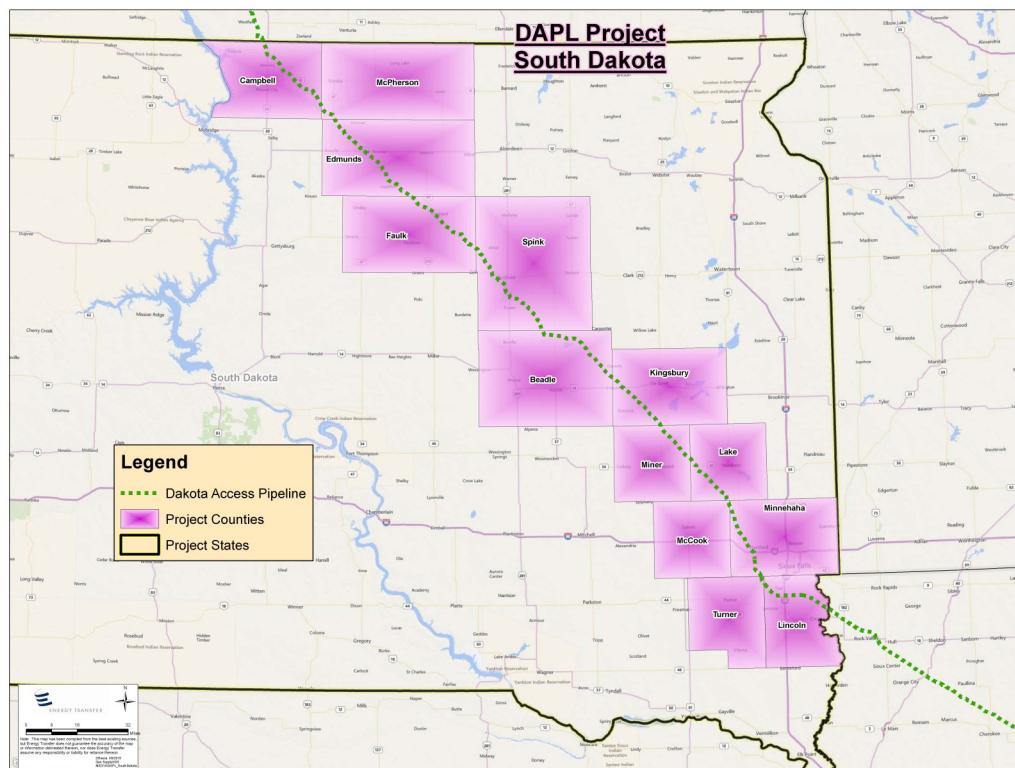
According to a study published by 24/7 Wall St. using U.S. Energy Information Administration (EIA) data, South Dakota is the 8th highest per capita energy user in the United States. In 2013, South Dakota used roughly 462 million Btu annually per person, mostly for commercial use.

EIA data also shows that South Dakota used approximately 22.2 million barrels of petroleum products in 2013. But it is important to note that South Dakota's crude oil production is less than 1% of the nation's total, and it does not have any refineries to convert crude oil to petroleum products. South Dakota imports the liquefied petroleum gas (LNG), fuel oil, and kerosene that is used to heat over one-fifth of South Dakota households. The Dakota Access Pipeline will enable producers to increase the amount of domestically produced crude oil that is transported to refining markets around the country.

BENEFITS

- Domestically produced crude to support domestic consumption.
- Bakken production will be able to reach the Patoka Hub from where shippers can access multiple markets, including the Midwest and Gulf Coast.
- Gulf Coast refineries will have additional access to North American crude oil production which will reduce our reliance on foreign oil imports.
- Reduction in truck and rail utilization, increasing overall safety to the public and the environment.
- Long and short term economic benefits to areas affected by the project via consumption of goods and services.
- Additional income to residents via right-of-way compensation.
- Creation of construction and service jobs.
- Long-term job creation to operate pipeline and facilities.
- Long-term tax benefit to communities and state property taxes.

Dakota Access Pipeline Project South Dakota Map



Mileage by County

Campbell County	29 miles
McPherson County	7 miles
Edmunds County	36 miles
Faulk County	28 miles
Spink County	36 miles
Beadle County	29 miles
Kingsbury County	22 miles
Miner County	14 miles
Lake County	19 miles
McCook County	2 miles
Minnehaha County	26 miles
Turner County	2 miles
Lincoln County	24 miles
Total	274 miles