

**House Energy and Natural Resources Committee
Testimony of Claude Sem**

Good Morning Chairman Porter and members of the House Natural Resources Committee. My name is Claude Sem, and I am here today to testify in support of House Bill 1347. I am the Chief Executive Officer of Farm Credit Services of North Dakota, but I am here today to testify as an individual in support of this bill.

Farm Credit Services of North Dakota (FCSND) lends money to farmers and ranchers in Northwest North Dakota. Farm Credit has approximately 55% of the market share on real estate financing in its territory. Much of that real estate lies in the oil rich Bakken region of North Dakota which is subject to possible contamination from well sites and pipelines. Farm real estate values have increased significantly the last several years and this has caused us to look closely at the increasing risk of financing land in a market where we begin to question whether those values will be sustained. A contamination of the land due to an oil or saltwater spill increases the risk of financing land that may be subject to such events.

Farm Credit is concerned about taking security in any property that has or potentially has hazardous material on the premises, such as from a saltwater spill or oil spill. In fact, we would be cautious of even taking collateral near the hazardous or potentially hazardous site. It is and has been the policy of FCSND to not take security in property that is or potentially will be environmentally damaged. FCS discourages credit applications on property that is contaminated and would, and will, deny approval if credit was requested.

I am offering this testimony because I think it's important for folks to know that farmers who have spills on their land don't just have land taken out of production and potential contamination; they also will have difficulty with financing at a time when they could really need it. It is my feeling that the provisions of HB 1347 which would first help prevent a hazardous land spill and secondly provide for clean-up, would be beneficial to North Dakota landowners.

Thank you.