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## Why North Dakota Is Booming

*They're drilling for oil, attracting high tech, and keeping the tax burden moderate. Result: 3.8% unemployment.*

By JOEL KOTKIN

Living on the harsh, wind-swept northern Great Plains, North Dakotans lean towards the practical in economic development. Finding themselves sitting on prodigious pools of oil—estimated by the state's Department of Mineral Resources at least 4.3 billion barrels—they are out drilling like mad. And the state is booming.

Unemployment is 3.8%, and according to a Gallup survey last month, North Dakota has the best job market in the country. Its economy "sticks out like a diamond in a bowl of cherry pits," says Ron Wirtz, editor of the Minneapolis Fed's newspaper, *fedgazette*. The state's population, slightly more than 672,000, is up nearly 5% since 2000.

The biggest impetus for the good times lies with energy development. Around 650 wells were drilled last year in North Dakota, and the state Department of Mineral Resources envisions another 5,500 new wells over the next two decades. Between 2005 and 2009, oil industry revenues have tripled to \$12.7 billion from \$4.2 billion, creating more than 13,000 jobs.

Already fourth in oil production behind Texas, Alaska and California, the state is positioned to advance on its competitors. Drilling in both Alaska and the Gulf, for example, is currently being restrained by Washington-imposed regulations. And progressives in California—which sits on its own prodigious oil supplies—abhor drilling, promising green jobs while suffering double-digit unemployment, higher utility rates and the prospect of mind-numbing new regulations that are designed to combat global warming and are all but certain to depress future growth. In North Dakota, by contrast, even the state's Democrats—such as Sen. Kent Conrad and former Sen. Byron Dorgan—tend to be pro-oil. The industry services the old-fashioned liberal goal of making middle-class constituents wealthier.

Oil also is the principal reason North Dakota enjoys arguably the best fiscal situation in all the states. With a severance tax on locally produced oil, there's a growing state surplus. Recent estimates put an extra \$1 billion in the state's coffers this year, and that's based on a now-low price of \$70 a barrel.

North Dakota, however, is no one-note Prairie sheikdom. The state enjoys prodigious coal supplies and has—yes—even moved heavily into wind-generated electricity, now ranking ninth in



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