

REPRISK CASE STUDY

Dakota Access Pipeline Project

Opposition to controversial pipeline project leads to divestment from international banks

The Dakota Access Pipeline Project (DAPL), also known as the ETP Crude Pipeline Project or the Bakken Pipeline, has proven to be one of the most controversial projects so far in the 21st century. Having ranked in third position on the “[Most Controversial Projects of 2016 Report](#)” and with a consistently high RRI through 2017, the USD 3.7 billion project, which transports crude oil from the Bakken oil fields in North Dakota to Illinois, has faced continuous protests from thousands of people from around the world. The project is particularly opposed by Native Americans, who claim that the pipeline would devastate sacred sites as well as the drinking water sources of the Standing Rock Sioux reservation in North Dakota.

Who is involved?

The pipeline was constructed by Dakota Access LLC, a fully owned subsidiary of Bakken Holdings Company LLC, a joint venture formed by Energy Transfer Partners (ETP) and Sunoco Logistic Partners, both subsidiaries of Energy Transfer Equity LP. Phillips 66 owns a 25 percent stake in the project, and MarEn Bakken Company, a joint venture formed by Enbridge and Marathon Petroleum, also holds a minority share.

According to the NGO Food and Water Watch, 17 financial institutions loaned Dakota Access USD 2.5 billion to construct the pipeline. Major international banks also committed substantial resources to the Energy Transfer group of companies so that they could build additional oil and gas infrastructure.

Case Study Timeline

- 2014** **June**
ETP submits application to build the pipeline.
- 2016** **January**
North Dakota regulators approve the project.
- April**
Native Americans vote against the project in a public hearing, and a protest camp is established in North Dakota.
- September**
ETP security guards attack protesters with dogs and pepper spray. A US District Judge suspends construction activity near Lake Oahe. The project is 60 percent complete and USD 1.6 billion has been spent.
- October**
More than 140 protesters arrested by police and jailed in squalid conditions.
- November**
Greenpeace and other NGOs call on international banks to divest from DAPL, pointing out that the pipeline contradicts their alleged commitment to the Equator Principles.
- 2017** **January**
President Donald Trump signs executive action to advance construction of the pipeline.
- February**
US cities begin divesting from banks involved in the project.
- March – April**
Pipeline leaks more than 100 gallons of oil in North Dakota and 84 gallons of oil in South Dakota, prompting more banks to withdraw their investments in the project.

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What happened?

RepRisk detected opposition to the pipeline in 2014, when a coalition of NGOs, including the Sierra Club and the Iowa Citizens for Community Improvement, delivered a petition with 2,300 signatures to the Governor of North Dakota, calling on him to halt construction of the pipeline due to concerns about potential oil leaks and its impact on the environment.

Originally, the pipeline was to cross the Missouri River near the towns of Bismarck and Mandan. However, following opposition from municipal councils, who raised concerns about the potential contamination of drinking water supplies, the pipeline was diverted via the Standing Rock Sioux Reserve without consulting the Standing Rock Sioux tribe. This constitutes a violation of the UN's Declaration on the Rights of Indigenous Peoples. Construction of the 1,886-kilometer pipeline began in May 2016, despite complaints that no cultural or environmental impact assessment had

Case Study Timeline

2017

June

Pipeline begins pumping oil.

August – December

ETP sues Greenpeace and other groups, but NGOs and activists continue to protest about the pipeline

2018

Indigenous and activist groups continue to call on banks, cities, and individuals to withdraw financing from other pipelines being developed by ETP.

been conducted. Allegedly, cemeteries and other cultural sites of great importance to the Standing Rock Sioux tribe were desecrated.

In August 2016, reports emerged that Dakota Access had sued protesters who had tried to disrupt the



Figure 1: The shares of Energy Transfer Partners (ETP) and Sunoco Logistics declined following the news of the proposed merger of the two companies. ETP shares fell more than 7 percent while Sunoco Logistics shares fell 3 percent. The uncertainty about the Dakota Access Pipeline may be considered as one of the factors leading to the decline. Source: [CNBC](#).

construction of the project. In September, charges of criminal trespass were filed against the host of the US news program Democracy Now after she and her crew filmed security guards allegedly using violence against protesters. An arrest warrant was also issued against a Green Party US presidential candidate who opposed the project on climate-related grounds.

In October, it was reported that more than 140 protesters had been arrested and jailed in squalid conditions by the police, who also had attacked them with pepper sprays, tasers, and rubber bullets. The protesters claimed that people working for the pipeline had intentionally started a brush fire near their resistance camp.

In November, Oxfam Novib, Greenpeace, and Friends of the Earth called on international banks to divest from the pipeline, pointing out that the project contradicted their alleged commitment to the Equator Principles.

In December, President Obama refused to grant the required permits to complete the project. However, in January 2017, US President Donald Trump signed executive orders to support the construction of the pipeline, which prompted indigenous groups and activists all over the world to begin targeting specific banks and individuals, urging them to divest from the project. By February 2017, the intensity of the protests prompted the cities of Seattle, Santa Monica, Davis, and San Francisco to divest a total of USD 4.3 billion from banks that were financing DAPL. Financial institutions including ING, Norway's KLP Fund, DNB Bank, and BNP Paribas also withdrew from the project, and individuals divested more than USD 79 million from banks involved in financing the pipeline.

In February 2017, about 1,000 US veterans formed a human shield to protect Native American protesters from being forcibly removed by the police. The protests intensified in April 2017, when the DAPL leaked 84 gallons of crude oil. In total, the pipeline leaked at least five times in 2017.

In May 2017, TigerSwan, a security firm hired by Energy Transfer Partners, was accused of using military-style

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counter-terrorism tactics against protesters and Native American groups opposing the pipeline.

In August 2017, ETP filed a lawsuit against Greenpeace International, Earth First!, and other civil groups for inciting eco-terrorism and hampering the construction of the DAPL, a move described by Greenpeace as a "strategic lawsuit against public participation."

By June 2017, oil was flowing through the pipeline, but protests continued throughout the autumn, with tens of thousands of people joining the activists and indigenous tribes to protest against the DAPL. At the time of writing, NGOs are continuing to criticize the banks for financing the project.

Consequences for ETP

ETP woefully underestimated the force of the protests against the DAPL project. Indigenous and activist groups around the world continue to call on banks, cities, and individuals to withdraw financing for other pipelines being developed by ETP. In view of the spills that the DAPL has experienced in its first year of operation, environmental protection agencies are tightening regulations governing permits for pipeline construction.

Company Description

Dakota Access LLC develops an underground crude oil pipeline to transport crude oil from the Bakken/Three Forks formation in North Dakota to a terminus in Illinois. It operates as a subsidiary of Bakken Holdings Company LLC, which is owned by Energy Transfer Partners and Sunoco Logistics Partners.