

January 18, 1977

The Natural Resources Committee met at 10 a.m. on January 18, 1977, in room 437, with Chairman Shelden presiding and all members present (except Reps. Burnett, Huennekens and Metcalf who were excused) for a hearing on House Bills 149 and 111.

Chairman Shelden opened the meeting to a hearing on HB 149.

REP. QUILICI, the bill's chief sponsor, said this bill would place all past and future revenue collected under the Hard Rock Mining Act in a special account of the state treasury. This money would then be appropriated to the Dept. of State Lands for the administration and enforcement of the Hard Rock Mining Act or the reclamation, revegetation and rehabilitation of land or water affected by any mining operations. He said the amount of money is small--about \$15,000--but would give the department direction in how to use the funds.

LEO BERRY, Commissioner of State Lands, said he had been involved in the drafting of this bill. This would set up an account for hard rock mining like exists for coal strip mining. He said this would enable them to reclaim some of the old areas. He also said the money amount is small.

TORIAN DONOHOE, Environmental Information Center, spoke next. She said they support HB 149 with an amendment. On page 1, line 12, to strike "administration and enforcement of Chapter 12, Title 50, R.C.M. 1947 and for the". She said this would keep the reclamation fund from being spent on administration.

PAT SMITH, Northern Plains Resource Council, spoke in support of the bill with the EIC amendment.

Rep. Quilici in his rebuttal said he did not favor the amendment. He suggested another amendment--inserting "research" following "administration" on line 19, page 1.

During questions from the committee, Mr. Berry in response to several questions said leaving the bill as it is would give the department more flexibility; that there are thousands of abandoned mines--and a few do present an acid drainage problem during run-off (they would like to go in and stabilize some of these areas). He said while the money is just a drop in the bucket, it is at least a start. He said there is money available for enforcement and administration but none for reclamation. Rep. Harper expressed the thought that since there are funds available for enforcement and administration (general fund) but nothing for reclamation--this fund should be specified for that.

While waiting for the chief sponsor of HB 111 to arrive, Chairman Shelden mentioned on Monday night there would be a hearing in the House Chambers. He said the EQC report on gas had been heard and this is an attempt to get some hard information from people who should also know in respect to gas supply and demand--information on a most probable situation rather than a worst possible situation. He said speakers would be requested to hand in written copies of their talk

and after their talks the hearing would be opened to questions from the committee. He said sometime between now and then there would be a briefing session to explore the types of questions the committee wanted answered. Chairman Shelden also said sometime this week the committee will receive the governor's energy proposal and then the committee will try to put things together.

REP. DASSINGER came. He apologized for being late--he had been testifying on another bill in another committee. As the chief sponsor of this bill he said this bill would change the method of computing the severance tax for oil and gas producers. He said this would simplify it.

JAMES MADISON, Misc. Tax Division, Department of Revenue, spoke next in support of the bill. He said the intent of the bill is not to change the rate of tax--that they wish to have remain the same. He said leases have a legal entity type of status and that is why it is easier to count them than to count producing wells.

DON ALLEN, representing a group of independent producers, said they don't oppose the bill. He said it will simplify the problem of keeping track of the wells. One of his concerns were wells that produce 10 or less barrels.

Chairman Shelden, after a short question and discussion period by the committee, closed the hearing and opened it to a consideration of HB 111.

HB 111 Rep. Quilici moved the amendments--a copy of which is attached and exhibit 1. The motion was seconded and carried unanimously (excused and not voting were Burnett, Huennekens and Metcalf). Rep. Bengtson moved that HB 111 as amended do pass. Rep. Quilici seconded the motion and the motion carried unanimously with the same not voting as above.

Chairman Shelden opened the meeting to a consideration of HB 149.

HB 149 Rep. Kessler moved the EIC amendment--to remove administration and enforcement from receiving any of the funds. Rep. Cooney seconded it. Rep. Kessler said if we don't take this action we will have a bill with good intent and that intent could be circumvented by administration costs. Rep. Quilici opposed the amendment and moved one of his own--adding "research" after administration on line 19, page 1. He said these moneys cannot be spent without the legislature looking into it--but the wording permits the flexibility so the money can be used where needed. He said you can't reclaim much with this amount of money but it could provide some research. Huennekens (who had come in from his Taxation committee) expressed the feeling that the department should come to the legislature for enforcement costs and that this money should go for reclamation. Rep. Davis felt it might be difficult to separate administrative and reclamation in this case as they will be tracking down many old, existing problems. Rep. Bengtson spoke in opposition to Rep. Kessler's amendment agreeing with Rep. Davis that it would be difficult to separate administrative and reclamation policy. Rep. Harper spoke in support of the motion stating his feeling that the legislature needs this kind of direction

Rep. Kessler said the funds are limited. Certain areas have already been identified and the money should be used to reclaim them rather than to research and find more areas. He said we have a tendency to study things to death. Rep. Quilici said with the kind of funds available this area won't be studied to death. He questioned the amount of reclamation that would get done with this amount of money--where it would pay for research. He mentioned the Boulder River which due to drainage from old mines has a problem keeping fish alive. Rep. Nathe asked of Toriann Donohoe what research has been done in the area of hard rock mining. She said the suggested amendment of the EIC should include research as very little has been done. Rep. Bengtson moved a third amendment, a substitute motion for all motions pending, to strike "administration and enforcement of Chapter 12, Title 50, R.C.M. 1947, and for the" and to insert "research". Rep. Harper seconded it. Rep. Quilici said he would not oppose it. The motion carried unanimously (absent being Reps. Burnett and Metcalf).

Rep. Huennekens moved that HB 149 do pass as amended. Rep. Curtiss seconded it and the motion carried unanimously (absent Burnett and Metcalf).

Chairman Shelden pointed out a rule of order that had not been strictly followed this morning--opponents and proponents cannot be questioned during executive session. He said since it was a minor bill he had let it go this time.

Chairman Shelden also said he was not going to appoint a subcommittee to study HB 139 until we see what other kinds of energy bills come to our committee.

Meeting adjourned at 11:15 a.m.

Respectfully submitted,

Arthur H Shelden

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The Environmental Quality Council reports on these bills are exhibits 2 and 3.