

February 4, 1977

The Natural Resources Committee convened in room 437, on February 4, 1977, at 10:05 a.m., with Chairman Sheldon presiding and all members present (except for Reps. Hirsch, Huennekens and Davis who were excused) to hear testimony on the following bill.

HB 540 REP. DAVID AAGESON, District 9, said this was an act to revise the rate of privilege and license tax paid by the oil and gas operators to support the Board of Oil and Gas Conservation. He said this additional is needed as they are hard pressed for funds to enforce the regulations.

JUDSON B. SWEET, Division of Oil and Gas Conservation, discussed the proposed changes at Billings and why it is needed and a copy of his testimony is exhibit 1.

CHARLES G. MAIO, Board of Oil and Gas Conservation, discussed the proposed new building at Billings and why it is needed and a copy of his testimony is exhibit 2.

Chairman Sheldon questioned that the proposed building isn't in the bill. Rep. Aageson said they were informing the committee of the need and what the commission intends to do with the increased revenue.

DON ALLEN, Montana Petroleum Assoc., said this tax does not come out of tax funds but is paid by the industry, and the industry is agreeing to this tax on themselves. He said this industry is opposed to all tax increases this year except in this specific case. He said the attitude of their association is that as long as the money is wisely spent they are for it. He said they don't expect any special treatment only fair treatment, and the board has been great to work with--they have a job and they are fulfilling it. He felt the switch from the per barrel to a percentage tax is fair.

In closing Rep. Aageson said there is a typo on page 3, line 6, subsections (a), (b) and (c) should be struck and subsection (l) inserted.

Rep. Hurwitz asked if the commission gets any money from the state. Answer was no the revenue comes from permits and taxes on oil and gas. Rep. Harper asked Mr. Sweet what their main responsibilities are. Mr. Sweet said primarily to issue permits. He said they have three field representatives in Billings, Shelby and Glendive to see that rules and regulations are complied with.

Rep. Harper asked Mr. Allen if they wouldn't be in kind of a ticklish situation if they didn't support this bill. Mr. Allen responded even though it is this type of situation, he feels the commission has certain obligations to fulfill--certain rules and regulations to enforce--in which he said they have cooperated. He felt the increase was justified.

Rep. Quilici questioned the \$80,000 for a building site. Mr. Maio

said this includes a parking area. Rep. Bengtson questioned their need for going through the long range building program. Mr. Sweet said money they have accumulated for this building has had to be put into the long range building fund--but isn't in the budget as they have the money.

Rep. Frates asked what service they provide besides regulating the industry. Mr. Sweet said they furnish information about the cores and other pertinent facts on the wells.

George P. Galusha, petroleum geologist, a letter of support which is exhibit 3.

Chairman Sheldon opened the meeting to a consideration of these bills:

HOUSE BILL 484

Rep. Nathe went through proposed amendments a copy of which is exhibit 4 of the minutes. He moved the amendments be adopted, seconded by Rep. Frates, and the motion passed unanimously (absent being Reps. Hirsch, Huennekens, Davis). Rep. Burnett moved HB 484 do pass as amended. Rep. Cox seconded the motion.

Rep. Bengtson said she had a little difficulty visualizing 25 ad hoc people working together effectively. Rep. Nathe said they have had a good turnout in the past. He felt it should remain voluntary. He felt when it becomes mandatory all lines of communication cease to exist. He said the committee would meet four times a year and continue education and promotion of good range practices, and implement and try to coordinate different ideas with range management so people aren't going in different directions.

The question was called and the motion passed unanimously with those present--same absent. The bill receives a DO PASS recommendation.

HOUSE BILL 540

Rep. Burnett moved do pass. Rep. Metcalf moved to adopt the suggested amendment on page 3, line 6 to strike subsections (a), (b) and (c) and insert subsection (1). Motion carried unanimously. Rep. Burnett then moved the bill as amended and Rep. Hurwitz seconded the motion. Motion carried unanimously with those present (same absent).

Meeting adjourned at 11:20 a.m.

Respectfully submitted,

  
ARTHUR H. SHELDEN, Chairman