

February 7, 1977

The Natural Resources subcommittee on Extraction and Conversion met at 8:10 a.m. in room 437, on February 7, 1977, with Chairman Kessler presiding and all members present.

In going over the proposals of the committee they dropped proposal no. 1.

In discussing 2 and 3 and 4 Rep. Metcalf suggested saying no more federal leasing in the state at this time exclusive of logical mining units. Question came up about just what a logical mining unit is. Doug Lowney will check into this for the subcommittee.

Gene Phillips mentioned that Decker had attempted to get some more federal leases but the federal coal leasing has been stopped momentarily.

It was mentioned that Wyoming recently came to an agreement with the federal government that their rules and regulations would be enforced.

In proposal number 3 Rep. Metcalf suggested crossing out "acting as a representative of the people of Montana" as it was redundant.

Chairman Kessler said we want to be sure that the stronger of the laws (federal or state) will be in effect.

Selective denial -- what does it entail--Doug was going to check it out.

Proposal 4 should say "found in section 9 of the coal mining reclamation act". Proposal 4 was o.k. for now and also number 6. Number 7--Joan Miles could give a good definition of the alluvial valley floors.

Gene Phillips said a Mr. King from the federal government could also give information on alluvial valley floors. He would need to have permission to testify from his department. He mentioned Senator Jergeson's SB 317 which is on alluvial valley floors.

Don Allen in reply to a statement of what good does it do for the state to encourage future gas and oil if it is going to be sent out of state--said it depends on where it is found--the Overthrust belt will likely be used by Montana Power; the Williston Basin goes into Wyoming and they are seeing what can be done to get some into Billings. He said he guessed the answer was the more we produce in Montana at least a certain amount will stay.

Chairman Kessler asked what legislation was needed to make Montana more attractive to oil and gas people.

Mr. Allen suggested tax incentives. He said HB 553 is to be heard on Thursday and he felt with some amendments it had possibilities. He said this exempts the net proceeds tax--rather have it on the severance tax. He said whatever is done it should be workable. It will only be for two years. He also said they would appreciate a stable group in the state government.

In proposal 9 Doug was to check and see about solution mining and if there is presently a moratorium on mining..

Proposal 10 was felt to pertain to 9--uranium is not mined but granted a permit for a claim--like gold and silver. "Leasing" is to be taken out and it was decided to strike after procedures the rest of the sentence but to keep the last sentence.

Proposal 11--no problem; proposal 12--Rep. Ernst liked the wording as is--Rep. Metcalf moved that it read "The coal severance tax shall not be reduced from the current rates." A vote was taken: Rep. Ernst and Rep. Cox voted against. Motion carried.

It was decided to leave the problem of load center conversion until more testimony more specific to the subject was obtained.

Rep. Harper said the decision that is reached on the load center conversion question will determine the road that the state of Montana takes in the future.

Mr. Lahr, Montana Power, suggested cataloging the pros and cons on energy development in Montana. He suggested having one of the sub-committee meetings on this. He said a lot of studies were done through the Colstrip hearings.

Chairman Kessler asked Doug to look into this and see if he can list some pros and cons given in those hearings.

Meeting adjourned at 9:55 a.m.

Respectfully submitted,

  
GERALD KESSLER

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