

March 14, 1977

The Natural Resources Committee convened in room 437 on March 14, 1977, at 8 a.m., with Chairman Shelden presiding and all members present except Reps. Hirsch and Huennekens who were excused and Rep. Davis, absent.

Chairman Shelden opened the meeting to SB 111, a bill which had been heard on March 7 but due to not having 72 hours notice was also open to testifiers today.

SB 111 Raymond K. Peete, Gary Operating Co. which operates in the Bell Creek Field, said this bill amends the statutes to include tertiary programs as well as secondary. It uses the words "enhanced recovery" which means any program after a primary. This would enable them to unitize the field--which due to the tremendous cost of a tertiary program is needed. He said in their case at Bell Creek they would be ingesting a chemical detergent into the formation which will break down the oil that adheres and thicken the water that would be ingested with the detergent. As this solution moves through the formation it sweeps the oil ahead of it. He said the federal agency thinks more oil will be recovered from the tertiary program than from new discoveries. He said they expect the cost to be \$200 million and they expect to recover 50 million barrels of oil (120 million barrels have been recovered by other programs). He said, too, it would be about five years before anything would be realized on the investment. He said the detergent would be pretty much dissipated in the formation and would stay in the formation as there is no connection with another formation. He said the water source will be a well drilled in the Madison formation which is 3,000 feet below the oil formation and will be the only well in that formation in that area.

During questions Rep. Kessler asked how much profit the companies would receive. Mr. Peete said the cost of the program is about \$6 a barrel and oil is selling for \$10 now. Rep. Hurwitz asked if it had been tried in other parts. Mr. Peete said tertiary programs have been tried, depending on conditions--they have used fire, oxygen, etc. Rep. Curtiss asked if most producers are in favor of this. Mr. Peete said 98% have signed the agreement already. In response to a question from Rep. Harper, Mr. Peete said a person who opposes the project need not put up his share initially--if the project is successful he must then pay his share from 75% of his output until the cost is recovered.

SJR 14 SENATOR PETE STORY, Senate District 37, left for the committee's perusal an environmental impact statement. He wished to have it returned as it is an excellent source for information about his area. He said this impact statement was the reason for this resolution--the cost of preparing and mailing these to all the farmers in his area must have been prohibitive. He said the EISs were created as a tool to educate the public on the advantages and disadvantages of any new development. He said he still thinks an EIS is a necessary and valuable tool, but he felt the executive branch needs a little more direction on what the environmental statement should or should not be. He said it should be a document that will be read by the man on the street--which means it should be much more brief.

Rep. Frates asked during questions who determines what material to cut from the EIS. Senator Story said material dealing with the wild-life, soil data, etc., should be available in places like the court-house and local library and referred to in the EIS so if someone wishes to pursue it further it would be readily available. The purpose of this is to cut down on agency duplication of baseline data and also duplication on different EISs if they are for the same area. Rep. Harper said one of the state's problems is there is no central place where information gained from studies, etc., is indexed and readily available. If there were such an area, he said, it would help to set up the needed information outlet for which this resolution calls. Rep. Harper questioned which agency would be responsible for making up the summaries that would be needed. Senator Story said the agency that it applies to most.

SJR 18 SENATOR PAUL BOYLAN, Senate District 38, chief sponsor of this bill, said it requests Congress to refrain from weakening the state's strip mining laws, and to refrain from usurping the authority of the state of Montana regarding regulation of surface mining.

Chairman Shelden said this seemed like a pretty straight forward letter to Uncle. Rep. Harper suggested adding that a letter be sent to the state legislature of Montana urging them also not to weaken the law.

Chairman Shelden opened the meeting to a consideration of the following bills:

SENATE BILL 111

Rep. Burnett moved do concur and Rep. Cox seconded the motion. During discussion concern was expressed that this was a new, untried idea. Concern was expressed also for the developers who would not want to become part of the unitized group. Rep. Metcalf moved to amend page 7, line 23, after "owners" to insert "increased". Question was raised as to what the 75% covered--would it just be the increase or his total which would include his production before the program. Doug Lowney was sent to locate Mr. Peete or Mr. Allen to answer these questions.

SENATE JOINT RESOLUTION 14

Rep. Cox moved the bill be concurred in. Rep. Bengtson suggested amending to add base line data. Rep. Kessler wondered if we weren't adding something instead of making it simpler. Rep. Harper mentioned the root problem is the lack of coordination--no central place in state government where you can go and draw things together and avoid duplication. The following amendment was suggested: page 2, line 25, following "sent" insert "by the Secretary of State"; and following "to the" insert "governor and to the"; page 3, line 1, strike "by the Secretary of the State". This amendment was to improve the language and encourage the governor to do more coordinating. Rep. Cox changed her motion to include the amendment. The motion carried unanimously with those present (absent were Reps. Hirsch, Huennekens, Davis).

SENATE JOINT RESOLUTION 18

Rep. Hurwitz moved that the bill be concurred in. He said it is harmless and rather redundant. Rep. Frates questioned if we could say too often that we don't want our strip mine laws weakened. The motion carried unanimously with those present (absent being Reps. Davis, Huennekens and Hirsch).

Chairman Shelden returned the meeting to SB 111 as Don Allen had come. He offered his apologies saying he had not researched this bill as the company had said they would take care of it. He said he felt it was to the best interests of the committee and he had no qualms about it. Since there was still committee concern about what part of the individual producer's production would be taken, he suggested they check into these points further before action is taken. Rep. Curtiss moved to pass consideration for the day. Motion carried unanimously with those present.

Meeting adjourned at 9:30 a.m.

Respectfully submitted,


ARTHUR H. SHELDEN, Chairman

eas