

MINUTES OF THE MEETING  
OF THE LEGISLATIVE SUB-COMMITTEE ON APPROPRIATIONS FOR EDUCATION

February 4, 1977  
8:00 A. M.  
Room 132  
State Capitol Building  
Subject: Bureau of Mines

The meeting was called to order by Chairman Carroll South. The following members were present:

Sen. Matt Himsl  
Rep. Jack Moore  
Sen. Oscar Kvaalen  
Sen. Larry Fasbender  
Rep. Ora Halvorson

Chairman South welcomed the following persons to the meeting:

Senator Elmer Flynn  
Representative William Day  
S. L. "Sid" Groft  
Donald Allen, Executive Director, Montana Petroleum System  
Warren Ferris, Representative of Montana Resources  
Peter Jackson, Western Trade Association Dept. of Natural Resources  
Robert Manchester, Mineral Specialist, Region of Forest Service  
Denny Carlson, Chief, Land and Resources, BLM  
Harold Braham, State Building Trades  
Steve Cranzow, Dept. of Community Affairs  
George Pike, District Chief of the U. S. Geology Survey of Mt.  
Herb Sherbourne, Member of Governor's Mining Study Commission  
Robert Kokoruda, Representative, Vice-President, AFL-CIO  
Marvin Miller,  
Dr. Fred de Money, President, Montana Tech

Senator Elmer Flynn spoke first and was excused for another meeting. He said, "We support the Bureau in their request for financing. The Bureau has been obligated to the Legislature the last few sessions. The bureau is dedicated to our natural resources and the Legislature has depended heavily on them. We have asked them to do many works of study for us. I think it is only right that we finance them to do the work that we have asked them to do."

The next speaker was Representative William Day. Chairman South asked him to address the committee concerning the water study of the Yellowstone Basin. It was his resolution two years ago that authorized the study. Money was appropriated for that study. Rep. Day spoke concerning House Resolution 54 which approved study of the Yellowstone Basin water resources. (HB 705 funded it.) He said that there was \$140,000 in the study and Mr. Groft has done the study. We found some areas of artesian wells that were leaking and overflowing. They really just touched on the problem in that area. They definitely need to go further and look into that situation that we have there. I hope we can get more detail on the seismic exploration that was provided for in the resolution. We also need more detail on the effects of shell

aspers on strip mining. These were some of the main intents of HB 54. I would encourage this committee to consider the request for additional funds so that Mr. Droston can continue these badly needed studies. He has some studies going and has found some things that we hadn't suspected. We need to look at them more in detail and come back with some alternatives at a later date." Rep. Day was also excused from the meeting at this time.

Chairman South then turned the meeting over to Sid Groft. He distributed some prepared material to members of committee. He said that he felt there had been some misunderstanding about the Bureau of Mines and what it does and how much money the mineral industry generates in the state. It is a rather wide and varied thing. It isn't all production of mining--we also get involved with agriculture quite a bit, fertilizer production and development of seed problems. It has been said that agricultural industry is as large as mining and lumber combined. This may have been true up until just recently but it isn't true anymore. We have calculations that the total visible income was about 680 million dollars for 1976. It actually probably runs well over a billion dollars when you calculate the total costs of products produced in Montana. I have predicted as the committee well knows that the mineral industry will be the leading income industry in the state. When you consider that as being increased employment and reduced property tax, this is something well worth considering. I tried to calculate the total income from the mineral industry and all I could come up with was in the area of property taxes alone. Four million dollars is going to come from the BLM and from federal grants and loans. To get into the other part is difficult because we have the revenues from state lands, from corporate and from mining and mineral entries and transportation taxes and we cannot forget 25,000 jobs that depend on their income. We actually feel that the mineral income pay a higher portion of its income in state taxes than does any other industry. A lot of work is also done with the Ag Experiment Station. I think there is a discrepancy here--I am not complaining about it--but if you compare the amount of money that goes into agricultural research \$6,931,103 and you come back and see that the Bureau in the same budget is allocated 1,329,377. We would get about twenty percent; if we were funded on the basis of the ratio of the income, we would get about 5 million dollars. I think in this age with all of the problems we are having in developing energy and the problems we are having with the increase of the prices of mineral materials and this is because other countries are 'sticking Uncle Sam'. We are going to have to learn to produce our own energy resources and the pressure is here in Montana. Our state seems to be a base for some things badly needed by the nation and my agency is directly involved in producing data in long-term planning. We don't want anything produced without planning and care. But if the nation needs them, some day we are going to have to produce and right here in Montana.

In the mineral industry there are many problems and it is very likely that the solvency of Montana could be dependent upon solving some of them. One of the problems that we are coming face to face with is that more and more land is being classified and closed to mineral entry. Some of these areas that are closed may have valuable mineral deposits and when the area becomes classified, we lost that deposit.

So, what we've been thinking about for a long time is a thorough investigation in the area but we've never been funded to do it. The U. S. Bureau of Mines and the U. S. Geological Survey don't have enough money to do that work. We are interested in all sorts of things going on in Montana such as coal, uranium, coal hydrolics, artesian basins, area ground water study and our state maps are way out of date. If we work in all of these things, it obviously is going to take more money than we have been allocated by the fiscal analyst. Many people feel that the Bureau of Mines and Geology is occupying a very important place at a very critical time. I don't think that the Bureau of Mines has been very visible--they don't go out and seek publicity but we are doing a job that generates the jobs in natural resources that every agency in the state so involved will use and the federal agencies will use it and private citizens will use it and we are the only agency in Montana that does this work. Sometimes I think we are the only agency that plans ahead 5, 10, 15 years."

At this time Mr. Groft inquired of the Chairman if they shouldn't consider other testimony. The Chairman agreed and Don Allen was called upon to testify. He testified in behalf of work of the Bureau in the field of petroleum. Their work in behalf of energy and growth in state, development of minerals and trade industry along with all the other important development of resources in the state of Montana. This always require a certain amount of expertise. It does require a certain amount of knowledge of know what to do. The Bureau's knowlege and being able to anticipate needs. A certain amount of our industry does depend upon the Bureau's work. We feel that Dr. Groft and his Bureau are somewhat of a hero to the people of this state in meeting their needs. As far as the petroleum industry in view of the serious situation that is facing us today. We are concerned about the shortage of petroleum and natural gas and what that will mean to all of us...We really can't consider to take any of our resources for granted anymore. He pointed out that all industries are tied in together and if any aren't being developed or are lost, it will affect all.

Warren Ferris also testified in behalf of the work of Sid Croft and his department. He said that he wished to explain the relationship and cooperation between their two committees in the area of ground water. We have a couple of functions in the area of water rights where we make continual use of ground water information. The study of water rights is one of our chief functions; and I think in time as we begin to adjudicate water rights having ground water studies available will be very helpful to us. In the area of ground water the law breaks the permeating system in two functions: (1) if a well has under 100 gallons in it, permits are not required. Our department is simply notified of completion of said wells and we issue a certificate and (2) the larger wells with over 100 gallons per minute, permits are required from the department and we have to make several determinations with regard to the availability of water and the effect on other existing water rights. This is really the area where ground water studies are very important to us. Generally, there is a lack of knowledge concerning the ground water studies in this state, ground water system, the amount of recharge available to those areas. In many cases we have difficulty determining the effect of a new well on other wells in

the area. This is particularly true where there may flowing artesian wells. I would simply like to tell the committee that the kinds of studies that the Bureau gets involved in are most helpful to us in our work.

Peter Jackson spoke representing the Western Environmental Trade Assoc. whose membership is made up of labor, industry and agriculture and other professions. The membership is about 900. In the past I have been pretty much concerned with agriculture. He spoke of being the third in generation in a family of geologists and mining experts who had been dedicated to the development of resources in Montana. He said that in all of his years of working in various positions he had seen that when the Bureau "spends a buck, it is no nonsense." I have seen this for forty years and I think it is even more the situation now. I think we are looking at a department that is seriously dedicated to the people of Montana and their welfare.

Bob Manchester spoke on behalf of the Bureau of Mines and he hoped that the committee would look upon the request of the Bureau with favor since he knows of no other department doing the needed work that they are doing. He said that the forest service administers to ten national forests in Montana and approximately 16 billion acres. It is an administrative responsibility and the forest service has considerable need for water studies such as are being conducted continually by the Bureau. We rely upon the work done by these people. Over the years they have produced several studies that are widely used by our professional people as reference material and as background data. In addition the Bureau acts as a reference source to us for technical reports written and compiled by our people. He spoke of several areas of state where the Bureau was instrumental in getting the work done and served as a resource information bank. We anticipate the Bureau will continue to conduct surveys and studies badly needed for our department to carry on their work.

Denny Carlson spoke on behalf of the Bureau of Mines and the studies they have conducted which he said had been of great help to him in his resource work with the Bureau of Land Management. It has been of real help to us in our environmental work. The Bureau has published some very comprehensive and up-to-date reports which we have made use of in the Powder River Basin. We find that it is necessary to work very closely with the Bureau in order to be as effective in our work as possible. We rely heavily upon the work that they do in mineral and water matters. He described several programs which they are involved in where the work of the Bureau had helped them to carry out their work.

Harold Braham spoke on behalf of the Bureau of Mines and the working relationship that his department had always had with the Bureau. He said that he had worked with the bureau over the past twenty years in a professional and private enterprise (small mine owner). He said that he had relied heavily upon their publications for his work.

Steve Granzow, Department of Community Affairs, said that last year they reviewed 107 subdivision plats. This was a much higher number than the year before. He said that they relied heavily upon the research that had been done by the Bureau and the publications which they have put out of their department. He spoke of a study which they are now conducting in eastern Montana in which a well is being drilled that is costing more than 2 million dollars. It is a 10,000 foot test well and if successful will be invaluable to business, industry and agriculture in the state. He said that the Bureau had acted as a resource to them many times in such projects as this one.

Herb Sherbourne testified concerning the help of the Bureau to their agency. He spoke of the areas he had been involved in professionally and said that he felt well qualified to speak in behalf of the Bureau and the work that it is doing. He urged the Committee to consider funding the Bureau's work and aiding them in their continued service to Montana. He also spoke of using the surveys, publications, etc., from the Bureau in his work. He said that he felt that the Bureau had been a very effective unit in government and had spent their money wisely.

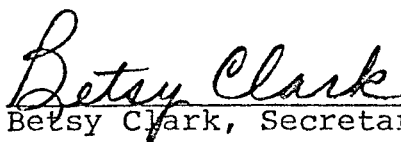
Max Bauhas spoke in behalf of the work of the Bureau of Mines. He said that he directed the Hydraulic Group at the Bureau of Mines for seven years under Dr. Croft. He has now been with the Water Quality Bureau of Department of Health and Environmental Sciences for four years and feel qualify to state that the Bureau is doing a fine job in their programs. They have conducted studies which have been very effective, providing information on ground water data and data processing systems. Their work is needed and we do not dare under-cut the work of this department in the time and age in which we are living. He said that he felt if every department within state were as effective with money as Dr. Croft's department, the state budget could be cut by 50%.

A tape has been made of this meeting and is on file in the office of the fiscal analyst.

The meeting was adjourned at 11:45 A. M.



CARROLL V. SOUTH, CHAIRMAN



Betsy Clark, Secretary