

January 27, 1977
11:00 a.m.

MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

The meeting of the Business and Industry Committee was called to order by Chairman Frank Hazelbaker on the above date in Room 404 of the State Capitol Building at 11:00 a.m.

ROLL CALL: All members were present with the exception of Senator Kolstad who was excused.

SENATE BILL 91. "An Act To Amend Sections 6-501 And 82-1133, R.C.M. 1947, Relating To Bid Security On Public Contracts."

Chairman Hazelbaker introduced Senator Lloyd Lockrem, District 32, Chief Sponsor of this bill. Senator Lockrem stated this is a bill that was requested by the Legislative Post Audit Committee. He stated that the Board of Examiners had been operating on the basis of the Attorney General's Opinion that required only a 5% deposit. This bill would increase it to 10%. He hoped that the Committee would see fit to give SB 91 a Do Pass.

Larry Huss, Montana Contractors Association, asked that this bill be given a Do Pass.

Senator Devine made a motion that Senate Bill 91 Do Pass. Senator Peterson, seconded. All were in favor.

SENATE BILL 111. "An Act To Define The Term "Enhanced Recovery"; To Substitute The Term "Enhanced Recovery" For The Terms "Pressure Maintenance" and "Secondary Recovery"; And To Provide For Recovery Of Costs Of An Enhanced Recovery Program Initiated Subsequent To A Secondary Recovery Program; Amending Sections 60-126, 60-131.1, and 60-131.3, R.C.M. 1947."

Senator Mathers, Chief Sponsor of SB 111, was not able to make the meeting so Raymond K. Peete, Attorney from Billings, Montana, testified in favor of the bill. His testimony is attached.

Senator Lowe asked Mr. Peete, how many years is it going to take to harvest this oil on the tertiary system? Mr. Peete stated it would take from 5-7 years before you start getting back your tertiary oil.

Senator Goodover asked Mr. Peete, in injecting this material does this go into the actual well itself? Mr. Peete stated no, there are injection wells specifically for this purpose.

An error was found in the bill on page 7, section 3, line 23. It should be 75% not .75%. This will be corrected with a committee report.

After some discussion, Senator Devine made a motion that SB 111 As Amended, Do Pass. Senator Lowe seconded. All were in favor.

ADJOURN: There being no further business, Chairman Hazelbaker adjourned the meeting at 11:30 a.m.



FRANK W. HAZELBAKER, CHAIRMAN

Business & Industry Development

U.S. LEGISLATION 1950-1951

[illegible]

STANDING COMMITTEE REPORT

January 27

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MR. President

We, your committee on Business and Industry

having had under consideration SENATE Bill No. 91

Respectfully report as follows: That SENATE Bill No. 91

DO PASS

J.R.

STANDING COMMITTEE REPORT

January 27

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MR. President

We, your committee on Business and Industry

having had under consideration SENATE

Bill No. 111

Respectfully report as follows: That SENATE Bill No. 111,
introduced bill, be amended as follows:

1. Amend page 7, section 3, line 23.

Following: "from"

Strike: "."

AND AS SO AMENDED

DO PASS

G.A.

STATEMENT IN SUPPORT OF S. B. 111

The purpose of Senate Bill No. 111 is to amend Title 60, Oil and Gas, Chapter 1, Conservation of Oil and Gas--Commission. The first portion of Title 60 to be amended, is the definitive section, by adding a definition of "enhanced recovery."

Enhanced recovery is any program which may be initiated in a pool capable of producing oil or gas for the purpose of recovering production in addition to primary production.

The balance of Senate Bill No. 111 is to amend the statutory unitization portion of Title 60, to provide for the substitution of the term "enhanced recovery" for the terms "pressure maintenance" and "secondary recovery," and further, to provide the method of recovering a non-contributing lessee's share of the costs of any enhanced recovery program initiated subsequent to a secondary recovery program.

Presently, the statutory unitization portion of Title 60 provides that in the event a qualified lessee, owning an oil and gas lease covering a portion of a pool capable of producing oil or gas, wants to unitize all of the leases covering all of the pool, and such lessee can obtain the consent to unitization from those parties who own, or claim an interest in, eighty percent of the production from the pool; the lessee can then apply to the Board of Oil and Gas Conservation of the State of Montana for an order forcing the remaining twenty percent interest owners into the unit. The purpose of this unitization would be to initiate a pressure maintenance or secondary recovery program.

At the time the statutory unitization portion of Title 60 was passed by the Legislature, it was not contemplated that any programs, other than pressure maintenance or secondary recovery, could be initiated to obtain production other than primary production.