

March 19, 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.

ROLL CALL: All members were present with the exception of Senator Mehrens.

CONSIDERATION AND DISPOSITION OF SR 4. "A Resolution Of The Senate Of The State Of Montana Requesting The Legislature And Executive Department Of The State of Washington To Encourage And Permit The Construction Of Appropriate Port Facilities For Unloading Crude Oil For Shipment By Pipeline To The Northern States, Including The State of Montana."

Senator Bill Lowe stated he was chief sponsor of this bill. He stated this is a simple resolution. In this case, the time did not allow them to put it in as a joint resolution. He thinks it is an important resolution. Right at this time the sponsors on this pipeline are in the midst of seeing Congressmen and lots of work going on in Washington. They are making negotiations with Indians for crossing rivers on Indian lands. This is very important for the state of Montana. We are faced with losing our oil supply from Canada within two years which will shut down the refineries in the Billings area and smaller refineries in the State. There will be 400 men involved in constructing this pipeline. It is not going to disturb private lands. It will have up to 80 people in the State of Montana to keep it maintained and going.

PROPONENTS:

Ward Shanahan, Northern Tier Pipeline Company handed out a booklet prepared by the Northern Tier Pipeline Company. (#1) He pointed out on page 2 there was a map with Port Angeles. He also pointed out Cherry Point. He stated over environmental objections the Cherry Point was abandoned and Port Angeles was selected. He stated the pipeline would run around Tacoma, into the Burlington Northern Railroad, into Milwaukee Railroad, around Three Forks, to North Dakota and then into the Twin Cities.

He stated there would be three advantages: (1) Answer environmental objections, (2) Pipeline within the United States and (3) The cost into Billings on Northern Tier is substantially reduced. He stated Northern Tier is the only one that will serve Montana refineries.

Peter Jackson, Executive Director of WETA. He stated in regard to Northern Tier Pipeline Company, they came and wanted to become a member of their organization. They discovered a number of things that didn't happen on the Alaskan Pipeline. They showed them their maps, plans, etc., and they have done a good job in this regard. In regard to the facility at Puget Sound, Weta of Washington has gone into that in great detail and has found they are mature and are sound and will do a good job. He stated there will be at least 400 jobs in construction. There will be a good work force in the maintenance and operation and even more important it represents the smooth flow of energy into our area. It does protect the refineries to keep them going. He stated they favor this bill very strongly.

Don Allen, Montana Petroleum Association, stated he supports this resolution offered by Senator Lowe. He handed out a magazine called "The Wellhead." (Exhibit #2) He stated there is an article in this issue that deals with this particular problem. He stated Canada's National Energy Board has announced they are cutting back 25% the crudes coming into this country. Part of the problem is the fact that the National Energy Board in Canada is anxious to have some heavy crude exported to the United States. The National Energy Board in Canada is extremely resistant to providing additional light crude oil until such time as some agreement is reached whereby the United States refineries are permitted to take the total volume of heavy crude that Canada wishes to export. The heavy crude oil, however, cannot be brought into Montana as there are no pipelines from that field. Therefore, this oil along with much of the other heavy oil from Canada must be moved eastward into the Minnesota-Chicago area which then further worsens the problems which exist everywhere in the U.S. as far as an excess of asphalt which comes from the heavy crudes.

He stated members are proposing various routes. This will be an economic decision when it is made. We are going to have to have more crude oil and we better find a way to get it here. All of the proposals that are being looked at will serve the Montana refineries. He asked the Committee to give this bill favorable consideration.

Senator Lowe stated that this is a timely and worthy resolution and hopes that we can take action and worry about the joint resolution in the House later.

Senator Goodover made a motion that SR 4 Be Adopted. Senator Kolstad seconded. All were in favor.

EXECUTIVE ACTION ON HOUSE BILLS WHICH HAVE ALREADY HAD HEARINGS:

HOUSE BILL 760

Senator Lowe moved that this bill Be Not Concurred In. Senator Goodover seconded. All were in favor.

HOUSE BILL 742

Senator Regan made a motion that this be passed for the day. All were in favor.

HOUSE BILL 764

Senator Lowe made a motion that this bill Be Concurred In. Senator Regan seconded. All were in favor.

HOUSE BILL 437

Senator Regan made a motion that this bill Be Concurred In. Senator Lowe seconded. All were in favor except for Senator Goodover voting "nay."

HOUSE BILL 610.

Senator Regan presented some amendments which are the following:

1. Amend title, line 11.

Following: "ACCOUNTANTS,"

Insert: "REAL ESTATE"

2. Amend title, line 16.

Following: Line 15

Strike: "LICENSED MASSAGE THERAPISTS"

Insert: "REAL ESTATE BROKERS OR SALESMEN"

3. Amend title, line 17.

Following: "STATE;"

Insert: "LIMITING TRAVEL AUTHORITY OF THE BOARD OF REAL ESTATE;"

4. Amend title, line 19.

Following: "66-1326,"

Insert: "66-1934,"

5. Amend page 15, line 20.

Following: "license."

Strike: No license fee or tax may be imposed on a massage therapist by a municipality or any other political subdivision of the state.

Senator Regan made a motion that these amendments be adopted. Senator Lowe seconded. All were in favor.

Senator Goodover presented some amendments which are the following:

1. Amendments (a) through (k) on the attached sheet. Senator Goodover made a motion that these amendments be adopted. Senator Devine seconded. All were in favor.

2. Amendments (2) and (3) are already existing law.

3. Amendment (4) Senator Regan made a motion that this amendment Be Not Concurred In. Senator Goodover made a substitute motion that this Be Concurred In. Roll Call Vote - 3-3. Senator Goodover asked that this be reconsidered when Senators Mehrens and Kolstad were here.

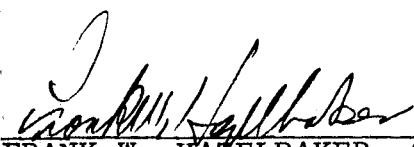
4. Amendment (5) Senator Goodover made a motion that this amendment be adopted. Senator Regan seconded. All were in favor.

Senator Goodover made a motion that we pass consideration of HB 610 for the day until we have the full committee. All were in favor.

HOUSE BILL 245.

Senator Lowe made a motion that this bill Be Not Concurred In. Senator Regan made a substitute motion that this bill Be Concurred In. The Committee decided to pass consideration for the day until the full committee was present.

ADJOURN: There being no further business, Chairman Hazelbaker adjourned the meeting at 11:55 a.m.



Frank W. Hazelbaker
FRANK W. HAZELBAKER, CHAIRMAN

SENATE

B + D

COMMITTEE

BILL

SL. 4

VISITORS' REGISTER

DATE 3-19-77

ROLL CALL

Business & Industry COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date 3-19-77

SENATE COMMITTEE Business & Industry

Date March 19 Place house Bill No. 610 Time

NAME	YES	NO
Pat Regan, Vice Chairman		✓
Allen Kolstad		
Pat Goodover	✓	
Bill Lowe		✓
Jack Devine	✓	
Sandy Mehrens		
Bob Peterson	✓	
Frank Hazelbaker, Chairman		✓

Erminia C. Fancher
Secretary

Frank W. Hazelbaker
Chairman

Motion: To accept Sen. Goodwin's
Amendment #4

(include enough information on motion--put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

March 19

19 77

MR. President

We, your committee on Business and Industry,

having had under consideration Senate Resolution Bill No. **4**

Respectfully report as follows: That Senate Resolution Bill No. **4**

BE ADOPTED

XOPASAK

STATE PUB. CO.
Helena, Mont.

FRANK W. HAZELBAKER.

Chairman



STANDING COMMITTEE REPORT

March 19.....

19.....77

MR. **President**

We, your committee on **BUSINESS AND INDUSTRY**

having had under consideration **HOUSE** Bill No. **437**

Respectfully report as follows: That **HOUSE** Bill No. **437**

BE CONCURRED IN

XXXXXXX

STANDING COMMITTEE REPORT

March 19.....

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MR. **President**

We, your committee on **BUSINESS AND INDUSTRY**

HOUSE

Bill No. **760**

having had under consideration

Respectfully report as follows: That..... **HOUSE**..... Bill No. **760**

BE NOT CONCURRED IN

LOCKHART



FRANK W. HAZELBAKER,

Chairman.

STANDING COMMITTEE REPORT

March 19.....19.....77.....

MR.President.....

We, your committee on **BUSINESS AND INDUSTRY**

having had under consideration **HOUSE** Bill No. **764**

Respectfully report as follows: That..... **HOUSE** Bill No. **764**

BE CONCURRED IN

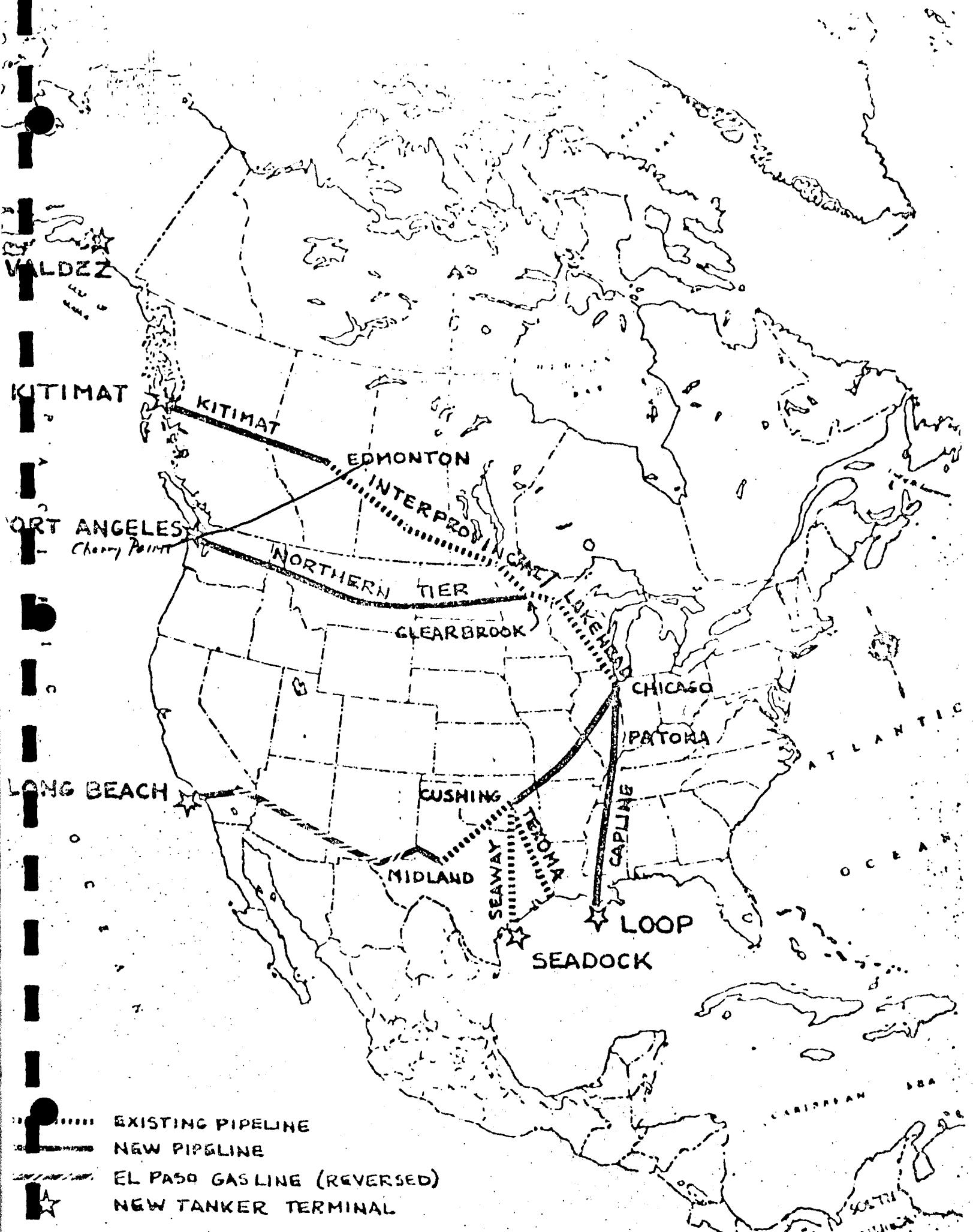
XDWAS

BASIC FACTS WITH RESPECT TO CRUDE OIL PIPELINES

AND

MONTANA CRUDE OIL SUPPLY PROBLEM

Prepared By: Northern Tier Pipeline Company
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Telephone: (406) 442-8560



EXISTING PIPELINE
NEW PIPELINE

EL PASO GAS LINE (REVERSED)
NEW TANKER TERMINAL

20

COMPARATIVE ADVANTAGES

1. NORTHERN TIER AND LOOP/CAPLINE SOLVE OVERALL MIDWEST SUPPLY SHORTAGE. KITIMAT, SOHIO AND CUSHING MAY NOT.
2. NORTHERN TIER PROVIDES LOWEST OVERALL TRANSPORTATION COST TO NORTHERN TIER AND CHICAGO/EASTWARD AREAS. LOOP/CAPLINE IS NEAREST COMPETITOR EXCEPT FOR ALASKAN CRUDE.
3. NORTHERN TIER IS ONLY PROJECT THAT DIRECTLY SERVES THE ROCKY MOUNTAIN AREA AND NORTH DAKOTA. KITIMAT COULD HELP BY DISPLACING CANADIAN CRUDES.
4. NORTHERN TIER, SOHIO AND KITIMAT SOLVE ALASKAN CRUDE SURPLUS PROBLEM.
5. NORTHERN TIER, KITIMAT AND SOHIO GIVE MIDWEST ACCESS TO FUTURE DISCOVERIES IN PACIFIC COASTAL AND FOREIGN AREAS.
6. FIRM ARRANGEMENT FOR A NORTHERN TIER OR KITIMAT LINE MAY ALLOW STATE DEPARTMENT TO NEGOTIATE CANADIAN EXCHANGE OR INCREASE IN EXPORTS TO COVER INTERIM PERIOD.

3-16-77

Northern Tier pipeline less costly, says Curran

OLYMPIA (AP) -- The president of Northern Tier Pipeline Co. told legislators Tuesday a rival pipeline proposal by Atlantic Richfield Co. would add \$35,000 a day to the cost of petroleum products in Eastern Washington.

The cost of products the Spokane area now gets from railroads, Curran said, would jump at least \$1 a barrel if the scientific Environmental Council's proposal for its proposal to expand facilities at Cherry Point to ship crude oil to the Midwest, Michael Curran, president of the pipeline consortium told the Senate Energy and Utilities Committee.

"Billings would be at a dollar a barrel disadvantage on crude costs," Curran said. "They ship 35,000 barrels a day to Eastern Washington, so that

would be \$35,000 a day or some \$12 million a year. The yo-yo costs are much higher."

That would mean an increase of more than two cents a gallon on gasoline, he said after the meeting.

Curran also was critical of ARCO's estimates that Northern Tier's proposal for a tanker port and facilities at Port Angeles and a pipeline around Puget Sound would cost more than the Cherry Point plan.

"ARCO was a partner in the Alaskan pipeline in Alaska. The original cost estimates for that were off not just 10 per cent or 90 per cent, but 900 per cent," Curran said. "I don't know what credibility these estimates give them."

The experience of the partners of Northern Tier was

also outlined by Curran, who said all have operated pipelines up to 20 years.

The Northern Tier proposal would also open the way for refineries in the Spokane area, Curran said. The company has already had two proposals for such refineries, he said.

ARCO announced Monday it will formally ask the state's permission next month to expand its Cherry Point facilities as part of a multimillion dollar plan to ship crude oil to the Midwest.

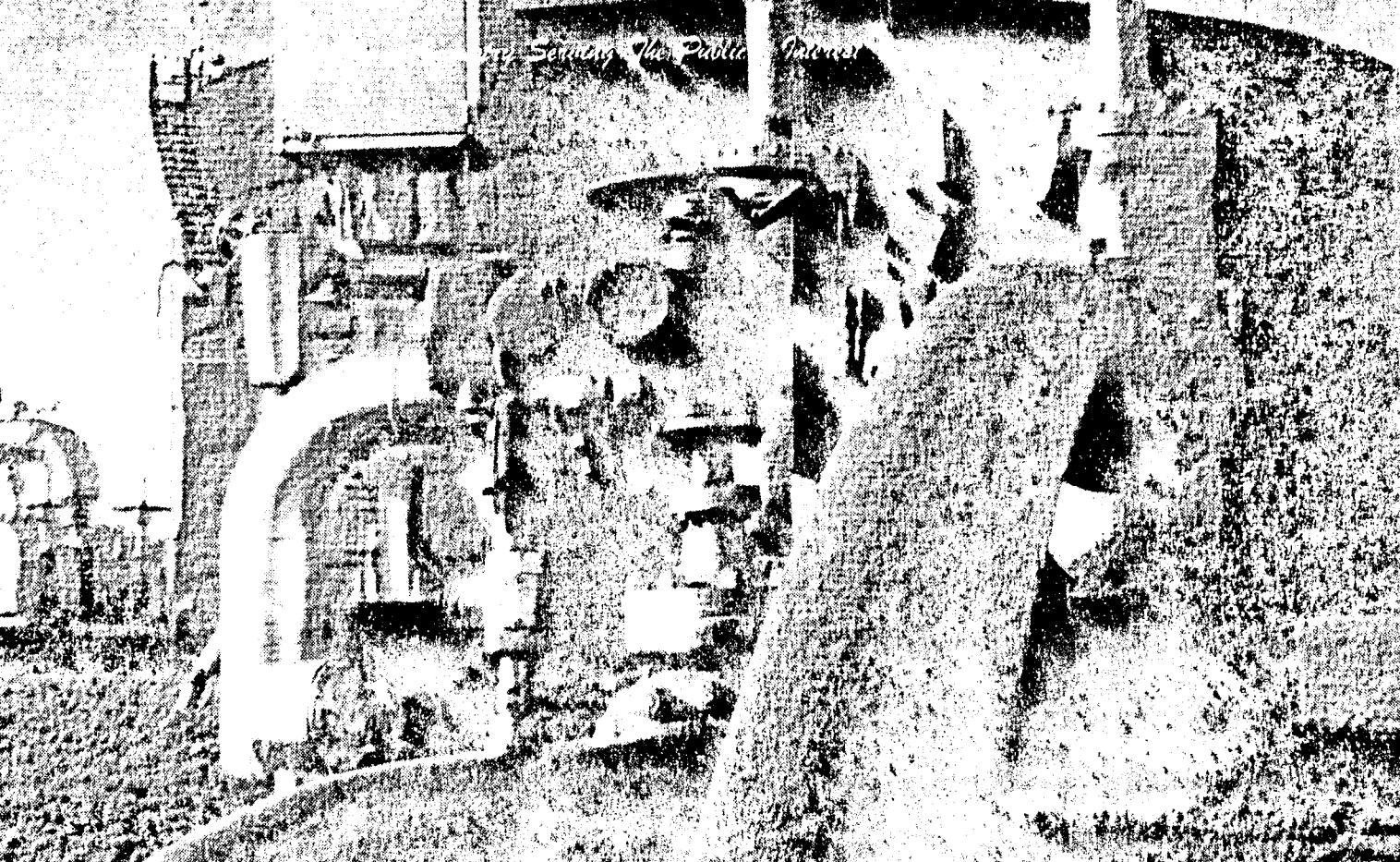
The project would use existing pipeline facilities from Cherry Point to Canada changed to allow flow of crude both ways instead of just from Canada to Cherry Point.

Because of the two-way use it has been termed a "yo-yo" concept.

Exhibit #2

WYOMING HEADLINES

Service. The Public Interest.



★ Guest Editorial
Executive Vice President
Exxon U.S.A.

★ Spotlight On Oil
Murphy Oil Company, Inc.

★ Wyoming Legislative Report

MARCH, 1975