

MINUTES OF THE MEETING
NATURAL RESOURCES COMMITTEE
50TH LEGISLATURE

March 20, 1987

The meeting of the Natural Resources Committee was called to order by Chairman Tom Jones at 12:40 p.m. on Friday, March 20, 1987 in the old Supreme Court in the state capitol.

ROLL CALL: All members were present, except Representatives Clyde Smith, Tom Asay, and John Harp who were excused. Also present was Hugh Zackheim of the Environmental Quality Council, and Deb Thompson, secretary.

SENATE BILL 184

Senator Tveit, district 11, introduced SB184. He said that the bill deals with issuance of permits, explains what is an Environmental Impact Statement (EIS), and directs that all laws of other state agencies will apply. The concern is whether single drilling of oil and gas wells is a major action of state government. He pointed out that most wells were on small acreage and were completed in 60-90 days. He said the regulations and EIS were of great concern to out-of-state drillers. When a company looks at an investment, they are forced to comply with these regulations. Private companies deal with private landowners. He stated that the law and public have rights to demand that goes to far. (056) (Exhibit A)

PROPONENTS

Tom Keating, a citizen of Billings and petroleum land man and oil operator, spoke in support of SB184. He said he had raised funds in the private sector for the investment in joint ventures and drilled a number of wells in the state on private and public land. He stated that he had first hand knowledge of the permitting process. He conveyed the operations of the industry as it relates to the Montana environmental policy act. He pointed out that the siting of the oil and gas locations deal only with the surface of the land. He said that all the necessary steps were taken to protect the environment and public health under the rules and then the permit was granted based on the knowledge of the surface. He said that is was their contention in all cases that siting that location on private or state lands is not a major action, it is a minor action and does not require a full environmental impact statement.

Senator Ed Smith spoke in support of SB184 (118) and on behalf of the Northeast and Central Montana Land and Mineral Resource Association. He said the amount of land under this membership total several million acres. He pointed out that well sites could not be seen except for the pipe that sticks out of the ground. He said that the environment is adequately protected. Of the several hundred oil wells in his district, the site has been well prepared and the land better than before.

William W. Ballard (153), from Balcron Oil Company, discussed attracting exploration dollars into the state. He said this was disadvantaged due to the oil and gas taxation policies. One additional obstacle was the inclusion of oil and gas permitting under MEPA. He pointed out the resultant delays and tremendous increase in cost by having permits, issued by the Board of Oil and Gas, subject to challenge under MEPA. (Exhibit 1, 1a) He said that in the seven years of drilling, the Balcron Oil Company has had insignificant problems as far as damage to the environment. The delays cause the inclusion of the permitting process under MEPA are unwarranted and a detriment to the exploration activities. This is the only state in the rocky mountain west that requires this. When one company begins to look at where they are going to spend their exploration dollars they will look at a place where they will get the best economic return. When you add undue delays and millions of dollars in cost for an exploratory well, obviously economics change drastically in disfavor as far as Montana is concerned.

Mr. Ballard discussed the positive impacts of drilling a well had on the state. He pointed out that one oil well would create 53 new jobs. He listed the various jobs and stressed the positive impact on the community. He said that 28 thousand wells in the state of Montana represent 2 percent of the total potential area. Modern technology prevents hazards, in fact it is more dangerous to drive to the location. He presented a graph that showed oil and gas production drastically down (Exhibit 1a). He recommended passing SB184 in order to create new exploration activity for the state of Montana.

Joe Keating, from CENEX in Billings, discussed oil production and drilling in the state. He stated that the Montana Environmental Policy Act was being successfully misused to stop oil drilling in the state. He said the amendment would force protestors to use existing law to prevent violation of actual rights by specific parties rather than using the EIS umbrella to harass state agencies at taxpayers' expense. He pointed out that MEPA was not written to regulate the oil and gas industry. (Exhibit 2)

Tack Van Cleve, a dude rancher from Melville, discussed oil drilling on his land. He said their land was considered environmentally sensitive. He described the drilling site preparation favorably. He stated that the only evidence that the site was ever disturbed is the fact that the ground cover is somewhat different than the grasses in the vicinity, and is preferred by cattle, horses, and deer. This demonstrated that oil companies are sensitive to environmental issues. He stated that the issuance of a permit to drill oil or gas is not a major action of the state, is unnecessary, time consuming, and expensive. (Exhibit 3)

Janelle Fallon, executive director of the Montana Petroleum Association, presented testimony from Bill Jones and the Sohio Petroleum Company. The permitting process was detailed including the environmental review. He pointed out that the Zoning Commission permit had 33 special conditions, 11 of which were not related to environmental matters. During the permitting process the only way to obtain a permit without extensive delays under MEPA was to agree to whatever demands and conditions were imposed. He summarized the lengthy permitting process, along with the conditions imposed, did little towards safety. In fact, the additional expenditure in excess of \$2,000,000 due to permit conditions, was unjustified for the drilling of one well. Sohio feels that a streamlined permit process is mandatory before future drilling programs are undertaken. He pointed out that the Board of Oil and Gas is well equipped with a staff of professionals which are capable of imposing conditions on drilling permits that ensure public and environmental safety without conditions imposed by MEPA. Exempting the Board from MEPA would reduce drilling costs and make it possible for economic development of oil/gas prospects to take place in Montana. (Exhibit 4, 4a)

Doug Abelin, lobbyist for Montana Oil and Gas Association, testified in support of SB184. (Exhibit B)

Mike McConey, Western Environmental Trade Association, supported SB184.

OPPONENTS

Bruce Hayden, Governor's representative on the Environmental Quality Council (EQC), testified against SB184. He stated that Governor Schwinden opposed SB184 because it would exempt one particular industry from MEPA. He did point out that the industry had a good environmental record. (Exhibit 5).

Mary Ann Kelly, member of Bridger Watch, was concerned about safety and health. She pointed out the "Lodgepole Blowout",

in Alberta, Canada, as a serious accident and the possibility of other accidents that would endanger their community. Other concerns included waste storage and removal, air quality, noise level control, traffic and road conditions, property value and aesthetic impacts. (Exhibit 6).

(149) Jack Heyneman, Northern Plains Resource Council, testified in opposition to SB184. He pointed out that the damage from an oil well occurs underground. (Exhibit 7) Groundwater contamination from oil related activities was discussed (Exhibit 7a).

James Curtis, member of the Sierra Club in Missoula, testified on behalf of the the club and himself. He cited reasons he and his wife had moved to Montana. The opportunity to enjoy the beautiful mountains, trout streams, big game hunting, in unspoiled natural areas could not be found in of the lower forty eight states. His concern was for the potential destruction of this splendor and beauty in Montana (Exhibit 8).

Claudia Massman, representing the Montana Environmental Information Center, opposed SB184. She said that SB184 denies the opportunity to prevent environmental damage to natural resources. She stated that the permits from the Board of Oil and Gas cost on the average \$250 and only take 1 to 5 days to complete. She said that this preliminary environmental review is normally all that is necessary to be in compliance with MEPA. She stated that the industry is doing a good job, but MEPA is the citizens assurance that it continues to do so. (Exhibit 9)

Stan Bradshaw, Trout Unlimited, spoke against SB184. He was concerned about the surface water quality and fisheries in the state. He pointed out the risks from leaks and spills, secondary road construction and related sediments.

Janet Ellis, representing the Montana Audubon Legislative Fund, spoke in opposition to SB184. She said that MEPA enabled the public to have a voice when something significant was happening to their environment. She pointed other environmental hazards such as the pesticide endrin, and the Church Universal and Triumphant moving 400 families into a small community to significantly impact water supply. MEPA enables "review" of projects by the citizens to decide affects on environment. (Exhibit 10)

Robert Rasmussen opposed SB184. He said preliminary environmental review is necessary to take appropriate safeguards.

Jean Klondike (536), Montana Wildlife Association, opposed SB184. Due to the diversity of habitat species, companies must be aware of the consequences before they occur.

Harriet Maloy presented testimony by the League of Women Voters who opposed SB184. They did not see difficulty in complying with MEPA. They stated that the oil and gas people should feel an obligation to the state and its citizens and let the state examine any significant effects systematically to minimize effects. (Exhibit 11)

Representative Raney questioned Senator Tveit about conflicting testimony that MEPA is only involved with surface regulation. Senator Tveit replied that MEPA was the permitting process dealing with the surface. He pointed out that all the rules and regulations of the Oil and Gas Commission deal with other areas that are protected.

Representative Raney asked for clarification whether MEPA had effectively stopped wells from being drilled. Senator Tveit replied that the MEPA process in the Kalispell area where suits involved State Lands and the Nature Conservatory and had held up the drilling of the well and that did not totally stop the well with the various reviews. One state agency filed suit against another state agency. Representative Raney asked whether anyone that opposed the drilling of a well can go to existing law and get involved. Senator Tveit said they could file charges with the county attorney.

Representative Raney asked Brace Hayden whether MEPA was involved with the surface regulation or involve underground regulation. Brace Hayden replied that MEPA is intended to assess the impacts of all human environment.

(2-A) The average cost of \$250 and minimal time delay that was mentioned in previous testimony was questioned. Mr. Keating replied that that was absolutely not true. The preliminary environmental review that was conducted by the Montana Department of State Lands covered a 10 month period. The cost was borne by the department and was much more than \$250. At the end of that extensive period the board ruled that an EIS was not required because it was not a major action.

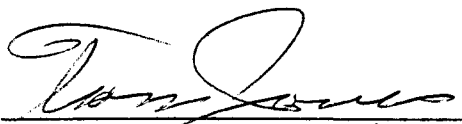
Representative Cobb discussed the game ranges as sensitive areas. He questioned whether the Sierra Club would still fight the impact from oil and gas or the impact from hunters if MEPA existed.

Representative Harper questioned whether MEPA was the sole cause of the 10 month delay. Mr. Ballard said that the lease was issued with the stipulation that before CENEX

would do anything they would come in with a development plan. An indepth Preliminary Environmental Review was put out and the determination made that there was no significant environmental impact. Mr. Ballard said that it was a deep concern that the requirements that were presently in effect through the Oil and Gas Commission are a programmatic review. Requirements have to be met before a permit issued. The requirements protect the environment and additional regulation is not needed through the MEPA process.

Senator Tveit pointed out that the opponents spoke of MEPA as a very good tool and that keeping this law in place would prevent the drilling of oil and gas wells anywhere in this state. (186) He said that this deals with several different agencies, such as forest service, state lands, oil and gas commission and their rules and regulations but also private deeded land. This can be used as a tool to delay on permits in the field of harassment. Senator Tveit pointed out that decisions were being made by a bureaucratic agency that know little about the area. He also said that the new programmatic was instituted by a governor that is anti-business and anti-oil who has made those public statements. Senator Tveit stated there was a need for business and this was dealing with private enterprise (391). He said that the passage of this bill would not preclude interested parties from taking action against exploration they disagree with however, it will assure exploration companies wishing to drill in this state that every drilling permit issued would not be subject to a possible, extensive, environmental review as is necessary for certain other activities more property covered by the Montana Environmental Protection Act. This is dealing with private enterprise and deeded land that is private.

ADJOURNMENT: The meeting was adjourned at 2:35 p.m. The next meeting was announced for 12:30, Monday, March 23, in 312B of the state capitol.


REP. TOM JONES, Chairman

DAILY ROLL CALL

NATURAL RESOURCES

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3-20-87

NAME	PRESENT	ABSENT	EXCUSED
TOM JONES, CHAIRMAN	✓		
CLYDE SMITH, VICE CHAIRMAN			✓
KELLY ADDY	✓		
TOM ASAY			✓
JOHN COBB	✓		
BEN COHEN	✓		
ED GRADY	✓		
JOHN HARP			✓
HAL HARPER	✓		
MIKE KADAS	✓		
AL MEYERS	✓		
JOAN MILES	✓		
MARY LOU PETERSON	✓		
BOB RANEY	✓		
RANDE ROTH	✓		
ANGELA RUSSELL	✓		
BRUCE SIMON	✓		
BILL STRIZICH	✓		
STAFF: EQC HUGH ZACKHEIM	✓		

1 *Senate* BILL NO. 184 *John Swisher*
 2 INTRODUCED BY *Trevitt NATHAN* *Chairman Senate Environment*
 3 *E. Smith* *Rep. District 1*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 75-1-201, MCA, TO DECLARE THAT THE ISSUANCE OF A PERMIT TO DRILL AN OIL OR GAS WELL IS NOT A MAJOR ACTION OF STATE GOVERNMENT UNDER THE PROVISIONS OF THE MONTANA ENVIRONMENTAL POLICY ACT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 75-1-201, MCA, is amended to read:

12 "75-1-201. General directions -- environmental impact
 13 statements. (1) The legislature authorizes and directs that,
 14 to the fullest extent possible:

15 (a) the policies, regulations, and laws of the state
 16 shall be interpreted and administered in accordance with the
 17 policies set forth in parts 1 through 3;

18 (b) all agencies of the state, except as provided in
 19 subsection (2), shall:

20 (i) utilize a systematic, interdisciplinary approach
 21 which will insure the integrated use of the natural and
 22 social sciences and the environmental design arts in
 23 planning and in decisionmaking which may have an impact on
 24 man's environment;

25 (ii) identify and develop methods and procedures which

1 will insure that presently unquantified environmental
 2 amenities and values may be given appropriate consideration
 3 in decisionmaking along with economic and technical
 4 considerations;
 5 (iii) include in every recommendation or report on
 6 proposals for projects, programs, legislation, and other
 7 major actions of state government significantly affecting
 8 the quality of the human environment, a detailed statement
 9 on:

10 (A) the environmental impact of the proposed action;

11 (B) any adverse environmental effects which cannot be
 12 avoided should the proposal be implemented;

13 (C) alternatives to the proposed action;

14 (D) the relationship between local short-term uses of
 15 man's environment and the maintenance and enhancement of
 16 long-term productivity; and

17 (E) any irreversible and irretrievable commitments of
 18 resources which would be involved in the proposed action
 19 should it be implemented;

20 (iv) study, develop, and describe appropriate
 21 alternatives to recommend courses of action in any proposal
 22 which involves unresolved conflicts concerning alternative
 23 uses of available resources;

24 (v) recognize the national and long-range character of
 25 environmental problems and, where consistent with the

1 policies of the state, lend appropriate support to
 2 initiatives, resolutions, and programs designed to maximize
 3 national cooperation in anticipating and preventing a
 4 decline in the quality of mankind's world environment;

5 (vi) make available to counties, municipalities,
 6 institutions, and individuals advice and information useful
 7 in restoring, maintaining, and enhancing the quality of the
 8 environment;

9 (vii) initiate and utilize ecological information in
 10 the planning and development of resource-oriented projects;
 11 and

12 (viii) assist the environmental quality council
 13 established by 5-16-101; and

14 (c) prior to making any detailed statement as provided
 15 in subsection (1)(b)(iii), the responsible state official
 16 shall consult with and obtain the comments of any state
 17 agency which has jurisdiction by law or special expertise
 18 with respect to any environmental impact involved. Copies of
 19 such statement and the comments and views of the appropriate
 20 state, federal, and local agencies which are authorized to
 21 develop and enforce environmental standards shall be made
 22 available to the governor, the environmental quality
 23 council, and the public and shall accompany the proposal
 24 through the existing agency review processes.

25 (2) The department of public service regulation, in

1 the exercise of its regulatory authority over rates and
 2 charges of railroads, motor carriers, and public utilities,
 3 is exempt from the provisions of parts 1 through 3.

4 (3) The issuance of a permit to drill a well for oil
 5 or gas is not a major action of state government as that
 6 term is used in subsection (1)(b)(iii)."

7 NEW SECTION. Section 2. Effective date. This act is
 8 effective on passage and approval.

-End-

BALCRON OIL COMPANY

BILLINGS, MONTANA 59104

W W BALLARD

W R CRONOBLE

March 20, 1987

House Natural Resources Committee
Capitol Station
Helena, MT 59620

Gentlemen:

Throughout history Montana has been at a competitive disadvantage as far as attracting exploration dollars into the State. This has been largely due to State oil and gas taxation policies. Now a new obstacle has appeared: inclusion of oil and gas permitting under MEPA. The Sohio and Cenex experiences show that any permit issued by the Board of Oil and Gas is subject to challenge under MEPA and consequent delays with the accompanying tremendous increase in cost.

Montana is the only State in which such requirements exist. If we are to have an active exploration program, SB 184 must be passed. The accompanying graph, showing the drastic drop in daily production during 1986, underscores the necessity of increased exploration to replace our dwindling reserves.

I strongly recommend passage of this bill.

Very truly yours,



W. W. Ballard

WWB:1jm

Attachment

SN-184-Evelt;

The Montana Oil and Gas Association supports this bill as it has been proven beyond a doubt, that the current process can and has been used to stop drilling activity on private or state lands and that the process is therefore faulty to the point of non workable from this time forward.

There are in place regulations sufficient to regulate and control Oil and gas activity, and it is not a major action and should not be treated as such.

Any regulation that can and has been used to detain development in a orderly manner, should be changed or removed as it is a burden on industry, labor, and our state as a whole. We need the ability to develop our resources as rapidly as possible to help us all grow and expand as we must.

Doug Abelin

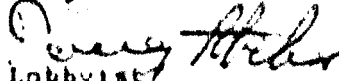
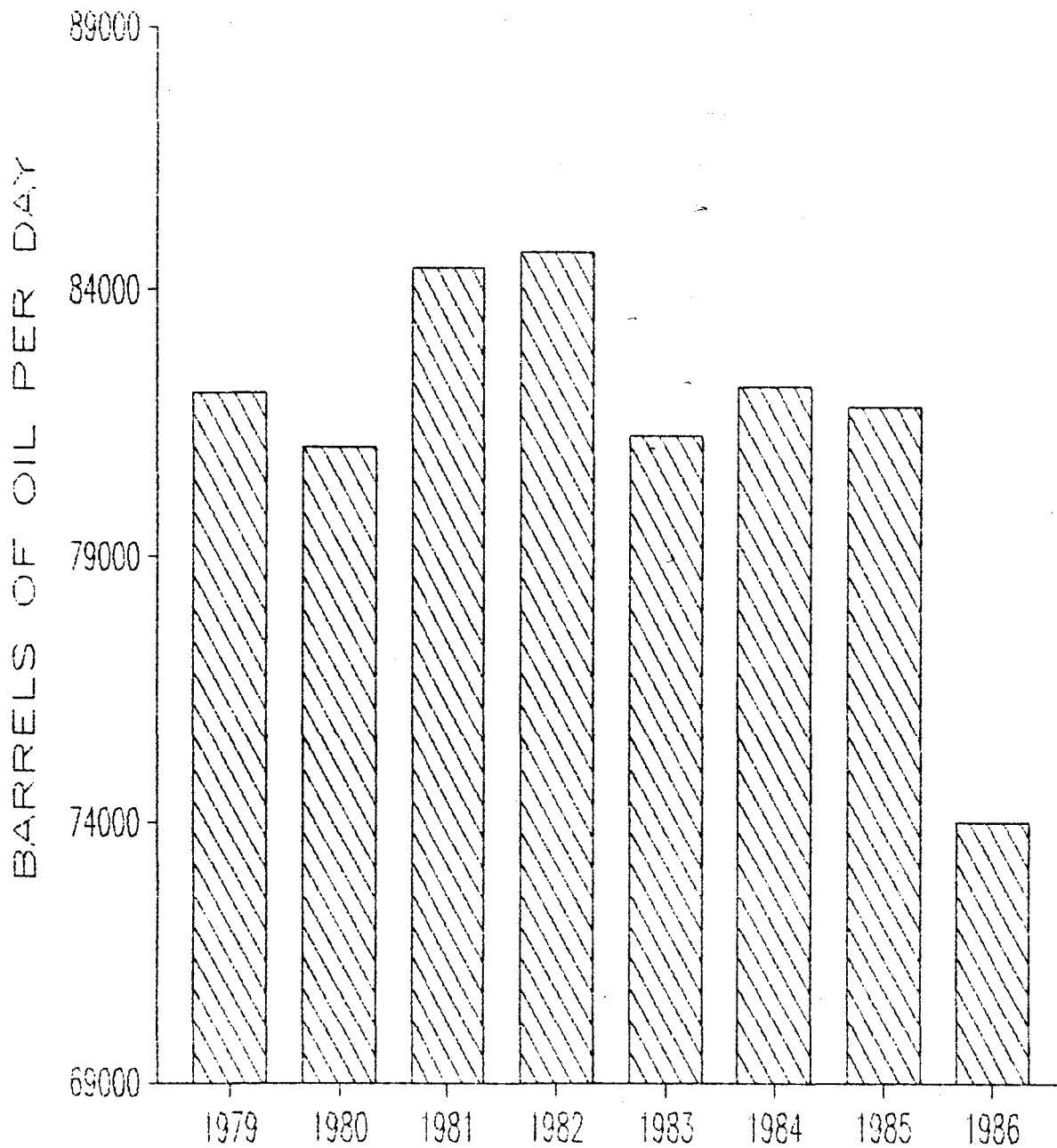

Lobbyist

Exhibit 1a
3-20-87

STATE OF MONTANA

AVERAGE DAILY PRODUCTION BY YEAR



Montana Oil & Gas Commission Statistics

Exhibit 2



CENEX • Post Office Box 21479 • 1601 Lewis Ave. • Billings, Montana 59104 • (406) 245-4747

House Natural Resources Committee
Capitol Building, Helena, Montana
March 20, 1987
SB-184

My name is Joe Keating. My employer is CENEX. CENEX has been drilling wells and producing oil in Montana since 1946. Our exploration and production office is located in Billings. We rank as the 15th largest oil producer in Montana and the 53rd largest oil producer in the Nation.

The Montana Environmental Policy Act is being successfully misused to stop oil drilling in our state - but not for environmental reasons. CENEX is a victim of that process - and strongly supports SB-184 to correct a serious defect in existing law.

MEPA was not written to regulate the oil and gas industry. This is a policy law which requires every Montana state agency to determine whether or not the issuance of a permit constitutes a "major action of state government significantly affecting the quality of the human environment." Under the law this determination is discretionary with each agency. If an agency determines that issuing a permit does constitute a "major action of state government significantly affecting the quality of the human environment," then that agency is required to provide an Environmental Impact Statement. During the past two years two lawsuits have been brought or threatened against the state for decisions made by an agency. Agency discretion has been replaced with the court process - not because environmental concerns were not addressed -- but simply because the EIS was not provided.

In October, 1984 SOHIO received a drilling permit from the Board of Oil and Gas for a test well in Gallatin County. A local group threatened to file suit against the Board because no EIS was provided. SOHIO was "blackmailed" into spending some \$2 million of unnecessary monies on the project to avoid a lawsuit that would have been paid for by Montana taxpayers to defend the Board of Oil and Gas. The same environmental protection existed before, during and after a one year delay in that permit.

Today the taxpayers are financing the defense of a lawsuit against the Montana Department of State Lands for granting an access permit to CENEX for a test well in Flathead County. In September, 1983 the Land Department offered oil and gas leases for sale after conducting a ten year study of environmental impacts. CENEX spent some \$600,000 at the lease auction. In May, 1984 CENEX proposed a test well on a state oil and gas lease. The Department conducted a Preliminary Environmental Review under MEPA - a PER. For ten months the agency investigated environmental concerns and ruled that the access permit was not a "major action of state government significantly affecting the quality of the human environment." The permit was granted on January 22, 1985. On February 19, 1985 - less than 30 days - the North Fork Preservation Association of Kalispell filed suit against the Land Department to void the permit because the Department provided no Environmental Impact Statement. The suit is now 24 months old; the taxpayers are paying to defend the actions of the Land Department and no drilling has taken place.

We now have precedent. Under MEPA, two state agencies have been forced into a kangaroo court financed by taxpayers while exploration companies - with millions of dollars invested - wait for a winner. Legitimate companies will not and cannot conduct business under these conditions.

The use of MEPA to prevent drilling in the SOHIO and CENEX cases has proven that every drilling permit issued for every test well in any area of the state is subject to the same challenge. A state drilling permit is required to drill on all lands within our borders -- federal land, state land and private land. Any citizen can use MEPA to stop drilling by declaring the permit a "major action of state government significantly affecting the quality of my environment." Even though the suit is without foundation, drilling is stopped.

SB-184 amends MEPA by recognizing that after 70 years of activity and 28,000 test wells, drilling does not constitute a "major action of state government significantly affecting the quality of the human environment." This amendment will force protestors to use existing law to prevent violation of actual rights by specific parties rather than using the EIS umbrella to harass state agencies at taxpayers' expense.

SB-184 does not lessen regulation of the oil industry. Opponents of this bill tell stories of oil trucks passing school buses; of leaking reserve pits; of faulty royalty payments; of possible salt water contamination; of potential gas pollution. All of these hazards can happen in our industry - but none is intended to be regulated by the Montana

Environmental Policy Act. Long before the adoption of MEPA in 1971, the Department of Natural Resources and Conservation adopted detailed industry regulations and penalties through the Board of Oil and Gas. These laws are in place. The Department of Health and Environmental Sciences has lawful authority over air and water quality. Federal laws control drinking water standards, underground injection, salt water disposal and proper abandonment. Local laws protect the public from any industry activity which could be injurious to health or private property. Under existing laws remedies are in place for any damage, trespass, negligence or nuisance. However, opponents to SB-184 want to enjoy the convenience of simply demanding an E.I.S. as a means to stop drilling.

Prior to the drilling of a test well, an oil and gas operator must invest considerable sums of capital to conduct geologic studies, geophysical surveys, secure leasehold and finance all of the blind leads in developing a prospect worthy of the drill bit. No thinking industry will risk this "up front" investment in Montana when it becomes apparent that our permitting process is designed to go through the courts, not the regulatory agencies.

We urge your adoption of SB-184. Thank you.

J. R. Keating
CENEX
Gen. Mgr., Exploration and Production
Post Office Box 21479
Billings, Montana 59104
(406) 245-4747

E-1115-3

My name is Tack Van Cleve. My family has been ranching near Melvill since 1880, on land encompassing the peaks, canyons, timberland and foothills of the Crazy Mountains, with elevations ^{on the ranch} ranging from 5000 to 11,000 feet. I am here ^{as a landowner and environmentalist} to support Senate Bill 184. ~~I am not here to paint~~

~~an hysterical scenario of what could happen on someone else's land.~~
~~I am here to tell you the facts of what happened on my land.~~

Back in 1979, Chevron Oil sought our permission to drill a test well in Big Timber Canyon, scarcely 3/4 of a mile below our dude ranch buildings. We were at first extremely reluctant, not only because of the proximity to our buildings, but because the well would, of necessity, be located within 120 yards of the river. Also, we were concerned with an adverse effect on the wildlife in the area, which we protect, as well as with how the activity would affect the horses and cattle we run in the canyon. "Environmentally sensitive" would perfectly describe the site!

Chevron's engineers and environmental experts cooperated fully and probably beyond ~~the~~ call of duty, to accommodate all of our concerns in the siting of the drill site in the most mutually beneficial location. Upon fully recognizing our concerns for the preservation of water quality, visual integrity, and minimal impact on wildlife and domestic livestock, Chevron brought in a specialist from Denver - at considerable cost to them, I have no doubt - to supervise the entire operation from start to finish. I should point out that his area of expertise was the drilling of wells in extraordinary circumstances - no matter where on ~~the~~ globe that might be - and that he was IN ADDITION TO, and exercising authority over, the regular chain of command in drilling operations. sort of super-supervisor. Chuck brought his motor home to the site, and was on call around the clock.

All aspects of the operation which could conceivably affect us or our guest and cattle ranching business were cleared with us prior to commencement. The site settled on was next to the road, but out of sight of our buildings. The area, about 320 by 120 yards, on a sloping, sunny side of the canyon, was levelled, the topsoil first being removed and saved for the restoration of the site. Chevron agreed to delay any work until AFTER our guest season had closed. The entire site was well-fenced to protect our livestock. A guard rail was installed for the full distance of the road paralleling the site, and a telephone was installed to preclude the necessity of borrowing ours. ~~Multiple blowout prevention devices were installed on the rig. A dust suppressant was sprayed on the 3 miles of road through our property. Signs indicating heavy truck traffic were installed along the 15-mile road.~~

During the duration of the operation - September 22 to February 6 - we had no complaints whatever. Crews motor-pooled to and from town, to minimize road traffic, and while they were - to say the least - an interesting looking lot - as I imagine most crews of roughnecks are - they were always courteous and willing to explain things to us. No violations of our no hunting policy were attempted, permission was always asked to fish, no trash was scattered on the road and in fact, Chuck had given instructions that the motor-pools were to police the road on their trips to and from town. No litter was ever apparent at the drill site either. Nothing of any kind was returned to the river, and while I can't remember what they were called, Chuck pointed out to me some special devices that were brought in from Canada or Mexico, to obviate the need to dispose of drilling waste. The noise of the diesel engines was inaudible from the ranch buildings, and except for their exhaust, there was no pollution of the air. Within a week or so, cattle and horses, as well as deer, had become more curious than afraid - and a bear even wandered through the drill site one night, while everything was operating!

Without question, to us the most troublesome aspect of the whole operation was the number of sight-seers from town who drove out to watch - and of course Chevron had no control over that.

After the well was plugged, the equipment moved, and the crew gone, the site was restored to its original slope, the topsoil replaced, the fence removed, and the guardrail left in place at our request. A man was hired for a week, to scour the canyon and riverbottom above and below the drill site, for any debris that might have blown away undetected. Preliminary seeding and rolling was done, with grasses of our choice, and a second seeding and rolling followed later in the spring.

Today, the ONLY evidence that the site was ever disturbed is the fact that the ground cover is somewhat different than the grasses in the vicinity, and is much preferred by cattle, horses, and deer. They always graze the site first! I challenge ANYONE to drive up the road and identify the drill site, *except for the existence of the guard rails.*

This experience has demonstrated to me that oil companies can be, and are demonstrably willing to be, sensitive to environmental issues. To make the issuance of a permit to drill for oil or gas a major action of the state, is unnecessary, time-consuming, and expensive.

SB-184-Tveit;

The Montana Oil and Gas Association supports this bill as it has been proven beyond a doubt, that the current process can and has been used to stop drilling activity on private or state lands and that the process is therefor faulty to the point of non workable from this time forward.

There are in place regulations sufficient to regulate and control Oil and gas activity, and it is not a major action and should not be treated as such.

Any regulation that can and has been used to deture developement in a orderly manner, should be changed or removed as it is a burdon on industry, labor, and our state as a whole. We need the ability to develope our resources as rapidly as possible to help us all grow and expand as we must.

Doug Abelin

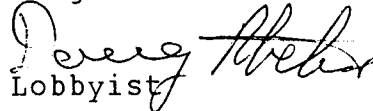

Lobbyist

Exhibit 7
3-20-87

Bill Jones, Sohio Petroleum Company, Casper, Wy. 307-237-3861

My name is Bill Jones. I am District Manager for Sohio Petroleum Company in Casper, Wyoming.

Thank you Mr. Chairman and Committee Members for this opportunity to present to you information regarding permit activities by Sohio for drilling the Moats #1-3 wells in Gallatin County, Montana, near Bozeman.

In October, 1984, Sohio applied for and received a permit from the Board of Oil and Gas to drill an Exploratory well designated Moats #1-3. After a group of residents sued in December, 1984, to require the Board to follow MEPA requirements in issuing the permit, Sohio withdrew its application. After Senate Bill 410 (which would have exempted the Board from MEPA) failed during the 1985 legislative session, Sohio renewed its application and requested the Board to review the permit as though MEPA applied and to prepare a Preliminary Environmental Review because the proposed well site was in an area zoned as an agriculture exclusive it was also necessary to obtain a permit from the Bridger Canyon zoning Commission.

During the next several months six public hearings were heard. Two by the board related to the PER and 4 separate sessions covering seven days before the Zoning Commission before a final drilling permit was issued to Sohio in October 1985.

The Board, though the PER process, concluded that the issuance of the drilling permit was not a major action significantly affecting the quality of the human environment and therefore an Environmental Impact Statement was not required; however, the board took the unprecedented step in attaching the following conditions to the permit:

1. All sewage must be contained in holding tanks and removed from the site. No septic tank system would be allowed although local residences utilized septic systems.

2. A water well was required to supply fresh water for the drilling operation although in Bridger Canyon a lively flowing stream was within 300 yards from the drillsite no water could be withdrawn from the stream for drilling use. The withdrawal rate from the drilled well was to be no more than 20 gallons per minute.

- a. Sohio was required to test every water well and domestic spring within one mile of the drillsite for volume and quality before drilling and not less than every 15 days during drilling.

3. The reserve pit was to be lined with bentonite plus a plastic liner. At the conclusion of drilling all material must

be removed from the reserve pit and disposed of at an approved site.

4. An emergency and evacuation plan must be approved by the zoning commission before drilling can begin.

5. Drilling operations must cease if snowfall in the area is such that the roads are, or soon will be, impassable. No additional drilling will be permitted until the Gallatin County Sheriff declares the roads to be passable.

6. In event of lost circulation, drilling immediately cease until circulation is restored.

7. Additional inspections were to be conducted by a Board of Oil and Gas to insure compliance of the conditions imposed by the Board.

The Zoning Commission permit had 33 special conditions included. Of these 33 conditions, 11 were not related to Environmental matters. Such items as those listed below were in the Zoning Commission permit:

1. Pave 3000' of a county road as a dust control measure. (This was required even though the road was regularly used by other vehicles including trucks, busses and passenger cars.

2. All of the residents driveways within one mile of the drillsite must be plowed and kept open by Sohio while drilling was in progress.

3. Rig crews must be transported in busses or vans to the drillsite. (All road to location were either State or County owned and were paved.)

4. No drilling related traffic on the Bridger Canyon or Kelly Canyon Roads during school pick-up/delivery hours. All deliveries of equipment/supplies must be made between 9:00 - 11:00 a.m. and 1:00 - 3:00 p.m. (No such restrictions were placed on any other traffic using these same public highways).

5. No Jake brakes were to be used by Sohio truck traffic.

6. Sohio was required to put special clauses in the contracts with its suppliers requiring compliance with all traffic signs, school bus stops and traffic laws while conducting Sohio business.

7. Sohio to pay all fees and costs involved in Zoning Commission inspection of operations. (Since the Commission had no inspector with an understanding of oil/gas drilling and they didn't trust state inspectors consultants of the Commission's advise were employed at Sohio expense.

8. Sohio was to pay for damages to any resident's water

source well located within one mile of drillsite.

9. A secondary source for supplying water for operations was required should water well damages in the area occur. An additional water well was drilled off-site.

10. Although Sohio was not allowed to use water from Bridger Creek they were required to monitor quality and quantity of the stream throughout drilling operations.

11. Sohio was responsible for all activities for anyone related to the drilling operation from the time they entered Bridger Canyon road until they exited some upon their return. This was required although the roads traversed were all public.

It had become obvious during the permitting process that the only way to obtain the permit without extensive delays and probable litigation under MEPA was to agree to whatever demands and conditions were imposed.

Therefore, Sohio agreed to each of the board and zoning commission conditions.

The Moats 1-3 well was spudded on February 27, 1986, and reached a total depth of 14,000' on June 25, 1986. The well was plugged and abandoned as a dry hole and the surface restoration is almost complete. The well cost in excess of \$5,000,000. Included in this expenditure was more than \$2,000,000 (over 40% of the total well cost) for special considerations to satisfy imposed conditions in excess of what Sohio would normally spend in drilling this type of well.

The well was drilled without incident or violation of permit conditions; in fact, Sohio received a letter from the zoning commission thanking Sohio for the commendable way in which the well was drilled.

In summary, Sohio feels that the lengthy permitting process, along with the conditions imposed, did very little toward providing a drilling operation which was safer for the public or environment than would normally be performed by Sohio on any similar well. The additional expenditure in excess of \$2,000,000 due to permit conditions was totally unjustifiable for the drilling of this well.

Sohio feels a streamlined permit process is mandatory before future drilling programs similar to the Moats well are undertaken. The Board of Oil and Gas is well equipped with a staff of professionals which are capable of imposing conditions on drilling permits that ensure public and environmental safety without conditions imposed by MEPA. We feel that exempting the Board from MEPA is prudent and will not sacrifice public or environmental safety or health but will substantially reduce drilling costs and make it possible for economic development of oil/gas prospects to take place in Montana.

1-711.12 + 414

MONTANA PETROLEUM FACT SHEET

PRODUCTION

<u>CY</u>	<u>Bbls.</u>	<u>Gross Value</u>	<u>MCF</u>	<u>Gross Value</u>	<u>Total Wells Drilled</u>
1978	30,934,923	\$ 277,737,502	44,615,198	37,342,921	778
1979	30,285,631	362,239,259	50,691,868	60,931,625	822
1980	29,927,468	626,154,711	48,928,608	70,261,481	902
1981	30,517,947	1,052,333,907	44,800,000	85,120,000	1289
1982	30,937,514	963,428,800	50,932,000	107,109,990	816
1983	29,320,418	842,681,933	41,203,000	99,010,809	511
1984	30,668,305	845,919,776	48,499,939	120,949,800	819
1985	29,770,000	808,553,200	44,330,000	98,772,380	592
1986	27,045,000	371,436,030	44,016,000	86,799,552	348

	<u>OIL WELLHEAD PRICE: \$/BBL</u>	<u>PRODUCING OIL WELLS</u>	<u>NATURAL GAS PRICE: \$/MCF</u>	<u>PRODUCING GAS WELLS</u>	<u>EXTRACTION EMPLOYMENT</u>	<u>SEISMIC CREW MONTHS</u>
1973	3.843	3536	.162	1118	1523	62
1974	6.814	3028	.257	1184	1861	155
1975	7.845	3150	.394	1232	1810	40
1976	8.411	3310	.441	1950	2084	85
1977	8.582	3354	.735	1490	2357	57
1978	9.253	3275	.837	1377	2789	155
1979	12.279	3573	1.202	1881	3383	135
1980	22.250	3628	1.436	2150	4636	202
1981	34.317	3968	1.900	2142	6852	388
1982	31.311	4311	2.103	2069	5482	224
1983	28.804	4675	2.403	2043	3760	156
1984	28.066	4201	2.512	2088	4293	125
1985	25.214	4196	2.329	2033	3357	43
1986	13.734	4036 (est.)	1.972	2006 (est.)	na	na

TAXES

Montana imposes four taxes on oil and natural gas:

A. Severance tax is currently 5% of the gross value of oil and 2.65% for natural gas.

The revenue is allocated as follows:

- 1) One-third of the oil severance tax to Local Government Block Grant account for distribution to all Montana cities and counties.
- 2) A portion of the collections is returned to cities and counties in the oil-producing areas to help them in dealing with impacts. The portion returned varies according to the new production in each county:

<u>FY</u>	<u>OIL</u>	<u>NATURAL GAS</u>
1981	\$ 992,488	na
1982	1,644,112	183,789
1983	4,353,485	206,759
1984	1,422,335	509,260
1985	3,087,474	104,910
1986	475,922	106,915

3) The remainder to the state general fund.

The tax rate for incremental oil produced through tertiary recovery after July 1, 1985, is 2.5%.

B. Net Proceeds Tax is calculated on gross value of oil, minus all allowable deductions multiplied by the local mill levy. The 1985 Legislature set a 7% maximum on oil and a 12% maximum on gas produced after July 1, 1985, from leases which have not produced during the preceding five years. Therefore, the maximum tax rate on "new" production from a previously non-producing lease will be 12.7% on oil and 15.35% on gas.

C. Resource Indemnity Trust Tax is .5% of gross value of all minerals produced. These taxes are placed in a trust fund to "indemnify the state against damage to the environment from the extraction of non-renewable natural resources." Interest from the trust is appropriated for projects "to improve the total environment and rectify damages thereto."

FY	<u>SEVERANCE TAX</u>		<u>NET PROCEEDS TAX</u>		<u>RESOURCE INDEMNITY TRUST TAX</u>	
	OIL	NATURAL GAS	OIL	NATURAL GAS	OIL	NATURAL GAS
1980	\$10,544,555	\$1,264,025	\$21,011,951	na	\$1,828,947	\$355,054
1981	19,578,172	2,116,291	28,663,376	na	3,328,426	419,647
1982	51,073,425	2,659,811	40,868,506	na	5,308,525	491,832
1983	45,228,535	2,649,726	66,160,884	na	4,783,438	522,396
1984	49,029,017	2,797,996	65,610,580	\$11,976,791	4,279,714	589,348
1985	48,789,984	2,945,778	60,819,000	14,220,000	4,204,763	627,504
1986	34,728,749	2,890,666	67,220,584	14,771,771	3,913,955	583,961

D. Conservation Tax: The Board of Oil and Gas Conservation levies a tax to support its own operations. The tax is .2% of gross value. It yielded \$753,000 in FY 1985 and \$631,000 in FY 1986.

On the average, local governments spend 60% of these funds for education, 8% for city operations, 23% for county operations, and 6% for fire and other special districts. About 3% is returned to the state to support the university system.

Information compiled January, 1987, from:

Montana Department of Revenue annual reports

Governor's Budget Office reports

Montana Oil and Gas annual reviews

"The Petroleum Industry in Your State," Independent Petroleum Association of America

Compiled by: Montana Petroleum Association
Helena, Montana
442-7582

MONTANA PETROLEUM TAXES

TAX	RATE	FY1986
To the state:		
(1) severance tax		
oil	5%	\$23,152,504
natural gas	2.65%	2,890,666
(2) resource indemnity trust tax	.5%	
oil		3,913,955
natural gas		583,961
(3) oil/gas conservation tax	.2%	629,287
(4) corporate license tax	6.75%	6,553,610*
Lease royalty from state lands		
oil		4,193,476
natural gas		1,248,139
Bonuses and rentals on state lands		4,950,779
To local government:		
(1) net proceeds tax		
oil	(ave. 7%)	67,220,584
natural gas	(ave. 12%)	14,771,771
(2) ad valorem property tax on plant and equipment	11%	not available
(3) one-third of the oil severance tax plus the amount by which any tax collected within a county exceeds collections in the county from the previous year by reason of increased production.		11,576,246
oil		475,922
gas		106,915
Does not include: income from federal leases		
income taxes on royalty income:		
paid by individuals		
and corporations		

*FY 1985 figure -- FY 1986 not available

f2/mainstat/1-87

Exhibit 5

COMMENTS ON SB 184

BY BRACE HAYDEN

OFFICE OF THE GOVERNOR
March 20, 1987

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS BRACE HAYDEN. I AM THE GOVERNOR'S REPRESENTATIVE ON THE ENVIRONMENTAL QUALITY COUNCIL (EQC). WITH ME TODAY IS JOHN NORTH, THE GOVERNOR'S LEGAL COUNSEL AND FORMER REPRESENTATIVE TO THE EQC.

GOVERNOR SCHWINDEN OPPOSES SB 184 AS HE DOES NOT BELIEVE ONE PARTICULAR INDUSTRY SHOULD BE EXEMPTED FROM THE MONTANA ENVIRONMENTAL ^{Policy} ~~PROTECTION~~ ACT. IT'S AN UNFAIR AND UNNECESSARY ACTION. WHILE THERE CERTAINLY CAN BE SERIOUS ENVIRONMENTAL PROBLEMS ASSOCIATED WITH THE DRILLING OF AN OIL AND GAS WELL, MONTANA'S OIL AND GAS INDUSTRY GENERALLY HAS A GOOD ENVIRONMENTAL RECORD. FURTHERMORE, OPTIONS EXIST THAT FOR THE VAST MAJORITY OF WELLS, CAN PREVENT MEPA COMPLIANCE FROM ADDING SIGNIFICANT NEW DUTIES TO THE BOARD OF OIL AND GAS.

LATE LAST YEAR, THE GOVERNOR EXPRESSED HIS CONCERNS REGARDING A MEPA EXEMPTION WITH REPRESENTATIVES OF THE MONTANA PETROLEUM ASSOCIATION AT A MEETING IN BILLINGS. HE SUGGESTED THAT A REASONABLE AND RESPONSIBLE ALTERNATIVE TO CONDUCTING WELL BY WELL ASSESSMENTS WOULD BE FOR THE BOARD OF

OIL AND GAS TO PRODUCE ONE STATEWIDE PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT. A PROGRAMMATIC EIS WOULD EXPEDITE FUTURE ENVIRONMENTAL REVIEWS OF INDIVIDUAL DRILLING PROJECTS BECAUSE A BASIS WOULD BE ESTABLISHED FOR EXEMPTING PROJECTS WITH MINOR IMPACTS FROM DETAILED REVIEW, AND BECAUSE THE STUDY WOULD BE REFERENCED IN LIEU OF CONDUCTING A NEW ANALYSIS FOR EACH INDIVIDUAL DRILLING PROPOSAL. THE VAST MAJORITY OF DRILLING PROJECTS WOULD INVOLVE ONLY ROUTINE, CHECKLIST-LEVEL REVIEW THAT WOULD REFERENCE THE TYPE OF STIPULATIONS THAT SHOULD BE FOLLOWED BY THE APPLICANT. FOR ONLY THE MOST SENSITIVE SITES, WOULD THE DOCUMENT NEED TO BE SUPPLEMENTED WITH ADDITIONAL ANALYSIS. MONTANA'S BLM OFFICES HAVE SUCCESSFULLY AVOIDED THE TIME DELAYS OF SITE SPECIFIC ENVIRONMENTAL ASSESSMENTS FOR OIL AND GAS LEASES BY UTILIZING THE PROGRAMMATIC EIS APPROACH.

PART OF THE OIL AND GAS INDUSTRIES CONCERNS ARE THAT MEPA REVIEWS CAN BE USED AS A FOOT IN THE DOOR FOR CERTAIN GROUPS TO DELAY THE PERMITTING PROCESS. AS THE FORMER ADMINISTRATOR OF MONTANA'S COAL MINE RECLAMATION DIVISION, I WISH TO POINT OUT THAT WE CONDUCTED MEPA REVIEWS ON 10'S OF THOUSANDS OF COAL EXPLORATION HOLES WITH LITTLE MORE DELAY THAN HAVING AN INSPECTOR PREPARE AN ENVIRONMENTAL CHECKLIST AND CONDUCT A FIELD CHECK. FURTHERMORE, LIFTING OF APPLICATIONS TO DRILL FROM MEPA REMOVES A LEGITIMATE PROCESS BY WHICH THE BOARD CAN SWIFTLY DEAL WITH THE PUBLIC SHOULD

5

CONCERN FOR DRILLING IN A PARTICULAR AREA BE RAISED. A CHECKLIST THAT REFERENCES THE SITE CONDITIONS AND SUGGESTED MITIGATIONS TO THAT DESCRIBED IN A PROGRAMMATIC EIS, PROVIDES BOTH THE BOARD AND THE INDUSTRY WITH EVIDENCE THAT DURING THE PERMITTING PROCESS, IMPACTS WERE CONSIDERED AND APPROPRIATELY DEALT WITH. MEPA THUS CAN PROVIDE AS MUCH PROTECTION FOR THE INDUSTRY AS IT DOES FOR A CONCERNED PUBLIC.

THE MEPA REVIEW PROCESS, BE IT A CHECKLIST OR A MORE DETAILED ENVIRONMENTAL IMPACT STATEMENT (EIS), IS AN IMPORTANT DECISION-MAKING TOOL. FOR SOME 16 YEARS, MEPA HAS BEEN AN INTEGRAL PART OF AGENCY DECISION MAKING. THE GOVERNOR BELIEVES IT SHOULD CONTINUE--WITHOUT EXCEPTIONS FOR SPECIFIC INDUSTRIES.

JOHN NORTH OR I WOULD BE HAPPY TO ANSWER ANY OF THE COMMITTEE'S QUESTIONS.



Bridger Watch

P.O. Box 4407, Bozeman, Mt. 59715

Exhibit 6
3-20-87

Representative Jones, Chairman
House Natural Resources Committee
Capitol Station
Helena, MT. 59620

Dear Representative Jones and Members of the Committee:

Thank you for the opportunity to bring our concerns to the legislature and help make this government one truly formed by "We the people...." Bridger Watch maintains a delicate and cordial relationship with Sohio, and I have been told by their district manager, Mr. B. G. Jones, that the Sohio well in Bridger Canyon is now used as an example of state of the art technology and planning for health and safety. It is our hope that the lessons learned will be applied to future permitting of oil and gas wells when conditions warrant.

I would like to outline for you some of the concerns of landowners. First and foremost is the issue of health and safety. After our research led us to the "Lodgepole Blowout," in Alberta, Canada, we became aware that a serious accident could endanger our families and property. Regardless of the probability factor, we were not willing to gamble with our children's safety.

Lodgepole raised the issue of deadly H₂S gas and its effect on humans and livestock. Lodgepole made us aware of the need for careful planning and review of safety precautions and evacuation procedures, and for coordination with state and local officials. Lodgepole was a well drilled by a reputable company with a good safety record in a known field. The Lodgepole well blew out continuously for 67 days. The H₂S plume was smelled as far away as Winnipeg, Manitoba, which is 800 miles from Lodgepole.

I remind you that the Sohio well was ¼ mile from the school bus stop and that 80 residences were within one mile of the site; this was not on an isolated "back forty." The Lodgepole blowout is a worst-case scenario that happened! I suggest you review the report from the Alberta government's Energy Resource and Conservation Board before you shun your responsibility to taxpayers who rely on your judgment for protection under the law.

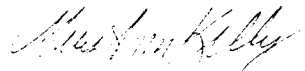
As landowners we ~~all~~ have genuine concern for the local domestic aquifer. We were dismayed that an oil company would have access to FREE water, in a fragile mountain area, without compensation or protection for the landowners. Sohio developed and implemented a comprehensive water monitoring program for all landowners within one mile of the well site.

Our other concerns include reserve pit and other waste storage and removal, air quality control, noise level control, traffic and road conditions (especially in regard to school buses), property values and aesthetic impacts.

Few wells will require a PER; even fewer will require an EIS. But when such action is required, it is to the benefit of all the taxpayers to have factual data compiled in an impartial and comprehensive manner. Bridger Watch is well aware that an EIS does not stop a well; that is not its purpose. As exploration for the oil and gas that we all use extends into Overthrust-type structures we will see wells that are much deeper (Sohio Moats #1-3 was 15,000 feet), will probably involve more "sour gas," and will be closer to residential and/or traditional recreation areas. Compliance with MEPA is not unjust delay, but proper and correct procedure in order to represent and protect the rights of all the people and the environment of an area.

In conclusion, I ask you not to put speculation of profits before enactment of morality, and to vote NO on Senate Bill #184 and direct the State Board of Oil and Gas Conservation to establish procedure for compliance with MEPA.

Sincerely,



Mary Ann Kelly, President
Bridger Watch, Inc.

P. S. Bridger Watch has compiled much detailed public testimony and factual references that we would be happy to supply to any committee member.

ACTIONS

GENERAL

The Panel has submitted 39 recommendations that involve industry, the ERCB, government departments and, to a lesser degree, the public. They are wide-ranging in their scope. The Panel invites readers to obtain a copy of the Summary Report and review them. Two of the more important areas are commented on below.

REDUCE BLOWOUTS

While blowouts can be totally eliminated, they can be significantly reduced. The Panel has recommended that

- new strict rules apply to drilling critical sour wells, to ensure careful planning, superior equipment and well trained crews
- the design, capacity and operating problems of key components of drilling rigs be carefully examined to determine whether changes are necessary
- drilling operations in the critical zone be conducted in a cautious manner
- ERCB increase both the number and completeness of its inspections of drilling operations
- the training of drilling personnel be improved

Each of these recommendations has been implemented or is under active consideration.

REDUCE EFFECTS OF A BLOWOUT

If a blowout were to occur the Panel believes that its effect can be reduced by

- requiring a site-specific emergency response plan for critical sour wells
- ensuring effective coordination of government response to the blowout
- ensuring effective communication with the public and particularly with the people residing in the immediate area
- ensuring that H₂S exposure limits are appropriate - especially for sensitive people
- ensuring that H₂S concentrations are carefully monitored and the information made available to the public

Most of these recommendations have been at least partially implemented.

WANT MORE INFORMATION?

If you are interested in learning more about the Lodgepole Blowout, the ERCB has three documents available:

- 1 Summary of Recommendations
- 2 Phase 1 report (a detailed analysis of the event and its effects, which includes the Phase 2 report)
- 3 Addendum to Phase 1 report, which deals with the updated estimates of emissions from the 13-12 well

Write, or drop by, any of the ERCB offices listed below:

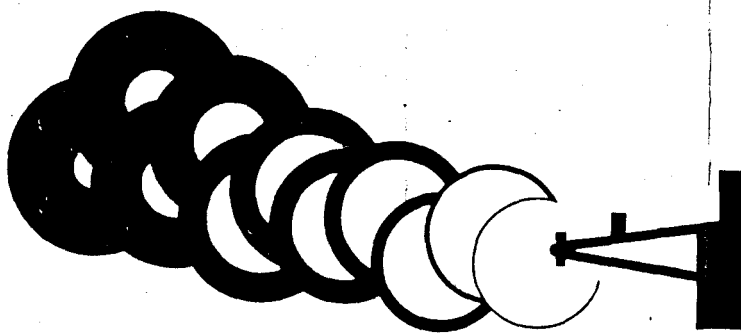
Energy Resources
Conservation Board
Maps and Publications Desk
640 Fifth Avenue S.W.
Calgary, Alberta T2P 3K1

Phone: 297-8328

Phone: 427-0200



A scene on a lifetime: plume of a small blowout caused by the sun would be visible from the fire and tremendous pressure coming from the Lodgepole well.



ERCB

LODGEPOLE Blowout Report

CAUSES.
EFFECTS.
ACTIONS.

CAUSES

WHAT HAPPENED?

Amoco spudded its 13-12 well on 10 August 1982. By 15 October, boring operations were proceeding at the 3000-metre level. Two cores were recovered that day without incident. Then, while cutting the third core on 16 October, formation gas unexpectedly began entering the wellbore and a "kick" occurred. For the next 16 hours the crew fought to control it, but on 17 October the well blew totally out of control.

In spite of a great deal of expertise and money, the well was not brought under control for another 67 days. During that period the Lodgepole blowout entered oil patch history, with two wild-well fighters dead, the public very upset, and millions of dollars in equipment and hydrocarbons lost. When the well was finally brought under control, the major question remained, "what went wrong?"

WHAT WENT WRONG?

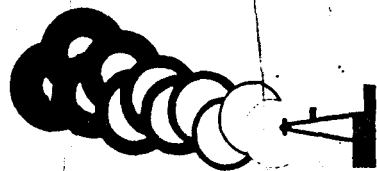
- The initial "kick" occurred primarily because
 - drilling practices, while cutting cores 2 and 3, were deficient
 - the density of the drilling mud was only marginally adequate
- The kick was not controlled because
 - the drilling crew did not immediately recognize the problem and apply standard kick-control practices
 - several pieces of vital equipment did not function properly
 - supplies of mixed drilling mud were not adequate
 - the gas-bearing formation was extremely prolific

WHY DID IT TAKE SO LONG TO REGAIN CONTROL?

Several factors made control operations particularly difficult

- not only was the flow rate very high, but it contained large volumes of condensate and a high percentage of hydrogen sulphide (H_2S)
- weather conditions were frequently unfavourable
- safety procedures and equipment, although meeting existing standards, proved to be inadequate

Initially, both Amoco and the ERCB considered only two well control options;



LODGEPOLE
Blowout Report

- capping when not on fire, and 2) drilling a relief well. The dangerous alternative of capping the well while it was on fire - which ultimately proved successful - was only adopted after the more traditional options had failed.

EFFECTS

WHAT WERE THE EFFECTS OF THE BLOWOUT?

EMISSIONS

Very large volumes of gas, condensate and sulphur were emitted to the atmosphere. For most of those 67 days, the well was on fire and the sulphur was emitted as sulphur dioxide (SO_2), but for 26 days (when the well was not on fire) the sulphur was emitted as hydrogen sulphide (H_2S) with its offensive "rotten-egg" odor. Daily sulphur emissions from the well were greater than the total current emissions from the more than 130 sour gas plants, 5 coal-fired thermal power plants, and two oil sands plants, operating in Alberta.

EFFECTS ON PEOPLE

Local area residents, and a group of Edmonton respiratory patients, described how the blowout had affected their health. The effects included headache, eye irritation, sore throat, nose bleeds, some breathing problems, nausea and diarrhea. While scientific data was not available to link these health problems to the blowout, the Panel is satisfied that emissions from the 13-12 well did lead to short-term health effects for a substantial number of people. The evidence also suggests that some people are especially susceptible to H_2S emissions.



The Lodgepole Blowout on 16 October 1982, one week after spudding.

Government departments reported on their efforts to ensure that people were not exposed to dangerous concentrations of either H_2S or SO_2 . Exposure limits were established and nine monitoring units were employed to identify any situation when the limit would be exceeded. That occurred only on a few occasions, at rural residences, and the occupants temporarily left the area.

Actual H_2S concentrations at residences were substantially below the H_2S exposure limit of 15 parts per million (ppm) except for the occasional episode. For example, at Cynthia and Lodgepole the recorded concentrations were less than 1 ppm for 95 and 87 per cent respectively of the total monitored hours. At Drayton Valley it was 96 per cent, and at Edmonton the concentrations were less than 0.1 ppm for 93 per cent of the monitored hours.

During the 41 days that the well was on fire, and the sulphur was being emitted as SO_2 , the concentrations were substantially less than the evacuation limit.

EFFECTS ON THE ENVIRONMENT

Environmental impacts were relatively modest. The major effects occurred on the 300 hectares (741 acres) surrounding the well. When the well was not on fire, the condensate "rain" had an impact similar to an oil spill. Two fires occurred during the several attempts to cap the well and burned all vegetation and trees in the immediate area. These fires also consumed much of the condensate, which greatly reduced the possibility of longer-term soil pollution. However, the unburned condensate, which was deposited on the perimeter of the blowout site, will have some impact on trees, groundwater, and soils for a number of years.

Sulphur emitted from the well was deposited in low concentrations on the ground over an area of hundreds of thousands of square kilometres. No evidence exists that there will be long-term harmful effects on soils, vegetation or water bodies.

L.H.B. 71

NORTHERN PLAINS RESOURCE COUNCIL

Field Office
Box 858
Helena, MT 59624
(406) 443-4965

Main Office
419 Stapleton Building
Billings, MT 59101
(406) 248-1154

Field Office
Box 886
Glendive, MT 59330
(406) 365-2525

Testimony before the House Natural Resources Committee
Opposing SB 184

3/20/87

Chairman, members of the committee. For the record, I'm Jack Heyneman testifying on behalf of Northern Plains Resource Council in opposition to SB 184.

Proponents of SB 184 say that individual oil wells do not constitute a major impact on the environment since all that is affected is a 3 - 5 acre location. Industry has done a good job in selling this point of view, but its absurdity is apparent to anyone familiar with the oil patch. The difficulty with speaking about oil impacts is that much of the damage occurs underground. Even though the damage is out of sight, please do not place it out of mind by exempting the oil and gas industry from MEPA.

Our membership in northeast Montana is only too familiar with the problem of groundwater contamination caused by salt water and drilling fluids from leaking reserve pits, well casings, and salt water disposal sites. There has only been one major scientific study of oil-related groundwater contamination in northeastern Montana, and that is B. Michelle Dewey's 1984 Master's thesis on the subject. I am submitting the abstract and conclusions of her thesis along with my testimony. Two of the wells she examined were in Senator's Twiet's own Richland County; at both, "plumes of contaminated groundwater were shown to extend from the pits in the direction of groundwater flow".

Although Dewey's thesis concentrates on reserve pits leachates and groundwater pollution, other impacts and health hazards exist. They include: sterilization of previously fertile cropland; removal of land from production; spread of noxious weeds; increased traffic on

existing roads, and potential releases of deadly hydrogen sulfide gas.

Such problems are easy to ignore in thinly populated areas. But they should not be ignored. Because these impacts have the potential to significantly affect the quality of the human environment, drilling an oil well constitutes a major state action. Therefore, the oil and gas industry must be subject to MEPA. Furthermore, it would not be fair for one particular industry to be exempted from MEPA.

I'd like to address the argument that MEPA regulations hamper oil and gas development in Montana. Since MEPA's implementation in 1971, there have been 13,858 wells drilled in Montana. A law which reviews drilling operations only once in every 6,929 times is certainly not a red flag warning industry out of state.

Each prospective well carries with it the potential for serious harm. Surely we can take the time for at least a cursory review of potential damage before we start. MEPA does not require an Environmental Impact Statement, only a systematic review of the application against a simple environmental checklist to determine what impacts may occur and what measures to take to mitigate those impacts. An EIS is only done where serious problems are discovered.

I urge you to vote against SB 184. Thank you for the opportunity to testify.

Dewey, B. Michelle, M.S. Spring 1984

Environmental Studies

Effects of Reserve Pit Reclamation on Groundwater Quality at Selected Oil Well Sites in Eastern Montana and Western North Dakota

Director: Dr. William W. Woessner *WW*

This study was initiated to examine the effects of reserve pit reclamation practices on groundwater quality at two oil well sites in Richland County, Montana. Additional work was done to determine the feasibility of using electrical resistivity to detect groundwater contamination at these sites and five others in McKenzie County, North Dakota.

The reserve pits evaluated held produced brines, drill cuttings, drilling fluids, and other wastes during the drilling of the oil wells. The contents of the pits in Richland County were buried at the drill sites.

Twelve groundwater monitoring wells were installed at the Richland County sites. Water level elevation and water quality data were collected from August, 1982 through June, 1983. Water samples from five of these monitoring wells showed chloride levels exceeding background, indicating the presence of pit fluids or leachate. Forty-five electrical resistivity soundings were made and results evaluated with respect to groundwater flow and quality data. At both sites, plumes of contaminated groundwater were shown to extend from the pits in the direction of groundwater flow.

At the McKenzie County sites, from one to four electrical resistivity soundings were made. Three sites had seeps of high salinity water apparent at the surface before resistivity examination. Apparent resistivity data at these sites were lower than readings from control areas, indicating the presence of saline oil field fluids. Testing was not extensive enough to determine if buried reserve pit materials caused the seeps. Resistivity data from two of the sites showed no indication of subsurface problems.

State and federal well site reclamation policies seem inadequate in the light of the results of this study. More environmentally compatible reclamation techniques need to be developed and further study done to determine the extent and severity of the problems created by past and current pit reclamation methods.

CHAPTER VII

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

- 1.) The reserve pit reclamation technique of trenching and burying pit materials and fluid on the drill site adversely affected local groundwater quality at two study sites in Richland County, Montana. This procedure may also be responsible for at least one salt water seep on Forest Service land in McKenzie County, North Dakota.
- 2.) In Richland County, chloride analysis of well samples served as a good indicator of drilling fluid contamination due to the low chloride concentration of native groundwater (13 to 45 mg/l) and the relatively high concentration in pit fluids (38,300 mg/l).
- 3.) Groundwater sample analysis coupled with surface electrical resistivity surveys successfully outlined plumes of high chloride groundwater extending down the groundwater gradient at both Richland County sites. Surface resistivity techniques indicated the presence of salts on or in the surface layers at three of the McKenzie County study sites.
- 4.) Several groundwater samples from affected wells at Study Sites One and Two and surface samples at Site Four exceeded the secondary drinking water standard for chloride. Richland County

samples also exceeded Montana's aesthetic groundwater quality criteria.

- 5.) Electrical resistivity results correlated best with groundwater flow and groundwater chemistry for Study Site Two, which had the greatest lateral homogeneity.
- 6.) Electrical resistivity is most useful in outlining zones of groundwater contamination when coupled with lithologic and groundwater quality information. This technique seems to work best in areas with a shallow (10 to 20 feet deep) groundwater table, lateral homogeneity, and a very low resistivity contaminant. Electrical resistivity is useful for filling in information gaps between monitoring wells.
- 7.) Sufficient lithologic and geohydrologic information was not available to make quantitative interpretations of field or computer interpreted resistivity values at the McKenzie County study sites.
- 8.) Current reserve pit reclamation practices are resulting in local groundwater quality degradation and damage to surface soils and vegetation at Sites One, Two, and Four of this study. State and federal policies need to be set to outline specific reclamation procedures to reduce the risk of groundwater or soil contamination by reserve pit fluids or leachate. Enforcement of

these policies must then become agency priorities.

Recommendations

Further Study

More data are needed before it can be proved that reserve pit fluids or leachate are causing the seeps noted on Forest Service lands. Such studies should include test drilling for lithologic control, extensive sampling in the saturated and unsaturated zone, and more extensive electrical resistivity testing.

Further study at the Richland County sites would provide additional information on the changes in groundwater quality with depth below and distance from the pits. Both single and nested monitoring wells could be installed to monitor these changes. An evaluation of the clay content of the aquifer (determined from drill cuttings) could be used to estimate the effect of ion exchange and adsorption on the movement of pollutants. Trace metal analysis of well samples would indicate the extent of migration of these less motile, but potentially harmful, pit materials.

More information is needed to determine at which sites in the Williston Basin, or other oil and gas producing areas, groundwater may be adversely affected by current reserve pit reclamation techniques. Electrical resistivity surveys provide a quick, inexpensive method to detect the presence of low resistivity oil field brines and drilling fluids. This method could be used to screen a large number of sites to determine which should be designated for further study.

Testimony Concerning S.184-

presented to

The Committee on Natural Resources of the Montana Senate

March 20, 1987

prepared and presented by

James F. Curtis, Missoula, MT

on behalf of

The Montana Chapter of the Sierra Club

Mr. Chairman, Members of the Natural Resources Committee:

I am James F. Curtis of 9650 Grant Creek Road, Missoula. I am a member of the Executive Committee of the Montana Chapter of the Sierra Club, and my testimony at this hearing is presented on behalf of that organization as well as on behalf of myself and my wife.

Despite the fact that my wife and I were both born and raised in the Midwest we have learned to love mountain country and unspoiled natural areas. Our family have been backpackers for many years. We made our first backpacking trip into the Bob Marshall Wilderness in 1958 and have returned to that country on a number of other occasions. I have been a lifelong hunter and avid fly fisherman. When I retired from the faculty of the University of Iowa in 1979 my wife and I moved to Montana because we knew that here we could find more opportunity to enjoy the splendor and serenity of beautiful mountains, crystal clear trout streams, high quality big game hunting and the matchless beauty of unspoiled natural areas than we could find anywhere else in the lower forty eight states. The slogan, "Montana, naturally inviting" is not an idle boast, and the committee knows full well that thousands of others have taken up residence in Montana for reasons similar to those that brought my wife and me here.

I have come here today to oppose S.184 because I know that it has the potential for destroying a significant part of the splendor and beauty that caused us, and thousands like us, to become citizens of this state.

Some will argue that oil and gas development will have little or no significant impact on environmentally sensitive areas, or on Montana's world famous trout fishery or on its priceless treasure of wildlife and big game hunting, or on the quality of its air and water. I assume that this is the position of those who advocate the passage of S.184. I hope that the committee will not be mislead by these claims, because the facts are otherwise.

I refer you to a memorandum prepared by Gail Kuntz, Resource Specialist for the State Of Montana's Environmental Quality Council. The subject of this memorandum, which is dated September 9, 1986, is The Impacts of Oil and Gas Development Activities in Areas of Environmental Concern. The memorandum summarizes impacts that have been observed in a number of places where oil and gas development have occurred in Wyoming, in North Dakota and in Canada.

One example is the Riley Ridge development in Wyoming. By the Fall of last year about 21 wells and one sour gas treatment plant had been completed. A Wyoming State Game Warden has reported that 40% of the elk in the Riley Ridge wellfield area have abandoned their winter range. An official of the Federal Bureau of Land Management has reported that the elk population in the area is only about 30% of normal. Monitoring studies during the winter of 1984-85 showed a shift in elk distribution when one well was drilled, followed by abandonment of 6000 acres of winter range when three wells were drilled on Riley Ridge. When drilling occurred in an important elk calving area in 1984 the number of elk in the vicinity declined 85-90%. Habitat losses attributable to the project include a total of 12,852 acres for various wildlife species. I shudder to think what could happen to the

Sun River Game Range, the Ear Mountain Game Range or the Black Leaf Game Range on the Rocky Mountain Front should oil and gas development be allowed in these state owned areas.

However, the negative impacts of oil and gas field development are not limited to wildlife. Every oil or gas field requires an extensive road system. In one oil and gas field in Alberta covering about 25 square miles, 175 miles of roads were constructed, an average of 7 miles of road for each square mile of area. The road construction and other soil disturbance results in significant increases in sedimentation of neighboring streams with serious effects on water quality and the habitat for trout.

Because almost all natural gas in this region is sour gas, sweetening plants are a necessary accompaniment of gas field development. Such plants create serious air pollution problems. Two of the products of sour gas treatment plants are hydrogen sulfide and carbon dioxide. The rotten odor of hydrogen sulfide is well known, and both the health problems and acid precipitation problems that can result from large discharges of carbon dioxide are also well documented in the scientific literature.

For all these reasons the proposal that permits to drill for oil and gas should be exempted from the provisions of the Montana Environmental Policy Act seems to me and to the Montana Chapter of the Sierra Club to be bad public policy, and we must oppose it. We see no reasonable justification for special treatment of the oil and gas industry with respect to the provisions of MEPA, and we believe that there would be grave dangers. Not the least of these dangers would be the very bad precedent that would be established. Once oil and gas has been granted exemption who will be next in line with a plea for special treatment?



The Montana Environmental Information Center Action Fund

• P.O. Box 1184, Helena, Montana 59624

(406)443-2520

March 20, 1987

House Natural Resources Committee

Re: SB 184

Mr. Chairman, members of the committee, my name is Claudia Massman and I represent the Montana Environmental Information Center. We strongly oppose SB 184 as legislation that both denies the opportunity to prevent environmental damage to natural resources held in common by the citizens of Montana and exempts one industry from a review that is required of similar industries conducting activities that are licensed by the state.

Senate Bill 184 does not relieve industry from anything that it has been required to do in the past or will be required to do in the future. Historically, the Board of Oil and Gas Conservation has issued approximately 900 to 1,000 oil and gas drilling permits a year with no cost or delay to the industry. Even if the Board undertakes the preliminary environmental review done by other state agencies for similar permitting, the average cost for such a review has been \$250 and has taken 1 to 5 days to complete. This preliminary environmental review will normally be all that is necessary to ensure compliance with the Montana Environmental Policy Act (MEPA). However, eliminating the oil and gas industry entirely from MEPA compliance precludes any possibility to protect an environmentally sensitive area, such as those in the Western part of the State.

The broad language in MEPA mandating that state agencies use "all practicable means and measures" to protect the environment does not apply unless the agency first determines that the "major state action" significantly impairs the environment. Normally, oil and gas exploration activity will be exempt from preparation of an Environmental Impact Statement (EIS) after an initial checklist of environmental compatibility is complete. This preliminary review will ensure that environmental factors have been considered in the decision to drill and that any precautionary measures necessary to protect the environment are implemented. The cost and time delay will ordinarily be minimal. Industry is doing a good job. MEPA is the citizens assurance that it continues to do so.

Statements have been made that Montana's neighboring states do not require preparation of an EIS for oil and gas

drilling permits. However, those states that outproduce and outdrill Montana have laws that accomplish the goals that MEPA attempts to address. Utah, North Dakota and Wyoming have laws that require the oil and gas industry to submit plans for the development and production of oil and gas. These plans address potential problems "up front"...before drilling occurs. They avoid problems, but more importantly they avoid complications that can and do arise when little mistakes become big ones: When shallow aquifers are polluted, when domestic wells become unusable, when salinity destroys cropland. They avoid these problems by taking measures that prevent damage and environmental degradation before it occurs.

Neighboring states have recognized that while risks associated with oil and gas exploration are normally those that can be prevented, these risks are real and are not left to the discretion of industry to decide whether or not to implement the necessary mitigative measures. For example, Wyoming now requires that the oil and gas industry submit plans for evacuation procedures in case of a blowout. In contrast, the BOGC seldom conditions oil and gas permits for any environmental consequences except the protection of water. Even then, the broad standards used for the construction of reserve pits suggests that these standards are unenforceable.

Senate Bill 184 is short sighted in its attempt to exclude one industry from environmental review. Rather than avoiding the cost of MEPA compliance, this legislation will invite costly litigation as citizens resist this industry's move into more environmentally sensitive areas. Vote for this bill, and you will give preferential treatment to an industry that may encroach on environmentally sensitive areas. Reject this bill, and you will prevent setting precedent for similar attempts by those industries to exclude themselves from the environmental assessment and protection that MEPA provides.

Finally, this special exemption is unwarranted because the industry has not proven the need for the exemption. The few cases where a preliminary review was required resulted from citizens concerns over drilling in environmentally sensitive areas.

It is not true that governments that govern least govern best. The private sector is not always the best judge in the use and protection of natural resources. MEPA safeguards our resources when certain private activities threaten them. Prevention of environmental degradation is an intelligent and far sighted approach to protecting the natural resources that we share in common.

Reject this bill, vote "no" on SB 194 and "yes" to good government and wise public policy.

Montana
Audubon Legislative Fund

Testimony on SB 184
March 20, 1987

Mr. Chairman and Members of the Committee,

My name is Janet Ellis and I'm here today representing the Montana Audubon Legislative Fund. The Fund is composed of 9 chapters of the National Audubon Society and represents 2500 members in the state.

The Audubon Fund opposes SB 184.

A "major action of state government" is defined as an action "significantly affecting the quality of the human environment." Such actions require the preparation of an Environmental Impact Statement - a process that allows alternatives to be examined and the public to have a voice when something "significant" is about to happen to their environment.

Generally, oil and gas drilling does not "significantly" affect our environment - and neither does the application of a pesticide on a winter wheat field. In 1983 the Department of Agriculture, however, completed its first EIS on a pesticide. That pesticide was endrin - a pesticide that became a household word when fish were killed and residues were found in waterfowl and big game animals.

I think that everyone here would agree that endrin "significantly" affected our environment. It was a relief to all when less toxic and less persistent chemical alternatives were found to control agricultural pests.

Generally, oil and gas drilling does not "significantly" affect our environment - and neither does a subdivision for homes. Currently the Water Quality Bureau is doing an EIS on a subdivision. The Church Universal and Triumphant moved some 400 trailers onto its property south of Livingston. CUT did not come under review under Montana's Subdivision Act. It was decided that 400 trailers - and families - moving into a small community was considered "significant": to the area's water supplies, schools, and wildlife.

If subdivisions would have been exempted from MEPA, the 400 trailers that CUT moved into Corwin Springs would have totally escaped review. If the Department of Agriculture was exempted from MEPA, there would have been no review process for the pesticide endrin. If oil and gas is exempted from MEPA, what might happen? Is it prudent to decide that such drilling will never "significantly" affect our environment? What about a large complex of wells to be drilled? What about a high-risk area for hydrogen sulfide gas next to a Flathead community?

MEPA is Montana's environmental safety net. SB 184 predetermines that we will never need a safety net for any oil and gas drilling. This is a bad policy decision for the citizens of Montana and the communities you live in. Will oil and gas drilling never "significantly" affect our environment? There is no harm in asking the question unless you fear the answer.

We urge you to vote "DO NOT PASS" on SB 184.

SB 184 DECLARES THAT THE ISSUANCE OF A PERMIT TO DRILL AN OIL OR GAS WELL IS NOT A MAJOR ACTION OF STATE GOVERNMENT UNDER THE PROVISIONS OF MEPA.

The League of Women Voters of Montana would like to speak in opposition to SB 184. We realize that many oil and gas wells have little or no impact on the environment. For them to comply with MEPA would mean completing a Preliminary Environmental Review which would show that the effects on the environment would be minimal. We don't believe that this is too much to ask when we are dealing with the public's right to a "clean and healthful environment" as written in the Montana Constitution.

If it is shown that the drilling could have a significant impact on the environment, then we believe that the oil and gas people should feel an obligation to the state and its citizens to let the state examine any significant effects systematically, and do what is necessary to minimize those effects.

We do not see the difficulty in complying with MEPA, and therefore ask that you defeat this bill.

Joy Bruck
LVW of Montana

TESTIMONY

RE: SB 184

Doug Smith, Planner
Sheridan County Planning Board

I have been a planner in Eastern Montana for the past 10 years and I have seen the oil boom come and go. For the most part I oppose this bill because there are a number of social and environmental problems which have never been addressed in relation to the oil and gas industry, as they have been for coal and hard-rock minerals.

One of the problems I have been confronted with is the economic and social impacts of the boom and bust of oil development. During the boom every house was rented and every vacant lot had a trailer on it. The capacities of public water and sewer systems were stretched to their limits. Small towns without public systems had sewage running in the streets and wells contaminated from overflowing septic tanks and cesspools. Some of those communities put in public systems to accomodate the increased business and population, and they incurred long-term debts to pay for those systems - now that the boom is gone the permanent residents of those small towns are left holding the bag. It is particularly a serious problem for small and unincorporated towns where they are not permitted to benefit from the outlying tax base or the impact funds from the increase in production proceeds.

Another problem I have been working with concerns the disposal of drilling mud. Sheridan County has roughly 800 drilling locations, each of those locations is also a drilling mud disposal site. The only requirement for the disposal of salt-laden sludge from the reserve pit is that it be buried a minimum depth of three feet. During drilling the industry is required to use a lined pit when using salt brine as the drilling solution. Once the drilling is completed the standard procedure for reclaiming the site is to dig trenches through the liner and away from the pit on one end and to fill the pit in from the other end so the sludge is squeezed out into the trenches for rapid disposal and clean-up. This mud, saltwater and drilling additives are buried without considering the proximity to water supplies for houses and farms, it is buried in sand and gravel where it can be leached into water tables and it is buried below the water table in some cases.

PAGE 2

An oil rig is generally in one place for a month or two. It may generate roughly \$100,000 into the local economy for wages and services. One drilling permit may have little impact, 10 drilling rigs is a major impact. One buried disposal pit may have minor impact, 10 or 100 locations in one area means major impacts on roads and local services, and it means widespread contamination from spills, leaking pipelines and leaching disposal pits.

The huge sums of money that oil has generated for state revenues should serve as some indication of the impact of the oil industry on local communities. It is not as permanent and stable as coal or hard-rock. It is spread out, it moves on wheels over county roads and moves through buried pipelines. The oil fields are spread all over eastern Montana and each field is criss-crossed with roads and buried pipelines for collecting and transporting oil, gas and saltwater for disposal.

I'm not saying that the oil industry is not welcome - I'm saying the state should clean up its act and give the landowners and communities in the oil patch the same consideration as in other mineral development areas.

The fact that the Oil and Gas Commission has never considered environmental effects, and the fact that state government just collects the revenues and looks the other way - does not mean there aren't problems in the oil patch. Every drilling location is a potential hazardous waste disposal site and water supplies and soils are being ruined by saltwater contamination. The oil patch is a time-bomb of environmental problems that is accumulating with every permit issued by the Oil and Gas Commission.

I feel that if the Oil and Gas Commission is exempted from MEPA the State will be abandoning its obligation to the land and people in eastern Montana, which I might add it has the constitutional responsibility to protect.

BIG BILLY MOUNTAIN GOAT stands as though posed for this dramatic close-up photograph taken on a high plateau in Glacier National Park. Genetically unique, this animal is more than 10 times the size of a domestic goat. These magnificent creatures will remain only the most patient and considerate of neighbors with their presence. 1987

PROTECT GLACIER

CANYON COALITION, P.O. Box 400
HUNTER HORSE, MT 59019

POST CARD

Oppose SB184

Act to oppose this annual attempt to gut NEPA. SB184 is poor public policy. NEPA is absolutely necessary to insure our constitutional guarantee to a "clean & beautiful environment." Thank you. Sharon L. Wilkins, Coordinator

House Nat'l Resources Committee
Capital Station
Helen, MT 59620

VISITOR'S REGISTER

NATURAL RESOURCES

COMMITTEE

BILL(S) SB 184DATE MARCH 20, 1987SPONSOR(S) TVEIT

NAME	REPRESENTING	BILL NO.	SUP-PORT	OP-POSE
Janet Ellis	MT Audubon	SB 184		✓
BRACE HAYDEN	Office of the Governor	"		✓
Joe Keeling	CHEVY	"	X	
NAN COOL	EXXON	"	X	
WARD SHANAHAN	CHEVRON	"	X	
W.W. Ballard	BALCRON	"	X	
Darryl Hether	Montana Gift Fair	184	X	
Valeria Mammone	ETC			✓
Ed Smith	NE LAND Mineral Assoc ment LM "		X	
Dana Field	MT Audubon Legis. Fund			X
Mary Ann Kelly	Bridge Watch	184		X
Joann Marie Saurgrau	MT League of Women Voters	"		X
Dick Mearns	WETA		✓	
John North	Governor's Office			✓

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR VISITOR'S STATEMENT.
IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.

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NATURAL RESOURCES

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