

MINUTES OF THE MEETING
NATURAL RESOURCES COMMITTEE
MONTANA STATE SENATE

January 9, 1987

The meeting of the Senate Natural Resources Committee was called to order by Chairman Thomas Keating on January 9, 1987, at 1:00 p.m., in Room 405 of the State Capitol.

ROLL CALL: All members were present with the exception of Senator Stimatz who was absent.

CONSIDERATION OF SENATE BILL NO. 27: Senator Delwyn Gage, Senate District #5, sponsor of the bill, stated that the purpose of the bill is to provide for the prevailing party to recover court costs and legal fees in an action to recover for surface owner damage and disruption by oil and gas exploration and drilling. Sen. Gage explained that numerous actions deal with surface damages out of the court system, and usually there is a minor amount of money involved. Compensation for damages resulting from a dry hole usually amounts to \$500, while compensation for surface damage from a producing well would be approximately \$1,500 because of pipe lines, tanks, etc. At present, when action for compensation is taken to court because landowner and gas operator cannot agree on a figure, both pay more in legal fees and court costs than the amount that was disputed. SB 27 would preclude someone from trying to get more than a realistic amount of money and would keep a person honest in trying to recover damages for the landowner as well as for the gas operator. Historically, landowners have been the winners in court, and if landowners are realistic in claims, the landowners will still be victorious. Sen. Gage feels that SB 27 is as fair for the landowner as it is for the gas operator.

PROPOSERS: The following individuals indicated their organizations wanted to be on record as supporters of SB 27.

- 1) Doug Abeline, Montana Oil and Gas Association
- 2) Hershel Robbins, Montana Association of Gas and Coal Counties
- 3) Janelle Fallan, Montana Petroleum Association

OPPOSERS: There were no opponents.

QUESTIONS (OR DISCUSSION) ON SENATE BILL NO. 27: Sen. Lynch questioned how the prevailing party in a suit is determined. Sen. Halligan mentioned that Judiciary Committee is addressing the issue of defining "prevailing party."

Sen Severson was concerned that this bill might be a deterrent to a landowner inexperienced in legal matters. Sen. Gage responded that the landowner can choose and weigh the possibilities before going into court and compare attorney fees and court costs with what would be gained. Sen. Walker commented that the bill would encourage a quicker settlement.

Sen. Weeding inquired whether seismic work is included in the bill or if it specifically refers to wet holes and dry holes. Clarification was made that seismic work is considered exploration also.

Sen. Keating explained that all of the operations that are referred to in the body of SB 27 are covered by an oil and gas lease. No person can enter upon the land to conduct oil and gas exploration without having a lease or having permission from the lessee, in which case, the lessee is responsible for any damage that is done. The contract itself provides that the lessor will be compensated for all damage caused by the operations of the lessee or his assigns to any of the lands. Under the terms of the lease the lessee is obligated to cover damages including that caused by seismic activity.

Sen. Halligan suggested the committee hold the bill for a couple of days so that the researcher can ascertain if the Tort Reform Committee is considering a general bill which would cover SB 27. It was agreed that executive action would be delayed until further research is accomplished. Sen. Lynch recommended this bill be referred to Judiciary Committee so all bills such as SB 27 can be handled in a uniform manner.

CLOSING: Sen. Gage asked the committee to realize that this bill was not brought to him by the oil and gas companies, but by the landowners. The major factor in his decision to sponsor the bill was the fact that this bill could help unload cases from the court system. SB 27 would help persuade a person to settle rather than go to court.

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DISPOSITION OF SENATE BILL NO. 27: Action on SB 27 will be deferred until researcher finds out if judiciary committee has a bill to allow prevailing party in any civil suit to recover attorney fees. Sen. Lynch agreed that bill should not be referred at this time.

ADJOURNMENT: There being no further business to come before this committee, the hearing was adjourned at 1:34 p.m.



THOMAS F. KEATING, Chairman

ROLL CALL

NATURAL RESOURCES

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date Jan. 9, 1987

NAME	PRESENT	ABSENT	EXCUSED
Sen. Tom Keating, Chairman	X		
Sen. Cecil Weeding, Vice Chairman	X		
Sen. John Anderson	X		
Sen. Mike Halligan	X		
Sen. Delwyn Gage	X		
Sen. Lawrence Stimatz		X	
Sen. Larry Tveit	X		
Sen. "J.D." Lynch	X		
Sen. Sam Hofman	X		
Sen. William Yellowtail	X		
Sen. Elmer Severson	X		
Sen. Mike Walker	X		

Each day attach to minutes.

DATE

January 9

COMMITTEE ON

Natural Resources

BILL NO.

SB 27

VISITOR'S REGISTER

NAME	ADDRESS AND REPRESENTING	Check One	
		Support	Oppose
Doug Abelin	MontANA Oil + GAS ASSOCIATION	<input checked="" type="checkbox"/>	
Herchel R. Abelin	oil + Gas + Coal Counties	<input checked="" type="checkbox"/>	
Pharold W. de	CEMEX		
De Paladichuk	M. O. U.		
Janette Fallan	Mont Petroleum Assoc. <small>MINN.</small>	<input checked="" type="checkbox"/>	
Jan Cool	Exxon, TN		
Russ Brun	NPRC		
Adrian Day	Trustee	<input checked="" type="checkbox"/>	

(Please leave prepared statement with Secretary)