

**MINUTES**

**MONTANA SENATE  
52nd LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON NATURAL RESOURCES**

**Call to Order:** By Lawrence Stimatz, on January 18, 1991, at  
1:00pm

**ROLL CALL**

**Members Present:**

Lawrence Stimatz, Chairman (D)  
Cecil Weeding, Vice Chairman (D)  
John Jr. Anderson (R)  
Esther Bengtson (D)  
Steve Doherty (D)  
Lorents Grosfield (R)  
Bob Hockett (D)  
Thomas Keating (R)  
John Jr. Kennedy (D)  
Larry Tveit (R)

**Members Excused:** Senator Bianchi

**Staff Present:** Michael Kakuk (EQC).

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

**Announcements/Discussion:** Chairman Stimatz brought the meeting  
to order. Roll call was taken. Senator Bianchi was excused.  
All those in attendance at the meeting were reminded to sign  
the visitor and witness register. Senator Gage was asked to  
present Senate Bill 18 to the committee.

**HEARING ON SB 18**

**Presentation and Opening Statement by Sponsor:** Senate Bill 18 is  
the result of work that was done during the interim, Senator Gage  
told committee members, with portions or parts of the bill heard  
in the House Natural Resources Committee during the last session.  
The reasons for addressing the bill again, in addition to the  
responsible party consideration, came about as a result of  
activity in the Department of State Lands regarding oil and gas  
production in the state of Montana, he said. Gage told the  
committee that anyone owing any amount of money is considered the  
"responsible party."

**Proponents' Testimony:**

Jim Nelson, member of the Board of Oil and Gas, testified that the Board supported Senator Gage's proposed legislation as outlined in Senate Bill 18. He stated that the Board viewed this bill as accomplishing two main objectives: to clear up any jurisdictional ambiguities between the Board and the Department of State Lands and to clarify the definition of the term "responsible party."

Janelle Fallan, Executive Director of the Montana Petroleum Association, stated that the parts of SB 18 that refer to the production/damage litigation are house-cleaning legislation that was passed two years ago. Fallan noted that a lot of work had been done during the past two years with insurance companies and the Oil and Gas Board trying to put legislation together in an effort to solve two problems: aiding small operators in obtaining drilling bonds and also reclaiming sites when there is no responsible party. The jurisdictional question "has been something of a black eye for Montana," Fallan said. "An operator isn't going to be interested in the state if there is a question over who has permitting jurisdiction in an area." Fallan said she believed that Senate Bill 18 would address this problem and hoped that the committee would look favorably on the bill.

Doug Abelin, Northern Montana Oil and Gas Association, told committee members that they also supported the bill as presented by Senator Gage.

**Opponents' Testimony:**

None

**Questions From Committee Members:**

Senator Doherty asked Jim Nelson how many "responsible parties" had "skipped" in the past couple of years and were unlocatable? Nelson said that since the last legislative session, the Board had forfeited \$40,000 in bonds and had spent over \$21,000 plugging various oil and gas bills. Prior to July 1989, the Board of Oil and Gas had forfeited over \$60,000 in bonds. The problem of finding the responsible party, Nelson said, is more extensive than figures indicate. In most cases, the responsible party has been a corporation, Nelson added, and every effort is made to try to locate these designated operators.

Nelson said that the Oil and Gas Board does not have any jurisdiction over state lands and stated that this is where the primacy problem comes in. Nelson told the committee that "if the EPA gets wind of any jurisdictional ambiguities between the Board and the Department of State Lands" there would be a problem getting funds.

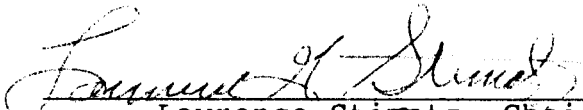
It was noted by Chairman Stimatz that the amendments for Senate Bill 18 were not officially before committee members and that amendments would need to be resubmitted at a later date by Senator Gage.

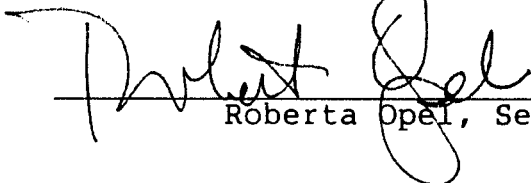
Closing by Sponsor:

Senator Gage told committee members that the Department of State Lands would neither support or oppose the bill but would remain neutral. He added that the state would be treated as any other landowner would be with regard to unitization. Senator Gage said that he would see that committee members be given a full set of amendments to be heard in executive session.

ADJOURNMENT

Adjournment At: 1:55pm

  
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Lawrence Stimatz, Chairman

  
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Roberta Opel, Secretary

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ROLL CALL

Natural Resources COMMITTEE

DATE 1-18-91

52nd LEGISLATIVE SESSION \_\_\_\_\_

NAME	PRESENT	ABSENT	EXCUSED
Senator Anderson	✓		
Senator Bengtson	✓		
Senator Bianchi			✓
Senator Doherty	✓		
Senator Grosfield	✓		
Senator Hockett	✓		
Senator Keating	✓		
Senator Kennedy	✓		
Senator Tveit	✓		
Vice Chairman, Weeding	✓		
Chairman, Stimatz	✓		

Each day attach to minutes.

