

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON NATURAL RESOURCES

Call to Order: By Vice Chair Hockett, on March 10, 1993, at 3:15 p.m.

ROLL CALL

Members Present:

Sen. Bob Hockett, Vice Chair (D)
Sen. Sue Bartlett (D)
Sen. Steve Doherty (D)
Sen. Lorents Grosfield (R)
Sen. Tom Keating (R)
Sen. Ed Kennedy (D)
Sen. Bernie Swift (R)
Sen. Chuck Swysgood (R)
Sen. Henry McClernan (D)
Sen. Larry Tveit (R)
Sen. Cecil Weeding (D)
Sen. Jeff Weldon (D)

Members Excused: Sen. Don Bianchi, Chair (D)

Members Absent: None.

Staff Present: Paul Sihler, Environmental Quality Council
Leanne Kurtz, Committee Secretary

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

Committee Business Summary:

Hearing: HB 266, HB 288, HB 393
Executive Action: HB 266, HB 393, HB 150

HEARING ON HB 266

Opening Statement by Sponsor:

Representative Scott Orr, HD 2, said the 1889 Montana Constitution ruled that lands in a town or within 3 miles of the city limits must be sold in alternate lots of not more than 5 acres each. The Constitution also stipulated that not more than one-half of any land tract must be sold prior to 1910. Representative Orr stated the framers of the Constitution put those conditions in so the state would not sell all its land as it appreciated in value. Representative Orr said the House

Committee had concerns that HB 266 would override zoning laws, but he assured the Committee that it would not supersede zoning or subdivision laws.

Proponents' Testimony:

Jeff Hagener, Lands Division administrator, Department of State Lands (DSL), read from written testimony (Exhibit #1).

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Weeding asked Mr. Hagener if DSL regularly offers and sells properties within 3 miles of a city limit. Mr. Hagener said not usually, but the Department recently sold the Glendive landfill to the city of Glendive and had to divide the 120 acre tract into lots so they could be alternately sold at 2 different sales. DSL would like to avoid that at future land sales.

Closing by Sponsor:

Representative Orr closed and asked Senator Grosfield to carry HB 266.

HEARING ON HB 288

Opening Statement by Sponsor:

Representative Gary Feland, HD 12, said HB 288 was requested by DNRC to change oil and gas operating laws. He discussed House amendments to the bill.

Proponents' Testimony:

James Halvorson, petroleum geologist for the Board of Oil and Gas, expressed support for HB 288.

Doug Abelin, Northern Montana Oil and Gas Association, said his organization supports HB 288 as amended.

Opponents' Testimony:

Janelle Fallan, Montana Petroleum Association, said her organization has a problem with HB 288's requirement for filing

of information. She said she thinks the new language on the top of page 2 goes further than is necessary and is counterproductive to companies using patented technology. Ms. Fallan said operators will be less likely to use proprietary technology. She added the bill is not just asking for raw data, but for analysis of the data.

Questions From Committee Members and Responses:

Senator Keating asked Mr. Halvorson if formation samples and mud logs have to be submitted to the Oil and Gas Commission. Mr. Halvorson said the Commission receives the mud logs 95% of the time they are prepared. Senator Keating asked if cores must also be deposited. Mr. Halvorson stated a section of the drilling permit requires that all cores be forwarded to the USGS Core Repository in Denver. Senator Keating asked Mr. Halvorson if the Oil and Gas Commission was asking companies to prepare sample logs to submit to the Commission. Mr. Halvorson said mud logs would be prepared by a consulting firm at the site. Senator Keating said a core analysis is proprietary information and he does not think companies should have to file that information with the Department. Mr. Halvorson said the standard porosity and permeability report may be the Department's only data regarding well and field characteristics. He added that the report is not interpretive, and the Department had no intention of delving into proprietary information. Senator Keating said intent should be specifically stated in statute.

Senator McClernan said he was also concerned about disclosure of proprietary information.

Senator Weeding asked if it was the Oil and Gas Commission, rather than the Department of Natural Resources and Conservation, (DNRC), that requested HB 288. Dee Rickman, executive secretary, Board of Oil and Gas, said the Board is affiliated with DNRC for administrative purposes. She said any legislation the Board requests must go through the Department.

Senator Weeding asked if bond forfeiture is the main point of the bill. Ms. Rickman said the bond forfeiture provision is a clarification of what the Board is currently doing, they just wanted to have the language cleaned up in statute.

Senator Tveit asked if the reason for placing the bond forfeiture provision in the bill is to strengthen the role of the Board of Oil and Gas. Ms. Rickman said the rules currently provide for bond forfeiture, but the statute does not specify that it is a penal sum.

Senator Tveit asked how long the Board holds information the companies submit. Ms. Rickman responded that all data submitted to the Board is a matter of public record.

Senator Bartlett asked if deleting the idle well fee rendered the fiscal note moot. Representative Feland said the fiscal note was no longer relevant.

Closing by Sponsor:

Representative Feland asked the Committee to consider Ms. Fallan's suggestions.

EXECUTIVE ACTION ON HB 266

Motion/Vote:

Senator Swift MOVED HB 266 BE CONCURRED IN. Motion CARRIED, with Senators Bianchi, Weldon and Swysgood absent at the time of the vote.

HEARING ON HB 393

Opening Statement by Sponsor:

Representative Douglas Wagner, HD 8, said DSL requested HB 393 so it could more efficiently manage its brush disposal account and its timber stand improvement account. He said it has been hard to differentiate between the two accounts since the work being done on the ground fits into either category. Representative Wagner stated HB 393 would allow the Department to eliminate needless paperwork and bookkeeping. He added the Department currently has no authority to spend money for road maintenance or weed control unless it can be accomplished through a timber sale. Passage of HB 393 would give DSL the authority to spend that money.

Proponents' Testimony:

John North, DSL, said HB 393 replaces two existing fees and adds additional ways the proceeds may be used. He stressed that the fee is assessed by the Board of Land Commissioners on a case by case basis.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Grosfield asked Mr. North by what guidelines the Board of Land Commissioners assess fees.

Jeff Jahnke, DSL, said the fee level is based on the Department's estimates of the costs of reforestation and brush disposal. He said HB 393 allows for combining the two fees, but DSL has no intention of immediately raising the fee amount. Mr. Jahnke stated DSL is in the process of developing a statewide plan, and may want to revisit the fees at the completion of the plan.

Senator McClernan asked Don Allen, Montana Wood Products Association, to comment on the bill. Mr. Allen said HB 393 will allow DSL to operate more efficiently.

Referring to page 3, line 7, Senator Grosfield said the money can be used to acquire access and maintain roads, not to build them. He asked how a road could be built if access is acquired but there is no road on the land. Mr. Jahnke stated road construction is usually part of a timber sale.

Senator Bartlett asked if weed control and road maintenance are included in any of the fee uses itemized on page 3. Mr. Jahnke stated that those uses would be included in subsection (d).

Senator Hockett asked if the legislature must appropriate money for reforestation projects. Mr. Jahnke said every legislative session, DSL goes through the appropriation process for brush disposal and timber stand improvement projects. Senator Hockett commented the state is shorting itself by seeking revenue from timber sales, but not reforesting adequately.

Closing by Sponsor:

Representative Wagner said HB 393 would allow DSL to operate more efficiently by combining the brush disposal and timber stand improvement accounts into one. He added it would provide for more effective management of the state's resources.

EXECUTIVE ACTION ON HB 393

Motion/Vote:

Senator Weeding moved HB 393 BE CONCURRED IN. The motion CARRIED with Senators Swysgood and Doherty absent at the time of the vote.

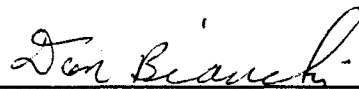
EXECUTIVE ACTION ON HB 150

Motion/Vote:

Senator Hockett MOVED HB 150 BE CONCURRED IN. Motion CARRIED with Senators Swysgood and Doherty absent at the time of the vote.

ADJOURNMENT

Adjournment: 4:05 p.m.



SENATOR DON BIANCHI, Chair



LEANNE KURTZ, Secretary

DB/lk

ROLL CALL

SENATE COMMITTEE Natural Resources DATE 3/10/93

NAME	PRESENT	ABSENT	EXCUSED
Bianchi			✓
Hockett	✓		
Bartlett	✓		
Doherty	✓		
Grasfield	✓		
Keating	✓		
Kennedy	✓		
Swift	✓		
Suysgood	✓		
McClerman	✓		
Treit	✓		
Weeding	✓		
Weldon	✓		

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 11, 1993

MR. PRESIDENT:

We, your committee on Natural Resources having had under consideration House Bill No. 266 (first reading copy -- blue), respectfully report that House Bill No. 266 be concurred in.

Signed: Don Bianchi
Senator Don Bianchi, Chair

m - Amd. Coord.
 Sec. of Senate

Grosfield
Swift
Senator Carrying Bill

551018SC.Sma

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 11, 1993

MR. PRESIDENT:

We, your committee on Natural Resources having had under consideration House Bill No. 393 (first reading copy -- blue), respectfully report that House Bill No. 393 be concurred in.

Signed: _____

Don Bianchi
Senator Don Bianchi, Chair

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 11, 1993

MR. PRESIDENT:

We, your committee on Natural Resources having had under consideration House Bill No. 150 (first reading copy -- blue), respectfully report that House Bill No. 150 be concurred in.

Signed: Don Bianchi
Senator Don Bianchi, Chair

M- Amd. Coord.
 Sec. of Senate

Bianchi
Senator Carrying Bill

551020SC.Sma

TESTIMONY OF JEFF HAGENER
LANDS DIVISION ADMINISTRATOR

ON

HOUSE BILL 266
SENATE NATURAL RESOURCES

March 10, 1993

SENATE NATURAL RESOURCES
EXHIBIT NO. 1
DATE 3/10/93
BILL NO. HB 266

House Bill 266 is being introduced by request of the Department of State Lands to encourage greater bidding potential on parcels of state land offered for sale within three miles of a city or town. The Department does not subdivide and sell land on a regular basis. However, we currently have subdivided tracts to sell in only one location near Billings. Under current law, the Department must offer the parcels alternately at regular land sales. The Department no longer holds regular land sales. Furthermore, the Department believes that allowing consecutive lots for sale adds value to the lots in the eyes of a developer who would like to develop several lots. Owning consecutive lots for development allows the developer to save money in construction costs by having the ownership adjacent and thereby saving on transportation of materials and labor, and development of community utilities, water and sewer and other community amenities.

HB 266 eliminates the alternate lot requirement and the regular land sale provision. In order to allow the Department to comply with its Constitutional mandate to maximize monetary return from the disposition of state lands, the Department of State Lands respectfully requests passage of HB 266.

DATE 3/10

SENATE COMMITTEE ON Natural Resources

BILLS BEING HEARD TODAY: HB 266, HB 288, HB 393

Name

Representing

Bill
No.

Check One
Support Oppose

Janelle Falken	Mt Petroleum	288		X
Jeff Hagener	OSL	266	X	
JAMES W. HALVORSON	DNRC - O&GAS	288	X	
Doug ABELIN	NMORA	288	X	
John North	State Land	266 393	X X	
Don Allen	Nat. Wood Product Assoc	393	X	
Jeff Johnke	DSL	393	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY