

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By CHAIRMAN ROGER DEBRUYCKER, on January 21,
1997, at 8:00 A.M., in Room 201

ROLL CALL

Members Present:

Rep. Roger DeBruycker, Chairman (R)
Sen. Thomas F. Keating, Vice-Chairman (R)
Sen. Larry L. Baer (R)
Rep. John Johnson (D)
Sen. Linda J. Nelson (D)
Rep. William R. Wiseman (R)

Members Excused: None

Members Absent: None

Staff Present: Roger Lloyd, Legislative Fiscal Division
Theda Rossberg, Committee Secretary

Committee Business Summary:

HEARINGS: DEPARTMENT NATURAL RESOURCES & CONS.
Oil & Gas Division
Water Resources Division

EXECUTIVE ACTION: DEPARTMENT NATURAL RESOURCES & CONS.
Oil & Gas Division
Forestry Division
Water Resources Division

Tape 1,A
Speed 2.4

{Tape: 1; Side: A; Approx. Time Count: 0; Comments: Tom Richmond
from the Oil & Gas Division visited by conference call with the
committee concerning the budget.}

Questions and Responses:

REP. WISEMAN asked if the Board of Oil and Gas approved the
budget and if they were aware of the additional FTE request.

Mr. Richmond said the staff puts together the budget and they
were aware of the additional FTE request.

*{Tape: 1; Side: A; Approx. Time Count: 4,5; Comments: REP.
WISEMAN asked Mr. Richmond several budget related questions.}*

CHAIRMAN DEBRUYCKER asked Mr. Richmond what the qualifications of an Oil and Gas Board member were.

Mr. Richmond replied there were qualifications in the statute. Three members must represent the industry, two members must be landowners and two public members.

Larry Brown, Montana Oil and Gas Association said the intent was to raise the fees to a \$300 ceiling because some of the EPA grants were not available any more.

He stated that they want primacy, but the state should look very closely at the program to insure there isn't a duplication between the federal and the state program.

CHAIRMAN DEBRUYCKER asked Judy Phelan, Member of the Board of Oil and Gas if the board could set the fees.

Ms. Phelan replied that the board did have the say concerning the fee amounts.

{Tape: 1; Side: A; Approx. Time Count: 25.6; Comments: Discussion on the costs of the fees continues.}

Questions and Responses:

REP. WISEMAN asked if the Board of Oil and Gas had discussed raising the fees from \$200 to \$300.

Ms. Phelan replied that had been discussed and if there was excess funds the money would be returned to the operators. It could be possible that the fees could even be lower than the \$200.

{Tape: 1; Side: A; Approx. Time Count: 32.1; Comments: .}

Bud Clinch, Director Department Natural Resources and Conservation said his understanding was that if there were no federal funds available that they would need to increase the fees to \$300.

EXHIBIT 1, Page C-163. He said reference was made that there were 28 staff people, but there were only 17.5 FTE'S in the Oil and Gas Division.

{Tape: 1; Side: A; Approx. Time Count: 35.6; Comments: .}

DEPARTMENT OF DNRC

EXECUTIVE ACTION OIL AND GAS DIVISION

Motion/Vote: SEN. BAER MOVED TO RECONSIDER THE BUDGET IN THE OIL AND GAS DIVISION. Motion carried unanimously.

Motion: SEN. BAER MOVED TO REDUCE THE FTE REQUEST BY ONE FTE IN THE OIL AND GAS DIVISION.

Discussion:

BUD CLINCH explained the FTE in the Oil and Gas Division.

REP. WISEMAN said he had a problem with 5 FTE and 1,000 wells, which would amount to 200 wells per FTE per year which would be 4 wells per week. He asked what they did the rest of the time.

Mr. Clinch said the 5 FTE were used for the normal inspection of reclamation and well plugging. The 1,000 injection wells would only use 3 FTE of which 2 FTE would be involved with clerical, record keeping, justification, reporting and etc. That would leave only 1 FTE for the inspections.

{Tape: 1; Side: A; Approx. Time Count: 44.0; Comments: Discussion on FTE'S in the Oil and Gas Division continues.}

Discussion:

Mr. Clinch asked Mr. Richmond if he would respond to the workload in the UIC program and if it was necessary to have 3 FTE to meet the needs of the 1,000 wells.

Mr. Richmond explained that for the primacy application from the EPA that they had to guarantee that each well would be inspected at least once a year and witness no less than 25% of the MIT'S and another 25% of the unscheduled MIT'S.

Mr. Richmond explained what the duties were of the 3 FTE'S.

Tape 1,B
Speed 2,4

{Tape: 1; Side: B; Approx. Time Count: 0; Comments: SEN. BAER continued discussion on the FTE in the Oil and Gas Division.}

{Tape: 1; Side: B; Approx. Time Count: 7.7; Comments: .}

Amended Motion/Vote: REP. WISEMAN MOVED TO AMEND SEN. BAER'S MOTION TO APPROVE TWO FTE AND DESIGNATED ONE FOR THE MANAGER OF THE PROGRAM AND ONE FOR A FIELD INSPECTOR. Motion failed 3-3 with SENATORS KEATING, NELSON AND REP. JOHNSON voting no.

Motion Withdrawn: SEN. BAER WITHDREW HIS ORIGINAL MOTION.

Motion/Vote: SEN. WISEMAN MOVED TO CLOSE THE HEARING ON THE OIL AND GAS DIVISION. Motion carried unanimously.

{Tape: 1; Side: B; Approx. Time Count: 12.4; Comments: .}

EXECUTIVE ACTION FORESTRY DIVISION

EXHIBIT 2, Page C-190. BUDGET ITEMS:

4) Equip-PL-HB 2:

Discussion:

Mr. Artley reviewed Item 4.

Mr. Lloyd explained that the amount that was appropriated last year was different than what was actually spent.

Motion/Vote: SEN. KEATING MOVED TO APPROVE \$71,190 IN FISCAL 1998 AND \$55,690 IN FISCAL 1999 FOR EQUIPMENT. Motion carried unanimously.

5) Leased Vehicle Replacement:

Mr. Artley explained they were not proposing to lease any vehicles and would result in a reduction for leased vehicle replacement.

Motion/Vote; SEN. KEATING MOVED TO APPROVE \$7,320 IN FISCAL 1998 AND \$8,750 IN FISCAL 1999 FOR LEASED VEHICLE REPLACEMENT AND REDUCE ITEM 4 (EQUIPMENT) BY \$16,694 GENERAL FUND, \$10,186 SPECIAL REVENUE IN FISCAL 1998 AND REDUCE GENERAL FUND BY \$35,094 AND SPECIAL REVENUE BY \$10,186 IN FISCAL 1999. Motion carried unanimously.

6) Administrative Workload:

Mr. Artley explained that due to reorganization those should not have shown up in their budget. The amounts should be \$27,000 in

FY98 and \$14,600 in FY99. He reviewed what those expenses consisted of.

Motion/Vote SEN. NELSON MOVED TO APPROVE THE ADMINISTRATIVE WORKLOAD OF \$27,000 IN FISCAL 1998 AND \$14,600 IN FISCAL 1998. Motion carried unanimously.

7) Forest Practices:

Mr. Artley explained that was those were for fines and penalties that had accumulated over the last 3 years for the streamside management program. The request would help fund those audits.

Motion/Vote: SEN. KEATING MOVED TO APPROVE \$9,443 IN FISCAL 1998 AND FISCAL 1999 FOR FOREST PRACTICES. Motion carried 5-1 with CHAIRMAN DEBRUYCKER voting no.

8) Community Forestry:

EXHIBIT 2, Page C-191. Mr. Lloyd reviewed the LFD Issues on the Community Forestry program.

{Tape: 1; Side: B; Approx. Time Count: 27.6; Comments: .}

Mr. Artley explained that Community Forestry funds were from federal grants and there was no general fund. The federal auditors require a return of federal funds that were not spent. Therefore, the budget amounts should be \$61,040 and in the second year \$61,306.

Motion: REP. JOHNSON MOVED TO APPROVE \$61,040 IN FISCAL 1998 AND \$61,306 IN FISCAL 1999 FOR THE COMMUNITY FORESTRY PROGRAM.

Discussion:

Mr. Lloyd explained that if that was a one-time only appropriation, it would be in the base.

Amended Motion/Vote: SEN. BAER MOVED TO AMEND THE MOTION WITH LANGUAGE STATING THE INCREASES OF \$24,000 IN THE FIRST YEAR AND \$23,266 IN THE SECOND YEAR FOR COMMUNITY FORESTRY BE A ONE-TIME ONLY APPROPRIATION. EXPENDITURES FROM THOSE APPROPRIATIONS WOULD NOT BE IN THE BASE FOR THE NEXT LEGISLATURE. Motion carried 4-2 with SEN. BAER and REP. WISEMAN voting no.

Original Motion/Vote: Motion carried 4-2 with SEN. BAER and REP. WISEMAN voting no.

Mr. Artley said that Items 9, 10, 11 and 12 were eliminated so there was no action taken.

13) Fire Assessment Reorganization:

Discussion:

Mr. Artley said the program had become automated for fire assessments. The counties have automated the county tax records with the Department of Revenue.

SEN. KEATING stated that Items 13, 14 and 15 were for fire suppression activities.

13) Fire Assessment Reorganization: \$7,000 each year of the biennium.

14) Fire Instructions: \$1,000 each year of the biennium.

15) NFM Analysis: \$10,000 each year of the biennium (one time only)

Motion/Vote: SEN. KEATING MOVED TO APPROVE ITEMS 13, 14 AND 15. ITEM 15 RESTRICTED TO ONE-TIME ONLY. Motion carried unanimously.

16) Excess Property Workload:

Mr. Artley explained that they had a couple of contract screeners to help acquire federal excess personal property. They don't receive any salary, but asked if they could be reimbursed for mileage. He discussed contracting for some screeners.

Motion/Vote: SEN. KEATING MOVED TO APPROVE \$5,000 EACH YEAR OF THE BIENNIUM FOR EXCESS PROPERTY WORKLOAD. Motion carried 4-2 with REP. WISEMAN and CHAIRMAN DEBRUYCKER voting no.

17) Vehicle Repair/Maintenance:

EXHIBIT 3. Mr. Artley stated he had a substitute proposal to replace Item 17.

Discussion:

Tape 2,A
Speed 2.4

{Tape: 2; Side: A; Approx. Time Count: 0; Comments: Discussion continued on the Vehicle Repair/Maintenance.}

EXHIBIT 4, Page C-195. Mr. Lloyd explained that the funding was from general funds that would be appropriated as a fire supplemental and the federal government would reimburse the state for those costs.

Discussion:

Mr. Artley explained the fire supplemental.

Motion: REP. WISEMAN MOVED TO APPROVE \$250,000 EACH YEAR OF FEDERAL FIRE REIMBURSEMENT REVENUE FOR VEHICLE REPAIR AND MAINTENANCE,

Discussion:

Mr. Lloyd explained that the two proposals were separate. The \$250,000 is for a different program. Part of the reimbursement from the federal government will be for the use of a vehicle.

Mr. Artley reviewed the expenditures.

Vote: Motion carried unanimously.

EXHIBIT 5. Proposed Language for HB 2 for the Forestry Division.

Motion/Vote: REP. WISEMAN MOVED TO APPROVE THE PROPOSED LANGUAGE FOR HB 2. Motion carried unanimously.

{Tape: 2; Side: A; Approx. Time Count: 34.1; Comments: Budget Items continued .}

18) Inter Agency Contracts:

Mr. Artley said the request was for \$7,500 each year of the biennium instead of \$34,542. The request was to fund fire protection contracts with the BIA, Flathead agency, and Bureau of Land Management for protection of state and private lands.

Motion/Vote: SEN. NELSON MOVED TO APPROVE ITEM 18, WITH THE ADJUSTMENT OF \$7,500 EACH YEAR. Motion carried unanimously.

19) Land Rental:

Mr. Artley said Item 19 was an increase in rental for lands, fire lookouts, etc.

Motion/Vote: SEN. KEATING MOVED TO APPROVE ITEM 19. Motion carried unanimously.

20) Training Aircraft:

Mr. Lloyd said there was an additional request for rent in the air operations. He said the amount appropriated would be general fund.

Discussion:

Mr. Artley said they train the crews just as if they were going in a helicopter to actually fight a fire.

Motion/Vote: REP. WISEMAN MOVED TO APPROVE ITEM 20. Motion carried unanimously.

21) Aviation Facilities Rental:

Motion: SEN. KEATING MOVED TO APPROVE ITEM 21.

EXHIBIT 6, Hanger Rental Proposal. Mr. Artley explained that the National Guard hanger would soon be vacated and they were interested in having the division rent space from them.

Motion Withdrawn: SEN. KEATING WITHDREW HIS ORIGINAL MOTION.

Motion/Vote: SEN. KEATING MOVED TO APPROVED THE HANGER RENTAL PROPOSAL. Motion carried unanimously. See EXHIBIT 6.

Mr. Lloyd said the committee should consider what the base should be two years from now for the general fund transfer to the proprietary fund. The committee should consider some language directing the department to use a certain figure as the base for transfer to the general fund.

Mr. Lloyd calculated that base to be approximately \$335,000.

Motion/Vote: SEN. KEATING MOVED LANGUAGE THAT SAYS THEIR BASE WOULD BE \$335,000. Motion carried unanimously.

22) Cost Share Fire Training:

Mr. Artley explained the sharing of fire training.

Discussion:

Motion/Vote: SEN. KEATING MOVED TO APPROVE ITEM 22. Motion carried unanimously.

{Tape: 2; Side: A; Approx. Time Count: Approximately 55;
Comments: .}

Discussion:

No action was taken on Item 23, HRA Funding Shift and Other Base Adjustments.

EXECUTIVE NEW PROPOSALS:

1) Community Forestry FTE: See EXHIBIT 4.

Tape 2,B
Speed 2.4

{Tape: 2; Side: B ; Approx. Time Count: 0; Comments: Mr. Artley mentioned that there were no federal funds for that program.}

Motion: SEN. JOHNSON MOVED TO APPROVE THE NEW PROPOSAL NO. 1.

Discussion:

SEN. KEATING asked if the department was only asking for spending authority.

Mr. Artley replied that was correct and only federal funds were used for that program.

Vote: Motion carried 4-1 with REP. WISEMAN voting no.

Mr. Lloyd reviewed the Program Issues for Federal Fire Reimbursements. See EXHIBIT 4.

EXHIBIT 7, Page 196. Mr. Lloyd reviewed the Fire Protection Assessment and a language proposal.

Motion/Vote: REP. WISEMAN MOVED TO APPROVE LANGUAGE IN HB 2 TO SWITCH GENERAL FUND AUTHORITY WITH STATE SPECIAL REVENUE. Motion carried unanimously.

EXHIBIT 8, Page G-92. Mr. Lloyd said his analysis were based on what was submitted by the Office of Budget and Planning. However, the department had a revised budget.

EXHIBIT 9. Mr. Lloyd explained that the Scheduled Projects were not included in the original budget. He said the committee would have to approve the rates.

Motion/Vote: SEN. KEATING MOVED TO APPROVE THE RATES AS SHOWN IN EXHIBIT 9. Motion carried unanimously.

Motion/Vote REP. WISEMAN MOVED TO CLOSE THE FORESTRY DIVISION. Motion carried unanimously.

{Tape: 2; Side: B; Approx. Time Count: 15.7; Comments: .}

HEARING WATER RESOURCES DIVISION

Jack Stultz, Water Resources Division said that he supervises the regional offices.

Dave Jones, Chairman of the County Water Districts from Hingham and Paul Russette, Coordinating Committee representing the Rocky Boy rural water system gave testimony on their water problems.

EXHIBIT 10. Mr. Stultz reviewed the proposal for a rural pipe-line for drinking water.

Discussion:

SEN. KEATING said they were proposing to take water from one basin and move it to another. He wondered if there was any problem with that.

{Tape: 2; Side: B; Approx. Time Count: 30.8; Comments: .}

EXHIBIT 11, Page C-176 explains the Rocky Boy proposal.

Paul Russette, representing the Chippewa Cree Tribe said they had discussed the issue with the Blackfeet Tribe and they have a claim on the Marias River for all the water that flows off the reservation and all of the drainages associated with that river.

He said they were hoping that Congress would allocate that water to the tribe so that the federal government could it in trust for the tribe and would become part of the quantified tribe's water rights.

{Tape: 2; Side: B; Approx. Time Count: 40.2; Comments: .}

Questions and Responses:

SEN. KEATING asked if the individuals would be willing to pay the cost for that pipe-line for the drinking water.

Mr. Jones stated that because of the EPA regulations their water was not safe to drink.

SEN. NELSON inquired as to how deep their wells had be to find good water, or isn't there any good water.

Mr. Jones answered that they had to abandon all of their wells.

Mr. Russette explained that their wells were from 200 to 250 feet deep and the EPA has put restrictions on all of their water.

Mary Vandebosch, DNRC stated that the current population for the study area was 40,000 and predicted population would be 52,000.

{Tape: 2; Side: B; Approx. Time Count: 44.2; Comments: Continued discussion on the proposed water system.}

Tape 3,A
Speed 2.4

Mr. Russette said that **Dan Keil** from Conrad said that they were interested in participating in the feasibility study.

Mr. Stultz stated there were 8 communities involved in the beginning and currently there were 45 communities involved.

Bruce Sunchild, Councilman Chippewa Cree Tribe said he was in full support of the water proposal. That proposal will benefit all of the highline and reservations and a lot of people in different directions. The committee's favorable consideration of the proposal would be greatly appreciated by the Tribe.

EXHIBIT 12. House Bill 2 Language presented by **Mr. Lloyd** that was discussed the day before.

ADJOURNMENT

Adjournment: 12:00 P.M.



REP. ROGER DEBRUYCKER, Chairman



THEDA ROSSBERG, Secretary

RD/TR