

## **MINUTES**

### **MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON NATURAL RESOURCES**

**Call to Order:** By CHAIRMAN LORENTS GROSFIELD, on February 14, 1997, at 3:00 P.M., in Room 405.

#### **ROLL CALL**

**Members Present:**

Sen. Lorents Grosfield, Chairman (R)  
Sen. Vivian M. Brooke (D)  
Sen. Mack Cole (R)  
Sen. Thomas F. Keating (R)  
Sen. Dale Mahlum (R)  
Sen. Bea McCarthy (D)  
Sen. Ken Miller (R)  
Sen. Mike Taylor (R)  
Sen. Fred R. Van Valkenburg (D)

**Members Excused:** Sen. William S. Crismore

**Members Absent:** None

**Staff Present:** Larry Mitchell, Legislative Services Division  
Gayle Hayley, Committee Secretary

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

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: SB322, SB323, SB332, SJ7  
Posted: February 11, 1997  
Executive Action: None

#### **HEARING ON SB 323**

**Sponsor:** SEN. JOHN HERTEL, SD 47, Moore

**Proponents:** Dolores J. Rife, Lewistown  
Nita Periman, Anaconda  
William MacBride Jr., Attorney for Dolores J. Rife

**Opponents:** David W. Woodyerd, Attorney from Bitterroot Valley  
Bill Long, Financial Director, MT Land Reliance  
Lisa Bay, Wolf Creek  
Zack Worth, Rancher, Wolf Creek  
REP. CHASE HIBBARD, HD 54, Helena

**Informational:** Pat Graham, Director, MT Fish, Wildlife, & Parks  
John Bloomquist, MT Stockgrowers Association

**Opening Statement by Sponsor:**

SEN. JOHN HERTEL, SD 47, Moore, said a particular concern was the need to provide a guarantee that adjacent landowners would have the right to access their property, have utilities extended to them, if necessary and be able to develop and use their lands. He said especially in northern and eastern Montana, where oil and gas had been developed, the mineral and service estates had been severed and owned by different parties. SB 323 would prevent the use of conservation easements in situations where there was a severed mineral estate unless the mineral owner also agreed to the conservation easement. SEN. HERTEL said he wasn't aware of a present problem in this area but as conservation easements became more widely used, it was necessary to prevent these problems from happening in the future. He stated that public right-of-access for hunting on lands with conservation easements needed to be addressed. He admitted this provision was quite controversial and one or more controversial portions in the Lewistown area was the manner of regulating hunting. Both the Department of Fish, Wildlife and Parks and landowners agreed a very limited number of hunting parties would be allowed on the property and the landowner would have the exclusive right to determine whose parties were eligible to hunt; however, many of the hunting groups were opposed to that. Some were concerned there would be a potential for a private hunting club at public expense.

SEN. HERTEL said his proposal would direct the Department to develop an objective in a nondiscriminatory way to ensure the public would be able to use easements for hunting. He said SB 323 didn't regulate in any way the number of hunters to use the easements.

**Proponents:**

Dolores J. Rife, Private Citizen, read her written testimony. (EXHIBIT 1) and submitted a petition (EXHIBIT 2).

LeRoy Thomsen, Private Citizen, could not attend but sent his written testimony with Dolores J. Rife (EXHIBIT 2A).

Nita Periman, Private Citizen, said she lived next door to a game ranch, explaining Fish & Game was a good neighbor but when a neighbor was an agency of the government, any decisions it made could have a significant impact on a person's property. She said when the Fish & Game closed its gate, winter recreationists could be forced to use their property as a parking lot. She suggested legislators had the responsibility to protect private property rights, explaining sometimes the agency's decisions could cause a hardship on adjacent property owners; she believed the affected party should have some say in things. She reiterated she didn't have any problems with the agency but she believed strongly

guidelines should be set in order to protect the rights of the public as well as private property owners. **Ms. Periman** urged the Committee's support of SB 323.

**William L. MacBride, Jr., Attorney Representing Dolores J. Rife**, said SB 323 was essentially a Property Rights Protection bill, explaining the original statute set forth the number of restrictions to access of protections of conservation easement, one of a "bundle of sticks" of property rights which a property right owner had. There would be some who would say a neighbor adjacent to a landowner already had property rights and had a right to enforce and protect his own individual property rights; however, if that was the case, he wondered why restrictions were set forth in support of these voluntary permissive conservation easements. Some would also say any restrictions on these conservation easements could impact the right-thinking citizens under conservation easement; however, that should raise a flag if there was a problem -- why were restrictions in conservation easements needed. He asked why adjacent landowners were being defended and why must they go to court to protect their rights. He suggested restrictions weren't necessarily needed in the original statute; however, since they were there, they needed concurrent protection for those adjacent nearby landowners.

**Mr. MacBride** said regardless of the individual private interests which were of paramount concern, the concern of Creeping Land Use Restrictive or overreaching program was also one. He explained in public domain land or federal land, lands which were not withdrawn, reserved or set aside as wilderness were open for multiple use; however, that multiple use concept was generally under attack as far as adjacent activities went. He referred to activities in the Sweet Grass Hills and said there was a stated purpose to utilize conservation easements to restrict activities of the vested property owners adjacent to those public lands. In a national forest, an analysis of neighboring property rights were used to determine what uses would be made of public lands. He said that was a concern for Montana as well as other states, explaining in Utah the counties fought back on those public lands which were not withdrawn, reserved or restricted by taking matters into their own hands and ensuring intended roadless areas weren't abandoned, but utilized. **Mr. MacBride** summarized by saying those were areas of concern for which to show support; however, he was not in opposition to conservation easements, but favored recognition of the neighboring private property rights.

#### Opponents:

**Dave Woodyerd, Private Citizen**, said he and his brothers owned some property in the Bitterroot Valley in Ravalli County which had a conservation easement. He said recently an adjoining landowner publicly advertised his property for sale and one of the advertised things was the property adjoined a piece of property which had a conservation easement. **Mr. Woodyerd** said that raised two issues: (1) They felt their property value was

improved; (2) One right of the conservation easement was to put a house on a portion of that property, and a likely spot for that house was in the view of the advertised piece of property. He said he was concerned the language of SB 323 was the adjoining land owner could interfere with his and his brothers' property rights in order to develop property pursuant to conservation easements because it did provide for that kind of development.

**Mr. Woodyerd** said he wasn't sure this language actually accomplished that, but it raised the right of action on the part of the adjacent landowner who purchased that property under the impression he was receiving this view which would not be altered by the building of a house. He said he was opposed to this legislation because it could interfere with property rights of the person with the conservation easement.

**Bill Long, Montana Land Reliance**, read his written testimony.  
(EXHIBIT 3)

**Lisa Bay, Private Citizen**, said she and her husband had a conservation easement on a 300-acre ranch in Wolf Creek. She said they didn't presume to tell their neighbors how to use their property and she and her husband hoped the neighbors wouldn't tell them how to use theirs. She said their interpretation of SB 323 made them fearful that could happen. She urged the Committee's opposition to SB 323.

[????] **Olson, Private Citizen**, said she managed 4,000 acres of conservation easement land. It was the best thing that ever happened to her; therefore, she strongly opposed any interference.

**Zack Wirth, Private Citizen**, said they used a conservation easement to save their ranch and they felt SB 323 could be read to reduce the attractiveness of a conservation easement to further people who would use the same tools as they did to save their ranch from being subdivided. He urged the Committee to kill the bill.

**REP. CHASE HIBBARD, HD 54, Helena**, said he was a rancher by profession and knew of one instance where a conservation easement was used as an estate-planning tool to keep a fourth-generation Montana ranch in the family. He said he also managed professionally a 10,000 acre ranch in the Martinsdale area which had a conservation easement; in no way had it limited any agricultural operations on the ranch because it farmed, harvested timber, had crops, irrigated, etc. He couldn't think of any way any of the neighbors' rights were threatened in the slightest way. He asked the Committee to look very carefully at this legislation.

{Tape: 1; Side: A; Approx. Time Count: 3:40 p.m.}

Informational Testimony:

John Bloomquist, Montana Stock Growers Association, said he was neither a proponent nor opponent of SB 323 because his Association's policy with conservation easements was that it was an individual landowners' choice. He said the IRS treasury regulations were significant, intricate and interwoven on conservation easements and involved deductibility for income tax purposes, as well as for estate purposes and basis reduction. He referred to Page 2, Lines 9-12, and said the language regarding the IRS regulations on post-1976 severances of mineral interests probably needed some adjustment to comply with those treasury regulations for deductibility and basis reduction. He suggested minimally, there needed to be an addition that the mineral owner, in addition to voluntarily conveying a several-mineral interest, could also subordinate a conservation easement because many times for deductibility or basis reduction, that subordination of the mineral interest needed to be done in order for the IRS to recognize that deduction. He offered to work with the sponsor of the Committee to ensure there weren't any unintended results.

Questions From the Committee:

SEN. BEA MCCARTHY asked when a rancher signed an easement with Fish & Game, was there a standard form or was each one worked on individually. Pat Graham, Fish & Game, said each was worked out individually.

SEN. MCCARTHY referred to the one at Lewistown (EXHIBIT 1) and asked how it was related to the hunting allowed on the area and how was his Department able to check how much game was taken each year. Pat Graham said the numbers relating to the AUMs for both livestock and wildlife were mutually negotiated; the landowner concern being there would be more wildlife than they would care to winter and the Department's concern the livestock numbers would be in balance with the capacity of the land to support that much livestock. He said access for hunting was negotiated separately and was not a term of all the easements; the Department didn't determine a harvest rate on the land. Typically, what was negotiated was a minimum amount of public access.

CHAIRMAN LORENTS GROSFIELD asked about the potential for utilities and locking somebody in (not allowing that sort of thing) without notice to the parties and wondered how the Department normally did that. Pat Graham said their policy was to contact all adjacent landowners prior to the announcement for a public hearing on each of the easements prior to regional recommendation to the Commission. Ultimately, the landlord heard the issue; however, in this case near Lewistown, the Department violated that policy because some, but not all, of the landowners were contacted.

**CHAIRMAN GROSFIELD** asked if it was policies, and not rules. **Pat Graham** said the Commission had rules. **CHAIRMAN GROSFIELD** asked if the rules could be tightened a little. **Mr. Graham** said the contact of the neighbors was an error because the rules were adequate in that regard but the Commission didn't have the ability to address the issue of impacts to the neighbors, though it was perceived they did. He said he had discussed this with the Commission and came up with language in (EXHIBIT 4).

**SEN. FRED VAN VALKENBURG** said there had been no testimony before the Committee regarding Page 3 of SB 323, although it was thought it might generate some controversy. He wanted to ensure the Department didn't have some trouble with this provision which basically required if the Department was involved in a conservation easement issue it must make sure the private landowners maintained reasonable free access to the public on a nonpreferential and nondiscriminatory basis for hunting purposes. **Pat Graham** said there could be some objections (although not so much from the Department), they'd have to obtain reasonable, free access to the property; not all their conservation easements required access.

**SEN. VAN VALKENBURG** maintained once SB 323 passed, any easement they possessed would need that provision -- would the Department object? **Pat Graham** said it would probably create some difficulties with certain landowners who might not be willing to enter into agreements if public access was mandated as part of that agreement. He said public access was not mandated as part of their current program; however, they liked to get it when they could. He suggested it might inhibit their ability to get conservation easements, which might be more of a problem to the landowners than the Department.

**SEN. VAN VALKENBURG** commented **Ms. Rife** had claims in the "near by" category, as opposed to the "adjacent" category. **William MacBride** referred to the map (EXHIBIT 1) and said the red color was what **Ms. Rife** owned, the yellow color was unpatented mining claims. He said the property east of the red color was the Keefer easement and it overlapped the unpatented mining claims; therefore, they were "adjacent" and "nearby."

**SEN. VAN VALKENBURG** said his main concern was the use of "nearby", and wondered how it was defined because it seemed the unpatented claim was at least one section away from the area of the conservation easement. **Mr. MacBride** said a typical development or mine project would entail the entire land position, as a conservation easement entailed the entire position of the land on an easement. He agreed "nearby" was somewhat of a relative term but in this instance if **Ms. Rife** was developing mines on the fee land she would have to utilize the unpatented land as well.

**SEN. MIKE TAYLOR** asked if there were any statutes or actions taken against someone who had a land easement where adjacent

property wanted to do something else. **Mr. MacBride** said he wasn't aware of any but referred to the Keefer easements (**EXHIBIT 1**) and said there were a number of marked items which put the adjacent landowner in direct controversy with the grantor of the conservation easement. He used Page 6 (k) to illustrate, saying **Ms. Rife** had an access across Keefer property which was not for hunting or the hunting management program. He asked how a landowner, with that list of restrictions, could meet the obligations of a conservation easement, yet at the same time not infringe on the rights of the adjacent landowners. He contended the owners of the conservation easements were in conflict with the adjacent landowners.

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

**SEN. TAYLOR** said many easements had been granted in Montana which protected the wildlife and way of life for the farmers and ranchers. He referred to Page 3, Lines 5-7, of SB 323 and asked how that would affect property rights. **William MacBride** said it wouldn't affect their program because they dealt with private landowners; however, if they had to deal with something like this, the impact would be incredible.

**SEN. TAYLOR** asked what kind of impact there would be. **Mr. MacBride** said maintaining reasonable and free public access to private lands in terms of their programs.

**SEN. BEA MCCARTHY** asked if (**EXHIBIT 4**) addressed **Mr. Woodyerd's** house problem, and would he be able to build a house. **Pat Graham** said that language affected only the people with which you didn't have an easement.

**Closing By Sponsor:**

**SEN. JOHN HERTEL** agreed there were some places where amendments would be in order and the amendments offered by **Pat Graham** and Fish, Wildlife and Parks would be acceptable; so would the suggestions by **John Bloomquist**. He said they weren't trying to limit and regulate conservation easements because he felt they would become more popular as time went on. He said they were trying to ensure private property rights adjacent to these easements was respected. He stated his constituent who testified was threatened because access to her land was going to be altered to such a degree she wouldn't be able to work her mining claim in a way which was feasible for her. Also, it would limit the utility situations to her property which would definitely limit her. He reiterated how they were trying to protect private property and ensure rights of everyone would be adhered to.

*{Tape: 1; Side: B; Approx. Time Count: 4:00 p.m.}*

**CHAIRMAN LORENTS GROSFIELD** relinquished the chair to **SEN. KEN MILLER** so he could present SB 322.

HEARING ON SB 322

Sponsor: SEN. LORENTS GROSFIELD, SD 13, Big Timber

Proponents: Ray Beck, Administrator, Conservation and Resource  
Development Division, Dept. of Natural Resources  
Bill Snoddy, McDonald Gold Project  
Patrick Judge, MT Environmental Information Center  
Angela Janacaro, MT Mining Assn.  
Mark Simonich, Dept. of Environmental Quality

Opponents: None

Opening By Sponsor:

SEN. LORENTS GROSFIELD, SD 13, Big Timber, said SB 322 was an abandoned mine reclamation bill which tried to put significant money into the abandoned mine reclamation program and was already in effect; however, there currently wasn't much money for it. He said currently RIT had about \$600,000 per year which went to gas problems and SB 322 would put about \$700,000 per year (in a like fashion) into cleaning up mining problems. He expressed support for Amendments sb032201.alm (EXHIBIT 5), and explained the bill had \$700,000 but the amendment had \$500,000 -- they would talk about it later. He asked for favorable consideration for SB 322.

Proponents:

Ray Beck, Department of Natural Resources and Conservation (DNRC), said they administered the Reclamation and Development Grant Program which repaired, reclaimed and mitigated environmental damage to public resources from nonrenewable resource extraction. He said they had tried to keep this Reclamation Grant Program strictly to oil, gas and mining reclamation; currently, they had approximately \$1.1 million in abandoned mine projects and SB 322 would put in a guaranteed amount of \$500,000, which was a good idea. He said DNRC supported SB 322.

Bill Snoddy, McDonald Gold Project, said Montana was magnificent because of its mining past; however, that past produced 6,000 historic mining sites which needed to be reclaimed in order to protect future generations of Montanans. He said the Abandoned Mines Reclamation Bureau prioritized the top 300 of those sites at an estimated cleanup cost of more than \$120 million; however, at this time Montana had no dedicated account to provide funds for those cleanups. He felt the use of RIT money would be the appropriate source of revenue for these cleanups because the money came through natural resource industries which were paying the tax. He urged the Committee's support for SB 322 as amended.

Patrick Judge, Montana Environmental Information Center (MEIC), showed a picture of a Montana abandoned mine and called it an



"Obscenity Picture", explaining it was the cover picture for a magazine. He referred to the Legislative Policy Statement in Title 15, Chapter 38, Section 102, and said RIT spendable revenues should be spent to protect and restore the environment from damages resulting from mineral development. The purpose of fund usage was any funds available under this chapter shall be used and expended to improve the whole environment and to rectify damages. He said the statutory law reflected the mandate given in Article IX of the Montana Constitution; in fact, the RIT was listed under the section entitled, "Reclamation". **Mr. Judge** informed the Committee Montana had one of the best abandoned mine reclamation programs in the nation and they should be given the tools to continue to lead in this regard. He asked support for the bill.

**Angela Janacaro, Montana Mining Association**, said the tax was created to remediate past environmental problems and strongly supported the concept of cleaning up these damages.

**Mark Simonich, Department of Environmental Quality (DEQ)**, said the Department supported the bill because it focused dollars on the cleanup of abandoned mine sites throughout Montana, which would be helpful to Montanans.

Opponents: None.

Questions From Committee Members and Responses:

**SEN. MACK COLE** asked if there was currently \$1.5 million for cleanup. **Ray Beck** said currently in the Reclamation Grant Program there was \$3 million; however, 95% of it was earmarked for reclamation. He said he recommended \$1.1 million to go for abandoned mine cleanup in the next biennium.

**SEN. COLE** asked if all the funds had come from mines. **Mr. Beck** said the money has come from the interest earned on the Resource Indemnity Trust Account.

Closing By Sponsor:

**SEN. LORENTS GROSFIELD** said the fact there were many people "singing the same song" indicated a lot of support for the bill.

**SEN. KEN MILLER** relinquished the chair to **CHAIRMAN LORENTS GROSFIELD** who had finished sponsoring SB 322.

HEARING ON SB 332

Sponsor: **SEN. KEN MILLER, SD 11, Laurel**

Proponents: **Jan Sensibaugh, Dept. of Environmental Quality**  
**Anne Hedges, MT Environmental Information Center**  
**Tom Daubert, Waste Management Inc.**

Opponents: None

Opening Statement by Sponsor:

SEN. KEN MILLER, SD 11, Laurel, said SB 332 dealt with waste tires because it was evident something needed to be done regarding bonding for a permitted disposal site or holding site which would allow later disposal of tires. He referred to a situation near Columbus where a person was collecting tires for the purpose of recycling (some estimates were .5 million) and there was a question of whether he would have the ability to clean it up because it was on state lands. He said it would have been helpful to have been able to ask for a bond of some type which would have allowed for money to clean up; if there had, there wouldn't be the problem today.

Proponents:

Jan Sensibaugh, Department of Environmental Quality (DEQ), said the bill would require tire landfills and retail recovery facilities for waste tires to provide financial assurance for closure, something which was always required for municipal landfill -- the Department felt tire facilities should also be covered. SB 332 would ensure a person could not accumulate a large number of tires and then abandon them or go out of business without leaving funds behind for the cleanup. She said the Department could accommodate the finances in this bill without an increase in funding. She expressed support for SB 332.

Anne Hedges, Montana Environmental Information Center, referred to several newspaper articles covering events which, if SB 332 passed, would no longer be taking place, i.e. illegal dumping of waste tires on vacant property one mile east of the Continental Divide, officials wondering if the state would get stuck with a five-acre scrap tire pile or a huge fire because someone was stockpiling tires. She said they strongly supported the bill.

Tom Daubert, Waste Management, Inc., said some folks had been permitted to have tire facilities which had not turned out to be quite as environmentally efficient. This bill would go a long way to ensure folks who implemented new, alternative ways to deal with tires wouldn't create a problem and then leave it behind.

Opponent: None.

Questions From Committee Members and Responses: None.

SEN. KEN MILLER said there was a need for the bill and said Brad Griffin, Retail Trade Association, was another proponent, though he couldn't be at the hearing. He asked the Committee to look favorably on the bill.

{Tape: 1; Side: B; Approx. Time Count: 4:20 p.m.}

HEARING ON SJR 7

Sponsor: SEN. THOMAS F. KEATING, SD 5, Billings

Proponents: Gail Abercrombie, MT Petroleum Assn.  
John R. Warne, Geologist, Billings  
Bob Fisher, Geologist, Billings  
Steve Durrett, Equitable Resources Energy Company,  
Billings  
Steven W. Van Delinger, Montana Geological Society.  
Larry Brown, Northern Montana Oil and Gas Assn.  
Robert Schalla, Equitable Resources Energy Company,  
Billings  
Ward A. Shanahan, Chevron USA  
Doug Abelin, Great Falls  
Patrick M. Montalban, MT Petroleum Oil and Gas  
Assn.

Opponents: Hope Stevens, Marysville  
Chuck and Sharon Blixrud, Seven Lazy P Guest Ranch,  
Choteau  
Chief Earl Old Person, Blackfeet Nation  
Richard Jackson, MT Outfitters and Guide Assn.  
Marlene Bear-Walker, Blackfeet Nation  
Jim Emerson, Private Citizen, Helena  
Steve Ellis, Private Citizen, Great Falls  
John Gatchell, MT Wilderness Association  
Stan Frasier, MT Wildlife Federation  
Mike Griffith, Lewis and Clark Board of County  
Commissioners  
Eric Rogue, Butte, Small Business Owner  
Bob Stevens, Helena  
Jim McDermand, Russell Country Sportsmen, Great  
Falls  
Max Barker, Dude Ranchers Association  
Will Boland, Social Worker, California  
Alice Stanley, Hydrologist, Environmental Consultant  
Lass Dudley, Outfitter, Augusta  
Bill Maloit, Backcountry Horseman of MT  
Doug Miller, Helena  
Mark Good, MT Wilderness Association  
Rebecca [????], Geologist  
Pat Judge, MT Environmental Information Center  
Margaret Adams, Upper Missouri Breaks Audubon  
Bob Decker, MT Wilderness Association

Opening Statement By Sponsor:

SEN. TOM KEATING, SD 5, Billings, said SJR 7 dealt with the Lewis & Clark National Forest Oil and Gas Leasing Draft Environmental Impact Statement (DEIS). He said the picture on the front of (EXHIBIT 6) showed a gas well in Blackleaf Canyon which was located in the middle of the area in which the Lewis & Clark National Forest was trying to establish an Environmental Impact

Statement (EIS) with rules and regulations. He said the EIS had several alternative possibilities and some allowed oil and gas exploration in the forested area while others restricted such exploration. **SEN. KEATING** stated he was bringing SJR 7 from the Montana Legislature to Congress and members of the Administration in Washington, D.C., to call their attention to the fact the public lands they held along the eastern front of the mountains were situated in Montana and multiple use of public domain in Montana could have a tremendous economic value because of development of the area oil and gas reserves. He said the letter would ask Congress to reconsider the EIS and not shut the extractive industries out of the forest to the detriment of Montana's economy.

Proponents:

Gail Abercrombie, Montana Petroleum Association, said (EXHIBITS 7,7A,7B) was her testimony.

John R. Warne, Independent Geologist, used the information in (EXHIBIT 8) as his testimony.

Robert Fisher, Ballard Petroleum, read his written testimony. (EXHIBIT 9,9A,9B,9C,9D,9E,9F)

{Tape: 2; Side: A; Approx. Time Count: 4:40 p.m.}

Steve Durrett, Professional Engineer, said he wanted to address the magnitude of resources Montana was being asked to give up under Lewis & Clark Alternative 7. He said the Lewis & Clark Forest had done an adequate job of evaluating its resources. He referred to (EXHIBIT 10) and said it was based on a single Waterton-sized gas field on federal lands in Montana, explaining Waterton was a 3.5 trillion gas field just across the U.S. border in Alberta and was a valid analog for the reserves found here. He reported he scheduled the first 50 years in detail and explained the charts in detail, adding the second sheet was based on 3% inflation and the third sheet on 5% inflation. He said some would attempt to trivialize the resource by saying it was only a three-month supply of gas and why do we need it? He suggested that logic could be extended to say Montana's entire wheat crop would feed the nation for only a week or two so why bother, or all the oil spilled in the Valdeze accident was only a 20-minute supply. **Mr. Durrett** contended this was a silly argument and said all needed to be aware of the resource they were giving up.

Steven Van Delinger, Montana Geological Society, read his written testimony. (EXHIBIT 11)

Larry Brown, Northern Montana Oil and Gas Association, said many technical and economic reasons had been heard as to why SJR 7 should pass, and said it was too bad it wasn't a bill. It required state agencies, the Governor, BLM, Forest Service, etc.,

to require this evaluation to be done correctly. He maintained the wilderness debates hadn't been particularly constructive for Montana; however, he stressed they weren't here to debate that and there was never any compromise on how much wilderness was enough. He said currently there were over 12 million acres of national parks, preserves, wilderness, etc., and a lot of that was productive land for timber, mining, grazing, recreation, etc. **Mr. Brown** reiterated it was too bad SR 7 wasn't a bill and thought the Forest Service was amiss to not draft the EIS in a more technical and objective manner. He agreed with previous testimony which said there was .02% land disturbance with technologies applied.

**Robert Schalla, Equitable Resources Energy Company**, said his purpose for speaking was to inform the Committee of the article published by John B. Curtis (**EXHIBIT 12**) and referred to the highlighted sections.

**Ward Shanahan, Chevron, USA**, used (**EXHIBIT 13**) to formulate his testimony.

**Doug Abelin, Private Citizen**, said he had been to Waterton; in fact, if a person went to Waterton Parks, he or she went through the active gas field and never knew that's what it was.

**Patrick Montalban, Montana Petroleum Oil and Gas Association**, said they totally agreed with all the previous testimony and said the most important part of the whole issue was tax dollars and jobs, which was what would come into Montana. He expressed support for SJ 7.

**Harold Yeager, Carolyn Salonsky, and Darlene Yeager** submitted written testimony, though they didn't testify in person as proponents. (**EXHIBIT 22**)

**Opponents:**

**Hope Stevens, Private Citizen**, read her written testimony. (**EXHIBIT 14**)

**Chuck and Sharon Blixrud, Seven Lazy P Guest Ranch & Wilderness Outfitters Association**, wanted to go on record as opposing oil and gas development in the Blackleaf area. He said they conducted pack trips throughout the Front area, took their guests on trails, etc., but would not continue to do so if the roads were put in. He said his ranch had a payroll of over \$60,000 last year and also purchased equipment, food and supplies from area suppliers. He stated his ranch had camps which offered hunting in the fall in the headwaters of the middle fork of the Flathead, explaining the headwaters were important because the wildlife wintered there -- any disruption in that area was bound to be detrimental. **Mr. Blixrud** said tourism was a growing and viable industry and suggested compatible, rather than multiple, use should be looked at. He distributed copies of (**EXHIBIT 15**).

**Chief Earl Old Person, Blackfeet Nation**, said when his people talked about the Badger-Two Medicine area they were people who didn't read or understand the modern language so they had interpreters. He said he disputed those interpreters because he was an interpreter and could never understand how they got across to the elders who didn't speak or understand the modern language. Yet the agreements contained X's marked by chiefs even though **Mr. Old Person** didn't think they fully understood what they were doing; however, it could never be proved. He said he wasn't speaking just for his traditions and religious purposes; they had an interest in that area and still claimed it. **Mr. Old Person** contended his people should have been given a chance to come to the Committee for the hearing so they could speak on SJR 7. He said not money, but people and resources, was what that land was all about. He stated there were oil and gas activities on the Blackfeet Reservation which were no longer up to par because the oil and gas market was down; yet, that was one of their resources. He said they had tried to attract oil companies to come to selected areas of their Reservation which could be developed but the oil companies always said there was nothing, even after they had raised the Tribe's hopes. He said the Tribe was requesting to be part of it and to have its portion, explaining they were supposed to be the first Americans. **Mr. Old Person** said he had been in Washington, D. C., and asked them what part the Tribe would play in the development and was told by one they had the minerals but by another 50%. He wondered who was telling the truth and wondered what they could do. He reminded the Committee the reservations were his people's homelands and they had contributed to America; also, any development done on the Reservation didn't stay with his people but helped others. He said his people on the Reservation were hurting and the Blackfeet Nation had a disaster and still did today; however, he had gone for emergency help and was always asked if they had done this or that so he always said to forget it because by the time emergency help came, it would be too late. He closed by saying his Tribe wanted a say in the oil and gas development; right now they didn't agree with it so he opposed SJR 7 on behalf of the Blackfeet Nation. (He also left copies of **(EXHIBIT 16)** with the Committee).

*{Tape: 2; Side: A; Approx. Time Count: 5:10 p.m.}*

**Richard Jackson, Montana Outfitters and Guide Association**, said they opposed SJR 7 because it attempted to circumvent the legal process and disregarded the time, effort and money the Forest Service had put into the draft of EIS. He explained there were several meetings during the public comment period at which about 90% of the comments were in opposition to the development of oil and gas along the Front. He said commercial outfitters helped make public lands available by providing a service which enabled access and enjoyment of Montana's wild lands. He said although they didn't generate millions of dollars in revenue, they made a significant contribution to state and local economies through the sale of resident and nonresident hunting, fishing and

conservation licenses as well as through tourism. **Mr. Jackson** suggested long term benefits of preserving the wildlands along the Rocky Mountain Front for generations to come outweighed the short term benefits of resource development. He said Montana's wildlands attracted visitors because they were nonexistent in other states, and urged the keeping of Montana the last best place by rejecting SJR 7. He also expressed support for **Chief Earl Old Person** of the Blackfeet Tribe.

**Marlene Bear-Walker, Blackfeet Nation**, referred to the Resolution of the Blackfeet Nation on December 5, 1996, and said as traditional stewards of the Badger-Two Medicine area, they intended to uphold their Resolution that there be no further development of this land for oil and gas drilling or any other commercial use (**EXHIBIT 16**). She reminded the Committee they had a treaty right and still claimed that. She read the testimony in (**EXHIBIT 16**) for the rest of her remarks.

**Jim Emerson, Private Citizen**, said the drive from the Rocky Mountain Front to Whitefish was a drive of power and beauty which was hard to explain and helped a person understand why the Blackfeet Nation considered it a religious area. He expressed gratitude for the representatives of the Blackfeet Nation who had just spoken and their request to save the area. He said he wanted the Committee to understand once the resources were gone from the ground, they were gone permanently; they would be more valuable if they would be developed only when needed. He urged the Committee to kill SJR 7.

**Steve Ellis, Private Citizen**, said he came from Tennessee but had been in Montana for about 35 years, but at times he returned to Tennessee for a family visit. He said not many people traveled to industrialized areas and "oohed and aahed" but when those people came to Montana, they could only "ooh and aah" over the magnificence. He said the Rocky Mountain Front had an intrinsic value and didn't have to be strictly of economic value to one group or another. He said he had no objection to oil and gas and mining at the proper time and place; however, he didn't feel turning the entire national forest system over to industry to make all possible extractions, was right. He said he understood when proponents urged the opponents to not take an extreme stance; however, he seemed to hear they were urged to take one particular position, which was the most extractive of all positions. He suggested all United States citizens had an interest in lands which belonged to it, i.e. public lands. He urged the Committee to kill SJR 7.

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**John Gatchell, Montana Wilderness Association**, read his written testimony. (**EXHIBIT 17**)

**Stan Frasier, Montana Wildlife Federation**, said SJR 7 was not about cubic feet of gas, barrels of oil, taxes or revenue, but

about greed and arrogance. He asked the Committee if it wanted to say they knew better than the 90% of the people who commented on the Forest Service plan. He said these were public lands and the public said they didn't want oil and gas drilling in that area. He suggested **SEN. KEATING** wanted to circumvent the process since he didn't get the outcome he wanted; however, if he didn't like it he could play with the process like the rest of the people had to. **Mr. Frasier** said more and more people were aware and willing to speak out about the importance of wild places and public lands, and of the sacrificing of these lands for the profit of a few industries. He contended if the Committee would tell these people it knew better than they, it better be set for a real fire storm.

**Mike Griffith, Lewis & Clark County Board of Commissioners**, said Lewis & Clark County, one of Montana's largest counties, spanned the Continental Divide and included significant portions of both the Helena and Lewis & Clark National Forests. He said since 1979, the Lewis & Clark Commissioners had taken a great interest and played an active role in the consideration of land management questions relating to the Rocky Mountain Front; even though there was a turnover in the Commissioners, its support hadn't wavered. He said the reason for this was they recognized the importance of the wild lands in the Front as a source of income and employment for Lewis & Clark County through outfitting, tourism, hunting, fishing and related enterprises. **Mr. Griffith** said they recognized the known value of these lands outweighed the potential and short-lived gains to be made by oil, gas or mineral development along the Front. He declared as active participants in the development of the Forest Services' EIS on the question of oil and gas leasing in the Helena National Forest, they viewed SJR 7 as unnecessary and damaging. He stated they were concerned about the effect of limiting public participation and determining the future management of public lands. He contended the public had spoken on this question and referred to a "Great Falls Tribune" article which said 90% of the comments received opposed oil and gas development in the Rocky Mountain Front. He said the Lewis & Clark County Commissioners urged the Committee to oppose the Resolution, explaining they weren't opposed to business development, socioeconomic conditions and future of Montana; however, since 1986, counties had been challenged by Initiative 105 and had to use imagination in order to generate additional revenues so services didn't have to cut. He referred to the comments about scenic beauty but suggested there was also scenic poverty.

**Eric Rogue, Private Citizen**, said he had time to review the information and EIS; in other words, they played by the rules through taking part in the process. He said he wondered, since 90% of the people opposed this Resolution, who the legislators represented. He suggested this circumvention was one reason the population didn't want to participate in voting, etc. He asked the Committee to respect the process and his viewpoint because he was a lifelong Montana resident and had been a small business



owner since he was 21. He remarked this was not a special interest, but a public process.

**Bob Stevens, Private Citizen,** said the Committee had just heard from the able lobbyists who beautifully orchestrated their data to overwhelm the Committee; however, he wondered why they failed in their letter writing campaign for the oil and gas development on the Rocky Mountain Front. He contended they developed counter measures because they were severely beaten in the currently still legitimate area of public activity and letter writing; however, he felt they were turning civic activity and letter writing into a folkloric legend, through which they would change the rules. He said the idea of the Resolution was to ask Congress to overturn the recommendations from the field; in other words, a neat power play. He commented if the Committee passed the Resolution, there would be angry people; in the meantime, the petroleum industry would be well advised to put the money into a technical research for new technology. He expressed strong opposition to the Resolution.

**Jim McDermand, Russell Country Sportsmen,** said testimony addressing the EIS and SJR 7 overwhelmingly showed the vast majority of Montanans felt there was more to value than just the dollar sign. He asked the Committee to please vote NO on SJR 7.

**Max Barker, Dude Ranchers Association,** said he wanted to be on record as opposing SJR 7. He used the money needed for acquisition of Virginia City and Nevada City to illustrate that the Rocky Mountain Front was already here and wouldn't cost Montana a dime. He said nearly 30 outfitters and five dude ranchers operated on that Front to provide recreational opportunities for people from all over the world. He said he didn't know which was worse -- roads or the smell of rotten eggs; however, he felt either (or both) would close down his and many other businesses. He referred to the idea of money being generated but asked why it was needed and what would be done with it. He maintained happiness was not for sale and couldn't be bought, no matter how much money there was.

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**Will Boland, Private Citizen,** said he was a Montana native who now lived in California; however, he returned as often as he could because of the wild, fresh, open, free, natural country. He said such country was fast disappearing in all areas because people valued development, progress and money instead of quality of life, which was represented by the Rocky Mountain Front. He maintained its natural pristineness and wildness should remain and suggested the Committee should consider whether it would go with the resource or with the money. He remarked he wasn't happy to be here at all, and wasn't pleased **SEN. KEATING** was using his political muscle in trying to push this legislation through in terms of what he didn't like; i.e. the industry didn't get everything it wanted. He stated that was an affront and reminded

the Committee many people spent a lot of time and money and though not everybody agreed with it, the decision was objectively made. He insisted the democratic process was valuable and was why they were here; therefore, they should be satisfied with the decision. He declared industry shouldn't be allowed to come through and grossly try to overturn the decision because it didn't agree; he felt the process should stop here because the Forest Service made the decision and all should go with it.

**Alice Stanley, Environmental Consulting Firm**, said by asking Congress to override the decision based on a public review process and public comment, the government was asked to take the responsibility away from the citizens. She asked the Committee to vote against the Resolution, thus supporting the idea of individual responsibility and active citizenship.

**Lass Dudley, Outfitter**, said they thought of and used the Front as a natural resource which was sustainable in its present state. She said they also considered the 100+ yearly clients they served as a renewable and sustainable resource. She said their business budget was \$130,000 a year, with much of it going to people in their town who owned small businesses. She repeated previous testimony that public outrage about participation in a lengthy process in good faith needed to be heard.

**Bill Maloit, Back Country Horsemen of Montana**, shared remarks from his written testimony. (EXHIBIT 18)

**Doug Miller, Private Citizen**, said he lived in Helena because he valued what was here.

**Mark Good, Montana Wilderness Association**, said he opposed SJR 7 and urged the Committee to let the process work. He also submitted (EXHIBIT 19)

**Rebecca [????], Geologist**, expressed opposition for SJR 7.

**Pat Judge, Montana Environment Information Center (MEIC)**, showed photographs taken of oil and gas development along the Rocky Mountain Front which had not worked, explaining it was a report on a blowout which occurred there and informed the Committee blowouts could be very dangerous and dramatic scenarios. He also had another photograph which showed sulphur deposits which occurred because of that blowout.

**Margaret Adams, Private Citizen**, said the Audubon Chapter in Great Falls, Upper Missouri Breaks, was totally against the development of the Rocky Mountain Front.

**Bob Decker, Montana Wilderness Association**, expressed opposition for SJR 7.

The following people sent written testimony but were unable to attend in person to express opposition:

Kurt J. Dyer, Private Citizen, Brady. (EXHIBIT 20)  
Nevin Guderian, Private Citizen, Lincoln. (EXHIBIT 21)  
David Hanna, Private Citizen, Choteau, signed the Witness  
Statement as an opponent to SJR 7.

Questions From Committee Members and Responses:

CHAIRMAN LORENTS GROSFIELD said both this and EIS were a public process and all were welcome to participate. Also, Montana was fortunate to have a citizen legislature and even though he was a cattle rancher, he introduced agriculture bills because he understood those issues. He said all legislators had their lives to which to return, which was appropriate in a citizen legislature. He agreed there was a lot of frustration regarding the EIS process; however, this was just a Resolution to be sent to Congress who usually didn't pay a lot of attention to them.

SEN. GROSFIELD reminded the testifiers there was another EIS process involving the New World Mine in Cooke City which was thwarted by people on the other side of the issue who were not satisfied with the process or with what they thought was happening. He affirmed this was a difficult issue; however, this Resolution as well as any other, introduced by any legislator was worthy of hearing.

SEN. DALE MAHLUM asked if SJR 7 passed, how would his grandchildren's air and water quality be affected 50 years from now. Pat Judge said one of the rarest natural formations in Montana would be lost; also, with any major developments there were environmental consequences. He suggested it was hard to know now what would happen in the future; therefore, they should be cautious.

SEN. MAHLUM asked if this were done, would it look like a reclaimed area. Steven Van Delinger said it would look even better because there was better technology today, explaining many reclamation sites had been reseeded with what the Forest Service suggested to the operator, which was grazing quality grasses.

SEN. MAHLUM asked if the outfitters could come across the pipelines. Steven Van Delinger said the pipelines would be buried under the access road, explaining with the actual physical impact being less than .02%, the roads could be contoured next to tree lines. As for the wellheads, there would be no big derrick.

SEN. FRED VAN VALKENBURG asked SEN. TOM KEATING if he was aware of any previous circumstance where the legislature had taken a position with respect to a preferred alternative that some entity of the federal government had recommended and was told he couldn't think of any.

SEN. VAN VALKENBURG asked about the time frame for public comment on the issue before the Committee. SEN. KEATING said he wrote his letter in October or November, 1996, and thought the period was August - December 8.

**SEN. VAN VALKENBURG** asked if his letter included a request the time frame be extended so the Legislature would have opportunity to comment before the time frame closed out. **SEN. KEATING** said he didn't, explaining his letter said he wondered if the people who were reviewing the EIS had taken into account the economic potential for that area and the minuscule impact on the environment. He said he thought since it was public domain and subject to multiple use, they hadn't given sufficient attention to the economic benefit as weighed against the environmental damage; therefore, he urged them to select Alternative 3.

**SEN. VAN VALKENBURG** asked if he had asked Montana legislators for comment and **SEN. KEATING** said he didn't.

**SEN. VAN VALKENBURG** said **Steve Gatchell** indicated Alternative 3 didn't recommend the kind of showcase operations which were referenced, and wondered if that was correct. **Steven Van Delinger** said it was a false statement because lease stipulations had nothing to do with the showcase, per se; however, under standard lease stipulations, the APD process could control any leasing development through the use of the Endangered Species Act or through the Groundwater Quality Act. He said when a well was staked on a standard lease stipulation location, they bore the expense of the permitting process where both the federal and state agencies would have a biologist, engineer, archaeologist, paleontologist, etc., on site. These people would tell them what to inventory and recommend whether the site was acceptable; if the agencies said it wasn't, they would be asked for help to move it. He said state and federal agencies were involved, as well as communities and preservation and wildlife societies, because they wanted to what was right. He said all people had their own specialties, and if they didn't understand something, there was suspicion. **Mr. Van Delinger** reiterated how they were very minimal with their impact.

**SEN. VAN VALKENBURG** said he asked a question and didn't want a speech, and that question was what was the connection between Alternative 3 and the showcase. **Steven Van Delinger** said there was none.

**SEN. VAN VALKENBURG** asked **Steve Gatchell** to respond because he felt the issue was important. **Mr. Gatchell** said the difference was **Mr. Van Delinger** was talking about intentions while he was talking about what was actually in the lease contract, explaining a lease contract gave the right to develop and SJR 7 proposed to extend those lease contracts throughout the Rocky Mountain Front; thus, it was an extreme proposal.

**SEN. VAN VALKENBURG** asked **Will Boland** what he did in California and was told he was a social worker.

**CHAIRMAN LORENTS GROSFIELD** said SJR 7 talked about selecting Alternative 3 and suggested the redrafting and correcting of deficiencies in the EIS, which was sort of the thrust of some of

the proponents' testimony in that they seemed to feel there were some economic factors which were not adequately considered in the process. He asked **Gloria Flora, Supervisor of the Lewis and Clark National Forest**, to comment on that. She said there were many ways the Forest Service and any other agency could respond to or supplement the EIS between the draft stage and the final, which was the purpose of having both. She said when the comments were received, they were responded to in some way between the draft and the final. They felt the comments in the Resolution had already been brought out so they were able to respond to them by simply using the normal process between the draft and the final. She explained a redraft as basically starting over.

**CHAIRMAN GROSFIELD** asked her if she heard anything in proponents' testimony which indicated comments not made in the DEIS process, i.e. had she heard anything new. **Ms. Flora** said she hadn't.

**CHAIRMAN GROSFIELD** asked for (and received) affirmation the proponents' comments heard were in the process and would be responded to in the process. **CHAIRMAN GROSFIELD** asked if there was a timeline indication and was told they had entered all the comments into a computer which would allow them to extract the information in various ways to ensure everyone's comment, yet not have repeat comments. **Gloria Flora** said they had been working on entering these comments since the beginning of December but it would probably be May before they could come out with a final because they wanted to make sure every concern raised would be addressed.

**CHAIRMAN GROSFIELD** asked how many comments there were and was told about 1,695.

**CHAIRMAN GROSFIELD** referred to testimony which said 90% of the comments were directed against oil and gas exploration and asked if that made a big difference in the federal and legal process. **Ms. Flora** suggested the crux of natural resource management decisions today was how should public comment be weighed (human dimension) with the biological and physical dimension in order to make a rational and reasonable decision. She reiterated it wasn't a vote; if a person commented, he or she would be speaking with one voice. In other words, if a person got many persons to parrot his or her comments, it would still count as only one vote because they weren't counting heads. **Gloria Flora** said they were trying to look at the substance of the issue, and weigh that against the information they already had and took it into account. She said both she and her supervisors felt strongly it was their responsibility because they were stewards and public servants; therefore, public comments had to be weighed with professional expertise, yet those professionals should not be allowed to become arrogant.

**CHAIRMAN GROSFIELD** wondered which state agency had been involved and **Gloria Flora** said they had not had significant participation (partner at the table) from a state agency in the development of

the draft; however, they had provided comments and been part of the discussion regarding the nuances of the DEIS in terms of talking with the Department of Commerce to ensure the accuracy of the facts and figures, DEQ to ensure the assumptions regarding hydrology were correct, Montana Fish, Wildlife & Parks since wildlife was a key issue. In other words, they had been involved as consultants. She said they also used industry in the process which painted what would logically happen if the alternative was proceeded with, based on what was presently known. **Ms. Flora** said those reasonably foreseeable developments were crafted with the help of BLM, who were experts in petroleum development as well as many industry representatives. She said she was very proud of the document.

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**Ms. Flora** said the decision had a lifespan of about 10 to 15 years and they tried to be sensitive to the fact they were making a decision about a nonrenewable resource; therefore, the consideration was a bit different.

**SEN. VAN VALKENBURG** asked, other than Congress requiring the Forest Service to redraft DEIS, what effect the passage of SJR 7 would have on its process. **Gloria Flora** said she understood it to be a nonbinding resolution, legally, because it was from the state to the federal government; however, that didn't mean it would be ignored because they took it seriously and didn't like to appear to be working in opposition or being insensitive to input, even input from the state legislature.

**SEN. VIVIAN BROOKE** asked if the human impact (increase in numbers) was taken into consideration. **Ms. Flora** said it was addressed in the socioeconomic impact section as to what happened in communities when there was a sudden influx or departure of people as well as if a community just continued to grow.

**SEN. BROOKE** asked how the Blackfeet Nation fit into the NEPA process. **Gloria Flora** said they were a separate nation and they had a government-to-government relationship with them; however, she didn't think a Resolution from the Blackfeet Nation carried only the same weight as an individual commentator because they were a government who had treaty rights which needed to be respected.

**SEN. BROOKE** asked if there were quite a few comments from the Blackfeet Nation. **Ms. Flora** said there were quite a few comments; however, one of the problems with the public involvement process in a predominantly white society was the offensiveness to the Blackfeet culture of the speaking time limit. Therefore, they had a number of meetings with them which lasted a long time -- they preferred to communicate with the Tribe orally so there was not a stack of written letters, and the Tribe preferred to speak through their Tribal Council.

**CHAIRMAN GROSFIELD** expressed appreciation to **Gloria Flora**, as a representative of the federal government, for attending and helping in the process.

**Closing By Sponsor:**

**SEN. TOM KEATING** said some of the proponents were constituents from his Senate District and it was at their request he made application for SJR 7. He said there were 800,000 people in Montana and up to 1,700 made comments regarding the DEIS; he suggested more Montanans should be aware of what was going on in their backyard. He wondered if anyone realized the huge economic potential in their backyard; therefore, he came to the citizen legislature with a Resolution to present the arguments of both the proponents and opponents. He referred to the information regarding the mine at Cooke City being in the EIS process when the environmentalists appealed to President Clinton who stopped the process and negotiated a deal using public funds for the buy-out of a private corporation to get them to stop mining. **SEN. KEATING** said he didn't seek an audience with the President himself, but he got it to the legislative body of Montana because the land was located within the boundaries of this sovereign state and had a great deal of value to its people. In addition, it was public domain so it belonged to all the people of the United States; if they benefited from multiple use, that ought to be given greater consideration.

**SEN. KEATING** referred to **SEN. VAN VALKENBURG's** question of whether anything else had gone through the Legislature regarding the interference of the EIS process and said he thought of the numerous times they allowed permitting under existing statutes, explaining when permits were issued under the parameters in the statutes, those who had been in the process of offering comment to the study for environmental assessment for EIS didn't like the results of the state action, they could go to court for redress in being ignored by the Legislature. He contended his bringing SJR 7 before the Committee was no different from those seeking redress for their point of view under other avenues for informing people in authority what was going on.

**SEN. KEATING** addressed the statement of conflict of interest and said he was leasing in this area in the early 1950's and was in the Blackleaf Canyon before anybody heard of public lands or DEIS. He said he had purchased leases from the Blackfeet Tribe, was involved in the development on the Blackfeet Reservation and had drilled several gas wells on the Blackfeet leases; the Tribe was happy to receive the royalty and oil and gas lease payments. He said he also leased oil and gas leases from the federal government on public domain along the mountain front before there were stipulations on the lease forms. **SEN. KEATING** said he had been involved in oil drilling in the area and reminded the Committee 80 wells were drilled in the overthrust of Wyoming before the first discovery and thought there might have been eight or ten dry holes along the Rocky Mountain Front.

He said the acreage involved was roughly 1 million and if the oil and gas industry was allowed to work in this area, there would be one well per square mile, and the amount of impact would be 30 wells to 30 square miles; on the other hand, the outfitters and wilderness people would have around 1,600 square miles of this acreage in which they could function and not be impacted in the least bit by oil and gas activity. There would be no rotten egg smells or no derricks, pipes, etc., to interfere with their guided tours of the Bob Marshal Wilderness, which was not affected at all by this.

**SEN. KEATING** pointed out the outfitters industry was dependent on tourists driving to Montana, and this country imported 50% of its annually consumed crude oil; therefore, if there was no oil and gas in the United States, the tourists couldn't drive out here. He maintained all had to cooperate because one hand washed the other; he suggested the oil and gas industry was compatible with any condition, including the North Slope, jungles, prairies and mountains. People didn't object to leasing in the past.

**SEN. KEATING** reminded the Committee a few minutes ago before the Committee there was a bill which would set up an account to reclaim mines at \$700,000 per year, and the money would be a statutory appropriation from the interest income from the Resource Indemnity Trust Fund, which was currently at about \$95 million, 65% of which was paid for by the .05% tax on oil and gas. He said the environmentalists wanted the money to reclaim the mines but they didn't ask from where the money came. It came from the interest income on oil and gas money which was set aside for the purposes of raising money for reclamation; in other words, the oil and gas industry paid the tax so the mining industry and environmentalists could reclaim scratches on the earth's surface.

**SEN. KEATING** contended the industry deserved recognition for the contribution they made to Montana and its people, explaining they had paid over \$160 million per year in taxes to Montana. He reiterated no real damage of any sort would be done to the acreage within the area which was under discussion. He reminded the Committee some of the first oil wells in Montana were drilled at Kempler Lake, which was now within Glacier Park; in fact, there were still remnants of the old rig and old steam plant as well as two open holes in the ground from which oil could be drawn. He said the industry didn't destroy or desecrate Glacier Park because it was instituted after that. **SEN. KEATING** said the industry wanted a fair shake and he didn't like being maligned by those who think that if they were allowed to explore, they would make a mess of the area. He maintained they didn't get a fair shake through the EIS because even though they maintained 80-90% of the letters were in favor of Alternative 7, he insisted that was a vote basis. He said he was appealing to the Legislature and Forest Service to take all things into consideration (economics and mitigated environmental disturbances). He

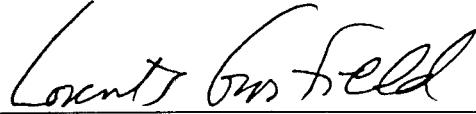


affirmed it was an emotional issue but guaranteed the beautiful country would not be ruined.

**CHAIRMAN LORENTS GROSFIELD** expressed thanks to everyone who attended the hearing, especially those who had come from some distance.

ADJOURNMENT

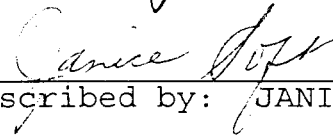
**Adjournment:** The meeting adjourned at 6:30 p.m.



SEN. LORENTS GROSFIELD, Chairman



GAYLE HAYLEY, Secretary



Transcribed by: JANICE SOFT

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