

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
FREE CONFERENCE COMMITTEE ON HOUSE BILL 573**

Call to Order: By **CHAIRMAN MACK COLE**, on April 18, 2001 at 12:35 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Keith Bales, Chairman (R)
Sen. Mack Cole, Chairman (R)
Sen. William Crismore (R)
Rep. Gary Matthews (D)
Rep. Alan Olson (R)
Sen. Glenn Roush (D)

Members Excused: None.

Members Absent: None.

Staff Present: Holly Jordan, Committee Secretary
Mary Vandebosch, Legislative Branch

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

Committee Business Summary:

Hearing(s) & Date(s) Posted:
Executive Action: HB 573

EXECUTIVE ACTION ON HB 573

{Tape : 1; Side : A; Approx. Time Counter : 0.1}

Ms. Vandebosch passed out the grey bill **EXHIBIT**(frh87hb0573a01).

Motion: 8. 0 moved that **AMENDMENTS HB057309.amv AND HB057312.amv BE ADOPTED.**

Discussion:

REP. BALES stated those are the amendments indicated on the grey bill.

Ms. Vandebosh explained the amendments.

REP. MATTHEWS asked, would there be any offsetting wells permitted prior to when the EIS is completed? **Ms. Vandebosh** stated, this section would not authorize permitting of any offset wells.

SEN. ROUSH asked **John North, DEQ**, regarding the immediate effective date, what is your interpretation of section 7 of the grey bill? **Mr. North** stated that section 3 would not take effect until the EIS is done. DEQ's main concern with the applicability statute is that it preserves the integrity of the EIS. **REP. ROUSH** asked, would the department support going back to the subject date in section 7? **Mr. North** stated, the department would have no problem with that. The EIS would need to be completed before permits would be issued.

REP. OLSON asked **Mr. North** what is the time line of the EIS. **Mr. North** deferred the question to **Rebecca Watson, Redstone**. She stated that the date of completion is March of 2002.

REP. BALES stated that he just spoke with the acting director of the BLM in Miles City and he said that as far as Miles City is concerned the March 2002 date is still the target date.

REP. BALES explained an amendment on page 3, line 6, of the grey bill. It would strike "disposal" and "as provided" and insert "allowed" where "as provided" was.

Motion/Vote: **REP. BALES** moved that **AMENDMENT ON PAGE 3, LINE 6, AS ABOVE STATED, BE ADOPTED. Motion carried unanimously.**

SEN. ROUSH asked for more discussion on the effective date.

REP. OLSON asked **SEN. ROUSH** are you concerned with a date on section 3? **SEN. ROUSH** stated that he was looking at the date in section 7.

REP. BALES stated, new section 7 of the grey bill deals with section 3.

REP. OLSON asked, section 3 would then have an effective date and the rest of the bill would be effective upon passage and approval?

REP. BALES stated that he is comfortable with either the contingency or a specific date.

REP. ROUSH asked **Mr. North** to reply to the date on section 7.

Mr. North explained the department's position on the dates. **REP. ROUSH** asked, then striking June 1, 2002 is acceptable? **Mr. North** stated yes.

REP. BALES stated, section 3 does not necessarily affect DEQ it primarily affects the Board of Oil and Gas in that it directs them, in a drainage situation, to issue a permit. He asked **Mr. North**, does DEQ have anything to do with that? **Mr. North** stated, the department does if there is a discharge permit applied for in conjunction with that.

REP. MATTHEWS asked **Mr. North** to explain section 4 and the passage and approval date. **Mr. North** explained the department's position on that. The language in the grey bill is appropriate that the EIS has to be completed before state actions are taken.

REP. OLSON asked **Mr. North** is there anything other than discharge permits that the DEQ would have regulatory oversight on? **Mr. North** state no. **REP. OLSON** asked, so if there was no discharge the DEQ would not be involved, correct? **Mr. North** stated yes.

REP. OLSON stated that he is under the impression that the Board cannot permit coal bed methane wells outside of the agreement in the lawsuit unless the EIS is completed. He asked **Ms. Watson** if that is her understanding. **Ms. Watson** stated that the settlement agreement constrains the Board from permitting wells. Protected drainage wells may be drilled on state land.

REP. OLSON asked **Mr. North** conceivably could the BLM be complete with their EIS before the state is done? **Mr. North** stated, that is conceivable but that is not the plan. This is a joint state and federal EIS. **REP. OLSON** asked, if that was to happen then conceivably there should probably be a date in this to prevent drainage of state and private minerals, correct? **Mr. North** stated conceivable that is true.

SEN. COLE asked **Mark Hayes** to comment on this issue. **Mr. Hayes** stated that he has problems with inserting SB 160 language into HB 573 and giving the coal bed methane water a third classification.

SEN. GROSSFIELD stated that SB 160 died in the Senate Agriculture committee.

REP. COLE stated, this language was not in SB 160.

REP. OLSON stated that he would like to see an effective date in section 3.

SEN. COLE asked, does this concern have to do with the combined EIS?

REP. OLSON stated yes, occasionally joint efforts fall apart.

SEN. COLE stated that he does not want to see this go prior to the EIS being completed.

SEN. COLE asked **Mr. North** if he thinks the EIS joint effort will continue. **Mr. North** stated, it is both agencies intent to stay together.

REP. BALES stated, the drainage in Wyoming occurred because of MEPA. Hopefully the EIS will not be delayed. Every day that goes by there is the possibility that the state of Montana is losing value in their School Trust Lands. How much loss are we going to allow?

REP. MATTHEWS asked **REP. BALES** how many wells are we talking about within a 1 mile radius? **REP. BALES** stated that he did not know but he doesn't think there will be very many.

REP. OLSON stated he is concerned if there is a split in the EIS what will the effect on Montana be?

SEN. COLE stated that he does not want a date that would get out ahead of the EIS. He would rather see the bill stay as it is.

Vote: The motion that **AMENDMENTS HB057309.amv AND HB057312.amv BE ADOPTED. Motion carried 5-1 with Matthews voting no.**

Motion/Vote: **REP. BALES** moved that **HB 573 DO PASS AS AMENDED. Motion carried 5-1 with Matthews voting no.**

ADJOURNMENT

Adjournment: 1:05 P.M.

SEN. MACK COLE, Chairman

HOLLY JORDAN, Secretary

MC/KB/HJ

EXHIBIT (frh87hb0573aad)