

OFFICE OF THE GOVERNOR  
STATE OF MONTANA

STEVE BULLOCK  
GOVERNOR



MIKE COONEY  
LT. GOVERNOR

May 8, 2017

The Honorable Corey Stapleton  
Secretary of State  
State Capitol  
Helena, MT 59620

Dear Secretary Stapleton:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto Senate Bill (SB 93), "AN ACT REVISING OIL AND GAS OPERATIONS' NOTICE REQUIREMENTS; REQUIRING NOTICE BE PROVIDED TO CERTAIN PROPERTY OWNERS; DEFINING TERMS; REQUIRING NOTICE TO ALLOW FOR THE EVALUATION OF DRILLING AND COMPLETION OPERATIONS; AND AMENDING SECTIONS 82-10-502 AND 82-10-503, MCA."

SB 93 weakens existing notification standards passed by the Board of Oil and Gas Conservation (Board) by reducing the notification distance from 1,320 feet to 990 feet and eliminating notification requirements to any occupied structures "suitable for human occupancy," such as schools, offices, and hospitals.

The existing notification standards were put into place by the Board on December 14, 2016, after nearly 20 months of work and deliberation. As a result, the Board adopted a notification rule that enables a landowner to work with oil and gas companies to address concerns or bring concerns to the Board of Oil and Gas Conservation. The notification rule came about after the Board formed a committee to examine whether to adopt a numeric setback limit for how close oil and gas wells could be to any structure. While the Board ultimately decided to forego setback regulations, it did pass the current notification rule because it would allow the board to consider establishing conditions for issuance of a drilling permit near an occupied structure. This process was heavily vetted and is a compromise between landowners' and the industry's interests.

Concerns were raised by proponents of SB 93 that the Board may not have authority to pass a notification rule. This was considered and explicitly addressed during the Board's public comment period. The Board determined that it has the authority to adopt this rule under 82-11-122, 82-11-127, 82-11-134, and 82-11-141, MCA, and the Board voted to adopt the drilling notice requirement prior to the legislative session.

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The current rule, adopted after a nearly 20-month review of the merits, considerations, and legality of establishing drilling notification for adjacent landowners, is weakened by SB 93.

For these reasons, I veto SB 93.

Sincerely,



STEVE BULLOCK

Governor

cc: Legislative Services Division  
Scott Sales, President of the Senate  
Austin Knudsen, Speaker of the House