



AN ACT PROVIDING FOR A TRANSFER OF FUNDS FROM THE ORPHAN SHARE STATE SPECIAL REVENUE ACCOUNT TO THE COAL BED METHANE PROTECTION ACCOUNT; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION TO ALLOW CONSERVATION DISTRICTS TO PROPERLY ADMINISTER THE COAL BED METHANE PROTECTION PROGRAM; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

WHEREAS, the Coal Bed Methane Protection Act requires the distribution of coal bed methane protection account funds in accordance with section 76-15-905, MCA; and

WHEREAS, a long-term coal bed methane protection account and program were established by the Legislature in 2001, with rules and procedures established in 2005 and 2011, to compensate private landowners and water rights holders for damage to soil, crops, and water quality and availability attributable to the development of coal bed methane; and

WHEREAS, stakeholders have worked extensively to create baseline data for producers and water users affected by coal bed methane development; and

WHEREAS, conservation districts with coal beds within their exterior boundaries or with water sources, land values, or agricultural production adversely affected by the extraction, development, or both extraction and development of coal bed methane administer the program; and

WHEREAS, conservation districts have established procedures for evaluating claims for compensation submitted by a private landowner or a water rights holder, and conservation districts can approve or deny claims for compensation and also receive compensation for their administrative expenses under the program, which is overseen by the Department of Natural Resources and Conservation; and

WHEREAS, the Department is responsible for administering funds in the account for use by the conservation districts and is responsible for approval of a conservation district's procedures for evaluating claims for compensation under the program; and

WHEREAS, to encourage a consistent approach among conservation districts administering the program, representatives from the Big Horn, Custer, Carbon, Carter, Powder River, Rosebud, Treasure, Wibaux, Garfield,

Gallatin, Yellowstone, and Prairie Conservation Districts have prepared procedures, guidelines, and claim forms; and

WHEREAS, the Department's role is limited to approval of the conservation district's rules and administration of funds, and the Department does not have review authority over conservation district decisions or actions implementing the program; and

WHEREAS, under the Coal Bed Methane Protection Act applications for compensation may be made only for private lands and private water rights; and

WHEREAS, the Powder River Conservation District approved five landowner claims in fiscal year 2015 and fiscal year 2016; and

WHEREAS, the five claims totaled more than \$131,000 for diminished well water for livestock and homes; and

WHEREAS, an additional fiscal year 2017 claim is pending for property located in the Powder River Basin; and

WHEREAS, the approved claims were completed after the 2015 legislative session and could not be considered for funding; and

WHEREAS, methane gas in drinking water has increased in some wells, reducing pumped water well flow; and

WHEREAS, gas levels can be unsafe in some situations; and

WHEREAS, coal bed methane production has potentially depleted aquifers and reduced pressure in some saturated coal seams, facilitating the release of methane gas; and

WHEREAS, depleted coal bed aquifers can take decades to recover to the levels they were prior to coal bed methane production; and

WHEREAS, depleted coal bed aquifers affect private water wells and can cause a decrease in or absence of water pumped from wells; and

WHEREAS, depleted coal bed aquifers also can result in an absence of flow from artesian or flowing wells; and

WHEREAS, depleted coal bed aquifers continue to produce methane gas in the absence of active coal bed methane industry pumping; and

WHEREAS, gas tends to move up in elevation and potentially migrate from downslope bedrock areas in Wyoming to upslope bedrock areas in Montana and into water wells; and

WHEREAS, coal bed methane resources remain available for future use, and there is a potential for

future activities to affect private landowners, creating the potential for more claims; and

WHEREAS, Montana's conservation districts support continued funding for the program; and

WHEREAS, the 2011 Montana Legislature transferred \$8.5 million from the coal bed methane protection account to the guarantee account for distribution to school districts, and money in the account remains subject to legislative fund transfers each session; and

WHEREAS, \$190,000 is the minimum amount necessary to address coal bed methane program budget challenges and represents only about 31% of a fully funded biennial program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Transfer. By June 10, 2017, the state treasurer shall transfer \$190,000 from the orphan share state special revenue account established in 75-10-743 to the coal bed methane protection account provided for in 76-15-904.

Section 2. Appropriation. For the biennium beginning July 1, 2017, there is appropriated \$190,000 from the coal bed methane protection account provided for in 76-15-904 to the department of natural resources and conservation to support the coal bed methane protection program and to address claims approved and pending approval.

Section 3. Notification to tribal governments. The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell Chippewa tribe.

Section 4. Effective date. [This act] is effective on passage and approval.

- END -

I hereby certify that the within bill,
HB 0344, originated in the House.

Speaker of the House

Signed this _____ day
of _____, 2017.

Chief Clerk of the House

President of the Senate

Signed this _____ day
of _____, 2017.

HOUSE BILL NO. 344

INTRODUCED BY G. CUSTER

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