



July 20, 2011

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## *Heard It Through The Pipeline*

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### **JUDGE RULES AGAINST THE NATIONAL WILDLIFE FEDERATION**

Judge Hegel of Baker ruled in favor of the State Board of Oil and Gas Conservation, Fidelity E&P and MPA in a lawsuit filed by the National and Montana Wildlife Federations. NWF/MWF claimed that the checklist environmental assessment used by the MBOGC failed to do adequate MEPA review when they issued drilling permits for 23 wells on private land on the Cedar Creek Anticline near Baker. The trial was held last May and many have been waiting to see how the Judge would respond. This is a very important decision for operators in Montana since the lawsuit was on the procedure used by the MBOGC. Had the plaintiffs prevailed the entire checklist EA process used by MBOGC would have been called into question. MPA suggests that your environmental folks read the attached decision. A news article on the case can be viewed at: [http://helenair.com/news/judge-state-gave-sage-grouse-due-consideration/article\\_a5aab3dc-af74-11e0-86a9-001cc4c002e0.html](http://helenair.com/news/judge-state-gave-sage-grouse-due-consideration/article_a5aab3dc-af74-11e0-86a9-001cc4c002e0.html)

### **JUDGE GRANTS INJUNCTION ON LARGE LOAD TRANSPORT**

A District Court judge has upheld a request by Missoula County and three conservation groups (including the National Wildlife Federation) to stop the Kearl Module Transportation Project — and its trucking of giant oilfield equipment modules through western Montana.

Judge Ray Dayton of Anaconda issued his decision to partially grant a preliminary injunction against the Montana Department of Transportation and Imperial Oil/Exxon Mobil shortly before 5 p.m. Tuesday.

Read more: [http://helenair.com/news/judge-stops-transport-of-megaloads/article\\_17cdecf6-b293-11e0-920c-001cc4c03286.html#ixzz1SeoPqxkv](http://helenair.com/news/judge-stops-transport-of-megaloads/article_17cdecf6-b293-11e0-920c-001cc4c03286.html#ixzz1SeoPqxkv)

### **MONTANA DEQ PUBLISHES RULE NOTICE FOR AIR REGISTRATION PROGRAM**

Do you remember all the discussions between EPA and Montana Department of Environmental Quality (MDEQ) regarding approval of Montana's air registration program for our well facilities? On May 18<sup>th</sup>, MDEQ gave several presentations at an MPA E&S committee meeting in Billings and several of those presentations dealt with the work they had to get done to resubmit the air registration program amendment to Montana's State Implementation Plan (SIP). MDEQ has opened the public comment period on that work.

MDEQ is asking for comments on the submission of Montana's Oil and Gas Registration Program rules to EPA for inclusion in our SIP. As you know, Montana provides the option for registering oil and gas well facilities that are subject to air quality permitting requirements. The MDEQ rules are posted at

<http://deq.mt.gov/pubcom.mcp>x scroll to the August 18<sup>th</sup> meeting labeled “Demonstration”. Please note the hearing and the deadline for written comments are both August 18<sup>th</sup>. MPA will have further information on these rules through the MPA Environment and Safety Committee.

## **ENERGY AND TELECOMMUNICATION INTERIM COMMITTEE**

There were three items on the interim committee’s July 15 agenda that are worth mentioning. First, the committee work plan had a hydraulic fracturing (HF) agenda item and raised some concern that we would have a committee dealing with HF issues during the interim. That was not the case, the committee would like a presentation on the new rules being promulgated by the Montana Board of Oil and Gas Conservation (MBOGC). The committee has scheduled Mr. Tom Richmond, MBOGC Administrator to give a presentation on the HF rule at the next meeting. The committee work plan did not contain any more time expended on fracturing.

Chairman, Alan Olson, placed a segment on the agenda dealing with carbon capture and sequestration. Tom Richmond gave a presentation on the work that is being done with MBOGC regarding filing an application for primacy on class 6 wells. MBOGC is working with to submit a package to EPA.

Last, there was extensive discussion about the one call bill for underground infrastructure. In the last session a committee of interested parties representing most of the owners of underground infrastructure worked to develop a bill. [HB 503](#) did not pass the session and was opposed by several telecom groups. The ETIC is committed to developing a bill that address Montana’s inadequate one call program. Failure to bring the Montana program into compliance with Federal guidelines could lead to a federally operated program in Montana. Most of the MPA members with pipeline infrastructure are probably already part of the Montana Liquid and Gas Pipeline Association working on this issue. MPA encourages you to check HB 503 at the link above. HB 503 looks to be a starting point for work on a committee bill for the 2013 session and MPA would be interested in your thoughts.

There are several areas that the committee will be studying, most of them related to other energy areas. The work plan with the committee’s selections can be seen here : <http://leg.mt.gov/content/Committees/Interim/2011-2012/Energy-and-Telecommunications/Meeting-Documents/September-2011/final-matrix.pdf>

## **SJ 17 INTERIM STUDY ON CENTRALLY ASSESSED AND INDUSTRIAL PROPERTIES**

[SJ 17](#) directed the Revenue and Transportation Interim Committee (RATIC) to study the centrally assessed and large industry property taxes. RATIC met on June 15-16 and they have a study plan which can be viewed here: <http://leg.mt.gov/content/Committees/Interim/2011-2012/Revenue-and-Transportation/Meeting-Documents/June%202011/SJR17STUDYPLAN.pdf> . MPA will be working with the Montana Taxpayers Association on this study as it moves through the RATIC process. MPA Executive Director Dave Galt has been reviewing the MPA committee tax members. The list of members is quite extensive. Dave will be updating the committee list this month and identifying committee members with expertise in certain tax fields, including property tax specialists who have experience with the SJ 17 subject matter. If you are on the MPA Tax Committee, please be watching

for an email by the end of the month, if you are not on the committee and wish to be, please notify Dave at [dave@montanapetroleum.org](mailto:dave@montanapetroleum.org).

## **SELECT COMMITTEE ON GOVERNMENT EFFICIENCY**

[HB 642](#) establishes a “select committee” of legislature to look at a variety of issues and at how state government deals with those issues. Please take a minute and read through HB 642 as it contains an entire section that deals with natural resource development. At this time the select committee has scheduled its first meeting in Kalispell, and will be developing its goals and objectives, as well as have presentations on technical and medical issues. MPA will be reaching out to members to form our own “select committee” to help provide information as this efforts moves through the legislative interim. Keep in mind that I am asked often why North Dakota has so much more activity than Montana. This committee will ask those same questions, and MPA will need to provide a response backed by evidence.

## **EMINENT DOMAIN**

As you know Eminent Domain (ED) was one of the major issues in the 2011 session. [HB 198](#) was passed to address changes to long held ED law caused by a district court ruling in northern Montana. HB 198 was aimed at transmission line projects and without the passage of HB 198 it is power line owners would have been left with the MT Supreme Court as the only recourse.

A group of landowners and their attorneys have formed a group called Real Montanans for Fair Land Use to try and pass an initiative referendum to repeal HB 198 in the 2012 election. On June 12<sup>th</sup>, the Montana Attorney General approved language which you can find at the bottom of the page. They will begin collecting signatures soon.

MPA needs to determine what level of effort, we as an organization, need to put into the [IR 125](#) effort. An initiative campaign will require time and money. From a funding perspective, individual MPA members need to decide themselves their level of financial involvement. From an organizational perspective I need to understand the level of concern that you have over IR 125. There is concern that while IR 125 deals with transmission lines, the fight could spill over to impact pipelines.

Dave would like a response from MPA members on their thoughts on involvement in the IR 125 campaign. Your responses will be compiled and used by the MPA Board of Directors at the August 30 Board meeting to decide MPA’s role in IR 125. This is a serious issue that needs to be reviewed by your land, legal and political folks.

HB 198 here: <http://data.opi.mt.gov/bills/2011/billpdf/SB0367.pdf>

Initiative Referendum IR 125: <http://sos.mt.gov/elections/Archives/2010s/2012/Initiatives/IR-125.asp>

ED laws for Montana are in title 70 chapter and it can be viewed here: (it is quite extensive)

[http://data.opi.mt.gov/bills/mca\\_toc/70.htm](http://data.opi.mt.gov/bills/mca_toc/70.htm)

Related Article July 19: [http://helenair.com/news/drive-to-repeal-eminent-domain-in-works/article\\_e0420aca-b1bf-11e0-aabd-001cc4c03286.html](http://helenair.com/news/drive-to-repeal-eminent-domain-in-works/article_e0420aca-b1bf-11e0-aabd-001cc4c03286.html)

## MPA ANNUAL MEETING, PETROLEUM INDUSTRY APPRECIATION DAY LUNCHEON & GOLF TOURNAMENT

The MPA Annual Meeting, Golf Tournament, and Petroleum Industry Appreciation Day Luncheon are just around the corner on August 30 & 31. We will have a hospitality event in the Petroleum Club on Monday, August 29<sup>th</sup> from 5:30pm to 7:00pm for meeting attendees. Highlights of the 2011 MPA Annual Meeting are:

Mon., August 29<sup>th</sup> 5:30pm - 7:00pm Hospitality event, Petroleum Club, 22<sup>nd</sup> floor of the Crowne Plaza

Tues., August 30<sup>th</sup> 6:15am – Depart for fishing (*confirmed fishermen only*)

7:30am – 11:00am Board of Directors Meeting

1:00pm - Golf at Pryor Creek (shot gun start, please be ready to golf by 12:45pm)

6:30pm - Reception & BBQ Dinner at Pryor Creek

Wed., August 31<sup>st</sup> 7:30am – Opening Breakfast – Speaker, Bob Green, Former Head Football Coach, Montana Tech, Butte, MT

8:30am -11:30am Program Speakers

- “A Climate for Growth in Montana – Carl Graham, President, Montana Policy Institute
- “The State of Public Lands” – Dustin Van Liew, Executive Director, Public Lands Council
- “Keystone XL – In the National Interest” – Paul Miller, Vice President of Oil Pipelines, TransCanada Pipelines

11:30am - 1:30pm Petroleum Industry Appreciation Day Luncheon – **KEYNOTE SPEAKER** – Jim Burkhard, IHS CERA’s Global Oil Group Managing Director, “World Oil Trends and the Future of Crude Oil”

If you plan to attend the MPA Annual Meeting, please reserve your sleeping room by August 15<sup>th</sup> to get MPA’s rate of \$95.00 + tax. Please tell them you are with the Montana Petroleum Association group. Please contact the Crowne Plaza at 800-588-7666 or 406-252-7400.

To all of you who have sponsored the meeting, THANK YOU. **If you would like to offer a sponsorship/contribution please contact Bobbie at [mpa@montanapetroleum.org](mailto:mpa@montanapetroleum.org) by Wednesday, August 17.** We want to make sure that if you intend to sponsor that your company name gets the recognition it deserves throughout the meeting. We will take our sponsor information to the printer by close of business on Wednesday, August 17.

**If you have any golf items that you would like to donate we would certainly appreciate that contribution.** Sponsorship forms and registration forms are attached.

We are looking forward to a great turnout, and hope to see you there!!