

# Montana Petroleum Association

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[www.montanapetroleum.org](http://www.montanapetroleum.org)

## HEARD IT THROUGH THE PIPELINE

July 31, 2009

### SENATOR JON TESTER INTRODUCES WILDERNESS BILL

Over the last two weeks Senator Tester's office has been holding meetings with business and trade association people explaining his "Forest Jobs and Recreation" bill (S.1470) and asking for support. MPA Executive Director, Dave Galt, met with the Tester staff on July 20<sup>th</sup>, to discuss S. 1470. S.1470 adds nearly 500,000 plus acres of new wilderness to the existing 3,443,038 acres of wilderness all ready designated in Montana, and a compromise with the wood products industry to allow more logging. Essentially, the timber industry sat down with various environmental groups and worked out this agreement over the last couple of years. There is plenty of opposition to the bill. Off road recreation groups, like Citizens for Balanced Use are busy organizing against the bill. In addition, there are also concerns from other natural resource industries besides the timber industry that were not part of the collaboration.

The wilderness areas in this bill are mostly in the Beaverhead-Deer Lodge area in southwestern Montana, the Kootenai in the extreme northwest and some around the Seeley Lake area east of Missoula. There is no additional wilderness on the Rocky Mountain Front east of the continental divide. MPA Executive Director, Dave Galt is concerned that there are active USFS and BLM fluid mineral leases on the Beaverhead-Deer Lodge Forest that need to be reviewed for impact. Secondly, Senator Tester is calling this bill a landmark piece of legislation primarily because of the process used to reach agreement. If this becomes a landmark based on process, I expect to see similar agreements in other areas of Montana, particularly on the Rocky Mountain Front.

**MPA asks members to review the maps on the following site and advise MPA of your concerns about the bill as soon as possible.**

<http://tester.senate.gov/Legislation/foresthme.cfm>

### WATER POLICY LEGISLATIVE INTERIM COMMITTEE

We are seeing some interest in examining Montana water law in the Water Policy legislative interim committee. Currently water wells that are less than 35 gallons per minute are exempt for water rights. During the last session there were attempts to lower the GPM limit on these wells to get more control of sub-divisions being developed in the State. MPA will continue to monitor the activities of the Water Policy committee. In the meantime, MPA asks member companies to review practices and determine what effect on drilling operations would occur if the current exemption was lower or eliminated. I believe this is very serious and merits your attention. Please forward your comments to Dave Galt at [dave@montanapetroleum.org](mailto:dave@montanapetroleum.org).

## **DRILLING SETBACKS PROPOSED BY TROUT UNLIMITED**

A recent article in Montana newspapers reports that Trout Unlimited is working with the BLM to have ½ mile setbacks written into the Billings Resource Management Plan on rivers that provide habitat for Yellowstone Cutthroat Trout. MPA will be working setting up meetings with the MPA wildlife task force to discuss efforts to deal with this effort by our friends at TU.

[http://www.billingsgazette.com/news/state-and-regional/montana/article\\_07c8faee-7c3f-11de-b434-001cc4c002e0.html](http://www.billingsgazette.com/news/state-and-regional/montana/article_07c8faee-7c3f-11de-b434-001cc4c002e0.html)

## **THE MONTANA PETROLEUM REPORT**

MPA has engaged a public relations consultant to increase the public awareness of the petroleum industry in Montana. This effort is funded by individual contributions from each of our members. We have reached \$17,250 toward our goal of \$27,500. Thank you for those who have contributed. We are still short of our goal, so if possible please consider a contribution to fund this effort.

One of the items we will produce is an electronic information newsletter, called the Montana Petroleum Report. Our goal is to get the Montana Petroleum Report to as many Montana citizens as possible. The Montana Petroleum Report is very easy to read. Our next issue will be out shortly and will discuss hydraulic fracturing. Please take the time to forward it to your friends outside the petroleum industry and encourage them to sign up for future news. The Report will have a subscription bar or you can go to [www.montanapetroleum.org](http://www.montanapetroleum.org) and click on the follow the instructions under The Montana Petroleum Report.

## **MONTANA DEPARTMENT OF REVENUE RELEASES 1<sup>ST</sup> CALENDAR QUARTER PRODUCTION TAX REVENUES**

Production tax revenue figures for the first quarter 2009 have been released by the Montana Department of Revenue. First quarter totals are \$32,361,772 which is down from \$83,895,425 the same quarter last year. A recent newspaper article stated that Montana is one of two states in the nation who still have a positive balance:

[http://www.billingsgazette.com/news/state-and-regional/article\\_e21c08f8-7c0d-11de-b1ea-001cc4c002e0.html](http://www.billingsgazette.com/news/state-and-regional/article_e21c08f8-7c0d-11de-b1ea-001cc4c002e0.html)

Natural resource revenues are still playing an important role in Montana's fiscal picture. For those interested in Montana government revenues you may find this recent report worth your time: [http://leg.mt.gov/content/Publications/fiscal/rev\\_transp/Gen\\_Fund\\_Update\\_July.pdf](http://leg.mt.gov/content/Publications/fiscal/rev_transp/Gen_Fund_Update_July.pdf)

## **MPA SPONSORS AIR QUALITY REGISTRATION TRAINING SEMINAR**

MPA is working with the Montana Department of Environmental Quality (DEQ) registration program staff to provide a training session for operators. The seminar will be held on August 11<sup>th</sup> at the Yogo Inn, in Lewistown, Montana. We have 25 individuals signed up all ready and encourage you to give this serious consideration. Registration fee is required, please see attached registration form. MPA encourages all people involved in up steam air permitting to consider attendance.

## **MPA ANNUAL MEETING**

The MPA Annual Meeting and Golf Tournament is just around the corner. We will have a hospitality suite in the Petroleum Club on Monday evening from 5:30 to 7:00 PM for meeting attendees and natural gas star workshop participants.

If you plan to attend the MPA Annual Meeting you need to get your room reservations by August 17<sup>th</sup> to get our \$89.00 conference rate. 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 August 21. We need to have our sponsor information to the printer by close of business on Friday, August 21.

Also, 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.

### **NATURAL GAS STAR WORKSHOP IN BILLINGS**

The Montana Petroleum Association (MPA) is working in partnership with the Environmental Protection Agency (EPA) to bring a workshop on the Natural Gas Star Program to Montana. The workshop will be held on Monday, August 31, at the Crowne Plaza Hotel in Billings. With the understanding that Monday's are tough days for conferences, we **moved the start time to 11:00 am** to accommodate travel from eastern and northern Montana.

The Natural Gas Star program was endorsed by the MPA, as well as many petroleum trade associations across the nation, as a great voluntary program that reduces methane emissions and makes business sense. The program is voluntary, and several MPA members already are active in the program. Given the current focus on green house gas emissions and the potential for regulation, the Natural Gas Star program provides technical expertise and ideas to help producers increase efficiency and reduce emissions at the same time. And did I say the program is voluntary?

The workshop on August 31, in Billings is an excellent opportunity to get technical instruction by people with program experience, and to hear from your peers who are involved. The workshop is **free of charge** and is open to MPA members and non-members alike. We have attached an agenda for the workshop for your review.

The Natural Gas Star Workshop is being held in conjunction with the MPA Annual meeting which begins Tuesday, September 1<sup>st</sup> and concludes with the Petroleum Industry Appreciation Day Luncheon the following day. *Workshop attendees are welcome to join MPA meeting attendees at our opening reception beginning at 5:30 on August 31, in the Petroleum Club, 22<sup>nd</sup> Floor of the Crowne Plaza Hotel.*

At this time we have 24 persons signed up for the meeting and room for many more. This is a great opportunity and I think it would be very worthwhile for your upstream and midstream personnel to attend. Please give this your serious consideration. *If you are interested in*

*attending the Natural Gas Star Program, please email [MPA@montanapetroleum.org](mailto:MPA@montanapetroleum.org) or sign up for the MPA Annual Meeting at [www.montanapetroleum.org](http://www.montanapetroleum.org).*

If you have any questions please contact the MPA office at 406.442.7582 or email us at [mpa@montanapetroleum.org](mailto:mpa@montanapetroleum.org).

### **INFORMATION FOR MONTANA ENVIRONMENTAL PROFESSIONALS**

We are members of the Montana Chapter of the Pacific North West International Section (PNWIS) ([www.pnwis.org](http://www.pnwis.org)) of the Air and Waste Management Association (AWMA) ([www.AWMA.org](http://www.AWMA.org)). AWMA is a nonprofit, nonpartisan organization of environmental professionals with over 8,000 environmental professionals in 65 countries. AWMA is an educational organization dedicated to distributing professional papers and training its members. AWMA members receive two monthly publications; the Journal (<http://secure.awma.org/journal/>) and the Environmental Manager (EM) (<http://www.awma.org/publications/em/>). In addition, AWMA offers on-line webinars, supports on-line continuing education programs, retains an on-line library of papers, etc. (<http://www.awma.org/events/>).

A subset within AWMA is PNWIS with members in Washington, Oregon, Idaho, Montana and British Columbia. Our Montana Chapter is working to strengthen our membership in preparation for hosting the annual PNWIS meeting at the University of Montana in November 10, 11, and 12, 2010 (<http://www.pnwis.org/conferences.htm>). We are doing this by hosting meetings throughout Montana every few months. Our meetings begin with short socials followed by a speaker. Our next meeting is to be held in Helena, September 11, at 4 PM and we hope to see you there. The following meeting will be scheduled for Billings sometime early next year.

Additional notes of interest: Even if you do not become a member of AWMA/PNWIS, you can still attend the meeting in Missoula in 2010 at a non-member fee. The 2010 annual AWMA meeting is being held in Calgary, Alberta, Canada, June 22 to 25, 2010. For many professionals, AWMA/PNWIS is an excellent way to gain your needed continuing education units (ceus).

Please let us know if you'd like more information on our venture by emailing me at [cwloomis@bison-eng.com](mailto:cwloomis@bison-eng.com)

### **ROUNDUP ENERGY INVITATIONAL**

Attached you will find a team application to golf in the Roundup Energy Invitational golf tournament. The proceeds go to the Musselshell Valley Community Foundation, a great cause. Take a look at the attached entry form and if ANYBODY is interested in either putting a team together, or golfing with Dave Galt ( I know that is asking a lot) please contact [dave@montanapetroleum.org](mailto:dave@montanapetroleum.org) .

### **ARTICLES OF INTEREST**

Comments regarding construction of the Mountain States Transmission Intertie by several Montana legislators: [http://www.billingsgazette.com/news/opinion/guest/article\\_60bf0890-7bf5-11de-b980-001cc4c002e0.html](http://www.billingsgazette.com/news/opinion/guest/article_60bf0890-7bf5-11de-b980-001cc4c002e0.html)

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### HEARD IT THROUGH THE PIPELINE

July 2, 2009

#### MPA OUTREACH TO MONTANA DELEGATION ON OIL & GAS TAX ISSUES

MPA representatives met with both Sens. Baucus and Tester during the Senate recess in April. As an outcome of that meeting, MPA hired Dr. Scott Rickard with the Applied Economics Center at MSU Billings to evaluate the impacts of the Obama administration's proposed energy tax changes on Montana oil and gas producers and the communities in which we live. The report uses real production and well statistics from Elm Coulee Field and quantifies the potential economic impacts on Montana from the elimination of expensing of intangible drilling costs. The report and the cover letter sent to our Montana delegation can be viewed are attached.

#### MPA PLANNING MEETING

The MPA Planning meeting was held on June 22<sup>nd</sup>-24<sup>th</sup> in Big Sky, Montana. The meeting was filled to capacity and was quite busy. The Planning Meeting is an opportunity for members to get together and shape the direction of MPA for the coming year ahead. Members can expect to see increased committee activity to address tax issues, wildlife issues, climate change and public relations. This is a good time to make sure you are signed up for the committees that you are interested in. A list of committees is on the MPA website, [www.montanapetroleum.org](http://www.montanapetroleum.org), under the "About Us" tab. If you would like to be included in particular committee please contact Bobbie at [MPA@montanapetroleum.org](mailto:MPA@montanapetroleum.org). A set of draft minutes for the planning meeting if available to members upon request.

#### MPA SPONSORS AIR QUALITY REGISTRATION TRAINING SEMINAR

Montana Department of Environmental Quality (DEQ) registration program training by DEQ staff. The seminar will be held on August 11<sup>th</sup> in Lewistown, Montana. Registration fee is required, please see attached registration form. MPA encourages all people involved in upsteam air permitting to consider attendance.

#### MONTANA RURAL EDUCATION ASSOCIATION PROMOTES RESOURCE DEVELOPMENT IN MONTANA

Dave Puyear, Executive Director of the Montana Rural Education Association held their summer meeting in Billings on June 23 and 24<sup>th</sup>. The focus of their meeting is how to increase development of Montana's Natural Resources for the benefit of Montana's education system. The keynote speaker was Brian Monteith, Park County (Wyo.) School District Superintendent. MPA will be working with MREA to help increase development of Montana's natural resources. An article from the Billings Gazette regarding the MREA conference is attached in the "Articles of Interest" section at the bottom of this email.

### **MONTANA DEPARTMENT OF NATURAL RESOURCES RELEASES DRAFT EIS**

Montana Department of Natural Resources releases draft Environmental Impact Statement on forested state lands, and Habitat Conservation Plan for state lands. Comments are due September 25<sup>th</sup>. Further information is available at: [www.dnrc.mt.gov/HCP](http://www.dnrc.mt.gov/HCP).

### **EPA EXTENDS THE COMPLIANCE DATES FOR ALL FACILITIES AND ESTABLISHES NEW COMPLIANCE DATES FOR FARMS SUBJECT TO SPILL PREVENTION CONTROL AND COUNTERMEASURE (SPCC) RULE**

The U.S. Environmental Protection Agency (EPA) has extended the compliance date for all facilities and established a new compliance date for farms subject to the oil Spill Prevention Control and Countermeasures (SPCC) regulations. This final rule is part of EPA's multi-phased strategy to address concerns with the SPCC regulation. Specifically, this SPCC rule amendment extends the dates by which the owner or operator of an SPCC regulated facility or farm must prepare or amend and implement an SPCC plan to November 10, 2010.

These amendments do not remove any regulatory requirement for owners or operators of facilities in operation before August 16, 2002, to maintain and implement SPCC plans in accordance with the SPCC regulations then in effect. Such facilities are required to maintain their plans until the applicable date for revising and implementing their plans under the new amendments.

More information: <http://www.epa.gov/oem/content/spcc/index.htm>

### **DEQ TO MODIFY WATER PERMIT FEE RULE IN RESPONSE TO MPA INPUT**

At the Water Pollution Control Advisory Council's June 25 hearing, the bureau chief of DEQ's Water Protection Bureau reviewed with the Council the proposed MPDES permit fee rule. The bureau chief had made a presentation of the proposed rule at MPA's Environment & Safety Committee meeting May 27. The bureau chief told the Council that MPA along with the Montana Contractors' Association had objected to calculation of storm water permit fees based on the total acreage of a project. She said that the proposed rule would be modified to make the storm water fee calculation based on the project's disturbed acreage. She said that the proposed fee would be increased but that most applicants will pay less based on the disturbed acreage.

### **WATER QUALITY NUTRIENT WORK GROUP WEBSITE PROVIDES INFORMATION**

In response to Senate Bill 95 (2009) the DEQ has established a nutrient work group that has had two meetings to date. MPA is involved with the Nutrient Work Group. The DEQ's Water Quality Planning Bureau staff reported to the Water Pollution Control Advisory Council on

June 25, that the DEQ has been presenting their work on nutrient standards to the Work Group. The meeting schedules, Work Group members and links to the DEQ's technical documents can be found on the website established for the Nutrient Work Group <http://www.deq.state.mt.us/wqinfo/NutrientWorkGroup/index.asp>

### **AIR QUALITY PERMIT FEE SET**

At the Clean Air Act Advisory Committee meeting on June 30, the DEQ Air Resources Management Bureau reported that they had gotten the emissions inventories in for 2008 and were able to establish a fee of \$38.24 per ton of pollutant which would be sufficient to fund their program. In previous presentations of the rationale for their air quality permit fee, the bureau had estimated \$36-\$41 per ton fee. Public hearing on the fee rule is July 27, 2009. The [proposed rule](#) contains the range of per ton fees.

### **MPA ANNUAL MEETING:**

It is time to mark your calendars and consider attending the MPA Annual Meeting, Golf Tournament & Petroleum Industry Appreciation Day Luncheon. We have quite a bit lined up for you and look forward to your participation. The meeting will be August 31<sup>st</sup> - September 1 & 2, 2009 at the Crowne Plaza Hotel, in Billings Montana. We have sent out sponsorship forms and hope you can provide some level of sponsorship in this financially tough year. Thank you to those who have sent in their sponsorships. Please mark your calendars and here are the details:

August 31 - Monday: MPA in partnership with the EPA will sponsor a training seminar in the Natural Gas Star Program. The seminar will be targeted to upstream and mid stream operations. The seminar will run from 10:00 AM to about 4:00 PM. With the emphasis placed on reducing fugitive emissions, this training session is especially well timed. We ask each of you to consider scheduling and sending the people who work in the field at the location to this session. While it is in conjunction with the MPA Annual Meeting, and we certainly would like to see everybody stay, this session is free and will take all of Monday, August 31. Some detail is available at <http://www.epa.gov/gasstar/workshops/index.html> and more will follow.

September 1 - Tuesday: The MPA Board of Directors Meeting will take place in the morning followed by our annual Golf Tournament at the Pryor Creek Country Club and barbeque.

September 2 - Wednesday: Our morning program has confirmed attendance by Perry Pendley of the Mountain States Legal Foundation (MSLF). MSLF is the legal firm representing the MPA in our intervention in the lawsuit filed by the Montana Wildlife Federation against the MT Board of Oil and Gas. This is a critical lawsuit and we are excited to get an update from Perry on this action and others in the Rocky Mountain west.

We will also hear from the Director of the MT Department of Environmental Quality, Richard Opper about the current changes going on at the State and Federal level. We are also working on a special guest panel to discuss current issues in Washington.

The Petroleum Industry Appreciation Day Luncheon speaker is the National spokesperson for the Congress on Racial Equality, Mr. Niger Innis. Some of you may have read a book called **Energy Keepers, Energy Killers**, which was written by CORE founder Ray Innis. If you have not read the book, we suggest that you get a copy, it is worth the time. CORE presents a different, but spot-on defense of the energy industry and is powerful ally as we fight our issues in our Nation's Capital.

Again, please mark your calendars for the MPA Annual Meeting, Golf Tournament & Petroleum Industry Appreciation Day Luncheon. Also if you have some golf items, shirts, or other promotional items please consider a contribution to our golf tournament prize table.

### **MONTANA TAXPAYERS ASSOCIATION TAX SEMINAR:**

When: Tuesday, July 7

Where: Park Plaza Hotel (Holiday Inn Conference Center) – Ballroom  
22 N. Last Chance Gulch

What time: Registration begins at 9:30am

What's it going to cost me? \$50 – that includes meeting materials, lunch, snacks and beverages

**Please re-respond so MONTAX can get an accurate count. Registration deadline is Thursday, July 2**

### **ARTICLES OF INTEREST:**

Wyoming Educator Lauds Wyoming Funding System:

<http://billingsgazette.net/articles/2009/06/24/news/wyoming/21-lauds.txt>

An interesting article regarding recent rulings from the US Supreme Court against environmental groups.

<http://nmflc.blogspot.com/2009/06/high-court-losses-stun.html>

Governor Schweitzer names new Chief of Staff:

[http://www.helenair.com/articles/2009/06/30/state/top/80st\\_090630\\_chiefstaff.txt](http://www.helenair.com/articles/2009/06/30/state/top/80st_090630_chiefstaff.txt)

WSJ article about severance taxes with mention of Montana and the Headwaters Economics Group:

<http://online.wsj.com/article/SB124624724839667341.html>

**DAVE AND BOBBIE WISH YOU A HAPPY AND SAFE**

**4<sup>th</sup> OF JULY!!**

