

Montana Petroleum Association

phone (406) 442-7582 ♦ fax (406) 443-7291 ♦ mpa@montanapetroleum.org ♦
www.montanapetroleum.org

HEARD IT THROUGH THE PIPELINE

December 14, 2009

MONTANA BOARD OF ENVIRONMENTAL REVIEW INITIATES GREEN HOUSE GAS RULES

The Montana Department of Environmental Quality (DEQ) appeared before the Board of Environmental Review on Friday, December 11, with a request to initiate rulemaking to tailor Montana's air quality rules in the event the Environmental Protection Agency (EPA) begins to regulate Green House Gas. Here is how it is supposed to work. On Monday, December 7, EPA Administrator, Lisa Jackson said they would finalize the Endangerment Finding making CO₂ a pollutant. Two other EPA rules are in the pipeline, one a light truck rule that will require GHG regulation on the 2012 vehicle fleet expected to be finalized by March 31. Secondly, the EPA has their own tailoring rule, which "adjusts" the threshold for regulation of GHG to sources emitting over 25,000 tons per year (TPY). Montana's rule-- <http://www.deq.mt.gov/BER/2009Agendas/121109/IIIA3.pdf> is meant to tailor our rules so that only sources over 25,000 TPY are regulated. EPA has told the Montana DEQ that once either the light duty truck rule or the EPA tailoring rule are finalized that states will be expected to treat CO₂ as a regulated pollutant in their air quality programs. DEQ's rule contains contingency language that prevents the rule from becoming effective unless national EPA rules are in place. MPA is concerned that Montana will be the first state with CO₂ regulations, that neither the State nor the EPA has the legal authority to set the 25,000 TPY threshold, and that the contingency language may not be legally enforceable. MPA's testimony is attached. The Board of Environmental Review will hold a hearing on the rules on January 22, public comment will close on February 5th, and the decision to adopt the rules will be made at their March 19, 2010 meeting.

Related Article:

<http://www.greatfallstribune.com/article/20091212/NEWS01/912120301/State-moves-to-set-regulation-threshold-for-CO2-regulation>

STORM WATER FEES

In the same hearing the BER gave final approval to the DEQ storm water fees and regulations. DEQ did reduce the fees somewhat and made several changes sought by MPA. The final rules, with all the comments and responses from the agency can be viewed here: <http://www.deq.mt.gov/BER/2009Agendas/121109/IIIB1.pdf>

MPA TAX COMMITTEE REPORT

The MPA Tax Committee is continuing to work with the Montana Department of Revenue (MDOR) in an effort to define allowable deductions for Non-Arms Length (NAL) transactions. The Tax Committee met in October with MDOR Director Dan Bucks and staff to hammer out areas where we agree on allowable deductions. The original NAL proposal is attached. Any

MPA members who would like to see minutes of our last meeting, please contact dave@montanapetroleum.org.

OTTER CREEK COAL TRACTS:

The Montana Land Board is scheduled to discuss and act on a lease for the Otter Creek Coal tracts in Montana at their meeting on December 21. The Montana Rural Education Association (MREA) is deeply engaged in this issue. At the same time environmental groups are actively trying to convince the Land Board to reject the lease. It will prove to be an interesting outcome at the December 21 meeting. Attached are the MREA letter and a poster from the environmental groups.

MONTANA CHAMBER OF COMMERCE POWER BASE SURVEY

Every year the Montana Chamber of Commerce, with the help of numerous sponsors, commissions a survey on the issues facing business in Montana. The P-Base is one of the most accurate and valuable public opinion surveys taken in Montana. MPA is a sponsor, and as such we are given the top line and a presentation that the Chamber does around the state and trends the survey responses over the last few years. These are interesting. Both the survey top line and presentation are attached. MPA is also given the survey cross tabs, which are available to MPA members. If you are interested in that level of detail please contact dave@montanapetroleum.org.

DEPARTMENT OF ENVIRONMENTAL QUALITY SEEKS ADVICE:

The Montana Department of Environmental Quality and Montana Natural Heritage Program are currently developing a training seminar on using Geographic Information Systems (GIS) for work involving watershed protection and wetlands. The goal of the training is to increase participant's knowledge and use of GIS, GIS resources available in for the State of Montana, and GIS information specific to wetlands and watershed protection.

The Montana Wetland Council, Montana Watershed Coordination Council, and Montana Natural Heritage Program are conducting a survey to assess needs in the area of Geographic Information Systems (GIS) and mapping. Please fill out the two part survey to aid us in identifying the needs of our target audiences and developing the training seminar around these needs.

The following link will take you to the online survey.
<http://www.surveymonkey.com/s/TG2TSW8>

The survey will take between 5 – 10 minutes and your participation will be extremely helpful in the development of a quality GIS training seminar. Please fill out the survey by December 18th, 2009.

ARTICLES OF INTEREST

Brain Cebull, President, MPA - Comments on Anti-Oil ads:

http://billingsgazette.com/news/opinion/guest/article_055ccf9a-e6db-11de-8fc1-001cc4c002e0.html?mode=story

ExxonMobil makes offer for XTO Energy: <http://www.marketwatch.com/story/exxon-mobil-to-buy-xto-energy-in-41-billion-deal-2009-12-14?siteid=bnbh>

First of its kind study on Sage Grouse:

http://www.billingsgazette.com/news/state-and-regional/montana/article_18fa72da-e2fa-11de-96c2-001cc4c03286.html

Farm Bureau weighs in on Climate Change: http://www.missoulian.com/news/state-and-regional/article_330c08f4-cdc5-11de-b94b-001cc4c002e0.html

2010 RENEWAL PACKETS

The 2010 MPA membership renewal packets were mailed before Thanksgiving so you should have them. MPA appreciates the support you have shown in the past and hopes that you continue to be a member next year. If there is anything we can do for you, or if your packet did not arrive please contact either Dave or Bobbie at mpa@montanapetroleum.org or call 406-442-7582.

THANK YOU TO 2010 NEW AND RENEWED MEMBERS (11/24/09 – 12/14/09):

Augustus Energy Partners, LLC; Mark Baker, Anderson Baker & Swanson, PLLC; Bear Paw Energy LLC; Bjrok Lindley Little, PC; Corval Group; D&M Water Service Inc.; John Dolan, First Interstate Bank; Ed Bartlett, LLC; Edmonds Energy Corp.; John Fredlund, Zone Exploration, Inc.; Gough, Shanahan, Johnson & Waterman; Gulf Western Geophysical, LLC; Holcim (US) Inc.; Jefferson Energy Trading, LLC; Brian Lee, Lee Law Office; Montana & Wyoming Oil Company; NorthWestern Energy; Petro-Hunt, LLC; Bryan Rogan, Oversight Resources LLC; Spence Accounts, Inc.; Summers, McNea & Company, PC; Tim Tharp, The Sound Connection; Tom Ebzery, Corey Welter, Welter Consulting, Inc.; Bill War, William T. War & Associates, LLC; Bruce Williams, Foresight Consulting; and WWC Engineering