

# Montana Petroleum Association

phone (406) 442-7582 ♦ fax (406) 443-7291 ♦ [mpa@montanapetroleum.org](mailto:mpa@montanapetroleum.org) ♦  
[www.montanapetroleum.org](http://www.montanapetroleum.org)

## HEARD IT THROUGH THE PIPELINE

November 25, 2009

### MPA ANNUAL MEETING

The MPA annual meeting is still 8 months away but the planning starts now. We enjoy these three days, but want to make sure that our annual meeting offers a mix of topics that are interesting and timely, fun and give ample time for social networking. Attached is a questionnaire that we would like you to answer to give us some feedback for planning the 2010 annual meeting. Please email any comments to [MPA@montanapetroleum.org](mailto:MPA@montanapetroleum.org)

### COAL BED NATURAL GAS WORKSHOP

MILES CITY, Mont. --- The BLM will host a two-day research and monitoring workshop in Sheridan, Wyo. beginning on Dec. 2. The workshop is open to the public and will be held at the Sheridan Holiday Inn, located at 1809 Sugar Land Drive. Events will start at 8:00 a.m., Wednesday, Dec. 2 and conclude at noon Thursday, Dec. 3.

The Powder River Basin Interagency Working group is made up of federal, state, tribal and county agencies. The group will present research related to the effects of coal bed natural gas development in the Powder River Basin specific to wildlife, fisheries, aquatics and hydrology. For more information regarding the daily agenda and presenters contact BLM Biologist Dale Tribby at (406) 233-2866 or Montana Fish, Wildlife and Parks Biologist Windy Davis at (406) 234-0942.

### ARTICLES OF INTEREST:

MPA Opinion on Climate Change is online at New West Net:

[http://www.newwest.net/topic/article/petroleum\\_association\\_view\\_climate\\_bill\\_would\\_cost\\_montanans/C37/L37/](http://www.newwest.net/topic/article/petroleum_association_view_climate_bill_would_cost_montanans/C37/L37/)

Congressman Rehberg is attacked by League of Conservation Voters:

<http://www.youtube.com/watch?v=oEaJvyBsLeA>

<http://www.youtube.com/watch?v=oEaJvyBsLeA>

Rehberg Responds:

[http://billingsgazette.com/news/opinion/guest/article\\_d5b12420-d72c-11de-95d1-001cc4c03286.html](http://billingsgazette.com/news/opinion/guest/article_d5b12420-d72c-11de-95d1-001cc4c03286.html)

Montana League of Conservation Voters shoot back:

[http://billingsgazette.com/news/opinion/guest/article\\_f499546c-d988-11de-b3e9-001cc4c03286.html?mode=comments](http://billingsgazette.com/news/opinion/guest/article_f499546c-d988-11de-b3e9-001cc4c03286.html?mode=comments)

Richard Owen offers praise to Baucus on climate change vote. Mr. Owen is a leader in Montana's agriculture industry, pdf is attached.

## THANKSGIVING HOLIDAY

The MPA office will be closed on Thanksgiving Day, November 26<sup>th</sup>, and Friday, November 27<sup>th</sup>.

**Bobbie and I want to wish you a safe and fun Thanksgiving Holiday.**



---

## Montana Petroleum Association

phone (406) 442-7582 ♦ fax (406) 443-7291 ♦ [mpa@montanapetroleum.org](mailto:mpa@montanapetroleum.org) ♦  
[www.montanapetroleum.org](http://www.montanapetroleum.org)

## HEARD IT THROUGH THE PIPELINE

November 6, 2009

### DEQ FEES

As you know, Montana Petroleum Association (MPA) has been working with the Department of Environmental Quality (DEQ) regarding increases in permit fees. The Air Quality Management Bureau (AQMB) convened a small group of permittees to discuss short and long term efforts to address program funding. MPA applauds the Bureau for its efforts to engage the regulated community and help find solutions. The idea of holding these meetings caught on within DEQ, and the entire permitting and compliance division held a similar meeting. This update will discuss both.

**AIR:** One of the driving factors in the decision by AQMB Chief Klemp to hold these meetings was to get our input on how to address program funding, and how to address inequities between members of the regulated community. Frankly, there is evidence and a strong feeling among some of the regulated community that they are paying more than they should, and others, including the upstream oil and gas industry, are not paying enough. Currently all permittees pay an \$800 registration fee and then per ton fees of roughly \$38. Several examples were reviewed including remodeling the fee charts to include carbon monoxide

(CO) and including registered facilities with per ton fees. Both of these efforts increased the cost to oil and gas facilities.

One of the concerns that I have with the current program is that the number of companies currently in the registration program seems low. DEQ said they were not certain that all facilities that should be registered are registered. Other concerns that DEQ mentioned was that some of the current registered facilities are not in compliance. As of yet, DEQ has not yet added these emissions to these facilities in an effort to move toward compliance and not be heavy handed. There was concern by others that this practice be discontinued, soon.

Our group met for 8 hours on October 29<sup>th</sup> and 30<sup>th</sup> and developed the following recommendations that will be forwarded to DEQ management for the 2011 fee rule:

- Changes to the mining air calculations DEQ had already agreed upon
- Increase open burning fees
- Focus on internal cost management
- If additional fees increase the base registration fee (\$800) and leave per ton fees stable.
- Track costs for new applications with the intent of passing them to the applicants in the future, as opposed to subsidizing within the current fee structure.
- Work to ensure oil and gas registration program includes all appropriate facilities.

These are short term goals and I think if these suggestions are approved that oil and gas facilities will see air quality fees stay about the same in state fiscal year 2011, which runs from 7-1-2010 through 6-30-2011. This schedule also allows MPA the ability to work with the upcoming legislative session to address the large fee increases we have seen in the past two fiscal years. I would like to stress to MPA members to make sure that your facilities are registered, if appropriate, and also ensure that registered facilities have a plan to meet compliance requirements. These two areas are in the crosshairs for future review.

**OTHER DEQ DIVISIONS:** In November, the Permit and Compliance Administrator, Judy Hanson, held a meeting to discuss DEQ funding, and the issues that they see with stable program funding. As you know, each of the permit functions in DEQ is proposing rules to increase fees. Attached is the DEQ material presented at the meeting.

MPA did ask questions regarding the storm water fee rule that MPA commented on last week. Bureau Chief, Jenny Chambers, said that they have been working with all the comments since the close of the public comment period. The storm water rules are scheduled for a hearing before the Board of Environmental Review (BER) on December 11, 2009. Ms. Chambers will make every effort to get her final comments, and answers to public comments to interested persons before Dec. 11<sup>th</sup>. Ms. Chambers would like to have a meeting with MPA, and, if time permits, will be scheduled. MPA will continue to monitor.

**BLM INCREASES DRILLING FEES TO \$6500.**

At direction of Congress, Bureau of Land Management (BLM) will collect \$6,500 processing fee for each new oil and gas drilling permit application.

The Fiscal Year 2010 Interior appropriations bill – enacted into law on October 30 – directs the BLM to charge a \$6,500 processing fee for each new oil and gas drilling permit application, known as an Application for Permit to Drill (APD). The fee took effect November 2; the previous fee was \$4,000 per APD. The money generated by APD fees constitutes a reimbursement to the U.S. Treasury for the estimated cost of processing new APDs.

To carry out this congressional directive, the BLM has developed guidance for its field offices regarding the collection and handling of APD fees in the current fiscal year (FY 2010), which began Oct. 1, 2009. The previous collection and handling policies remain in effect except for the amount of the fee to be collected.

The BLM manages more land – 256 million acres – than any other Federal agency. This land, known as the National System of Public Lands, is primarily located in 12 Western States, including Alaska. The Bureau, with a budget of about \$1 billion, also administers 700 million acres of sub-surface mineral estate throughout the nation. The BLM's multiple-use mission is to sustain the health and productivity of the public lands for the use and enjoyment of present and future generations. The Bureau accomplishes this by managing such activities as outdoor recreation, livestock grazing, mineral development, and energy production, and by conserving natural, historical, cultural, and other resources on public lands.

- BLM -

### **MPA TESTIFIES ON CLIMATE CHANGE**

Dave Galt, Executive Director, will present MPA views on Federal climate change legislation before the Energy and Telecommunications Interim Committee on Monday, November 9<sup>th</sup>.

The MPA statement will be placed on the MPA website following the committee hearing.

Those interested in following the committee can listen or watch by following this link:

[http://leg.mt.gov/css/Committees/Interim/2009\\_2010/Energy\\_Telecommunications/Meeting\\_Documents/meetingschedule.asp](http://leg.mt.gov/css/Committees/Interim/2009_2010/Energy_Telecommunications/Meeting_Documents/meetingschedule.asp)

The climate change session is scheduled for 2:45 PM. Those that are interested might want to connect earlier as sometimes these meetings run ahead of schedule.