

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1439

2007 HOUSE NATURAL RESOURCES

HB 1439

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1439

House Natural Resources Committee

Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: 3145

Committee Clerk Signature

*Spuren Oersted*

Minutes:

**Chairman Porter** opened the hearing on HB 1439 and had the clerk read the title.

**Representative Dave Weiler** from District 30 came forward as a sponsor of HB 1439. This bill deals with the oil and gas research council membership. It takes the makeup of the research council from 7 to 10 members. It adds the Northern Alliance of Independent Producers as part of the council and takes the director of the oil and gas division and state geologist who are in advisory non-voting capacities now.

**Mr. Robert Harms**, President of the Northern Alliance of Independent Producers came forward. See written testimony marked as Item #1.

**Representative Keiser** said it seems like they would be getting close to a conflict of interest with this change. He felt that they could make recommendations and then vote on their own recommendations. What is your reaction to this?

**Mr. Harms** said he didn't disagree that those conflicts of interest may come up although I think the council knows that is the nature of the beast. The board has policy that addresses that situation, and as this arises, it is disclosed to the member.

**Representative Keiser** said he agrees that this could happen occasionally, but I see this happening all the time. I see a lot of recommendations come to the board and then they

would turn to these individuals and ask for their opinion on it. They are our experts and are already sitting in an advisory capacity. Should they have a vote?

**Mr. Harms** said he understands the concern although in the same token those individuals are called upon the research sometimes to do things and do not have any say at times. I think it can at times put pressures on their resources. We thought they should at least have a say in that kind of activity. He talked about Mr. Helms about this and he can go either way on this. That is not our primary motive in the bill. Our primary motive is to place the alliance on the board.

**Chairman Porter** asked at what point would the next group come forward and want to be on this council and what should be the benchmark for this?

**Mr. Harms** said it would be better to put into policy in statute that they eliminate all structure that exists today. I advocated that in 2003 unsuccessfully. As a matter of public policy, we should not put these kinds of thing in code. He does not think you should put any others on this board. The Alliance has enough history with this state and their members include everything from a one man producer in Williston to larger corporations such as Marathon.

**Representative Hanson** asked if this was a 10 member board. It says on the last page that a quorum would be 5. Shouldn't that be 6?

**Mr. Harms** said he would not object to 6 for a quorum.

**Chairman Porter** asked for testimony in support. Hearing none, he asked for opposition to this bill.

**Mr. Lynn Helms** came to the podium. The Industrial Commission has not taken a position on this bill. He did want to acknowledge Representative Keiser point. They are asked for a lot of opinions.

**Chairman Porter** asked if it was in the last session that they moved the state geologist as an employee under the Oil and Gas Division.

**Mr. Helms** said yes in the 2005 session the Oil and Gas Division Director became the director of department of mineral resources and the state geologist is an employee of that department. He is in fact an employee of mine. This is an interesting arrangement.

**Chairman Porter** said one of the concerns he would have is that you would have a boss and the employee and in the same meeting room with one equal vote.

**Mr. Helms** said that is exactly correct. I would assume that the employee would vote the way he was told to vote.

**Representative Drovdal** said he thought it was the appropriate time to point out the map that **Mr. Helms** had supplied to the committee. This shows where the current oil fields exist in western North Dakota. The dark gray area shows the potential in North Dakota. You can see the huge potential in North Dakota and he wanted to thank **Mr. Helms** for supplying that map. The hearing was closed on HB 1439.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1439

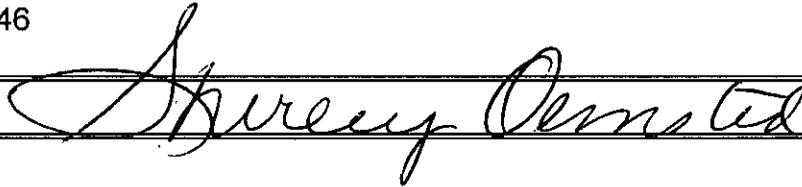
House Natural Resources Committee

Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: 3146

Committee Clerk Signature



Minutes:

**Chairman Porter** asked the committee to consider HB 1439.

**Representative Keiser** made a motion to amend HB 1439 by striking the language on line 23, and remove the overstrike on "shall serve on".

**Chairman Porter** said you would have to fix line 6, to eight and on page 2 it should state five.

**Representative DeKrey** seconded the motion.

**Chairman Porter** clarified the amendment. Page 1, line 6, replace ten with eight. Page 1, line 23 remove the overstrike over "shall serve on" and page 1, line 24, remove the overstrike over "the council as advisory nonvoting members".

**Chairman Porter** took a voice vote and the motion carried.

**Representative Drovdal** made a motion for a do pass as amended.

**Representative DeKrey** seconded the motion.

**Chairman Porter** asked for discussion.

**Representative Meyer** said he thought it was a novel idea to have people in the industry on the council.

**Chairman Porter** asked the clerk to call the roll for a **do pass as amended on HB 1439**. Let the record show 13 yes, 0 no with 1 absent. **Representative Meyer** will carry the bill to the floor.



Date: \_\_\_\_\_  
Roll Call Vote #: \_\_\_\_\_

2007 HOUSE STANDING COMMITTEE/ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1439

House Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass as Amended

Motion Made By Drovdal Seconded By DeKrey

Representatives	Yes	No	Representatives	Yes	No
Chairman - Rep. Porter	✓		Rep. Hanson	✓	
Vice-Chairman - Rep Damschen	✓		Rep. Hunskor	✓	
Rep. Charging	✓		Rep. Kelsh	✓	
Rep. Clark	✓		Rep. Meyer	✓	
Rep. DeKrey	✓		Rep. Solberg		
Rep. Drovdal	✓				
Rep. Hofstad	✓				
Rep. Keiser	✓				
Rep. Nottestad	✓				

Total Yes 13 No 0

Absent 1

Floor Assignment Meyer

If the vote is on an amendment, briefly indicate intent:

Do pass prevails

**REPORT OF STANDING COMMITTEE**

**HB 1439: Natural Resources Committee (Rep. Porter, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1439 was placed on the Sixth order on the calendar.

Page 1, line 6, replace "ten" with "eight"

Page 1, line 23, remove the overstrike over "~~shall serve on~~"

Page 1, line 24, remove the overstrike over "~~the council as advisory nonvoting members~~"

Renumber accordingly

2007 SENATE NATURAL RESOURCES

HB 1439

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1439

Senate Natural Resources Committee

Check here for Conference Committee

Hearing Date: March 2, 2007

Recorder Job Number: # 4295

Committee Clerk Signature



Minutes:

**Senator Stanley Lyson**, Chairman of the Senate Natural Resources Committee opened the hearing on HB 1439 relating to the membership of the oil and gas research council.

All members of the committee were present.

**Representative Dave Weiler** of District 30, prime sponsor of the HB 1439 introduced the bill stating the bill creates small changes and referred questions to Robert Harms.

**Robert Harms**, President of the Northern Alliance of Independent Producers testified in support of HB 1439 (see attachment #1).

**Senator Lyson** asked if there is any opposition to the bill from the house or the Industrial Commission.

**Robert Harms** answered there was not although there were amendments made by the house committee.

**Senator Herbert Urlacher** asked if there was any concern with an even number of members in case of a tie vote.

**Robert Harms** responded there was a quorum of five required and although the even number of members could be a problem it is not addressed.

**Senator Layton Freborg** asked why the alliance did not get a member in 2003.

**Robert Harms** explained the alliance was not started until after the research council was approved and created.

**Senator Lyson** asked for opposing testimony and hearing none asked for neutral testimony.

**Senator Lyson** closed the hearing on HB 1439.

**Senator Ben Tollefson** made a motion for Do Pass of HB 1439.

**Senator Urlacher** second the motion.

A roll call vote for a Do Pass of HB 1439 was taken indicating 7 Yeas, 0 Nays and 0 absent or not voting.

**Senator Herbert Urlacher** will carry HB 1439.

Date: 3-2

Roll Call Vote #: 1

**2007 SENATE STANDING COMMITTEE ROLL CALL VOTES**

**BILL/RESOLUTION NO.** 1439

Senate Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Tollefson Seconded By Uriacher

Senators	Yes	No	Senators	Yes	No
Sen. Stanley Lyson, Chairman	✓		Sen. Joel Heitkamp	✓	
Sen. Ben Tollefson, ViceChairman	✓		Sen. Jim Pomeroy	✓	
Sen. Layton Freborg	✓		Sen. Constance Triplett	✓	
Sen. Herbert Uriacher	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Uriacher

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
March 2, 2007 1:01 p.m.

**Module No: SR-40-4338**  
**Carrier: Urlacher**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1439, as engrossed: Natural Resources Committee (Sen. Lyson, Chairman)**  
recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).  
Engrossed HB 1439 was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

HB 1439

# Northern Alliance *Item #1* of INDEPENDENT PRODUCERS

PO Box 2422 • Bismarck, North Dakota 58502-2422 • Phone 701-224-5037 • Fax 701-224-5038 • email NProducers@aol.com

House Natural Resources Committee  
February 8, 2007  
HB 1439

My name is Robert Harms. I am president of the Northern Alliance of Independent Producers, which is an oil and gas trade association of independent oil producers operating in the Williston Basin. The Alliance was formed in 2003 and today, represents over 40 companies doing business in the Williston Basin and who are responsible for 45% of the wells drilled in 2006 (230 of 505 wells). At an average cost of \$4 million per well that represents a capital outlay of \$900 million annually.

**The Alliance supports HB 1439.** The bill does two things: a.) it includes the president of the Northern Alliance as a member of the Oil and Gas Research Council, and b) provides a vote to two members of the Oil and Gas Research Council, who are presently non-voting members. The Oil and Gas Research Council is an agency under the North Dakota Industrial Commission and was formed in 2003. It operates a program of oil and gas research and public education funded through oil tax revenues (current budget is \$1.3 million). The reasons for supporting the bill are as follows:

- Alliance members were instrumental in helping to form the Oil and Gas Research Council in 2003 and would like very much to have a seat on the board.
- Alliance members believe strongly in the value and merit of the oil and gas research program and its value to the industry and North Dakota.

*The voice of independent oil and gas producers in northern states*



- We believe that our voice provides additional prospective to the Oil and Gas Research Council that will maximize the public value of the program because we speak strictly for producer interest.

Finally, we also felt that since the State Geologist and the Oil and Gas Division Director attend the Research Council meetings, and are sometimes called upon for assistance to the Research Council, we felt a vote was in order.

For these reasons, Mr. Chairman and members of the Committee we ask that you recommend a DO PASS on HB 1349.

Attachment #1

# Northern Alliance of INDEPENDENT PRODUCERS

PO Box 2422 • Bismarck, North Dakota 58502-2422 • Phone 701-224-5037 • Fax 701-224-5038 • email NProducers@aol.com

Natural Resources Committee  
North Dakota Senate  
March 2, 2007

## HB 1439 (Membership of Oil and Gas Research Council)

My name is Robert Harms. I am president of the Northern Alliance of Independent Producers, which is an oil and gas trade association of independent oil producers operating in the Williston Basin. The Alliance was formed in 2003 and today, represents over 40 companies doing business in the Williston Basin and who are responsible for 45% of the wells drilled in 2006 (230 of 505 wells). At an average cost of \$4 million per well that represents a capital outlay of \$900 million annually.

**The Alliance supports HB 1439.** The bill adds the president of the Northern Alliance (or his designee) as a member of the Oil and Gas Research Council. The Oil and Gas Research Council is an agency under the North Dakota Industrial Commission and was formed in 2003. It operates a program of oil and gas research and public education funded through oil tax revenues (current budget is \$1.3 million). The reasons for supporting the bill are as follows:

- Alliance members were instrumental in helping to form the Oil and Gas Research Council in 2003 and would like very much to have a seat on the board.
- Alliance members believe strongly in the value and merit of the oil and gas research program and its value to the industry and North Dakota.
- We believe that our voice provides additional prospective to the Oil and Gas Research Council that will maximize the public value of the program because we speak strictly for producer interest.

For these reasons, Mr. Chairman and members of the Committee we ask that you recommend a DO PASS on HB ~~1349~~.

*The voice of independent oil and gas producers in northern states*

