

2015 SENATE GOVERNMENT AND VETERANS AFFAIRS

SCR 4009

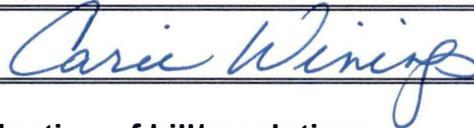
2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Missouri River Room, State Capitol

SCR 4009
1/23/2015
Job # 22447

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A concurrent resolution directing the Legislative Management to study the Industrial Commission membership as it relates to decisions regarding the oil and gas industry.

Minutes:

Attachments 1

Chairman Dever: Opened the hearing on SCR 4009.

Senator Bowman, District 39: Testified as sponsor of the bill. This idea came last summer when I met with one of the oil producing giants in our county that has been there for 40 years. He goes before the industrial commission every time they change rules and regulations and has to talk to two farmers and an attorney about oil issues that are very complex. He asked if we thought about what other states do. Some states have experts in the field to meet with that understand all of the complexities of the oil industry. So this is idea to study what other states do. Wouldn't it be better to have a panel to advise them rather than them to have to do the research? It is to try to improve the system that we have. This is an avenue to help the people in the field that have come to the industrial commission to explain the problems.

(2:25)Chairman Dever: Are you thinking that people with expertise in the field should be the regulators or advisory to the regulators?

Senator Bowman: I am not an expert, but I do know that they have a different system of people that are experts and when you go before that panel, they understand these complex issues that we have today. It does not take nearly as much time to get things done when you go the people that have been working on it all their lives and they are experts in it, they can make suggestions immediately. Maybe it will make the system run more smoothly.

(3:47) Lynn Brackel, Bowman County Commissioner: See Attachment #1 for testimony in support of the bill.

(5:16)Chairman Dever: I remember when a group of legislators met with several oil people about 10 years at the civic center to the Williston Basin Petroleum Conference, one of the things I remember is that there was Bowman County and then there was the rest of the state. Things have changed pretty dramatically haven't they?

Lynn Brackel: Another example of this; I became a county commissioner 6 years ago and a citizen of Bowman County decided we needed to go to a 5 man board rather than a 3 man board because there are so many things that are happening that 3 people just can't know about everything that is going on. ND is #2 producer of oil in the US. I feel that your commission needs help. They cannot know about everything that goes on in that board.

Chairman Dever: I believe that Representative Keith Kempenich, also from Bowman, has put in a bill to expand the industrial commission.

Senator Flakoll: It talks about the membership but this more about structure and governance in terms of an advisory group on this specific topic correct?

Lynn Brackel: This talks about expanding to 5 and I think the other bill talks about adding two other state people. I look it as an advisory board to advise the commission for decisions that need to be made.

(7:48) Karlene Fine, Executive Director, Industrial Commission: Testified in a Neutral Position. The industrial commission has not met since this bill was introduced so they have not taken a position. I am basically here to respond to questions that the committee had about the industrial commission operates with its oil and gas division. I think we have an outstanding staff and they are the ones that sit every month and hear those cases that come before the industrial commission and then they make a recommendation to the industrial commission. 90% of the orders that come from the industrial commission are dealt with at the staff level. The only cases that come to the industrial commission are the ones where there is controversy or there may be a disagreement between operators. The Industrial Commission does the rule setting. A study is always something that can help. We have a great staff that does a superb job of making recommendations to the industrial commission.

(9:27) Senator Flakoll: Not that long ago the Industrial Commission was kind of a sleepy group with not too much to deal with and in recent years it has blossomed in terms of the actions that have been taken and the dollars they are affecting. Do you have any way to quantify the current work product today compared to 20 years ago? It is fairly massive now. I have a lot of my colleagues that have concerns because in some ways it seems like what is being done is very similar to what the legislature is charged to do.

Karlene Fine: I have been with them for over 35 years. I have watched the growth of the responsibilities that are given by the legislature to the Industrial Commission. You have asked us to take these on. (Lists new areas added) There is a lot of variety. We are very fortunate to have staff with expertise in each area. We meet once a month and we have 4 to 5 hours' worth of business. They have delegated at some levels those responsibilities for the managers of those agencies. The commission brings to the work that they are doing the big picture because they do have expertise. I cannot quantify a dollar amount. I can give you a timeline of the responsibilities given to the Industrial Commission by the legislature.

Chairman Dever: Regarding the Bank of North Dakota, do I understand correctly that they are regulated by the Industrial Commission but they also have an advisory board?

Karlene Fine: Yes, we do have an advisory board for the Bank of North Dakota. We also have an advisory board for our Housing Finance Agency.

Chairman Dever: Does the commission ever say that there must be a better way to do this?

Karlene Fine: If they did I believe they would come back to the legislature and let you know.

Chairman Dever: Closed the hearing on SCR 4009.

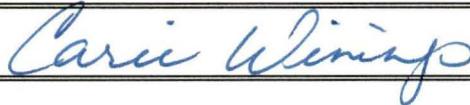
2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Missouri River Room, State Capitol

SCR 4009
2/19/2015
Job # 24180

- Subcommittee
 Conference Committee

Committee Clerk Signature



Minutes:

No Attachments

Chairman Dever: Opened SCR 4009 for committee discussion. The committee reviewed the information that they have and discussed other bills that are out there regarding the industrial commission. The makeup of the industrial commission is not constitutional but it is statutory.

Committee Discussion: The committee discussed that the resolution is not mandatory.

Senator Cook: Moved a Do Not Pass.

Senator Poolman: Seconded.

A Roll Call Vote Was Taken: 2 yeas, 5 nays, 0 absent.

Motion Failed.

Senator Davison: Moved a Do Pass.

Senator Nelson: Seconded.

A Roll Call Vote Was Taken: 2 yeas, 5 nays, 0 absent.

Motion Failed.

Senator Davison: Moved a Do Not Pass.

Senator Poolman: Seconded.

A Roll Call Vote Was Taken: 7 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Dever will carry the bill.

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 4009

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Cook Seconded By Poolman

Senators	Yes	No	Senators	Yes	No
Chairman Dever		✓	Senator Marcellais		✓
Vice Chairman Poolman	✓		Senator Nelson		✓
Senator Cook	✓				
Senator Davison		✓			
Senator Flakoll		✓			

Total (Yes) 2 No 5

Absent _____

Floor Assignment _____

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

Date: 2/19
 Roll Call Vote #: 2

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 4009**

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Davison Seconded By Nelson

Senators	Yes	No	Senators	Yes	No
Chairman Dever	✓		Senator Marcellais		✓
Vice Chairman Poolman		✓	Senator Nelson		✓
Senator Cook		✓			
Senator Davison	✓				
Senator Flakoll		✓			

Total (Yes) 2 No 5

Absent 0

Floor Assignment _____

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

Date: 2/19
 Roll Call Vote #: 3

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 4009**

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Davison Seconded By Poolman

Senators	Yes	No	Senators	Yes	No
Chairman Dever	✓		Senator Marcellais	✓	
Vice Chairman Poolman	✓		Senator Nelson	✓	
Senator Cook	✓				
Senator Davison	✓				
Senator Flakoll	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Dever

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

REPORT OF STANDING COMMITTEE

SCR 4009: Government and Veterans Affairs Committee (Sen. Dever, Chairman)
recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
SCR 4009 was placed on the Eleventh order on the calendar.

2015 TESTIMONY

SCR 4009

1/23

#1
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Testimony to the
Senate Government and Veterans Affairs Committee
By Lynn Brackel, County Commissioner
Bowman County, ND

Senate Concurrent Resolution No. 4009

Senator Dever and Members of the Government and Veterans Affairs Committee.
My name is Lynn Brackel, a county commissioner from Bowman County.

I am here to testify in favor of the study offered to the state by resolution by Senator Bill Bowman. The state Industrial Commission is operating under the theory that one size fits all. In Bowman County the oil reserve potential is different than the Bakken Oil field. In Bowman County there is no fracking. The Industrial Commission is requiring a contained mud pit, which adds several hundred thousand dollars to the cost of drilling a well that does not have the potential as the Bakken wells. The state will allow an open pit on an individual bases, with an application and permission from the Industrial Commission.

There are two different methods of drilling in the state and that is why there needs to be an advisory committee of people in the industry that understand the process to advise the Industrial Commission.

The states of Montana, Wyoming, and Colorado have boards with members with expertise in the operational and regulatory issues involving the oil and gas industry, which provide a greater experience and technical knowledge in the decisions regarding the oil and gas industry.

I am asking for a do pass on Senate Concurrent Resolution No.4009 to study the membership of the Industrial Commission as it relates to decisions regarding the oil and gas industry.

Respectfully Submitted,
Lynn Brackel, Bowman County Commissioner

Using Montana as an example, these basics would be appreciated and any additional comments that will assist in comparing the functionality of the Oil and Gas Commission in each of the States.

State	No. of Bd. Members	Qualification	Selection Process	Leg. Consent to Appointee	Term	Admin. Support	Other
Montana	7	Experience in Oil & Gas Geologist Legal/Land Engineering Land/Mineral Owner	Appointed by Governor	Yes	4 Stag Terms	Legal (Atrny Gen.) State Geologist Univ. Engineering	

Wyoming

Colorado

SAR 40009 1/23 #1
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WYOMING (Wyoming Statues Section 30-5-103)

There are 5 members of the WYOGCC. (1)The Governor is the Chairman; (2) The Director of the Office of State Lands and Investments; (3) the State Geologist; (4) and (5) two Wyoming citizens appointed by the Governor who "shall be qualified to serve the oil and gas industry"

Terms are for 2 years with staggered terms and serve with the consent of the Wyoming Senate. Members may be reappointed.

The Wyoming Attorney General is the attorney for the Commission

COLORADO (Colorado Statutes Section 34-60-104 (2)(a)(1))

There are 9 members of the COGCC. 7 are appointed by the Governor for 4 year terms. These 7 members require confirmation by the Colorado Senate. Two members are the Executive Director of the Natural Resources Department and then Executive Director of the Colorado Department of Public Health and Environment.

Of the 7 public members

- 2 must reside west of the Continental Divide
- 3 must have substantial oil and gas experience
- 2 of the 3 with industry experience must have degrees in petroleum engineering or petroleum geology
- 1 must be a local government official (current employment)
- 1 must have substantial soil conservation or reclamation experience (current employment)
- 1 must have substantial environmental or wildlife protection experience
- 1 must be engaged in agricultural production and be a royalty owner
- No more than 4 can be from the same political party

All public member terms expire on July 1, 2015. Members may be reappointed.