

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2033 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1145

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10/2/03
Date

2003 HOUSE NATURAL RESOURCES

HB 1145

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1145

House Natural Resources Committee

Conference Committee

Hearing Date January 16, 2003

Tape Number	Side A	Side B	Meter #
3	xx		all
		xx	0-2656
Committee Clerk Signature <i>E.H. Myer</i>			

Minutes:

Chair Nelson: opened HB 1145 relating to a temporary exemption from the gross production tax for gas produced from shallow gas wells.

Lynn Helms: Director, NDIC Oil & Gas Division. (see attachment).

John P. Bluemle: State Geologist. (see attachment).

Chair Nelson: Where was Montana and Wyoming at before the incentive.

Lynn Helms: Those numbers were from Wyoming when they had 600 cbm wells. Prior to that two dozen wells. They rescind the incentive when they reached 4500 wells.

Chair Nelson: Was the tax situation the only factor.

Lynn Helms: It was not based on that. It was part of an entire package. The technology has moved far in the last decade.

Rep. Clark: What is the typical life span of a well.

Lynn Helms: 15 to 20 years.

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House Natural Resources Committee
Bill/Resolution Number 1145
Hearing Date January 16, 2003

Rep. Porter: What is the cost of the impact on the local economy.

Lynn Helms: \$600,000 per well. Big money.

Ron Ness: ND Petroleum council. Spoke in favor of HB 1145.

Jim Arthaud: Billings County Commissioner. Spoke out in support HB 1145. 90% of our revenues come from oil and gas. There has been no true gas play in Williston.

Vickey Steiner: ND association of Oil and Gas Counties. Spoke out against HB 1145. (see attached testimony).

Mickey Steward: Wyoming CBMCE. Gave neutral presentation. (see attached testimony).

Dan Bose: (see attached testimony).

Chair Nelson closed the hearing.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1145

House Natural Resources Committee

Conference Committee

Hearing Date January 17, 2002

Tape Number	Side A	Side B	Meter #
1	XX		1,841
Committee Clerk Signature			

Minutes:

Robert Harms: Counsel to the Governor. (See Attached Testimony).

Rep. Nottestad: Asked about concerns from the counties relating to road maintenance. What answer do you have for them.

Robert Harms: Those impacts are not there now. It is not happening now.

Rep. Nottestad: If the roads have to go in. The money has to be up front.

Robert Harms: The state is trying to achieve economic development. There will be revenue streams going back to the counties to fulfill the impact. You have to give a little to get a little.

Rep. Kelsh: Our tax rate is significantly lower than WY. Are we going to give it away. If there is a 24 month holiday how will we handle the upfront costs.

Robert Harms: We are not comparing apples to apples. Wyoming's tax rate is based on conditions existing in Wyoming. The market will bear more.

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House Natural Resources Committee
Bill/Resolution Number 1145
Hearing Date January 17, 2002

Rep. Kelsner: Was there any discussion of impact funds from the DOT?

Robert Harms: No, there is impact funding available from DOT.

Rep. Drovedal: I congratulate the Governor on looking at developing the oil industry in North Dakota. Will you work with us on these issues.

Robert Harms: Absolutely.

Chair Nelson: Has there been any thought within the governor's office of creating an opt in process. This would minimize any impact problems by giving the counties more options.

Robert Harms: Not really, The state does not have shallow gas wells. They do not exist. Going from county to county would minimize the willing investors.

Rep. Kelsner: Have you looked to grant programs.

Robert Harms: We can explore that further.

Chair Nelson closes the hearing.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1145

House Natural Resources Committee Sub Committee on HB 1145

Conference Committee

Hearing Date January 30, 2003

Tape Number	Side A	Side B	Meter #
2	xx		0-4048
Committee Clerk Signature <i>Eri Meyer</i>			

Minutes:

Rep. Klein called the meeting to order introduces an amendment on HB 1145.

Lynn Helms: The sunset clause is a little short for getting this program off the ground. The pilot would not be complete by the time this would sunset.

Rep. Solberg: When would you window start.

Lynn Helms: The first gas sales.

Vickie Steiner: When would that be.

Lynn Helms: Mar-April 2004 we could sunset this before the project gets started. If we extended it we could wait to see the impact. If you waited until the next session we would be able to get a better read on the effectiveness in the next legislative session.

Rep. Klein: This would be before the next legislative session. We will not know anything by this.

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House Natural Resources Committee
Bill/Resolution Number 1145
Hearing Date January 30, 2003

Rep. Klein: There is little possibility that there would be a county commission that would opt out of this plan anyway. I don't think the people would stand for it.

Lynn Helms: A project by project proposal would be a nightmare.

Vickey Steiner: The Bowman county commissioners would like to know what part of the county is being impacted.

Rep. Solberg: There is way more enthusiasm for this bill than against it.

Gary Preszler: Discussed the impact of this bill on the impact fund. This would fit into the definition. There are not enough funds to pay for it all.

Rep. Klein: Can this fund be prioritized?

Gary Preszler: The director determines this.

Lynn Helms: We can move money into the fund.

Chair Kelsh adjourns the meeting.

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