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1128

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1128

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1128

House Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: January 16, 2007

Recorder Job Number: 1176

Committee Clerk Signature	Stephanie N Thomas

Minutes:

Chair Keiser opened the hearing on HB 1128.

Karlene Fine, Industrial Commission: See written testimony #1.

Lynn Helms: Overview of handout (map) #1. See written testimony #2.

Rep. Dosch: Assuming this authority is granted, what sort of time frame are we looking at to build this? If we do build it, what are then the relationships with the other states?

Lynn: The Canadian superhighways for crude oil are targeted to the keystone pipeline, which is targeted to go in service in 2009/2010. The other one is still just in the planning stages. We're looking at a 2-3 year time frame before the pipeline authority can actually show what it can do, in terms of crude oil transportation. In terms with working with the other states, Governor Hoeven has revitalized a task force with Interstate Oil and Gas Compact Commission, which is working on the crude oil market situation in the Rockies. It involves people from all of the Rocky states, Alberta, and the Canadian federal government along with people from DOE and Interior.

Rep. Zaiser: When you are able to build this project, have you done any projections in terms of payback and costs?

Lynn: I really have not at this point. These pipelines typically look for a 10 year return on investments; I'm going from history, so that's typically what they set their tariffs at. We're the state of ND to get involved and to build or be involved in a $300 million dollar project to deliver crude oil straight to the keystone pipeline over here to Jamestown, we'd probably be looking for something in that range.

Rep. Thorpe: The Canadian side of the provinces, do they have refining capacity, and do they move products east and west, or is it pretty much all south?

Lynn: The Canadian provinces, most of their refining capacity is over in the Ontario region, so they move most of their crude oil currently into the Sardinia, Ontario, and Chicago market. They are looking at expansion plans. The Chinese National Offshore Oil Company purchased a 25% stake in the oil sand. The pipeline expansions to the west are to build a huge crude port to take the Chinese share of the oil sands to China to be refined. The Canadian refinery system is full, as is ours. They're really restricted in their ability to expand. They want to displace Venezuelan crude from our refining system down in Houston.

Rep. Keiser: You have me nervous with the capacity issue. I can see the Transmission Authority coming in and saying we want the right to capacity for our electrical transmission, and also the conclusion of the last resort issue on that particular issue. Share with the committee this need for the right to capacity, and why that exclusion isn't imperative in this bill.

Lynn: That is a pretty significant risk that you take on when you take a right to capacity. The initial stages there is a non binding nomination that most of these pipelines go through. That would be the point at which the state of ND would acquire capacity. As you look at a pipeline, for example this one from Ft. McMurray all the way to Houston, they're in the process right now of going out and asking for non binding nominations to test the waters and see how much interest there is. Is there enough oil to fill our pipeline? At that point, you really are not making a firm commitment. About a year later if it looks like there's enough capacity, or oil to fill this pipeline, then they'll go up for binding nominations. At that point the Transportation Authority would have the authority to actually commit the state to purchasing space on a pipeline. The reason we wrote that into law was because it was such an effective tool for the state of Wyoming.

Rep. Keiser: What's wrong with giving the pipeline authority the power to make either of the types of decisions relative to capacity, and still require the attempt to exit strategy? Can we write an amendment so that we don't have to do it 180 days before, but that you are in fact obligated to go back to the private sector and do everything within the power of the state to exit the ownership?

Lynn: That is a very good idea, and I believe that is in the legislation. We still have to do the exit strategy.

Rep. Keiser: Karlene said this was exempted from the actual strategy. The capacity issue is exempted.

Karlene: Just the hearing process upfront, but we still have to do the exit strategy, and have that available when we make the decision.

Overview of the Fiscal Note for HB 1128.

Rep. Keiser: This is a new continuing appropriation?

Karlene: No, there has been in place a continuing appropriation for Oil and Gas Research Fund, the first $1.3 million a biennium.

Rep. Johnson: On the procurement part, you're asking for a waiver of what?

Karlene: Under state law, we all have to abide by procurement regulations, so that's how you go about the biding process for services, as well as the supply. We are asking for an exemption for that.

Rep. Johnson: The exemptions just for expertise?

Karlene: It's basically for all the services. We'd still be going through a contracting process, and still taking bids. Basically, for services it's more important that we have the exemption for that.

Rep. Vigesaa: In a perfect world, if these pipelines were in place right now, what would the price of oil coming out of ND raise to in your estimate, and how much revenue would that bring into our state on a biennium?

Lynn: We essentially had a perfect world until the plat pipeline went out unfortunately December of 2005, and the express pipeline filled everything in Montana, Wyoming and Colorado with western Canadian sour crude oil. For as long as we have tracked crude oil price differentials, ND crude has sold at about $2.50 to $3.00 a barrel. ND crude would be batching about $49.00 a barrel today. We are about $20 a barrel below Nymex for a brand new well out there that doesn't have a contract, and doesn't already have a home for this oil. Last year in 2006 for the state of ND, it cost us $15 to $20 million, we're probably looking at $10 to $15 million dollars this coming year. The situation is better with the expansion, but it's not cured by any means. We're still looking at a cost to the state of $10-$15 million to the mineral owners, and the royalty owners in those wells about the same amount, just a little bit more. That translates to the cost of industry of about $80 million that could be reinvested into new wells.

Rep. Dosch: The bonds that you anticipate issuing to finance the project, what type of bonds are they. Are they tax exempt, or are these revenue bonds, or what type?

Karlene: This would be revenue bonds. We would have to have a source to repaying off the debt service on those bonds.

Rep. Keiser: Can't this authority service the shallow gas industry just as well, and does it have the flexibility to do it?

Lynn: Yes, it certainly could service the shallow gas industry, just as well as it could service ethanol industry, or carbon dioxide, or coal to liquids. In that case, the pipeline authority could look into how we could market, for example, in the resources shallow gas as discovered in Emmons County.

Ron Ness, ND Petroleum Council: See written testimony #3.

Rep. Thorpe: On handout #1, how do they finance in regards to oil and crude and those things? Is it done through government up there, or through the industry?

Ron: You build the pipeline before you have the committed production put in the pipeline. To go out and build a pipeline, you have to have committed barrels to fill that pipe.

Robert Harms, Northern Alliance of Independent Producers: See written testimony #4.

Ron Day, Tesoro Mandan Refinery: See written testimony #5.

Rep. Thorpe: Is the reason that we haven't heard any news of Tesoro considering expansion, the reason being piping the finished products out. Is that one of the holdups?

Ron: In order for the refinery to have an expansion project, we'd have to find new markets. Right now our only real market is to go east through our existing pipeline. For us to drill that facility out there, we'd have to find a new market, which right now the only economic means to get to market is through the pipeline.

Rep. Kent Onstad, District 4: I work with the rural electric company that deals a lot of power concerns for oil companies. It is a concern of representatives from Montreal County, that to properly develop this potential oil field, I don't think we've established how large and how large an impact this is going to be to ND. It's probably the single largest development in ND since the development of Harwood Spring, to create the capabilities to expand and help develop the potential of this for the state of ND.

Edward Steadman, Energy & Environmental Research Center: See written testimony #6.

Rep. Johnson: The economic carbon credit trading, that would be kind of like green energy where you need to have somebody brings energy for your company, and if you don't have it you purchase the credit from a company that uses more than their share?

Edward: That basically is what it is. It's anticipated that there is restrictions put on a co2 emissions, and that in a cap and trade type situation, the carbon credits will be bought and sold among different industries that produce the co2.

Rep. Amerman: Is carbon sequestration, CRP lands, pasture lands, and grasslands, would those all be good storage areas?

Edward: Yes. There are two types of co2 sequestration; one is geologic sequestration, which is what I focused on in my testimony. The other is a trust real sequestration, and that's where things like no till farming, management of grasslands and wetlands can be used for producing carbon credits. Both types will be needed in the future, and both will benefit our states economy.

Randy Schnider, ND Ethanol Producers Association: I'm here to support our oil, gas, and coal in HB 1128. It allows us to take a look at moving ethanol to a pipeline. Today our industry really only has two ways to move the 400 million gallons that we're going to be producing through truck or rail. Today, it costs us about 10 cents per gallon to move ethanol by rail. Our ability to move ethanol would probably be about 1 cent per gallon, so our industry would save roughly about 9 cents per gallon.

Rep. Nottestad: We talked about ethanol not being able to be transported by pipeline, because it picks up residuals. You say you'd like to get into the transportation of it, am I wrong from what I heard before?

Randy: Historically, the technology with regard to pipeline has been a problem, because ethanol will grab the water that is in the pipeline. There's new technology being developed that will allow kind of a dedicated pipeline, especially for ethanol, that would prevent some of those problems from occurring.

Sandy Tabor, Lignite Energy Council: Support HB 1128.

Vicki Steiner, ND Association of Oil and Gasification County: Support HB 1128.

Jeff Herman, Petro Company: Support HB 1128.

Rep. Boe: This $15 to $31 disparity between the NY Stock Exchange and NY price, is that considered a basis like we do in the grain markets? How much of this basis could we see disappear because of the pipeline?

Jeff: We've always been $2 to $3 less, which would be considered the basis. So, if we could close it within $5 that would be fantastic.

Hearing Closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1128

House Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: January 17, 2007

Recorder Job Number: 1330

Committee Clerk Signature Stephanie N Thomas

Minutes:

Rep. Johnson opened the subcommittee hearing on HB 1128.

Rep. Keiser: There probably is a need to address the right to capacity issue. I do have a potential problem, which is to limit the state exposure to risk associated with that capacity question. There were two critical points in time when capacity becomes a big issue. There's a preliminary point in time, when the state needs to be able to step up to the plate, and say we are committed to capacity. The second when we have to make a commitment to capacity, then I think our committee has a responsibility to do due diligence on that question, because the state will be taking the lead and ownership potential of capacity, and what are the liabilities with that. What happens if we default on the capacity? How do we provide the optimal exit strategy out of the capacity issue if at all possible? We've done it on the Transmission Authority, and capacity is something we want to be apart of, but if in 4 or 5 years we've bought a bunch of capacity and can't deliver it, we're being assessed $50,000 a day because we're not delivering on the capacity commitment we made. I would just like to know that I'm taking that risk up front. How does it open the state to risk, what is the risk, and is there a way to minimize our exposure?

Rep. Kasper: When you talk about the concern of capacity, when does the risk of capacity first begin?

Rep. Keiser: That's part of the question. What are the dates when things happen? Ironically, this is kind of a straw man deal, because if we build this we are going to have more supplies that we'll have capacity.

Icona Jeffcoat-Sacco: The real interest of the PSC here is the captive repair, which not every line is going to affect the captive review, but a natural gas line would. As I understood what we were saying from Wyoming is that the state and authority could reserve the capacity in order to make the line viable to be built. So, if you follow through on yours, but everybody else defaults, then you have the line half full, which then the rates are being charged only to the half that's flowing through the line. The other people have all defaulted on the capacity they promised to pay; the rate would end up paying double the normal price for the transportation. So, that is an additional capacity that I'm a little worried about.

Todd Cranda: As far as I understand the commercial side of the project, Trans-Canada has already gone through the introductory open season, which is non binding. Then we went through a binding season, which is just that. It commits shippers to a set amount, whether it is pay or play. You pay anyway; so that they then can go back, finance off of those commitments of this entire project, determine the tariff, and everything that is going to go through for long term. I believe the contracts were on average 10 plus years.

Lynn Helms: The only way that company who made it binding in obligation to the pipeline gets out of that obligation is bankruptcy. There committed whether they put a deco-thermal gas on that pipe, or a barrel of oil in there pipe.

Rep. Keiser: The suppliers make that commitment. So, the state should step up and say we're making the commitment, but I don't yet have the suppliers behind me, yet there is that potential. The risk could be pretty big, so how do we minimize so that we get the suppliers behind us?

Lynn: In Wyoming, the interior department said we want to experiment with taking our oil and gas in kind, in marketing ourselves. We think we can get more than if we let the market operate for us, and so they did that as a pilot project. So, Wyoming has there own contributions in there state. When they made that commitment to put 200 million cubic feet a day on that pipeline, they knew they had those volumes.

Rep. Johnson: Does the State of ND have multiple volumes?

Lynn: Nothing comparable to that. The State of ND through aggregated federal and state royalty and kind, we would have approximately 4,000 barrels of oil a day, and 5 million cubic feet of gas.

Rep. Keiser: That's what I'm looking for, how the structure is. Perhaps before we do the binding settlement, we have to obtain the status of the zero land management royalty state, and we have to formally make a commitment of those assets as equity in this project.

Rep. Delzer: What about putting language in there, that before the state can make a binding contract, they must have binding contracts. What does that do to the pipeline authority?

Ron Ness: This seems to me that step one of this is the most important, that non binding discussion concept. The big difference that we have in ND, is that we have small fields, small volumes of oil dispersed amongst many operators. The large commitment is an issue, that's really part where we see bringing 200,000 barrels at a shot, when we really have one field in the state that has 40,000 barrels in it.

Rep. Keiser: I think we want to put in as much flexibility as we can. That gives us the protection. We can't go in to conclude the binding, unless we have the capacity right behind us. I think we should also put in language here that the state will seek this other alternative as well.

Robert Harms: Essentially, we are trying to get to a situation where a large pipeline may have a certain commitment you say committed, but is not being built, the state could be able to a certain threshold of commitments that are in place. That would get the project over the top, get it built for use, and the problem can be solved. If we use some threshold, 50% of capacity committed, I think that would get it.

Rep. Delzer: As legislators, I think we have to protect the state and taxpayers. Oil is more veritable than electricity. What kind of percentage of the pipeline in your company is putting out on land?

Todd: There is a level financially that they determine they have to have, probably capacity. They just barely met that threshold on the original open season to go with the mainline project before this cushion extension. I don't know that they've reached that level. 435,000 barrels is the capacity, currently it can go up to 670,000, and they can still leave a flex there, because they're account interior. They are all binding; they're all rock solid commitments for what portion of that 435,000 they were secured in.

Rep. Delzer: So, the total capacity is like 670?

Todd: Yes. The pushing extension, which is going to be open season here toward the end of the month goes to the upwards of 670, because they'll build that extra line.

Rep. Delzer: That 435,000, that would be like 60%?

Todd: It's 435,000 currently without that extension, and because you can put more into it with that additional pipe, it would be up to 670,000 in volume for that extension.

Rep. Delzer: You were talking about when somebody gets out of there claim, you have to file bankruptcy. What about if they have another cooperation under cooperation? Does the first cooperation still go bankrupt?

Todd: I guess as a pipeline, we want everybody committed, because we're building this taking a billion dollar risk.

Rep. Delzer: What is the capacity to refine it, at the end of these pipelines?

Lynn: The Wichita , Kansas and Oklahoma refineries have capacity right now. They are looking for light sweet crude oil. As an alternative, they will spend the money to put corkers in and switch over. As it stands in the near term, they're hoping to secure a supply of light sweet oil, which is ND type oil.

Rep. Delzer: Where is the Canadian one that there talking about building down there?

Todd: Eventually it's going down to the cushioning extension, but they are branching over to Patoka. Eventually if we get enough of the ND small oil producers pulled together to become a force in creating maybe a 200,000 barrel batch that can be inserted into the pipeline, and because of the pipeline structure, it will stay sweet crude. That's a very desirable type of product for these refineries.

Rep. Keiser: If the state takes a position that we have to have 100% of the capacity guaranteed prior to signing the binding contract, we don't need the right to capacity in this bill. That's the policy question. On the other hand if we look at bond proposal where we say we want to be pretty sure that we're going to meet them requirements for capacity, and we want 60% or 70% of that capacity identified before signing the binding agreement, then trying to exit the other remaining percent.

Rep. Kasper: How long are the refineries at the other end of the line going to wait for ND oil?

Todd: I guess it's just a replacement.

Rep. Johnson: Rep. Keiser mentioned not having 100% capacity binding for that. You just mentioned that with your group they can get maybe like 10% capacity when they're constructing, just to have it there. Is that going to become a conflict?

Todd: Before you commit to x quantity on all pipeline, you would have to have 70, 80, or 100% of the producers ready to give you that oil, for you to be the entity to contract with us for that capacity. We'll take whatever commitments, and bring it in and say do we have enough commitments from the state of ND, and whoever's backing them. You'll give us that bid, and we'll get the other people together, and out of 435,000 financially our people will say, will there be enough here to put off this project, finance it, build it, and then operate.

Rep. Johnson: What is committed to the state would have to have 100% of its portion in binding, is that right?

Robert: I think that is one option, but if the state is going to commit to that, to have it, that makes the project work. You may or may not have a full 100% behind you, but have the opportunity to pick up 20% or 30%, and share that.

Rep. Delzer: When you are looking at the bill, you're looking at these 3 million dollars that you're trying to put in there to have available.

Karlene Fine: The 3 million dollars is put over that research program in total.

Rep. Delzer: How would we pay for that?

Karlene: One of the sources would be to go to the Oil and Gas Research program, and ask for it.

Lynn: The Land Board could exercise that authority.

Rep. Delzer: We could look at what is the maximum dollar exposure to the state.

Rep. Keiser: The dilemma there is that this is a long term commitment, and financially it won't work.

Rep. Ruby: The state is already in this deal, and the cash flow isn't there.

Rep. Delzer: You have to think, if you put yourself at a cap of the exposure, you can get into it. It's a possibility.

Rep. Keiser: Let's say that we can get research to come in and build, and we want the option for research development to be able to come in with assistance. So, we take that number and we played it in to 80% of the capacity that we want. We then say we want to add 20% capacity to do that for state rural. Assume that risk that we're going to get more development and be able to divest it to new players, and then we could use that 20% to define the maximum exposure the state would have over the length of the project.

Ron: It still really goes back to that nonbinding commitment, because it's the first step that I think industry has trouble making decisions on. I believe there are enough competitive forces out that, that as soon as you get past step1, there are people that are going to want that extra space.

Rep. Keiser: I have no problem with the nonbinding; it's the binding I have the problem with.

Rep. Delzer: If we said that everything in the bill took 100% binding, when we get to the binding then we have to secure it 100% of there 95, or whatever.

Pat Fahn: The rates are redesigned so that the cost of the pipeline is spread over the remaining flow to the pipeline, and it causes an increase in the cost of consumers. The commission at that point would say the utilities might come in for a request for increase. The commission would have to look at it and say if it's reasonable.

Rep. Keiser: I cannot support this capacity statement as written. I want to see an amendment to the capacity issue. I could live with a 90% capacity within a standing if there's an obligation to try and sell that additional percent, but we need to have backing with the binding. With the nonbinding, the state can have the authority.

Rep. Boe: When you talk about the capacity of the pipeline, and we talk about the contracting of the product that goes into the line. Is there a long term contract for the consumption at the other end?

Rep. Keiser: It is all one big picture. The pipeline people are not going to spend all of those dollars if they don't have a contract in the front, and on the back. Nobody makes that kind of a financial commitment if they don't have those commitments locked up.

Rep. Kasper: Page 6, lines 29-30, is that enough of a statement for everything that goes on with the records and contracts that we need to signs on the front and the back that will be reviewed by the authorities, so that they can remain confidential?

Karlene: The amendments that we proposed, it says to the fact that a request has been made.

Robert: I'm wondering if we couldn't look at the language. What we are trying to do is maximize the usefulness, probably of the pipeline authority, and limit this exposure. The structure that we're talking about right now is the nonbinding scenario which probably would get us through most of what we might get exposed to. The second tier, so to speak, would be 100% commitment, or we could go 90% and get to the binding scenario. If under that we couldn't maybe just look, for the reason I said, unless by unanimous consent of the ND Industrial Commission we're looking at a lower threshold than 90%. There's going to be some political restraint on the Industrial commission members, the political ness that we're willing to assume, and also draft those amendments. I just thought maybe we could look at it.

Rep. Keiser: No.

Ilona: Pipeline Safety Jurisdiction today over intra state lines, we don't expect them to do it for us, but we want to preserve that safety jurisdiction. The second one where there were concerns about the property tax, and the relationship between the authority and Keystone was that Keystone would end up paying the property tax, and that everyone's very excited about.

Rep. Kasper: As far as the staff for the pipeline authority to get work done behind the scenes, is there enough staff right now, or do you need to add one or two FTE's to get the work done?

Karlene: What we've done is by increasing the fund, you have your Oil and Gas Research Fund, and that fund would be used to contact if we need an employee to provide services for the work that needs to be done.

Rep. Kasper: I'm talking about people that actually do the work.

Karlene: We contract out.

Ron: The Industrial Commission did discuss this, and we have a technical advisor that basically manages, oversees, and runs them on a contract basis.

Rep. Keiser: For every successful project, unless you have a formal cheerleader that runs the show and gets things moving, you're going to be real slow.

Hearing Adjourned.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1128

House Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: January 22, 2007

Recorder Job Number: 1613

Committee Clerk Signature	Stephanie N Thomas

Minutes:

Rep. Johnson opened the subcommittee hearing on HB 1128. The concern was the states liability on the capacity issue. We also talked about having someone in place to get the authority moving.

Karlene Fine: See proposed amendment.

Rep. Johnson: What is the funding available on the research fund right now?

Karlene: If this bill would pass, it would be $3 million a biennium.

Rep. Delzer: That would be minus the contract and stuff that we didn't talk about later on?

Karlene: Correct. That would be a match on those things.

Todd Cranda: It's a moving target. As the biennium goes on, as the research council commits dollars to research, we have less and less available. No more than $3 million.

Rep. Johnson: How does that work then if the amount that's in the Oil and Gas Research Fund is a moving target? At some point you have to commit some amount to the capacity. What happens if the target moves below what's been committed?

Karlene: We'd stop giving to any more research programs.

Rep. Keiser: This goes a long way. I just think that we need to add to that small part of the amendment that although we are committing these dollars, we will continue to negotiate contracts to satisfy the amount. What we really want is to be able to make an additional commitment of up to 10% on capacity within standing that we're going to try and market it.

Karlene: It would be our incentive to do that, if we are going to continue doing other kinds of research.

Todd: On page 8 of the bill, we make a very strong commitment to sell that commitment, that 10% that we acquired, as quickly as possible. Before taking that position, you have to have a plan for investing the pipeline authority of that position so, before you ever sign on that dotted line you can take that 10%.

Rep. Delzer: What about just putting it in as a last resort, the state may obligate up to 10%. Does that cover anything?

Rep. Keiser: That covers the front end, but it still gives you that ability to commit 10% without pressure to sell it off.

Ilona Jeffcoat-Sacco: It does at the beginning mention capacity, it just talks about ownership. You might want to add that in both places.

Rep. Delzer: You're talking just under subsection 3, adding ownership or capacity.

Ilona: I would put it in both places.

Rep. Keiser: Wherever it says ownership, we're going to add ownership and capacity.

Rep. Delzer: I like what I see here, it covers the state, and it still gives us the opportunity to move forward. It'll keep us from getting in a bind, where 10 or 15 years down the road we aren't sitting with something we can't afford.

Robert Harms: Page 3, line 5, my understanding from last week was that the concern was whatever obligation the state makes for acquiring this capacity, we want to make sure the state wasn't on the hook, so to speak, for no more than 10% of capacity. Since we've got a 90% tax, the way I read that paragraph, I could see somebody saying that the state can only acquire 10% in a line. I don't think that's really what we were talking about. We were wanting to make sure if the line is 5,000 barrels or 100,000 barrels, we'd essentially have 90% commitment whether we contracted for 30% of the pipeline capacity, or 50% of the pipeline capacity.

Rep. Delzer: I guess I would read it different to, because the states don't pick up whatever share they're having. If they pick up 50% of whatever they have, 40% of it is contracted out, and that's where the other 10% comes in. It doesn't matter how much you're buying, the state can only be obligated to 10%, the rest can be all done under that.

Rep. Keiser: That's really what we want. The pipeline authority is going to enter into a contract. Whatever they're going to buy, that's going to be the pipelines purchaser of a right to capacity. Of that total, only 10% of our purchase need not be backed by contract at the time of purchase.

Todd: That was the intent of the language we drafted. There was no limit on how much capacity the pipeline authority could acquire, but there is a limit on what percentage of that apposition can be an obligation of the state.

Marcy Dickerson: I don't see that as greater, I think it's no more than 10%, and if there isn't sufficient funding available from the research fund there would be less than 10%. I don't think we'd ever be over 10 %.

Karlene: Overview of proposed amendment.

Rep. Keiser: Should there be any limit on that amount of money?

Ron Ness: I guess I would urge not to have a limit. We frankly don't know the costs of those studies and all of those extra pieces are extremely sensitive. We don't know what we are going to run into. The research fund is administered by a board, ultimately, all decisions are