



Montana Association of Counties

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MACO ENERGY COMMITTEE MEETING MINUTES

Annual Conference, Holiday Inn Downtown, Missoula, MT: September 18, 2018

1. Roll Call & Introductions

Members:

- | | |
|------------------------------------------------------------------|------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Doug Martens, Chair, Rosebud | <input checked="" type="checkbox"/> Shane Gorder, Richland |
| <input type="checkbox"/> Richard Moe, Vice-Chair, Wheatland | <input checked="" type="checkbox"/> Don Hajenga, Judith Basin |
| <input type="checkbox"/> Tom Bennett, Wheatland | <input checked="" type="checkbox"/> Duane Mitchell, Richland |
| <input checked="" type="checkbox"/> Deanna Bockness, Prairie | <input checked="" type="checkbox"/> James Moos, McCone |
| <input checked="" type="checkbox"/> Mike Delger, Broadwater | <input checked="" type="checkbox"/> Denis Pitman, Yellowstone |
| <input checked="" type="checkbox"/> Robyn Driscoll, Yellowstone | <input type="checkbox"/> Morris Spannagel, Treasure |
| <input type="checkbox"/> Bob Faw, Sweet Grass | <input checked="" type="checkbox"/> William Wallace, Sweet Grass |
| <input checked="" type="checkbox"/> Robert Goffena, Musselshell | <input checked="" type="checkbox"/> Dennis Zander, Dawson |

Guests: Burt Todd and Scott Rosenthal from MT Tech. Tayla Snapp from Congressman Gianforte's office.

2. Appoint Temporary Secretary for Duration of Meeting

Jason Rittal, MACo Deputy Director, was appointed by Chair Martens as temporary secretary.

3. Approval of Minutes: 2018 Midwinter Conference

There was a motion by Commissioner Gorder to approve the 2018 Midwinter Conference Minutes; Commissioner Hajenga seconded. Motion carried.

4. Review Assigned Resolutions: The committee had one resolution assigned for review and recommendation to the membership:

- Support Development of New U.S. Coal Export Facilities, Phillips County
 - The Committee was referred to page 29 of the resolution and policy packet to review the proposed resolution.
 - After reviewing, a general comment was given by Commissioner Goffena about AG Fox suit pertaining to Commerce Clause.
 - Chair Martens posed the question about whether the initiative should be a resolution or policy to statement?
 - Commissioner Mitchell posed a question about what role of a policy vs a resolution is. Jason Rittal explained that in most instances a resolution results in MACo soliciting legislation. Policy gives direction on how to react to bills and/or other activity related to a particular initiative or issue.
 - There was a motion by Commissioner Zander to include the verbiage in the policy statements; Commissioner Moos seconded. Motion Carried.
 - New policy statement shall be as follows: *MACo supports the development of new U.S. natural resource export facilities and will encourage the Montana Legislature and Attorney General to do the same.*

5. **Review/Approve Committee Policy Statements:** The Midwinter changes were reviewed along with the existing language. A motion was made to accept the changes made at Midwinter as shown by Commissioner Bockness; the motion was seconded by Commissioner Driscoll. Motion Carried.

*Note: Policy addition related to export facilities and midwinter changes were forwarded to staff for inclusion in the policies to be presented to the membership.

6. Speakers/Presentations

- NACo report from Nashville, Chair Martens: Environment, Energy, & Land Use (EELU). The committee engages in a difficult combination of issues so it would be better if the committee was split so that items could get to the floor more easily vs. being killed in committee. The committee passed policy related to wetlands permitting; climate change language; waters of the US rulemaking; EPA's framework for storm water rules; water quality effluent limitations; EPA groundwater regulations; rules related to water infrastructure; funding for local levels to address sea level rises; sea urchins; doing business with foreign nations; green algae issues on east coast; LGN export facilities; Keystone XL (taken out by Board of Directors because there was no action for the board to take); and encouraging FERC to redo guidelines in coordination with local governments especially as it relays to drawing down reservoirs to avoid flooding.
- Speaker Scott Rosenthal from Montana Tech Mine Engineering Dept and Burt Todd from Petroleum Engineering Dept.
 - Mr. Rosenthal –Tech is seeing a declining enrollment although they have had 100% placement in the last 5 years. High percentage of internships as well. Enrollment consists generally at 1/3 in coal, mostly 1/3 metals, 1/3 aggregates. Current GM at Colstrip is a Tech Alumnus.
 - Mr. Todd – Expressed appreciation for how important county commissioners are to oil and gas especially the roads. Overview of MT Tech Petroleum program, as well as thoughts on oil and gas in general. Enrollment goes up when price goes down. Administration has realized that spikes are not good and they are looking to control top end of enrollment. Looking to diversify a bit to online and expanded research. Online would serve the needs of ongoing education to keep up with trends. Not a lot of R&D in the region which provides an opportunity to fill a need as well as help with retention of staff.
 - \$70/ barrel oil provides a consistent strong and reliable level for investment. Enhanced oil recovery needs additional research to provide opportunities long term for unconventional oil reservoirs. Long term relationships provide stability for all. Foresee growth but not wild growth.
 - Commissioner Mitchell – Denbury CO2 recovery in Cedar Creek. Unitized units so secondary recovery works. Elm Cooley is different. Is there any talk about those unitizing or adding a leg or two? Mr. Todd's response: Cedar Creek lent itself to unitization. Bakken is not the same. EOR needs to be proven out first. Once the production is depleting in Bakken someone doing EOR will make a play to purchase and come in.
 - Follow up by Commissioner Mitchell – Cedar Creek was surrounded with wells to push the oil in. Has that boundary been established for Elm Creek? Mr. Todd's response: No. It may go as far as Shelby. It just is unknown.
 - President Bill Barron – Online schooling and research. Is that an either/or or do they have to come together? Response: They need both but moving into them slowly. It is a yes and situation to make it all work.
 - Commissioner Zander – Tech common core curriculum. How does that work? How do they work out the recruitment? Response: Common freshman semester is all because of diversity. After that

semester they declare. They don't want everyone. It has to be the right person, so they want the right risk tolerant people.

- Commissioner Goffena - Heath formation – Will it ever be productive/profitable? Response: Mr. Todd is working with a graduate student on the area. Why is it so difficult? It doesn't work like the Bakken. It is 6000 ft shallower, which means less pressure, but there is oil.
- Mr. Todd's final thoughts are that oil is going to stick around and there is a lot more of it than we even remotely thought a while back. The oil business is going to be around a long time. Very optimistic
- President Barron – Thank you to the committee. It is extremely important to MACo and gives staff policy to make decisions. Please keep up the good work and involvement.

7. **Other Business:** Chair Martens- Any agenda items for Midwinter? Probably going to be legislatively driven.

- Commissioner Mitchell – Suggested a discussion about tax holiday at MPA. Need a presentation about how important it is and the long-term benefit of the wells that offsets the holiday including the payroll and ancillary services and the benefit to Montana from that. Also need to educate the abundance of new legislators that come. Put together a 1-page fact sheet? Examples? Impact on EOR?
 - Chair Martens – We can maybe get with MPA and figure something out.

8. **Adjourn:** There being no further business, the committee adjourned.