



TREASURE STATE
RESOURCES ASSOCIATION
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TREASURE STATE RESOURCES ASSOCIATION NEWS
November, 2017

Governor Bullock Calls Special Session to Balance Montana's Budget
Bullock: "It's time Montana leaders fulfill our responsibilities and balance our budget"

Source: Office of the Governor, Monday, November 6, 2017

Governor Steve Bullock today called the Montana Legislature back to Helena for a special session to begin at 12:00 pm on Tuesday, November 14, 2017, with hearings beginning on Monday, November 13, 2017.

"I have put forth a set of reasonable and thoughtful proposals to balance Montana's budget for consideration by the Legislature," said Governor Bullock. "It's time Montana leaders fulfill our responsibilities to the people we represent and balance our budget in a way that makes sense for Montana taxpayers, workers and families."

Governor Bullock has proposed to the Montana Legislature to address the \$227 million revenue shortfall through an equal combination of cuts, revenue increases, and transfers and other legislation based on realistic revenue projections.

Governor Bullock remained "hopeful a deal will be reached prior to the Legislature's arrival back in Helena next week" and anticipates a "quick and productive session".

"I look forward to resolving our budget situation by the end of this month and then refocusing on growing Montana's economy, creating more good-paying jobs, and investing in the health of our communities," Bullock continued.

The Governor's Proclamation limits the special session to the following subjects:

1. Legislation approving fund balance and other transfers as submitted by the Office of Budget and Program Planning.
2. Legislation providing for a two-month employer contribution holiday to the state employee group benefits plan. *The plan is running a surplus currently, so services will be unaffected.*
3. Legislation temporarily suspending employer share contributions to the judges' retirement system. *The system is currently running a surplus so retirement payouts will be unaffected.*
4. Legislation revising the sale of new liquor licenses by requiring an auction of newly created licenses. *The free market will determine the price of a public asset, not an artificial and outdated statute.*
5. Legislation eliminating the transportation and combined block grant payments and suspending the coal fired generating unit payment for the current biennium.
6. Legislation revising the state fire assessment to apply to all parcels. *Wildland fire costs have shifted from just forest lands to all land types and structure protection.*
7. Legislation temporarily increasing the accommodations and rental car tax rates to increase general fund revenues to offset state fire costs.
8. Legislation authorizing a management fee on excess investment holdings of the Montana State Fund to offset state fire costs.
9. Legislation providing appropriation for fire suppression costs and emergency funds for FY 2018 and FY 2019.

EPA Announces Public Hearing on Proposed Repeal of Clean Power Plan (Written Comments Can Also be Submitted)

Washington, D.C. (November 2, 2017)

Contact: press@epa.gov

The U.S. Environmental Protection Agency (EPA) will hold a public hearing on the proposed repeal of the Clean Power Plan in Charleston, WV on November 28-29, 2017. All persons wanting to speak are encouraged to register in advance.

"The EPA is headed to the heart of coal country to hear from those most impacted by the CPP and get their comments on the proposed Repeal Rule. The agency looks forward to hearing from all interested stakeholders," said EPA Administrator Scott Pruitt.

The hearing will convene each day at 9:00 a.m. (Eastern Standard Time) and will conclude at 5:00 p.m. The EPA may also hold an additional hearing to be announced at a later date.

Written comments (on the proposed repeal) must be received by the last day of the comment period, which has been extended to January 16, 2018. Comments should be identified by Docket

ID No. EPA-HQ-OAR-2017-0355 and may be submitted by one of the methods listed on the Clean Power Plan Proposed Repeal: How to Comment web page.

Background: Soon after the previous Administration issued the Clean Power Plan in 2015, 150 entities including 27 states, 24 trade associations, 37 rural electric co-ops, and three labor unions challenged the CPP, highlighting a range of legal and technical concerns. A few months later, the United States Supreme Court stayed the CPP, immediately halting implementation –the first time the Supreme Court had ever issued a stay to block the enforcement of a regulation.

On March 28, 2017, Administrator Pruitt signed a notice indicating the EPA’s intent to review the Clean Power Plan, in accord with the President’s Energy Independence Executive Order. On October 16, 2017, the EPA proposed to repeal the Clean Power Plan, proposing that it is not consistent with the Clean Air Act. EPA is now taking comment on that proposal and has extended the public comment period to January 16, 2018.

More information about the proposed repeal can be found at: <https://www.epa.gov/stationary-sources-air-pollution/electric-utility-generating-units-repealing-clean-power-plan>

Department of the Interior Releases Energy Burdens Report

Source: U.S. Department of the Interior, October 25, 2017

On October 25th, the U.S. Department of the Interior released the “**Review of the Department of Interior Actions that Potentially Burden Domestic Energy**” report which was produced in response to Executive Order 13783. The report identified agency actions that potentially burden the development or use of domestically produced energy resources, with particular attention to oil, natural gas, coal, and nuclear energy resources. Interior oversees America’s oil, gas, coal, hydropower, and renewable energy resources produced on federal lands and waters, which account for almost one-fifth on the Nation’s energy and generate on average \$10 billion per year in annual revenue. Today (October 25, 2017) Secretary Zinke also signed Secretarial Order 3358 that will establish the Executive Committee for Expedited Permitting.

“Developing our energy resources to grow our economy and protect the environment are not mutually exclusive. However, while conducting the review outlined in the Executive Order, we found that several costly and burdensome regulations from the past threaten the balance by hampering the production or transmission of our domestic energy, “ said **Secretary of the Interior Ryan Zinke**. “Our public lands are meant to be managed for the benefit of the people. That means a multiple-use approach where appropriate and making sure that multiple-use includes energy development under reasonable regulations. Following President Trump’s leadership, Interior is fostering domestic energy production by streamlining permitting and revising and repealing Obama-era job killing regulations – all while doing so in an environmentally-responsible way.”

- “The federal government can and must be a better business partner,” **Vincent DeVito, Counselor to the Secretary for Energy Policy**, said. “Secretary Zinke’s bold approach to achieving American energy dominance is making our nation freer, more secure, and more prosperous. Regulations should not unnecessarily burden energy production, but that is what occurs in many cases. The recent actions outlined in this energy report show how Interior is rolling back some of these burdensome regulations that add little or no value, while promoting responsible energy development.

The report identified a number of burdens that specifically impeded the production and transportation of energy resources, including, but not limited to:

- **Obama-Era 5-Year Program** Under the last Administration, 94% of the Outer Continental Shelf (OCS) was put off-limits from leasing, having an adverse affect on jobs and energy dominance, while drastically reducing access to future revenue.
 Trump Administration Action: Secretarial Order 3350, America-First Offshore Energy Strategy started the process of developing a new 5-Year Program to responsibly develop the OCS and generate much-needed revenue.
- **Federal Coal Leasing Moratorium (Secretarial Order 3338, Discretionary Programmatic Environmental Impact Statement to Modernize the Federal Coal Program)** Nearly 40% of our nation’s coal comes from public lands. The 2016 coal moratorium undermines American energy security, inhibits job creation, and reduces revenues to state and local governments.
 Action: Secretarial Order 3348, Concerning the Federal Coal Moratorium repealed the Obama-era moratorium on new federal coal leases.
- **Hydraulic Fracturing on Federal and Indian Lands Rule** The compliance costs of the existing 2015 rule on hydraulic fracturing are not justified. All 32 states with federal oil and gas leases and some tribes currently have laws or regulations that address hydraulic fracturing operations.
 Action: Secretarial Order 3349: American Energy Independence put the rule under review. The BLM published a rulemaking to rescind the rule on July 25th.
- **Waste Prevention, Production Subject to Royalties, and Resource Conservation AKA the Venting and Flaring Rule** The rule imposes a substantial burden on industry, especially for marginal well production in energy-rich states like New Mexico, particularly the requirements that are set to become effective on July 17, 2018.
 Action: Secretarial Order 3349: American Energy Independence puts the rules under review for subsequent action by the Department. On October 5, 2017, the BLM issued a proposed rule to temporarily suspend certain requirements of the rule. The BLM is also actively reviewing the underlying regulation for potential revision.
- **Unnecessarily lengthy NEPA reviews delay projects** The NEPA process has added extra time and analysis to project completion, which adds to uncertainty for industry and higher costs for taxpayers. This is particularly true for Department actions that impact

energy and infrastructure project, such as resource management planning, permitting, and issuance of rights-of-way for pipeline projects and electricity transmission.

Actions: The Department has identified a number of rules and regulations to review or rescind such as the Master Leasing Plans, the NEPA Compliance for Oil and Gas Lease Reinstatement Petitions, and the Sage-Grouse Resource Management Plans. In addition, the Deputy Secretary issued an August memo setting a deadline of one year and limiting EIS statements to 150 pages or 300 pages for unusually complex projects.

- **Holding energy producers hostage via Compensatory Mitigation (Secretarial Order 3330)** Current compensatory mitigation policies have reduced predictability, created conflicts, and unnecessarily increased permitting/authorization timelines. Additionally, industry stakeholders believe the mitigation planning goal exceeds statutory authority. Currently, Interior and its bureaus lack a consistent terminology and framework for mitigation.

Action: Secretarial Order 3349: American Energy Independence reexamined the use of mitigation policies and practices in order to better balance conservation strategies and job creation. Bureaus at the Interior will review various handbooks and manuals on the use of mitigation for energy and infrastructure projects.

- **Systematic delays in the leasing and permitting process** The long period from when acreage is first nominated to when those acres are offered at a lease sale, as well as delays between the lease sale date and when leases are awarded reduces industry certainty and hinders states from receiving their share of lease sale revenues. These delays have rendered industry less able to plan for and execute exploration and production strategies in a timely fashion, and less able to respond effectively to changing market conditions.

Action: Secretarial Order 3354 Supporting and Improving the Federal Onshore Oil and Gas Leasing Program and Federal Solid Mineral Leasing Program. Secretarial Order 3358 to form a permit expediting committee. In January 2017 there were 92 vacancies in key positions related to the permitting process. Since that time, this administration has filled nearly half of those positions. The BLM is also modernizing the software used to track and coordinate permitting while seeking to add regional teams that will be able to greatly streamline the permitting process.

So far this year the BLM has decreased time for APDs by an average of 46 days.

- **Endangered Species Act (ESA)** is taken into consideration for both on-and offshore energy and infrastructure projects. It has far-reaching negative impacts on energy production and transmission as well as on critical infrastructure projects. ESA abuses have led to increased costs and delays on projects.

Action: Secretarial Order 3353: Greater Sage-Grouse Conservation and Cooperation with Western States Work with the Western Governors Association and other local partners to develop recommendations to improve the application of the ESA. Launch a review of ESA regulations and policy documents regarding outdated, unnecessary, ineffective and inconsistently aligned with Executive and Secretarial Orders.

The report also detailed extensive action taken to advance American Energy Dominance at the Department of Interior, including but not limited to:

- Secretarial Order 3351: Strengthening the Department of Interior's Energy Portfolio
- Secretarial Order 3352: National Petroleum Reserve – Alaska
- Secretarial Order 3353: Greater Sage Grouse Conservation and Cooperation with Western States
- Reestablishing the Royalty Policy Committee to ensure the public continues to receive the full value of energy produced on federal lands.
- Review, repeal and rewriting of the following rule: The BSEE Well Control and BOP Rules, the ONRR Valuation Rule and the OSMRE Stream Protection Rule.

US House of Representatives Passes Bill to Improve Forest Management By Cutting Red Tape

Source: House Committee on Agriculture, November 2, 2017

Washington, D.C. – Today the U.S. House of Representatives approved H.R. 2936, the *Resilient Federal Forests Act of 2017*, a bipartisan bill to expedite and improve forest management activities by cutting the red tape for the Forest Service. The bill would allow faster approval for logging and other actions to reduce the risk of fire in national forests. Following the vote, House Agriculture Committee Chairman K. Michael Conaway (TX-11), Vice-Chairman Glenn 'GT' Thompson (PA-5) and Conservation and Forestry Subcommittee Chairman Frank Lucas (OK-3) offered the below remarks:

“Today the House took an important step to reducing Washington’s bureaucratic red tape. In the wake of devastating fires across much of the West this year, it is far past time we provide flexibility to the Forest Service to expedite management practices designed to prevent disastrous wildfires. This legislation will help save lives, homes and forests, and I thank my colleagues for restoring common sense management practices to preserve the health of our forests for future generations,” said Chairman Conaway.

“Our national forests are becoming increasingly overgrown with hazardous fuel due to lack of active management. The Resilient Federal Forests Act is a vital piece of legislation for the Forest Service, allowing for more authority and flexibility for improved forest management. As a member of both the Agriculture and Natural Resources Committees, I understand how important it is we provide our Forest Service with the tools needed to reduce the threat of catastrophic wildfires, insect and disease infestation and damage to municipal watersheds, and I applaud my colleagues for their support of this common-sense legislation to combat future forest fires,” said Vice Chairman Thompson.

The bill now moves to the Senate. The hope is the bill’s provisions will be included in the year-end funding bill.

Montana Clean Air Act Advisory Committee (CAAAC) to Meet November 16, 2017

The next CAAAC meeting is scheduled for Thursday, November 16, 2017 at 1:00 pm. It will be held in Room 111 of the Metcalf Building located at 1520 E. 6th Avenue in Helena. Those interested in the topics to be addressed can also participate electronically via Skype or by phone.

The CAAAC is a stakeholder advisory group formed to enhance communications between the Montana Department of Environmental Quality and a diverse range of air quality stakeholders by developing working relationships centered on a two-way exchange of information.

At the meeting, DEQ staff will provide updates on a variety of projects such as:

- Fees, Budget and Billing
- Regional Haze and Next Steps
- New Registration Rules
- Redesignations
- Stack Test Protocol Revisions, and
- Conditional Air Quality Monitors

For more information about the meeting agenda, or for details about accessing the meeting, visit the website at: deq.mt.gov/Air/AirQuality/CAAAC

Montana Sage Grouse Oversight Team Met November 3rd in Helena

MSGOT members met briefly on November 3rd to share updates on agency and program activities. There were no substantive action items. Program officials again provided assurance that no projects were being held up by virtue of the longer than expected timeframe for bringing the HQT and mitigation policy on line.

Currently the work product developed by the consulting firm charged with creating the HQT framework is being transferred to the state database. That process has proven more complicated than anticipated but progress is being made. There are still policy issues to be addressed with regard to the mitigation document, some of which are likely to draw additional public comment once the rule adoption process is initiated. DNRC Legal Counsel Dana Jackson reported they anticipate proposing a rule that adopts the HQT and Mitigation Policy as separate documents.

The next MSGOT meeting will be held on December 15th at the State Capitol in Helena. A draft rule, as well as drafts of the HQT and Mitigation Policy documents are expected to be on the meeting agenda, pointing to initiation of the formal rulemaking process early in 2018.

In the meantime, the BLM is undergoing a scoping process to determine if their resource management plans need to be amended relative to Secretarial Orders addressing sage-grouse management. Public comments will be accepted from 4-8 pm. at a November 8th meeting in Billings (MT.-Dakotas Office, 5001 Southgate Drive) or may be submitted in writing prior to the close of the comment period – likely the end of November. More information can be found by visiting the BLM website.

Water Pollution Control Advisory Council (WPCAC) Advances SB 325 Variance Rule - Recommends Approval of Individual Nutrient Variance

WPCAC members met on November 3rd in Helena to consider two action items proposed by the Montana Department of Environmental Quality. The City of Whitefish has submitted a request for an individual variance from nutrient standards based on new EPA and state guidance. The City demonstrated meeting current standards would pose an economic hardship – nearly double the threshold considered significant. WPCAC members recommended approval of their request.

The other item considered was a revised rule concerning what is referred to as “Part 2” of the bill passed in 2015 (SB 325) that allows for a water quality variance to be granted to an entity that demonstrates the impact of other legacy activities for which they are not responsible makes it either economically or technologically challenging to meet current standards. The variance would be reviewed every 5 years. A similar rule was rejected earlier this year by the Board of Environmental Review due to concerns about whether the Montana Administrative Procedure Act was being properly applied. The new rule no longer requires BER to be part of the individual variance process under this part of the law. Individual variances will be reviewed and approved by DEQ, will go through a public review process, and will be reviewed and approved by EPA.

WPCAC members recommended approval of the draft rule. The revised proposal will be considered at the next BER meeting scheduled for December 8th.

Reminders:

Joint MT. Chamber/TSRA Showcase Event – January 10, 2018

The Montana Chamber of Commerce and TSRA are partnering on a special trade show featuring Montana’s business and industry sectors in conjunction with the Chamber’s Annual Business Days at the Capitol. Industry groups and individual members can highlight the work they do by reserving a booth at the event. Sponsorship and registration details will be available soon.

TSRA 2018 Annual Meeting

TSRA's 2018 annual meeting will take place at the newly renovated Copper King Hotel & Convention Center in Butte, Montana on **June 20– 21st, 2018**. The TSRA Golf Scramble will be played at the Butte Country Club. The scramble will be held on the afternoon of June 20th. TSRA's "official" annual meeting will be held the following day, June 21th along with a full program. Please add those dates to your calendar for 2018 and watch for registration information early next year.

Notice of TSRA 2018 Dues Adjustment

The TSRA Board of Directors has adopted a Dues Adjustment for 2018 that reflects the impact of annual increases in the CPI (cost of doing business). In recognition of the economic challenges faced by many of our members, the Association has not adjusted dues for several years even though operational costs have increased. However, in order to maintain our level of service, the Board felt it prudent to authorize a modest change at this time. The dues adjustment will be reflected on the 2018 dues statement. TSRA appreciates the support and participation of our members and invites anyone who has questions about the Board's action to please contact Peggy Trenk at 406-443-5541 or ptrenk@tsria.net

Upcoming Events/Dates

November 14, 2017	Special Session of the Montana Legislature Convenes at 12 Noon (Committee hearings begin on November 13 th)
December 4-5, 2017	Revenue and Transportation Interim Committee State Capitol, Helena, MT
December 6, 2017	Montana Taxpayers Association Annual Meeting Helena, MT
December 12-14, 2017	MT. Stockgrowers Association Annual Convention & Trade Show Double Tree & Northern Hotels, Billings, MT
January 8-9, 2018	Water Policy Interim Committee State Capitol, Helena, MT
January 10-11, 2018	MT Chamber of Commerce Business Days at the Capitol Great Northern Hotel, Helena, MT* * Joint MT. Chamber/TSRA Business and Industry Showcase is Wednesday, January 10 th at the Helena Civic Center
January 16, 2018	Energy & Telecommunications Committee State Capitol, Helena, MT

January 17-18, 2018	Environmental Quality Council State Capitol, Helena, MT
March 12-13, 2018	Water Policy Interim Committee State Capitol, Helena, MT
March 13-14, 2018	Revenue and Transportation Interim Committee State Capitol, Helena, MT
March 16, 2018	Energy and Telecommunications Committee State Capitol, Helena, MT
March 21-22, 2018	Environmental Quality Council State Capitol, Helena, MT
May 2-3, 2018	Revenue and Transportation Interim Committee State Capitol, Helena, MT
May 17-18, 2018	Energy and Telecommunications Committee State Capitol, Helena, MT
May 21-22, 2018	Water Policy Interim Committee State Capitol, Helena, MT
May 30-31, 2018	Environmental Quality Council State Capitol, Helena, MT
June 20-21, 2018	Treasure State Resources Association Annual Meeting Copper King Inn, Butte, MT
July 10-11, 2018	Revenue and Transportation Interim Committee State Capitol, Helena, MT
July 19-20, 2018	Energy and Telecommunications Committee State Capitol, Helena, MT
July 23-24, 2018	Water Policy Interim Committee State Capitol, Helena, MT
July 25-26, 2018	Environmental Quality Council State Capitol, Helena, MT

September 10, 2018	Energy and Telecommunications Committee State Capitol, Helena, MT
September 10-11, 2018	Water Policy Interim Committee State Capitol, Helena, MT
September 12-13, 2018	Environmental Quality Council State Capitol, Helena, MT
September 13, 2018	Revenue and Transportation Interim Committee State Capitol, Helena, MT
November 19, 2018	Revenue and Transportation Interim Committee State Capitol, Helena, MT

If you don't want to receive the TSRA Newsletter, please let me know. If you want to share with others in your company or organization, please do so. The mission of the Treasure State Resources Association is to promote and enhance the Montana Way of Life through responsible resource development.