

MINUTES
SENATE RESOURCES & ENVIRONMENT COMMITTEE

DATE: Wednesday, February 07, 2018

TIME: 1:30 P.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman Bair, Vice Chairman Siddoway, Senators Brackett, Heider, Vick, Bayer, Johnson, and Jordan

ABSENT/ EXCUSED: Senator Stennett

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting of the Senate Resources and Environment Committee (Committee) to order at 1:30 p.m.

Chairman Bair announced that Senator Lee would present her RS at the beginning of the meeting due to time constraints.

RS 26033 **Senator Lee** said the purpose of **RS 26033** is to provide legislative intent for the Idaho Department of Fish and Game to continue to focus on wolf management techniques in Idaho. The proposal codifies current practice and plans to continue collaring wolves as part of the wolf management plan to reduce livestock depredation in Idaho.

MOTION: **Senator Siddoway** moved to print **RS 26033**. **Senator Heider** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT: **Chairman Bair** said the next order of business was to consider the gubernatorial appointment of Dr. John Rusche to the Idaho Water Resource Board, to serve a term commencing August 31, 2017 and expiring January 1, 2019.

MOTION: **Senator Jordan** moved to send the gubernatorial appointment of Dr. John Rusche to the Idaho Water Resource Board to the floor with recommendation that he be confirmed by the Senate. **Senator Johnson** seconded the motion. The motion carried by **voice vote**. Senator Stennett will be the floor sponsor.

GUBERNATORIAL APPOINTMENT: The next consideration was the gubernatorial reappointment of George McQuiston, Jr. to the Outfitters and Guides Licensing Board, to serve a term commencing April 20, 2017 and expiring April 20, 2020.

MOTION: **Senator Heider** moved to send the gubernatorial reappointment of George McQuiston, Jr. to the Outfitters and Guides Licensing Board to the floor with recommendation that he be confirmed by the Senate. **Senator Brackett** seconded the motion. The motion carried by **voice vote**. Senator Heider will be the floor sponsor.

GUBERNATORIAL APPOINTMENT: The next consideration was the gubernatorial reappointment of Robert Barowsky to the Outfitters and Guides Licensing Board, to serve a term commencing May 31, 2017 and expiring May 31, 2020.

MOTION: **Senator Siddoway** moved to send the gubernatorial reappointment of Robert Barowsky to the Outfitters and Guides Licensing Board to the floor with recommendation that he be confirmed by the Senate. **Senator Heider** seconded the motion. The motion carried by **voice vote**. Senator Siddoway will be the floor sponsor.

RS 26046 **Senator Siddoway** said this memorial urges Congress to introduce legislation opposing any federal land designations that restrict land use, unless approved by Congress and the Legislature.

MOTION: **Senator Vick** moved to print **RS 26046**. **Senator Heider** seconded the motion. The motion carried by **voice vote**.

RS 26088 **Chairman Bair** stated that this RS proposes to remove the sunset clause. Doing so would allow the Wolf Control Fund and the Idaho Wolf Depredation Control Board to continue to direct and manage the fund.

MOTION: **Senator Vick** moved to print **RS 26088**. **Senator Heider** seconded the motion. The motion carried by **voice vote**.

S 1260 **Senator Keough** presented **S 1260**. It pertains to Lake Pend Oreille, Pend Oreille River, Priest Lake, and the Priest River Commission (Lakes Commission). This legislation proposes to amend existing law to provide that the Lakes Commission shall have the authority to designate representatives to participate in proceedings regarding the Columbia River Basin. It also provides that moneys in the Lakes Commission fund may also be used to provide for participation in proceedings regarding the Columbia River Basin.

TESTIMONY: **Molly McCahon**, Executive Director of the Lakes Commission, testified in support of **S 1260**.

Ms. McCahon said the Lakes Commission was created in 2003 by statute as an advisory board on water related issues in the Pend Oreille Basin. The waters of the Pend Oreille Basin are the heartbeat of the economy, and the Lakes Commission works to ensure it remains as such. Just as southern Idaho needs to protect its water rights for irrigation and beneficial uses, **Ms. McCahon** stated they need to protect their water for recreation and other beneficial uses which are primarily fishing, boating, and real estate values. Irrigation in the south and recreation in the north both contribute significantly to Idaho's economy. They do not conflict with one another and can be equally protected .

Ms. McCahon stated that Lake Pend Oreille is just one lake in the Pend Oreille Basin, but is an enormous natural lake with approximately one million acre feet of storage water. The lake level fluctuates by 11.5 feet and is operated and controlled by Albeni Falls Dam and the United States Army Corps of Engineers. The dam is only authorized to operate for power and flooding. Other interests and needs, such as fish and wildlife habitat, recreation, and scenic beauty, are secondary and require negotiation. Albeni Falls Dam is also a "Treaty" dam in the Columbia River Treaty.

 The Lakes Commission has undergone challenging negotiations with tribal and federal interests in order to establish a consistent and reliable summer pool for their recreation season, while simultaneously balancing flood control, power generation, and fish and wildlife needs. Those negotiations took place over a period of years and created a valued working relationship with governing agencies.

Ms. McCahon said they have learned it is essential to have a respected and recognized body present during crucial discussions and negotiations. The Lakes Commission has established itself as that board by working collaboratively with all stakeholders.

Ms. McCahon stated the upcoming Columbia River Treaty negotiations are unique and pressing. United States negotiators are unfamiliar with the geography and diverse water issues in Idaho and Pend Oreille Basin's specific limitations. In order to maintain and uphold the summer pool and recreation needs, north Idaho needs authorized representatives during these discussions, but especially now, while they are just learning the breadth of issues in the Columbia River Basin.

Ms. McCahon said the Lakes Commission was created because Idaho had the foresight to recognize that the northern portion of the State needed representation to balance the many demands being placed on its northern water resources; those demands would only become more pressing over the years. **Ms. McCahon** closed by thanking the Committee for their consideration regarding this legislation.

Norm Semanko, representing the Lake Pend Oreille Alliance, said it is a group of citizens and businesses supporting the lake level to keep the economy strong.

Mr. Semanko said the Alliance is supportive of what the Lakes Commission's efforts over the past 15 years; they are also supportive of **S 1260**.

Mr. Semanko said, in 1927, the United States government proposed utilizing the waters in the lake beds of Lake Coeur d'Alene, Lake Pend Oreille, and Priest Lake to build an irrigation reservoir system for farmlands in Washington state. The Legislature did not like the idea and wanted to keep the water in Idaho. A bill was passed in 1927 which authorized the Governor to file an application and appropriate all the unappropriated water in those three lakes to be held in the lakes for the benefit of all the people in the State of Idaho. That was licensed in 1928. There is a water right, held in trust by the Governor for the people of Idaho, for all the water in Lake Coeur d'Alene, Lake Pend Oreille, and Priest Lake. When Albeni Falls was built, that was a major issue, and Idaho needs to make sure that the lake continues to be operated for multiple purposes as stated in the state law water right. The authorizing document for Albeni Falls Dam recognizes those multiple purposes.

DISCUSSION:

Senator Johnson inquired about the current budget for the Lakes Commission.

Ms. McCahon said she will send him a copy of the Lakes Commission's budget.

Senator Johnson inquired as to the amount of General Fund dollars and the amount of dedicated fund dollars. **Ms. McCahon** replied that it is all from the General Fund. **Chairman Bair** asked Senator Keough if she would supply budget information. **Senator Keough** said the money is all from the General Fund and has been since the Lakes Commission was first established. The statute allows for other money to flow in.

Paul Arrington, Executive Director, Idaho Water Users Association (IWUA), stated that IWUA supports **S 1260**.

MOTION:

Senator Johnson moved to send **S 1260** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion. The motion carried by **voice vote**. Senator Keough will be the floor sponsor.

S 1261

Senator Keough presented **S 1261** which involves Priest Lake. This legislation proposes to amend existing law to provide that the Priest Lake outlet control structure shall be under the supervision and control of the Idaho Water Resource Board. This will also revise provisions regarding the operation and maintenance of the structure and will revise provisions regarding the maintenance and regulation of the water surface level of Priest Lake.

MOTION:

Senator Siddoway moved to send **S 1261** to the floor with a **do pass** recommendation. **Senator Heider** seconded the motion. The motion carried by **voice vote**. Senator Keough will be the floor sponsor.

Chairman Bair noted there were four gubernatorial appointees present for their hearings and they were appointed to the Oil and Gas Conservation Commission (Commission). He asked Dr. Renee Breedlovestrout to speak first.

**GUBERNATORIAL
APPOINTMENT
HEARING:**

Dr. Breedlovestrout stated on her application for appointment the reasons why she would like to serve. She has conducted petroleum research on the producing field north of New Plymouth, Idaho, for the past two years at the Idaho Geological Survey. Before that, she was a Senior Geologist at ExxonMobil Exploration Company. She also has a vast understanding of the subsurface in the New Plymouth field, which would directly benefit the Oil and Gas Conservation Commission's goals.

Dr. Breedlovestrout is a current member of the following organizations:

- American Association of Petroleum Geologists (AAPG);
- Geological Society of America;
- Association for Women Geoscientists; and
- Professional Women in Earth Science Committee of AAPG.

Past boards, commissions, and councils of which Dr. Breedlovestrout has served include:

- Field Analogues and Lessons Learned (FALL) Committee, ExxonMobil;
- Early Career Professional Mentorship Program, ExxonMobil;
- Cross Company Forum Committee, ExxonMobil;
- Senator for the Graduate and Professional Student Association, University of Idaho; and
- Environmental Task Force Committee, Washington State University.

Dr. Breedlovestrout is a licensed professional geologist with the State of Idaho and holds a B.S. and PhD in Geology. She taught fourth grade science, served as a laboratory instructor at the high school level, and as a tutor and supplemental instructor. Dr. Breedlovestrout's interests are in carbonate and siliciclastic sedimentology, stratigraphy, basin analysis, paleobotany, paleoclimatology, seismic facies analysis, and petroleum systems.

Dr. Breedlovestrout said she is presently an adjunct faculty member in the Department of Geological Sciences at the University of Idaho. She is also an instructor at Washington State University.

Chairman Bair asked how she sees her responsibilities on the Commission and what she would like to accomplish. **Dr. Breedlovestrout** responded by saying, at the University of Idaho, she is an instructor as well as a research scientist. She conducted petroleum research at New Plymouth and has a vast understanding of the subsurface in the New Plymouth field. **Dr. Breedlovestrout** said the reason she applied to be on the Commission was to share her expertise. The goal is to regulate the exploration of drilling and production of the resources and to make sure those resources and the rights of landowners, groundwater, and surface water owners are preserved.

Senator Siddoway said he has concern that government may regulate the oil and gas industry out of business in the State of Idaho. He said he wants to hear from the applicants that they are willing to work with the industry to make sure the industry is successful, while reaching that balance with the landowners and the State. Currently, Idaho is spending more money regulating than it earns from royalties. **Dr. Breedlovestrout** said she doesn't see the Commission's goal as being over-regulation. Oil and gas in Idaho are relatively new energy resources. 2009 was the first production of wells. Other states have had regulations in place for many years; Idaho is trying to catch up with the regulations.

Chairman Bair thanked Dr. Breedlovestrout and invited Jim Classen to speak to the Committee next.

**GUBERNATORIAL
APPOINTMENT
HEARING:**

Mr. Classen said he has been a geologist for 37 years and grew up in an oil and gas family due to his father's involvement. Mr. Classen's membership of organizations and societies include:

- American Association of Petroleum Geologists;
- Society of Independent Professional Earth Scientists;
- Association of Independent Professional Geologists - emeritus;
- American Institute of Professional Geologists;
- Houston Geological Society;
- Lafayette Geological Society;
- New Orleans Geological Society;
- Rocky Mountain Association of Geologists - emeritus; and
- Society of Petroleum Engineers.

Mr. Classen stated that he has an engineering degree for geology from the Colorado School of Mines and a master's degree in geology from Stanford University. He served in the military at Ft. Belvoir, Virginia and Ft. Carson, Colorado with the Combat Engineers with the United States Army. **Mr. Classen** said his hobbies are hunting, fishing, and gardening.

Mr. Classen said the reason he has volunteered to work with the Commission is the difficulty in understanding the complexity of the business. The Commission wants to align the rules, regulations, and operational procedures with the rest of the industry in other states.

Senator Siddoway stated that he has visited with some of the oil and gas industry's staff and they have expressed their frustration regarding the rules and regulations. He inquired given Mr. Classen's experience and familiarity with the rules and regulations, if he sees a need to change or modify the regulations.

Mr. Classen replied that Idaho basically copied the rules and regulations from Montana and Utah and merged them into our State's rules and regulations. It is Mr. Classen's opinion that people who use rules and regulations from active oil and gas states do not understand the meaning of words. He stated that it has been a long five years, but progress is being made. **Mr. Classen** said he wants to encourage more companies and more drilling in Idaho for the benefit of Idaho. The problem is there is only one company working in Idaho and that company makes choices as to where they will spend money based upon their exploration. He feels the problem with the rules and regulations has been interpretation, primarily because of the lack of expertise.

Chairman Bair thanked Mr. Classen and invited Kevin Dickey to address the Committee.

**GUBERNATORIAL
APPOINTMENT
HEARING:**

Mr. Dickey stated that he is a resident of Emmett, Idaho, and loves Idaho. He is a member of the Society of Petroleum Engineers and a graduate of the Colorado School of Mines, with a B.S. in petroleum engineering. Mr. Dickey has experience working with the Wyoming, Colorado, and Utah oil and gas commissions and would like to help Idaho develop its Commission. **Mr. Dickey** said, as commissioners, it is their job to be advocates for responsible energy development.

Mr. Dickey is a petroleum engineer with extensive engineering, operations, business development, and management experience. He has 30 years of progressive petroleum production, completion, reservoir, and evaluation experience with both large and small independent oil and gas companies.

Senator Siddoway inquired about the status of injection wells. **Mr. Dickey** replied that, recently, the Commission turned over the regulations of the injection site to the Environmental Protection Agency (EPA). He stated that he preferred to not turn over States' rights to the federal government, but in this case the injection wells can be in the ground sooner. From that standpoint, it made sense to Mr. Dickey and he added that injections wells are a part of the business. Also, by having EPA involved, the Commission does not have to have additional staff.

Chairman Bair thanked Mr. Dickey and asked the final appointee, Marc Shigeta, to testify.

**GUBERNATORIAL
APPOINTMENT
HEARING:**

Mr. Shigeta said it was an honor to be appointed to the Oil and Gas Conservation Commission. He has been involved in oil and gas explorations since the first well was permitted in Payette County in July 2009.

Mr. Shigeta's education includes a B.S. in business and accounting from the University of Idaho. He was employed by the Boise Cascade Corporation, Internal Audit Department, from 1972 to 1973. Following that, he has been a self-employed row crop farmer from 1974 to the present. In 2002, Mr. Shigeta was elected as a Payette County Commissioner and continues to serve. Other achievements include: Noble Ditch Company Board of Directors, 1988 to present; Water District 65 Advisory Board, 1992 to present; Idaho Association of Counties Board of Directors, 2007 to present; and Idaho Counties Risk Management Program Board of Directors, 2007 to present.

Chairman Bair thanked the participants and the Committee members. He said consideration of the gubernatorial appointments would take place during the next meeting.

ADJOURNED:

There being no further business at this time, **Chairman Bair** adjourned the meeting at 2:50 p.m.

Senator Bair
Chair

Juanita Budell
Secretary