

MINUTES
SENATE RESOURCES & ENVIRONMENT COMMITTEE

DATE: Wednesday, February 28, 2018

TIME: 1:30 P.M.

PLACE: Room WW55

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

ABSENT/ EXCUSED: None

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.

GUBERNATORIAL APPOINTMENT HEARING: David Groeschl, Coeur d'Alene, Idaho, was appointed to the Oil and Gas Conservation Commission to serve a term commencing January 16, 2018 and will serve by virtue of his position. **Mr. Groeschl** stated he has been with the Idaho Department of Lands (IDL) since July 2008. At that time, he was a State Forester and was the Division Administrator of Forestry and Fire. From June 2016 to the present time, he has served as State Forester and a Deputy Director.

Prior to joining IDL, **Mr. Groeschl** was employed by the Montana Department of Natural Resources from July 2004 to July 2008 as the Forest Management Bureau Chief. Other professional work experience includes the American Pulpwood Association as Lake States Regional Forester; Rayonier, Inc. as Regeneration Manager and Silviculture Research Forester.

Mr. Groeschl received a Bachelor of Science degree in Forest Management from the University of Wisconsin, Stevens Point, Wisconsin. He received a Master of Science degree in Forestry at Virginia Tech, Blacksburg, Virginia.

Chairman Bair inquired of Mr. Groeschl as to his experience in the oil and gas industry. **Mr. Groeschl** replied he has very little experience in the oil and gas sector; however, he did take an oil and gas law course in Denver, Colorado for a week; in that course, he learned some of the terminology, basic land law, and subsurface mineral estates. **Mr. Groeschl** said the goal was to obtain a basic understanding of oil and gas.

Senator Stennett asked Mr. Groeschl what he thinks he has acquired that will be helpful to the Commission. **Mr. Groeschl** replied that working in the private sector has given him a certainty of operation in making business decisions. Further, he said he understands the regulatory framework and that helps to strike a balance for those business decisions.

Senator Heider stated conflict resolution is one of the necessary skills and inquired if Mr. Groeschl had any prior experience; if he did, he wondered how did Mr. Groeschl handle the conflicts. **Mr. Groeschl** said, in his work experience, there is always conflict to a certain extent. He said listening is very important, as is striking the right balance and being open to the input of others. **Mr. Groeschl** said a willingness to be open, weigh the various alternatives and options, and figure out what the path will be to move forward is essential.

Vice Chairman Siddoway said part of Mr. Groeschl's job would be to recruit oil and gas industries to come to Idaho and to not regulate the business out of the State - much like what happened to the wind energy business. **Vice Chairman Siddoway** asked how Mr. Groeschl sees his role in this new position. **Mr. Groeschl** stated in the regulatory framework, certainty is needed; the goal is to implement certainty. Another important advancement that will help are the Class II injection wells to dispose of the water.

Vice Chairman Siddoway inquired regarding forms. **Mr. Groeschl** said one form they are working on is the oil and gas lease template for endowment lands to ensure that it incorporates all the changes that came along. Another form is the monthly reporting of production, which is being finalized. When asked if he asked for and received industry input, **Mr. Groeschl** said Mick Thomas has been working with both the operator and the commissioners getting input into those forms.

Chairman Bair said consideration of Mr. Groeschl's appointment would occur at the Committee's next meeting. He then welcomed Teri Murrison, Administrator, Idaho Soil and Water Conservation Commission (ISWCC).

PRESENTATION: **Ms. Murrison** provided a slide presentation of ISWCC's activities for 2017. Included in the presentation was a five-minute video of the repair of the Weiser River Levees. ISWCC focuses on several core functions: serving conservation districts by providing financial and technical assistance; providing incentive based and other conservation programs; and educating about voluntary conservation. **Ms. Murrison** said the way the conservation partnership works is the State supports ISWCC operations programs; ISWCC helps the districts plan and implement local projects; and districts recruit partners to build upon State support.

Ms. Murrison said there are some issues that she would like to bring to the attention of the Committee. The first issue is that of district support. Districts are provided with financial and technical assistance. Districts receive about 50 percent of the field staff hours, which is less than what they request, because of other project funding sources and their scarcity. Districts also have limited access to funding for project implementation. The most feasible solution to this issue is for districts to write technical assistance into their grant applications and take on new partners.

The second issue is the Conservation Reserve Enhancement Program (CREP). The intent is to retire irrigated cropland in order to reduce consumptive groundwater use in the Eastern Snake Plain Aquifer. CREP provides an annual rental payment for every acre enrolled, but the payment rates provided by the Farm Service Administration did not keep pace with the increasing cropland rental rates that were spurred on by high commodity prices. The current CREP goal is to enroll up to 50,000 acres; however, there is no imminent threat of water curtailment. One solution would be for participating groundwater districts to offer additional incentives.

Ms. Murrison said the third issue is regarding the Resource Conservation and Rangeland Development Program (RCRDP). Interest in the program continues to falter and inquiries are down, as are new applications and loan funds actually disbursed. **Ms. Murrison** said personnel and operating costs exceed the interest generated. A solution would be to increase loan volume and to work collaboratively with partners to identify feasibility and other options. Since 1985, over 535 projects and \$28 million in loans have funded about \$40 million worth of conservation. The present cash and loan balance is \$9.7 million. At issue is that, since the Great Recession, loan volume and interest generation has dropped, likely due to lower agriculture commodity prices and lack of consumer confidence in the economy.

Ms. Murrison stated last August, they initiated a review of statutes and rules to determine what changes need to occur to make the program more attractive to potential borrowers. They met with and sought input from partners, legislators, and different individuals around the State. **Ms. Murrison** said they identified and implemented some internal policy changes. Also, they plan to propose various rule changes for next year that will enable them to loan more money in a publicly and fiscally responsible manner.

Chairman Bair thanked Ms. Murrison for her presentation.

ADJOURNED: There being no further business at this time, **Chairman Bair** adjourned the meeting at 2:20 p.m.

Senator Bair
Chair

Juanita Budell
Secretary