

MINUTES  
JOINT MEETING

**HOUSE RESOURCES & CONSERVATION COMMITTEE  
SENATE RESOURCES & ENVIRONMENT COMMITTEE**

**DATE:** Wednesday, February 27, 2019

**TIME:** 1:30 P.M.

**PLACE:** Lincoln Auditorium

**MEMBERS:** Chairman Gibbs, Vice Chairman Gestrin, Representative(s) Moyle, Shepherd, Wood, Boyle, Vander Woude, Mendive, Kauffman, Blanksma, Addis, Lickley, Moon, Raybould, Erpelding, Rubel, Toone, Mason

Chairman Heider, Vice Chairman Brackett, Senators Bair, Johnson, Mortimer, Patrick, Guthrie, Stennett, Jordan

**ABSENT/  
EXCUSED:** Representative(s) Moyle, Wood, Rubel

**GUESTS:** Shawn Keough, Associated Logging Contractors of Idaho; Norm Semanko, Parsons Behle and Latimer; Andy Brunelle and Julie Thomas, U.S. Forest Service; Morgan Howard, Idaho Water Users Association

**Chairman Heider** called the meeting to order at 1:31pm.

**Tom Schultz**, Vice President-Government Affairs, Idaho Forest Group, gave a presentation on the health of forests in Idaho. He stated Idaho's forests are on the brink of a crisis. Years of fire suppression, drought, and lack of forest management have resulted in overly dense forests. He stated Idaho ranks first nationally for the percentage of treed acres at risk, with 28% of the 27 million forested acres at risk of losing at least a quarter of the trees to catastrophic wildfires, insects, and disease. He stated federal forests are in the greatest danger. Data shows the lowest rates of growth statewide are occurring on Forest Service lands; in some forests, the trees are dying faster than they are growing, creating more fuels. Unhealthy forests burn with speeds and intensity that have devastating consequences. Between 2008-2017, growth rates on state and private lands were nearly three times as high as on federal lands. He explained, according to Forest Service estimates, almost 70% of federal forests need some treatment, including prescribed fires, harvest, thinning, and replanting.

**Mr. Schultz** stated since 1991, harvested board feet declined by 80% (12 billion board feet down to 2 billion board feet) and there is a correlation with increased wildfires since that time. He stated it is Idaho Forest Group's goal, along with the U.S. Department of Agriculture to have the Forest Service allow the harvest of over three billion board feet in the short term, with the ultimate goal to allow the harvest of six billion board feet on federal lands across the nation; and stated lack of management action leaves forests vulnerable. Mr. Schultz emphasized this issue threatens industrial, private, and public assets, as well as rural economies. He stated the Good Neighbor Authority (GNA) is one of the tools they can use to accomplish this work on the ground. He explained GNA is designed to be self-funding over time, through timber sale revenue, which will lead to increased restoration and management in the forest. Currently, there are 14 GNA projects underway in Idaho, and an additional 29 projects not directly related to commercial timber harvest. GNA enables the Forest Service to partner with the state to increase the pace and scale of forest and watershed restoration activities on federal forests. Mr. Schultz concluded by stating their goal is to double the commercial acres treated as well as reduce hazardous fuel deposits, to expect a significant

cost to treat the land, greater collaboration between agencies, and ultimately a measurable increase in the pace and scale of treatment on public lands.

**Dustin Miller**, Director, Idaho Department of Lands, provided an overview of the Department. He stated the Department is responsible for the management of 2.4 million acres of state endowment lands and 3.3 million acres of endowment mineral estate, with a constitutional mandate to maximize the long term financial return to the beneficiaries. He stated Idaho's public school system is the primary beneficiary of state endowment trust lands, with the goal to provide a perpetual stream of income. He stated in 2020, \$80,918,000 will be distributed. Revenue is generated from timber sales, and leasing endowment lands for grazing, agriculture, oil, gas, minerals, residential, commercial sites, and more. Mr. Miller discussed the fire management program and the Department's responsibility to protect 6.3 million acres of private, state, and federal lands. He explained there are ten Department Forest Protective Districts, two Timber Protection Associations, and nine Rangeland Fire Protection Associations. Mr. Miller concluded by stating the Department administers many protective laws which regulate actions like mining, forestry, oil and gas, and the public trust land administration.

**David Groeschl**, Deputy Director, Idaho Department of Lands, gave a presentation on the Good Neighbor Authority (GNA). He noted the program was founded with the passage of the 2014 Farm Bill which authorizes the state to enter into cooperative agreements with federal agencies to complete work across ownership boundaries. Mr. Groeschl stated in Idaho, they focus primarily on working with the Forest Service to mitigate the growth/harvest/mortality rates that are occurring. Of the 20 million acres of federal forest lands in Idaho, 12.6 million acres are under active management, with the remaining 8 million acres in wilderness or roadless areas. He stated 8.8 million acres within the 12.6 million active management acres are at high risk, and of that area, 6.1 million acres are designated as Healthy Forest Restoration Act lands, so those are the acres targeted for treatment under the GNA authority.

**Mr. Groeschl** stated the GNA authorizes the state to sign a cooperative agreement with the Forest Service, which allows the Department to use their contracting mechanism on federal lands, while the Forest Service retains NEPA decision making authority on all actions occurring on federal lands. Once the decision is made on a project, they all work together on the ground. He explained the state manages receipts from commercial activity proceeds, such as timber harvest, and can use that revenue to work with the Forest Service to prioritize projects and reinvest those proceeds back onto Forest Service lands. Mr. Groeschl explained to get this program up and running they needed seed money. Over a five year period, forest industry partners and the Forest Service each provided \$1 million, and the state provided \$250,000 annually out of the General Fund. The goal is to make this program self-sustaining, with a consistent revenue flow from receipts generated. He stated the GNA is important because the program will reduce fuels and risks to communities, it improves forest and watershed health, and sustains and creates jobs. He concluded by stating Idaho is leading the way as the first state in the nation to have a shared stewardship agreement.

**Mick Thomas**, Oil and Gas Administrator, Idaho Department of Lands, explained in southwest Idaho, the Payette Basin continues to be the most economically viable area in the state. Five wells have been drilled in the past three years, and there are 20 active drilling permits with ten shut-ins, eight producing, one uncompleted drilling, and one pending. The oldest field in the state is the Hamilton Field, made up of mostly gas wells, which have all completed their life cycle and will be plugged and abandoned this year. Mr. Thomas explained production in the state has declined in part due to no new development in the past five years. In addition, commodity prices have declined over the last several years, and the market is still rebounding from that, impacting volume and production in the state. He wanted to be clear this current situation does not indicate there are problems with the state program. He stated even though production and volumes have gone down, the revenue for the state has stabilized and is starting to increase. This is the result of the operator changing the point of sale where they work and pay a severance tax to the state; they are farther downstream so the 2.5% tax is on a larger dollar amount. Additionally, the Department has been more diligent on following through with notice of violations and fee structures, adding additional income to the state.

**Mr. Thomas** discussed the December ruling in the Kauffman complaint, regarding the sharing and disclosure of information, and the decision by the Oil and Gas Commission to decline to adopt the hearing officer's recommended order. There will be a meeting in March with the Commission, the complainant, and the operator to discuss how the information will be given to the complainant. Then, recently the Commission held an executive session and decided not to appeal the ruling in the CAIA vs Commission lawsuit. As a result of that decision, the Commission directed Mr. Thomas to explore avenues to comply with the judge's ruling. He stated this means the integration order will be vacated for Section 004, which is where two of the most recent wells have been drilled. Mr. Thomas provided an update on the Class II Permit status stating the operator and the EPA are working through the technical aspects of the permit and the initial "completeness" review has been finished. The target date for the final decision is early summer 2019. Finally, Mr. Thomas discussed ownership of future development is shifting from Alta Mesa Resources to High Mesa Holdings, and all ties with Alta Mesa Resources will be removed.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 2:57pm.

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Representative Gibbs  
Chair

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Tracey McDonnell  
Secretary