

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON OIL AND GAS**

March 2, 2004

3:23 p.m.

MEMBERS PRESENT

Representative Vic Kohring, Chair
Representative Cheryll Heinze
Representative Jim Holm
Representative Norman Rokeberg
Representative Harry Crawford
Representative Beth Kerttula

MEMBERS ABSENT

Representative Lesil McGuire

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 265(RES)

"An Act relating to the schedule of proposed oil and gas lease sales and to a related report to the legislature; and providing for an effective date."

- HEARD AND HELD

SENATE BILL NO. 266

"An Act approving an interim classification by the commissioner of natural resources closing certain land within the area of the proposed Bristol Bay (Alaska Peninsula) competitive oil and gas areawide lease sale to oil and gas exploration licensing and shallow natural gas leasing; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 265

SHORT TITLE: OIL&GAS LEASE SALE SCHEDULE/NOTIFICATION

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/14/04	(S)	READ THE FIRST TIME - REFERRALS
01/14/04	(S)	RES
02/04/04	(S)	RES AT 3:30 PM BUTROVICH 205
02/04/04	(S)	Moved CSSB 265(RES) Out of Committee

02/04/04 (S) MINUTE(RES)
02/06/04 (S) RES RPT CS 5DP 1AM SAME TITLE
02/06/04 (S) DP: OGAN, SEEKINS, WAGONER, DYSON,
02/06/04 (S) ELTON; AM: STEVENS B
02/25/04 (S) TRANSMITTED TO (H)
02/25/04 (S) VERSION: CSSB 265(RES)
02/26/04 (H) READ THE FIRST TIME - REFERRALS
02/26/04 (H) O&G, RES
02/26/04 (H) O&G AT 3:15 PM CAPITOL 124
02/26/04 (H) Scheduled But Not Heard
02/27/04 (H) RES AT 1:00 PM CAPITOL 124
02/27/04 (H) -- Meeting Canceled --
03/02/04 (H) O&G AT 3:15 PM CAPITOL 124

BILL: SB 266

SHORT TITLE: BRISTOL BAY OIL & GAS LEASE SALE CLOSURE
SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/14/04 (S) READ THE FIRST TIME - REFERRALS
01/14/04 (S) CRA, RES
02/02/04 (S) CRA AT 1:30 PM FAHRENKAMP 203
02/02/04 (S) Moved SB 266 Out of Committee
02/02/04 (S) MINUTE(CRA)
02/04/04 (S) CRA RPT 3DP 2NR
02/04/04 (S) DP: STEDMAN, WAGONER, STEVENS G
02/04/04 (S) NR: LINCOLN, ELTON
02/04/04 (S) RES AT 3:30 PM BUTROVICH 205
02/04/04 (S) Moved Out of Committee
02/04/04 (S) MINUTE(RES)
02/06/04 (S) RES RPT 6DP
02/06/04 (S) DP: OGAN, SEEKINS, STEVENS B, WAGONER,
02/06/04 (S) DYSON, ELTON
02/25/04 (S) TRANSMITTED TO (H)
02/25/04 (S) VERSION: SB 266
02/26/04 (H) READ THE FIRST TIME - REFERRALS
02/26/04 (H) O&G, RES
02/26/04 (H) O&G AT 3:15 PM CAPITOL 124
02/26/04 (H) Scheduled But Not Heard
02/27/04 (H) RES AT 1:00 PM CAPITOL 124
02/27/04 (H) -- Meeting Canceled --
03/02/04 (H) O&G AT 3:15 PM CAPITOL 124

WITNESS REGISTER

MARK MYERS, Director
Division of Oil & Gas
Department of Natural Resources

Anchorage, Alaska

POSITION STATEMENT: Testified on SB 265 and SB 266 and answered questions from the committee.

ROBERTA HIGHLAND

Homer, Alaska

POSITION STATEMENT: Asked a question related to SB 265.

ACTION NARRATIVE

TAPE 04-07, SIDE A

Number 0001

CHAIR VIC KOHRING called the House Special Committee on Oil and Gas meeting to order at 3:23 p.m. Representatives Kohring, Holm, Rokeberg, and Crawford were present at the call to order; Representative Kerttula arrived shortly thereafter. Representative Heinze arrived as the meeting was in progress.

SB 265 - OIL&GAS LEASE SALE SCHEDULE/NOTIFICATION

[Contains discussion of SB 266]

Number 0040

CHAIR KOHRING announced that the first order of business would be CS FOR SENATE BILL NO. 265(RES), "An Act relating to the schedule of proposed oil and gas lease sales and to a related report to the legislature; and providing for an effective date."

Number 0105

MARK MYERS, Director, Division of Oil & Gas, Department of Natural Resources (DNR), referred to two maps on the wall [also found in the packet, labeled "Areawide Lease Sales" and "Exploration Licensing"]. He described the Alaska Peninsula - Bristol Bay region and noted similarities to the Cook Inlet region with regard to the potential for commercial oil and gas. Mr. Myers explained that there were 26 wells drilled in those areas before 1985; many have oil or gas "shows," meaning there is oil and gas in the basin. He mentioned oil seep and indicated that the division has found good potential reservoir rocks, key components in [determining] oil potential, and that there are large geologic structures, poorly mapped or understood.

MR. MYERS explained that the concept of the sale of this land came from within the region. Because of the depressed economy, people want to stimulate economic activity; they feel they could obtain a local source of energy, natural gas, and also promote commercial oil and gas development, leading to jobs and further economic development. Citing letters of recommendation in the packet, Mr. Myers said the division is working in conjunction with Bristol Bay Native Corporation and the Aleut Corporation, which have come to an agreement with the region's three borough governments. He noted that the Alaska Peninsula - Bristol Bay region encompasses a large fishery and other resources, and emphasized that the area has potential for oil and gas.

MR. MYERS explained the basis of SB 265, pointing out the significant change for reports given to the legislature for the five-year program of proposed oil and gas lease sales and the location of potential tracts proposed for oil and gas exploration; they are changed from biennial to annual, to allow the region to increase oil production and exploration. Since the Division of Oil & Gas wouldn't have to wait until the start of a new legislative session, it could lease this land sooner.

Number 0432

REPRESENTATIVE HOLM asked who would pick up the extra cost of preparing an annual report versus a biennial one, since there is a zero fiscal note accompanying the bill.

MR. MYERS replied that there shouldn't be much additional cost, since the division already produces an annual report; if there were additional costs, the division believes they'd be so small as to have little fiscal impact.

Number 0515

REPRESENTATIVE ROKEBERG asked about the areawide leasing provisions relating to the lands offered for leasing and the requirement that they had to have been previously offered for lease.

MR. MYERS answered that once a best interest finding (BIF) is done, the land would be available for a 10-year period, but without a BIF the land wouldn't be available. The best interest finding process has to occur first. He cited the graphs on the bottom of the maps, stating that the timelines illustrated there presume the area will be ready by 2005; that includes the time needed to do the BIFs. He added, according to SB 265, that the

Division of Oil & Gas would have to annually notify the legislature of any findings.

Number 0602

REPRESENTATIVE ROKEBERG asked for further clarification on the BIFs and how they relate to lands not previously offered for sale or lease.

MR. MYERS answered that the key to further exploration for oil and gas lies with the BIFs, and determining that the leasing of specific areas is within the state's best interests and expediting the litigation that would be required to open land up for exploration if were determined to be within the state's best interests.

REPRESENTATIVE ROKEBERG asked whether SB 265 would convert the area from the five-year leasing program to the areawide leasing program.

MR. MYERS explained that before the areawide leasing program, every site had to have a BIF performed separately. With the development of the areawide leasing program, the "artifact" of a BIF still exists; after the area is deemed within the state's best interest, a finder's schedule is still produced, even though most of the sites are "reofferings" of the same areas.

Number 0695

REPRESENTATIVE ROKEBERG asked if the policy or statute set up by SB 265 would allow the Division of Oil & Gas to reoffer the land annually, since it would be under the areawide leasing program.

MR. MYERS affirmed that is how the land would be offered, but said it's dependent on the determination that exploring that land would be within the state's best interests.

Number 0733

REPRESENTATIVE ROKEBERG asked how the land would be managed without passage of SB 265.

MR. MYERS replied that with the current system, the Division of Oil & Gas can still do the BIFs, but the notification procedures under the current law require the division to notify the legislature two years in advance. He said without passage of SB 265, the sale of the land will be delayed until 2007.

Number 0799

REPRESENTATIVE ROKEBERG asked how the BIFs would be financed, since the costs don't appear in the fiscal note.

MR. MYERS explained that the fiscal note applies to the change in notification procedures that SB 265 sets up. He acknowledged that the sale or leasing of land will have some costs, but those costs fall under the Division of Oil & Gas's operating budget that is before the Senate at this time.

REPRESENTATIVE ROKEBERG requested an estimate for the costs that the division would accrue by conducting the BIFs.

MR. MYERS said he didn't have a good estimate, but feels it would be in the several-hundred-thousand-dollar range. He added that most of the costs would come from staff time. He explained how the Division of Oil & Gas has integrated with the people who live in the area and has committed to make multiple presentations to the people at the various stages of progress. He said most of the division's costs will come from this integration.

Number 0943

MR. MYERS explained that \$325,000 has been requested by the Division of Oil & Gas; the money will be used for many things besides conducting the BIFs. [The division] will have to determine the three-mile limit in the region; compile a lot of technical data, including seismic data; and put the information onto compact disks. The Division of Oil & Gas is trying to generate competition for the upcoming sale or lease of the land. With regard to staff hours, the division has created a new position to further help with the BIFs. He commented that the Alaska Peninsula - Bristol Bay region was only one region out of many in Alaska that are conducting best interest findings. Thus the division has created a schedule and has enough work to keep its staff of three people busy going from one area to another.

REPRESENTATIVE ROKEBERG asked if there was any way to use the older seismic data to make a three dimensional (3-D) image, rather than having to re-record it all.

MR. MYERS explained that because of the way the data was collected and the poor quality of the old data, it wasn't able to be used in the 3-D imaging.

Number 1126

REPRESENTATIVE ROKEBERG asked if the Division of Oil & Gas was allowing firms to do seismic studies before the lease or sale of the property.

MR. MYERS responded that seismic data is permitted on state land as long as the firm obtains the proper permits and adheres to environmental requirements. He informed the committee that allowing that to happen is commonplace and that the Division of Oil & Gas allows this in order to increase the likelihood of a sale. He added that there is an extra incentive for businesses with regard to the seismic modeling because of the 40 percent tax credit passed in 2003.

Number 1172

REPRESENTATIVE HOLM asked if the seismic data collected would be available to the state.

MR. MYERS answered that if the firm that collects the seismic data used the tax credit, it would be available to the state and would be released in 10 years. If the firm doesn't use the tax credit, the state would obtain the information during the permitting process. He said the only time the state wouldn't get this information is if the seismic data wasn't gathered on state lands.

Number 1220

REPRESENTATIVE KERTTULA asked for clarification about the duration of the best interest findings.

MR. MYERS answered that the findings would be good for 10 years unless there was substantial new evidence or information, and then the findings would have to be revised.

REPRESENTATIVE KERTTULA asked if that was a change that SB 265 initiated, or is how it's presently set up.

MR. MYERS answered that the duration of the BIFs wouldn't be affected by SB 265; just the notification of the legislature and the timing of the potential sale are affected.

Number 1260

REPRESENTATIVE KERTTULA referred to Mr. Myers' comment about establishing a three-mile boundary and asked if that boundary would extend offshore.

MR. MYERS said that because of the federal offshore continental shelf area and the state's submerged lands, the Division of Oil & Gas doesn't have a definite line; the division needs to work that out with the federal government, and it will take at least a year to get the surveyor and work through the process. He said some of the land for sale does go offshore because of the state's submerged lands, but one promise made by the Division of Oil & Gas to the area's residents was to require onshore facilities and only allow directional drilling offshore. He said there wouldn't be any offshore pads or any other type of infrastructure, other than perhaps docks that would allow access to the coast.

Number 1348

REPRESENTATIVE KERTTULA asked if the federal moratorium covered the state waters and, if not, whether the Division of Oil & Gas was looking to lease in those areas.

MR. MYERS answered that the state waters aren't covered by the federal moratorium, and that the Division of Oil & Gas was looking to lease the land. He added that the decision was made after a full consultation with the local regions. He stated that the Division of Oil & Gas is just starting to do the preliminary best interest findings, so no decisions have been made. He remarked that the proposal seems to have wide acceptance within the region.

Number 1381

MR. MYERS, in reply to a question from Representative Rokeberg, explained that the federal moratorium was initially set in the federal budget until 2012, but, to his understanding, [U.S. Senator Ted] Stevens had removed it. He said he doesn't know of any intent for the federal government to pursue any leasing or selling offshore. Citing a conversation he'd had with Minerals Management Service (MMS), he said the federal government wouldn't pursue that unless there was local input. He said in order for the federal government to reestablish the moratorium, it would have to have a conversation with the local residents and the state wouldn't be involved. Referring to a map of the geological features, he said the thickest part of the basin extends offshore, but there is significant geological potential

onshore, so the land can be sold without involving the outer continental shelf (OCS).

Number 1478

REPRESENTATIVE KERTTULA said there is a lot of local support in the area based on the letters in the packet, but wondered how local fishing groups felt about the division's proposition.

MR. MYERS said he thought the support for [exploring] the OCS was split about 50-50 in the region, and the fishing community was probably more on the side that was opposed. He said he hasn't heard substantial concerns from the fishing community about directional drilling offshore from an onshore site. He added that the Division of Oil & Gas expects to have major dialog with the fishing community to protect the natural streams in an effort to keep the spawning grounds safe.

Number 1546

REPRESENTATIVE KERTTULA asked if anything in the statute or legislation requires the offshore drilling to be directional drilling.

MR. MYERS said that requirement is usually worked out during the best-interest-findings process. He said he believed there was a clear understanding that the intent of the people in the region was to only allow directional drilling and that the BIFs would reflect that.

Number 1644

ROBERTA HIGHLAND referred to page 14, line 1, and asked if revisions and additions could be done at the last minute without going through the process and the BIFs.

MR. MYERS responded that the lease sale, or substantial amendments to the sale, cannot go forward without a best-interest-findings report. He explained that the notification that SB 265 refers to is to the [legislature]. He added that SB 265 doesn't substantively change the existing processes.

Number 1757

CHAIR KOHRING closed public testimony. [SB 265 was held over.]

SB 266-BRISTOL BAY OIL & GAS LEASE SALE CLOSURE

[Contains discussion of SB 265]

CHAIR KOHRING announced that the final order of business would be SENATE BILL NO. 266, "An Act approving an interim classification by the commissioner of natural resources closing certain land within the area of the proposed Bristol Bay (Alaska Peninsula) competitive oil and gas areawide lease sale to oil and gas exploration licensing and shallow natural gas leasing; and providing for an effective date."

Number 1795

MARK MYERS, Director, Division of Oil & Gas, Department of Natural Resources, explained that SB 265 and SB 266 are companion bills that strive to hold a competitive lease sale in the Bristol Bay - Alaska Peninsula region in 2005, if that lease sale proves to be in the best interests of the state. He said SB 266 was kind of a strange bill because it is an artifact of having more than one type of leasing. Under current law, because it's not currently classified as an areawide sale, a company or individual can propose either a exploration license or a shallow gas lease in the area; if that were to occur, the area would be cut down or, in the case of a shallow gas lease, only the deep-gas rights would be available.

MR. MYERS said in order to provide a better competitive market, the area needs to be kept whole, with all depths available. He also pointed out that there may be future conflict if there are shallow-gas lessees and deep-gas lessees on the same land. He explained that the commissioner of [DNR] has entered into a mineral closing order to help facilitate this process, but the order is only valid for 90 days and will be lifted April 12, 2004, if the legislature doesn't affirm the order. He explained further that the area is being closed now, with the intention of opening it later in an effort to make a better sale.

Number 1925

CHAIR KOHRING, referring to the list of regions on pages 2 and 3 of SB 266, asked for assurance that care and prudence were given to selecting the right areas and that it will not jeopardize high-potential areas for future drilling of oil and gas.

MR. MYERS replied that the areas were determined based on the geology, and the decision was made to close those areas that had at least a kilometer of potential reservoir rock. He said the

areas to the north were set aside because the Division of Oil & Gas felt there was a potential source of natural gas there for the local communities, but didn't think it would be economically viable for commercial oil and gas extraction. He said the economic border that was chosen was a rational one, although it may not be perfect. He also said the areas were chosen because the division thought it would be easier to license them.

MR. MYERS shared that the areas set aside haven't been analyzed since the late 1970s to early 1980s, and that the firms interested in the sites need time to gather data before they purchase the land; the sooner those areas became available, the better. He said the division's decision was partly based on the geological interpretation, as well as consultation with Bristol Bay Incorporated.

Number 2102

CHAIR KOHRING remarked that it was commendable to be sensitive to areas with good fishing grounds and areas where the viability of the oil and gas is questionable. He voiced concern, however, over closing up areas when the goal is to encourage more development. He asked if there is any way to cease oil and gas exploration during those times of year when fishing is prevalent in that area, as opposed to shutting down those areas year-round.

MR. MYERS said part of the process that the Division of Oil & Gas goes through when determining potential sites is full integration of all resource values. He shared that in determining how to best utilize all resources available, the division works with the Alaska Department of Fish & Game (ADF&G) as well as human-resource agencies and locals' knowledge of the area. He stated that the goal of the Division of Oil & Gas is to come up with a win-win situation.

Number 2260

MR. MYERS explained that many decisions such as where to place facilities, where to directionally drill, and seasonal restrictions are determined from the best interest findings (BIFs). For example, in the Cook Inlet region there are seasonal restrictions during the migration of salmon and smolt. A mix of tools would be used to determine the best course of action, and those tools are used during the BIF process. He emphasized that each region is different, so the solution in the Bristol Bay - Alaska Peninsula region will differ from those in

the North Slope or Cook Inlet regions. He said the advantage of using the BIFs is that it finds a balance between oil and gas extraction and what is best for the community. He added that after all of the data collection, the Division of Oil & Gas cannot presume that there will definitely be a sale.

Number 2312

MR. MYERS commented on the prospective areas, saying that because of the earlier data that was collected, the Division of Oil & Gas has a pretty good idea where to draw lines and separate the different sections, but it isn't a perfect science. In the future, there may be a supplemental finding or an amendment that would change the regions. He noted that after the BIFs are finalized, they may preclude areas in the region to leasing, but they can extend beyond the "finding" area. He said the Division of Oil & Gas appreciates the input from the region, as well as input it receives from state and national agencies.

Number 2349

REPRESENTATIVE HOLM asked what percentage of the areas that are illustrated on the map [on the wall] is being removed from being available to lease for oil and gas.

MR. MYERS replied that all the state land within the outline is basically being removed at this point so it can be kept intact and offered up for competitive sale at a later date. The Division of Oil & Gas doesn't want the state to issue any licenses, shallow gas or otherwise, that would interfere with the competitive sale. He emphasized that the closure of the licensing is only prior to the completion of the BIFs and processing the areawide sale. He added that they only want the land closed in order to open it up at a later date.

Number 2425

REPRESENTATIVE HEINZE asked for an estimate of how much money would be available to the state under the competitive leasing of the land versus shallow gas leasing.

MR. MYERS said he wasn't sure; the price would depend on the market, what is found, and the competition, but he expects anywhere from a couple of million dollars to upwards of \$100 million. He said there were over five million acres available. Because the land is contiguous, is in a highly prospective area, and has many other positive values, the Division of Oil & Gas

has a lot of optimism about the prospective sale of the land. He stressed that he wasn't certain, however.

Number 2484

REPRESENTATIVE ROKEBERG observed that the closure of this land seems to be indefinite, and asked for clarification on that issue, since the goal is to increase revenue for the state.

MR. MYERS said he wasn't sure about the process that would lift the closure, but believes it would be up to the commissioner [of DNR]. He said he'd be able to find that information out for the committee.

REPRESENTATIVE ROKEBERG asked for further clarification on the comment about lifting the moratorium.

MR. MYERS clarified that he should have used the term "mineral closing order," since there is no moratorium on state leasing.

REPRESENTATIVE ROKEBERG surmised that because the order in question is uncodified law, [the legislature] is statutorily effectuating the mineral closing order, rather than putting this order into statute and reclassifying the land. He asked if this was a good analysis of what was happening.

MR. MYERS said his understanding is that mineral closing orders have to be confirmed by the legislature or else they become invalid after a 90-day period.

Number 2599

REPRESENTATIVE ROKEBERG remarked that it seemed they were closing this land indefinitely and that it could only be opened back up by executive action, which isn't clear at this point, or by a repeal by the legislature.

MR. MYERS said he was sorry that he didn't have that information offhand, but believed that Representative Rokeberg was correct in saying that the closure could be lifted by the commissioner.

Number 2624

REPRESENTATIVE KERTTULA asked if the Division of Oil & Gas would be averse to a letter of intent stating that it wasn't going to allow offshore drilling, but only would allow directional

drilling from an onshore site, and referencing the recent concerns expressed about the fishing areas.

MR. MYERS said he personally had no problem with that, except if it would circumvent the BIF process. He added that he'd have no problem with such a letter because he believes that is the intention of the Division of Oil & Gas.

Number 2694

REPRESENTATIVE ROKEBERG asked if Representative Kerttula was suggesting that the legislature come up with the letter of intent.

REPRESENTATIVE KERTTULA said that was her intention.

REPRESENTATIVE ROKEBERG related his concern that this might upset the public process, as well as the BIF process. He didn't think the legislature should be meddling around when there is no information coming in from the people in the region, he added.

Number 2722

REPRESENTATIVE KERTTULA, noting that SB 266 had a further referral to the House Resources Standing Committee, suggested that public feedback could be obtained before it came out of that committee.

CHAIR KOHRING announced that the House Special Committee on Oil and Gas could hold the bill until that information was received. He added that he didn't have a lot of testimony about this specific bill and would like to get opinions from the fishing community and the local residents. He agreed that feedback from the affected communities would be very helpful.

Number 2778

REPRESENTATIVE ROKEBERG stated that SB 266 tightens classification and brings a more rigorous regulatory scheme into play. He reminded members that there is a deadline of April 10 to get SB 266 passed.

CHAIR KOHRING said he understood those points, but felt it was necessary to get some input from the affected regions. He asked Mr. Myers why this is needed in statute and why the Division of Oil & Gas can't enter into a memorandum of agreement with the communities.

Number 2849

MR. MYERS replied that SB 265 and SB 266 don't do that; they are merely procedural bills that allow the Division of Oil & Gas to hold the lease sale in 2005. He added that the BIF document is developed from public input. He reiterated that it is the intent to only allow directional drilling, and said that was determined after talking with the community and the fishermen. He said he'd have no problem with a letter of intent, but was concerned about circumventing the best interest findings process; however, he'd discuss it with the administration to see if they are agreeable to it. He also pointed out that he has letters of support from many different groups and organizations that are in the affected communities, which should be in the bill packet.

Number 2949

REPRESENTATIVE ROKEBERG asked how time-sensitive the passage of these bills is.

MR. MYERS responded that the passage of SB 265 and SB 266 is very time-sensitive. He reiterated that the mineral closing order expires on either April 10 or April 12, and if SB 265 and SB 266 aren't in effect by then, the land that has been set aside will come up for sale and they may lose some of the money from the future sale.

TAPE 04-07, SIDE B

Number 2974

MR. MYERS further explained that passage of SB 265 and SB 266 would help to assure future buyers that the land would be available no later than 2005.

REPRESENTATIVE KERTTULA asked how long the federal moratorium had been in effect. She predicted that the recent lifting of that moratorium and the introduction of these bills will cause added scrutiny, which she feels could be lowered with a letter intent saying there will be no offshore drilling.

Number 2923

MR. MYERS responded that the Division of Oil & Gas does not control the Minerals Management Service or the federal schedule. He added that the moratorium has been in place since 1992, and

that there is still an executive order closing the area; so if there was to be any offshore drilling, it wouldn't be for many years down the road, if at all.

Number 2890

CHAIR KOHRING asked whether anyone else wished to testify. He then closed public testimony.

Number 2865

REPRESENTATIVE HEINZE asked if the letters of support in the committee packet were in support of both SB 265 and SB 266.

MR. MYERS replied that they were in general support of the sale; both SB 265 and SB 266 are necessary for that to happen. He reiterated what each bill covered and stated that the letters in the packet illustrated the strong local support.

Number 2777

CHAIR KOHRING asked why the process hadn't been expedited sooner, considering the impending deadline. He also asked how the deadline could be extended, if necessary.

MR. MYERS answered that the administration determines when to introduce the bills, so he doesn't know why it was introduced when it was. He added that the bills took a little longer than anticipated in the Senate, which increased the sense of urgency. He reiterated that the Division of Oil & Gas is limited by statute as to the length of the mineral closing order, and needs the confirmation of the legislature or else will be in violation of the statute; thus there is no way to extend the deadline. He remarked that if the bills don't pass this year, the Division Oil & Gas will notify the legislature next January and start the two-year clock at that time. Mr. Myers noted that passage of these bills will speed up that clock, and will allow the Division of Oil & Gas to keep the land whole so that there will be a better market value when the land is sold.

Number 2648

CHAIR KOHRING told members he'd like to see the letter of intent that Representative Kerttula proposed, as well as hear more feedback on both sides of the issue, and so would hold both bills until the next meeting. [SB 266 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Oil and Gas meeting was adjourned at 4:20 p.m.