

# SUMMARY *of* PROCEEDINGS



## JOINT MINERALS, BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

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### COMMITTEE MEETING INFORMATION

May 14 & 15, 2013  
Campbell County Library  
Gillette, Wyoming

### COMMITTEE MEMBERS PRESENT

Senator John Hines, Cochairman  
Representative Thomas Lockhart, Cochairman  
Senator Jim D. Anderson (SD 02)  
Senator Henry H.R. "Hank" Coe  
Senator Stan Cooper  
Senator Chris Rothfuss  
Representative James Byrd  
Representative Richard Cannady  
Representative Mike Greear  
Representative Norine Kasperik  
Representative Lloyd Larsen  
Representative Tom Reeder  
Representative Albert Sommers  
Representative Nathan Winters

### LEGISLATIVE SERVICE OFFICE STAFF

Matt Obrecht, Staff Attorney  
Kelley Shepp, Research Associate

### OTHERS PRESENT AT MEETING

Please refer to Appendix 1 to review the Committee Sign-in Sheet for a list of other individuals who attended the meeting.

*The Committee Meeting Summary of Proceedings (meeting minutes) is prepared by the Legislative Service Office (LSO) and is the official record of the proceedings of a legislative committee meeting. This document does not represent a transcript of the meeting; it is a digest of the meeting and provides a record of official actions taken by the Committee. All meeting materials and handouts provided to the Committee by the Legislative Service Office, public officials, lobbyists, and the public are on file at the Legislative Service Office and are part of the official record of the meeting. An index of these materials is provided at the end of this document and these materials are on file at the Legislative Service Office. For more information or to review meeting materials, please contact the Legislative Service Office at (307) 777-7881 or by e-mail at [lso@wyoleg.gov](mailto:lso@wyoleg.gov). The Summary of Proceedings for each legislative committee meeting can be found on the Wyoming Legislature's website at [www.wyoleg.gov](http://www.wyoleg.gov).*

## **EXECUTIVE SUMMARY**

The Joint Minerals, Business and Economic Development Interim Committee met for two days in Gillette. The Committee heard testimony concerning Coal Bed Methane Update, Reclamation and Bonding Issues, Federal Mineral Royalty Reduction, the Wyoming Infrastructure Activity in the Powder River Basin, Solid Waste Funding, Possible Reallocation of LUST funds, Atomic Energy Agreement State Feasibility Study, Cameco, the Moneta Divide Project, the Wyoming Business Council, School of Energy Resources and College of Engineering Task Force Update, Energy Production in the State of Wyoming, Wyoming Coal Export Issues, Groundwater Baseline Monitoring, the Governor's Action Plan for Energy, Environment and Economy, Wyoming State Agency Efficiency, High Grade Silica Sand Study and Unpaid Surface Impact Payments on Wyoming State Lands.

## **CALL TO ORDER (MAY 14, 2012)**

Chairman Hines called the meeting to order at 8:00 a.m. The following sections summarize the Committee proceedings by topic. Please refer to Appendix 2 to review the Committee meeting agenda.

## **COAL BED METHANE – UPDATE, RECLAMATION AND BONDING ISSUES**

Dennis Ellis, Ryan Helmer and Nick Shoville of Anadarko Petroleum provided an update on that company's Coal Bed Methane (CBM) and other activities in the Powder River Basin (PRB) (Appendix 3). Anadarko is the largest private landowner and taxpayer in Wyoming. They explained that the CBM play in PRB is rapidly maturing and production of CBM was continuing its steep decline. Anadarko was moving away from CBM and into a deep oil play in the PRB. Deep oil refers to the depth the wells are drilled as compared to CBM wells or conventional oil wells. They stated that they plug about 300 wells a year in Wyoming, though the number was a little higher in 2012.

Jill Morrison of the Powder River Basin Resource Council (PRBRC), provided a packet of materials to the Committee on CBM bonding and reclamation issues (Appendix 4). Ms. Morrison stated that the Wyoming Oil and Gas Conservation Commission (WOGCC) currently lists over 1200 orphaned wells on state and fee land in Wyoming (the number on federal land is substantially greater). The WOGCC currently plugs about 100 orphaned wells a year. Ms. Morrison estimates that there is the potential for many more wells that are idle (over 31,000 according to the WOGCC as of February 2013) to become orphaned wells as companies without sufficient financial resources to plug and remediate the wells buy depleted CBM wells. Many companies have been purchasing CBM wells and failing to post the required level of bonds. To correct this situation, Ms. Morrison would like the Committee to consider allocating \$1 million a year to the orphan well fund and also increasing the blanket bond and individual well bond required in the future. Ms. Morrison would like the Committee to require the WOGCC to establish bonding amounts equal to the total amount of all plugging and reclamation costs for each oil and gas well and adjust the mill levy accordingly.

Bruce Hinchey of the Petroleum Association of Wyoming (PAW) discussed the process to plug abandoned wells in Wyoming. Mr. Hinchey stated that the WOGCC already possesses the authority to adjust the mill levy up or down as the WOGCC determines is needed. [NOTE: W.S. §30-5-116(b) allows the WOGCC to set levy a tax on all oil and gas produced in Wyoming to plug and reclaim abandoned wells at an amount not to exceed eight-tenths of one (1) mill (\$.0008) on the dollar]. Mr. Hinchey stated that a company must post a statewide blanket bond of \$75,000, and individual well bond of \$25,000 and the WOGCC may require an additional bonding level of \$10-20 a foot if staff believes the company responsible for the well does not have the necessary resources to plug and reclaim the well. Mr. Hinchey

stated that in the end, through the mill levy, good actors in the oil and gas industry pay for the actions of companies who abandon wells.

Mike Easley CEO of Powder River Energy Corporation (PRECorp) provided the Committee a presentation on the continuing decline of CBM in the PRB (Appendix 5). Due to the decline in CBM, PRECorp has adopted various "risk mitigation strategies" to lessen the impact of the CBM decline on PRECorp customers. Those strategies include creating an account funded by surcharges on CBM customers for the retirement of PRECorp plant facilities built to serve CBM customers.

Grant Black, WOGCC Supervisor, discussed orphaned wells with the Committee on May 15 (Appendix 6). Mr. Black had only very recently begun his duties as Supervisor of the WOGCC. Mr. Black explained the role of the WOGCC in requiring bonding for well plugging and remediation and the actual work undertaken to plug and reclaim abandoned wells. Mr. Black stated that a majority of the orphaned oil and gas wells in Wyoming are CBM wells. The WOGCC prioritizes well plugging based on threats to the environment and future possibility of utilization of the well for either water or hydrocarbon production. The WOGCC commits approximately \$2 million a year to reclamation projects out of the Conservation Fund. Mr. Black stated that the WOGCC may need to take a closer look at the economic viability of wells when transferred from one party to another in determine appropriate bonding amounts.

Rep. Sommers stated that problems appear to arise when ownership of the wells is sold or transferred from the original operator of the well to another entity. Rep. Sommers asked what the WOGCC could do to ensure that such transfers were made to entities with the financial resources to reclaim the wells. Mr. Black stated that the WOGCC needed to take a look at implementing some policy on the transfer of wells which are no longer economically viable. Rep. Sommers asked Mr. Black to provide the Committee with a "Policy Memorandum" from the WOGCC on the transfer of oil and gas wells. Chairman Lockhart requested Mr. Black provide the Committee with all Policy Memoranda the WOGCC may be considering, including on the flaring of natural gas.

Chairman Hines asked whether a higher bonding rate could be required for an operator that may not have a proven record of successfully plugging and reclaiming its wells. Mr. Black stated that financial resources is a component used to determine the per foot bonding amount for a well.

In response to a question from Rep. Greear, Mr. Black stated that landowners are not responsible for plugging and reclaiming abandoned wells, that responsibility resides with the operator.

Committee members expressed their concern with the number of orphaned wells in the state, the amount of liability the State may have to plug and remediate these wells and the slow pace of plugging and remediation activities. Sen. Rothfuss asked Mr. Black to prepare a plan for plugging and reclamation of all orphaned wells in the state by the Committee's next meeting. This plan shall include the number of orphan wells and the funding requirement to fully reclaim these wells and well sites.

## **FEDERAL MINERAL ROYALTY REDUCTION**

LSO staff discussed the reduction of Wyoming's share of federal mineral revenues as a result of federal sequestration. The sequestration legislation required a 5.1% reduction in all non-discretionary funding. Wyoming's share of the reduction of federal mineral royalties is \$53 million. The entire reduction will occur in fiscal year 2013. The Wyoming delegation in Congress has urged the Department of the Interior to remit these funds to the states once the sequester is lifted. This was the practice during the last federal sequestration in 1985. AML payments, Payments In Lieu of Taxes and other payments due to the State and political subdivisions of the State are also impacted by sequestration.

## **WYOMING INFRASTRUCTURE AUTHORITY**

Lloyd Drain, Executive Director, and Mike Easley, Chairmen of the Board, discussed recent activities of the Wyoming Infrastructure Authority (WIA) (Appendix 7). WIA has recently adopted a Strategic Plan based on the State Energy Plan. The Strategic Plan has three primary components: 1) Market Outreach; 2) Program Development; and 3) Stakeholder Advocacy. WIA has continued to promote transmission line projects originating in Wyoming. In addition, WIA has been extremely active in conducting market outreach to officials in California to transmit Wyoming wind energy to help California reach its 35% renewable energy mandate by 2020.

## **SOLID WASTE FUNDING – POSSIBLE ALLOCATION OF LUST FUNDS**

Todd Parfitt, Director of the Department of Environmental Quality (DEQ), Alan Edwards, Interim Administrator of the Solid and Hazardous Waste Division of DEQ, Karen Halverson, Storage Tank Program Manager and Bob Doctor, Solid Waste Program Manager provided the Committee with a proposal for the future diversion of funds collected for the Leaking Underground Storage Tank Program (LUST) to clean up landfills pursuant to a directive contained in the 2013 Budget Bill (Appendix 8). Mr. Parfitt testified there is currently \$41 million in the Solid Waste Remediation Account for future costs of remediation. DEQ projects that to fully clean-up the 11 highest priority landfills it will require \$31 million. These funds would be expended \$26 million the first 10 years of the program and \$5 million for the second 10 years of the program. DEQ provided the Committee with a background white paper on the LUST program which was presented in the summer of 2012 to the Joint Minerals Subcommittee on Municipal Solid Waste (Appendix 9). DEQ is mandated by the 2013 Budget Bill to review options to modify the funding for the LUST program and divert that funding to the Municipal Solid Waste Program. Mr. Parfitt stated 35% of identified leaking underground storage tanks still require remediation.

DEQ recommends implementing a gradual decline in funding for the LUST program over the next 12-15 years. The LUST program is currently funded at a level of \$10-11 million a year. Mr. Parfitt stated that the current level of funding allocated to the Municipal Solid Waste Program should be adequate for all projects DEQ will undertake through 2022. After that date, all identified leaking storage tanks should be remediated, and the program should only require funding of \$2 million a year for maintenance, new releases and newly identified sites. DEQ estimates the total obligation of the State of Wyoming under the Municipal Solid Waste Remediation Program will be \$168 million. Mr. Parfitt further asked the Committee to consider recommending providing the DEQ director discretion to allocate funds between the LUST and Municipal Solid Waste Remediation Programs as need and circumstances dictate. Mr. Parfitt stated that such an approach would provide the Environmental Protection Agency (EPA) with assurance that the LUST program was "fiscally sound" and would not cause the EPA to consider taking over the program.

Steve Molte of the Wyoming Solid Waste and Recycling Association stated that he appreciated the Committee's efforts on municipal solid waste remediation and would like to see a long term funding mechanism in place for the program.

Mike Bailey of the Petroleum Marketers of Wyoming asked the Committee to be cautious before making any changes to the LUST program. Mr. Bailey called the program a life saver for the industry.

## **WYOMING ECONOMIC DEVELOPMENT ASSOCIATION**

The Wyoming Economic Development Association provided the Committee with a lunch presentation of that groups activities across the state (Appendix 10).

## **ATOMIC ENERGY AGREEMENT STATE FEASIBILITY STUDY**

Nancy Nuttbrock, Land Quality Administrator of DEQ, and Chris Pugsley, Thompson and Pugsley, PLLC discussed the feasibility study initiated by 2013 HB 217 concerning the State of Wyoming becoming an Atomic Energy Agreement State (Appendix 11). Mr. Pugsley described the work his law firm conducted with other states as those states decided whether to become an Agreement States under the Atomic Energy Act of 1954. 2013 HB 217 was enacted in an apparent attempt to limit the dual jurisdiction of nuclear source material by the Nuclear Regulatory Commission (NRC) and DEQ. Mr. Pugsley explained that the bedrock principles of Agreement State Status are "Adequacy and Compatibility". All state regulations must be either the same or nearly identical to NRC statutes and regulations. Mr. Pugsley discussed the process of Wyoming becoming an Agreement State and possible alternatives to Agreement State status. The whole process may take 4 to 5 years. Uranium industry officials generally appear supportive of Wyoming receiving Agreement State status. They are hopeful that Agreement State status would eliminate many of the current requirements to obtain permits for uranium operations from both state and federal regulators. Mr. Pugsley and Ms. Nuttbrock will continue to provide the Committee with updates as they work towards a final feasibility report mandated by HB 217 to be delivered to the Committee on or before December 1, 2013.

## **CAMECO RESOURCES, INC.**

Paul Goranson, President of Cameco Resources, Inc. discussed current and future Cameco operations in Wyoming (Appendix 12). Mr. Goranson stated that while the uranium industry has historically faced boom and bust cycles, they are no entering a phase of considerable uncertainty in both the regulatory environment and in public opinion of the safety of nuclear power. Many of these uncertainties spring from the meltdowns in 4 nuclear reactors following the tsunami in Fukushima, Japan. However, Cameco does see some opportunities in the present business climate. Cameco's North Butte facility went into production in May 2013 and work continues on satellite sites in the Gas Hills and in sites in Converse County. From these, Cameco sees growth in Wyoming in its operations.

## **MONETA DIVIDE PROJECT**

Paul Ulrich, EnCana Project Lead for the Moneta Divide Project, described the current state of that project with the Committee (Appendix 13). EnCana has three active operations in Wyoming: Jonah, Normally Pressured Lance and Moneta Divide. EnCana believes its potential is to drill 7,900 wells in the next 10-15 years in Wyoming. In the Moneta Divide project, there are 820 wells drilled in the project area, with a potential between EnCana and Conoco-Phillips to drill 4,200 more wells. Mr. Ulrich described the planned water treatment facility EnCana will build in the Moneta Divide to treat produced water. The facility, when fully operational, could ship 900,000 barrels of water a day to Boysen Reservoir. Mr. Ulrich expressed concern that the preferred alternative of the Lander RMP contained new elements that were not included in the draft RMP and could negatively impact the Moneta Divide Project. Mr. Ulrich stressed that the speed with which the Moneta Divide Environmental Impact Statement (EIS) was completed would have a profound impact on the project and its economic benefit to the State of Wyoming.

Temple Stoellinger, Natural Resource Attorney for the Wyoming County Commissioners Association (WCCA), provided the Committee with a letter of support from the WCCA for the Moneta Divide Project submitted to the BLM Moneta Divide Project Manager (Appendix 14). Ms. Stoellinger also discussed the WCCA protest of the Lander RMP preferred alternatives. WCCA is concerned that the Lander RMP will extend Core Area protections for the Greater Sage-grouse outside of the core areas identified in the Governor's Executive Order.

## **WYOMING BUSINESS COUNCIL**

Bob Jensen, CEO, and Ryan Whitehead, Business Finance Program Manager, for the Wyoming Business Council (WBC) presented the Committee with reports on the Wyoming Partnership Challenge Loan Program and Wyoming Small Business Investment Credit Program (Appendix 15). Mr. Jensen described additional activities of the WBC, including work on the Hybrid Energy Systems with Idaho National Laboratories and the possible relocation of firearm accessory manufactures to Wyoming.

## **UNIVERSITY OF WYOMING – SCHOOL OF ENERGY RESOURCES AND COLLEGE OF ENGINEERING TASK FORCE**

Rob Hurless, Deputy Director of the School of Energy Resources and Executive Director of the College of Engineering Tier 1 Task Force discussed the work of that Task Force with the Committee (Appendix 16). The Task Force's goal is to fundamentally transform the University of Wyoming's College of Engineering into a Tier 1 School in the top one quarter of all engineering colleges in the United States. Mr. Hurless stated that the Task Force sought to transform the College of Engineering by: 1) Identifying performance metrics and providing a path to drive the college toward national prominence; 2) Elevating the quality of engineering undergraduates while forging authentic partnerships with industry; 3) Innovations in undergrad curricula with an emphasis on computational aspects of engineering; 4) Developing niche areas of research excellence; 5) Advancing economic development in the state through licensing intellectual properties and promoting technology transfer; 6) Marketing the college and UW across the state and the nation; 7) Developing effective programs in Wyoming middle schools to introduce engineering as an exciting and rewarding career. To achieve the goal, the College of Engineering would require an annual budget increase of \$15 million.

## **PUBLIC COMMENT**

Marge West, Campbell County rancher and landowner, described the difficulties she and her family were having with High Plains Energy Co. Ms. West stated that High Plains was responsible for 100 unplugged wells on her property. Some of these unplugged wells were in wheat fields. Ms. West believes that the State of Wyoming needs to require higher bonding amounts for oil and gas wells.

## **MAY 15, 2013**

### **ENERGY PRODUCTION IN THE STATE OF WYOMING**

Speaker of the House of Representatives Tom Lubnau discussed the future of energy production in the nation and the State of Wyoming and the role of the Wyoming Legislature in this arena. Speaker Lubnau stated that the United States currently has the opportunity to be an energy exporting nation for the first time in a generation. Coal should play a substantial role in that energy exporting. Australia already exports much of its coal to Asia. China and India will continue to use coal for the foreseeable future. Speaker Lubnau believes there is a small window of opportunity to build the infrastructure to ship coal to Asia before other countries capitalize on the opportunity. Speaker Lubnau advocated 2 approaches for members of the Wyoming Legislature to support energy development in Wyoming: 1) Work with policymakers from the Pacific Northwest to open coal exporting ports to Asia and participate on a national level to increase the discussion on coal exports; 2) Discuss on a national level the disproportionate impacts to the State of Wyoming from energy development which greatly benefits the rest of the nation.

## **WYOMING COAL EXPORT ISSUES**

Marion Loomis, Executive Director of the Wyoming Mining Association, discussed the export of Wyoming coal. Some Wyoming coal is already exported through California, Washington and Texas ports. 40 million additional tons exported through Pacific Northwest ports would average about 8 more trains a day travelling from the PRB to Oregon and Washington. That is in comparison to the 75 coal trains which exit the Powder River Basin each day.

Gillette Mayor Tom Murphy discussed the possible impacts from an increase of PRB coal exports on Gillette and Campbell County. Mayor Murphy has been very active in creating outreach programs to promote Powder River Basin Coal. Mayor Murphy has hosted Congressional staffers to show them coal production and has offered to host municipal officials from Washington and Oregon. Mayor Murphy hopes to show through these efforts that the impact of a coal exporting terminal will be minimal on the community in which it is located. Mayor Murphy believes that the future economic health of Gillette and much of Northeast Wyoming hinges on coal exports to Asia.

## **GROUNDWATER BASELINE MONITORING**

Jerimiah Rieman, Natural Resource Policy Advisor to Governor Matt Mead, discussed the possible implementation of baseline groundwater monitoring prior to oil and gas drilling. WOGCC is currently in the process of drafting a proposed rule which should be in place by the end of the year. There are many varied approaches to groundwater monitoring which have been recently implemented across the United States. Mr. Rieman stated that the testing will occur in existing water wells registered with the State Engineer within a yet unspecified distance from the well pad (presumptive distance is ¼ mile). The Colorado Oil and Gas Commission rules require two subsequent tests. It has not been determined whether Wyoming will require additional testing. The testing will most likely only be for constituents associated with the oil and gas industry. Legal liability will not be established by the testing, that liability will be determined in a court of law. Mr. Rieman stated that it is still being determined whether the information will be made public. It is unlikely that any exemptions to the rule will be allowed.

Grant Black, WOGCC Supervisor, discussed the draft groundwater monitoring rules. Mr. Black stated that an oil and gas drilling operator would not be required to test wells if he is not granted access to the well by the private owner. Mr. Black stated that many landowners already have groundwater testing and monitoring agreements in place.

Jill Morrison, PRBRC, stated her groups support for universal groundwater testing and monitoring. Marge West, Campbell County rancher, Rob Hendry, Natrona County Commissioner and rancher, and Richard Garrett, Wyoming Outdoor Council also spoke in support of groundwater baseline monitoring.

Ken Hamilton, Executive Vice President of the Wyoming Farm Bureau Association expressed his group's initial support for groundwater baseline testing, but would prefer more testing to occur throughout the oil and gas operations. Mr. Hamilton stated that recharge rates and timing for pollution to reach a well would all need to be considered when determining when additional testing should occur.

## **GOVERNOR MATT MEAD'S ACTION PLAN FOR ENERGY, ENVIRONMENT AND ECONOMY**

Shawn Reese, Governor Matt Mead's Policy Director, discussed the newly released Governor's Action Plan for Energy, Environment and Economy (Appendix 17). Wyoming does not have a single agency with an assigned duty to implement energy policy. The Action Plan was developed, in part, to provide a cohesive guidance to state agencies on energy development, environmental protection and economic

development in Wyoming. The Governor's Office is creating a website that will have all of the information contained in the Action Plan ([www.energy.wy.gov](http://www.energy.wy.gov)). The website will include state agency one page plans for implementation of the energy strategy. The information will be going live on the website soon. The Governor's policy advisors looked at other state energy plans when developing Wyoming's plan, but stressed that Wyoming's Energy Policy is uniquely tailored for Wyoming. The Action Plan has an overall vision statement: "Wyoming will achieve excellence in energy production, and stewardship of its natural resources for the highest benefit of its citizens." The Action Plan contains three overviews on Wyoming: Energy, Environment, and Economic. It contains 6 Guiding Principles, under the overarching goals of "Achieving Excellence" and "Highest Benefit":

1. Lead in Energy Development, Production, Generation and Export;
2. Innovate in Adding Value to Resources;
3. Be the Standard Bearers in Responsible Development;
4. Maintain and Grow Energy Market Share, Good Jobs and a Strong Economy;
5. Create Affordable, Abundant, Reliable Power and Fuel Production; and
6. Conserve Natural Resources and Heritage.

The Action Plan then describes four Strategic Themes with specific objectives and initiatives to achieve each strategic theme. The four Strategic Themes are: 1) Economic Competitiveness, Expansion and Diversification; 2) Efficient, Effective Regulation; 3) Natural Resource Conservation, Reclamation and Mitigation; 4) Education, Innovation and New Technologies.

The Action Plan is designed to be revised on a regular basis and integrated into the state's budgetary process. Mr. Reese stated that the Action Plan will provide concrete initiatives which are specific enough for state government to be accountable for the implementation. The Legislature will be actively involved in many aspects of the Action Plan, including a potential review of State oil and natural gas regulations and Wyoming receiving Atomic Energy Agreement State status.

## **AGENCY EFFICENCY**

In an attempt to understand and improve efficiencies in state agencies, the Committee solicited testimony from Tom Forslund, Director of the Department of Health and Joan Evans, Director of the Department of Workforce Services. Mr. Forslund described his efforts to streamline operations of the Department of Health (Appendix 18). Mr. Forslund has implemented a number of internal changes and reorganization of the department. The Department of Health is the largest state agency in terms of number of employees and its budget. The department administers over 70 programs. Part of Mr. Forslund's goal was to get agency employees to recognize the difference between work output and project outcomes. Mr. Forslund conducts a meeting every two weeks where his Program Managers articulate the goals for each program and they discuss whether the programs are meeting their goals. The Governor's Office has taken notice of these meetings and has begun to attend them periodically.

Ms. Evans described her duties as director of the Department of Workforce Services, which merged with the Department of Employment as a result of 2011 HB 106. Ms. Evans provided the Committee with an organizational chart of the department (Appendix 19). Ms. Evans stated that service delivery is the top priority of the department. She believes in the "team approach" and had substantial participation in agency reorganization committees following the merger. The department is currently updating its unemployment tax and benefit computer system to better serve the people of Wyoming. Ms. Evans described her efforts at improving efficiency in the department as requiring long term goals and strategies which move the idea of efficiency beyond being thought of as the flavor of the week.

## **HIGH GRADE SILICA SAND STUDY**

Sen. Jim Anderson presented a report on the Cassa Silica Sand Deposit in Platte County (Appendix 20). Sen. Anderson will investigate this issue further and report his findings to the Committee at a later date.

## **OFFICE OF STATE LANDS AND INVESTMENTS**

Ryan Lance, Director of the Office of State Lands and Investments (OSLI), discussed unpaid surface impact payments from oil and gas development on state lands. Mr. Lance stated these unpaid surface impact payments resulted in loss of the use of the resource to the surface lessee and also loss of revenues to the State of Wyoming. In an attempt to remedy this situation, the OSLI has implemented a "Total Program Compliance Initiative" (Appendix 21). This program will ensure that an operator cannot receive a new permit to drill or renew an expired permit if the operator is not in compliance with all other agency programs.

Mr. Lance also discussed other issues concerning the OSLI which were of interest to the Committee including potential for leasing of lithium on state lands.

## **PUBLIC COMMENT**

The Committee received public comment from Marge West. Ms. West stated her support for requiring oil and gas operators to provide the total cost of plugging and reclamation as a condition to receiving a permit to drill a well. Ms. West stated that these funds should not be released until the well is plugged and reclaimed, even if ownership of the wells is transferred.

Richard Garrett, Wyoming Outdoor Council, and Graham McGaffin, The Nature Conservancy, described their personal and organizational involvement with the development of the Governor's Action Plan for Energy, Environment and Economy. Misters Garrett and McGaffin are supportive of the Action Plan.

## **MEETING ADJOURNMENT**

There being no further business, Chairman Lockhart adjourned the meeting at 1:00 p.m.

Respectfully submitted,

John Hines, Chairman

# Committee Meeting Materials Index

Appendix	Agenda Item	Appendix Description	Appendix Provider
1	Committee Sign-In Sheet	Lists meeting attendees	Legislative Service Office
2	Committee Meeting Agenda	Provides an outline of the topics the Committee planned to address at meeting	Legislative Service Office
3	Coal Bed Methane – Update, Reclamation and Bonding Issues	Anadarko Petroleum Corporation Activities in Wyoming	Anadarko
4	Coal Bed Methane – Update, Reclamation and Bonding Issues	PRBC Material on Orphaned Oil and Gas Wells	PRBC
5	Coal Bed Methane – Update, Reclamation and Bonding Issues	CBM Update - PRECorp	PreCorp
6	Coal Bed Methane – Update, Reclamation and Bonding Issues	WOGCC Orphaned Wells Summary	WOGCC
7	Wyoming Infrastructure Authority	WIA Presentation to Minerals Committee	WIA
8	Solid Waste Funding – Possible Reallocation of LUST Funds	DEQ – Solid and Hazardous Waste Division Presentation on Reallocation of LUST funds	DEQ
9	Solid Waste Funding – Possible Reallocation of LUST Funds	White Paper to the Solid Waste Subcommittee on LUST Program – August 13, 2012	DEQ
10	Wyoming Economic Development Association	WEDA Presentation of Activities	WEDA
11	Atomic Energy State Feasibility Study	Presentation on Hiring of Consultant and Possible outcomes of Atomic Energy State Feasibility Study	DEQ
12	Cameco Operations in Wyoming	The Uranium Industry and Wyoming in a New Nuclear Energy Economy	Cameco

13	Moneta Divide Project	Overview of Project	Encana
14	Moneta Divide Project	Letter of Support for Moneta Divide Project from WCCA	WCCA
15	Wyoming Business Council	Report to Committee on Partnership Challenge Loan Program and Wyoming Small Business Investment Credit Program	WBC
16	SER/College of Engineering Task Force Update	UW Engineering Initiative: Toward Tier 1 for Wyoming	UW - Hurless
17	Energy Plan	Wyoming's Action Plan for Energy, Environment and Economy	Governor's Office - Reese
18	Agency Efficiency	Material from Department of Health	DoH
19	Agency Efficiency	Organizational Chart of Department of Workforce Services	DoWFS
20	High Grade Silica Sand Study	White Paper on Cassa Silica Deposit, Platte County	Sen. Anderson
21	OSLI	Total Program Compliance Initiative	OSLI - Lance