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HOUSE BILL 3084

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State of Washington

59th Legislature

2006 Regular Session

By Representatives B. Sullivan, Buck, Chase and Sells

Read first time 01/19/2006. Referred to Committee on Natural Resources, Ecology & Parks.

1 AN ACT Relating to the study of state programs affecting  
2 exploration, development, production, and storage of oil and gas;  
3 creating new sections; and making an appropriation.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that the passage of  
6 the oil and gas conservation act in 1951 established a regulatory  
7 framework for the oil and gas industry in Washington, and that  
8 subsequent amendments in 1971, 1983, and 1994 have maintained the  
9 original framework and that the integration of the state environmental  
10 policy act and administrative procedure act is needed to strengthen the  
11 existing framework.

12 The legislature further finds that since the last amendment in  
13 1994, there is increasing interest in oil and natural gas resources and  
14 the underground storage of natural gas. The legislature further finds  
15 that the absence of a modern, comprehensive financial and regulatory  
16 approach to these related issues has placed Washington at a  
17 disadvantage in ensuring environmental protection and realizing  
18 appropriate economic benefits from this activity.

1 The legislature further finds that it is in the state's interest to  
2 foster oil and natural gas resources-related activities in an  
3 appropriate regulatory, technical, environmental, and financial  
4 framework, and that the existing framework does not adequately allow  
5 the state to respond to potential discoveries.

6 NEW SECTION. **Sec. 2.** The commissioner of public lands shall  
7 develop recommendations to improve the regulatory, technical,  
8 environmental, and financial framework of the oil and gas industry as  
9 specified in section 1 of this act by December 30, 2006. In developing  
10 statewide recommendations, the commissioner shall assemble and consult  
11 the work group created in section 3 of this act.

12 NEW SECTION. **Sec. 3.** (1) A work group is created to study current  
13 state regulation of the oil and gas industry and opportunities to  
14 improve the oil and gas financial and regulatory program as specified  
15 in section 1 of this act and to help the commissioner of public lands  
16 develop recommendations under section 2 of this act.

17 (2) The work group is comprised of individuals selected on the  
18 basis of their knowledge of regulatory, technical, environmental, and  
19 financial issues related to oil and natural gas resources and, if  
20 determined by the commissioner of public lands to be necessary, should  
21 represent a mix of individuals with knowledge regarding specific  
22 regions of the state. Members of the work group must be appointed by  
23 the commissioner of public lands, unless otherwise specified, and must  
24 include:

25 (a) The commissioner of public lands or the commissioner's  
26 designee, who shall serve as chair of the work group;

27 (b) A representative of the water quality program in the department  
28 of ecology;

29 (c) A representative of the state environmental policy act program  
30 in the department of ecology;

31 (d) A representative of the department of community, trade, and  
32 economic development;

33 (e) A representative of the department of revenue;

34 (f) A representative of the Washington farm bureau;

35 (g) A representative of the Washington cattlemen's association;

1 (h) A representative of the Washington independent producers and  
2 royalty owners association;

3 (i) A representative of a statewide environmental group;

4 (j) A representative of the utility industry with experience in the  
5 operation of underground natural gas storage;

6 (k) A representative of the oil and gas industry with interest in  
7 conventional oil and gas exploration and development;

8 (l) A representative of the oil and gas industry with interest in  
9 coal bed methane exploration and development; and

10 (m) Representatives of two counties appointed by the Washington  
11 state association of counties, one from east of the crest of the  
12 Cascade mountains and one from west of the crest of the Cascade  
13 mountains.

14 (3) The work group must assist the commissioner of public lands in  
15 developing recommendations as specified under section 2 of this act and  
16 shall consider:

17 (a) Existing financial and regulatory programs affecting the oil  
18 and gas industry in Washington;

19 (b) Funding amounts and sources necessary for an effective and  
20 efficient oil and gas regulatory program;

21 (c) Current and foreseeable activities related to oil and gas  
22 exploration, development, and underground storage of natural gas in the  
23 state;

24 (d) Adequacy of current programs to address the technical,  
25 environmental, and financial aspects of oil and gas-related activities  
26 such as exploration wells, field development, underground natural gas  
27 storage, coal bed methane development, and conservation of the  
28 resources; and

29 (e) Other related matters that may come to the work group's  
30 attention regarding current and foreseeable activities related to oil  
31 and gas exploration, development, and underground storage of natural  
32 gas in the state.

33 (4) By December 30, 2006, the commissioner of public lands must  
34 submit the work group's findings, and recommendations for legislation  
35 that is necessary to implement the findings, to the appropriate  
36 standing committees of the legislature. The department of natural  
37 resources must provide technical and staff support from existing staff  
38 for the work group created by this section.

1        NEW SECTION.   **Sec. 4.**   The sum of two hundred thousand dollars, or  
2   as much thereof as may be necessary, is appropriated for the fiscal  
3   year ending June 30, 2007, from the general fund to the department of  
4   natural resources for the purposes of this act.

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