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March 24, 2020

The Honorable Steve Daines
United States Senator
222 N. 32nd Street, Suite 100
Billings, MT 59101

Dear Senator Daines,

The Montana Petroleum Association and Montana's oil and gas industry is seeking opportunities for regulatory relief during this time of the COVID-19 pandemic and commodities market crash. Under these conditions, operators have wells that physically cannot be produced during the COVID-19 pandemic or are uneconomic to produce with these commodity prices and are being forced to shut in the wells. This issue is not unique to Montana but impacts to the nation will be felt across the entire domestic oil and gas supply chain.

The items from which regulatory relief is being requested include, but is not limited to: extension for Mechanical Integrity Testing (MIT), extension of Plug or Produce Notices from BLM and State oil and gas regulators, suspension of idle well bonding and minimal royalty payment on wells shut in due to oil price and COVID-19, and reprieve from annual rentals on state and federal leases for a period of 6-12 months. On the environmental front, it would be helpful to receive a reprieve from LDAR monitoring requirements under NSPS 40 CFR 60 Subpart OOOOa and combustion source stack testing. More details on each of these items is described below: Please keep in mind we are not asking for repeal of the identified issues; we are simply asking for temporary waivers and regulatory relief until we can get through these difficult times.

MIT:

Currently, there is a 5-year MIT requirement on shut in producers. The industry would like a reprieve on the timing of the MIT requirement on wells that are being forced to shut in due to the current pandemic and market environment. We would like to work with the agency by submitting notifications of wells that are being shut in due to the current pandemic and commodity price and allow the 5-year MIT timing to not start until one year following the notice. Continuing this testing would be an unnecessary cost burden on operators. Operators request a temporary reprieve from performing these routine MITs until the commodity market recovers.

Plug or Produce Notices:

Federal and State agencies governing the oil and gas industry have timing and notification requirements for shut in wells requiring plugging of wells if they are not able to produce. The industry requests that the agency not start the plug or produce process for at least two years following the 30-day or annual Sundry notice submitted for these shut in wells. Most wells are being shut in due to personnel availability during the COVID-19 pandemic and due to the current low oil price. It is expected these wells can be produced after the pandemic is over and after the price market stabilizes. The industry would like the timing for plug or produce notices to be deferred until the pandemic and oil price stabilizes.

Idle Well Bonding and Minimum Royalty Payments:

Request suspension of idle well bonding and minimal royalty payment on wells shut in due to low oil price and COVID-19 impacts.

Inspections and Site Security

BLM has regulatory authority to relax and slow implementation of requirements regarding site security as well as oil and gas measurements. That flexibility should be immediately implemented with respect to the frequency and timing of inspections as well as timeframes to repair cited items from inspections.

Annual Rentals on State and Federal Mineral Leases:

Reprieve from annual rentals on state and federal leases for a period of 6 to 12 months. Due to social distancing and staff availability, these rental payments can't be made, and operators are requesting a 6 to 12 month extension on these payments until the pandemic issue is over.

LDAR:

Reprieve from semiannual Leak Detection and Repair (LDAR) monitoring. Due to contractor availability and social distancing, we are asking this requirement to be changed to an annual requirement until the pandemic is over. This is not a request to operate facilities out of compliance with the requirements of 40 CFR 60 0000a, rather relief from the monitoring aspect during these times.

Stack Testing:

Reprieve from stack testing requirements under 40 CFR Part 60 during the time of this pandemic. Social distancing recommendations from the CDC and availability of contractors that perform the tests are making it difficult to comply during the pandemic.

In closing, we are mindful of the many issues you are facing during this critical time. We ask that you give our requests careful consideration and please do not hesitate to contact me with any questions or needed clarification. We look forward to the continued exceptional working relationship with you and your staff.

Best regards,



Alan Olson
Executive Director
Montana Petroleum Association

cc: MPA Board of Directors
MPA Coronavirus Action Committee