

Montana Means Energy

Quarter 1, 2013



**Energy Promotion
and Development
Division**

Montana Department of Commerce

Q1, 2013

IN THIS ISSUE:

- [Governor's Corner](#)
- [2013 Legislative Update](#)
- [Montana Geology](#)
- [MATL Construction](#)
- [Decker Coal Mines](#)
- [Pipeline Updates](#)
- [Musselshell Wind](#)
- [Small Logs Conference](#)
- [News You Can Use](#)

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Department of Commerce

Governor's Corner

Montana is famous for its pristine and picturesque landscapes. Our clean air, water and wildlife habitat are the envy of many. These lands have also blessed us with an abundance of natural resources that have allowed the state to be a net exporter of energy products for decades. As Governor, I take great pride in utilizing Montana's energy resources to provide good-paying jobs for Montanans and support for our schools, while safeguarding our quality of life...

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2013 Legislative Update

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Montana, the Treasure State

Shortly after the first gold discovery at Gold Creek in 1861, the Montana Bureau of Agriculture, Labor, and Industry published a guidebook whose cover referred to Montana as the "Treasure State." It is a fitting name. Montana has been blessed with a wealth of natural resources that include precious metals, industrial minerals, and fossil fuels (coal, oil, and gas). The distribution of these resources and the manner in which they occur is a direct consequence of the geologic processes and events that have shaped Montana for hundreds of millions of years...

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Governor's Corner



Montana is famous for its pristine and picturesque landscapes. Our clean air, water and wildlife habitat are the envy of many. These lands have also blessed us with an abundance of natural resources that have allowed the state to be a net exporter of energy products for decades. As Governor, I take great pride in utilizing Montana's energy resources to provide good-paying jobs for Montanans and support for our schools, while safeguarding our quality of life.

The economic impacts of this development are substantial and Montanans also expect that we will protect our outdoor heritage, communities and agricultural producers. That's why my administration is committed to maintaining sustainable and responsible development of our energy resources for a net benefit to the state and its citizens. The state must promote energy development to foster growth in this important economic sector and put Montanans to work, and we can do it in a way that will protect those things we love about living here.

Our natural resources have provided for our greatest resource, our kids, for decades. I want my kids - and all kids in this state - to have the same opportunities that I did. We owe it to our children to make use of these resources in a manner that enhances the opportunities they have and protects the lands they call home.

Montana's fossil fuel industries have provided over \$250 million in tax collections to state and local governments every year for the last five years running. In 2012, the portion of fossil fuel industry taxes collected and allocated to the state constituted about 5 percent of all state General Fund revenue. This oil, gas and coal revenue is very important to maintaining Montana's educational excellence as well as other public services. I will work to build on the momentum that these energy sectors have gained in recent years. My administration is strongly encouraging federal approval of the Keystone XL pipeline. We are also working hard to assure that regulatory processes are efficient, accurate and provide consistency and certainty for developers. That's why we are supporting legislation that will provide more flexibility for gravel operations and improve the permitting process.

Another bright spot for Montana's economy has been the renewable energy sector, which has grown substantially in the last half decade. Wind power has become a recognized electrical generator in the state, producing 4 percent of the

state's electricity in 2011. Montana is ranked number two in the nation for wind development potential and there is much more economic opportunity.

All forms of energy development must be approached with attention to protecting Montana's people, communities and way of life. I will actively seek resolution to any issues that hinder Montana's responsible energy development opportunities. In Montana, we work best when we work together. That's why I recently created a Sage Grouse Advisory Council, so we can maintain our management and control of this important game species and continue to collectively shape our energy future.

Montanans deserve and expect that energy developers will treat our resources and our people with the utmost respect. Montana has incredible opportunities for energy development that will boost the state's economy, provide quality employment for Montanans, and move the nation toward a more secure energy future. My administration will support and encourage responsible development of all of Montana's energy resources. We will seek top dollar for state-owned resources, support landowners and property rights, and protect Montana's clean air, pristine waters and world-class wildlife.

And we will address the needs of our communities affected by booming energy development. That's why I've asked the legislature to provide significant funding to jump start efforts to upgrade infrastructure, and have asked my agencies to prepare a comprehensive review of infrastructure needs in communities affected by oil and gas development, so we can all work off the same page and plan for needs into the future.

I look forward to working with everyday Montanans, industry representatives, economic developers, and government officials and agencies to attract investment in all of Montana's energy sectors to create jobs, increase the tax base, and keep energy affordable for Montana families.

2013 Legislative Update

Dozens of bills that would change energy regulations in Montana have been introduced in the 2013 Montana Legislative session. While a number of these failed to gain approval, the following is a summary of legislative bills that are still working their way through the 63rd Montana Legislature or have already been signed into law.

SENATE BILLS

SB 26 In Second House—Out of Committee

Clarifies language under the *Montana Renewable Power Production and Rural Economic Development Act* (commonly known as the RPS) regarding definitions, reporting requirements and deadlines. Does not make any significant changes to RPS and described as a "clean up bill" to clarify existing legislative intent.

SB 31 In Second House Committee—Hearing scheduled March 22

Revises the definition of "eligible renewable resource" under the RPS to include all hydroelectric facilities commencing commercial operation after January 1, 2013; removes restrictions on the size of eligible projects installed on existing reservoirs or irrigation systems and those that do not require a diversion or impoundment. Does not include language on calculating eligible output from hydroelectric expansions.

SB 45 In Second House Committee—Heard on March 11

Revises the definition of "eligible renewable resource" under the RPS to include hydroelectric project expansions. Provides guidance on calculating eligible output as the proportion of total generation based on the ratio of added capacity to total capacity and provides a retroactive date going back to December 31, 2010.

SB 52 Signed by Governor

Clarifies reporting requirements on the purchase and sale of renewable energy credits (RECs) to include public utilities, competitive electricity providers, cooperative utilities, and owners of renewable electrical generation facilities.

SB 92 Passed By Legislature

Clarifies reporting requirements for coal prospecting permit and streamlines annual reporting requirements. Requires that plant "species" rather than "varieties" exist in the affected area and the application be certified by a professional. Ensures water supplies are protected from both surface and underground coal mining. Clarifies notification requirements.

SB 106 In Second House—Out of Committee

Revises the definition of "eligible renewable resource" under the RPS to include the renewable energy fraction derived from storage technologies including flywheels, pumped hydroelectric facilities, batteries, and compressed air.

SB 125 In Second House Committee—Heard on March 13

Revises the penalty for failure to meet the community renewable energy project requirement under the RPS and sets the penalty at \$500 per MW of capacity not met.

SB 138 In Second House Committee—Heard on March 12

Provides class 14 tax classification (3% tax rate) to all electrical generation and transmission facilities, liquid or gaseous fuel production facilities, and storage facilities constructed after June 30, 2013.

SB 141 Signed by Governor

Clarifies that pipelines that carry carbon dioxide qualify as common carrier pipelines.

SB 164 Transmitted to the Governor
Exempts public utilities that served fewer than 50 customers on December 31, 2012 from requirements under the RPS.

SB 180 In Second House—Hearing scheduled March 22
Repeals the explicit grant of authority to exercise the power of eminent domain upon the issuance of a certificate under the *Major Facilities Siting Act*.

SB 282 In First House Committee—Heard on February 21
Revises Montana's income tax laws and eliminates most individual income tax deductions including the biodiesel blender, alternative fuel vehicle conversion, biodiesel production oilseed crushing, energy conservation and alternative energy credits among others.

SB 295 In First House Committee—Heard on March 5
Eliminates the oil & gas "tax holiday" and provides money for water conservation and development impacts. Currently, horizontal wells are taxed at 0.76% for the first 18 months of production and 9.26% thereafter. This bill would tax production at 9.26% starting with the first barrel of oil produced.

SB 325 In Second House—Out of Committee
Allows wood treated with creosote, pentachlorophenol or copper-chroma-arsenic to be utilized as an eligible resource under the RPS.

SB 327 In Second House—Out of Committee
Exempts competitive electricity suppliers with fewer than 4 customers from the RPS.

SJ 6 Passed by Legislature
Resolution that calls for the creation of an interim committee to review the economic impact of the RPS, specifically: new electrical generation, job creation, creation of new industries, use of RECs, development of new transmission. Also calls for a review of environmental benefits and impacts on consumers.

SR 2 Signed by Governor
Resolution that encourages that the recommendations in former Department of Energy Secretary Steven Chu's memo to federal Power Marketing Administrations be narrower in scope, contain greater recognition of the work already completed by the Western Area Power Administration, ensure change is incremental, and provide economic protections to Montana preference customers.

HOUSE BILLS

HB 37 In Second House Committee—Heard on March 11
Allows a change of use of a water right through a temporary lease. The bill is generally thought to address water issues related to oil development. Requires that the right must have been used with in the previous 5 years, may only be leased during the existing period of diversion, may not be leased for more than 2 years during any consecutive 10-year period, limits leases to 180 acre-feet per year, and may not change the point of diversion. Also requires that the applicant prove that water rights of other appropriators will not be adversely affected by the lease.

HB 188 In Second House—Heard on March 12
Revises qualifying small power production facilities (QFs) laws by lowering the approved rate schedule process at the Public Service Commission to projects 3 MW or less with a maximum of 6 MW per year. If more than 15% of a utilities load is from QFs, the limit is 100kW. Requires a competitive solicitation for QF projects that do not qualify for a rate schedule.

HB 218 In First House Committee—Heard on January 24
Creates a grant account managed by the Board of Oil and Gas Conservation by diverting 25% of revenues received from federal mineral leases. Local governments apply to the program to fund projects needed to address impacts from oil and gas developments.

HB 256 In Second House—Out of Committee
Revises landowner notification requirements under the Major Facilities Siting Act to include all landowners within the 1-mile-wide facility siting corridor identified in the environmental review for the project.

HB 408 Passed 2nd Reading
Reduces tax rate on pollution control equipment over a 4-year period from 3% to 1% and provides backfill for county and local governments.

HB 413 In First House Committee
Revises eminent domain laws to define "just compensation" and "lost profits" and requires that condemnation causes the least amount of damage to private property for the greatest public good and is the most limited interest in real property necessary for the project.

HB 417 In Second House Committee—Heard on March 14
Revises eminent domain laws to require a final written offer be rejected prior to condemnation and allows additional offers after final complaint in eminent domain proceedings.

HB 581 In First House Committee—Heard on March 15
Revises income tax statutes and eliminates a number of tax deductions and credits. Energy related tax credits and deductions that would be eliminated include: energy conservation alternative fuel motor vehicle conversion,

geothermal systems, alternative energy systems, oilseed crushing facility, and biodiesel production.

HB 587 In First House—Hearing Scheduled for March 25

Prohibits an oil or gas producer from flaring more than 50,000 cubic feet of natural gas per day unless granted an exception by the Board of Oil and Gas Conservation. It requires natural gas produced in excess of this limit to be captured and taxed under Montana's oil and gas production tax and requires the Department of Revenue (DOR) to determine its value.

HB 589 In First House Committee—Hearing Scheduled for March 22

Would submit a proposed amendment to the Montana Constitution to the public that would establish a permanent oil and gas trust fund from taxes on oil and gas production.

HB 594 In First House—Nontabled

Creates a grant account managed by the Board of Oil and Gas Conservation by diverting 25% of revenues received from federal mineral leases. Local governments apply to the program to fund projects needed to address impacts from oil and gas developments. Applications would be ranked by a third party.

HB 606 In First House—Hearing Scheduled for March 22

Authorizes the state to issue general obligation bonds of up to \$41.5 million fund improvements to the Tongue River Road.

HJ 9 In Second House Committee—Heard on March 15

Resolution declaring the state of Montana is in support of the continued use and development of coal-based power in the United States and supports the expansion of additional shipping capacity through new and existing ports in order to allow for the sale of Montana resources to emerging markets.

HJ 11 In Second House—Out of Committee

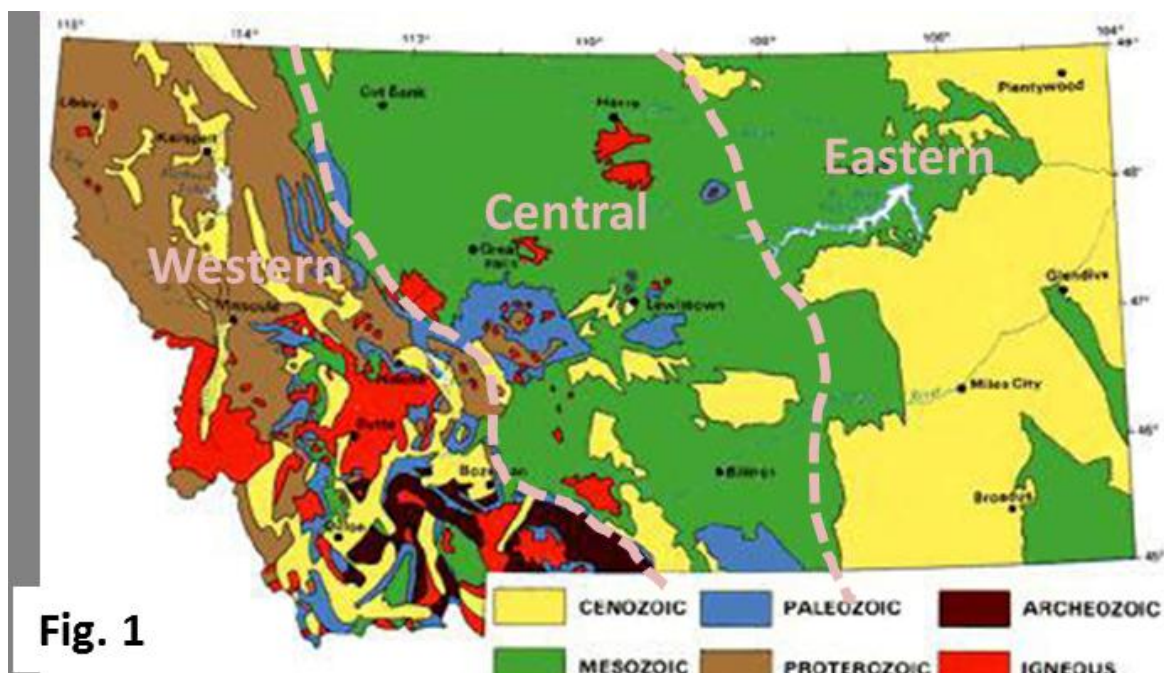
Resolution that encourages that the recommendations in former Department of Energy Secretary Steven Chu's memo to federal Power Marketing Administrations be narrower in scope, contain greater recognition of the work already completed by the Western Area Power Administration, ensure change is incremental, and provide economic protections to Montana preference customers.

Montana, the Treasure State

A look at how Montana's diverse geology has provided an abundance of resources

Article by Jay Gunderson, Montana Bureau of Mines & Geology

Shortly after the first gold discovery at Gold Creek in 1861, the Montana Bureau of Agriculture, Labor, and Industry published a guidebook whose cover referred to Montana as the "Treasure State." It is a fitting name. Montana has been blessed with a wealth of natural resources that include precious metals, industrial minerals, and fossil fuels (coal, oil, and gas). The distribution of these resources and the manner in which they occur is a direct consequence of the geologic processes and events that have shaped Montana for hundreds of millions of years.



Physiography

Montana can be divided into 3 physiographic provinces based on topography and geologic character (Fig. 1). The western mountainous region is comprised of very old metamorphic and sedimentary rocks that were deformed into a series of rugged mountain ranges that are part of the North American Rocky Mountains. The southern half of this region hosts several large granitic intrusions and associated volcanic rocks. The central region lying east of the Rocky Mountain front is a mix of plains and isolated mountain ranges that dot the prairies. Rocks are mostly flat-lying except in the vicinity of the mountain ranges where rocks are locally upturned and contorted. The eastern region consists of plains that are often deeply dissected by streams and rivers that cut into the prairie landscape. Horizontal rock strata are mostly undeformed and there is very little structural relief across the region.

A brief geologic history of Montana -

The Precambrian rocks (>600 Ma*) of western Montana are the oldest rocks in the state and originated at a time when little or no life existed on the planet. As a result, there are no fossil fuels in the region because of the lack of a hydrocarbon "source" (i.e. no organic material).

Vast shallow seas that covered much of present-day North America during the Paleozoic (~250-550 Ma) deposited up to 10,000 feet of carbonate rocks (limestone and dolomite) and shales that underlie Central and Eastern Montana. Most of these carbonates were deeply buried beneath the plains where organic constituents - primarily the remains of plants and animals - were "baked" and transformed into oil and gas over millions of years. Several organic-rich shales and have been recognized as prolific petroleum "source rocks." The Bakken Formation under Montana and North Dakota contains one of the largest accumulations of oil ever to be discovered in the U.S. and is estimated to contain at least 4 billion barrels of recoverable oil. The lesser known Heath Formation - touted by some as a "mini Bakken" - is likely the source rock for over 40 Central Montana oil fields whose combined, cumulative oil production is 100-150 million barrels (Fig. 2).

During the Mesozoic (250-65 Ma), a large interior seaway stretched from Alaska to the Gulf of Mexico, covering the western Great Plains and depositing as much as 5,000 feet of sands and shales over the eastern two-thirds of Montana. As with earlier Paleozoic rocks, some of the organic-rich sediments have been buried to depths where active petroleum generation is taking place. Because sands tend to be porous, Mesozoic sandstone formations such as the Cat Creek, Eagle, Dakota, Bow Island and others act as major reservoirs - or the *containers* - for oil and gas accumulations.

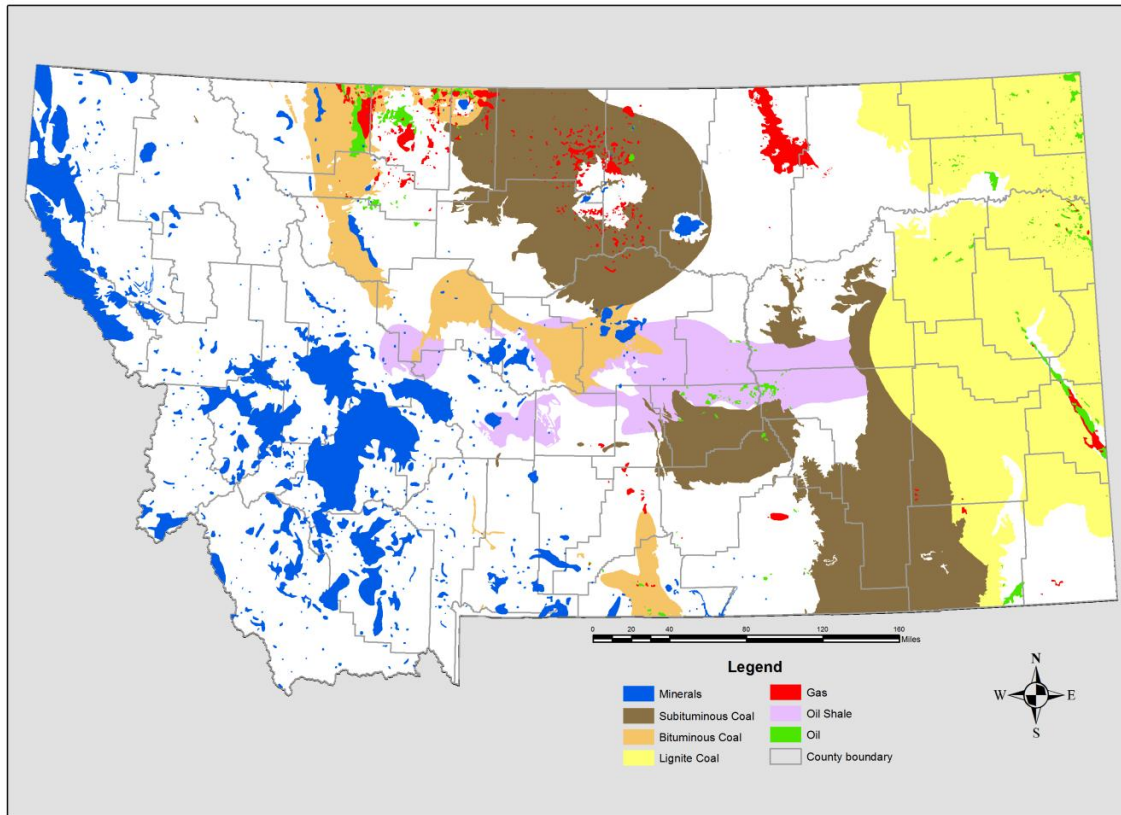
The Mesozoic period culminated with tremendous tectonic forces acting upon the continent causing intense folding and thrusting of the Rocky Mountains in Western Montana. In Central and Eastern Montana - away from the Rocky Mountain fold and thrust belt - vertical uplift, faulting, and folding were more localized and led to the gentle creation of isolated mountain ranges (Belt, Snowies, Pryors). Regional basins like the Williston, Powder River, and Bighorn Basins deepened and became major petroleum producing areas. Hydrocarbons generated in these basins migrated upward through the rock layers until they were "trapped" by folds, faults and other geologic structures formed as a result of the late-Mesozoic deformation. Most of Montana's oil and gas fields are located in such structures: folded rocks (Cedar Creek Anticline, Sweetgrass Arch, Cat Creek Anticline), dome structures (Bowdoin Dome in Phillips County, Kevin Dome, Poplar Dome), and faulting associated with uplifts such as the those surrounding the Bears paw Mountains near Havre (Fig. 2).

Contemporaneous with late Mesozoic tectonics, igneous intrusive and extrusive (volcanic) activity took place primarily in the western part of the state and resulted in the emplacement of large intrusive granitic bodies in southwestern Montana (e.g. Idaho, Boulder, and Tobacco Root batholiths). Metalliferous ore deposits in Montana - especially those of gold, silver, copper, lead, and zinc - are associated with these igneous intrusions and volcanic rocks. Most of the metallic mineral deposits in Montana occur in a SW-NE trending zone from southwestern Montana through Butte, Helena, and extending northeastward where a few of the outlying igneous mountain ranges in Central Montana like the Moccasin, Judith, and Little Rockies also bear metal deposits (Fig. 2).

More recent Cenozoic sediments are dominated by the coal-bearing Fort Union Formation. As the Mesozoic interior seaway retreated, it left behind broad coastal plains in central and eastern Montana where massive systems of meandering rivers and braided streams drained the continent. Hundreds, perhaps thousands of feet of decaying plant material accumulated in the swamps and wetlands that persisted on the coastal plains. Over millions of years, enormous volumes of plant matter were buried, compacted, and transformed into coal in central and eastern Montana. About 90% of Montana's coal resources are located in the Eastern Region - most are in the Powder River Basin (Fig. 2).

Montana's geologic history has played an important role in the distribution of her natural resources, and seems to have apportioned those resources at least somewhat equitably among the regions of the State. Fossil fuels are abundant in Central and Eastern Montana where they had the proper environment to be formed and preserved. Molten magmas that intruded existing rocks in western Montana brought with them the exotic and valuable elements that formed Montana's rich metallic mineral deposits. Montana was founded upon the riches hidden beneath her mountains and plains and is aptly called the "Treasure State."

Fig. 2



* Ma = mega-annum (age in millions of years)

MATL Construction Nears Completion

The regulatory issues in Canada which delayed construction of MATL were resolved near the end of the 2012 and the project has been cleared to proceed north of the border. The final leg of construction in Canada is underway with the expected in-service date of the line to occur about mid-summer 2013. MATL will be the first intertie between Montana and the Alberta Electric System Operator as well as having the distinction of being the first entirely “merchant” transmission line constructed in the Western Interconnection. The term “merchant” transmission can be defined as “an arrangement where a third party constructs and operates electric transmission lines through the franchise area of an unrelated utility.” Until deregulation of electric utilities began to take place starting in the early 1990’s, “merchant” transmission did not exist because transmission operation was strictly the domain of regulated utilities.





The MATL transmission line represents a significant accomplishment in Montana, taking over 7 years to complete from the original permit application submission to finish. So far it has resulted in over \$1 billion of investment, creating hundreds of construction jobs and about 30 to 40 good paying permanent jobs building and maintaining the transmission line and the Rim Rock Wind Farm. In the long term it means millions of dollars in increased tax base, land owner payments and the potential for additional jobs as more generation is built to connect to the line.

Ambre Energy to Take Ownership of Decker Mines

Montana has the largest coal reserves in the nation with a demonstrated reserve base of nearly 120 billion tons. The state is currently home to six producing coal mines which includes the Decker coal mine located in Big Horn County. In the 1970's the Decker Coal mine was one of the largest surface mines in the country and produced over 10 million tons of coal per year, but production at the mine has decreased over the years, producing only 2.7 million tons in 2012. Decker is divided into two operations—East and West—with the East Decker mine providing the lion's share of coal production in recent years. Until December 2012, the Decker coal mine had been a 50/50 joint venture between Ambre Energy and Cloud Peak Energy who had been locked in a legal dispute over the future of the mine. In December the dispute was settled, with Ambre agreeing to purchase the remaining 50% interest in the Decker coal mine and related assets from Cloud Peak Energy for \$62.9 million. The deal is subject to Ambre Energy's full replacement of Cloud Peak Energy's approximate \$70.7 million in outstanding reclamation and lease bonds for the mine; the bond issue being one of the few remaining road blocks to close the agreement between the two companies. Cloud Peak will receive a payment of \$59.85 million if paid in the first quarter of 2013 or \$67.2 million if Ambre makes the payment beyond this deadline.



Photo courtesy of Ambre Energy.

The transaction is still subject to various terms and conditions, but is expected to be completed by late March and once completed Ambre plans to ramp up production at the mine. Ambre's goal for Decker coal mine is to get production up to 4 million tons by 2014 with hopes of increasing that production up to 7-8 million tons over the next several years. The mine currently employs around 80 people down from 160 in December of 2012. However, if Ambre meets its production goal of 7-8 million tons of coal per year the Decker mine could employ up to as many as 250 people. Ambre plans to invest in new surface mining equipment at the mine as well as rehabilitate the older equipment. This includes a refurbished dragline and other equipment such as haul truck engines, an excavator, overburden trucks and an electric shovel. The Decker coal mine is a strategic asset for Ambre and their future plans are to ship U.S coal overseas to Asia from two Pacific Coast port facilities that are under development. Currently 275 million tons of coal reserves are permitted to be mined and the area is considered to be a 900 million ton coal resource. The concept of shipping coal to Asia has not been without controversy in the United States, placing environmental issues against economic benefits. Time will tell if the pull of Asian coal demands, now topping 5 billion tons annually due to China and India rapidly expanding their electricity production, will drive the prospects for economic benefits in the Northwest enough that Ambre's proposed West coast port facilities will be constructed despite objections from coal opponents.

Montana Pipeline Update

KEYSTONE XL

The much publicized Keystone XL Pipeline (KXL), that will transport crude oil 875 miles, from Alberta through Montana and eventually to the Gulf Coast, is moving ever closer to a permitting decision. The pipeline is proposed to run 281 miles through Montana and would provide approximately \$60 million in annual property tax revenues for state and local governments while providing local Bakken oil producers 100,000 bpd shipping capacity through the Bakken Marketlink "on ramp" to be located in Baker. TransCanada is awaiting approval of the Presidential Permit application which is required as the pipeline will cross the US-Canada border. On January 22, 2013, the US Department of State received notice from Governor Heineman of Nebraska that he had accepted the route recommended by the Nebraska state route review process. This action resolved difficult siting issues for KXL involving Nebraska's environmentally sensitive Sand Hills region that had delayed the state from approving a route which was largely responsible for Federal disapproval of the project application. The State Department determined in November 2011 that environmental concerns, mainly those raised by Nebraska, required additional information and evaluations of alternative routes.

The US Department of State released a draft supplemental environmental impact statement (SEIS) on March 1st which can be found at <http://keystonepipeline-xl.state.gov/documents/organization/205719.pdf> and has reaffirmed that "there would be no significant impacts to most resources along the proposed Project route" and it is "unlikely to have a substantial impact on the rate of development in the oil sands, or on the amount of heavy crude oil refined in the Gulf Coast area." No final conclusions on KXL have been made. A 45-day public comment period began when the EPA posted the Draft SEIS on its website; after this comment period, the State Department will consider the comments and prepare a Final SEIS. Comments can be sent to: keystonecomments@state.gov

S. 582, a bill that would give Congress the power to approve Keystone XL, was introduced in the Senate by Senator John Hoeven of North Dakota on March 14th. The bill has 15 cosponsors including Montana's Senator Max Baucus and Senator Jon Tester. It has not been assigned to committee yet.

ONEOK

ONEOK Partners, L.P. is currently constructing a 600-mile, 12-inch diameter natural gas liquids (NGL) pipeline to transport raw NGLs from processing plants located in the Bakken oil and gas play in western North Dakota to the existing Overland Pass Pipeline in Colorado. NGLs consist of ethane, ethane/propane mix, propane, iso-butane, and natural gasoline and are largely used as feedstock for the petro-chemical industry. The Bakken NGL Pipeline is expected to begin service during the first half of 2013. The pipeline begins in Sidney and runs thru Carter, Fallon, Richland, and Wibaux Counties in Montana. The project was initiated in 2010 when Oneok Partners, L.P. announced plans to build approximately \$595 million to \$730 million of natural gas liquids (NGL) projects between then and 2013. The open season process provided potential shippers the opportunity to make commitments and establish a long-term contract with ONEOK in exchange for transportation service on the pipeline was held from November 19, 2012 to December 17, 2012. The Bakken Pipeline will initially transport up to 60,000 barrels per day (bpd) of unfractionated NGL production from ONEOK Partners' natural gas gathering and processing assets in the Bakken Shale formation. These assets include five recently constructed gas processing plants in North Dakota and the company has hopes of constructing similar plants in Montana when market conditions warrant. Third-party natural gas processing plants will also supply product for the Bakken NG Pipeline and from Sidney the pipe runs south through eastern Montana to Wyoming. In Wyoming it will connect to the Overland Pass Pipeline near Cheyenne, and the product will then be delivered to ONEOK Partner's existing NGL infrastructure in the middle of the United States. ONEOK plans to expand the pipeline's capacity to 110,000 bpd by installing additional pump stations along the route of the pipelines which they expect to complete by the second half of 2014. A map of the pipeline's route can be found here:

<http://www.oneokpartners.com/en/NewsRoom/MediaKits/Bakken/Maps.aspx>

Musselshell Wind Farms Come Online

Located in Wheatland County, the Musselshell Wind Project is a 14 turbine, 20 MW wind farm developed by Goldwind USA. The project connects to the NorthWestern Energy 100 KV transmission line at a new interconnection switchyard constructed between the existing Broadview and Harlowton substations. Goldwind USA started construction on Musselshell in August of 2012 and the project came online in December of 2012. The company has executed two Power Purchase Agreements with NorthWestern Energy for 10 MW each and has a 25-year contract through December 2037. Eddie Perez and John Bacon of Goldwind USA gave a presentation at the February 2013 *Wind and Transmission Working*

Group meeting in Helena, highlighting the technology behind their unique permanent magnetic direct drive wind turbines with a belt switch system which should ultimately reduce maintenance costs on the turbines. This presentation is available by following this link:
<http://commerce.mt.gov/content/Energy/docs/Presentations/Goldwindtransmissionpresentation.pdf>

EPDD Participates in Small Log Conference

Energy Development Specialists Dustin de Yong and Zach Ringsak attended the Small Log Conference in Coeur d'Alene Idaho March 13-15. The conference focused on the challenges facing the logging industry and how these challenges should be addressed. This included what are the best practices for small diameter timber utilization and new markets for wood products such as biomass, wood-based biofuels, and wood exports. The Northwest Advanced Renewable Alliance (NARA) talked about their goal of developing high quality get fuel from wood products, a resource that is abundant in the state of Montana. The Western Montana corridor is NARA's area of interest to harvest woody biomass and forest residue to eventually be processed and refined into high quality jet fuel. An international delegation panel of Chinese and South Korean lumber companies explained the possibilities of exporting wood products from North America to Asia and how the timber industry in the Northwest could benefit. Other topics discussed at the Small Log Conference were the impacts on forest health and conservation, economic development, financing new projects and creating new companies.

News You Can Use

[State Department Releases DSEIS on the Proposed Keystone XL Pipeline](#)

TransCanada submitted a new application for the Keystone XL Project on May 4, 2012. On March 1, 2013 the U.S. Department of State (the Department) released a Draft Supplemental Environmental Impact Statement (Draft SEIS) for the proposed project that is consistent with the National Environmental Policy Act (NEPA).

[Montana Senate kills bill allowing more to sell excess renewable energy back to utility](#)

The state Senate on Monday narrowly killed a measure to allow homes and businesses to install larger renewable power systems that can sell excess energy they generate back to the utility. The Senate voted 26-24 to kill Senate Bill 247, which supporters said would help create more work for businesses installing individual solar and wind power systems in Montana.

[Report: Montana Needs Lines to Power Rural Economies](#)

Getting the power to the people is going to require new connections. A new report from the Center for Rural Affairs (CFRA) looked at the electricity transmission grid in Montana and surrounding states and found that upgrades are needed to serve growing, and potential, wind power projects.

[Mont. wind power line progressing](#)

Voices crackled above a bitter-cold wind as workers stringing conductor on the Montana Alberta Tie Line transmission project, situated on opposite sides of the Marias River, communicated via radio north of here earlier this week.

[Flathead Electric to Install New Zinc Air Battery](#)

Flathead Electric Co-op plans to install an advanced large-scale battery developed by Zinc Air Inc. on its campus in Kalispell to test out the new technology, company officials announced Thursday.

[Lodging fees, new oil-gas taxes proposed to deal with boom impact](#)

A pair of bills to impose new taxes or fees to help offset local impacts from booming oil-and-gas development along the Montana-North Dakota border each had their first hearing Tuesday - with decidedly different receptions.

[Mont. lawmakers consider ending energy tax breaks](#)

A bill aimed at ending oil and gas industry tax breaks would generate more revenue for communities affected by the industry, supporters of Senate Bill 295 said Tuesday during a Senate Taxation Committee Hearing.

[Camelina now part of Renewable Fuel Standard](#)

Montana's U.S. senators announced Tuesday that they have secured the inclusion of an oilseed well-suited to Montana as a source for fuel in the nation's Renewable Fuel Standard - camelina, known in history as gold-of-pleasure.

[Wash. company latest to try to revive St. Marie](#)

A Washington state-based company is the latest to try to revive the community of St. Marie, the site of base housing for the old Glasgow Air Force Base in northeastern Montana.

[Ports could ship 125M tons yearly of Powder River Basin coal](#)

Powder River Basin coal's voyage to customers in the Pacific Rim will have to go through Washington and Oregon.

[Wind energy tax credit has helped Montana](#)

In Montana during 2012 there were 260 megawatts of wind power installed. These projects represent \$546 million of private investment and created 495 construction jobs along with materials purchased for concrete foundations, electrical wiring, etc.

[Cloud Peak Energy to ship coal out of proposed Washington port](#)

Gillette-based Cloud Peak Energy Inc. signed a deal to ship up to 16 million metric tons of coal a year through the

Gateway Pacific Terminal at Cherry Point in Bellingham, Wash., the two companies announced Wednesday.

[Phillips 66 moving Bakken oil by rail in \\$1B deal](#)

Phillips 66 has begun shipping crude by rail from North Dakota to a refinery in New Jersey in an effort estimated at more than \$1 billion.

[Confederated Salish and Kootenai Tribes Partner on Biofuel Research](#)

The small town of Pablo near the base of the Mission Mountains has long been considered a harbinger of land stewardship. As the governmental seat of the Flathead Indian Reservation, the tribal community has harnessed its vast natural resources for a long-standing timber industry while preserving its sacred landscape through environmental policy, including the first-ever tribal wilderness designation along the western front of its iconic mountain range in 1982.

[NWE to Make Sizable Investment in Electric Transmission System in Stillwater and Carbon Counties to Boost Capacity and Reliability](#)

NorthWestern Energy (NYSE: NWE) today announced a plan to upgrade its electric transmission infrastructure in Stillwater and Carbon counties in southcentral Montana.

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