

BEFORE THE BOARD OF COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

WORK SESSION

July 13, 2004

The Columbia County Board of Commissioners met in scheduled session with Commissioner Rita Bernhard and Commissioner Joe Corsiglia, together with Sarah Tyson, Assistant County Counsel, and Jan Greenhalgh, Board Secretary.

Commissioner Bernhard called the meeting to order.

EXTENSION OF LEASE, PARCEL 649 -ENERFIN:

Cynthia Zemaitis approached the Board regarding an Oil & Gas Lease that Enerfin entered into with the County in 1994. This lease is due to expire July 18, 2004. Back in 1999, Enerfin drilled what they called the Raptor well and found gas, however it was low BTU's. They decided at the time there was no market for it and no capabilities to bring those BTU's up, so they capped the well. Enerfin and NW Natural have been in litigation for the past few years and have just recently settled that litigation. Part of that settlement called for NW Natural to blend the low BTU gas at Mist. So, Enerfin wants to open the Raptor well and produce the low BTU gas, blend it with a higher grade gas and market it. Enerfin should have been paying shut-in royalties on the capped well. They sent a check to the County for \$14,000 which covers those shut-in royalties from 12/99 to the present. They have continued to pay rent on this lease throughout that time. They are asking for a two year extension on this lease so that they can open up the Raptor well, get the gas blended and get it to market. Cynthia believes that interest should be paid on the shut-in royalties that weren't paid when due. She would recommend that the lease be extended for two years, upon payment of that interest. The Board agreed and directed Cynthia to prepare the order for approval.

AWARD BID FOR OVERLAY OF APIARY ROAD:

Dave Hill, Public Works Director, presented the (4) bid results received for the overlay project on Apiary Road. Dave reviewed the bids with the Board at this time. The lowest bid was received from Lakeside Industries and Dave would recommend awarding the bid to Lakeside. After little discussion, Commissioner Corsiglia moved and Commissioner Bernhard seconded to award the bid for the overlay project on Apiary Road to Lakeside Industries and direct staff to prepare the contract. The motion carried unanimously.

DEPLETION FEE REPORTING/STATUS/ENFORCEMENT STRATEGY:

Todd Dugdale, LDS Director and Robert Crain, Code Enforcement Officer, approached the Board to discuss the Surface Mining program. Although the Surface Mining Administration is now contracted with DOGAMI, the depletion fee reporting, payments and enforcement will remain at the county and Robert Crain has been put in charge of that. Todd went over the list of operators who are delinquent on their reporting and payment of depletion fees. Eagle Star Rock is severely

delinquent and Robert has been in contact with them. He informed them of the possible enforcement actions that could be taken. Robert then went over proposed strategies for the enforcement of collecting depletion fees. It would begin with a notice sent by certified mail, moving to a citation with interest and penalties, seizure of assets and audit of their books. Todd noted that this is all consistent with the Depletion Fee Ordinance. Robert stressed that, if the Depletion Fee Ordinance states "shall", the county should act on that. If not, the ordinance should be amended to say "may". He also suggest that the Depletion Fee Ordinance be amended to provide that all audits required because of failure to file reports without an extension, shall be paid for by the violator.

The final issue is the aggregate coming into the county where a depletion fee is not being paid. Robert is working with the weigh masters on this.

EXECUTIVE SESSION UNDER ORS 192.660(1)(h):

The Executive Session was canceled.


With nothing further coming before the Board, the meeting was adjourned.

Dated at St. Helens, Oregon this 13th of July, 2004.

NOTE: A tape of this meeting is available for purchase by the public or interested parties.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

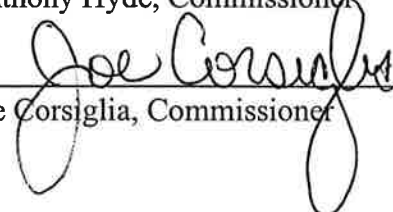
By:


Rita Bernhard, Chair

By: Not Present

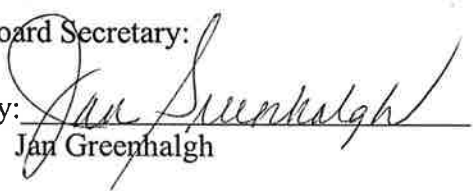
Anthony Hyde, Commissioner

By:


Joe Corsiglia, Commissioner

Board Secretary:

By:


Jan Greenhalgh