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Natural Resources Committee
April 08, 2015

[CONFIRMATION]

The Committee on Natural Resources met at 1:00 p.m. on Wednesday, April 8, 2015, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on gubernatorial appointments. Senators present: Ken Schilz, Chairperson; Curt Friesen, Vice Chairperson; Dan Hughes; Jerry Johnson; Rick Kolowski; Brett Lindstrom; John McCollister; and David Schnoor. Senators absent: None.

SENATOR SCHILZ: Good afternoon and welcome to the Natural Resources Committee confirmation hearings this afternoon. My name is Ken Schilz, I'm the Chair of the committee. And we have other committee members present and we'll allow them to introduce themselves starting with Senator Kolowski.

SENATOR KOLOWSKI: Rick Kolowski, District 31, southwest Omaha.

SENATOR MCCOLLISTER: I'm John McCollister, District 20, central Omaha.

SENATOR SCHNOOR: Dave Schnoor, District 15, Dodge County.

SENATOR SCHILZ: Just in time.

SENATOR LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

SENATOR FRIESEN: Curt Friesen, District 34, Hamilton, Merrick, Nance, part of Hall County.

SENATOR HUGHES: Dan Hughes, District 44, ten counties, southwest Nebraska.

SENATOR SCHILZ: He's getting a little lax, you don't name them off, you're fine.

SENATOR SCHILZ: Thank you.

SENATOR HUGHES: I can do it.

SENATOR SCHILZ: No, it's okay. We know. We also have with us today, Barb Koehlmoos who is the committee clerk; as well as Laurie Lage, who is the committee counsel. And Stefani Bradley, from Kansas City, Missouri, is our page today. And we have...we have a little bit of

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time, we have a call-in at 1:05. So we will go through a couple things and then we'll get to Mr. Rundel. We just have the two confirmation hearings that we'll do today: one for John Arley Rundel and one for Rodney R. Christen. And if you're planning on testifying, please pick up a green sign-in sheet that's on the table at the back of the room. If you do not wish to testify but would like your name entered into the official record as being present at the hearing, there's a form on the table that you can sign as well, and this will then become part of the official record. Please fill out the sign-in sheet before you testify, and please make sure that you complete it in its entirety. When it's your turn to testify, give the sign-in sheet to the committee clerk. If you do not choose to testify, you may also submit comments in writing, if that's better for you. If you have handouts, please make sure you have 12 copies. If you don't, the pages will help you out with that. And when you come to the microphone, please speak clearly; spell your first and last name, even if it seems to be an easy one to understand. At this time, we'd ask you all to turn off your cell phones--that way we don't distract anybody from the hearing. No displays of support or opposition to either of the appointees here, either vocal or otherwise, is allowed at the public hearing. We will use the light system. We will have it on for three minutes so you'll get two minutes with the green light, one minute with the yellow light; and then when the red light comes on, we need you to finish up. And I think I should say, too, that we're here today for confirmation on these two gentlemen and we want to make sure that we...that if anybody is here to testify that they are here to testify on the qualifications of the individual, and not necessarily on other extraneous issues that may be out there. So with that, I think we can go ahead and get started here. We have to wait until 1:05 for Mr. Rundel to get on the phone call. So we will stand at ease for a couple of minutes. Thank you very much. [CONFIRMATION]

EASE

SENATOR SCHILZ: Mr. Rundel? [CONFIRMATION]

JOHN RUNDEL: Yes, good afternoon, Senators. [CONFIRMATION]

SENATOR SCHILZ: There you are. John, thank you for calling in today. We have the committee assembled here. I'm not sure if you can see us or not, but we do have all of the senators, except for Senator Johnson, here on the committee. So with that, we would ask you...and if you would, before you start your testimony here today, if you would say your name and spell it and then just go into a little bit of your history; how you got into oil and gas and your credentials for this position; and what you would like to see going forward if you are confirmed here today. So I'll let you take it from there. [CONFIRMATION]

JOHN ARLEY RUNDEL: (Exhibit 1) Okay. Thank you, Senator. My name is John Arley Rundel, it's J-o-h-n, my middle name is Arley, A-r-l-e-y, last name is Rundel, R-u-n-d-e-l. I was

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born and raised in Colby, Kansas; received my bachelors of science in geology from Fort Hays State University, 1977; began working in the oil field in 1979, became affiliated with a consulting group out of Denver, Colorado, called Rebco. We were in charge of all of AMOCO's wildcat wells in the Rocky Mountains; gave me a tremendous amount of experience from New Mexico clear up into Canada, throughout the western United States. Did that for, probably, four years; had a chance to drill some wells around Benkelman, Nebraska, southwest Nebraska, a hundred-well drilling program. That being in my backyard, I really jumped at that chance to be a little closer to my home and family. And that was in '81. And in 1982, I went out on my own as a consulting geologist and have been self-employed since that time. I'm a member of the American Association of Petroleum Geologists; I've been a member of that for about 31 years. I've continued my education, some extra training. Been experienced in most all aspects of the oil business. Have owned and operated a producing company; done financing; some log analysis. My main passion is well site geology; actually being on the wells where they are being drilled, what I prefer to do. But I've had quite a bit of experience all the way through the oil and gas business. And my wife is from Trenton, Nebraska. Met her...I didn't have a place to live, so she had a house, so we ended up in Trenton. I've been on the village board of trustees for about 24 years; I've been chairman of the village board of trustees for about 20, 21 years here in Trenton, so I'm fairly active in my community and still very active in the oil and gas business. I bring a particular skill set to the Oil and Gas Commission. I probably have more experience with the oil and gas production in southwest Nebraska proper, be it Dundy, Hitchcock, and Red Willow Counties that very few other people have the level of experience I have down here. That and with my experience on running the village, I think I'm suited to do a lot of good things for the Oil and Gas Commission, both from a technical standpoint and administrative standpoint also, Senators. I guess that's my spiel. I'd be glad to entertain any questions. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Mr. Rundel. Any questions? Senator McCollister.
[CONFIRMATION]

SENATOR MCCOLLISTER: Thank you, Mr. Chairman. Thank you, Mr. Rundel. Do you have any advanced degrees at all? [CONFIRMATION]

JOHN ARLEY RUNDEL: I've done graduate work at the University of Northern Illinois in DeKalb. I've not attained a degree there. [CONFIRMATION]

SENATOR MCCOLLISTER: Okay. And you have a consulting business, correct?
[CONFIRMATION]

JOHN ARLEY RUNDEL: That is correct. [CONFIRMATION]

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SENATOR McCOLLISTER: Who's your client base and what services do you typically perform? [CONFIRMATION]

JOHN ARLEY RUNDEL: Most of my client base is based out of Denver; what prospects a generation, well site supervision, lease acquisition, basically whatever my clients are needing in the way of geology is what I provide for those. [CONFIRMATION]

SENATOR McCOLLISTER: So do you do any of the seismic work and any of the testing that occurs before you pick a site? [CONFIRMATION]

JOHN ARLEY RUNDEL: No, I do not...actually, it follows with the seismic data generation. I do inspect the results of the seismic, interpret...most of the interpretation is done...computer generated, but I do peruse the result after it's been...signals have been generated, Senator. [CONFIRMATION]

SENATOR McCOLLISTER: Will any of the work that you intend to do with the...with your appointment conflict with any of your clients that you currently have? [CONFIRMATION]

JOHN ARLEY RUNDEL: There is a distinct possibility--you know, it's a very small area here, everyone probably knows everyone. At that point I would have to recuse myself if ever there was an apparent conflict. But I think...we run into that all the time here at the village of Trenton. I don't think it's an insurmountable problem; it's just something you need to be aware of. In a small town here, you're either related to someone or done business with someone, and so, I think, you just need to be cognizant of that and make everyone aware and at that point step aside if there is an apparent conflict of interest. [CONFIRMATION]

SENATOR McCOLLISTER: Okay, well, thank you, Mr. Rundel. Good luck. [CONFIRMATION]

JOHN ARLEY RUNDEL: Thank you, Senator. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Senator Kolowski. [CONFIRMATION]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Yes, Mr. Rundel, just wanted to get your opinion on the fracking issue and how you see that with your years of experience and the current practices out there. [CONFIRMATION]

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JOHN ARLEY RUNDEL: Senator, currently we have 414 active injection wells in the state of Nebraska. And by injection wells, those are wells when we back into a producing formation to maintain pressure to...these are on secondary-recovery wells. We have 121 active saltwater disposal wells, which are being disposed into a zone; they're not designed for pressure maintenance of a producing oil reservoir. Four of those 121 disposal wells are commercial wells. They've operated within the guidelines of the Oil and Gas Commission; they've operated trouble free. I think we've demonstrated that these can be safely operated to protect the surface and the groundwater. [CONFIRMATION]

SENATOR KOLOWSKI: Thank you. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Kolowski. Any other questions? Seeing none, thank you, Mr. Rundel. If you'll...thank you for being here. I don't know if he's...I guess he gets off the line now, right? Does he stay on the line while we...? [CONFIRMATION]

CHUCK HUBKA: He can stay on the line if it's up to you. [CONFIRMATION]

SENATOR SCHILZ: Okay. Very good. No, that's fine. If you want to stay on the line, that's great. [CONFIRMATION]

JOHN ARLEY RUNDEL: Okay. [CONFIRMATION]

SENATOR SCHILZ: We'll see if we have anybody that is coming up to testify. At this point we would take proponents for Mr. Rundel. Are there any proponents? Seeing none, any opponents? [CONFIRMATION]

KEN WINSTON: (Exhibits 2, 3, 4, and 5.) Good afternoon, Senator Schilz and members of the Natural Resources Committee. For the record my name is Ken Winston, K-e-n W-i-n-s-t-o-n, appearing in opposition to the appointment, not as a personal matter but, rather, because of the fact that he is currently acting as a member of the Oil and Gas Commission and we believe that there are some issues with the Oil and Gas Commission that need to be brought to the committee's attention. Three issues that I wanted to raise today: the issues about the conduct of the hearing on March 24; and it's my understanding that Mr. Rundel appeared...was...participated in that hearing. Yesterday, the Bold Nebraska and the Nebraska Sierra Club filed an Open Meeting complaint, a copy of which is being provided to you at the present time. We did not do this lightly, but after extensive review of what happened at the hearing and looking at relevant statutes and the commission's own rules. The primary issue that I want to talk about today is just the fact that there's been a number of claims about...by the commission, indicating that testimony

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was to be limited to people owning property within a half mile of the proposed site. And extensive review, including requests to the commission, have not disclosed any such rule. So that was...we believe that was an error for them to send that message to the public. And then, secondly, in the afternoon, they indicated that none of the testimony of the public would be included in the record. And we also believe that that is in error and also in violation of their own rules. Including one which provides: no decision shall be rendered, sanctioned, imposed, or rule or order imposed issued except in consideration of the whole record. And the only thing that we can find that would allow them to do that would be if they were to find that all the testimony was irrelevant and we think that that would be an error for them to do that, in particular, because of the fact that there was testimony from Senator Haar and Senator Stinner, as well as 50 other people, and we think that...that's...that would be...well, that would be questionable. Then secondly, there's questions as to whether the commission has the statutory authority to authorize this. And they have two specific duties: one is to promote the development, production, and utilization of gas and oil in the state of Nebraska; and the second is to prevent waste. And so anything that would deal with out-of-state waste disposal appears to violate both of those provisions. And then finally, we've notice, we'd like to call the committee's attention issues where the Oil and Gas Commission's rules are inadequate to deal with the importation of fracking wastewater. In particular, issues regarding the financial assurance requirements and public input standards. So, we'd like to raise those issues, and for those reasons would ask that the appointment be put on hold while the committee examines these issues. Thank you, Senator. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Mr. Winston. Any questions? Seeing none, thank you for your testimony. [CONFIRMATION]

KEN WINSTON: Thank you. [CONFIRMATION]

SENATOR SCHILZ: Any further opposition? Seeing none, any neutral testimony? Seeing none, okay, that will close our hearing on Mr. Rundel. Thank you very much, folks. Thank you very much, Mr. Rundel. We will be discussing your...your confirmation. And now we will move on to Rodney Christen. Is Rodney here today, or is he calling in as well? Rodney is here. Come on up. And he's getting confirmed for the Environmental Trust Board. Good afternoon. [CONFIRMATION]

RODNEY CHRISTEN: Hi. [CONFIRMATION]

SENATOR SCHILZ: Welcome. [CONFIRMATION]

RODNEY CHRISTEN: Thank you. [CONFIRMATION]

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SENATOR SCHILZ: Whenever you're ready. [CONFIRMATION]

RODNEY CHRISTEN: (Exhibit 6) I'm Rodney Christen, R-o-d-n-e-y C-h-r-i-s-t-e-n. And I past...I've been a board member of the Nebraska Environmental Trust for the last six years and am now up for...our district was redistricted. I was representing District 1, and I'm in District 3. So I'm entertaining...to be a position for another six years. Like I stated, I'm Rodney Christen; I'm a Johnson and Pawnee County landowner and producer. We own and operate a third generational family farm, primarily livestock and row crop. Married 20 years; three kids: son, 6, the youngest; daughters, 9 and 13. Attended SCC Community College in Beatrice in ag business and marketing, and returned home to manage our farm/ranch operation full time. Our kids are involved in...heavily involved in 4-H and just beginning FFA. They're enthusiastic about livestock, primarily, currently, anyway, through their projects. Our family recreation involves hunting, fishing, outdoor activities, horseback riding. I feel it gives us a balance of production ag, wildlife, and preserving our natural resources and kind of working those all together. Being a board member for the past six years has been a very humbling experience, as well as a learning experience. I'm from the southeast corner of the state, Steinauer, pronounced Steinauer, is our hometown. So knowing the difference between the southeast corner to the western part of the state has been a very educational experience for us. Our family has kind of incorporated our annual summer NET board meetings are held in different part throughout the state. And so our family has kind of incorporated that as our vacation, sort of, where we try to take kids and my wife and everybody kind of goes; and this has been a good way to interconnect our children with things that are going on across the state as far as resource concerns. Of course, mostly they consider it to be fun, at this point, which I think that's a good way to get them started. So that's kind of our goals as being...if I become board member of Environmental Trust again, is to foster some of those ideas and our children can learn and see, kind of, the needs and resources that need to be addressed across different parts of the state. I think it's been important when the Environmental Trust to review successful projects, but where I'm at on some of this, is I think it's also important to review maybe some that are a little more challenging or maybe some that have had opposition in the past. It's important, you know, if I don't know or understand some of the projects, to see them as well. That's kind of it in a nutshell. I thank you for your time and consideration for this, and maybe recognize a few of you from the Environmental Trust a little bit ago. So I would certainly entertain any questions. [CONFIRMATION]

SENATOR SCHILZ: Very good. Thank you, Mr. Christen. Any questions? Seeing none, it looks like you're going to get out of here pretty easy, so we appreciate that. Thank you very much for your time and thank you very much for coming in today. And we'll be discussing your confirmation as well here. [CONFIRMATION]

RODNEY CHRISTEN: Okay. [CONFIRMATION]

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SENATOR SCHILZ: So thank you very much. [CONFIRMATION]

RODNEY CHRISTEN: Thank you. [CONFIRMATION]

SENATOR SCHILZ: Are there any proponents for Mr. Christen? Any opponents? Any in the neutral? Okay. That will end the hearing, so thank you very much for coming in today, appreciate it. [CONFIRMATION]

RODNEY CHRISTEN: Thank you; you bet. [CONFIRMATION]

SENATOR SCHILZ: Okay, let's go into Exec Session here real quick. [CONFIRMATION]