

Chair Hawj and Members of the Senate Environment, Climate and Legacy Committee:

Thank you for the opportunity to provide testimony on SF 2530 (Hauschild), a bill to regulate gas extraction proposals in Minnesota. The premise of this bill is a good one, and one that our groups support - to develop standards for the nascent gas extraction industry in Minnesota. However, as currently drafted, SF 2530 is incomplete and missing key information, could permit fracking and oil drilling in Minnesota, and hasn't addressed key feedback provided to the Minnesota Department of Natural Resources by tribal governments and conservation groups.

SF 2530 is incomplete and missing key information: Nearly all of the tax information in SF 2530 remain placeholders, despite several months passing from the draft legislation put out for comment by the Gas Technical Advisory Committee (GTAC). None of the tax rates for key gases are included, nor are any of the distribution formulas.

SF 2530 allows permanent permits under a temporary framework: If passed in its current form, a permit could be issued under a temporary set of standards, before expedited rulemaking is completed. Once issued, that "temporary" permit would be "irrevocable during its term," and would remain valid after rules are established. In addition, there is no fixed term for permits in statute, despite the Minnesota Supreme Court clearly stating in a recent case that "term" means "a fixed period of time covering a precise number of years."

SF 2530 would allow fracking and oil wells: Lines 36.1 - 36.3 would require consideration of hydraulic fracturing in rulemaking and would allow "fracking" if rules were adopted to permit it. Lines 39.13 - 39.16 would allow oil wells if an environmental review is completed and a permit issued. Throughout the 2024 Legislative session and the subsequent GTAC, it's been represented that this bill has nothing to do with hydrocarbon (oil and methane) extraction.

SF 2530 does not reflect extensive feedback provided to GTAC by tribal governments and other commenters: Five tribal governments and a number of other commenters provided feedback to the GTAC and in informational testimony to this committee and others. However, we see little to none of that reflected in SF 2530 at introduction. Most important are repeated cautions that government-to-government consultation has not been completed. Other important comments included arguments that temporary permitting should not be allowed and rules should be established first, concerns about radioactive materials and disposal, suggestions that Minnesota Pollution Control Agency should conduct environmental review instead of Minnesota DNR, and assertions that an environmental impact statement should be required.

In its current form, SF 2530 needs a lot of work to fulfill its purpose - to establish clear standards for gas extraction industries. There is still much that we do not know about the prospects for helium extraction in Minnesota. We know even less about hydrogen or other gases. While this bill was in development and during the last session, there were repeated assurances that oil and gas development was impossible in Minnesota, but we see clear avenues in SF 2530 for exactly that. **We recommend tabling this bill until it can be improved to meet its purpose.**

Sincerely,

Alliance for Sustainability

Clean Water Action Minnesota

CURE

Friends of the Boundary Waters Wilderness

Friends of Minnesota Scientific and Natural Areas

League of Women Voters Duluth

Minnesota Center for Environmental Advocacy

WaterLegacy