

**CHAPTER 45****(SJR 67)**

A JOINT RESOLUTION on development of state-owned oil and gas resources.

WHEREAS, there is an undetermined, but potentially significant, volume of natural gas and petroleum in formations beneath state-owned recreational and other public lands; and

WHEREAS, some general estimates have placed as much as a forty million dollar (\$40,000,000) annual value on those state-wide resources; and

WHEREAS, state-owned and university-owned recreational and other public lands are dedicated to and managed for an array of values and uses, some of which are more or less compatible with the surface disturbance, noise, and surface activities associated with oil and natural gas exploration, drilling, production, compression, and transmission; and

WHEREAS, on federal lands in the Commonwealth, oil and natural gas production activity has been undertaken for years, and the University of Kentucky has oil and gas operations outside the Commonwealth that provides needed revenues to that institution; and

WHEREAS, oil and gas production on state-owned lands occurs in states like Montana and the Dakotas, data from which can enhance the information from federal lands in the Commonwealth regarding the nature, extent, and mitigation of impacts; and

WHEREAS, the development of oil and gas reserves on certain lands, due to the sensitivities of those lands from a biological, historical, or cultural perspective may be controversial, steps can be taken to establish a permitting process that takes into account lands that are unsuitable for oil and gas development;

NOW, THEREFORE,

*Be it resolved by the General Assembly of the Commonwealth of Kentucky:*

➔Section 1. The General Assembly hereby directs the Department for Energy Development and Independence to enter into a memorandum of agreement with the Kentucky Geological Survey at the University of Kentucky to conduct research, either on its own or in collaboration with or under contract with other entities, to quantify the potential oil and natural gas resources on state-owned and university-owned properties. The study shall identify, in addition, factors that may limit development of those resources. The Kentucky Geological Survey, with the assistance of the Department for Energy Development and Independence, is directed to request information from Finance and Administration, various agencies that engage in state land acquisition including the state universities, on the whereabouts and ownership of the lands held by state universities and state-owned lands in the Commonwealth. The Finance and Administration Cabinet shall assist in the delineation of in-fee acquisitions held by the state where the state owns the subsurface estate.

➔Section 2. The Department for Energy Development and Independence shall develop a set of comprehensive conditions for a regulatory program to protect public safety and the environment for permitting oil and gas operations on state-owned and university owned lands in the Commonwealth. The program shall ensure that off-site disturbances to or interference with the purposes for which the lands are dedicated and managed would be minimized, including the protection of federal and state rare, threatened, and endangered species, avoiding damage to properties listed on the National Register of Historic Properties, and assuring compliance with air, waste, surface, and ground water laws and regulations, including state water quality standards. Additionally, the Department for Energy Development and Independence shall, with the assistance of The Finance and Administration Cabinet, develop model lease and oversight guidelines to assure that the undertaking of any oil and gas leasing would be conducted in accordance with state law.

➔Section 3. The Department for Energy Development and Independence shall report its findings to the Legislative Research Commission by December 1, 2009.

**Signed by the Governor March 20, 2009.**