

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

February 22, 1985

The thirty-second meeting of the Taxation Committee was called to order in room 312-1 of the state capitol building by Chairman Devlin at 7:04 a.m.

ROLL CALL; All members were present as were Dave Bohyer, Researcher for the Legislative Council, and Alice Omang, Secretary.

CONSIDERATION OF HOUSE BILL 787: Representative Hayne, District 10, explained that this bill would reduce the severance tax on oil produced from a well producing 10 barrels or less per day from 5% to 4% and this will lower the severance tax on stripper oil wells and in doing this, this will extend the economic life of these wells and also extend their taxpaying life.

PROPOSERS: William W. Ballard, representing the Balcron Oil Company in Billings, gave testimony in support of this bill. See Exhibit 1.

Chris Owen, representing the Rimrock Oil Company, and from the First National Bank in Cut Bank, made a statement supporting this bill. See Exhibit 2.

Leslie Ranck, from Cut Bank, offered Exhibit 3 in support of this bill.

Scott Gage, a C.P.A. from Cut Bank, stated that there were several state leases in his area and offered Exhibit 3 to the committee. He stated that this will show what is happening to some of the wells that are in this area.

Dale Smith, the area manager for Phillips Oil Company in Cut Bank, indicated that they have 44 stripper leases in the state of Montana and the bulk of these leases are in Pondera, Teton, Glacier, Toole and Liberty counties and they have 341 wells on those leases. He explained that the total last year for Phillips in the state was 492,600 barrels.

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Darwin VanDeGraaff, representing the Montana Petroleum Association, indicated that the fiscal note said that the assumption is that there will be 10% of the production from strippers and historically they have been around 6% to 8% of total production and the impact would be less. He also informed the committee that North Dakota, Utah, Colorado and Wyoming have gone to similar laws.

Brian Hattel from Shelby, stated that they are looking at short term loss for a long term gain.

Darrell Lawrance, from Cut Bank, said that he operates a service company and he would like to add his support to this bill.

Tucker Hill, representing Project 85, which is made up of 80 oil and gas producers in the state, said they support this bill.

Pat Melby, representing the Montana Oil and Gas Association, urged a do pass.

There were no further proponents.

OPPONENTS: Lynn Chenoweth, Assistant Administrator for the Natural Resource and Corporation Tax Division, stated that they were opposing this only because they thought it needed more clarification. He explained his concerns.

There were no further opponents.

QUESTIONS ON HOUSE BILL 787: Representative Ellison asked at what point, on his chart, would it not be economical to produce.

Mr. Ballard replied that would occur this summer - there are two factors, one of which is the decline of production itself and the other is the decline in price and he thought the two curves would cross in 1985.

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Representative Ellison asked what the production level would be.

Mr. Ballard responded these would be approximately one barrel per day.

Representative Raney asked if they would consider something in the bill that would say if oil reaches \$30.00 a barrel, they would go back to 5%.

Mr. Ballard replied that even with the price at any level, the volume per day is going to decline and the average rate is 10 to 15% depending on the well and he indicated that he was not in a position to say whether they could or could not accept that without giving it some thought. He commented that going back to \$30.00 a barrel is going to extend the life of all these wells.

Representative Asay asked how much longer they would expect to extend that life.

Mr. Ballard answered that they have tried to make some guesses on it and assuming that the price stays where it is and it does not go any lower, and assuming their cost stays the same, this should be able to extend that life at least 3 to 5 years.

Representative Asay asked if these wells would be able to have tertiary recovery.

Mr. Ballard replied that some of these wells may be candidates for tertiary recovery, but many of them will not. He indicated that in Pondera field, where they operate, he did not think they could use it.

Representative Asay asked what effect it would have if they passed both of these bills.

Mr. Ballard replied that he thought the total income of the state would benefit greatly because

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there would be a number of barrels produced that would not be produced otherwise and this would mean tax dollars to the state and, if the operating expense can be held down, then you are adding to the life of the well tremendously.

Representative Schye asked about some statistics.

Mr. Ballard answered that the state averages 80,000 barrels of oil a day, there are 4,414 wells in the state, 2,100 of these are strippers and strippers produce about 8,000 barrels a day.

Representative Ream asked if he was assuming a constant price when he stated that they could extend the life for three or four years.

Mr. Ballard indicated that was right and they were assuming the price is at the bottom.

Representative Sands asked what they would project for 1986 and 1987 for the cost of oil.

Mr. Smith answered that their company makes long range projections on this, but they feel on the short term that they will drop another \$1.00 to \$2.00 a barrel and the oil glut is real and they are having a tough time trying to keep that oil price up.

Representative Harp asked what the position of the governor was in this.

Terry Johnson replied that he could not speak for the governor's office on this particular issue, but based on the fiscal note, there would be a drop in general revenues and a drop in local government, but it does not address the issue of what would happen if they did not have this legislation.

There were no further questions.

Representative Haynes indicated that she would accept the amendments and added that 95% of the wells in western Montana are stripper wells.

The hearing on this bill was closed.

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CONSIDERATION OF HOUSE BILL 696: Representative Kitselman, District 95, Billings, stated that this bill strikes the language on the bottom of page 2 and allows the valuation of property to use the list on lines 20 to 25 on page 1 and lines 1 and 2 on page 2.

PROPOSERS: Dennis Burr, representing Mountain Bell, explained that the purpose of this rule was to allow the department some flexibility in determining the cost factor of value. He indicated that the language that was found objectionable by Mountain Bell is the part that is stricken on page 2. He passed out to the committee Exhibit 5. He said that there is no question but what these taxes will be paid under protest and the companies would probably ultimately prevail.

John Alke, representing the Montana-Dakota Utilities Company, stated that their earnings are limited, by law, to original cost or depreciation and the department's rule says it can be based on replacement cost and this is blatantly inconsistent.

Stan Kaleczyc, representing the Burlington Northern, Inc., gave a statement in support of this bill.

Mike Zimmerman, representing the Montana Power Company, stated that they support this bill for the same reasons as stated by Mr. Burr.

There were no further proponents.

OPPOSERS: There were none.

QUESTIONS ON HOUSE BILL 696: Representative Raney asked what effect would this bill have on the general fund in respect to SB 48 and HB 240.

Gregg Groepper, Administrator of the Property Assessment Division of the Department of Revenue, said that probably the original cost depreciated is the best and a fair indicator of the cost, but for a

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non-regulated utility, it is probably appropriate that they look at other cost indicators and determine whether or not those are good indicators. He explained that he did not think this change in the bill will make a difference on how they value regulated utilities and, if SB 48 goes through or if HB 240 goes through, and this puts rail lines and motor carriers and airlines in a separate class, he would expect that it maybe did not make a difference. He said that he was going to take the proponents at their word that they still have the flexibility to look at these different measures of cost.

Representative Harp asked how much property tax each utility pays. The response was that Montana Power paid \$20 million, Mountain Bell paid \$17.7 million last year and Burlington Northern paid between \$8 and \$9 million in 1984.

Representative Sands asked if there were any problems with the separation of powers in this bill.

Mr. Burr replied that if you were going to have a department amend the rule years ago, you did it by a resolution, but on a number of occasions the legislature passed resolutions to that effect, but the department said they did not have to follow a resolution and now they have a bill to amend the rules so they can pass a law that these rules are based on, so he did not see a problem.

There were no further questions.

Representative Kitselman closed and Chairman Devlin closed the hearing on this bill.

EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL 696: Representative Harp moved that this bill DO PASS.

The motion carried with Representative Keenan voting no.

CONSIDERATION OF HOUSE BILL 689: Representative Menahan introduced Dave Fisher to explain this bill, which increases the percentage amount paid from the insurance premium tax for deposit in the volunteer firefighters' pension trust fund.

PROPOSERS: Dave Fisher, Fire Chief and member of the Montana-Alberta Fire Association, member of the Montana State Fire Chiefs and member of the Montana Volunteer Firemen's Association, gave a history of events leading to this bill. He handed the committee Exhibit 6. He indicated that this bill is amendable and that they are not trying to hurt anybody's pension system.

There were no further proponents.

OPPOSERS: Lyle P. Nagel, Vice President At Large of the Montana Volunteer Firemen's Association, offered testimony in opposition to this bill. See Exhibit 7.

There were no further opposers.

QUESTIONS ON HOUSE BILL 689: Representative Harrington asked why did one of the volunteer firemen say they want this and the other said they did not.

Mr. Nagel replied that they got what they wanted in the last session of the legislature - they got their pension limits raised from \$100.00 to \$200.00 and they passed HB 197 on the senate, which increases the pension benefits for surviving spouses and dependent children from \$2,000.00 to \$4,000.00 and now, they are saying they have to have 3% more and they feel that this may jeopardize HB 197.

Mr. Fisher explained that they do not get a pension up to \$200.00, this was a cap on it and the cap is that you cannot pay above that. He also informed the committee that the \$2,000.00 to \$4,000.00 basically has no effect and one of the reasons is that the fund is down as there was a loss of \$1 million of insurance premium paid into the state and when this

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occurred, it affected their fund by some \$30,000.00, and he would remind the committee that he was the gentlemen that lobbied for this.

There were no further questions.

The hearing on this bill closed.

CONSIDERATION OF HOUSE BILL 845: Representative Schye, District 18, Glasgow, said that this was a bill that was brought to him by the county commissioners and he would have them explain it.

David Nielsen, County Attorney in Valley County, said that a problem that has been obvious is a provision in the law that when improvements are removed from real property and removed from the county, they do not have an effective way to collect the taxes and he gave the example of the Opheim Air Force Base, wherein the government sold thirty units of housing to a private party and they removed the units and made no secret of the fact that they had no intention of paying the taxes on this.

Howard Cornwall, Chairman of the County Commissioners in Valley County, stated that permanent real estate has become mobile and three years is a long time to wait to collect taxes.

Gloria Paladichuk, President of the Montana Association of County Treasurers, testified that of the taxes that are the most difficult to collect are taxes on any property that has been moved.

Charles Graveley, representing the Montana Association of County Treasurers, said that part of this problem was covered in HB 172 and another bill, HB 425, but this bill goes a little further than the other two bills and he did not see any conflict with any of the other two bills.

There were no further proponents.

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OPPONENTS: There were none.

QUESTIONS ON HOUSE BILL 845: Representative Switzer asked how long were the buildings empty and were they on the tax rolls any length of time before this fellow moved them away.

Mr. Nielsen replied that the deed conveying the housing was recorded last fall and many of the houses were moved outside of Valley County.

Representative Switzer said he was trying to establish if it was a very large amount of money that they are talking about.

Mr. Cornwall informed the committee that they were in anticipation of a much larger scale to this problem with the former Glasgow air base and they are talking about millions of dollars of housing and there are 1500 units of housing there. He continued that it was not their intention to jeopardize people's rights to have three-years grace period on their delinquent taxes and the only thing they are asking is if they move the property, the taxes have to be paid.

Chairman Devlin asked if they move a house to another county, doesn't that county pick up that house on their tax rolls immediately.

Mr. Graveley replied that they should pick it up on the next assessment.

Mr. Groepper clarified that the way it is right now is if you move a structure onto a permanent foundation, and that happens after the first of the year, it goes until the following January 1, because it is an improvement on real property, but if a unit is moved out of Valley County today and goes to Jefferson County, it will not be picked up on the tax rolls until January 1, 1986 and the first tax due on that structure will be November, 1986.

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Representative Asay asked if they have to have a moving permit.

Mr. Groepper replied that this is one of the things that they talked about and they considered that they could treat this as a mobile home as once they take the house off the foundation, it becomes personal property and would be treated as a mobile home, then they would have to get a permit and they also would have to pay their taxes and that would be one way of doing it.

Representative Gilbert said he was concerned about those houses that have a tax liability owing on it at the present time and then are moved.

Mr. Groepper replied that if they had an assessment after the first of the year and then moved, the treasurer would calculate that liability and they would have to pay that.

Representative Zabrocki asked about federal property being taxed.

Mr. Groepper responded that if it is owned by the federal government, it is not taxable, but if you have a leasehold improvement that is on federal ground, then the leasehold improvement is taxable.

There were no further questions.

Representative Schye closed by saying they are not trying to double tax people - they are just trying to collect the taxes that are due.

The hearing on this bill was closed.

EXECUTIVE SESSION:

DISPOSITION OF HOUSE BILL 845: Representative Ream moved that this bill DO PASS. Representative Ream moved that they amend the bill by adding "effective upon passage." The motion carried unanimously.

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Representative Sands indicated that he was concerned about the penalty and asked what they did about mobile homes.

Mr. Groepper replied that if they are stopped and they do not have a moving permit, they are fined \$500.00 and it is not a misdemeanor.

Representative Ream moved that they amend the bill to have it the same penalty that would coincide with the penalty concerning mobile homes. The motion carried unanimously.

Representative Ream moved DO PASS AS AMENDED. The motion carried unanimously.

DISPOSITION OF HOUSE BILL 815: Representative Asay moved that this bill DO PASS.

Representative Gilbert asked if they found out the question of how much this would cost to administer. The committee stood at ease while a fiscal note was obtained.

Representative Gilbert said that if you look at the bottom line of the fiscal note, it shows \$15,000.00 a year and it figures out that 54.4% of the money brought in will be eaten up in administration and he made a substitute motion to DO NOT PASS.

Representative Switzer stated that he did not see how it could be that expensive and he wondered who was getting all the money and where does it go.

Representative Ellison indicated that they assume it is going to be the same as the wild-game check-off and he would submit that there are a lot more people interested in school kids than there are in wild game, and he thought they could possibly have three times that amount.

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Chairman Devlin commented that the wild-game check-off cost \$9,000.00 and he cannot understand how this gets to \$21,000.00.

Mr. Groepper answered that last session there were several bills like this and there was a 28% increase in the amount of key strokes but there was no money or staff to put the information into the computer and so they are trying to make sure they have these figures accurate and he felt that this was a much more accurate reflection of the cost than the fiscal notes were last time.

Chairman Devlin asked again about the \$9,000.00 cost on the other check-off bill.

Mr. Groepper replied that there is a cost of readjusting the computer program, than there is a cost directly attributable to the amount of information and then there is the added cost of each piece of legislation and if there is a check-off, how much is it going to cost to just change this thing.

Chairman Devlin noted that they have \$1,000.00 down for desk, chair and space and he asked if they were out of space.


Mr. Groepper responded that space is tight and he did not really know about the equipment.

Representative Cohen made a motion to TABLE this bill. A vote was taken and it tied 9-yes votes and 9-no votes. See Roll Call Vote. The motion failed.

There was considerably more discussion and a vote was taken on the DO NOT PASS motion. The motion failed with a 9 to 9 vote. The bill will be sent to the floor of the house with a WITHOUT RECOMMENDATION vote.

ADJOURNMENT: There being no further business, the meeting adjourned at 9:54 a.m.


GERRY DEVLIN, Chairman


Alice Omang, Secretary

DAILY ROLL CALL

HOUSE TAXATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date February 22, 1985

NAME	PRESENT	ABSENT	EXCUSED
DEVLIN, GERRY, Chrm.	X		
WILLIAMS, MEL, V. Chrm.	X		
ABRAMS, HUGH	X		
ASAY, TOM	X		
COHEN, BEN	X		
ELLISON, ORVAL	X		
GILBERT, BOB	X		
HANSON, MARIAN	X		
HARRINGTON, DAN	X		
HARP, JOHN	X		
IVERSON, DENNIS	X		
KEENAN, NANCY	X		
KOEHNKE, FRANCIS	X		
PATTERSON, JOHN	X		
RANEY, BOB	X		
REAM, BOB	X		
SANDS, JACK	X		
SCHYE, TED	X		
SWITZER, DEAN	X		
ZABROCKI, CARL	X		

STANDING COMMITTEE REPORT

February 22 19 85

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 696

first reading copy (white color)

AN ACT RELATING TO THE COST INDICATOR USED IN THE VALUATION
OF CENTRALLY ASSESSED PROPERTIES;

Respectfully report as follows: That HOUSE Bill No. 696

DQ PASS

STANDING COMMITTEE REPORT

February 22 19 85

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **845**

first reading copy (white)
color

AN ACT PROHIBITING RELOCATION OF IMPROVEMENTS OR LEASEHOLD IMPROVEMENTS FROM THEIR TAXABLE SITUS UNLESS PROPERTY TAXES DUE ARE PAID; PROVIDING PENALTIES;

Respectfully report as follows: That **HOUSE** Bill No. **845**

be amended as follows:

1. Title, line 8.

Following: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE"

2. Page 3, line 2.

Following: "misdemeanor"

Insert: "and is punishable as provided in 15-24-204(1)"

3. Page 3.

Following: line 10

Insert: "NEW SECTION. Section 8. Effective date -- applicability. This act is effective on passage and approval and applies to taxable years beginning after December 31, 1984."

And as amended

DO PASS

STANDING COMMITTEE REPORT

February 22 1935

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **315**

first reading copy (white)
color

**AN ACT TO PROVIDE FUNDS FOR AN AGRICULTURE IN MONTANA SCHOOLS
PROGRAM THROUGH AN INCOME TAX RETURN CHECKOFF.**

Respectfully report as follows: That **HOUSE** Bill No. **315**

WITHOUT RECOMMENDATION

~~DO PASS~~

ROLL CALL VOTE

HOUSE COMMITTEE TAXATION

DATE February 22, 1985

BILL NO. HB 815

TIME _____

NAME	AYE	NAY
DEVLIN, GERRY, Chrm.		X
WILLIAMS, MEL, V.Chrm.	X	
ABRAMS, HUGH	X	
ASAY, TOM		X
COHEN, BEN	X	
ELLISON, ORVAL		X
GILBERT, BOB	X	
HANSON, MARIAN		X
HARRINGTON, DAN		
HARP, JOHN		X
IVERSON, DENNIS		
KEENAN, NANCY	X	
KOEHNKE, FRANCIS		X
PATTERSON, JOHN		X
RANEY, BOB	X	
REAM, BOB	X	
SANDS, JACK		X
SCHYE, TED	X	
SWITZER, DEAN		X
ZABROCKI, CARL	X	

Secretary Alice Omang

Chairman Gerry Devlin

Motion: Table

Exhibit 1
HB 787
2/22/85
W. W. Ballard

TO: House Taxation Committee

Re: HB 787
Reduction of Severance Tax on Stripper Wells

Dear Mr. Chairman:

As operator of approximately 100 stripper wells in the Pondera Oil Field, Pondera and Teton Counties, Montana, I am extremely interested in the fate of HB 787 which reduces severance tax on strippers by 1%. It costs as much to operate a stripper well as it does to operate any other, but because of the low volume of production, these wells are marginally profitable. Anything which will reduce the cost of operation will extend the productive life of these wells, and as long as the wells are profitably producing, everyone benefits: producers, royalty owners, state and county government, alike.

HB 787 should be passed for the following reasons:

- (1) 95% of the oil wells in Western Montana are strippers;
- (2) The price of oil today is the lowest that it has been in over 5 years;
- (3) The cost of operation is increasing (increased costs of electricity for pumping, water disposal, etc.)
- (4) Many wells will fall below the economic limit this year as a result of 2 and 3 above;
- (5) HB 787 will aid in extending the productive life of these wells thus resulting in more tax income rather than less. A well that is plugged yields 0 tax dollars.

I am presenting two graphs which relate income to expense on two stripper leases that I operate. Each graph has a curve that depicts gross revenue, total expense, operating expense and capital/workover expense. Graph No. 1 shows that without investment of additional capital, these leases would have become unprofitable to operate in 1985. Graph No. 2 shows that the workover work that we did in 1983 (at considerable expense) extended the life of these leases for at least 5 more years, provided that expenses do not accelerate. (A decline parallel to that of 1980, 1981 and 1982 is anticipated.)

Small operators do not have the financial ability to workover all the stripper leases in Montana, nor do all the strippers respond to treatment as did the FLB and Thomas leases; therefore, graph No. 1 may be considered more typical than Graph No. 2. However, the slight tax reduction of HB 787

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House Taxation Committee

will delay the crossing of income and expense curves and provide operators with incentives to keep pumping these marginal wells and perhaps invest the dollars for workovers that might further extend the productive life.

I strongly urge the Taxation Committee, and the Legislature as a whole, to pass this bill.

Very truly yours,

W. W. Ballard

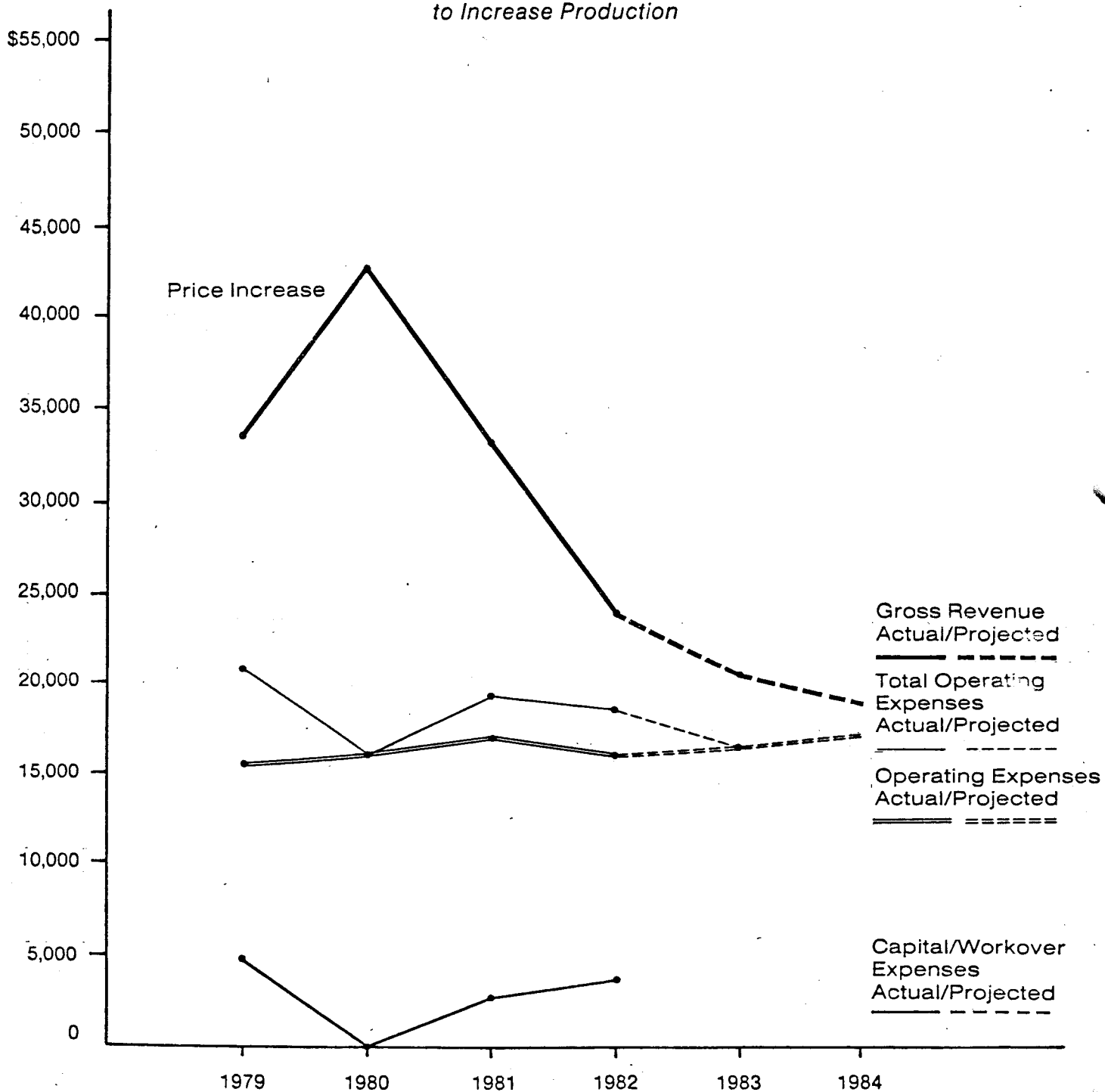
W. W. Ballard
Balcron Oil Co.
Billings, Montana

February 22, 1985

FLB and Thomas Leases

Projected Experience
Without Capital Expense
to Increase Production

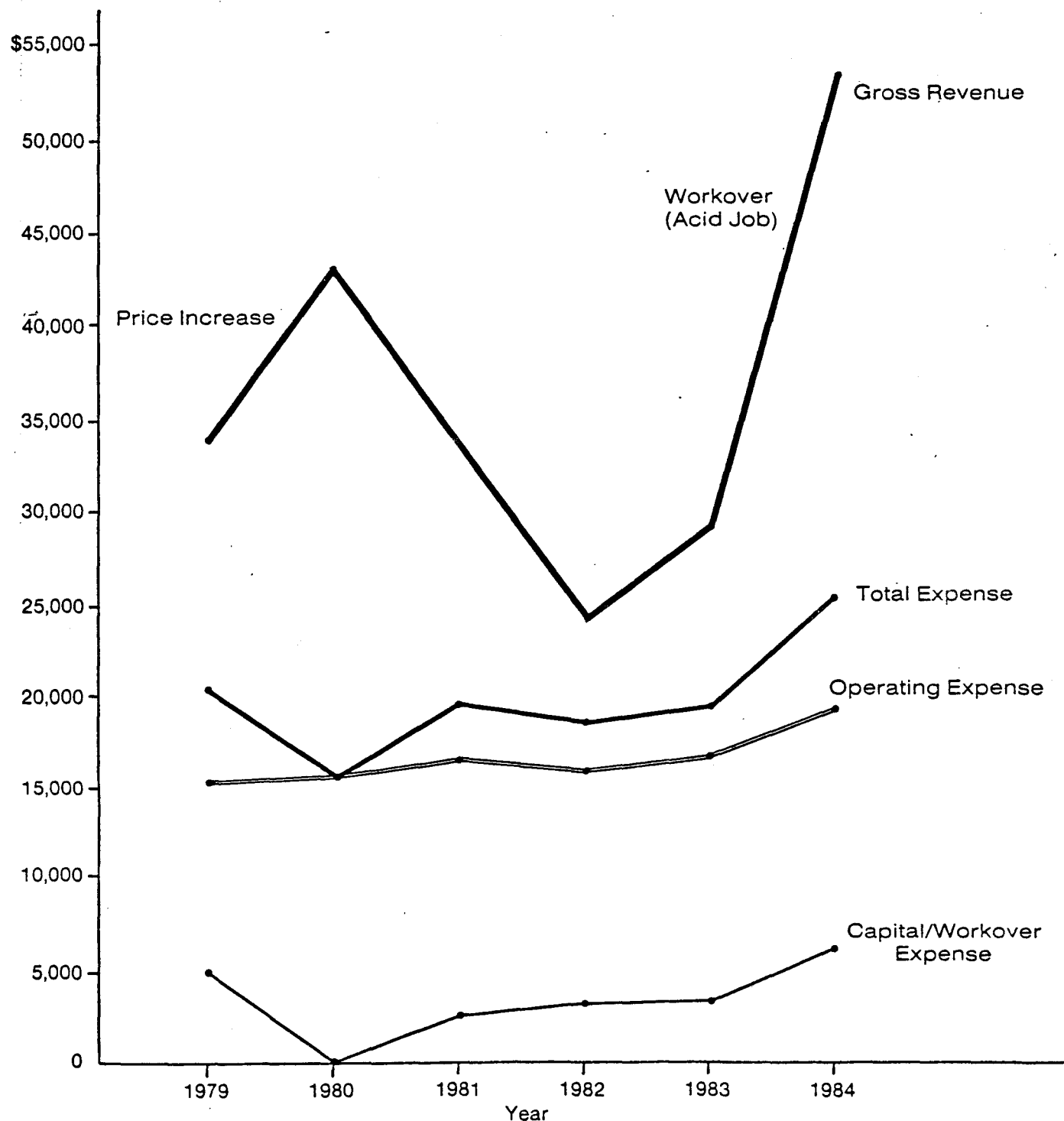
Revenue/Expense



FLB and Thomas Leases

Actual Experience

Revenue/Expense



FLB AND THOMAS LEASES
ACTUAL AND PROJECTED EXPERIENCE 1979-1984

	<u>Production Barrels</u>	<u>Total Revenue</u>	<u>Revenue Per Barrel</u>	<u>Operating Expense</u>	<u>Operating Expense Per Barrel</u>	<u>Capital or Workover Expense</u>	<u>Total Expense</u>	<u>Total Expense Per Barrel</u>	<u>Revenue/Expense Difference Operating Expenses Only</u>	<u>All Expenses</u>
<u>Actual Experience</u>										
1979	1,210	\$33,686	\$27.84	\$15,429	\$12.75	\$5,000	\$20,429	\$16.88	\$15.09	\$10.96
1980	1,193	42,953	36.00	15,682	13.14	-0-	15,682	13.14	22.85	22.86
1981	990	33,170	33.51	16,985	17.16	2,500	19,485	19.68	16.35	13.83
1982	810	23,844	29.44	15,874	19.60	3,000	18,874	23.30	9.84	6.14
1983	1,004	28,583	28.47	16,564	16.50	3,200	19,764	19.69	11.97	8.78
1984	1,921	53,784	27.99	18,928	9.85	6,500	25,428	13.24	18.14	14.75
<u>Projected Experience Without Capital Additions to Increase Production</u>										
1979	1,210	\$33,686	\$27.84	\$15,429	\$12.75	\$5,000	\$20,429	\$16.88	\$15.09	\$10.96
1980	1,193	42,953	36.00	15,682	13.14	-0-	15,682	13.14	22.85	22.86
1981	990	33,170	33.51	16,985	17.16	2,500	19,485	19.68	16.35	13.83
1982	810	23,844	29.44	15,874	19.60	3,000	18,874	23.30	9.84	6.14
Projected 1983	713	20,299	28.47	16,048	22.51	-0-	16,048	22.51	5.96	5.96
Projected 1984	627	17,550	27.99	16,225	25.88	-0-	16,225	25.88	2.11	2.11

Exhibit 2
HB 787
2/23/85

CHRIS OWEN
RIMROCK OIL
BOX 792
CUT BANK, MT. 59427

CHAIRPERSON AND MEMBERS OF THE TAXATION COMMITTEE:

I THANK YOU FOR THIS OPPORTUNITY TO EXPRESS MY FEELINGS REGARDING HOUSE BILL 787.

THIS BILL INDEED FOLLOWS THE SPIRIT AND SCOPE OF GOVERNOR SCHWINDEN'S, "BUILD MONTANA PROGRAM". IT IS AN OPPORTUNITY FOR STATE GOVERNMENT TO PARTICIPATE HAND-IN-HAND WITH SMALL OIL PRODUCERS IN EXTENDING THE ECONOMIC LIFE OF "STRIPPER WELLS". I THINK THAT WE NEED TO EXAMINE THE POSSIBLE BENEFITS OF THE PROPOSED LEGISLATION.

PRESENTLY, THE STATE COLLECTS 6% OF GROSS REVENUE FROM "STRIPPER WELLS". HOWEVER, THESE WELLS ARE RAPIDLY BECOMING NONECONOMIC. THE NONECONOMIC STATUS OF ANY WELL CAN MEAN ONLY ONE THING, THE PLUGGING AND ABANDONING OF THAT WELL. ABANDONMENT OF WELLS THAT HAVE BECOME NONECONOMIC BUT ARE STILL CAPABLE OF PRODUCTION NOT ONLY STOPS AN INCOME SOURCE TO THE STATE, BUT ALSO ELIMINATES TAXABLE VALUE FROM COUNTY TAX ROLLS. A REDUCTION IN THE SEVERANCE TAX TO 4% WOULD PROVIDE SOME NEEDED RELIEF AND WOULD HELP TO EXTEND THE ECONOMIC LIFE OF THESE WELLS.

ASIDE FROM DIRECT INCOME BENEFITS TO THE STATE AND PRODUCER, INDIRECT BENEFITS SHOULD ALSO BE EXAMINED. THIRD PARTY SERVICES WHICH INCLUDE WELL SERVICING COMPANIES, CRUDE OIL PURCHASERS, PUMPERS, TRUCKERS, AND MANY, MANY, OTHERS WOULD CONTINUE TO EXIST IN THE LOCAL ECONOMIES. I MIGHT ADD, THAT IN OUR ECONOMIC AREA WHICH INCLUDES TOOLE, GLACIER, AND PONDERA COUNTIES, "STRIPPER WELLS" PLAY A MAJOR ROLL IN SHAPING THE BACKBONE OF OUR ECONOMIES.

ADDITIONAL BENEFITS FROM THIS BILL COULD INCLUDE ADDED INCENTIVES FOR FURTHER DRILLING AND DEVELOPMENT IN STRIPPER AREAS. ENCOURAGING NEW PRODUCTION IN STRIPPER COUNTRY WOULD MEAN A NEW SOURCE OF INCOME TO BOTH STATE AND THE PRODUCER, NOT TO MENTION THE EMPLOYMENT THAT WOULD BE CREATED. BY EXTENDING THE LIFE OF PRESENTLY PRODUCING WELLS AND ENCOURAGING FURTHER DEVELOPMENT IN marginally productive areas a GREATER PERCENTAGE OF OIL IN PLACE COULD BE RECOVERED. THUS THIS BILL WOULD DOUBLE AS A CONSERVATION MEASURE.

I URGE EACH OF YOU TO LOOK BEYOND PRESENT TAX REVENUES. RATHER, LET US LOOK TOWARD LONG-TERM BENEFITS THAT WOULD RESULT FROM EXTENDING THE LIFE OF OUR WELLS. MORE TAX REVENUE COLLECTED FROM STRIPPER WELLS TODAY COULD MEAN NO TAX REVENUE COLLECTED FROM THESE WELLS TOMORROW. WE IN THE OIL PRODUCING BUSINESS REALIZE THE DIFFICULTY ENCOUNTERED WITH ANY TAX REDUCTION LEGISLATION. HOWEVER, WE FEEL IT NECESSARY TO SUPPORT HOUSE BILL 787 FOR THE MUTUAL BENEFIT FOR THIS STATE AND ITS CITIZENS. I ASK EACH OF YOU TO HELP US, THE SMALL OIL PRODUCERS, MAINTAIN OUR ECONOMIES AND HELP BUILD MONTANA.

The barrel of oil that the stripper well produces benefits not only the producer, it also provides a livelihood for other businessconnected with the oil industry. The stripper well operator will hire employees to help him operate the well and pay those employees from the sale proceeds of the oil produced. The stripper well operator will buy supplies from oilfield supply houses who in turn employ individuals and pay them with the money received from the stripper well operator. The stripper well owner may hire or contract with individuals or businesses for workover and servicing of existing stripper wells. The oil produced from the stripper well must also pay for these costs which represent additional jobs for the community.

The individuals and businesses which supply goods and services to the stripper well owner in turn must purchase goods and services from other businesses in the community. Therefore, it is easy to see that the stripper well owner is at the bottom of a large upside down pyramid of individuals and businesses whose well being and livelihood depend upon the production from that stripper well.

The vast majority of stripper wells in northcentral Montana are not owned by major oil companies, rather they are owned by "mom and pop" businesses, just as is the corner grocery store, the local hardware store or the family farm.

It is also obvious that tax dollars generated from the individuals and businesses who rely on the production from a stripper well will far out weigh any revenue loss from the proposed reduction in severance tax with respect to stripper wells.

In conclusion, I strongly urge the committee to recommend passage of Representative Hayne's bill to reduce the severance tax on stripper oil wells from 5% to 4%.

Julio Rance

Exhibit 3
HB 787
2/22/85
Rance

Exh. 6174
HB 787
2/22/85
Scott Gage

STATE OF MONTANA OIL & GAS LEASE
N1/2NW1/4 SEC. 18, 34 NORTH, 2 WEST
TOOLE COUNTY, MONTANA
YEAR ENDING DECEMBER 31, 1984

	1984	1985
NUMBER OF BBLs OF OIL SOLD	3379.08	2872.22
AVE PRICE PER BBL	27.83751	23.00
TOTAL PRODUCTION	94065.19	66061.46
STATE ROYALTY 0.125	11758.15	8257.33
SEVERANCE TAX 0.06	4938.42	3468.21
PRODUCTION TAX 0.0008	65.85	46.24
RIT TAX 0.005	470.33	330.31
	17232.75	12102.39
	=====	=====

THE YEAR 1985 ASSUMES A 15% DECLINE IN PRODUCTION AND THE PRICE OF THE OIL IS THE CURRENT PRICE THAT THE OIL IS BEING PURCHASED

THE POINT OF THIS EXHIBIT IS THAT AT THE PRESENT RATE OF DECLINE IN EITHER PRODUCTION OR THE PRICE OF OIL, THE AMOUNT OF REVENUE OBTAINED FROM THESE WELLS IS DECREASING. IT IS REALIZED THAT THIS IS A DECLINE IN REVENUE TO THE STATE, NOT ONLY IN THE SEVERANCE TAX, BUT ALSO IN THE ROYALTY. IT IS ALSO A DECLINE IN THE WORKING INTEREST'S REVENUE WHILE OPERATING COSTS ARE NOT DECLINING. THIS MEANS THAT WITH THE MARGINAL WELLS, A DECISION IS GOING TO HAVE TO BE MADE AS TO WHETHER THE WELL IS FEASIBLE TO KEEP IN PRODUCTION. UNLESS THERE IS SOME RELIEF FROM SOME SOURCE, MANY OF THESE MARGINAL WELLS MAY BE TAKEN OUT OF PRODUCTION.

FOR THIS REASON, IT IS FELT THAT A REDUCTION OF THE SEVERANCE TAX ON STRIPPER PRODUCTION WOULD BE CONSIDERED AN INVESTMENT BY THE STATE IN THESE WELLS. IF THESE WELLS ARE KEPT IN PRODUCTION, THE STATE WOULD RECEIVE THEIR RETURN THROUGH AN INCREASED LIFE OF THE WELL. IF IT DOES NOT, THE STATE STANDS TO LOSE NOT ONLY THE SEVERANCE TAX, BUT ALSO THE ROYALTY ON STATE LEASES THAT HAVE MARGINAL STRIPPER WELLS

PLEASE CONSIDER THE STATE'S INVESTMENT IN THESE WELLS WHEN CONSIDERING THIS BILL. THANK YOU.

Scott O. Gage
2-22-85

2

1984

Exhibit 5
HB 696
2/22/85
Dennis Burn

MOUNTAIN STATES TELEPHONE & TELEGRAPH

R E V I S E D

COST INDICATOR:

40 Plant Depreciated
Plant Held for Future Use
Materials & Supplies

\$ 6,449,499,000 BC 60
4,756,000
57,607,000
6,511,862,000 9,767,793,000

INCOME INDICATOR:

60 Avg. 1982 1983
Cap Rate 542,238,842 619,962,823
581,100,833
13% 4,470,006,000

CONCLUSION OF VALUE

Work in Progress

\$ 5,286,748,000 6,589,121,000
210,605,000
5,497,353,000 6,799,726,000

ALLOCATION 6.59%

\$ 362,276,000. 448,101,000

23% increase in
value as a result
of replacement cost

PREMIUM TAX DISTRIBUTION TO LOCAL FIRE DEPARTMENT RELIEF ASSOCIATION FOR THE
TWELVE MONTH PERIOD ENDED DECEMBER 31, 1982 (FY84)

Exhibit 6
HB 689

2/22/85
Dave Fish

Section 19-11-512, MCA

CITY	AMOUNT
ALBERTON	\$ 265.
BELGRADE	3,442.
BELT	600.
BIG SANDY	892.
BIG TIMBER	2,138.
BOULDER	1,017.
BRIDGER	867.
BROADUS	966.
BROADVIEW	233.
BROWNING	633.
CASCADE	673.
CHESTER	1,574.
CHINOOK	1,890.
CHOTEAU	2,110.
CIRCLE	1,150.
CLYDE PARK	243.
COLUMBIA FALLS	5,134.
COLUMBUS	2,163.
CONRAD	4,557.
CULBERTSON	1,100.
CUT BANK	5,076.
DARBY	538.
DEER LODGE	4,352.
DENTON	444.
DILLON	4,933.
DODSON	160.
DRUMMOND	457.
DUTTON	374.
EAST HELENA	5,757.
EKALAKA	554.
ENNIS	971.
EUREKA	1,203.
FAIRFIELD	910.
FAIRVIEW	1,090.
FORSYTH	3,031.

61

CITY

AMOUNT

FORT BENTON	\$ 2,381.
FROID	366.
FROMBERG	417.
GERALDINE	360.
GLASGOW	6,475.
GRASS RANGE	112.
HAMILTON	4,628.
HARDIN	4,576.
HARLEM	1,110.
HINGHAM	281.
HOBSON	225.
HOT SPRINGS	490.
HYSHAM	468.
JOLIET	647.
JORDAN	561.
JUDITH GAP	119.
LAUREL	7,832.
LAVINA	165.
LIBBY	5,716.
LODGE GRASS	281.
MALTA	3,757.
MANHATTAN	1,305.
MEDICINE LAKE	370.
MOORE	210.
PHILLIPSBURG	822.
PLAINS	1,388.
PLENTYWOOD	3,929.
PLEVNA	176.
POLSON	4,115.
POPLAR	939.
RED LODGE	3,013.
RONAN	2,199.
ROUNDUP	2,381.
RYEGATE	304.
SACO	296.
ST. IGNATIUS	525.
SCOBEY	1,501.
SHELBY	3,703.

CITY	AMOUNT
------	--------

SHERIDAN	\$ 816.
SIDNEY	9,327.
STANFORD	714.
STEVENSVILLE	1,335.
SUNBURST	418.
SUPERIOR	1,194.
TERRY	966. —
THOMPSON FALLS	1,609.
THREE FORKS	1,434.
TOWNSEND	2,086.
TWIN BRIDGES	681.
VALIER	831.
VIRGINIA CITY	255.
WALKERVILLE	509.
WESTBY	209.
WEST YELLOWSTONE	2,169.
WHITE FISH	6,120.
WHITE SULPHUR SPRINGS	1,171.
WHITEHALL	1,168.
WIBAUX	879.
WINIFRED	137.
WINNETT	158.
WOLF POINT	3,767.

\$ 167,614.00

Exhibit 7
HB 689
2/22/85
Nagel

LYLE P. NAGEL
Vice Pres. At Large
Mont. Vol. Firemens Assn.

RE: HB 689

House Of Representatives
Taxation Committee
Gerry Devlin, Chairman

Rep. Devlin and Committee Members:

During the 1981 legislative session the Mont. Vol. Firemens Assn. asked the legislature to change the way that the portion of the tax on fire insurance premiums that goes to a fund to fund the pensions for vol. firemen not in incorporated areas is figured. This would help our fund grow faster thereby allowing larger pension payments to be made. This legislation was passed.

During the 1983 session we again asked that the limit on the Vol. firemen's pension be raised from \$100.00 per month to \$200.00 per month. This legislation also passed.

During this 1985 session we have asked, with HB 197, to increase the maximum death benefits payable to a surviving spouse or dependent children from \$2000.00 to \$4000.00. We are happy to know that this bill has passed the house and been transmitted to the senate.

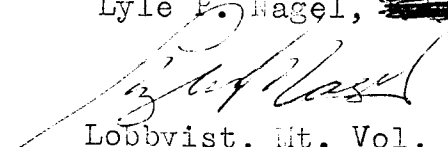
We had agreed that if we could get the legislation that we asked for in the past sessions we would not try to increase our portion of the tax on fire insurance premiums for our pension fund.

HB 689 was not sponsored by the Mont. Vol. Firemen's Assn.. When the attached letter dated Feb. 15, 1985 was mailed out it was the first that some of the assn. officers and firefighters had heard of HB 689. This letter asks for support or comments for HB 689. To this date I have not received any written or oral support for this bill.

Also attached to this statement is a letter dated Dec. 17, 1984. It was sent to the Chairman and members of the House State Administration Comm. and the House Appropriations Comm. In this letter I have highlighted portions that state that this is not the time to make any changes in our pension fund except for the increase in survivor benefits (HB 197).

Based on the information in this statement and the attached letters we would hope that the committee would consider a DO NOT PASS decision on HB 689. Thank you for your time.

Lyle P. Nagel, ~~REDACTED~~


Lobbyist, Mt. Vol. Firemens Assn.

Joe Moriarity	Shelby	President	Lyle Hacke	Libby	Vice-Pres. Dist. #1
Lyle Nagel	Simms	Vice President at Large	Paul Krahn	Hamilton	Vice-Pres. Dist. #2
Art Korn	Butte	Secretary-Treasurer	Bill Mahel	Dutton	Vice-Pres. Dist. #3
			Ron Mailley	Twin Bridges	Vice-Pres. Dist. #4
			Doug Hamilton	Hogeland	Vice-Pres. Dist. #5
			Kelly Gebhardt	Roundup	Vice-Pres. Dist. #6
			Glenn Cook	Glasgow	Vice-Pres. Dist. #7
			Gene Vennes	Plevna	Vice-Pres. Dist. #8

Montana State Volunteer Firemen's Association

From the Office of
ARTHUR J. KORN, Sec'ty-Treas.
1914 Sherman
Butte, Montana 59701
December 17, 1984

~~11-12~~
COPY

*Also sent to
House Appropriations Committee*

Honorable Walter R. Sales, Chairman
House State Administration Committee
3900 Stagecoach Trail
Manhattan, Montana 59714

Dear Representative Sales:

You may be hearing from the Local Government Service Division or other parties in regards to the Volunteer Firemen's Pension Fund, which is now almost \$4 million and growing, and they may have some suggestions or recommendations for action by the 1985 Legislature. However, as the Secretary-Treasurer of The Montana State Volunteer Firemen's Association for the past 24 years and as one of the members who before 1960 began to work and lobby to set up a pension program for volunteer firemen in unincorporated areas, I sincerely hope that there will be no suggestion of either grouping this fund with any other group, or making any changes in the program, and I hope you will see fit to just let it operate as it is. We are happy with the people that are making our investments and believe the fund is in good hands.

To just help you understand more about this fund I would like to list some of the whys, where and how we hope it will continue, so that volunteer firemen in these unincorporated areas will benefit in years down the line for all public service they have rendered in their little communities, towns and villages. We believe that these volunteer firemen are a dedicated group of volunteers who without pay and sometimes criticized, get up at all hours of the night in freezing weather, or serve in extreme heat, to fight fires or assist in first aid, and sometimes even risk their lives. The pension is a very modest reward in recognition of their efforts after 20 or 30 years of free public service.

Dedicated to the Betterment of the Fire Fighting Service

It is not what this Association is doing for you, but what are you doing for the Association

The program promotes and encourages proficiency, because to be eligible a firemen must take regular training (at least 30 hours/year) during his active years. 20 years' service is required for full eligibility, although partial eligibility can be established with shorter service, in case of disability or in other limited circumstances.

The program is funded through a small part of the tax on fire insurance premiums. The State Auditors Office is responsible for collecting fire insurance premium taxes throughout the state. The Volunteer Firemen's Pension Fund receives approximately 5% of the monies collected. The interest derived from this fund also goes back into the fund.

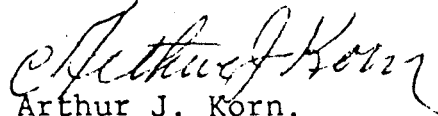
In the mid 1960s and afterwards, with the help of Mr. Andrew J. Kiely, Fiscal Officer with the Industrial Accident Board, or what it is now called the Division of Workman's Comp., Mr. Larry Nachtsheim, Administrator of P.E.R.S., along with several officers and members of the Volunteer Services, and Mr. Keith Johnson, our attorney, this program was devised and developed. In order to build up a fund that would support a reasonable pension, it was provided from the beginning that the fund would accumulate and no pensions would be paid until the fund reached \$1 million. After that, 95% of the excess over \$1 million has been paid out in pensions each year, and the other 5% is retained to let the fund grow further. This is a sound fiscal arrangement, and makes sure that down the line there will be a fund for the younger volunteer firemen who may retire in future years. In the future when the fund is large enough we could perhaps amend the law to make sure that those volunteer firemen will receive a more reasonable pension, but this is not the time to make any drastic changes, with the minor exception of one bill that will be introduced in the coming legislative session to increase the maximum from \$2,000.00 to \$4,000.00 which may be paid to the widow or children of a qualified volunteer firemen. This is in effect

It was in the late 1970s that the first pension was paid and the benefits finally reached a peak in 1983, paying approximately \$114.00 per month, and in 1984 it dropped to approximately \$71.00 per month. The reason for this was a drop of approximately 12% in fire insurance premium taxes in the state and a raise of 14% in the number of retired volunteer firemen. It's obvious that the fund should be allowed to grow further in order to eventually provide for some reasonable amount of pension, and we'd like to see the fund reach a base of about \$10 million. Even then it won't allow for much more than a token pension, but it will at least continue to serve as an incentive to service by volunteer firemen, and a small expression of appreciation for their service.

After this program was set up in a fiscally sound way and has been successful in its operation, it would be a serious mistake to allow any part of the fund to be diverted for any other purpose.

If you'd like further information I will be happy to bring other members to meet with you at anytime, and discuss any questions you may have.

Very truly yours,


Arthur J. Korn,
Secretary-Treasurer

cc: Members, State Administration Committee

Joe Moriarity Shelby President
 Lyle Nagel Simms Vice President at Large
 Art Korn Butte Secretary-Treasurer

Lyle Hacke Libby Vice-Pres. Dist. #1
 Paul Krahn Hamilton Vice-Pres. Dist. #2
 Bill Habel Dutton Vice-Pres. Dist. #3
 Ron Mailey Twin Bridges Vice-Pres. Dist. #4
 Doug Hamilton Hogeland Vice-Pres. Dist. #5
 Kelly Gebhardt Roundup Vice-Pres. Dist. #6
 Glenn Cook Glasgow Vice-Pres. Dist. #7
 Gene Vennes Plevna Vice-Pres. Dist. #8

In the mid 1950's
 the Local Office
 in the State Office
 the Volunteer Firemen's
 Association was devised
 could support a re-
 ceived the fund was
 and reached \$100,000
 in 1970 has been
 of the fund from
 could be used for
 a fund program
 and the fire service
 is responsible for
 the fund is
 the fund is

Montana State Volunteer Firemen's Association

From the Office of
 ARTHUR J. KORN, Sec'ty-Treas.
 1914 Sherman
 Butte, Montana 59701
 February 15, 1985

Fellow Officer:

As the Secretary-Treasurer of the Montana State Volunteer Fireman's Association for the past 24 years and as one of the members who before 1950 began to work and lobby to set up a pension program for volunteer firemen in unincorporated areas I would like to list some of the whys, where and how we hope it will continue, so that volunteer firemen in these unincorporated areas will benefit in years down the line for all public service they have rendered in their little communities, towns and villages. We believe that these volunteer firemen are a dedicated group of volunteers who without pay and sometimes criticized, get up at all hours of the night in freezing weather, or serve in extreme heat, to fight fires or assist in first aid, and sometimes even risk their lives. The pension is a very modest reward in recognition of their efforts after 20 or 30 years of free public service.

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The program is funded through a small part of the tax on fire insurance premiums. The State Auditors Office is responsible for collecting fire insurance premium taxes throughout the state. The Volunteer Fireman's Pension Fund receives approximately 5% of the monies collected. The interest derived from this fund also goes back into the fund.

Dedicated to the Betterment of the Fire Fighting Service

It is not what this Association is doing for you, but what are you doing for the Association

In the mid 1960s and afterwards, with the help of Mr. Andrew J. Kiely, Fiscal Officer with the Industrial Accident Board, or what it is now called the Division of Workman's Comp., Mr. Larry Nachtsheim, Administrator of P.E.R.S., along with several officers and members of the Volunteer Services, and Mr. Keith Johnson, our attorney, this program was devised and developed. In order to build up a fund that would support a reasonable pension, it was provided from the beginning that the fund would accumulate and no pensions would be paid until the fund reached \$1 million. After that, 95% of the insurance tax received each year has been paid out in pensions and the other 5% is retained to let the fund grow further along with interest from this fund. This is a sound fiscal arrangement, and makes sure that down the line there will be a fund for the younger volunteer firemen who may retire in future years. In the future when the fund is large enough we could perhaps amend the law to make sure that those volunteer firemen will receive a more reasonable pension, but this is not the time to make any drastic changes, with the minor exception of one bill that will be introduced in the coming legislative session to increase the maximum from \$2,000.00 to \$4,000.00 which may be paid to the widow or children of a qualified volunteer fireman.

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Now, in regards to HB 197 and HB 689, to make a brief explanation of the reason for HB 197, raising the spouses benefit from \$2,000.00 to \$4,000.00, the approximate number of spouses on the volunteer firemen retirement averages at 4 spouses per year. As one spouse is fully paid off probably another spouse has become the beneficiary of the fireman. Again, this averages out to approximately 4 each year since 1975. You must remember, however, that some of these spouses are only entitled to the \$1,000.00 benefit as their volunteer firemen have not completed the full 20 years and it is a well known fact that a retired volunteer fireman has reached his full 20 years and is over the age of 55 and will have started to receive monthly benefits. So, there again, should he die his spouses benefits would decrease by the amount of checks he has already received. Assume, however, that there are approximately 4 each year and we raise the limit to \$4,000.00, this still only means an \$8,000.00 overall expenditure. So, this is merely a drop in the bucket to be taken out of the overall pension benefit. The percentage would amount to about a $\frac{1}{2}\%$ drop on each retirees benefit. At the present he receives approximately \$71.70, so the $\frac{1}{2}\%$ would make his pay check approximately \$71.00.

Now, on HB 689, there are approximately 386 retired volunteer firemen drawing this pension. It is possible that there will be another 14% increase in the number of retirees in the 85-86 fiscal budget, however, we are not sure what happens to the insurance premiums. So, taking all of this in consideration, the additional 3% for the retired volunteers would mean about \$278,000.00, thereby, bringing the volunteer fireman's portion back up to approximately \$100.00 per month. So, in clarifying both issues, I would assume that both bills would be well received by both the spouses and the present retired firemen.

I have just received information from a good source that the paid firemen and police are seeking additional percentages of insurance increase. So, it seems we may as well get on the band wagon also. Again, I would like to state that we would like to have your support, *OR COMMENTS*, of both HB 197 and HB 689.

If the information I received is correct, HB 603, the 40 year age limit bill, I believe, was killed in committee.

Sincerely yours,



Arthur J. Korn,
Secretary-Treasurer

WITNESS STATEMENT

NAME Dale C. Smith BILL NO. 787
ADDRESS 320 9th Ave SE Crt Bank 59427 DATE 2-22-85
WHOM DO YOU REPRESENT? Phillips Petroleum Co. (Phillips Oil Co.)
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Phillips respectfully requests passage of the stripper tax reduction bill.

PLEASE PRINT OR WRITE LEGIBLY

VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO. HB 787

DATE February 22, 1985

SPONSOR Representative Hayne

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Lyle Nagel	Simms Mt.		689
John H. Johnson	Blondine Mt.	187	
Robert O. Hoge	Cut Bank Mt.	✓	
Mike Hayne	DePuy	X	
Ken Kubesh	Cleodine		
Carl Jamieson	Flieger	X	
Robert J. Hoge	Cut Bank	X	
Walter A. Kowance	Cut Bank	X	
Ug W. Ballard	Billings	X	
Alvin Hest		X	
Pat Melby	Helena	✓	
Wm. W. Hest	Haure	✓	
Chris Owen	Cut Bank Mt.	✓	
James Hest	Mt. Bell		
Brian Hest	SHELBY	✓	
Dale Smith	Cut Bank	✓	
Jim Chromick	Dept. of Rev.		✓
Tucker Hill	Project 85	✓	
C			

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

TAXATION

BILL NO. HB 696

DATE February 22, 1985

SPONSOR Representative Kitselman

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FOR

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO. HB 845DATE February 22, 1985SPONSOR Representative Schye

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
David L. Nielsen	Glasgow	X	
Howard Cornwell	"	X	
Charles Gravelly	Idelara Co Assessors	X	
Gloria Paladino	mt Assoc of F Co Treasurers	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

TAXATION

BILL NO. HB 689

SPONSOR Representative Menahan

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FOR

CS-33



PHILLIPS OIL COMPANY
A SUBSIDIARY OF PHILLIPS PETROLEUM COMPANY

EXPLORATION AND PRODUCTION GROUP

CUT BANK, MONTANA 59427
BOX 938

FEB 28 REC'D

February 26, 1985

Projected Oil Prices for
Cut Bank Crude
DCS-119-85

UFS: L5-2

Montana Petroleum Association
2030 11th Ave., Suite 23
Helena, Montana 59601

Attn: Mr. Darwin Van De Graaff

The following are the Phillips Oil Company forecast crude oil prices for the stripper wells in northwest Montana:

1985	\$25.75/bbl
1986	\$26.25/bbl
1987	\$27.25/bbl

Your transmittal of this data to the House Taxation Committee would be appreciated. During my testimony on February 22 on the stripper tax bill, HB 787, I promised to furnish the above projections to the Committee.

Sincerely,

D.C. Smith
Area Manager

DCS/mke

cc: L. Williamson
D.F. Henderson
File (RC)

Montana PETROLEUM ASSOCIATION
A Division of the ROCKY MOUNTAIN OIL AND GAS ASSOCIATION

D. Van De Graaff
Executive Director



2030 11th Ave. Suite 23
Helena, Montana 59601
Helena Phone: (406) 442-7582
Billings Phone: (406) 252-3871