

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON NATURAL RESOURCES

Call to Order: By Chairperson Bob Raney, on January 23,
1989, at 3:00 p.m.

ROLL CALL

Members Present: All except:

Members Excused: Rep. Harper

Members Absent: None

Staff Present: Claudia Montagne, Secretary; Hugh Zackheim,
Staff Researcher, Environmental Quality Council

Announcements/Discussion: None

HEARING ON HB 285

Presentation and Opening Statement by Sponsor:

REP. STEPPLER, House District 21, presented HB 285, stating that the intent of the bill was that after 20 years, dormant mineral rights would revert to the present surface owner. This was 20 years after searching for the mineral owner, or 20 years of the mineral right sitting, waiting for someone to lay claim.

REP. STEPPLER introduced amendments to the bill (EXHIBIT 1). At this time there were no taxes on mineral rights, and he stated that he felt the reference to mineral rights was not appropriate. He stated that the reversion of these mineral rights back to the landowner would occur as described in Section 5, and would follow the same procedures as quieting title to property.

List of Testifying Proponents and What Group They Represent:

None

List of Testifying Opponents and What Group They Represent:

Mac Johnson, Helena
Janelle Fallan, Montana Petroleum Association
Leo Berry, Meridian Mineral Company
Ward Shanahan, Chevron Oil Corporation

Testimony:

MAC JOHNSON, opponent, stated that it was a moral and monetary problem. He said this had not been a problem until the oil companies came in and leased a lot of land. He said that in the dust bowl days, ranchers had to leave. Land at that time was picked up by others, but not the mineral rights. These people who own the mineral rights were hard to find, but he said that the state or county should try to look them up.

JANELLE FALLAN opposed the bill, stating that it was considered in the last session, and was tabled in committee. The problems were that North Dakota has such a law and the state is trying to repeal it. The reason for this, she stated is that when an individual wants to lease a mineral, that individual ends up leasing with both the old owner and the new owner in order to ensure clear title to the mineral.

MS FALLAN said another problem is with the reversion to the surface owner. She said that a surface owner would have known that they did not have the mineral rights. She questioned this reversion and suggested putting the rights up for auction, or letting them revert to the state. She said that such legislation complicates ownership of the mineral estate, and is not a necessary bill. On page 3 in particular, starting with line 20, she said there are often no records of geophysical exploration. In talking with industry representatives, those whose job it is to find mineral owners (the landman), she discovered that there has been no problem in locating mineral owners.

LEO BERRY, an attorney representing Meridian Mineral Company, agreed with Ms Fallan's testimony and questioned the purpose of the bill. His comments included the fact that ownership was a contractual relationship between surface and mineral owner, and that this bill would be a means of entering into that private contractual relationship, which he considered inequitable. The second question he had was the time frame in which a party had to

register their mineral, that being by 1989. He felt that this was not enough time for people to file the proper recordation.

WARD SHANAHAN, lobbyist for Chevron Corporation, stated that he could live with the bill, although he was troubled by it. He specifically was concerned with the fact the bill only allows the surface owner of real property to acquire title this way, and would like to add language that would allow the operator to acquire title to a dormant mineral interest. It is case law that if you invade a mineral interest by drilling, you can acquire that title by adverse possession over a period of time.

MR. SHANAHAN also objected to another portion of the same section which stated that the injection of substances for storage or disposal was not a active mineral operation. He said that it did constitute an active mineral interest, and the issue of underground storage of waste could be better handled in separate legislation, if that was the intent.

MR. SHANAHAN disagreed with Rep. Steppler's amendment, and said that once a well was producing, taxes were in fact paid. He argued with the section regarding recovery of litigation expenses, stating that if you could collect expenses, you could have been able to find the mineral owner in the first place. He suggested that this section be stricken. He agreed with Mr. Berry regarding extending the effective date.

Questions From Committee Members:

REP. GIACOMETTO asked Mr. Berry if there were a lot of minerals without clear title, or with divided interest, one of which cannot be located. Mr. Berry answered yes, but that transferring them to the surface owner was not the answer, and that predominant mineral owners ought to have the ability to consolidate that ownership. He felt that they have a more legitimate tie to the ownership.

REP. GIACOMETTO then asked if clearing up the ownership without granting title to dormant mineral interests to surface owners would be more appealing to the industry. Mr. Berry stated that there are legitimate reasons for clearing up the title so that fractionalized interests can be consolidated.

REP. GIACOMETTO asked if it was the intent of the sponsor to give title to the mineral to the surface owner, and Rep. Stepler said that the two intentions were to clear title and to transfer ownership to the surface owner. REP. GIACOMETTO asked Rep. Stepler if he would have any problem with striking Section 8 regarding litigation expenses and the change of effective date and Rep. Stepler said no.

REP. ADDY asked Mr. Berry how dormant mineral interests were treated now, and he replied that they sit there until there is some activity. Mr. Shanahan added that he would like to see a provision to allow the mineral operator to acquire title to those minerals. Montana law now allows an operator to develop a mineral without having a lease from 100% of the mineral estate. He stated that a problem occurs with the money that an operator has to set aside for the person whom he cannot find, the proper share of the yield. He questioned what a developer should do with that money, and said that after 20 years, this developer should be able to apply for title to the mineral.

REP. HANNAH discussed the money the mineral developer sets aside for the mineral owner who is not able to be found. REP. HANNAH stated that it goes into an escrow account, and asked what happened to that money. Mr. Shanahan stated that the State seizes bank accounts where there has been a dormant period of time. There would follow a discussion with the mineral developer as to the purpose of this dormant account.

REP. HANNAH asked if there was an escape clause for this escrow money, and Mr. Shanahan said no, and that not every mineral operator does this. He added that a mineral developer could claim it when the statute of limitations runs out. REP. HANNAH asked if current mineral developers were claiming unclaimed monetary accounts. Mr. Shanahan said this is a potential problem situation and that he didn't know exactly what was going on.

REP. OWENS asked if this referred to a farm being sold a number of years ago with half the mineral rights reserved, and Mr. Shanahan answered yes.

REP. ADDY expressed a concern that with these amendments, a person with a ranch could suddenly be sitting on a coal mine instead of a ranch.

Closing by Sponsor:

REP. STEPPLER closed, reiterating the intent of the bill, which was to give ownership of minerals severed and dormant back to the surface owner so that they will have more control over their land. It is to find ownership, and if not possible, to give the first right to the surface owner.

DISPOSITION OF HB 133

Hearing 1/18/89

Motion: REP. GIACOMETTO moved the bill DO PASS.

Discussion: REP. GIACOMETTO stated that Mr. North of the Department of State Lands (DSL) and the other parties had come to an agreement and had language to that effect. He deferred to Mr. North.

MR. NORTH said that both sides had resolved the issue with proposed amendments (EXHIBIT 2). REP. BROOKE asked if there were any way that the committee could get the fiscal note, and Mr. North said that they were in the process of developing a revised fiscal note, but that he believed that the impact for the biennium would be approximately \$57,750. This represented the cost of .5 FTE starting January 1 to check leases and assess damages (salary, vehicle and benefits).

REP. KADAS asked what was the loss from not collecting delay drilling penalty, and Mr. North said that it would be \$15,000, a small enough amount to be made up with payment for land taken out of production (reimbursement for surface damages). REP. KADAS asked if this would be a general fund cost, and Mr. North said yes.

After clarification of other portions of the amendment, including the refund of the delay drilling penalty, and situations with dry holes, JANELLE FALLAN presented information on the bill and its amendments (EXHIBIT 3) and stated her support of the amendments. She stated that any increased

costs to the state were in the future, and that there would be a positive fiscal impact with leasing of additional land.

REP. GIACOMETTO asked, considering the fact that oil prices and leases of state land were down, how significant an impact would this bill have, and Ms Fallan stated that it would be significant and that more money would be made by the state.

REP. O'KEEFE asked about the recent decrease in federal rates for leasing, and if that had impacted the amount of leasing, and Ms Fallan said that she didn't know, and that it had just happened.

REP. HANNAH asked about the delay drilling penalty, and the difference in costs between the original bill and the proposed amended bill, and Ms Fallan stated that the bill as introduced had eliminated the delay drilling penalty. Now there was an additional \$1.25/acre fee for years 6 through 10 as the delay drilling penalty in addition to the lease amount. The compromise was that a developer would be refunded the delay drilling penalty for the years that he/she drilled. Regarding the costs, Mr. North said that the original fiscal impact was \$500,000 due to the loss of the delay drilling penalty, and as amended, the loss would be \$15,000.

REP. HANNAH asked if there was still incentive to producers in the bill as amended, and Ms Fallan said yes, in the removal of rental on producing wells that were paying royalty payments. She added that the royalty rate was 12.5 % and the rental was \$1-1.50/acre; these were close to rates in other states.


MR. NORTH presented his written statements requested by the committee regarding the issues in the bill (EXHIBIT 4).

Amendment and Votes: REP. GIACOMETTO moved to accept the amendments as proposed by Department of State Lands. The motion CARRIED with Rep. Hannah voting no.

Recommendation and Vote: There was a motion to DO PASS AS AMENDED, and the motion CARRIED unanimously.

ADJOURNMENT

Adjournment At: 4:25 p.m.



REP. BOB RANEY, Chairperson

BR/cm

1912.min

DAILY ROLL CALL

HOUSE NATURAL RESOURCES COMMITTEE

50th LEGISLATIVE SESSION -- 1989

Date 1-23-89

NAME	PRESENT	ABSENT	EXCUSED
Rep. Bob Raney, Chairman	✓		
Rep. Ben Cohen, Vice-Chairman	✓		
Rep. Kelly Addy	✓		
Rep. Vivian Brooke	✓		
Rep. Hal Harper			✓
Rep. Mike Kadas	✓		
Rep. Mary McDonough	✓		
Rep. Janet Moore	✓		
Rep. Mark O'Keefe	✓		
Rep. Robert Clark	✓		
Rep. Leo Giacometto	✓		
Rep. Bob Gilbert	✓		
Rep. Tom Hannah	✓		
Rep. Lum Owens	✓		
Rep. Rande Roth	✓		
Rep. Clyde Smith	✓		

STANDING COMMITTEE REPORT

January 25, 1989

Page 1 of 3

Mr. Speaker: We, the committee on Natural Resources report that House Bill 133 (first reading copy -- white) do pass as amended.

Signed: Bob Raney
Bob Raney, Chairman

And, that such amendments read:

1. Title, lines 7 and 8.

Following: "LEASES;"

Strike: remainder of lines 7 and 8 in their entirety

Insert: "PROVIDING FOR REFUND OF DELAY DRILLING PENALTIES FOR YEARS IN WHICH DRILLING OCCURS;"

2. Title, line 9.

Following: "77-3-423,"

Insert: "77-3-424,"

Following: "77-3-427,"

Insert: "AND"

Following: "77-3-432,"

Insert: "MCA;"

3. Title, line 10.

Strike: "AND 77-3-434," through "77-3-424, MCA;"

4. Title, line 11..

Following: "PROVIDING"

Insert: "AN APPLICABILITY DATE AND"

5. Page 2, lines 18 and 19.

Strike: "continues to pay an annual rental as set forth in 77-3-423"

Insert: "resumes payment of any delay drilling penalties imposed by the board. Upon the resumption of payment of any required delay drilling penalties and their continued payment, the lease continues in force during the primary term as though there had been no interruption in the delay drilling penalty payments"

6. Page 3, line 6.
Following: "if"
Strike: "it"
Insert: "the board"

7. Page 3, line 11.
Following: "otherwise."
Insert: "(3) If the board or the lessee terminates the lease,
that termination does not impair any implied covenant
against drainage or the right of the board to seek damages
from the lessee for the lessee's failure to protect the
lease from drainage of oil or gas by a well adjacent to the
state lease."

8. Page 3, line 17.
Following: "in"
Strike: "on"
Insert: "in"

9. Page 4, line 7 through page 5, line 1.
Strike: sections 5 and 6 in their entirety
Insert:

"SECTION 5. Section 77-3-424, MCA, is amended to read:

"77-3-424. Power to terminate lease in absence of
commencement of drilling or payment of delay drilling penalty.

(1) In every oil and gas lease granted after March 3, 1955,
under this part there ~~shall~~ must be reserved to the board full
power to declare termination of the lease at the end of the fifth
year or any subsequent year of the primary term of the lease upon
failure of the lessee to either:

(a) commence the drilling of a well for oil and gas upon the
leased premises; or

(b) pay a delay drilling penalty as follows:

(i) for the sixth year of the lease \$1.25 per acre per year;
and

(ii) for the remainder of the primary term of the lease an
amount per acre per year as the board may in its discretion
determine.

(2) Notice of that determination ~~shall~~ must be given to the
lessee, and if the lessee applies for a hearing thereon within 10
days after receipt of the notice, the determination ~~shall become~~
becomes final only after ~~such~~ the hearing has been held.

(3) This annual delay drilling penalty ~~shall~~ must be paid
each year in advance. The board shall refund delay drilling
penalties paid on a lease for any year in which the lessee
commences drilling on that lease.

(4) If a well for oil and gas is commenced, the drilling of the well ~~shall~~ must be prosecuted with due diligence and dispatch to such depth as is necessary to make a reasonable test for oil and gas."

Renumber: subsequent sections

10. Page 5.

Following: line 5

Insert: "NEW SECTION. Section 7. Applicability. This act applies to all leases entered into after [the effective date of this act]."

Renumber: subsequent section.

-End-

1
1-23-89
285

Amendments to House Bill No. 285
First Reading Copy

Requested by Representative Steppler
For the Committee on Natural Resources

Prepared by Greg Petesch
January 23, 1989

1. Page 4, lines 5 through 7.
Strike: subsection (2)(b) in its entirety
Renumber: subsequent subsections

HB 133 - PROPOSED AMENDMENTS

1. Title, line 7.
Following: "LEASES;"
Strike: remainder of line 7 and line 8
Insert: "PROVIDING FOR REFUND OF DELAY DRILLING PENALTIES FOR YEARS IN WHICH DRILLING OCCURS;"
2. Title, line 10.
Following: "77-3-434, MCA;"
Strike: REPEALING SECTION 77-3-424, MCA;"
3. Title, line 11.
Following: "PROVIDING"
Insert: "AN APPLICABILITY DATE AND"
4. Page 2, lines 18 and 19.
Strike: "continues to pay an annual rental as set forth in 77-3-423"
Insert: "resumes payment of any delay drilling penalties imposed by the board. Upon the resumption of payment of any required delay drilling penalties and their continued payment, the lease continues in force during the primary term as though there had been no interruption in the delay drilling penalty payments."
5. Page 3, line 6.
Following: "if"
Strike: "it"
Insert: "the board"
6. Page 3.
Following: line 11.
Insert: "(3) If the board or the lessee terminates the lease, that termination does not impair any implied covenant against drainage or the right of the board to seek damages from the lessee for the lessee's failure to protect the lease from drainage of oil or gas by a well adjacent to the state lease."
7. Page 3, line 17.
Following: "in"
Strike: "on"
Insert: "in"
8. Page 4, line 7.
Strike: section 5 in its entirety
9. Page 4, line 25.
Strike: section 6 in its entirety
10. Page 5.
Following: line 1
Insert: SECTION 5. Section 77-3-424 is amended to read:

77-3-424. Power to terminate lease in absence of commencement of drilling or payment of delay drilling penalty. (1) In every oil and gas lease

granted after March 3, 1955, under this part there ~~shall~~ must be reserved to the board full power to declare termination of the lease at the end of the fifth year or any subsequent year of the primary term of the lease upon failure of the lessee to either:

(a) commence the drilling of a well for oil and gas upon the leased premises; or

(b) pay a delay drilling penalty as follows:

(i) for the sixth year of the lease \$1.25 per acre per year; and

(ii) for the remainder of the primary term of the lease an amount per acre per year as the board may in its discretion determine.

(2) Notice of that determination ~~shall~~ must be given to the lessee, and if the lessee applies for a hearing thereon within 10 days after receipt of the notice, the determination ~~shall-become~~ becomes final only after such hearing has been held.

(3) This annual delay drilling penalty ~~shall~~ must be paid each year in advance. The board shall refund delay drilling penalties paid on a lease for any year in which the lessee commences drilling on that lease.

(4) If a well for oil and gas is commenced, the drilling of the well ~~shall~~ must be prosecuted with due diligence and dispatch to such depth as is necessary to make a reasonable test for oil and gas.

Renumber: subsequent section

11. Page 5.

Following: line 5

Insert: "NEW SECTION. Section 7. Applicability. This act applies to all leases entered into after the effective date of this act."

Renumber: subsequent section.

-End-



MONTANA PETROLEUM ASSOCIATION

A Division of the
Rocky Mountain Oil and Gas Association 3

Helena Office
2030 11th Avenue, Suite 23
Helena, Montana 59601
(406) 442-7582

Janelle K. Fallan
Executive Director

EXHIBIT
DATE 1-23-89
FILE
HB 133
HB

Billings Office
The Grand Building, Suite 510
P.O. Box 1398
Billings, Montana 59103
(406) 252-3871

HB 133

with amendments as agreed to between the Montana Petroleum Association and the Montana Department of State Lands

January 23, 1989

HB 133 amends the law governing leasing of state oil and gas acreage and covers three issues:

- I. Rental on royalty (77-3-423)
- II. Delay drilling penalties (77-3-424)
- III. Offset wells vs. compensatory royalties vs. dropping the lease (77-3-427)

Lessor The one who sells the lease to the minerals. May also be referred to as the mineral owner. In this discussion the state is the lessor.

Lessee The one who buys the lease. Also referred to as the operator or producer.

I. Rental on royalty

Also known as "delay rental," rentals are paid by the lessee to the lessor for the privilege of deferring drilling operations during the primary term of the lease. Montana lease rentals are \$1.50 per acre. Federal rates on many existing leases were just decreased from \$2-\$3 per acre to \$1.

Once production is established, the lessor receives a royalty and the reason for the rental has been eliminated. The states charges a royalty is 13% on oil and 12% on gas.

(A royalty is the mineral owner's share of the production. The lessor assumes no risk and does not invest in the exploration for and production of the minerals. For the privilege of taking the risk and making the investment, the lessee pays the mineral owner a royalty that is usually 1/8 of the value of the production. While the royalty owner does not share in costs of production, he or she does share in the taxes. Producers usually deduct the lessor's share of the production taxes (net proceeds, severance, RIT, conservation) from the royalty payment.)

Montana charges a rental on lands that are producing oil or gas and therefore paying the state a royalty. The state has done

this rather than charge operators for surface damages. However, payment of surface damages as compensation for land taken out of production (e.g. grazing or cropland) and restoration of the surface (e.g. returning a road or well area to its original condition) are standard operating procedure in the petroleum industry and are required by state law. HB 133 includes no new charge to the state to inspect its surface.

Montana is the only Rocky Mountain state charging rental in addition to royalty. Eliminating it will do much to improve the state's competitiveness with other states.

II. Delay drilling penalty

The delay drilling penalty is also unique to Montana. It is an additional rental of \$1.25 per acre paid in years 6-10 of the state lease if a well is not drilled.

The rental and delay drilling penalty are paid a year in advance. Therefore, the full year's penalty is assessed even if a well is drilled during the year.

The agreed-to amendment leaves the delay drilling penalty in place, but provides for a refund during the year that a well is drilled.

III. Offset wells

An offset well is one drilled on one tract of land to prevent oil or gas from being drained from that tract by a well on an adjoining tract.

If the lessee agrees with the lessor that the lessor's oil or gas is being drained, the lessee may pay a compensatory royalty or drill an offset well so that the lessor receives an actual royalty. The state lease specifically obligates a lessee to develop proven or probable reserves from an offsetting contiguous reservoir.

The proposed amendment allows the lessee to drop the lease if the lease does not warrant further activity. HB 133 puts the state in the same position as private landowners -- the state must demonstrate that its lease is being drained.

The amendment proposed by DSL, to further clarify its right to protect its interests, is probably unnecessary but is not expected to create problems. Industry is not attempting to avoid payment of compensatory damages when they indeed are due the state.

If the state is concerned that its lands are being drained, there are many ways to monitor lands and wells. DSL currently receives information on wells being drilled, division orders on producing wells and monthly statements for production, price and volume sold. The Montana Oil Journal lists all new wells,

locations, completion and drilling progress every week for \$26.00 HB 133
per year. Petroleum Information provides similar information
with more detail for \$1080 per year.

The Board of Oil and Gas Conservation also has maps and well information. Numerous other private companies provide well information in a variety of forms. Operators use these media to monitor well activity, to help learn where good drilling prospects are, and also to see if any drilling activity may affect their own leaseholdings. It is not a time-consuming process if done regularly, but private companies generally assume watching out for their own interest is a vital part of their operation.

In fact, the entire issue raised by 77-3-427 is an infrequent occurrence.

* * *

HB 133 will not apply to any leases now in effect. Therefore, any negative fiscal impacts (such as increased costs) will not occur until some point in the future, and will be phased in gradually, as pre-HB 133 leases are dropped and new leases are taken. Positive fiscal impacts resulting from increased interest in state leases will be realized as soon as the new lease is in effect.

While the decline in the price of oil has undoubtedly been the major cause of the decline of state leasing, other factors must be considered. The price of oil is down 40% since 1984, but measures of interest in state lands are down more: the number of acres under lease is down 60%, oil royalties are down 56%, rentals are down 59% and bonuses are down 96%.

(A bonus is the cash consideration paid by the lessee to the mineral owner for the execution of the oil and gas lease. Bonuses on state leases are decided at public auction.)

The price of oil has fallen just as much in North Dakota as in Montana. Acres sold in 1988 in North Dakota are down 64% from 1985; the comparable figure for Montana is 75%. While Montana's bonus payments have fallen 96% from 1984 to 1988, North Dakota's have fallen 85%. Hence, a decrease in state leasing is to be expected, but Montana's noncompetitive lease has worsened the problem here.

HOUSE BILL HB 133

SECTIONS 1 AND 5

At the hearing on Wednesday, January 18, sections 1 and 5 were not in contention. The Department had agreed to section 1 and the industry had agreed to drop section 5.

SECTION 3

The controversy surrounded sections 3 and 4. Subsection (1) of 77-3-427 currently provides that when someone drills a well adjacent to a state section that is leased for oil and gas and that well drains oil or gas from under the state section, the state lessee must immediately drill a well on the state section to prevent the state's oil from being drained. This well is called an "offset well." Subsection (2) of 77-3-427 provides that the state may allow the lessee, as an alternative to drilling an offset well, pay the state for the oil lost. These payments are called "compensatory royalties."

This compensatory royalty provision applies only after the Board formally requires payment of compensatory royalties. It does not apply to drainage that occurs before the state discovers that its lease is being drained. When the state discovers a lease has been significantly drained and that the lessee should have known about the drainage and prevented it by drilling an offset well (or paid compensatory royalties), the state may demand and sue for payment of damages.

Section 3 amends 77-3-427(2) to authorize the state to allow the lessee to release - that is, to drop - the lease instead of drilling an offset well or paying compensatory royalties. In practice, the state always has allowed the lessee to drop the lease at the end of any year. The state therefore has no problem with section 3 so long as it is not read to remove the ability of the state to demand and sue for damages due to drainage that occurred before lease cancellation. The state is concerned, however, that the amendment to section 3 specifically authorizing the lessee to drop the lease as an alternative to drilling an offset well might be construed as a waiver of the state's right to damages for drainage because that right arises out of the lessee's duty to drill an offset well. The state therefore proposed at the hearing that the committee add to section 3 an amendment specifically stating that the state does not waive its right to seek damages for drainage.

This amendment was the cause of the controversy at the hearing. Industry representatives and the state have now agreed to propose this amendment in a slightly modified form.

SECTION 4

State oil and gas leases are for a term of ten years. Most private, federal, and leases of other states are for five years. The ten year term allows the lessee to speculate in state leases, that is, to tie up the state tract for ten years without drilling. To gain compensation for this speculation, the state has imposed additional rentals for any of the final five years of the lease term in which the lessee is not drilling or operating a well on the lease. These additional rentals are called "delay drilling penalties." At

DATE 1-23-89
HB 133

the hearing, industry representatives contended that the delay drilling penalties make state leases unattractive to the industry after the fifth year and that the state should eliminate them. They maintained that dropping delay drilling penalties will result in more state acres being leased and an increased return to the school trust. The state contended that abolishing delay drilling penalties would amount to a loss in revenue of at least \$500,000 in 1994 and following years.

The state and industry representatives have now agreed to retain delay drilling penalties but to provide for their refund for any year in which the lessee commences drilling. Delay drilling penalties are paid in advance.

House Natural Resources COMMITTEE

285

1-23-89

Rep Stepper

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.