MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - SPECIAL SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB GILBERT**, on December 10, 1993, at 1:00 p.m.

ROLL CALL

Members Present:
Rep. Bob Gilbert, Chairman (R)
Rep. Mike Foster, Vice Chairman (R)
Rep. Shiell Anderson (R)
Rep. John Bohlinger (R)
Rep. Jerry Driscoll (D)
Rep. Gary Feland (R)
Rep. Marian Hanson (R)
Rep. Hal Harper (D)
Rep. Chase Hibbard (R)
Rep. Vern Keller (R)
Rep. Ed McCaffree (D)
Rep. Tom Nelson (R)
Rep. Scott Orr (R)
Rep. Bob Raney (D)
Rep. Bob Ream (D)
Rep. Rolph Tunby (R)

Members Excused: None

Members Absent: Rep. Dan Harrington, Minority Vice Chairman (D)
Rep. Ed Dolezal (D)
Rep. Jim Elliott (D)
Rep. Bea McCarthy (D)

Staff Present: Lee Heiman, Legislative Council
Jill Rohyans, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing: HB 73, SB 18,
Executive Action: SB 18 Be Concurred In As Amended,
HB 53 Tabled, HB 52 Tabled, HB 51 Tabled

HEARING ON HOUSE BILL 73

Opening Statement by Sponsor: **REP. RED MENAHAN, HD 67, Anaconda,** said the bill is simply a revision of the low income tax credit program. It is another way to address the problem of people being forced out of their homes by huge tax increases. The exemptions are raised to $25,000 for single taxpayers and $30,000 for married couples. It extends the application deadline to March 1, 1994. The bill does not address the elderly homeowner credit program.

Proponents' Testimony: There were no proponents.

Opponents' Testimony: There were no opponents.

Questions From Committee Members and Responses: There were no questions.

Closing by Sponsor: **REP. MENAHAN** closed by noting the Committee may wish to adjust the maximum exemption figures after they receive the fiscal note.

HEARING ON SENATE BILL 18

Opening Statement by Sponsor: **SEN. MIKE HALLIGAN, SD 92, Missoula,** said the bill represents an incentive to development of horizontal secondary and tertiary oil drilling in Montana. He said information he gathered at the National Conference of State Legislatures earlier this year pinpointed the cannibalistic methods used between states in order to entice businesses to leave one state and move to another. Low tax bases are the main incentive for that migration. General tax incentives do not seem to be as attractive to oil companies as do targeted incentives such as development of new activity. A level playing field should be established for the new businesses in relation to existing businesses. Environmental and other regulations should not be waived. Incentives should be offered to industries that pay higher than average weekly wages. The industry should be capable of providing health care, retirement, and other benefits to its employees. Performance should be measurable and the incentives should terminate at some point in time.

SB 18 meets all the aforementioned criteria. It provides a specific incentive for development of new drilling, it does not waive any environmental or other regulations, the industry is fiscally sound and offers a substantial wage and benefits package to its employees. Development of new drilling is very measurable and there is a sunset on the bill in eight years.

Horizontal drilling costs two to three times more than regular drilling procedures. The state severance tax remains the same. The incentive is in the form of a eighteen month holiday on net proceeds tax for horizontal drilling specifically. For secondary production there is reduction in the local government severance tax (LGST) to 8.5% and 7% to 5%. The state severance tax is reduced from 5% to 3%. The LGST on the incremental increase in production from new or expanded tertiary recovery is reduced from 5% to 2%. The net proceeds tax will drop to 3.3% on that incremental production.

Another important component of the bill, added by the Senate, is the trigger provision. Once the price of West Texas crude oil reaches $30 a barrel for a quarter, the incentive is dropped. When the price drops below $30 for a full quarter, the incentive is reinstated. The Senate Taxation Committee had concerns about monitoring provisions. It allowed the Board of Oil and Gas Conservation to increase fees to provide for new staff for the monitoring process.

The bill is timely and it does not affect existing revenues. The incentive only applies to the incremental production increase above existing production regardless if it is secondary or tertiary production.

<u>Proponents' Testimony</u>:

Stan Kaleczyc, Meridian Oil, presented testimony in support of the bill (Exhibit #1).

Perry Pearce, Meridian Oil, presented testimony in support of the bill (Exhibit #2).

Jerome Anderson, Shell Western Energy and Production, Inc., presented testimony in support of the bill (Exhibit #3).

Bob Sheffield, Shell Western Energy and Production, Inc., presented testimony in support of the bill (Exhibits #4 and #4a).

Gail Abercrombie, Montana Petroleum Association, presented testimony in support of the bill (Exhibit #5).

Peggy Trenk, Western Environmental Trade Association, presented testimony in support of the bill (Exhibit #6).

Dave Johnson, President, Montana Petroleum Association, presented testimony in support of the bill (Exhibit #7).

James Tutwiler, Montana Chamber of Commerce, said SB 18 is a jobs bill and a revenue bill. It will make Montana more competitive and will attract capital investment to the state.

Dennis Iverson, Northern Montana Oil and Gas Association, an organization of small and independent oil and gas producers, said this is a timely and important bill. It will allow for recapture of oil and gas revenues. It establishes good environmental policy and promotes the best conservation techniques. It is a good bill and timely public policy.

Sue Olson, Mussellshell County Commissioner, and President, Montana Oil, Gas, and Coal Counties Association, spoke in support of the bill saying the counties have suffered through many years of declining oil production and the associated shrinkage of the LGST every year. The bill will promote new and increased oil production in the counties and will provide a major tax benefit to the counties and the state. Because of the increased costs and time involved in horizontal drilling, it is fair to give the companies the incentives which will help them recover their costs. The counties will benefit from increased drilling in many ways: local economies are impacted by additional jobs, property and income tax receipts, and increases in business activity. She urged the Committee to support the bill.

Del Kenister, Economic Development Groups, Baker, echoed the previous testimony and urged the Committee to support the bill and the associated economic development it could provide for the eastern half of the state.

Dave Cramer, Dave's Hot Oil Service, Sidney, said his income is half of what it was when the oil business was flourishing in eastern Montana. School funds have suffered as well as all economic aspects of the oil impacted counties.

John Pigg, HRP Oil Properties, Sidney, said many changes have occurred in eastern Montana since the decline of oil business in 1981. Over 450,000 people in the oil industry have lost their jobs since 1981 and many businesses have closed. Increased drilling will provide a badly needed economic boost for local landowners, businesses, schools, cities and counties in eastern Montana. The oil businesses must be shown that Montana wants to attract business and be competitive with neighboring states.

Don Franz, Franz Construction, Sidney, said he has worked the oil fields in Montana for years as a dirt contractor. North Dakota has considerably more drilling activity than Montana at present. He noted over 70% of his business is done in North Dakota at this time. His Montana work is mostly all restoration work. Passage of SB 18 will encourage more drilling in the state which will be of great benefit to the counties in eastern Montana and the state.

Rocky Gorder, B & G Roustabout, said he was speaking on behalf of 16 other companies that drill in North Dakota and Montana. The passage of SB 18 would be a great economic boon to the companies, the local towns, schools, counties, and people. He urged the Committee to support the bill.

Robert Marquiss, Updike Brothers, Inc., Sidney, said the bill would be a great help to businesses and the economy in Sidney and eastern Montana.

David Cassidy, rancher and businessman in four eastern Montana counties, said his business taxes increased in all four counties this past year. This bill provides necessary incentives to get sorely needed business back into the eastern part of the state.

Don Reiger, Chairman, Fallon County Commissioners, Baker, agreed with the previous testimony. He said morale is down among employees of all eastern Montana businesses. This bill will provide badly needed economic development for the area.

REPS. FELAND, FOSTER, TUNBY, GILBERT AND HANSON all asked to be listed as proponents for the bill.

Opponents' Testimony: There were no opponents.

Informational Testimony:

Don Hoffman, Department of Revenue (DOR), presented proposed amendments clarifying the language added to the bill in the Senate. The amendments make it clear that gas production is not included in the bill and also clarifies the trigger mechanism re West Texas crude oil prices (Exhibit #8).

Questions From Committee Members and Responses:

REP. RANEY asked if water used to flood the horizontal wells would escape into other aquifers.

Mr. Sheffield said the flooding procedures are highly regulated by Montana law. He described the procedures and protections built into that law.

REP. RANEY asked what percentage of the total production takes place in the first 18 months.

Mr. Sheffield replied in the first 18 months of an average production well there would be approximately 40,000 barrels produced out of a total estimated production of 200,000 barrels.

REP. HARPER expressed concern about the shift in responsibility from DOR to the Board of Oil and Gas Conservation.

SEN. HALLIGAN said the Senate also had some concerns but the bill has been amended to make the shared responsibilities workable. DOR will still make the final decision regarding the tax rate, but the Board has the expertise to determine the declining rates in the existing oil fields. The Board has no authority in setting the tax policy.

Mr. Sheffield pointed out that decline curve technique is a well known science and is not based on conjecture.

A protracted discussion was held regarding responsibilities of the Oil and Gas Board, DOR, and decline curves and rates.

REP. RANEY said he was concerned that the Oil and Gas Board could deem any well a horizontal well according to the provisions of the bill.

Mr. Tulloch said current definitions define the range of angle that pertains to horizontal wells. He said that definition could be changed in the future as technology expands; however, the Board has specific guidelines and scientific data parameters that they must abide by.

Closing by Sponsor:

SEN. HALLIGAN closed saying this is not a Meridian Oil/Shell Oil bill. The small independent producers are excited about the bill and anxious to learn the technology from the large producers. He said the bill will not cause any economic or tax warfare as its provisions are midway between rates in Wyoming and North Dakota. The bill has been subjected to intense scrutiny and a finely honed performance model has resulted. There are good monitoring provisions built into the bill, it is environmentally sound, the tax incentives are cost effective, existing revenues are protected, and future income is guaranteed.

EXECUTIVE ACTION ON SENATE BILL 18

Motion: **REP. FELAND MOVED SB 18 BE CONCURRED IN.**

Motion/Vote: **REP. FELAND MOVED TO ADOPT THE DOR AMENDMENTS (EXHIBIT #8).** The motion carried unanimously.

Motion/Vote: **REP. FELAND MOVED SB 18 BE CONCURRED IN AS AMENDED.** The motion carried unanimously.

EXECUTIVE ACTION ON HOUSE BILL 53

Motion: **REP. RANEY MOVED HB 53 DO PASS.**

Discussion: **REP. RANEY** said he had talked with the Legislative Auditor before drafting the bill and was assured the Auditor's office could handle the work associated with the bill. The letter (Exhibit #9) indicates that, upon careful review, that will not be possible without an appropriation. He said he hoped that Rep. Ream could enlist a student research study at the University or that the Revenue Oversight Committee could assume the responsibility. He said the state is out of money with no way of getting any more. Out of state property owners only pay local property taxes and the 6 mill levy, yet they receive all the services the state offers that the resident property owner pays for through income taxes.

Motion/Vote: Following a discussion regarding alternative ways to consider implementing the provisions of the bill at the 1995 regular legislative session, **REP. ELLIOTT MOVED TO TABLE HB 53.** The motion carried unanimously.

EXECUTIVE ACTION ON HOUSE BILL 52

Motion: **REP. HARPER MOVED HB 52 DO PASS.**

Discussion: **Mick Robinson, Director, DOR,** said he agreed the assessment form needs to be revised in regard to HB 52. He committed to change the format of the tax bill to be more "user friendly" and understandable by the recipient.

Motion/Vote: **REP. HARPER WITHDREW THE DO PASS MOTION AND MADE A SUBSTITUTE MOTION THAT HB 52 BE TABLED.** The motion carried 17-0.

EXECUTIVE ACTION ON HOUSE BILL 51

Motion/Vote: **REP. HARPER MOVED TO RECONSIDER PREVIOUSLY TAKEN ACTION ON HB 51.** The motion carried 17-0.

Motion: **REP. FELAND MOVED ADOPTION OF CONCEPTUAL AMENDMENTS TO INCLUDE ALL CLASS 4 PROPERTY INCLUDING PRIMARY, SECONDARY, COMMERCIAL, AND AGRICULTURAL FARMSTEADS.** His concern is to include recreational property in the constitutional amendment provisions. He said many Montanans own secondary residences that they have saved for and contributed to the Montana economy to build and maintain.

Discussion: **Mr. Heiman** said he would write the amendment to include "Class 4 property and all other property not included in another class" due to the restriction on ballot language not exceeding more than 25 words.

REP. FOSTER said he supported the suggested amendment.

Vote: Motion to adopt amendments carried 11-7 on a roll call vote.

__Motion__: **REP. ANDERSON MOVED TO REMOVE THE 2% PER YEAR PROVISION ON LINE 9, PAGE 2, AND THE WORD "ALSO" IN THE FOLLOWING SENTENCE AND COORDINATING AMENDMENTS TO THE TITLE.** He said the amendment would leave the reduction intact in case substantial damage occurs due to a significant decline in value. The stricken provision basically represents taxation without representation. Mills can still be adjusted on a county level. If there is a declining or stagnant taxable value in a county or jurisdiction it is probably reflective of the amount of money the people in the area are making. There is no reason the government should have an automatic 2% increase when everyone else is staying at the same level.

__Discussion__: **REP. REAM** said he could not support the amendment because without the inflationary cost increase the local governments will just fall further and further behind.

REP. HARPER said **REP. RANEY** would not support the amendment and neither did he. (Rep. Raney had to leave the meeting to present a bill in another committee).

__Vote__: Motion to amend by eliminating the 2% increase carried 11-7.

__Motion/Vote__: **REP. ELLIOTT MOVED TO TABLE HB 51.** The motion carried 16-1 with **REP. RANEY'S** no vote cast by proxy.

ADJOURNMENT

Adjournment: The meeting adjourned at 3:25 p.m.

Mike Foster for Bob Gilbert
REP. BOB GILBERT, Chairman

Jill Rohyans
JILL ROHYANS, Secretary

BG/jdr

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL DATE 12/10/93

NAME	PRESENT	ABSENT	EXCUSED
REP. GILBERT, CHAIRMAN	✓		
REP. FOSTER	✓		
REP. HARRINGTON		✓	
REP. ANDERSON	✓		
REP. BOHLINGER	✓		
REP. DOLEZAL		✓	
REP. DRISCOLL	✓		
REP. ELLIOTT		✓	
REP. FELAND	✓		
REP. HANSON	✓		
REP. HARPER	✓		
REP. HIBBARD	✓		
REP. KELLER	✓		
REP. McCAFFREE	✓		
REP. McCARTHY		✓	
REP. NELSON	✓		
REP. ORR	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. TUNBY	✓		

HOUSE STANDING COMMITTEE REPORT

December 10, 1993

Mr. Speaker: We, the committee on **Taxation** report that **Senate Bill 18** (third reading copy -- blue) **be concurred in as amended**.

Signed: Bob Gilbert
Bob Gilbert, Chair

And, that such amendments read: **Carried by: Rep. Gilbert**

1. Page 5, line 13.
Following: "production wells,"
Insert: "the recompletion of existing wells as horizontally completed wells,"

2. Page 5, line 14.
Following: "of"
Insert: "an"

3. Page 8, line 1
Strike: "natural gas,"
Following: "petroleum"
Strike: ","

4. Page 9, line 17.
Following: "new"
Insert: "production, production from horizontally completed wells,"

5. Page 9, line 19.
Page 11, lines 1 and 6.
Page 12, lines 16 and 17.
Page 13, lines 8 and 11.
Page 17, line 17.
Page 33, line 21.
Page 34, line 11.
Page 35, lines 16 and 24.

gl. 12-10-93

Committee Vote:
Yes 16, No 0.

101549SC.Hlh

Page 36, lines 6 and 21.
Page 37, line 11.
Page 38, line 19.
Page 40, line 15.
Page 44, line 13.
Page 46, line 15.
Page 50, line 9.
Following: "production"
Insert: ", production from horizontally completed wells,"

6. Page 9, line 25.
Following: "oil"
Insert: ", production from horizontally completed wells,"

7. Page 12, line 2.
Following: "production"
Insert: ", for production from horizontally completed wells,"

8. Page 15, line 16.
Page 28, line 2.
Following: "DAYS"
Insert: "on which the price was reported"

9. Page 16, line 22.
Strike: "NEW PRODUCTION"
Insert: "Production"

10. Page 17, line 15.
Following: "of"
Insert: "taxes on"
Following: "new"
Insert: "production, production from horizontally completed wells,"

11. Page 17, line 16.
Strike: "taxes"

12. Page 32, line 3.
Following: "of"
Insert: "taxes levied on"
Following: "production"
Insert: ", production from horizontally completed wells,"

13. Page 32, line 4.
Strike: "taxes levied"

14. Page 32, line 20.
Following: "of"

Insert: "taxes levied on"

15. Page 32, line 21.
Following: "production"
Insert: ", production from horizontally completed wells,"
Strike: "taxes levied"

16. Page 33, line 20.
Following: "of"
Insert: "taxes levied on"

17. Page 33, line 22.
Strike: "taxes levied"

18. Page 34, line 10.
Following: "of"
Insert: "taxes levied on"

19. Page 34, line 11.
Strike: "taxes levied"

20. Page 35, line 15.
Following: "of"
Insert: "taxes levied on"

21. Page 35, line 16.
Strike: "taxes levied"

22. Page 35, line 23.
Following: "of"
Insert: "taxes levied on"

23. Page 35, line 25.
Strike: "taxes levied"

24. Page 36, line 5.
Following: "of"
Insert: "taxes levied on"

25. Page 36, line 7.
Strike: "taxes levied"

26. Page 36, line 21.
Following: "of"
Insert: "taxes levied on"

27. Page 36, line 22.
Strike: "taxes levied"

28. Page 37, line 10.
Following: "of"
Insert: "taxes levied on"

29. Page 37, line 11.
Strike: "taxes levied"

30. Page 38, line 18.
Following: "of"
Insert: "taxes levied on"

31. Page 38, line 19.
Strike: "taxes levied"

-END-

HOUSE OF REPRESENTATIVES

TAXATION **COMMITTEE**

ROLL CALL VOTE

DATE 12/10/93 **BILL NO.** HB 51 **NUMBER** 1

MOTION: by Rep. Feland to adopt amendments to HB 51

NAME	AYE	NO
REP. FOSTER	✓	
REP. HARRINGTON		
REP. ANDERSON	✓	
REP. BOHLINGER	✓	
REP. DOLEZAL		✓
REP. DRISCOLL		
REP. ELLIOTT		✓
REP. FELAND	✓	
REP. HANSON	✓	
REP. HARPER		✓
REP. HIBBARD	✓	
REP. KELLER	✓	
REP. McCAFFREE		✓
REP. McCARTHY		✓
REP. NELSON	✓	
REP. ORR	✓	
REP. RANEY		✓
REP. REAM		✓
REP. TUNBY	✓	
REP. GILBERT	✓	

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 12/10/93 BILL NO. HB 51 NUMBER 2

MOTION: by Rep. Anderson to amend HB 51

NAME	AYE	NO
REP. FOSTER	✓	
REP. HARRINGTON		
REP. ANDERSON	✓	
REP. BOHLINGER	✓	
REP. DOLEZAL		✓
REP. DRISCOLL		
REP. ELLIOTT		✓
REP. FELAND	✓	
REP. HANSON	✓	
REP. HARPER		✓
REP. HIBBARD	✓	
REP. KELLER	✓	
REP. McCAFFREE		✓
REP. McCARTHY		✓
REP. NELSON	✓	
REP. ORR	✓	
REP. RANEY		✓
REP. REAM		✓
REP. TUNBY	✓	
REP. GILBERT	✓	

EXHIBIT 1
DATE 12/10/95
SB 18

Proposed Incentives

To Attract Capital Investment

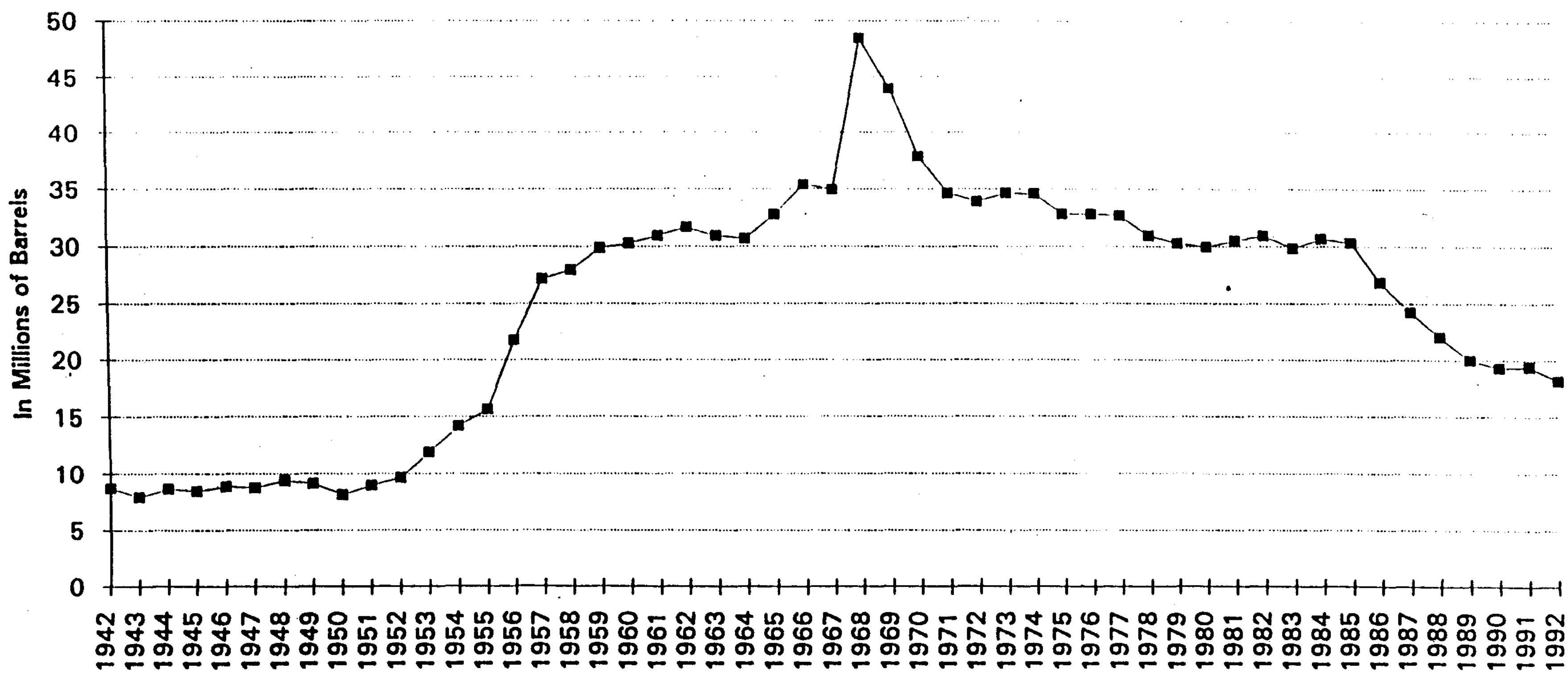
In Montana

For

New Drilling And

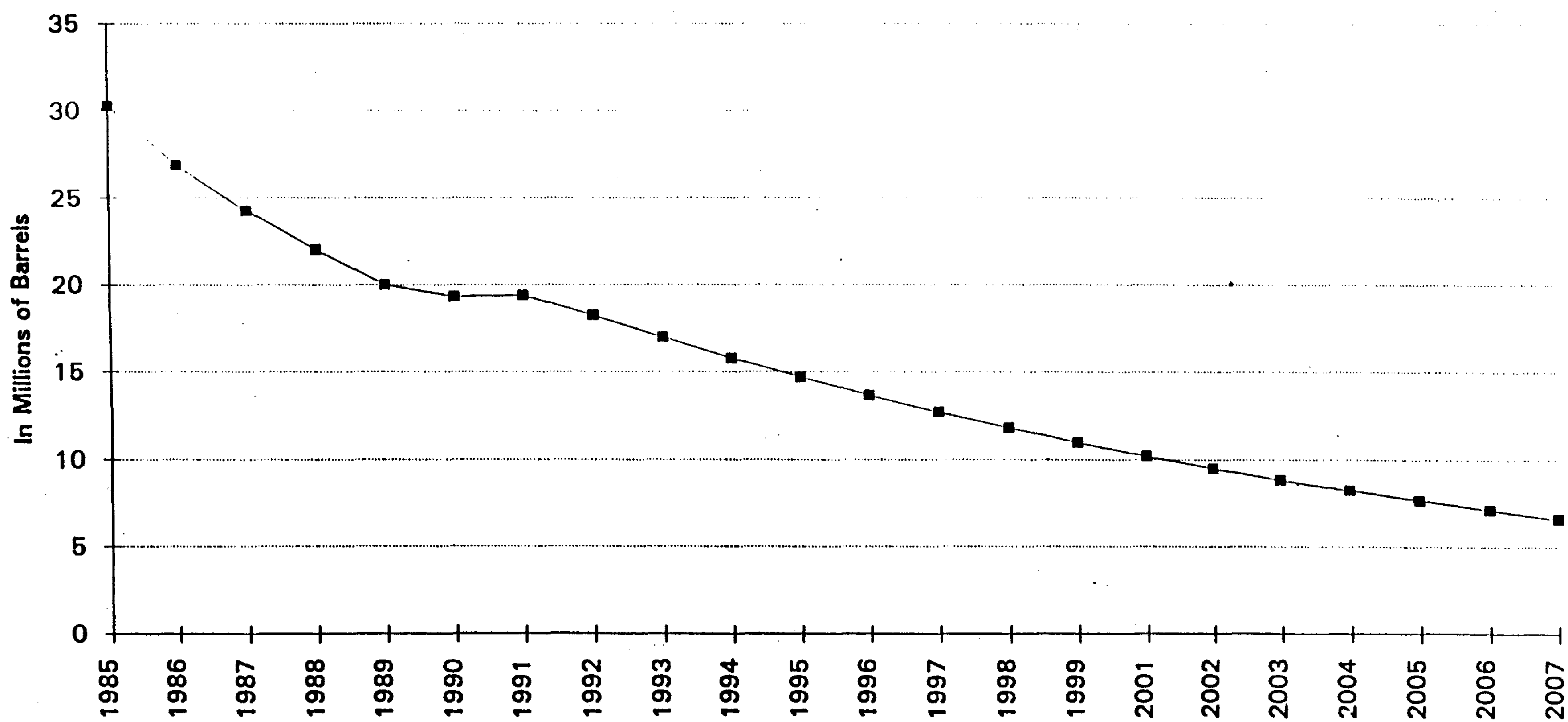
Enhanced Oil Production

MONTANA TOTAL CRUDE OIL PRODUCTION



12-10-93
SB 18

MONTANA OIL PRODUCTION DECLINE PROJECTION



A PROPOSAL FOR MONTANA

- An extension of the current Net Proceeds Tax holiday from 12 to 18 months for horizontal well production from wells drilled after January 1, 1994. This incentive would encourage the drilling of these very expensive and risky wells. New vertical wells drilled after January 1, 1994, would continue to receive the current 12 month holiday.

- A reduction in the Local Government Severance Tax rate or the Net Proceeds Tax, whichever is applicable from 8.4% or 7%, respectively, to 5.0% on the incremental increase in production from new or expanded secondary recovery projects effective January 1, 1994, and a reduction in the State Severance Tax from 5.0% to 3.0% on this production.

- A reduction in the Local Government Severance Tax rate or the Net Proceeds Tax rate, whichever is applicable, from 5.0% or 7%, respectively, to 3.30% on the incremental increase in production from new or expanded tertiary recovery projects effective January 1, 1994, and a reduction in the State Severance Tax from 2.5% to 2.0% on this production.

12-10-93
SB 18

Montana tax rates on OIL production:

	From wells drilled prior to July 1, 1985		From wells drilled after to July 1, 1985	
	CURRENT	PROPOSED	CURRENT	PROPOSED
Severance	5.00%	5.00%	5.00%	5.00%
Secondary	5.00%	3.00% *	5.00%	3.00% *
Tertiary	2.50%	2.00% *	2.50%	2.00% *
RITT	0.50%	0.50%	0.50%	0.50%
Privilege & License	0.20%	0.20%	0.20%	0.20%
LGST	8.40%	8.40%		
Secondary	8.40%	5.00% *		
Tertiary	5.00%	3.30% *		
Strippers	5.00%	5.00%		
Non-working int.	12.50%	12.50%		
Net Proceeds **			7.00%	7.00%
Secondary			7.00%	5.00% *
Tertiary			7.00%	3.30% *
TOTALS (working int.)				
Oil: Regular	14.10%	14.10%	12.70%	12.70%
Secondary	14.10%	8.70% *	12.70%	8.70% *
Tertiary	8.20%	6.00% *	10.20%	6.00% *
Stripper	10.70%	10.70%	12.70%	12.70%
All new wells:				
First 12 months of production, total rate:			5.70%	5.70%
Subsequent production, total tax rate:			12.70%	12.70%
New horizontal wells				
Months 13-18 of production, total rate:			12.70%	5.70% *
Subsequent production, total tax rate:			12.70%	12.70%

Tribal royalties are exempt from taxation.

This chart does NOT include the various 7% surtax approved by the 1992 special session. The surtax applies to state severance, LGST, RITT and privilege and license taxes for one year of production. The production year and tax year varies with each tax.

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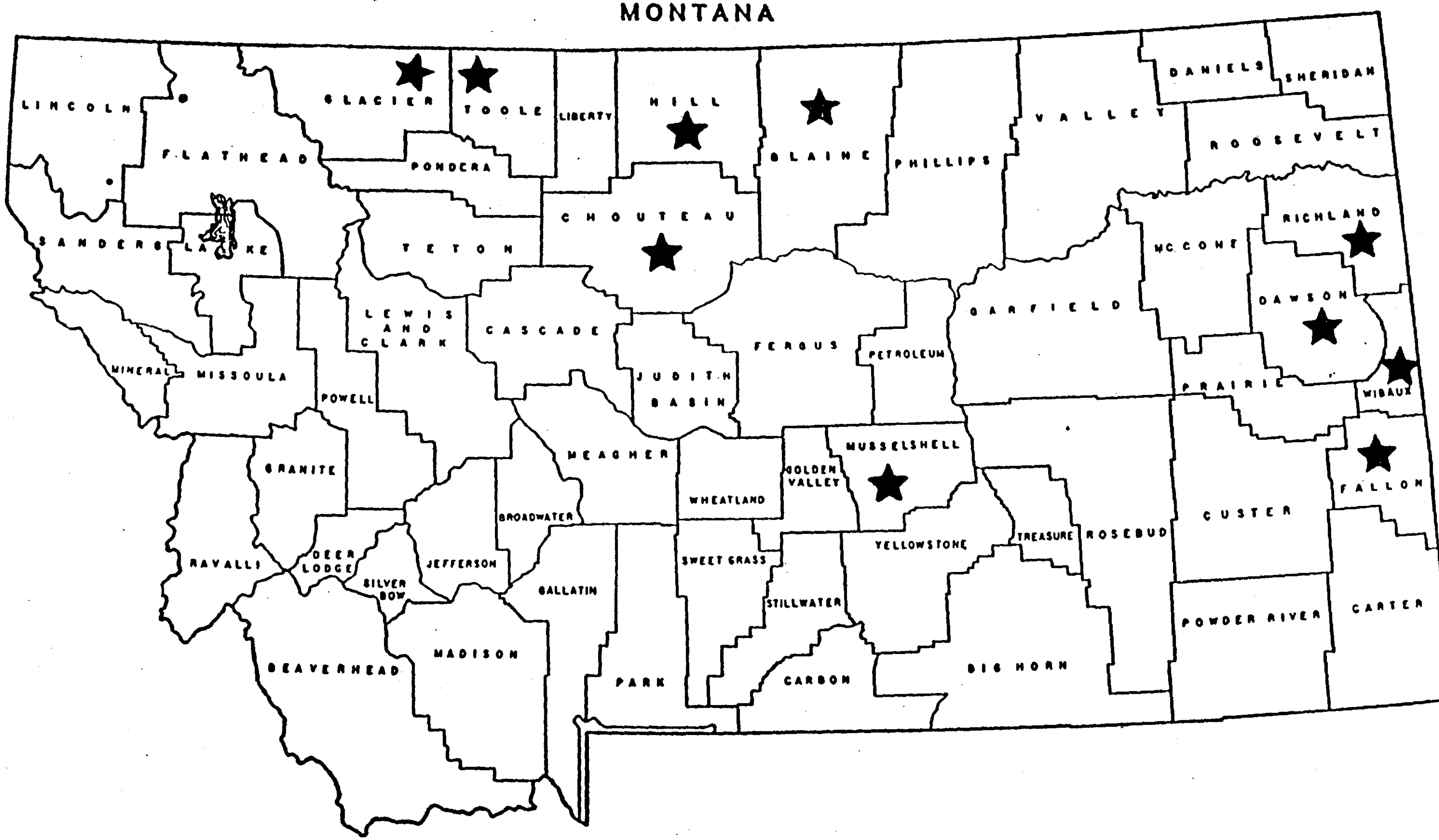
* Denotes change from current

** The net proceeds tax on post-1985 wells is actually a flat rate on gross, but is still codified as net proceeds. New wells receive holiday from net proceeds tax for initial production as follows:

a. first 12 months for conventional vertical completions
b. first 18 months for horizontal completions

MONTANA



LINCOLN
FLATHEAD
GLACIER
TOOLE
LIBERTY
HILL
BLAINE
PHILLIPS
VALLEY
DANIELS
SHERIDAN
ROOSEVELT
PONDERA
SANDERS
LAKE
TETON
CHOUTEAU
RICHLAND
MC CONE
GARFIELD
DAWSON
LEWIS AND CLARK
CASCADE
FERGUS
PETROLEUM
MINERAL
MISSOULA
JUDITH BASIN
PRAIRIE
WIBAUX
POWELL
MEAGHER
MUSSELSHELL
GRANITE
GOLDEN VALLEY
WHEATLAND
FALLON
BROADWATER
CUSTER
TREASURE
ROSEBUD
YELLOWSTONE
RAVALLI
DEER LODGE
JEFFERSON
SWEET GRASS
SILVER BOW
GALLATIN
STILLWATER
POWDER RIVER
CARTER
MADISON
BEAVERHEAD
PARK
CARBON
BIG HORN

12-10-93
SB 18

COMBINED
MERIDIAN OIL INC. and
SHELL WESTERN E & P

MONTANA
PROPOSED CAPITAL DEVELOPMENT
AND
PROJECTED WELL COMPLETIONS

YEAR	INVESTMENT ($ MILLIONS)	# WELLS COMPLETIONS
1994	$ 22.450	22
1995	36.150	35
1996	30.750	31
1997	28.500	28
1998	23.500	22
	$ 141.350	138

ANNUAL PROJECTED INCREASED REVENUES FROM PROPOSED INCENTIVES

Year	State Taxes	Royalties	Local Taxes	Total
1994	$507,562	$120,088	$259,225	$886,875
1995	$1,261,036	$417,273	$738,229	$2,416,538
1996	$1,978,075	$739,284	$1,547,693	$4,265,052
1997	$2,578,146	$1,019,929	$2,326,625	$5,924,700
1998	$3,057,702	$1,216,401	$2,977,044	$7,251,147
1999	$3,087,210	$1,158,280	$3,598,782	$7,844,272
2000	$2,846,699	$1,020,804	$3,729,774	$7,597,277
2001	$2,684,843	$945,100	$3,516,449	$7,146,392
2002	$2,559,730	$897,074	$3,352,432	$6,809,236
2003	$2,457,185	$865,081	$3,216,195	$6,538,461
2004	$2,366,215	$843,472	$3,061,656	$6,271,343
2005	$2,261,140	$828,439	$2,960,025	$6,049,604
2006	$2,189,991	$817,122	$2,726,748	$5,733,861
2007	$2,019,209	$807,569	$2,644,831	$5,471,609
2008	$1,918,397	$798,133	$2,504,057	$5,220,587
2009	$1,657,331	$760,226	$2,161,212	$4,578,769
2010	$1,360,131	$722,125	$1,802,620	$3,884,876
2011	$1,102,545	$685,931	$1,468,421	$3,256,897
2012	$874,211	$651,552	$1,172,906	$2,698,669
2013	$779,232	$618,901	$1,048,532	$2,446,665
2014	$739,247	$587,891	$1,046,348	$2,373,486
2016	$739,457	$558,430	$984,809	$2,282,696
2018	$774,181	$583,494	$1,033,707	$2,391,382
2020	$839,665	$655,161	$1,123,876	$2,618,702
2022	$891,893	$713,379	$1,195,909	$2,801,181
2024	$894,348	$734,024	$1,162,628	$2,791,000
2026	$755,129	$645,624	$1,006,548	$2,407,301
2028	$506,250	$433,156	$684,122	$1,623,528
2030	$290,968	$241,448	$393,201	$925,617
2032	$104,343	$81,350	$141,005	$326,698
Total	$46,082,071	$21,166,741	$55,585,609	$122,834,421

SUMMARY

- NO DECREASE IN TAX REVENUES FROM PRESENT OR FUTURE PRODUCTION ON EXISTING WELLS

- TAX INCENTIVES APPLY ONLY TO NEW OR ENHANCED PRODUCTION FROM NEW CAPITAL INVESTMENT AFTER DECEMBER 31, 1993 AND BEFORE JANUARY 1, 2002

- APPROXIMATELY 138 NEW WELLS WITH OVER $140 MILLION IN CAPITAL INVESTMENT

- NEW STATE AND LOCAL TAX REVENUES IN EXCESS OF $122 MILLION OVER LIFE OF NEW WELLS

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SB 18

- **INCREASE "TAX HOLIDAY" ON HORIZONTAL WELLS FROM 12 TO 18 MONTHS**

- **REDUCTION IN TAX RATES FOR NEW AND ENHANCED SECONDARY RECOVERY**

- **REDUCTION IN TAX RATES FOR NEW AND ENHANCED TERTIARY PRODUCTION**

12-10-93
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Meridian Oil Inc.

Presentation to the Montana Legislature

1993 Special Legislative Session

Meridian Oil Inc. is one of Montana's most active oil and gas developers and is anxious to increase its level of activity in this state. These materials are presented to encourage additional assistance from Montana to make several Montana projects economically viable.

There are two areas of particular interest. First, we want to discuss the technology and risks associated with horizontal drilling, a technology in which Meridian has been (and continues to be) an industry leader. Hopefully, you may better understand then why Meridian believes that an extension of the "tax holiday" for new horizontal wells is justified. Second, we want to share with you some of our plans for new drilling activity in Montana that we anticipate will occur if the Legislature passes the incentives for new and enhanced oil production.

Meridian believes that these incentives will encourage capital spending, will increase production and will increase revenues for the state of Montana.

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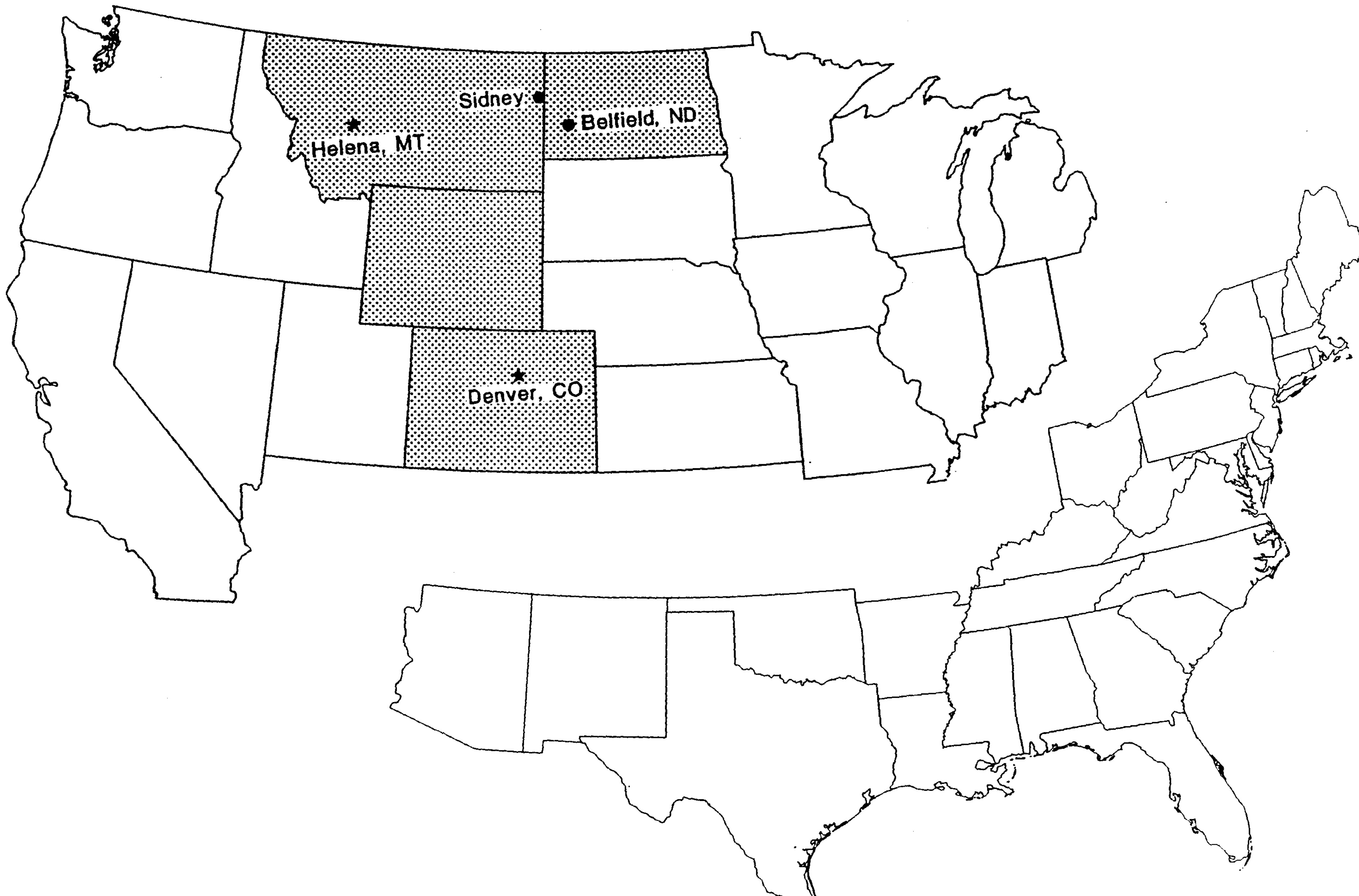
Meridian is an active Montana producer and we are currently the largest independent oil and gas company in the United States in terms of total domestic proven reserves (of 6 Trillion Cubic Feet Equivalent - TCFE).

Given an acceptable economic climate, we estimate that Meridian and Shell could spend a combined $140 MM in Montana during the next 5 years. Estimated revenues to the state of $123 MM would be generated from increased production volumes. Furthermore, the proposed incentives would not impact current revenues, only new or enhanced production.

MERIDIAN OIL
DENVER REGION



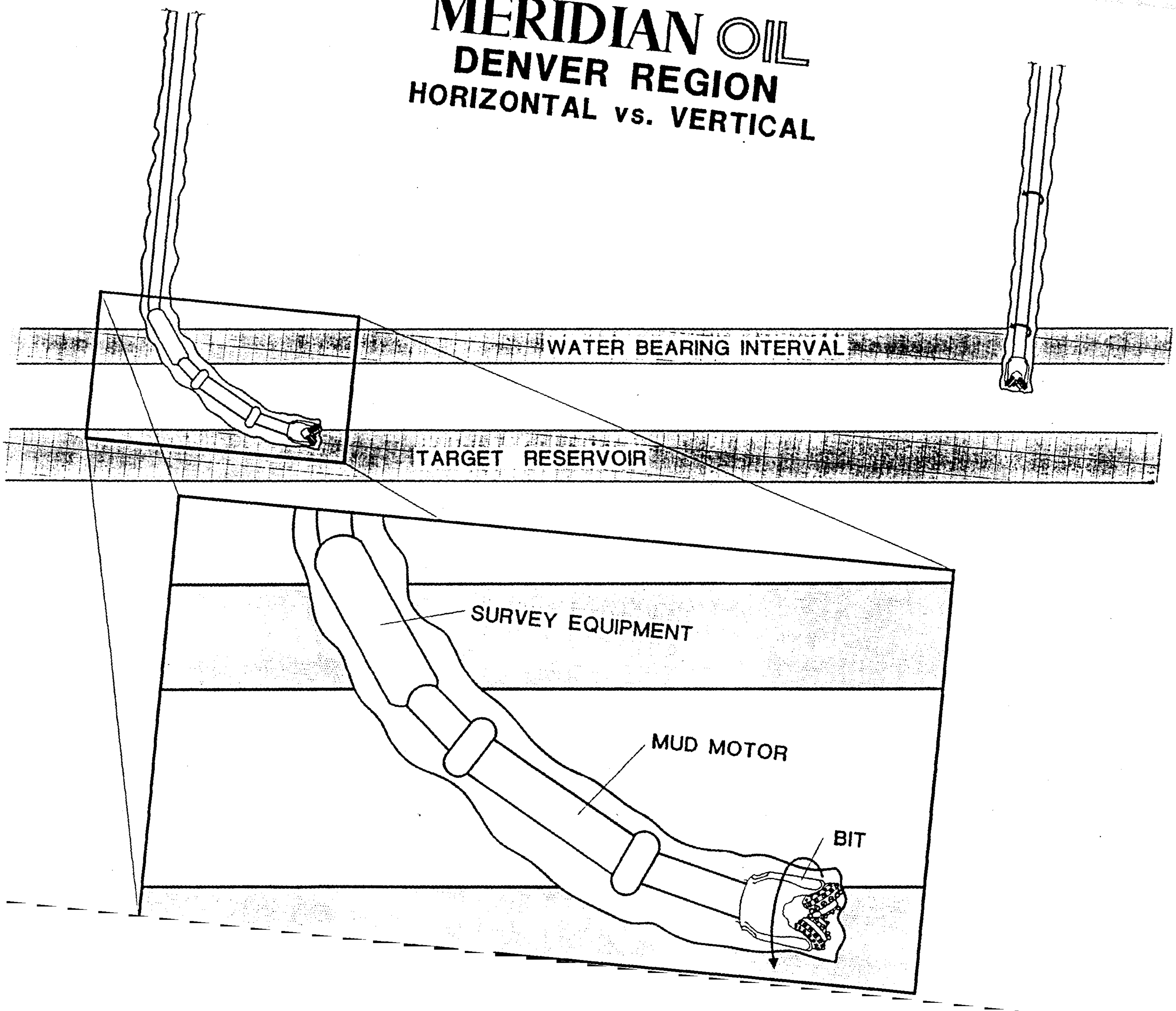
By way of background, exhibit 1 shows that the Denver Region covers a large geographic area from Indiana to the West Coast. However, our historical focus has been in the Rocky Mountain area. Four states, North Dakota, Wyoming, Montana and Colorado account for 93% of our 15,500 barrels of oil and 28 million cubic feet of gas production per day. Additionally, over $41 MM or 95% of our 1993 capital program will be employed in these states.

Our Production offices responsible for the operation of our Montana and North Dakota properties are located (as shown) in Sidney, Montana and Belfield, North Dakota. Upon completion of our 1993 drilling program, we will have drilled 34 new wells in the Sidney-Belfield area. Seven of these are located in Montana. 27 are located in North Dakota.

Three/fourths of our 1993 Sidney-Belfield wells will be drilled horizontally, with 7 out of the total 25 horizontal wells located in a pilot project in Montana.

We have requested that our Board of Directors approve increased levels of capital throughout the Denver Region for 1994. If approved, this would result in a 50% increase over our current year budget. We have proposed 51 new wells (as compared to the 34 in 1993) in the Sidney-Belfield area. We maintain the ability to reallocate capital within this area, as well as throughout the Denver Region, based on the relative economic success of the wells.

MERIDIAN OIL
DENVER REGION
HORIZONTAL vs. VERTICAL



I would like to now discuss some of the specifics of horizontal drilling technology and explain why the application of this technology is both more expensive and more risky than traditional vertical well drilling. The second exhibit depicts a horizontal well drilled in an oil or gas reservoir and a well drilled vertically through the same zone.

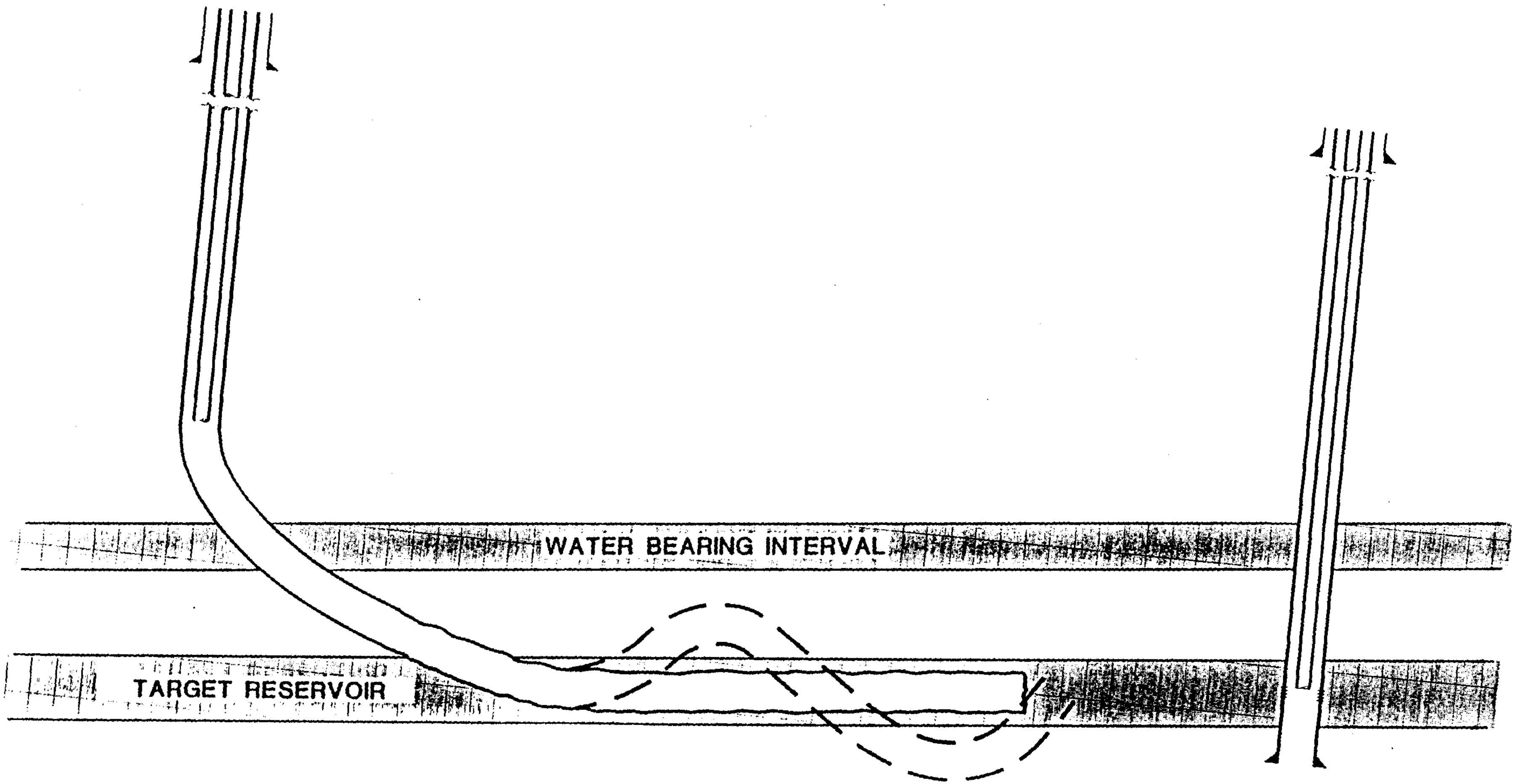
The exhibit shows that the downhole equipment utilized to drill a vertical well consists of straight steel tools that simply provide the necessary weight for the bit to drill. The entire drill string is rotated from the surface and the bit "naturally" drills vertically.

Drilling horizontally requires that the bit be "steered" into the target reservoir. The process requires downhole tools to continuously survey the location of the bit and the path of the wellbore. The horizontal bottom-hole drilling assembly also contains a bend. A downhole motor, located below this bend, is required to rotate the bit. Although I have greatly simplified the downhole tool description, this basic design allows us to "steer" the bit in the objective reservoir.

MERIDIAN OIL

DENVER REGION

HORIZONTAL vs. VERTICAL



The challenges associated with horizontal projects are great. Reservoirs must be accurately mapped in order to both hit the objective formation and to remain in the targeted zone. As diagrammed in Exhibit 3, drilling "in zone" is particularly difficult in thin reservoirs of less than 5-10'. Once in the horizontal portion of the wellbore, there remains a higher probability that the costly bottom hole drilling assemblies will be stuck or even lost in the hole.

As an example, I would like to review the problems that we experienced while drilling a horizontal well in 1988 in southeast Montana. The downhole tools became stuck while drilling in the horizontal portion of the wellbore. Seven days were lost attempting to recover the stuck tools, setting a cement plug and drilling around the lost tools. The total cost of the problem exceeded $350M, which included $200M for the lost downhole equipment. These costs are significant when you consider that the cost of a problem-free well in this area is approximately $1MM.

Open-hole logging procedures are more complicated since the wireline conveyed tools will not gravity fall to the end of a horizontal wellbore. These technical challenges are not unique to the drilling operations. Difficulties are frequently encountered during the completion and production phase of the horizontal projects. Problems are commonly associated with running and cementing production casing, perforating the casing, stimulating the reservoir and (like in the open hole case) conducting logging operations.

EXHIBIT 2
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Industry reports of the increased time and cost of these procedures vary widely. Costs of 2-3 times that of offset vertical wells have been reported. We have been drilling horizontal wells in the Meridian Denver Region since 1987. Our experience has demonstrated that drilling wells horizontally as opposed to vertically results in:

50% to 100% increase in our daily drilling cost

50% to 100% additional drilling time - and -

25% to 50% of additional footage drilled in the horizontal portion of the wellbore.

In spite of these higher costs, the industry has attempted horizontal wells worldwide in a variety of oil and gas reservoirs. The economic viability of the projects has also varied significantly. A number of horizontal attempts have been economic failures.

Within Meridian, horizontal projects have experienced mixed economic results. As of August of this year, Meridian has drilled 218 horizontal wells. The wells were drilled in 22 pilot project areas, testing different geologic formations that produce both oil and natural gas.

In total, we consider the effort to be economically successful and we are quite pleased with our overall horizontal program. We can demonstrate this by pointing out that over 80% of these 218 horizontal wells have been drilled in the development of successful pilot programs. However, all these development wells were drilled in just 3 of the total 22 horizontal programs that have advanced beyond the pilot phase. The remaining 19 pilot projects, including our proposed Montana projects, are still in the evaluation stage and have not proven economically attractive enough to merit further development.

We feel that the mixed success rates reported by industry and these results within Meridian, demonstrate the marginal economic nature of most attempts at horizontal drilling. Therefore, any incentives to drill these risky and costly horizontal wells would be well received by the industry.

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I would now like to discuss our proposed Montana drilling program to demonstrate both the risk and extent of what we are currently considering. I will focus on our East Lookout Butte horizontal pilot in southeast Montana. The project is near the Shell operated Pennel Unit on the east flank of the Cedar Creek anticline, as shown on Exhibit 4.

The project was initiated in 1988 when Meridian drilled 5 horizontal wells, attempting to achieve higher producing rates than the low rates of the existing vertical wells in the area. Even though higher rates were achieved, the wells were still marginally economic due the increased cost of the horizontal wells. In the same year, Meridian initiated a one year pilot water flood by injecting brine water into a single vertical well. We then requested and were granted extensions of the pilot water flood by the Board of Oil and Gas Conservation in 1989, 1990 and 1992. This project had been in a producing and evaluation phase then for 4 years until the beginning of 1993. This year, we expanded this pilot project by drilling 7 new horizontal wells.

We were able to justify these new wells primarily because of cost savings and efficiencies that we had gained from horizontal experience throughout our company during that 4 year period. The economic results of these 7 wells will impact our decision to move forward with the full project development of 70 wells in the East Lookout Butte project over the next 5 years. Due to current depressed oil price of less than $15/bbl in the area, these wells also appear marginally economic in spite of lower drilling costs than the 1988 program.

The results of the horizontal drilling attempts industry-wide, throughout Meridian and in our East Lookout Butte project, all demonstrate the marginal economic nature of horizontal wells.

Factors that effect the economics of horizontal projects are oil price, drilling and production costs, production rate and others such as the taxes that we are discussing today. Most of these variables are beyond our control. The proposed incentives, however, are variables that the state can influence.

Implementing the proposed horizontal drilling and enhanced oil recovery incentives would positively impact the East Lookout Butte pilot program, as well as the other Montana projects that Meridian has under consideration for 1994 and succeeding years. The economics of horizontal wells drilled in the area would be improved to the point that the project would compete favorably for capital with other projects within the Denver Region and throughout Meridian.

Provided that we are able to economically justify moving forward on this and other similar projects, we estimate that Meridian could drill up to 107 wells in the State of Montana over the next 5 years at a capital cost in excess of $113 MM. With an average of 44 direct employees per drilling operation and with at least 2 drilling rigs operating full time for the next five years, we believe that the drilling activity alone will substantially add to the Montana economy. We estimate that annual salaries of approximately $3.4 MM per year would be paid to approximately 88 employees directly supporting the 2 drilling operations.

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I encourage you to strongly consider the proposed incentives for horizontal drilling and enhanced oil recovery projects. I believe that the incentives will serve to induce new, significant capital spending in Montana and will ultimately result in increased production and increased revenues for the state.

I appreciate the opportunity to discuss these issues with you and I welcome any questions that you may have for me today.

EXHIBIT
DATE 12/11/93
SB 18

BRIEF COMMENTS AND STATISTICS SUPPORTING SENATE BILL 18

1. What are the tax incentives contained in Senate Bill 18?

(a) New vertical wells now receive a 12-month holiday from payment of the Net Proceeds Tax. This bill extends that tax holiday to 18 months for new horizontal wells. Vertical wells would continue to receive the 12-month holiday. The extension of this holiday recognizes the substantial increased costs of drilling for horizontal wells.

(b) For secondary recovery projects--a reduction in the Local Government Severance Tax or the Net Proceeds Tax, whichever applies, from 8.4% or 7%, respectively, to 5% on the incremental increase in production from new or expanded secondary recovery projects. The state severance tax would be decreased from 5% to 3% on this same type of production.

(c) For tertiary recovery projects--a reduction in the Local Governments Severance Tax or the Net Proceeds Tax, whichever applies, from 5.0% or 7.0%, respectively, to 3.30% on the incremental increase in production from new or expanded tertiary recovery projects. The State Severance Tax would be decreased from 2.5% to 2.0% on this same type of production.

2. Are the tax rates on existing production decreased?

No. This bill has no effect whatsoever on present or future revenue flow from oil and gas now being produced. Regular tax rates will continue to be assessed and paid on the normal rate of future production on oil now being produced.

3. Is there a "sunset" for the reduced tax rates established in Senate Bill 18?

Yes. The tax incentives contained in Senate Bill 18 will only be applicable on new horizontal wells or on new incremental production from secondary or tertiary recovery projects which are commenced between December 31, 1993, and January 1, 2002. After January 1, 2002, the tax incentives would not be effective and applicable on projects commenced or wells started after that date.

4. Is there any price "cap" on the price of oil which, if reached, would terminate the applicability of the incentive tax rates?

Yes. If the price of benchmark West Texas crude oil should average $30.00 or more per barrel for any calendar quarter, the incentive tax rates would not be applicable. If the price of such oil should average less than $30.00 per barrel for any subsequent calendar quarter, the incentive tax rates would again be applicable.

5. **Will the incentive tax rates result in the collection of more and new tax revenues?**

Yes. Meridian Oil, Inc. and Shell Western E & P, Inc. estimate that the increased production realized from the projects they contemplate commencing will result in the collection of a total $122,834,421 in increased state and local taxes, as well as royalties received by the state from production on state lands over the 30-year period of the expected life of production from the projects.

Specifically, the figures are:

State taxes --	$ 46,082,071
Local taxes --	$ 55,585,609
Royalties --	$ 21,166,741
Total --	$122,834,421

6. **How many wells do Meridian and Shell believe they will drill if Senate Bill 18 is approved?**

Approximately 138 over a five-year period.

7. **What will be the cost of the proposed development program?**

Approximately $141,350,000 over a five-year period.

8. **Is oil production declining in Montana?**

Yes. It is declining at the approximate rate of 7% per year. This decline will continue unless something is done to generate new production.

Oil production in Montana peaked at approximately 48 million barrels during the year 1968. It has declined to approximately 18 million barrels in 1992.

There has been a commensurate reduction in tax and royalty revenues received by state and local governments during that time.

9. **What is the total cumulative effect of the tax reductions contained in Senate Bill 18 on new incremental production and/or new horizontal wells?**

The tax rates on new incremental production from secondary or tertiary recovery projects are decreased from present levels by approximately 28%. This only applies to new incremental production. The tax rates on new production received from horizontal wells engaged in primary production only would continue to be those rates now charged after the 18-month holiday from payment of the Net Proceeds Tax has expired.

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10. If these incentives are adopted, how will they compare with what is available form North Dakota and Wyoming?

Using current effective rates of tax on Meridian Oil operated leases in North Dakota and Wyoming, our tax department has determined that the adoption of these incentives will result in effective rates of tax in Montana approximately 1.8% higher than North Dakota and 3.96% lower than Wyoming for secondary recovery. For tertiary projects, the tax rate in montana would be approximately 1% higher than North Dakota and 5.61% lower than Wyoming. For primary production from horizontal wells, the proposed effective tax rate in Montana would be approximately .9% higher than North Dakota and 1.16% lower than Wyoming.

Our analysis leads us to conclude that the adoption of the proposed incentives will result in tax treatment of these types of production in Montana being very competitive with comparable tax treatment in North Dakota and Texas and represents a significant advantage over that imposed in Wyoming.

11. Why should this legislation be addressed now? Why can't it wait until the 1995 regular session of the legislature?

Shell Western E & P, Inc. must promptly make decisions regarding the future of its Cedar Creek Anticline operations in eastern Montana. The field was started in 1951. Shell commenced water flood secondary recovery operations about 30 years ago. About 30% of the oil in place has been produced. Much of the infrastructure in the field is aging. Shell must promptly repair and replace that infrastructure and in so doing must expand the enhanced recovery operations to endeavor to produce as much of the remaining oil as possible. Decisions on the future of these operations must be made now if maximum recovery of the remaining oil in place is to be attained. Shell cannot wait for 1½ or 2 or 2½ years to make these decisions. The project is economically marginal at best, and thus the tax incentives will play a large part in the decisions which Shell will make in early 1994 regarding the future of the Anticline operations.

In Meridian's case, that company has been conducting pilot drilling operations in eastern Montana for a number of years. Results have been encouraging but not spectacular. However, there are many positive indications that lead Meridian to believe that a substantial horizontal drilling program could be relatively successful, but the drilling projects are economically marginal. Meridian has some capital available at this time for investment. The Montana projects must be considered against projects in other states that have more positive economic indications. The tax incentives would allow the Montana projects to rank economically with or slightly above the others. While Meridian's investment capital has been allocated for 1994, funding may not again be available for Montana projects for some years into the future. Thus, Meridian must make decisions on the Montana drilling program promptly.

Both companies intend that operations would start in early 1994.

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12. **What are the positive aspects of Senate Bill 18?**

Passage of Senate Bill 18 would:

(1) provide new revenues in future years, even beyond this biennium, without the institution of a tax increase;
(2) would inject new investment into the state to stimulate economic development; and
(3) would do so without jeopardizing current and future revenues from existing production.

PREPARED AND CIRCULATED BY

Jerome Anderson
Representing
Shell Western E & P Inc.

Stanley T. Kaleczyc
Representing
Meridian Oil Inc.

EXHIBIT 7
DATE 12/10/93
SB 18

TESTIMONY OF R. E. SHEFFIELD
SHELL WESTERN E&P INC., HOUSTON, TX
IN SUPPORT OF LEGISLATION TO ENCOURAGE
HORIZONTAL DRILLING AND ENHANCED OIL PRODUCTION

#1 My name is Bob Sheffield. I am Western Asset Technical Manager for Shell Western E & P Inc., based in Houston, Texas. SWEPI, as we are sometimes called, explores for and produces oil and gas in the US. We have operations stretching from Florida to Alaska. My territory in the Western Asset stretches from West Texas and New Mexico up the Rockies to Montana and on into Alaska. In my position I am responsible for technical review of all new projects and preparation of our capital budgets.

#2 Shell is the largest oil producer in Montana, accounting for about 30 percent of the 20 million barrels produced here every year. We first discovered oil in Montana in 1951 near Glendive. This is in what's known as the Cedar Creek Anticline, a prolific formation running nearly 100 miles from Glendive through Baker and across the state line down into North Dakota. At the height of our development, in the late 50s and early 60s, there were times that we had as many as 16 drilling rigs operating in our field in Eastern Montana. We had major offices in #3 Billings and Glendive and five field offices. Production peaked in 1964 at 39,000 barrels of oil per day. At this time we had about 60 Shell employees in Montana and also employed several hundred contract service personnel. Although our oil production has been gradually declining, we have been working hard to reduce this decline and prolong the productive life of the field.

Currently we produce more than 16,000 barrels of oil a day from 460 wells. We operate nearly 200 water injection wells, three gas conditioning facilities and 50 field locations with a total investment of $350 million. We now have about 50 employees in Montana and pay $14 million a year in taxes. These tax payments have been steadily declining as our oil production has declined.

#4

Although we pay a variety of taxes on our oil production, they basically work the same way. You take the tax rate and multiply it times our production volume and the price of crude oil. The combined Montana tax rate of about 12.7 percent is the highest oil & gas tax rate of any state that we operate in. The taxes we pay to Montana have been falling because both our production volume and crude prices have been falling.

#5

I would like to briefly discuss some basics of oil production, especially defining the waterfloods that we use extensively now in the Cedar Creek Anticline. The first phase of production is what we call <u>Primary Production</u> where we produce the oil with pumping units simply relying on the natural pressures of the formation. This continued for about 10 years in our field and we were able to recover 15-20 percent of the oil originally inplace. Production would have declined rapidly and we would have sold or abandoned the field by now if we had not taken action to supplement natural reservoir pressures.

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#6 The action we took to stop the production decline was implementing Secondary Production, which in the case of this field is a waterflood. As the name implies, in this method we pump water back into the producing part of the field -- usually brine or salty water that is produced with the oil or from deep brackish formations. The water is pumped into the oil producing formation to help maintain the original pressure that drives the oil through the rocks to the producing wells.

It is very difficult to produce all of the oil in your existing formations. We have now been on Secondary Production for 30 years and have produced approximately 30 percent of the oil originally in place. We have invested $100 million in waterflood equipment, including pumps, flowlines, water handling and storage tanks, and a great deal of electrical equipment to keep it all working. Our electricity bill alone is about $400,000 a month! The added cost of a waterflood has to be justified by the added production you can get.

#7 The third step in recovering additional oil is Tertiary Production. This is a much tougher economic decision. The oil left behind by the waterflood is the hardest to produce. In the mid '80s, we considered injecting CO_2 into our formation. We actively lobbied this Legislature for tax incentives to make this economically feasible. We said at the time that the economic feasibility for this proposed project was based upon crude prices of $27 per barrel. The project was not carried out because shortly after the tax incentive was passed by the Legislature, #8 oil prices plummeted drastically, to nearly $10 per barrel, making it economically impossible to carry out the project. CO_2 is one of the most widely used Tertiary Production techniques. Others include chemicals such as polymers and surfactants and even steam. In most cases, this third phase is significantly more expensive. At the current average price of $12.50 a barrel for Montana oil, it is very difficult to justify the investment required. However, there are some operators who are considering tertiary projects right now.

#9

The oil industry has changed dramatically in the 40 years that Shell has been in Montana. During this time, the combination of the US government restricting exploration in many prime areas and this cost/price squeeze has forced many large US oil companies to look elsewhere for new opportunities. Many have taken their exploration efforts overseas. Those of us who remain dedicated to the US have had to work smarter. Yes, like many industries, we have had to trim costs, including laying off employees. My company has cut back over 20 percent in the last few years.

We have also invested heavily in new technology. First, most of our existing wells are all monitored electronically, so that we know exactly how each well is doing from a computer screen in the office. Next, we have taken the newest exploration tool -- three dimensional or 3D seismic -- and have used it extensively throughout the Cedar Creek Anticline. Much of this work was done in the late 80s. Now, we have interpreted that seismic and are attempting to further develop the area. For the past few years we have been drilling north of Baker in the Pine, Pennel and Cabin Creek areas.

#10

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#11 As we move southeast in the Pennel Unit, the rock quality tends to deteriorate, making oil production more difficult. This picture shows well density in our Pennel Unit. You can see more wells in the north and more open spaces in the south. As the rocks thin out in the south and east, we cannot justify the cost of the many traditional vertical wells it would take to produce this. So we have experimented with horizontal wells that, while much more expensive, could economically recover the oil

#12 in this poorer part of the field. To date, our tests have been encouraging.

Let me show you a simplified chart of our Cedar Creek Anticline and how it responds to the kind of expanded water flood we are discussing. This

#13 curve represents a normal production cycle, with production gradually falling off as years go by. The Cedar Creek Anticline is 40 years old and we are well into the later stages of production. The tax incentives we are proposing are to make expansion economically feasible. By drilling additional horizontal wells we plan to expand production and extend to life of this field. Without this additional investment, we expect this field to become uneconomic soon after the turn of the century. With this additional phase of investment, we think we can add another seven years to the field's life. Please note that the normal expected production, shown in blue, will be taxed at the current rates. It is only the incremental - or added production - shown here in red, that is taxed at the lower rates we are suggesting.

We are now prepared to move forward with a $25-30 million program of at least a dozen horizontal wells and perhaps 20 traditional vertical wells.

over the next several years. If these are economically successful, we would probably find other locations in our field to drill horizontal wells in a second phase of this effort. We hope this first phase will add nearly 4,000 barrels of oil to our current daily production of 16,000 barrels and 11 million barrels to the ultimate recovery of this field. Over the next 15-20 years we estimate that this investment will generate $13-15 million in additional tax revenues to the state and local communities. That's new revenues above and beyond the taxes we pay on our current production. What's more, the tax incentives will help us extend the life of the field, which helps extend the jobs this field generates -- jobs for Shell employees and many others in the community.

#14

We are currently evaluating the results from our second horizontal well, the total costs involved and the relative earning power of these wells as compared with other possible investment opportunities in other parts of my territory. When we first start in the budgeting process, there are always several "sure things" that are easy to approve. Then, as you review other projects you reach a group of investments that are closely competitive and "marginal" in a sense that they all just meet our investment criteria. These Montana wells are like that. They are sitting on an economic bubble, or the outer limits of our 1994 budget. By that I mean they are generally the most marginal of the many new projects that we are considering. However, when you factor in the new, lower taxes we are discussing, these projects improve their rate of return and "beat out" the other "marginal" projects.

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So I am here today proposing that the State of Montana consider economic incentives for renewed investment in oil development. We have invested the time, technology and money to fully evaluate these prospects. We are asking the State of Montana to offer new, reduced tax rates on new investment only. (Remember, all of our existing production would continue to be taxed at the current higher rates.) In return for these tax incentives, we are prepared to invest heavily in Montana, bring more drilling jobs to the state, increase the life of our oil field and thereby prolong the duration of jobs at our field. Perhaps most importantly to you here, this project will generate additional tax revenues to the state and counties. What's more, it's not just Shell and Meridian, although we are clearly in the forefront and ready to commit large amounts of capital now. We have talked to numerous smaller oil companies who are also evaluating horizontal technology. Several have already drilled a few wells in Montana or are considering it. They are watching us here today. If we move forward together in a positive fashion, I think it is reasonable to expect others to invest in Montana.

I believe this as a solution that benefits everyone. There is no loss of tax revenue to the state, there is only increased revenue. We will invest capital and create jobs.

Some say the State doesn't need to "help" Shell because we will drill these wells anyway, even at the higher tax rates. Yes, we will probably drill some. But, returning to my investment example: At the old, higher tax rates, these Montana wells have strong competition for capital funds from other Shell projects. The lower tax rates give this project a little breathing room to stay ahead of other projects. In the long run, that means we will be able to drill more wells in Montana, rather than curtailing our expansion before its completion.

The other question we have been asked repeatedly is "Why now? What's your hurry?" In other words, why can't this wait until the '95 Regular Legislative Session?

It is a necessity that we act now! Both Shell and Meridian have done their homework -- the seismic has been shot, its interpretation has been done, we have drilled a few horizontal wells to test our theory. In Shell's case, we have a mature field in a decline. With an aging field infrastructure and declining oil production, if we do not act now the field won't justify further investment. We are already at the point that many traditional vertical wells don't make economic sense. That is why we must drill the more expensive and riskier horizontal wells. To revive the field we need to act now. My department has the budget authority to move forward on the projects that meet our economic criteria. Before long, we will begin our 1995 planning cycle. If we wait until after your 1995 Regular Legislative Session, we will be working on our 1996 budget. If we delay this project, or only drill part of the first phase, we may lose the financing for the second phase to other areas. With production from the Cedar Creek Anticline otherwise declining rapidly, the economics may never again be favorable for further development with horizontal wells. Thus, if we are to take steps to maximize the production from our Montana holdings and also maximize the tax amounts that the State and local governments could receive, we must be able to act now. I view this

Exhibit 7
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as a unique opportunity, timewise as well as opportunity wise. The time is now and we can move forward together.

Thank you for giving me the opportunity to speak today. I would be happy to address your questions.

SHELL WESTERN E&P INC.

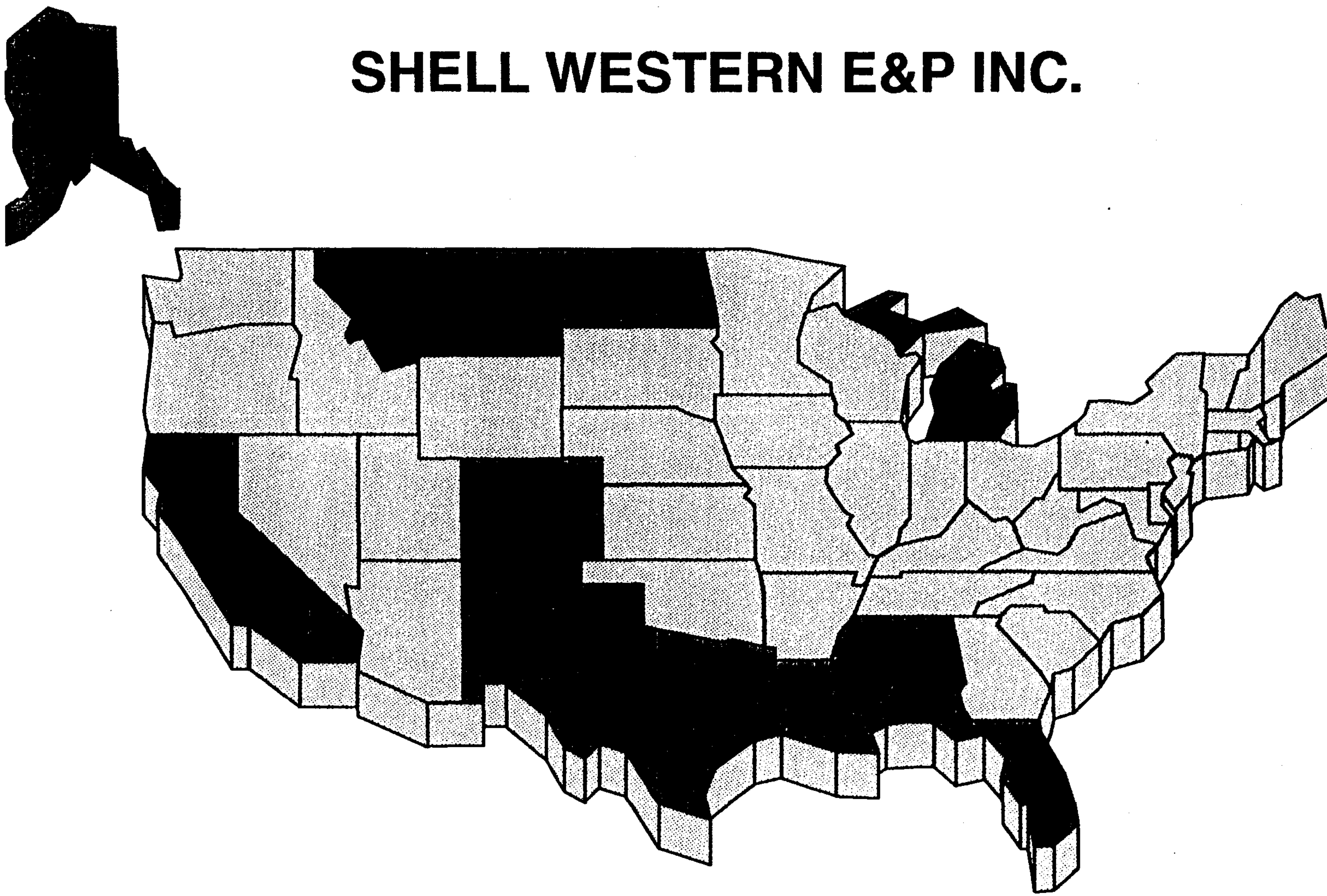

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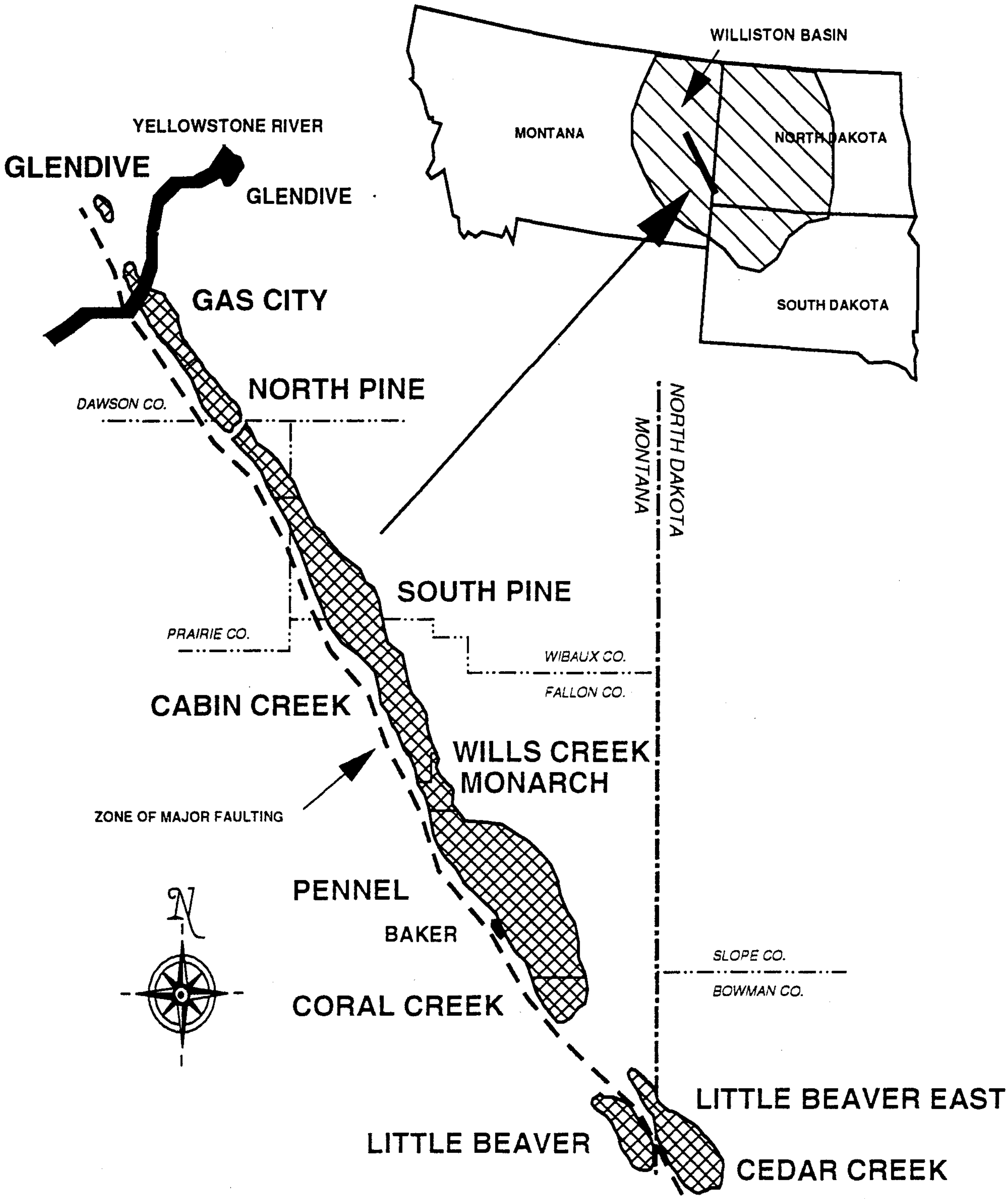
EXHIBIT
DATE 12/10/93
SB 15

CEDAR CREEK ANTICLINE



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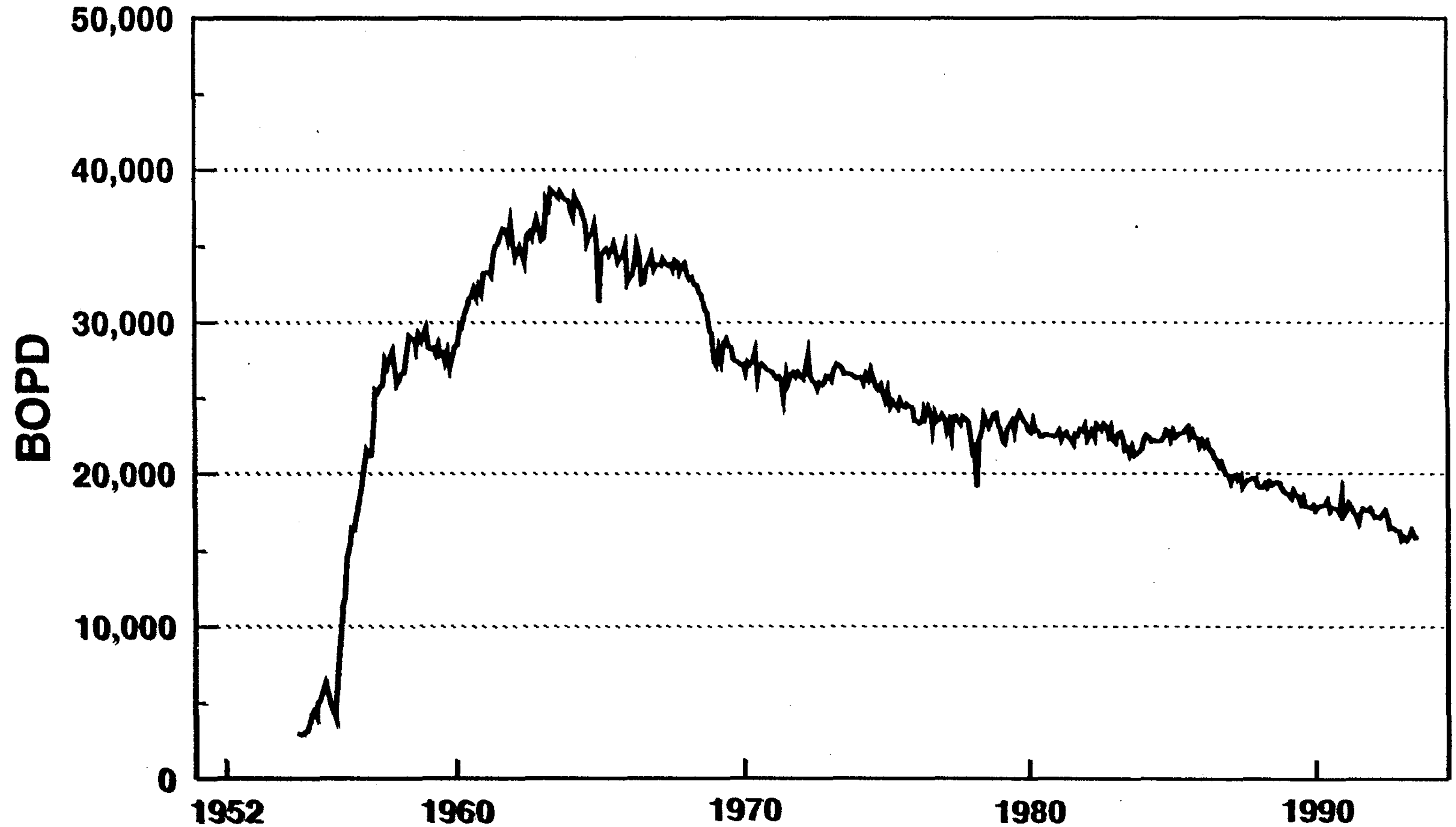
SB 18

CEDAR CREEK ANTICLINE

OIL PRODUCTION



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7

SWEPI's Production Tax Liabilities in Montana

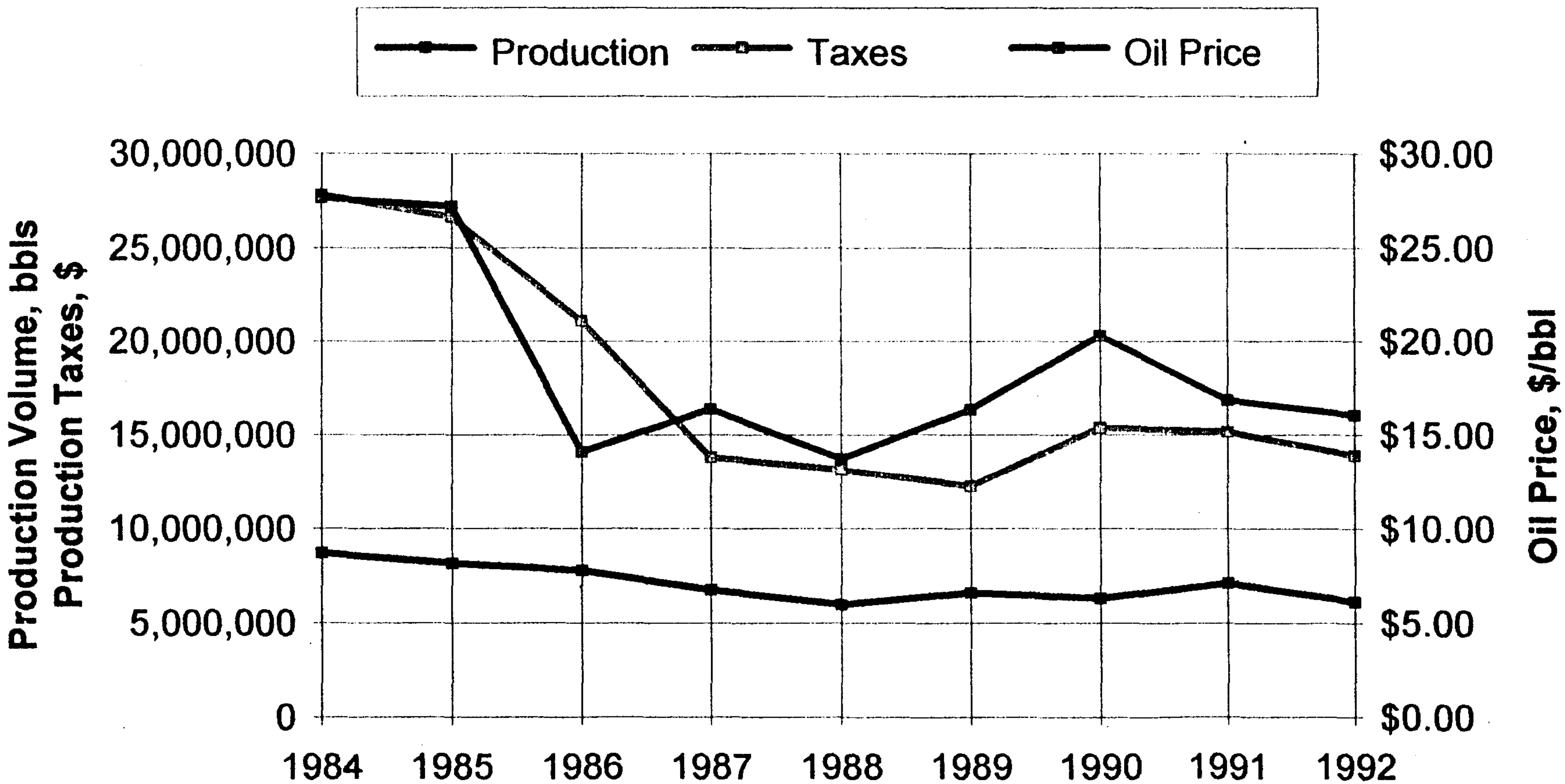
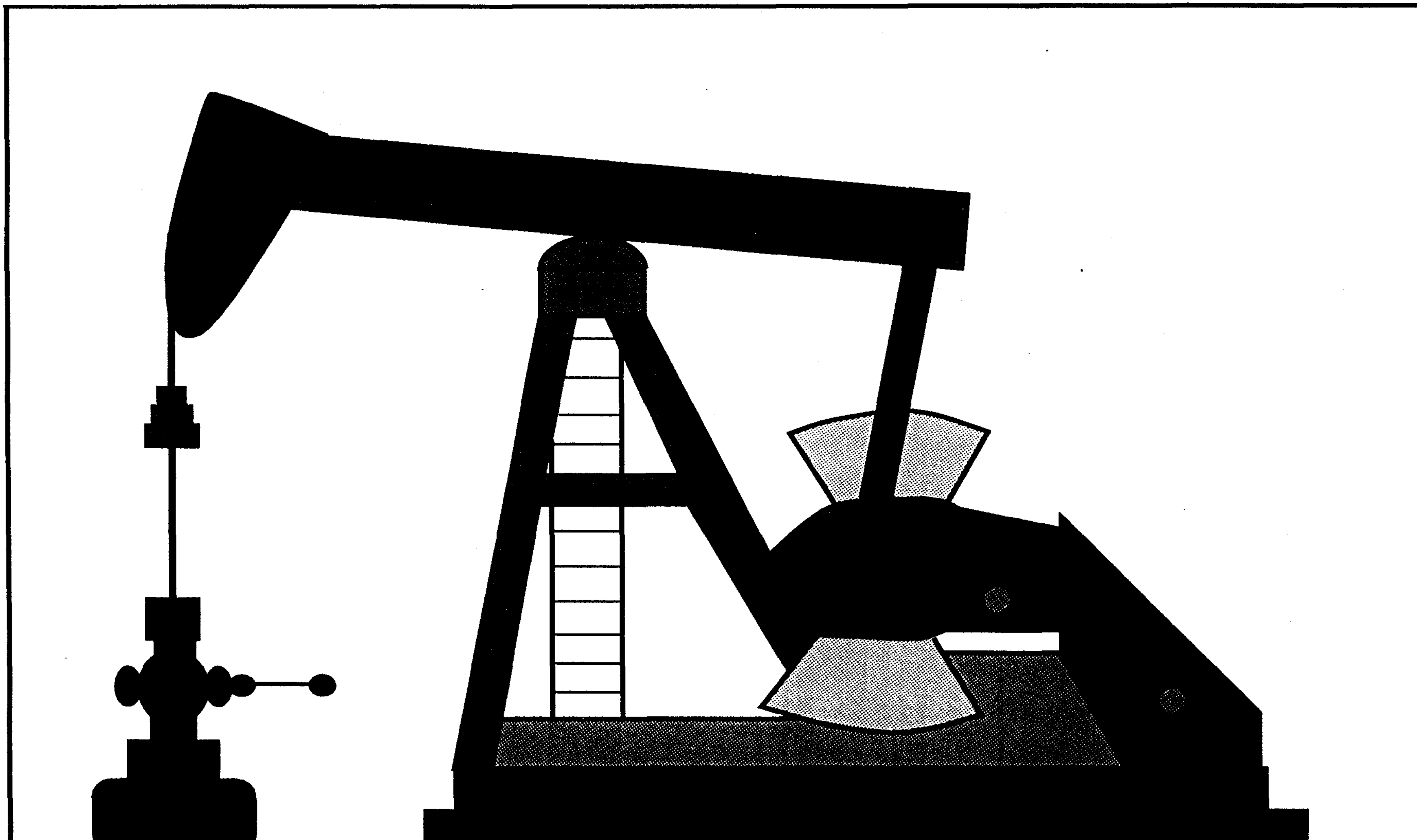


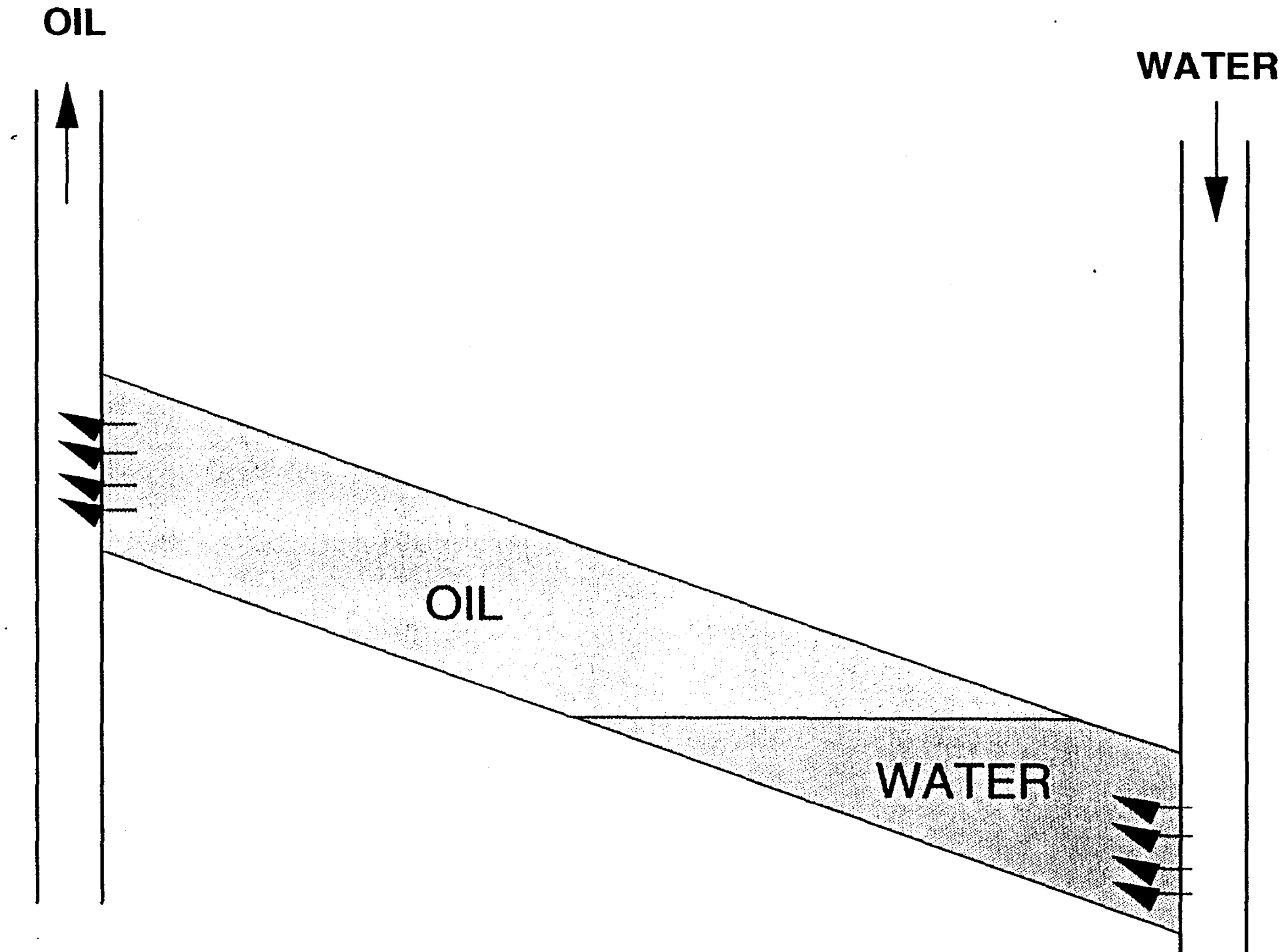
EXHIBIT 7A
12-10-93
SB 18

Pumping Unit



V1193029.208C

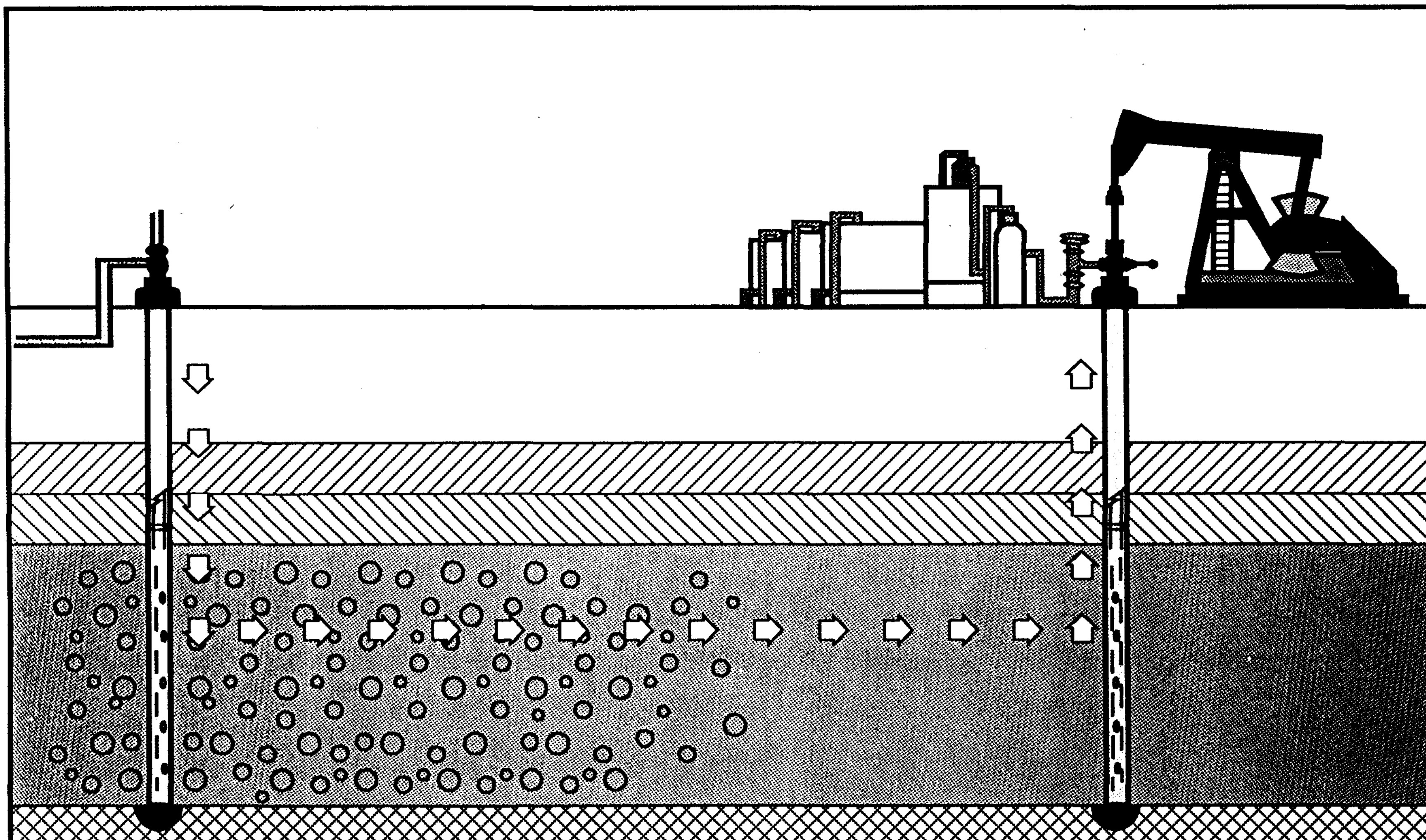
CEDAR CREEK ANTICLINE
WATERFLOODING TECHNIQUE



WFTECH.DRW
SSS 11/11/93

EXHIBIT 4A
12-10-93
SB 18

Tertiary Production



V1193032.208C

Average Price of U.S. Crude Oil

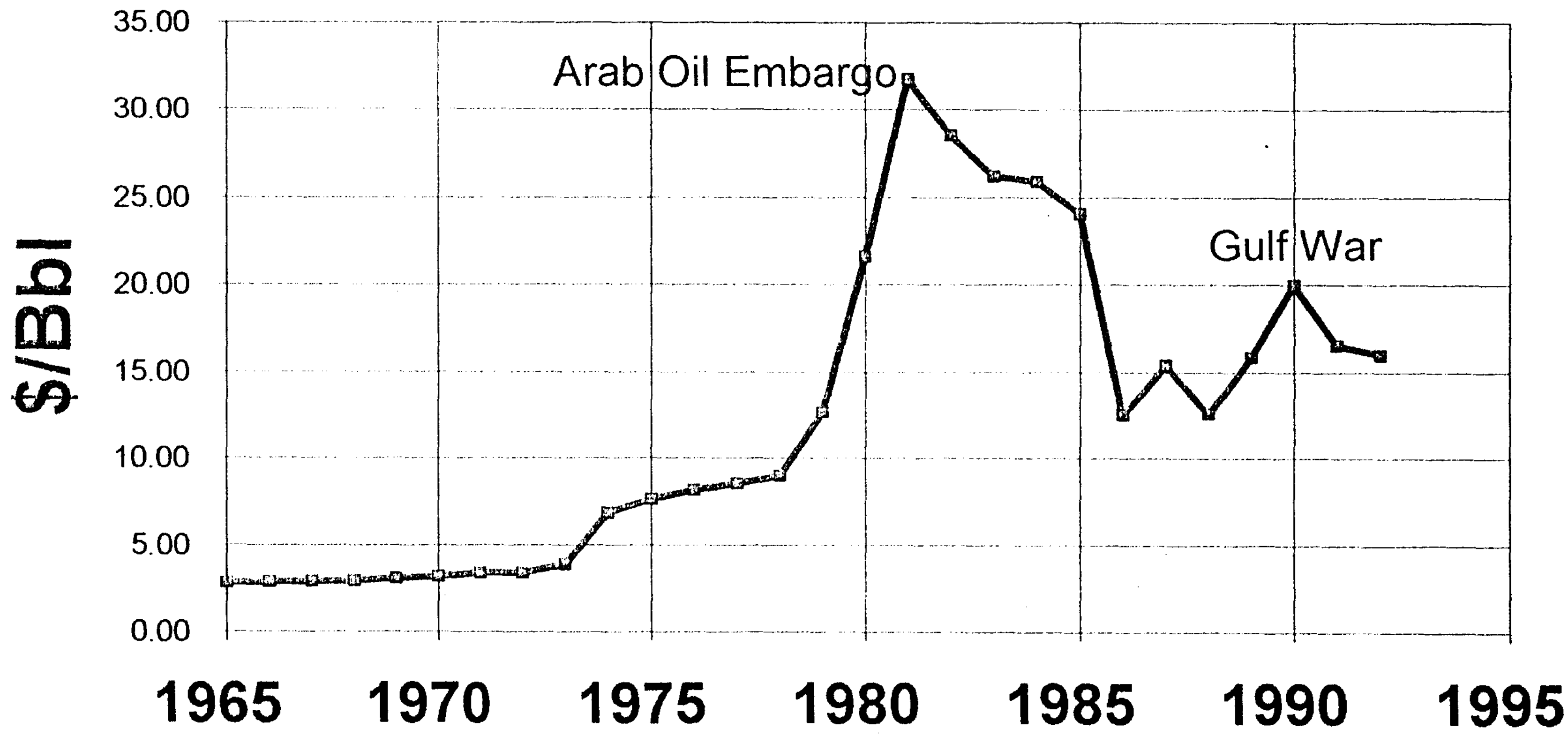
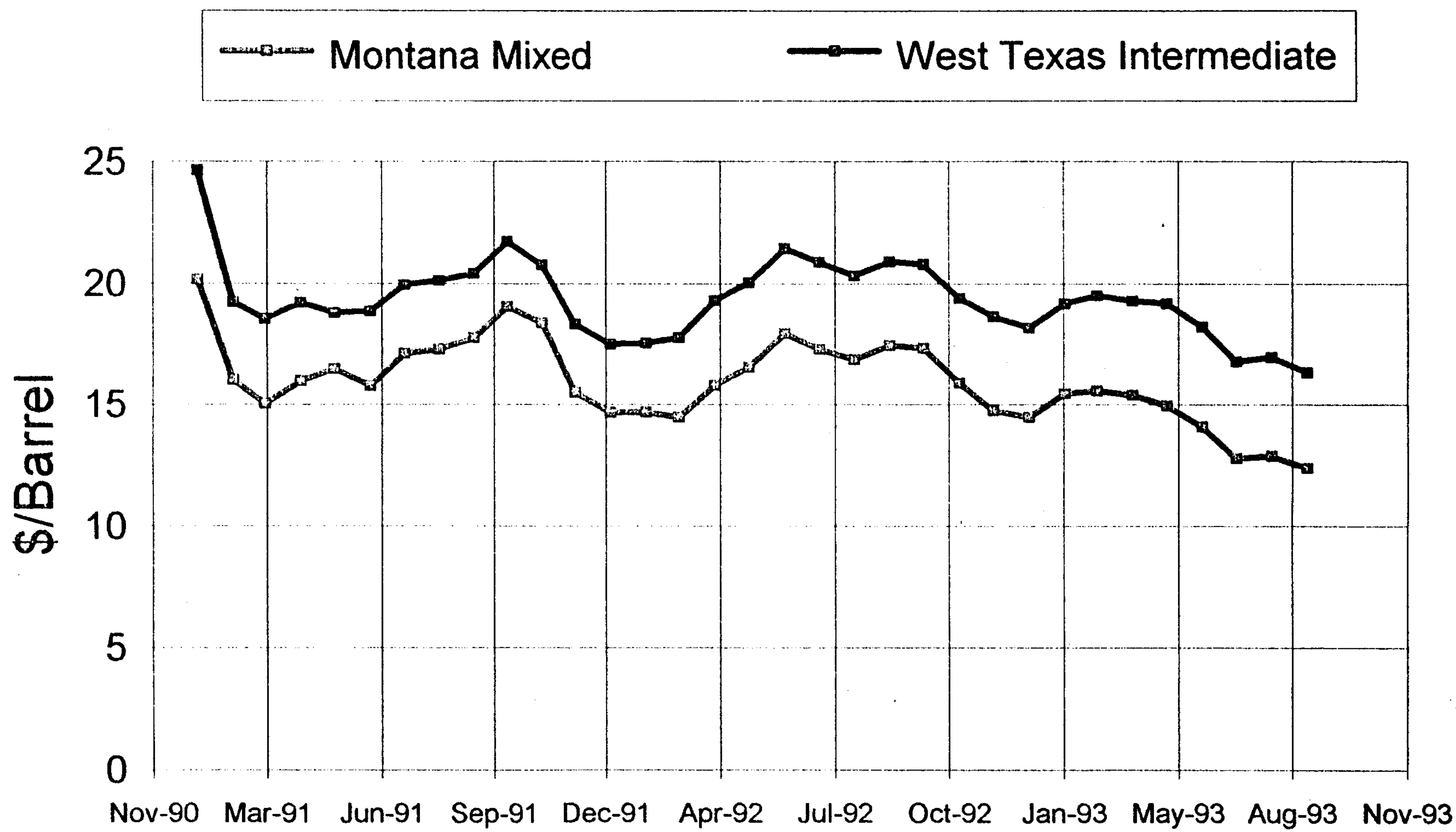
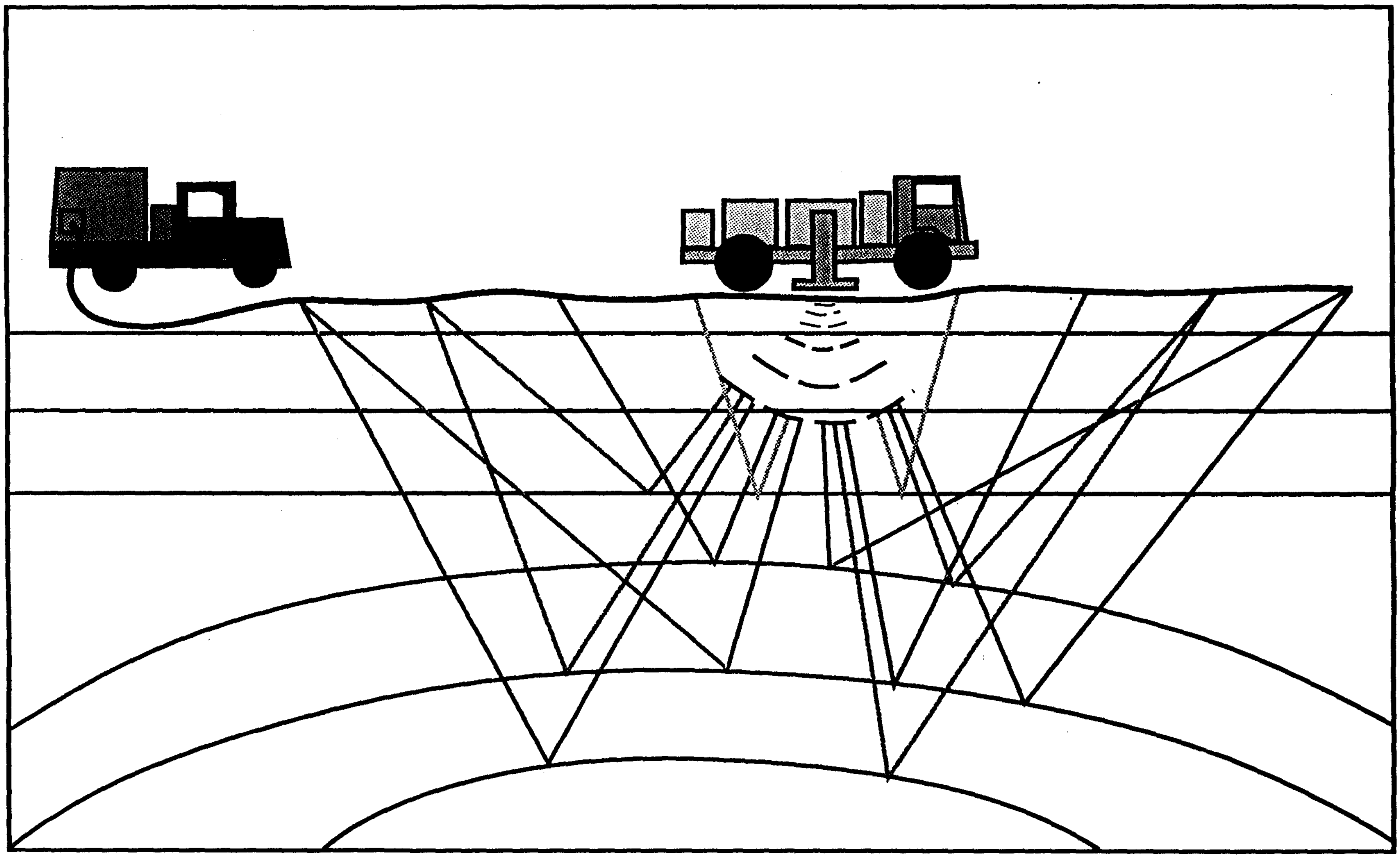


EXHIBIT 4A
12-10-93
SB 18

Crude Oil Prices



Seismic

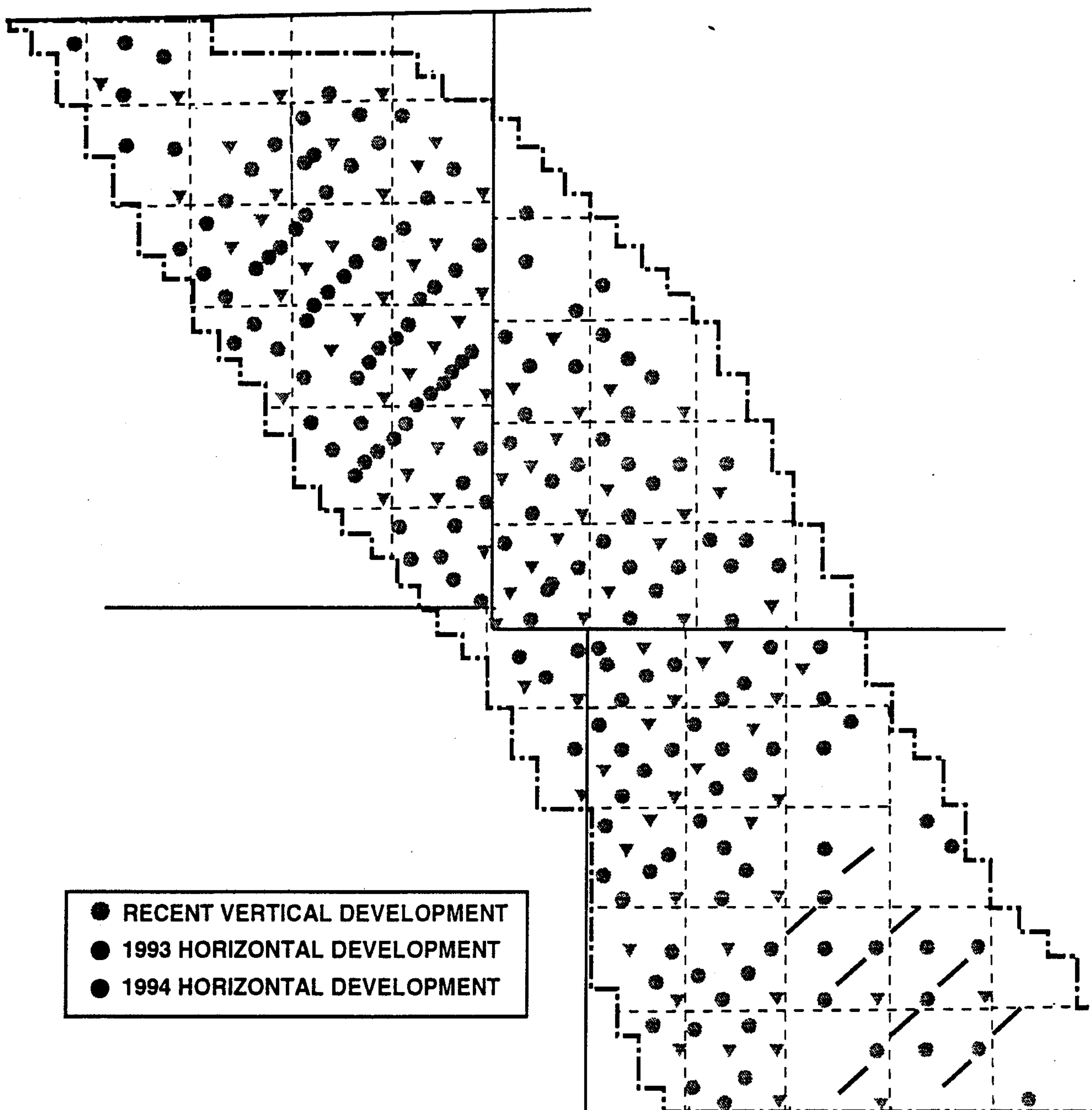


V1193030.208C

EXHIBIT 4A
12-10-93
SB 18

PENNEL WATERFLOOD UNIT

MAJOR DEVELOPMENT PROGRAMS POST 1986

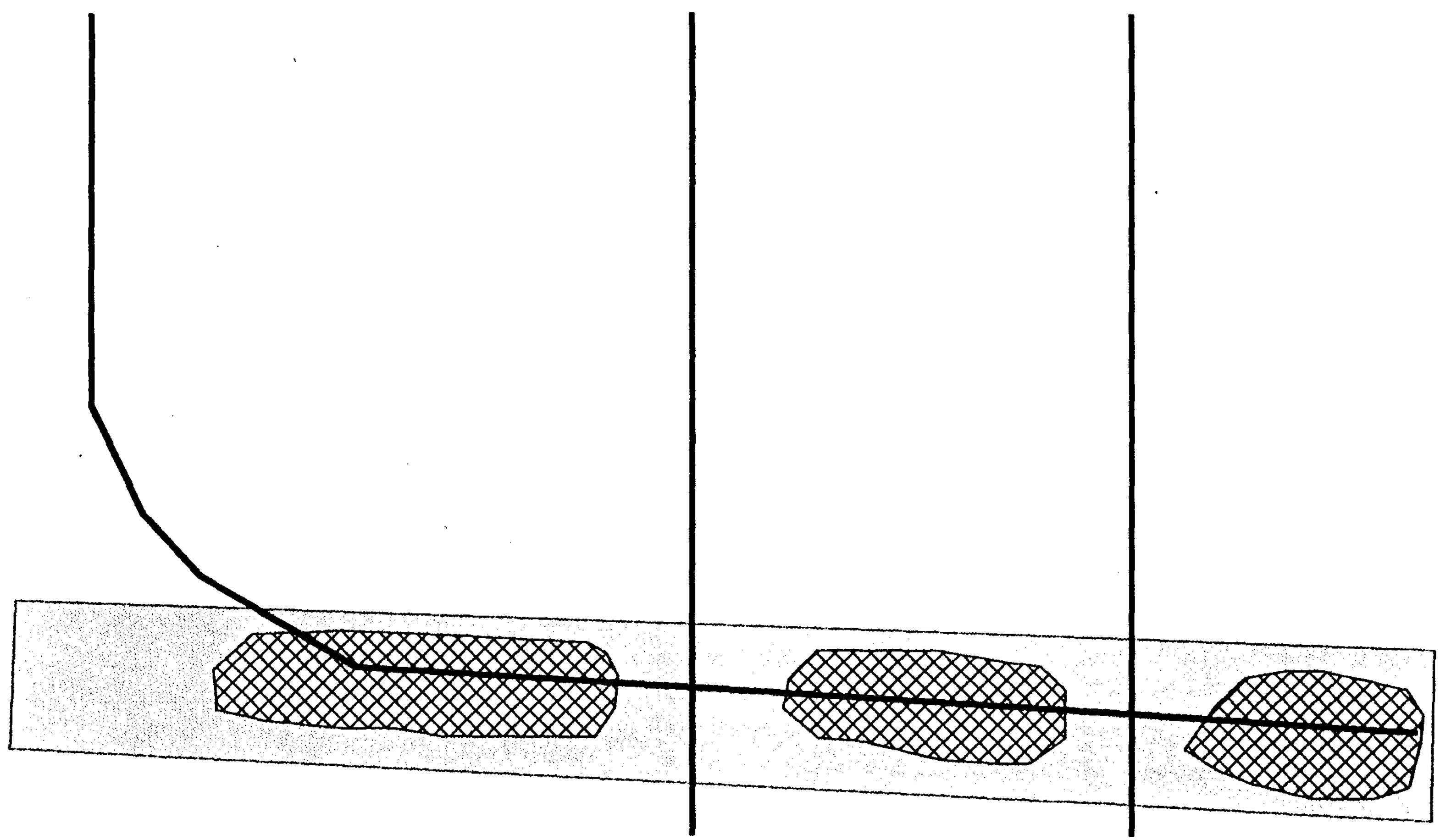


● RECENT VERTICAL DEVELOPMENT
● 1993 HORIZONTAL DEVELOPMENT
● 1994 HORIZONTAL DEVELOPMENT

FUTDEV1.DRW SSS; 11/93

CEDAR CREEK ANTICLINE

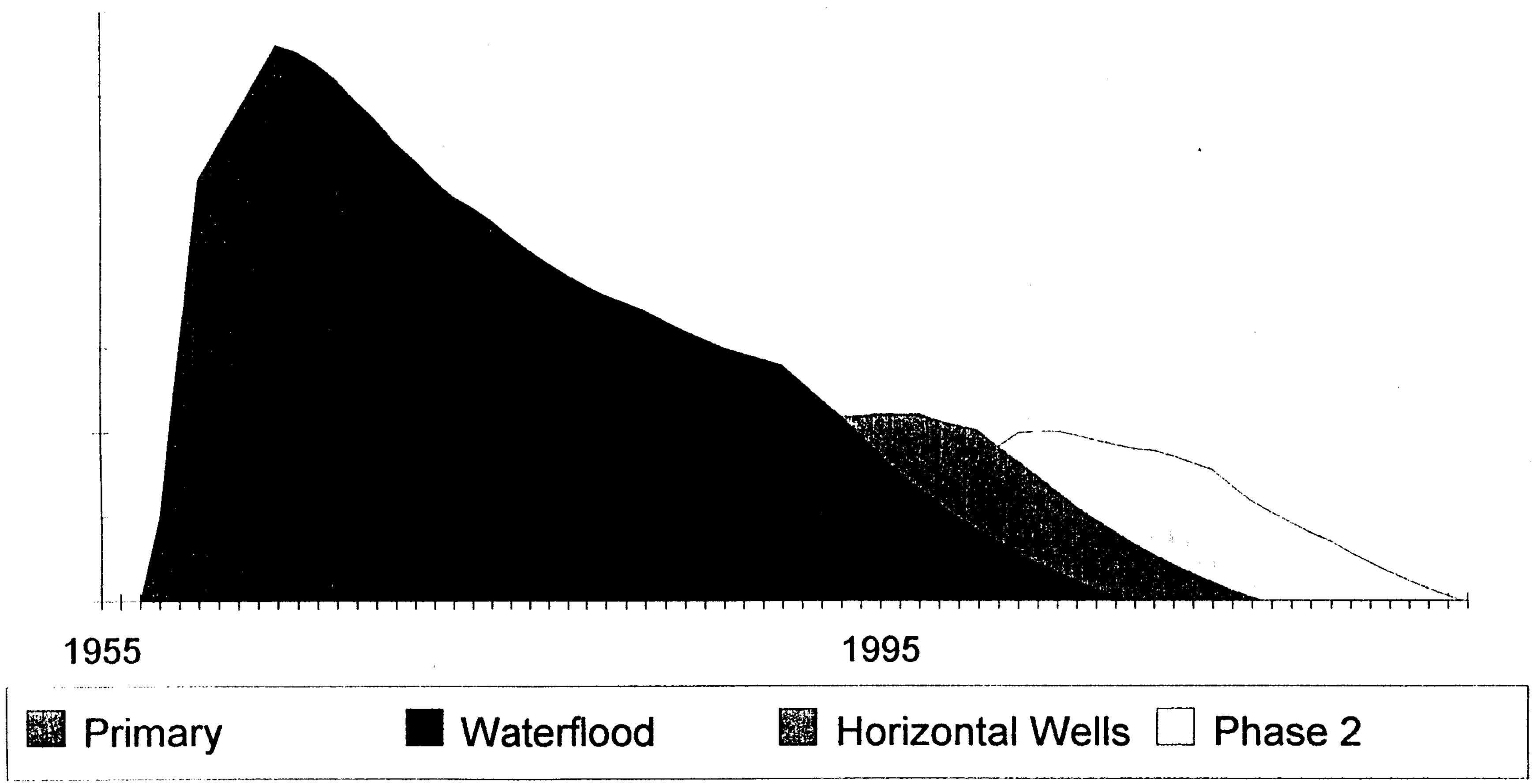
HORIZONTAL WELL METHODOLOGY



HZCTOON.DRW
SSS 11/11/93

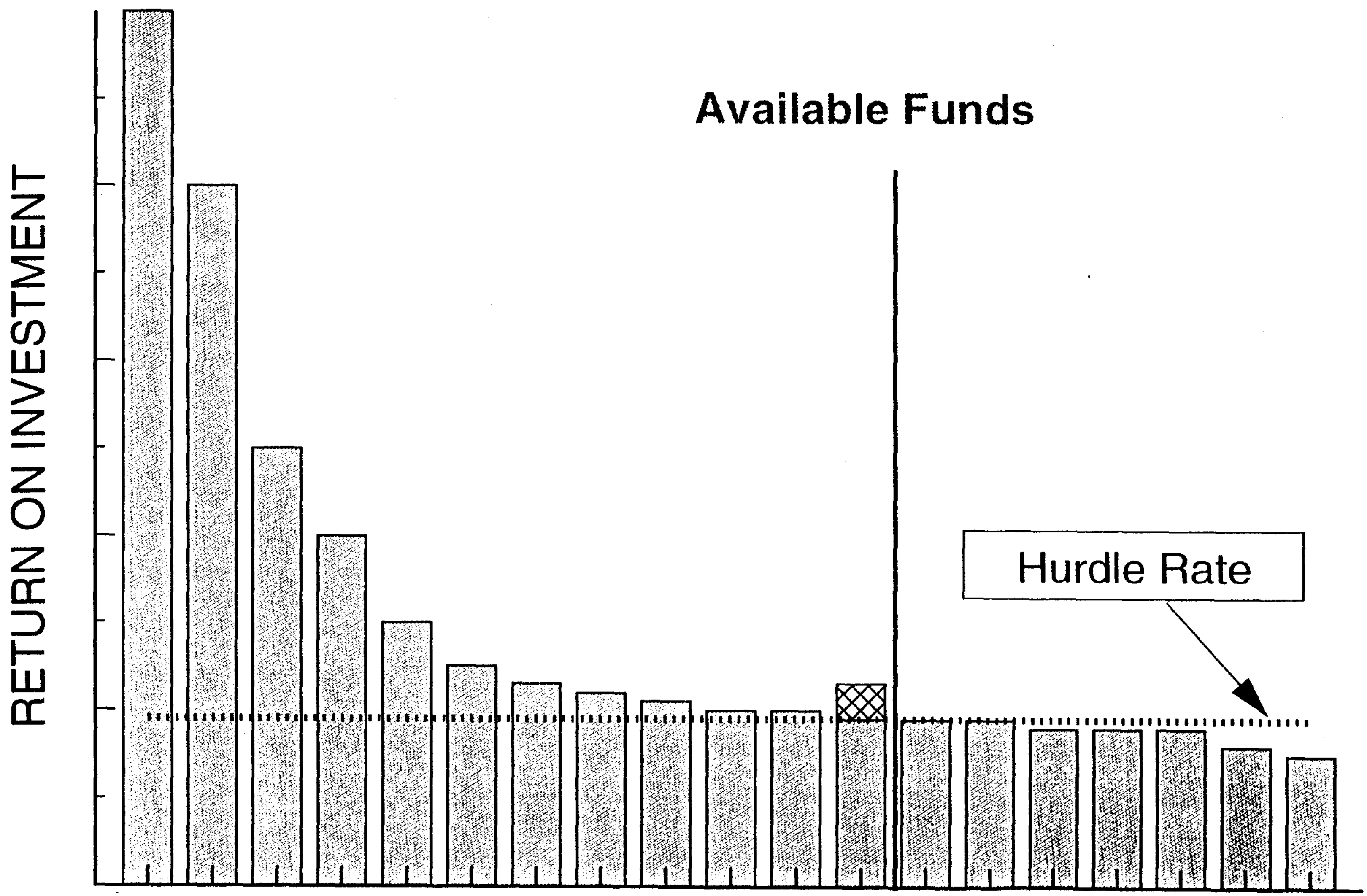
EXHIBIT 4A
12-10-93
SB 18

Cedar Creek Anticline
Impact of Horizontal Wells



12-10-93
SB 18

Project Profitability



LEGISROI.DRW
SSS 11/22/93

EXHIBIT 4
DATE 12/11/93
SB 18

Texaco USA
Western E&P Region
Denver Producing Division

PO Box 46510
Denver CO 80201-6510
6055 E Tufts Avenue
Denver CO 80237
303 793 4000

December 9, 1993

The Honorable Bob Gilbert
Chairman
House Taxation Committee
Montana House of Representatives
State Capitol Building
Helena, MT 59620

Dear Chairman Gilbert:

Texaco Exploration and Production Inc. (TEPI) has horizontal oil wells in Blaine and Musselshell counties in Montana. We also have secondary recovery operations in Musselshell County. TEPI continues to review options for new horizontal drilling, secondary recovery and other oil and gas activities in Montana.

I strongly urge your support for incentives to encourage horizontal drilling and secondary recovery in your state. These are costly methods that can severely limit project profitability. The State of Montana's heavy tax burden on its oil and gas industry and high costs together put these projects in Montana at a disadvantage when compared to similar projects elsewhere. The proposed incentives would improve the chance that such high cost projects can return a profit in Montana. This, in turn, would improve the prospect of future drilling there. The incentives would only come into play, however, when a company committed to investing in these advanced methods in Montana.

In closing, TEPI encourages support for these incentives. They offer real benefits for companies that undertake such projects, and for the State of Montana and its people. Thank you for your review of this proposal and our thoughts on it.

Sincerely,

H. K. Parker

H. K. Parker
Assistant Division Manager

HKP:kdb

BALLARD & ASSOCIATES, INC.

December 7, 1993

Chairman Bob Gilbert,
Members House Taxation Committee

RE: SB18

Dear Chairman Gilbert and Members of the Committee:

I am writing to ask your support of SB18. This bill is an incentive to encourage the use of expensive, new technology to develop new oil and gas reserves in Montana. The bill in no way affects tax revenues on existing production, and in fact is a revenue enhancement bill in that it will insure development of new reserves and thus provide a new revenue stream to the State of Montana.

Incentives do work. Evidence of this exists in many other states as well as in Canadian Provinces to the north of our borders. They have worked in Montana, too. In 1987, when the legislature passed some incentive legislation, I pledged to the committee that my company would drill, or cause to be drilled, a minimum of 35 new wells in the State of Montana. In fact, we were responsible for 42 wells during the time that all the incentives existed. SB18 will result in many more than that.

Also, the Bill is important to independents because if passed, it will result in a test of new technology which could be applied to the same rocks in other areas of the State where drilling depths and costs are not so excessive. Fortunately, Shell and Meridian are willing to spend the money to test the procedures in the deeper, more expensive areas, thus providing access to reserves that for the most part are out of financial reach for smaller companies. However, if these companies prove that the technology works in certain formations where they are found at deeper depths, independents will then be able to take this technology to the shallow areas.

I strongly urge the committee to pass this bill and help provide Montanans with a new source or revenue.

Very truly yours,

W. W. Ballard

WWB:vks

W. W. Ballard

845 12th Street West / PO Box 20174
Billings, Montana 59104
406/259-8790 / FAX 406/259-3884

12-10-93

SB 18

2000 POST OAK BOULEVARD / SUITE 100 / HOUSTON, TEXAS 77056-4400

Apache CORPORATION

(713) 296-6000

December 9, 1993

The Honorable Bob Gilbert, Chairman
and the Members of the Committee
Montana House of Representatives
State House Taxation Committee
State Capitol Building
Capitol Station
Helena, Montana 59620

Dear Mr. Chairman and Members:

Please accept this letter as Apache Corporation's strong endorsement of SB 18 which provides tax incentives for increasing exploration and production in the State of Montana, especially those incentives dealing with horizontal drilling.

Apache Corporation has developed a significant position in Montana, and we hope to continue to expand. We have 29,000 acres under lease, and are participants in a horizontal well currently being completed. We are in the process of determining whether continued drilling and production make economic sense.

As you know, many states have come to the conclusion that increases in exploration and production for oil and gas are necessary to enhance the economy, to preserve jobs, and to protect their state treasuries. North Dakota, Texas, and Wyoming have already adopted incentive programs. Drilling and production incentives will be high on the agendas of the legislatures in Louisiana and Oklahoma. Tax incentives in those states have certainly encouraged more drilling and increased production.

However, SB 18 is unique in that it would encourage one of the most advanced of the high tech operations our industry has developed. This is precisely the kind of activity that states should encourage. Horizontal drilling can produce greater quantities of oil and gas in a shorter time in the most environmentally sensitive fashion because one horizontal well can replace many vertical wells.

More exploration and production means more revenue for the state and more jobs for Montanans. Encouraging horizontal drilling is exactly the right thing to do at exactly the right time. And in light of the recent dramatic drop in the world price of crude oil, incentives to spur more domestic exploration and production are even more crucial to the economic health of producing states and to our national security.

Again, Apache Corporation strongly supports the incentives for horizontal drilling that have been proposed. We urge you to move as quickly as possible to enact these incentives and to create more jobs and economic activity in the State of Montana.

Sincerely,

APACHE CORPORATION

Obie O'Brien

Urban F. (Obie) O'Brien, III
Director, Governmental Affairs

UFO:ob/mhc

12-10-93
SB 18

W. M. VAUGHEY, JR.
P.O. BOX 46
HAVRE, MONTANA 59501-0046
(406) 265-5421

December 8, 1993

The Honorable Bob Gilbert, Chairman
House Taxation Committee
Montana State House of Representatives
Capitol Station
Helena, MT 59620

RE: In support of Senate Bill 18, the horizontal drilling-second and tertiary incentives initiative

Dear Bob:

It was my pleasure to testify before Senate Taxation December 2 in support of the above measure for the following reasons.

A small independent explorer for oil and gas in Montana the past 25 years and someone involved in the state legislative process since 1973, I am positive this measure will result during the next 18 months in a considerable amount of horizontal drilling that otherwise would not have taken place. Most of this will occur in extreme Eastern Montana. However, I think there's an excellent chance we will see some like drilling in both the Sweetgrass Arch area of our state and perhaps here in Northcentral Montana. The result will be increased oil production, which will in fact yield the state some badly needed increased tax revenues.

The fact that the Senate so overwhelmingly passed Senate Bill 18 December 6 argues strongly for the contention that this measure will work and make money for Montana. I have absolutely no selfish interest in the bill in the sense that the producing properties I'm fortunate enough to have an interest in do not lend themselves to horizontal drilling or second or tertiary procedures. Nevertheless, I'd be remiss if I didn't urge your Committee and the House as a whole to pass this measure.

Sincerely,

W. M. Vaughey, Jr.
Past President of the
Montana Petroleum Association

QUEST PETROLEUM CORPORATION
Corporate Pointe
5250 South Virginia Street, Suite 390
Reno, Nevada 89502
(702) 826-2700

November 30, 1993

Representative Bob Gilbert
Chairman, House Taxation Committee
Montana House of Representatives
State Capitol Building
Capitol Station
Helena, MT 59620

Dear Representative Gilbert:

Quest Petroleum Corporation is a small independent oil and gas producer operating in Montana and five other western states. In recent years we have drilled three horizontal wells in Montana and are considering drilling additional vertical and horizontal wells and reworking existing wells to improve production. However, as compared with other states where we operate, Montana costs - in particular taxes - are excessive.

Therefore, we would encourage you to support taxation legislation being considered during the Special Session to stimulate oil and gas investment in Montana. This is exactly the kind of incentive that would help influence Quest's decision to invest more in Montana.

If you would like to know more about our company and our experience in Montana, please call me at (702) 826-2700. Thank you for your support.

Very truly yours,

QUEST PETROLEUM CORPORATION

John V.A. Sharp

John V.A. Sharp, Ph.D.
President

JVAS:jen

TOTAL P.01

EXHIBIT
12-10-93
SB 18

CHOCTAW CORPORATION

December 10, 1993

Representative Bob Gilbert, Chairman
Montana House of Representatives
State Capitol Building
Capitol Station
Helena, Montana 59620

Dear Chairman Gilbert and House Committee Members:

Choctaw II Oil & Gas, Ltd. is a Texas limited partnership with Choctaw Corporation as its General Partner.

Choctaw currently operates 79 oil & gas wells in the Williston Basin, 45 of which are located in Montana. Additionally, Choctaw holds over 41,000 acres under lease in Montana.

Choctaw feels that horizontal exploration is the future of the basin and has considered commissioning a study for its application in the development of our leasehold acreage. However, as compared with other states where Choctaw operates, Montana costs -- especially taxes -- are excessive.

Therefore, I would encourage you to support legislation being considered during the Special Session to stimulate oil and gas investment in Montana. This is exactly the kind of incentive that would help influence my company's decision to invest more in Montana.

If you would like to know more about my company and our experience in Montana, please call me at (713) 546-8090. Thank you for your support.

Sincerely,

W. Russell Brown

W. Russell Brown, Jr.
Senior Vice President

WRB:bk

EXHIBIT 6
DATE 12/10/93
SB 18

WETA

Western Environmental Trade Association

Aspen Court, 33 South Last Chance Gulch, Suite 2B
Helena, Montana 59601
Phone (406) 443-5541
Fax # 443-2439

TESTIMONY BEFORE THE

HOUSE COMMITTEE ON TAXATION

SB 18
TAX INCENTIVES FOR INCREMENTAL OIL PRODUCTION
FROM ENHANCED RECOVERY

DECEMBER 10, 1993

Mr. Chairman, Members of the Committee:

For the record, my name is Peggy Olson Trenk and I am the Executive Director of the Western Environmental Trade Association. I am here today on behalf of our membership to support SB 18.

Since our association reflects a broad spectrum of interests, we have the pleasure of working not only with the oil and gas industry, but with most of the other resource industries in Montana. Today, each of those is faced with a challenge to produce resources our society uses every day, but to do so in a manner that allows us to walk a little lighter on the land.

To achieve that, we are seeing all kinds of new partnerships being formed. Some bring various industries together, others involve regulatory agencies or environmental groups.

From our perspective, SB 18 is not so much about the state granting incentives to an industry as it is about the creation of a partnership. It is a partnership that encourages economic opportunity, allows us to produce a necessary product, and does so in a manner that incorporates the kind of technology that <u>does allow</u> us to walk lighter on the land.

As a result, we urge you to give your approval to this legislation. Thank you very much for the opportunity to offer testimony.

EXHIBIT 7
DATE 12/10/93
SB 18

MONTANA PETROLEUM ASSOCIATION
A Division of the
Rocky Mountain Oil and Gas Association

33 S. Last ~~Chance Gulch, Suite 2B~~
Post Office Box 1186
Helena, Montana 59624-1186

Telephone (406) 442-7582
FAX (406) 443-7291

Gail Abercrombie
Executive Director

STATEMENT IN SUPPORT OF SENATE BILL 18

before the House Taxation Committee
December 10, 1993

David A. Johnson
President
Montana Petroleum Association

My name is Dave Johnson, and I am here as President of the Montana Petroleum Association to speak in support of Senate Bill 18.

Our Association members are sensitive to the perception of bringing this incentive bill before you at this time of budget concerns. But we cannot change the realities of lead time these horizontal drilling and enhanced recovery projects need in vying for corporate dollars. This, coupled with the fact that the lower tax rates apply only to the incremental production increases resulting from enhanced recovery, leads us to support the introduction and passage of this incentive proposal during this special session.

Senate Bill 18 is not a "give away". It encourages our members to put money on the table -- in Montana -- to employ enhanced recovery technologies that can stem the decline of oil recovery from existing fields. It also encourages making the expenditures required for horizontal drilling projects that can yield greater recovery from primary production in existing and new fields. There is no benefit for producers until they put money into new projects that produce.

The benefit to Montana will be both economic and environmental. Montana Petroleum Association member Kurt Burris, president of Cardinal Drilling out of Billings, reports that horizontal drilling technologies are changing and improving every month. Over our northern border in Saskatchewan, where there has been more utilization of horizontal drilling, they have been running three to four laterals off of one bore hole. That means one drill pad for an extensive system of resource recovery. Less surface disturbance ... More recovery. Bill White, Deputy Secretary of the U. S. Department of Energy, recently cited a report that concluded that "new technology alone, at every reasonable price scenario, could boost recoverable [crude oil] discoveries by about 45 percent, and the use of advanced technology can have at least as much impact as price increases in terms of increasing resource recovery."

12-10-93
SB 18

As Mr. Bill Ballard, president of Ballard and Associates in Billings, said in his letter to you, "Incentives do work. They have worked in Montana." He pledged to the 1987 legislature to drill 35 new wells in response to the passage of an incentive in that legislative session, and in fact, he was subsequently involved in the drilling of 42 wells.

In a letter to the White House, U.S. Senators from oil producing states, wrote "... we need to focus on preserving our domestic oil and gas industry..." and "by encouraging domestic exploration and drilling, we can keep ... dollars and the accompanying jobs, here at home." Senate Bill 18 is part of such a program.

The Montana Petroleum Association thanks Governor Racicot for including the drilling incentive in his call and thanks Senator Halligan for his leadership in sponsoring Senate Bill 18. We urge its passage as Montana's part in the encouragement of domestic drilling while preserving existing tax revenues and expanding the taxable production base in Montana.

EXHIBIT
DATE 12/10/93
SB 18

Amendments to Senate Bill No. 18
Third Reading Copy

Requested by DOR
For the Committee on Taxation

Prepared by Lee Heiman
December 9, 1993

1. Page 5, line 13.
Following: "production wells,"
Insert: "the recompletion of existing wells as horizontally completed wells,"

2. Page 5, line 14.
Following: "of"
Insert: "an"

3. Page 8, line 1
Strike: "natural gas,"
Following: "petroleum"
Strike: ","

4. Page 9, line 17.
Following: "new"
Insert: "production, production from horizontally completed wells,"

5. Page 9, line 19.
Page 11, lines 1 and 6.
Page 12, lines 16 and 17.
Page 13, lines 8 and 11.
Page 17, line 17.
Page 33, line 21.
Page 34, line 11.
Page 35, lines 16 and 24.
Page 36, lines 6 and 21.
Page 37, line 11.
Page 38, line 19.
Page 40, line 15.
Page 44, line 13.
Page 46, line 15.
Page 50, line 9.
Following: "production"
Insert: ", production from horizontally completed wells,"

6. Page 9, line 25.
Following: "oil"
Insert: ", production from horizontally completed wells,"

7. Page 12, line 2.
Following: "production"
Insert: ", for production from horizontally completed wells,"

8. Page 15, line 16.
Page 28, line 2.
Following: "DAYS"
Insert: "on which the price was reported"

9. Page 16, line 22.
Strike: "NEW PRODUCTION"
Insert: "Production"

10. Page 17, line 15.
Following: "of"
Insert: "taxes on"
Following: "new"
Insert: "production, production from horizontally completed wells,"

11. Page 17, line 16.
Strike: "taxes"

12. Page 32, line 3.
Following: "of"
Insert: "taxes levied on"
Following: "production"
Insert: ", production from horizontally completed wells,"

13. Page 32, line 4.
Strike: "taxes levied"

14. Page 32, line 20.
Following: "of"
Insert: "taxes levied on"

15. Page 32, line 21.
Following: "production"
Insert: ", production from horizontally completed wells,"
Strike: "taxes levied"

16. Page 33, line 20.
Following: "of"
Insert: "taxes levied on"

17. Page 33, line 22.
Strike: "taxes levied"

18. Page 34, line 10.
Following: "of"
Insert: "taxes levied on"

19. Page 34, line 11.
Strike: "taxes levied"

20. Page 35, line 15.
Following: "of"
Insert: "taxes levied on"

12-10-93
SB 18

21. Page 35, line 16.
Strike: "taxes levied"

22. Page 35, line 23.
Following: "of"
Insert: "taxes levied on"

23. Page 35, line 25.
Strike: "taxes levied"

24. Page 36, line 5.
Following: "of"
Insert: "taxes levied on"

25. Page 36, line 7.
Strike: "taxes levied"

26. Page 36, line 21.
Following: "of"
Insert: "taxes levied on"

27. Page 36, line 22.
Strike: "taxes levied"

28. Page 37, line 10.
Following: "of"
Insert: "taxes levied on"

29. Page 37, line 11.
Strike: "taxes levied"

30. Page 38, line 18.
Following: "of"
Insert: "taxes levied on"

31. Page 38, line 19.
Strike: "taxes levied"

EXHIBIT 9
DATE 12/10/93
HB 53

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

:GISLATIVE AUDITOR:
SCOTT A. SEACAT

:GAL COUNSEL:
JOHN W. NORTHEY

DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit

JAMES GILLETT
Financial-Compliance Audit

JIM PELLEGRINI
Performance Audit

December 10, 1993

Representative Bob Gilbert
Chair, House Taxation Committee
State Capitol
Helena MT 59620

Dear Representative Gilbert:

At your request, I reviewed House Bill 53 to determine if the Office of the Legislative Auditor can provide the services requested of the Department of Revenue. Section 1 (2) (a) references "the value, type, area, and number of parcels of property that are owned by persons who reside outside the state and who do not pay state income taxes or state corporate taxes." My office could conduct a random representative statistical sample and make projections for part of this request:

1. The number of parcels for which a tax assessment notice is forwarded to an out-of-state location. (Zip Code)

2. The random sample could include a projection of the area and value of the parcels in #1 above.

With respect to projection #1, our preliminary discussions with the Department of Revenue indicate a similar computer run was already done by the Property Assessment Division on state records for tax year 1993. The program identified all out-of-state Zip Codes for class 4 parcel assessment notices. The data was then further manipulated to represent the Zip Code information by county. However, I have no way of knowing from the computer files if the Zip Code actually represents an out-of-state taxpayer. There is no data field that identifies "resident" or "nonresident." Additional work would have to be conducted at the state and county level on all randomly selected sample members. They would have to be contacted and information evaluated to provide you with statistical assurance of nonresident and nonproductive status. This will require significant staff time and most likely travel expenses.

The second half of the request asks for a cross match with income tax files. Under federal and state law I have access to individual income tax records, but only for the purpose of an audit required by law. Since this is not a request for an audit, I do not believe this portion of the request is appropriate for the Office of the Legislative Auditor.

Sincerely,

Scott A. Seacat

Scott A. Seacat
Legislative Auditor

JP/v/f2.ltr

cc: Representative Bob Raney

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

House Taxation COMMITTEE BILL NO. SB 18 HB 73

DATE 12/10/93 SPONSOR(S) Halligan Monahan

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
John Pigg 106 12TH AVE SW, Sidney, MT	H.R.P. OIL PROPERTIES	SB18		✓
Don Franz	Franz Const Ins Box 1046 Sidney Mt.	SB18		✓
Don [illegible]	Fallon County Baker MT	SB18		✓
Del [illegible]	Baker, Mont	SB18		✓
Sue M. Olson	Mt Oil, Gas & Coal Counties Musselshell Cty	SB18		✓
[illegible]	MT Assoc Oil, Gas & Coal Coun.	SB18		✓
Rocky Gorder Sidney	B+G Roustabout Sidney MT	SB18		✓
Robert Marquiss	Updike Bros Inc. Sidney MT.	SB18		✓
Dave Cramer	Dave's Hot Oil Serv. Sidney Mont-	SB18		✓
Dave Johnson	MT Petro. Assoc.	SB18		✓
Perry Pearce	Meridian Oil Inc	SB18		✓
Gail Abercrombie	MT Petroleum Assn	SB18		✓
Jerome Anderson	Shell Western E+P Inc.	SB18		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

HOUSE TAXATION COMMITTEE BILL NO. SB 18

DATE 12/10/93 SPONSOR(S) HALLIGAN

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Dennis Everson	Northern Montana O&G Assoc.	SB 18		✓
Stan Kaleczyc	Meridian Oil	SB 18		✓
Bob Sheffield	Shell Oil	SB 18		✓
Dave Kasten	Self	SB 18		✓
Jim Tutwiler	MT Chamber	SB 18		✓
John Johnson	HD-23	SB18		✓
Larry Tveit	SD 11	SB18		✓
Tom Ebzery	Exxon	SB 18		✓
Ken Williams	Entech	SB18		✓
Dennis Burr	Montax	SB 18		✓
Bill Tulloch	Meridian Oil	SB 18		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.