

## **Exhibit Number: 11**

### **HB 535**

### **Representative Llew Jones**

**The following exhibit has several pages of text from a Report. This report exceeds the 10-page limit therefore it cannot be scanned. A small portion has been scanned to aid in your research for information. The exhibit is on file at the Montana Historical Society and can be viewed there.**

EXHIBIT 11  
DATE 3-15-05  
HB 535

## **HOUSE BILL NO. 535**

**SPONSORED BY: REPRESENTATIVE LLEW JONES**

**House Appropriations Committee  
3/15/2005 – 8:00 AM – Room 102**

**“An Act Revising the Taxation of Oil Production from Stripper Wells Producing 3 Barrels  
a Day or Less”**

**Prepared for Representative Llew Jones  
By: Patrick M. Montalban, Lobbyist - NMOGA**

**HOUSE BILL NO. 535  
STRIPPER OIL WELLS IN NORTHERN MONTANA**

**FACT SHEET**

- **2/3 of Montana's Oil Wells are Stripper Oil Wells---But Montana's "Mini-Strippers" (3 bbls/day or less) produced only 3.5% of Montana's oil production in 2003.**
  
- **Average Daily Oil Production for Northern Montana:**

2001 – 2.6 BOPD	2003 – 2.6 BOPD
2002 – 2.7 BOPD	2004 – 2.5 BOPD
  
- **Number of Producing Oil Wells – Northern Montana:**

2001 – 1854	2003 – 1774
2002 – 1765	2004 – 1754
  
- **Average Daily Production: Toole County (Kevin-Sunburst Field) - .69 BOPD  
Pondera County (Pondera Field) – 1.93 BOPD  
Glacier County (Cut Bank Field) – 2.39 BOPD**
  
- **On average a Stripper Oil Well will have 12 different oil field contractors working on the well during the course of one year (i.e. Pumper, Truck Driver, Water Hauler, Service Rig – 4 Rig Hands, Electrician, Oil Hauler, Bottom Hole Pump Repairman, Chemical Man, Engineer or Company Hand).**
  
- **House Bill 535 will help to continue providing jobs to these individuals in Northern Montana.**
  
- **Reducing the Tax Rate will enable small Independent Operators to reinvest more capital on returning shut-in stripper wells to production.**
  
- **Passing this Legislation will improve the economics and extend the life of these stripper oil wells.**

**PLEASE VOTE "YES" ON HOUSE BILL 535**

**Prepared for Representative Llew Jones  
By: Patrick M. Montalban, Lobbyist, NMOGA**

## STATE OF MONTANA STRIPPER OIL 2002 PRODUCTION DATA

- **Oil Production – Northern Montana:**  
2001 – 1,425,844 (8% of Total Oil Production – State of Montana)  
2002 – 1,304,053 (7% of Total Oil Production – State of Montana)
- **Total Oil Production – State of Montana:**  
2001 – 16,278,242 Barrels  
2002 – 16,970,130 Barrels
- **Number of Producing Oil Wells – Northern Montana:**  
2001 – 1,838  
2002 – 1,750
- **Average Daily Oil Production Per Well – Northern Montana:**  
2001 – 2.7 Barrels Per Day  
2002 – 2.7 Barrels Per Day
- **Average Daily Oil Production Per Well – Northeastern Montana:**  
2001 – 31.0 Barrels Per Day  
2002 – 31.9 Barrels Per Day
- **2002 Oil Production Summary By Field:**  
Cut Bank – 402,779 Barrels (1,103 Barrels Per Day)  
Kevin – Sunburst – 204,775 Barrels (561 Barrels Per Day)  
Pondera – 158,517 Barrels (434 Barrels Per Day)

## 2002 Summary

### Production

	Reported Volume	Change From Previous Year
Total Liquids Production	16,980,447 Barrel	4.24%
Oil	16,970,130 Barrel	4.25%
Condensate	10,317 Barrel	-7.93%
Total Gas Production	86,879,025 MCF	6.04%
Associated Gas	7,405,773 MCF	10.38%
Natural Gas	79,473,252 MCF	5.65%
Oil And Condensate Production Allocated To Fields	16,980,447 Barrels	
Gas Production Allocated To Fields	86,879,025 MCF	

### Permits

New Wells Permitted	610	Re-issued Permits	270
Vertical Wells	538		
Horizontal Wells	72		
Permits for Horizontal Re-entry Of Existing Vertical Well			66

### Board Orders

Total Number Of Orders Issued	213	
Orders Included The Following Actions:		Number Of Actions
Units Or Enhanced Recovery Projects		2
Exception To Spacing Or Field Rules		86
Field Delineation, Enlargement, Or Reduction		8
Certification For Tax Incentive		11
Temporary Or Permanent Spacing Unit Designation		74
Class II Injection Permits		16
Other		28

# Crude Oil Production

