EXHIBIT 11
DATE 1-10-05
HB 43

During the years that I was in the cattle business, whenever I sold a set of calves or yearlings. I was expected to disclose any information concerning the cattle involved. I also expected the same type of disclosure from the buyer, so there would be no hidden costs or deductions, upon delivery. If either the buyer or I did not live up to the conditions of the contract, we would do business together, no longer.

Unfortunately, royalty owners do not have that option with the petroleum companies with which we deal. We are locked into lifetime contracts through the original leases, and the check stub information is somewhat skimpy, to say the least.

I have heard of incidents where operators pay royalty owners a well head price, which is called for in most leases. But will then, transport the gas downstream to where it is sold at a higher price. The royalty owner is assessed a transportation charge, which is a violation of the terms of most leases, since he or she does not share in the higher downstream price.

It is also not uncommon for corporations to set up dummy companies. Base the royalty payments upon the price that the gas sells for to the dummy company. While the dummy company markets the gas at a higher price.

Royalty owners have a right to know of any hidden costs or deductions involved with the sale of gas or oil produced under their lease, and to whom the product is being sold.

I am sure there are operators within the state of Montana, who would gladly share such information. But there are others who will only make such information available under penalty of the law. Casting a shadow of uncertainty over the entire industry.

The passage of H.B.43 will not interfere with production of Montana's natural resources in any manner. It will guarantee more information to royalty owners, serving to bring the industry out from under the cloud from which it now operates. Creating a better relationship not only between royalty owners and the industry. But a better relationship between the operators themselves.

H.B.43 must be allowed to pass into law.

Arnold Hokanson
Big Sandy, Mont.