EXHIBIT 3
DATE 1/21/05
HB 7

JANUARY 21, 2005
Reclamation and Development Grants Program
Long-Range Planning Subcommittee

This testimony is in **support** of both of the Teton County and Pondera County Oil & Gas Well Plug & Abandon Projects - **HB7** (Primary Sponsor-Tim Callahan)

Chairman Wells, Committee Members

I am Corrine Rose, County Sanitarian for both Teton and Pondera Counties. The purpose of requesting this grant is to provide cost sharing assistance to small oil and gas producers for properly plugging and abandoning non-productive wells.

The goal of this project is to reduce the number of non-productive wells in the oil fields of both Counties. These wells do not contribute to the local economy or tax base, they are a liability to the producer and they are an every-increasing environmental contamination risk. It is my understanding that the primary funding source for this program is the interest income from the Resource Indemnity Trust Fund, which receives, proceeds from taxes levied on mineral production. Allowing producers to utilize these funds to cost share plugging and abandonment operations will reduce the likelihood of the Board of Oil and Gas and the State of Montana and its taxpayers having to pay the costs when the producers forfeit their bonds and walk away from these wells.

This Grant is only available to producers who are in good standing with the Board of Oil and Gas, BLM and DNRC/State Lands. Producers will be reimbursed $0.75 per foot of plugged back depth for oil or gas wells and $1.25 per foot for injection wells. Gary Klotz, Bd of O & G Field Inspector, gave me the following estimate of costs to properly plug a well: If no problems exist with the well, a standard cost estimate would be $1 to $3 per foot. If conditions allow them to "redimix" the well it would be near the $1/ft estimate. If plugging with a rig and cement pump truck through tubing, it would be closer to $3/ft and it can easily cost a lot more if mechanical problems with the well exist.

Based upon the information received from producers supporting this grant, we currently have approximately 50 wells in Teton County and 100 wells in Pondera County in need of plugging.

Pondera County successfully wrote and administered a MT Reclamation & Development Grant in the last grant cycle in the amount of $100,000. Six Pondera County oil and gas well producers participated in this grant and a total of fifty-six wells were properly abandoned. The reimbursement to these producers totaled $99,995.00. We paid $5.00 to have a public notice put in our local newspaper.

Do not hesitate to contact me if you have any questions concerning this testimony or either grant request.

Corrine Rose

Corrine Rose, RS
Teton County (466-2150), Pondera County (271-4036), crose@3rivers.net

# Montana State Senate

**SENATOR JERRY BLACK**
SENATE DISTRICT 44

HELENA ADDRESS:
PO BOX 200500
HELENA, MONTANA 59620-0500
(406) 444-4800

HOME ADDRESS:
445 O'HAIRE BLVD
SHELBY, MONTANA 59474

*The Big Sky Country*

COMMITTEES:
TAXATION
EDUCATION
LOCAL GOVERNMENT
EMAIL: blacks@mcn.net

March 24, 2004

RE:Reclamation and Development Grant

To Whom It May Concern:

I endorse and strongly support Pondera and Teton Counties application for this grant to assist our small independent producers in the plugging and abandonment of many non-productive, problem oil and gas wells in this area.

Due to the age of the oil and gas fields many of these wells are experiencing serious "down hole" problems which can potentially cause dangerous contamination to the aquifers, ground surface, and atmosphere because of gases venting from non-productive wells.

I have personally viewed many of these situations and can attest to the seriousness of this matter. This grant would be extremely beneficial in eliminating a hazard to the environment and reduce the risk to many using the land for agricultural purposes.

Your consideration and approval of this application would be greatly appreciated by the good people in Pondera and Teton Counties.

Sincerely,

Jerry Black

Jerry Black
Senate District 44

*The Big Sky Country*

# MONTANA HOUSE OF REPRESENTATIVES

**REPRESENTATIVE EDITH J. CLARK**
HOUSE DISTRICT 88

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COMMITTEES:
APPROPRIATIONS, VICE CHAIR
HEALTH, HUMAN SERVICES AND AGING
- SUBCOMMITTEE CHAIRWOMAN

Pondera County Sanitarian
Corrine Rose R.S.
20 4th Ave. SW
Conrad, MT 59425

Dear Ms. Rose:

Please submit this letter of support for a Reclamation Development Grant for Pondera and Teton counties.

This is a significantly worthwhile project due to the number of stripper and non-productive oil and gas wells in both counties. The number of problem, non-productive wells will be reduced using a cost sharing program in co-operation with the producer. Further potential environmental and agricultural risks will also be mitigated.

Thank you for your continuing efforts in applying for this Grant and know that I strongly urge the award of the Grant monies for this worthy project.

Sincerely,

Edith Clark

Edith Clark

# Montana State Senate

**SENATOR GLENN A. ROUSH**
**SENATE DISTRICT 43**

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*The Big Sky Country*

COMMITTEES:
BUSINESS & LABOR
NATURAL RESOURCES
HIGHWAYS & TRANSPORTATION
LEGISLATIVE ADMINISTRATION

April 02, 2004

Montana Department of Natural Resources and Conservation
P.O. Box 201601
Helena, MT 59620-1601

Subject: Reclamation and Development Grant for Pondera and Teton Counties, plugging and abandonment of non-productive oil and natural gas wells.

To whom it concerns:

At the request of Pondera and Teton counties, I have been asked to support a Reclamation and Development Grant that would be used in the two counties to address old wells that are no longer in production. In year 2000, Pondera County obtained a $100,000.00 grant for this purpose. This has been a grant benefit for many, these old wells are eyesores on the land, often-old run down building, tank on equipment was left and now no one claims ownership to the wells. Cleaning up the surface and plugging these wells with local operations doing the work is a good economic program for the local region, it brings money to local businesses and workers. The end result is a cleaned up well location where most of the land surface can be used for agriculture use.

This program has done a lot of good in Glacier and Toole counties in past years. Since the funding for this program comes from interest income on the Resource Indemity Trust Fund, which is paid by Natural Resource Producers. This money should be used for the purpose of cleaning up these oil and natural gas wells and abandoned equipment.

I support the request for the grant for Pondera and Teton Counties.

Sincerely,

Glenn A. Roush
State Senator S.D. 43

Cc C. Rose, County Sanitarian
Pondera County Commissioners
Teton County Commissioners

3/26/04

I strongly support Pondera County Sanitarian Corrine A. Rose's efforts in seeking funds from the Resource Indemnity Trust Fund to assist in the proper plugging of non-producing and non-productive gas and oil wells. As I have traveled between Valier and Cut Bank, I have grown to appreciate the uncluttered landscape, which once was dotted with abandoned wells. The same is true for the areas south and southeast of Valier.

People in the oil and gas industry are awarded the monies necessary to remove deteriorating wells in an environmentally safe way. From a 2000 Reclamation and Development Grant in the amount of $100,000 for Pondera and Teton Counties, $85,000 has already been paid to six producers that plugged 48 wells. The remaining $15,000 will be paid out as soon as paper work by the producers is completed. The 48 plugged wells are only a small part of the number of wells that need to be addressed.

I urge the committee to seriously consider Pondera County Sanitarian Corrine A. Rose's application for the Reclamation and Development Grant. This program of well abandonment has a proven track record, and it must be continued for the safety of those who farm the land and those who might traverse over these abandoned gas and oil wells. In addition, the program promotes a more aesthetically pleasing landscape.

Sincerely,

Norman Ballantyne

State Representative
Norman Ballantyne

*The Big Sky Country*

# MONTANA HOUSE OF REPRESENTATIVES

REPRESENTATIVE LARRY LEHMAN
HOUSE DISTRICT 87

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COMMITTEES:
EDUCATION, VICE-CHAIR
STATE ADMINISTRATION

**April 2, 2004**

**To Whom It May Concern:**

**This letter will serve as notice of my full support and approval for any grants available for both Pondera and Teton Counties from any state or federal funding programs, in particular from the State of Montana, the Resource Indemnity Trust Fund, as requested by Corrine A. Rose, R. S.**

**Both Teton and Pondera counties have significant numbers of stripper and/or non-productive oil and gas wells. Many of these wells were drilled prior to the establishment of the Board of Oil and Gas Conservation and the development of regulations governing well and field spacing for the economic extraction of oil and gas. Because of the age of the fields, a large number of these wells are marginally profitable even during periods of increased oil and gas prices. In some cases, wells are now experiencing "down hole" problems which can potentially cause contamination to the aquifers, ground surface areas, and atmospheric contamination from hydrogen sulfide(H2S), carbon dioxide(CO2) and hydrocarbon(CH4) emissions venting from idle wells.**

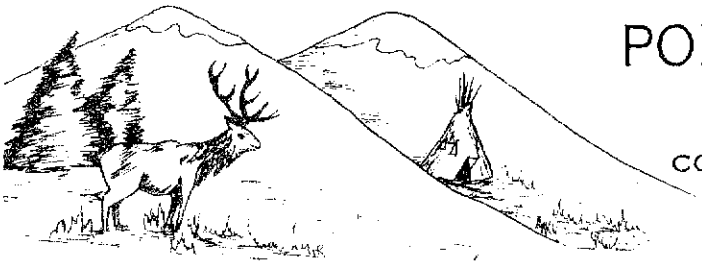
**A Reclamation and Development Grant for both Teton and Pondera counties would assist small, independent producers in plugging and abandonment of non-productive problem oil and gas wells utilizing a cost-sharing program. Wells would be cost effectively plugged utilizing the producers' knowledge and equipment. The number of problem non-productive wells in both counties would be reduced. Potential environmental risks would be mitigated. Elimination of casing stubs and oil field junk would reduce hazards in cultivated fields, pastures, and to agri-ultural equipment.**

**Serious consideration of any grant applications submitted by Teton and Pondera County Sanitarian, Corrine A. Rose, R.S, will be appreciated by my constituents and the taxpayers of both Teton and Pondera counties.**

**Sincerely,**

Larry Lehman

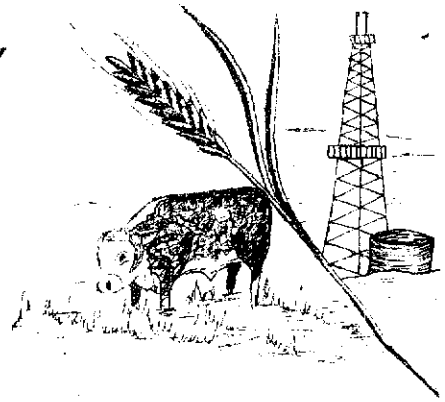
**Larry Lehman**
**State Representative, HD 87**



# PONDERA COUNTY

20 4TH AVENUE S.W.

CONRAD, MONTANA 59425



May 7, 2004

To Whom It May Concern:

We are writing in support of The Teton/Pondera County Reclamation and Development Program grant for plugging abandoned oil and gas wells. These grants assist small producers in plugging non-producing or problem wells. This will mitigate potential problems and reduce oil field debris.

Thank you in advance for your affirmative consideration of the grant proposal from our Pondera County Sanitarian, Corrine Rose.

Sincerely,

Pondera County Commissioners

Sam Harris, Chairman

Cynthia A. Johnson, Member

Joseph Christiaens, Member

TETON COUNTY
MONTANA

BOARD OF COUNTY COMMISSIONERS
P.O. Box 610 • Choteau, MT 59422
tetoncc@3rivers.net
Office: (406) 466-2151 • Fax: (406) 466-2138

March 16, 2004

To Whom It May Concern:

We are writing is support of the Teton/Pondera County Reclamation and Development Program grant for plugging abandoned oil and gas wells. These grants assist small producers in plugging non-producing or problems wells. This will mitigate potential problems and reduce oil field junk.

Thank you for consideration of the grant proposal from our County Sanitarian, Corrine Rose. This will be of benefit to the people of Teton County. We urge you to fund the grant proposal.

Sincerely,

Mary Sexton - Chairman

Arnold Gettel - Vice Chairman

R.F. Sam Carlson – Member

**Corrine Rose**

**From:** Eneboe, Erik <eeneboe@state.mt.us>
**To:** <crose@3rivers.net>
**Sent:** Monday, May 10, 2004 9:10 AM
**Subject:** Teton & Pondera Oil & Gas Well Plug and Abandon Project

To Whom It May Concern:

The purpose of this letter is to convey DNRC's support for the proposed grant applications for the Teton & Pondera Oil & Gas Well Plug and Abandon Project. Previous grant have greatly help the reclamation of orphan wells on State School Trust Lands within these counties.

Should you need ownership or general well information, please feel free to contact the Conrad Unit Office.

Sincerely,

/S/ ERIK ENEBOE

ERIK ENEBOE
Conrad Unit Manager
Central Land Office, DNRC