

BRANCH OIL & GAS

(406) 434-5291

P.O. BOX 768
SHELBY, MONTANA 59474



January 18, 2005

Long Range Planning Sub-Committee
Capital Building
Helena, MT 59620

Dear Chairman:

I am writing in support for the 2005 Grant for plugging of wells. Branch Oil & Gas has used this grant money every time it has been available to us small producers to plug wells.

If this money was not available we probably would not be able to keep our plugging program going. As of now we are able to get all our wells plugged, but you are saying with the high price of gas nobody should have any trouble getting their wells plugged. Which may be true but with this high price we are exploring and drilling new wells and the drilling of new wells it is helping to create new jobs and helping our economy in the State of Montana.

Please consider and grant us this money for the plugging of wells. As with this money it will keep the oil and gas fields clean and our shut-in and abandon wells kept to a minimum. Thank You.

Sincerely Yours,

Patricia E. Peterson
Office Manager



OIL AND GAS PRODUCERS
 JERRY CROFT, PRESIDENT

PETROLEUM CO.

PETROLEUM CENTER BUILDING
 214 NO. CENTRAL AVE.
 P.O. BOX 387
 CUT BANK, MONTANA 59427
 TELEPHONE (406) 873-5547
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January 18, 2005

Mr. Chairman
 Montana State Legislature Long Range Planning Committee

Re: Grants to fund plugging of nonproductive oil and gas wells

Dear Mr. Chairman:

I am President of Croft Petroleum Co. of Cut Bank. We operate oil and gas wells in Glacier, Toole, Liberty, and Teton Counties. There are 20 to 30 small operators like us in this region that operate marginally economic wells on this area called the Sweetgrass Arch. Exploration started in the area about 1919 and to date there are over 6000 wells, many of these are uneconomic even at today's record prices for oil and gas.

When you plan for the future you must analyze the past. I would like to point out that over the past year or so the following items influenced utilization of the plugging grants.

1. With oil and gas prices so high any money once budgeted for plugging wells has been used to revive old wells or drill new ones. In 2003 Croft Petroleum plugged 3 wells using the grant monies. This cost the grant fund about \$6500 and cost us about \$8000. We did not drill any wells in 2003. In 2004 we did not plug any old wells. Instead we drilled 5 new wells, plugging three of these as dry holes, and successfully worked over two older wells to produce. One of these workovers was on a well that is now productive but was scheduled to be plugged under the grant in Toole Co. These drilling and workover expenditures totaled about \$375,000. This money was spent looking to find more oil and gas. The successful efforts will fund production taxes (some of which goes back into the grants), royalties and help keep the economic wheels turning in this area.
2. Another byproduct of high oil and gas prices is high utilization rates for oil field equipment-service rigs, cementing companies, wire line trucks, etc. In 2004 this equipment and the people who know how to run them were stretched real thin. Service companies know there is far more money in working on new wells than plugging old ones. Once you start on a new well you just want to get it done and you can't stop in the middle to worry some guy about a bid. On plugging old wells it is solely a low bidders game before you start so the service companies prefer working on new or producing wells. In 2004 we wanted to plug a well to use the tubulars elsewhere. We could not

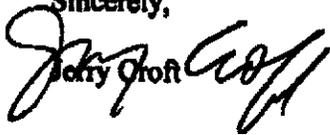
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get the job done because we could never get a commitment from a service rig, cement pump truck and wireline truck for the same day during good weather.

I do hope you realize that this grant program to plug nonproducing wells is a great program. The criteria used to prioritize the wells to plug has been well thought out and the people that administer the program are knowledgeable. They know where to look to substantiate the data and know the people in the governmental subdivisions to get the job done.

Sincerely,


Jerry Croft

C-W Joint Venture
10 Kevin Hwy
Oilmont Mt 59466
(406) 337-3600

January 18, 2005

Re: Plugging in Toole County Montana

To Whom It May Concern:

C-W Joint Venture, Cavalier Walls Joint Venture, Cavalier Petroleum, Inc., A & G Oil & Gas, A. G. Walls are all producers in Toole County Montana.

The Kevin-Sunburst Field is a very old field as you probably are aware. When we purchased Held By Production in 1991, we also inherited the plugging liability for all these old and abandoned wells. Between all the companies above, they have around 100 to 125 plus wells that were drilled back in the earlier Nineteen Hundreds, and need to be plugged.

With grant funds these companies plugged approximately 90 abandoned wells that we would not have been able to plug without the grant money.

We have about 20 wells that are pending the current grant given in 2003-04, and when weather permits in the spring, we will be plugging. If the upcoming grant funds are available, we will have another 30 to 40 wells to be plugged under the grant funds.

Please take this letter under consideration when approving the upcoming grant application. If the funds are not available, it will take another thirty to forty years to plug all the old wells in the Kevin-Sunburst field that are owned by us.

Thanking you, I am,

Sincerely yours


Karie Frydenlund
Agent

J H OIL CO.
PO BOX 267
KEVIN, MT. 59454

Chairman of Long Range Planning Subcommittee

J H Oil Co. has used the State, Toole Co., Funding Program for plugging oil wells in the past and would have found it to be almost impossible financially to plug these wells without the help from the program. We have plans to plug approximately 10 more in the future.

We greatly appreciate your positive consideration of the request for additional funding, which is of great benefit to the small independant producer.

James D. Hofland

