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HB 790

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Testimony of Julia Page in support of HB 790

My name is Julia Page. I am a small business owner from Gardiner and a member of the Northern Plains Resource Council. I support HB790 because I support economic growth for the state of Montana that is compatible with existing business and ranching activity.

The coal bed methane boom in the coal rich Powder River Basin in Wyoming has filled Montana with a lust for riches. In our haste to develop the resource in Montana, we have ignored the plight and pleas of land owners - ranchers, farmers and others - who live in the area and who will be drastically affected by development as it is currently contemplated and practiced. Because of this, there have been numerous lawsuits filed which have halted development pending adequate environmental review and protection. Landowners and agricultural producers in the CBM affected areas feel like they are fighting for their ranches and livelihoods; that if CBM development goes forward the way current law and regulation allows, they will unfairly lose everything. Southeast Montana has sustained a farm and ranch economy for over 100 years.

The study proposed in HB 790 will bring out information that will allow the legislature to understand and address the concerns of landowners faced with CBM development. During the hearing for SB 258, the Landowner bill carried by Sen. Mike Wheat, landowners from the Birney area and along the Tongue River Valley, spoke of the fear they live with, waiting for the boom to drop, to hear that some company has leased and intends to drill on their land. Current law requires only 10 days notice and an offer of a surface use agreement before a company can come on and drill. That's it. If the land owner and company can't agree on the terms of the agreement, the company can post a small bond and come on. Landowners feel almost helpless, and have very little time in which to understand the impacts development will have on their property, assess the company's proposal, find and hire a lawyer, and then attempt to negotiate the important issues they see. What if the company disagrees with them over impacts or possible mitigations?? 10 days - that's nothing. That landowners have very little leverage and feel rushed and vulnerable came out repeatedly in testimony on SB 258. The study provisions on page 2 of HB 790, section (3) will address this area of landowner concerns.

The same is true for the differences of opinion over what constitutes adequate bonding and reclamation for CBM development. The law is vague, and the bonding requirements are widely acknowledged to be inadequate. Currently a company can post a blanket bond of \$50,000 for all of their private and state methane wells in Montana, but the few examples of reclamation that have already occurred (in a Sheridan, Wyoming case, approximately \$40,000 per acre), and the study by Jim Kuipers of what it would cost to adequately reclaim the CX field in Montana (1564 acres of disturbed land and 680 wells, estimated reclamation cost \$6.6 million) indicate that a \$50,000 bond won't even come close. Without adequate bonding a company has no incentive to do a really good job in development and no incentive to do any kind of cleanup afterwards. Time and time again, Montana taxpayers have been left with cleanup costs after inadequately bonded

natural resources extraction has finished. Projects are abandoned for the taxpayers to clean up.

We can do better with CBM development in Montana. We can restore the balance between protecting the things that make southeastern Montana a good place to farm, ranch, and raise a family, and development of our energy resources.

This study bill can provide information that has so far been missing in the public and legislative debate. The study is designed to illuminate some of the most pressing issues that have been raised and that are keeping CBM development from going forward. Adequate information on surface owner protections, reclamation standards and bonding will help both landowners and developers. If this industry is to move forward, it needs to address the concerns of the people of the region and citizens of the state concerned to see economic development occur that provides economic growth, tax revenue to the state but that also protects people living in the area.

Thanks for the opportunity to comment.

Julia Page
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