

EXHIBIT 15
DATE 3.21.05
HB 790

STATEMENT OF JUDITH MUSGRAVE

February 11, 2005

Dear Chairman Wheat and members of the Senate Judiciary Committee,

I understand that the Senate Judiciary Committee recently held a hearing on Senate Bill 258, which would provide additional protections for surface owners from damages caused by oil and gas development. I urge the Committee to pass this important legislation to create a more level playing field for landowners trying to protect their private property.

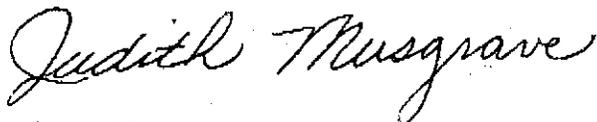
We own property immediately adjacent to current drilling operations in Powder River Gas Company's coal bed methane exploration project just north of the Tongue River Reservoir. The initial test project is for 18 wells which require dewatering the coal seam aquifers. We are a partial split-estate landowner in that we own the surface and some but not all of the underlying minerals. We have not leased our mineral rights nor have we signed a surface damage agreement with any CBM company.

It has also come to my attention that at the hearing Harmon Ranney testified that Powder River Gas Company had signed a water well mitigation agreement with all potentially impacted landowners. That is not the case. We were sent a water well mitigation agreement by Western Land Services, who is employed by Powder River Gas, over 18 months ago. Our attorney advised us against signing the agreement and, instead, proposed a more protective agreement to the company. We received several phone calls from Western Land Services employees regarding the water well mitigation agreement, but we referred all of them to our attorney. This past Thursday, February 10, 2005, we received a certified / return receipt mailing from Western Land Services containing a water well mitigation agreement and asking us to sign it. The notation at the bottom of the form says, "e-forms\0109 Update 8/03" so we have no reason to believe it is an improvement over the original offered months ago. We have, however, placed it in the hands of our attorney and await his advice as to signing it.

You may also want to know that we sold the majority of our ranch to Diamond Cross Properties, LLC in June of 2004. We don't know if Powder River Gas is aware of that transaction or if the new owners have signed water well mitigation agreements with them as some of that property is within their Area of Influence (AOI).

I hope this clarifies any confusion over this issue, and we once again urge you to pass this legislation in the interest of Montana private property owners.

Sincerely,



Judith Musgrave
P.O. Box 32
Decker, MT 59025

February 8, 2005



WESTERN LAND SERVICES

William R. Musgrave & Judith Musgrave
P.O. Box 32
Decker, Montana
59025

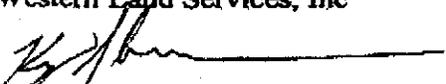
RE: Water Well Mitigation Agreement Offering Required by Montana

Dear Mr. & Mrs. Lott,

Powder River Gas is putting together a pilot project to explore for coalbed natural gas and as part of the permitting process we are required to offer all landowners who own land that is within a 1 mile Area of Influence (AOI) of Powder River Gas's Project boundary a Water Well Mitigation Agreement. I also realize that you may not even have any water wells on your property, but once again we are required to offer this agreement to you.

If you should require any further information, please do not hesitate to contact me at your convenience.

Sincerely,
Western Land Services, Inc



Kyle J Sampson
Water Department Supervisor
Agent For
Powder River Gas

Water Well Mitigation Agreement

This Agreement is made and entered into this _____ day of _____, by and between William R. Musgrave & Judith Musgrave, hereinafter referred to as Owner, and Powder River Gas, L.L.C. hereinafter referred to as Operator whose address is P. O. Box 7370, Sheridan, Wyoming 82801.

WHEREAS, Owner has existing water wells, or springs within their property boundaries and situated within the Area of Influence (AOI) as specifically defined herein, and providing Owner water for domestic and/or agricultural/livestock water, and

WHEREAS, Operator has acquired leases for the development of Coal Bed Natural Gas (CBNG) and intends to drill and complete wells for the production of CBNG, and

WHEREAS, the development and production of CBNG usually requires the production of water in conjunction with CBNG and may require the localized reduction of water levels within certain individual strata of the Fort Union Coals, and

WHEREAS, Operator has advised Owner that the production of water in association with CBNG could adversely affect the productive capacity of Owner's existing water wells or springs which draw water from the Fort Union aquifer.

NOW, THEREFORE, as consideration for the mutual covenants herein, in order to facilitate the multiple usage of the natural resources consistent with sound environmental practices, to mitigate potential adverse effects on the Owner's water wells and springs situated within the AOI, to assure prompt and effective remediation, and to reduce the need for regulatory intervention by State and Federal agencies, the Owner and Operator agree as follows:

DEFINITIONS:

Fort Union Coals: The Fort Union Coals, as used herein, shall mean those individual coal beds contained within the Tongue River member of the Fort Union Formation, bounded above by the Wasatch Formation of Eocene age and below by the Lebo Shale member.

Area of Influence (AOI): The area that falls within two mile of the Operator's productive CBNG project boundary.

Impaired Water Well/Spring: Any viable water well, or spring existing on the Owner's property within the AOI at the time CBNG development begins, that experiences a reduction of capacity to deliver water in quantity and/or quality sufficient to support the ordinary and customary use of the well as a direct result of operators CBNG activities. To qualify as an Impaired Water Well or spring, all wells must be in the same coal zone(s) that the Operator is producing from or in the water producible formations that are either twenty feet above or below said coal zone(s).

Strat Test: Any test that is drilled with the purpose of obtaining geologic information that is not completed for production and is subsequently plugged and abandoned. Strat Tests may produce water and/or gas for a period not to exceed sixty (60) days without creating a AOI.

CBNG Well: Any well drilled and completed for the production of CBNG that withdraws water and/or gas and water from the aquifer for a period exceeding sixty (60) days.

AGREED:

1. Upon initial establishment of an AOI, the Operator, at its sole cost and risk will measure or cause to be measured, the static water level and productive capacity (the baseline measurement) of viable water wells and springs within the AOI and will attempt to determine the depth and configuration of these wells and springs through consultation with the Owner and from the records of the Montana Department of Natural Resources and Conservation (DNRC). The Operator shall also test for the presence of methane at reasonable detection levels in the water wells and springs, and measure flow rates of springs. Tests shall be performed according to standard and customary test procedures for testing of this kind.
2. Owner shall, upon reasonable notice, allow the testing of water wells and springs within the AOI, including a static water level test which may require the cessation of withdrawals of water from the well for a period not to exceed twenty-four (24) hours.
3. Operator shall establish a water well and spring monitoring program which shall continue at reasonable intervals through the CBNG development, the intent of which is to enable the Operator to identify changes in the capacity of Owner's water wells and springs within the AOI. Operator shall, upon request of the Owner, provide all test data, both "baseline data" and monitoring data to the Owner.

4. If a water well or spring within the AOI becomes impaired, Owner shall first take reasonable steps to verify that the impairment is not due to mechanical, electrical, down hole integrity, or pump problems, and if none of these problems appear to be the cause of the impairment, Owner shall notify lessee of the impairment. Notice shall be made by phone and by writing, delivered by hand or by registered mail to the Operator at the above address.
5. Within sixty (60) days of receipt of notice of impairment, Operator shall restore the Owner's access to water of sufficient quantity and quality to offset such impairment by reconfiguring, redrilling the water well, drilling of a new water well, or by other means. It is recognized that additional power costs may be associated with any reconfiguration of an Impaired Water Well. The specific site of the well or water access may be changed by mutual agreement of Operator and Owner.
6. Upon notice of impairment of a well or spring which causes impending loss or damage to livestock, Operator agrees to provide water during the period of impairment in the quantity, quality and at the location required for the maintenance of normal and customary domestic grazing and livestock operations. Owner shall make a good faith effort to inform Operator by phone, fax, or other expedient method of any impending loss or damage to livestock.
7. In the event it is determined that there is an Impaired Water Well or spring in any AOI, that AOI shall be expanded based on the location of the Impaired Water Well or spring. The AOI shall be expanded by the area with an arc length one-half of a mile wide (2640 feet) outside the existing AOI. Likewise, should it be determined that there is an Impaired Water Well, or spring within the expanded AOI, that area shall be again expanded with an arc length of one-half mile (2640 feet), during the life of the CBNG project.
8. Owner shall aid and assist Operator in the obtaining of regulatory and other permits and/or permissions from third party surface owners required to restore Owner's Impaired Water Well or spring capacity. All costs of the operations, including fees for obtaining permits and permissions, shall be borne by the Operator.
9. In the event that both mechanical elements (Owner's responsibility) and non-natural aquifer draw down (Operator's responsibility) are both factors in causing the water well to become impaired, the cost of remediation may be apportioned and divided between the parties.
10. In the event that the interpretation or enforcement of this Agreement results in legal action, the costs of such action, including reasonable attorney's fees, shall be borne by the individual parties.
11. The terms and provisions contained herein shall run with the land and shall be binding upon the heirs, successors, and assigns of Owner and Operator. This Agreement shall terminate upon the expiration of the last oil and gas lease or the plugging and abandonment of the last CBNG well to which this Agreement applies, whichever is the later date.

This Agreement may be executed in any number of counterparts, each of which shall be considered an original.

AGREED AND ACCEPTED THIS _____ DAY OF _____

SURFACE OWNER:

OPERATOR:
POWDER RIVER GAS, LLC

By:

(Tax ID No)