EXHIBIT 6
DATE 2.8.05
HB 535

February 6, 2005

Patrick Montalban
Northern Montana Oil and Gas Association

Legislators 2005 Montana Legislature
Helena, Montana

Re: Oil and Gas Production Taxes

Ladies and Gentlemen:

First I want to congratulate your prior foresight and action in revamping the structure of the oil and gas production taxes over the past 10 years. This has truly made a significant difference that you can easily see. In the eastern part of the state in the Williston Basin companies and their investors are busy drilling horizontal wells that have actually increased the production of this state. This is one of the very few producing states that have seen its production increase. In the northwest and central part of the state the towns of Havre, Shelby, Cut Bank, Kevin, Sunburst, Chester, Chinook, Malta and Conrad have seen increased activity spurred on in part by the decrease in stripper oil and gas well production taxes. This has helped these communities cope with chronic draught effects on their agricultural base.

Next in an effort to explain and update you on some effects of the taxation from the producers point of view I offer the following. Most oil wells in the three county areas of Glacier, Toole, and Pondera produce less than 3 barrels of oil per day and thus are taxed at a rate of 0.76% when the marker price of crude oil is below $38/barrel. The marker price is the price of West Texas Intermediate Crude as noted in the Wall Street Journal. This is actually the New York Mercantile Exchange Price and not the price the oil producer in Montana receives for the crude oil produced here. As the price of West Texas Intermediate has risen over the past few years the differential between this price and the price applicable to Montana producers has increased. A few years ago the producer's top quality crude in Montana was discounted about $4.50 less than the WTI marker. Now that discount is about $8.50 off WTI. The WTI marker price is the triggering mechanism that increases the tax rate on these small wells from 0.76% to 12.76% which is a huge increase. Over the past five years we have seen our price increase three fold and then decrease to twice its original level. In the same time the tax rate paid has increased 16 fold. It is these realizations that make stripper well producers ask for a smoother step rate in oil production taxes.

My next comment is an update on taxation of oil and gas on the Blackfeet Indian Reservation. This reservation covers oil and gas producing wells in both Glacier and Pondera Counties. For the 4 or 5 year period ending June 30, 2003 the State and Tribe had an Oil and Gas Tax Sharing Agreement wherein the tax rates were the same as the State's but the taxes were sent to the Tribe. This agreement made the effective total tax rate on the reservation identical to the rest of the State. Immediately prior to the implementation of this agreement wells on the reservation were subject to both state taxes and tribal taxes which totaled almost double the rate off the reservation. I would like to see such an agreement be implemented again.

Sincerely,

Jerry Croft
President, Croft Petroleum Co.
Box 397 Cut Bank, MT 59427