Montana State Legislature

Exhibit Number: 1

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EXHIBIT 7
DATE 2.8.05
HB 535

HOUSE BILL NO. 535

INTRODUCED BY: LLEW JONES

"An Act Revising the Taxation of Oil Production from Stripper Wells Producing 3 Barrels a Day or Less"

Stripper Oil Well Production

Income & Expense Analysis - (Calculated @ Average January 2005 Cenex Crude Oil Price for Northwest Montana Sour Crude of $38.677)

		1bbl/day 30 bbl/month	3 bbl/day 90 bbl/month	10 bbls/day 300 bbl/month	100 bbls/day 3,000 bbl/smonth
Income:		**1,160.33**	**3,480.93**	**11,603.10**	**116,031.00**
Expenses:					
Royalty	(12.5%)	(145.04)	(435.12)	(1,450.39)	(14,503.88)
Tax	(12.76%)	(166.57)	(499.69)	(1,665.63)	(16,656.25)
Pumper Costs		(300.00)	(300.00)	(300.00)	(300.00)
Chemical Costs		(200.00)	(200.00)	(200.00)	(200.00)
Electrical Costs		(100.00)	(100.00)	(100.00)	(100.00)
Misc. Incidentals		(100.00)	(100.00)	(100.00)	(100.00)
Net Income Subtotal:		**148.72**	**1,846.13**	**7,787.09**	**84,170.87**
Capital Expenditures:					
Pulling/Workover Costs:		(3,049.10)	(3,049.10)	(3,049.10)	(3,049.10)
Bottom Hole Pump Repair:		(830.21)	(830.21)	(830.21)	(830.21)
Replace Electric Motor:		(1,133.50)	(1,133.50)	(1,133.50)	(1,133.50)
Unit Repair: (Estimate)		(1,247.00)	(1,247.00)	(1,247.00)	(1,247.00)
Net Income:		**(6,111.09)**	**(4,413.68)**	**1,527.28**	**77,911.06**

CHS

CRUDE OIL PRICE BULLETIN

216 16th Street, Suite 950
Denver, CO
80202-6123

303-893-0107
303-623-3925 Fax
chsinc.com

January, 2005

Effective 7:00 a.m. on the dates listed below, CHS Inc. (CHS), will pay the following prices per barrel of 42 U.S. gallons for marketable crude oil or condensate which it has agreed to purchase pursuant to the terms and conditions of its account into facilities of its authorized receiving agency. Prices are shown for 40 degree gravity API and above except where noted. All posted prices may be subject to deductions for transportation and other charges where applicable. These prices may be changed any time, with notice given in a subsequent Price Bulletin.

	12/29/04	01/03/05	01/04/05	01/05/05	01/06/05	01/10/05	01/11/05	01/12/05	01/13/05	01/14/05	01/19/05	*Average*	*Scale*
	2004-228	2005-001	2005-002	2005-003	2005-004	2005-005	2005-006	2005-007	2005-008	2005-009	2005-010		
Northwest Montana Sour	$37.25	$33.75	$35.75	$36.25	$37.25	$37.00	$37.50	$38.00	$39.75	$40.00	$39.25	**$38.677**	**A1**
Northwest Montana Sour (Specific to Blaine & Hill Counties)	$35.85	$32.35	$34.35	$33.85	$35.85	$35.60	$36.10	$36.80	$38.35	$38.60	$37.85	**$37.277**	**C1**
Wyoming Asphalt Sour	$36.25	$34.75	$36.75	$36.25	$38.25	$38.00	$38.50	$39.00	$40.75	$41.00	$40.25	**$39.548**	**C1**

NOTE: GRAVITY ADJUSTMENT SCALE ATTACHED

Prices are based upon the use of 100% tank tables or mutually acceptable automatic measuring equipment with customary adjustments for temperature and full deduction for basic sediment and water in accordance with usual industry practices.

Seller warrants title to all crude oil and/or condensate sold and delivered. Seller warrants that the crude oil and/or condensate sold and/or delivered to CHS shall be of merchantable quality and CHS reserves the right, without prejudice, to reject and return any crude oil and/or condensate containing contaminants and Seller agrees to accept returned crude oil and/or condensate, reimburse CHS for any costs incurred and be liable for all damages, including consequential and loss of profit, suffered by CHS and its customers. Merchantable crude oil and condensate is defined as virgin crude oil and condensate produced from wells, and suitable for normal refinery processing, and free of foreign contaminants or chemicals including, but not limited to, chlorinated and oxygenated hydrocarbons.

If any statute or regulation, currently or hereafter in effect, limits the price CHS can pay, modifies the effective dates or requires any adjustment to said prices, including retroactive adjustments, CHS reserves the right to amend these prices, prospectively or retroactively, and recover any excess payments by withholding from future settlements or by separate invoicing.

CHS reserves the right to amend or withdraw this Price Bulletin without prior notice. This Bulletin supercedes and cancels all prior Price Bulletins issued by CHS.

Price Information Hotline: 1-800-775-1552 Website: www.CrudeOilSupply.com

CHS Inc. 216 16th Street, Suite 950, Denver, CO 80202-6123
303-893-0107 fax: 303-623-3925 www.cenex.com (Effective September 15, 2003 www.chsinc.com)

CHS

CRUDE OIL PRICE BULLETIN

216 16th Street, Suite 950
Denver, CO
80202-5123

303-893-0107
303-623-3925 Fax
chsinc.com

January, 2005

Effective 7:00 a.m. on the dates listed below, Cenex Harvest States Cooperatives (CENEX), will pay the following prices per barrel of 42 U.S. gallons for marketable crude oil or condensate which it has agreed to purchase pursuant to the terms and conditions of its account into facilities of its authorized receiving agency. Prices are shown for 40 degree gravity API and above except where noted. All posted prices may be subject to deductions for transportation and other charges where applicable. These prices may be changed any time, with notice given in a subsequent Price Bulletin.

	01/20/05	01/21/05	01/24/05	01/25/05	01/26/05	01/28/05	01/31/05	*Average*	*Scale*
	2005-011	2005-012	2005-013	2005-014	2005-015	2005-016	2005-017		
Northwest Montana Sour	$38.75	$40.25	$40.50	$41.25	$40.50	$39.00	$40.00	**$38.677**	**A1**
Northwest Montana Sour (Specific to Blaine & Hill Counties)	$37.35	$38.85	$39.10	$39.85	$39.10	$37.60	$38.60	**$37.277**	**C1**
Wyoming Asphalt Sour	$39.75	$41.25	$41.50	$42.25	$41.50	$40.00	$41.00	**$39.548**	**C1**

NOTE: GRAVITY ADJUSTMENT SCALE ATTACHED

Prices are based upon the use of 100% tank tables or mutually acceptable automatic measuring equipment with customary adjustments for temperature and full deduction for basic sediment and water in accordance with usual industry practices.

Seller warrants title to all crude oil and/or condensate sold and delivered. Seller warrants that the crude oil and/or condensate sold and/or delivered to CENEX shall be of merchantable quality and CENEX reserves the right, without prejudice, to reject and return any crude oil and/or condensate containing contaminants and Seller agrees to accept returned crude oil and/or condensate, reimburse CENEX for any costs incurred and be liable for all damages, including consequential and loss of profit, suffered by CENEX and its customers. Merchantable crude oil and condensate is defined as virgin crude oil and condensate produced from wells, and suitable for normal refinery processing, and free of foreign contaminants or chemicals including, but not limited to, chlorinated and oxygenated hydrocarbons.

If any statute or regulation, currently or hereafter in effect, limits the price CENEX can pay, modifies the effective dates or requires any adjustment to said prices, including retroactive adjustments, CENEX reserves the right to amend these prices, prospectively or retroactively, and recover any excess payments by withholding from future settlements or by separate invoicing.

CENEX reserves the right to amend or withdraw this Price Bulletin without prior notice. This Bulletin supercedes and cancels all prior Price Bulletins issued by CENEX.

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