

EXHIBIT 4
DATE 4.4.05
SB 276



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April 4, 2005

Honorable Karl Waitschies, Representative
Chairman, House Taxation Committee
State Capitol
Helena, MT

Dear Representative Waitschies And Members Of The Committee,

My name is Bill Trevethan. I work for Halliburton Energy Services. I am representing our mining operations in Carter County performed by Bentonite Performance Minerals. I am here to testify on behalf of Senate Bill 276. My testimony is similar to that given before the Senate Taxation Committee in February. Although it has been heard and passed by the Senate, it is very important to demonstrate to this committee that we understand it doesn't become law until both the House and the Senate agree that it is good policy and the Governor signs the measure.

Senate Bill 276 is a mechanism which, when adopted, will change the valuation and taxation procedures for bentonite mining operations in Montana for the better. It removes the current bentonite valuation and taxation methodology in statute and substitutes a clear, concise and easily administered tiered production tax. The new tax methodology is based strictly on tons of bentonite mined. It is graduated in such a manner that it encourages increased production. It is uniformly applied against all bentonite producers in the state. The rates can be adjusted for inflation with a review mechanism. It relieves the state of a burdensome audit procedure which, in the past, has involved tax appeals at all levels, including cases heard by the State Supreme Court.

Senate Bill 276 can be viewed as an economic stimulus bill because it may lead the way for increased responsible mineral production in the State of Montana, and certainly in Carter County. At this moment, the mining of bentonite is more prolific in the State of Wyoming. However, there are excellent beds of bentonite in Montana that can be mined successfully both in terms of environmental compliance and reasonable mining expense. The largest single reason that holds back future production increases by our company in Montana is the volatility of the net proceeds tax.

Comparing production taxes paid in 2004 based on 2003 production, our Colony plant paid exactly double the amount in production taxes per ton of bentonite mined in Montana than in Wyoming. Since our deposits almost straddle the state line, it has made sense to maximize production from Wyoming, where the taxes are lower, at the expense of revenue that could be flowing to the political subdivisions in Montana. Replacing the net proceeds statute by instituting a tiered tax based on tons of bentonite mined will go a very long way toward encouraging more production in Montana. It is true that taxes paid per ton will still be higher in Montana, but the narrowing of the difference and the ability to accurately budget production tax costs is what may encourage companies such as ours to produce more bentonite from our Montana holdings.

Carter County is rural county with a very limited tax base. It will greatly benefit from a continuation of existing operations, rather than worrying about downsizing of operations in favor of Wyoming, and the very real possibility of expanded operations yielding more tax revenue than would occur under current law. The new tax structure will allow our company to continue its mining operations in Carter County without the need for a major shift to Wyoming production to lower operating costs based on production taxes.

We urge the committee to vote in favor of this bill because it will simplify a complicated taxation process, place all bentonite producers on an even playing field, eliminate the possibility of valuation disputes and the time and expense of the appeals process, generate an acceptable amount of revenue to governmental entities from inception and encourage increased production in Montana which may, in turn, generate even more revenue to those governmental units.

Thank you for allowing me to speak to you and to the committee today in favor of Senate Bill 276. I strongly urge you to vote "yes" on this measure.

Respectfully submitted,



Bill Trevethan
Lead Accountant – Tax