

**KLABZUBA OIL & GAS, INC.**

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February 3, 2005

To the Members of the Senate Judiciary Committee

Dear Mr. Chairman and Members of the Committee:

Klabzuba Oil & Gas operates approximately 200 natural gas wells in Montana. We have been actively exploring for more than twenty years. SB 258 has come to our attention, and we have serious concerns about many of the provisions incorporated in the bill as written.

Let me make it clear that Klabzuba Oil & Gas prides itself in being a good neighbor. We are careful to treat our surface owners with respect and dignity. In fact, one of our main objections to this legislation is that we believe there is no large-scale problem needing to be resolved. Where are the law suits from the producing areas where production of oil and gas is prevalent?

This bill, if passed, will also send a message reinforcing the notion that the State of Montana is anti-business. SB 258 will create a tremendous burden for Exploration and Production Companies by forcing increases in land staff, increases in attorney fees, and increased risk to investment capital. As written, SB 258 would also dramatically increase the workload in Montana's District Court system. An additional financial burden to the State could not come at a worse time.

From our viewpoint, the bill is filled with obstructionist language. It contains too many obstacles to detail in a short letter, but I will highlight a few: (1) The Bill seems to apply to all surface owners and all incursions—not just to those who oppose entry. (2) Our company would be forced to spend countless hours “educating” individual surface owners (and their attorneys) on Oil & Gas law over and over again. (3) The timeline for dispute resolution as provided in SB 258 allows the process to take a minimum of 145 days—longer if the court docket is backed up. The Energy Industry operates on time deadlines according to three year leases, or to five year leases. If enacted, this bill (as written) would create a terrible burden on our company. (4) We have created hundreds of easements, access agreements, and leases. We question whether the language of this bill will nullify thousands of existing documents in courthouses all over the State.

Klabzuba Oil & Gas, Inc. Is not opposed to State mandated standards for surface occupancy, but this bill would create more problems than it addresses. Please help us defeat this bill. Thank you.

Sincerely,

Cole T. Chandler  
Operations Manager