

SENATE TAXATION

EXHIBIT NO. 9

DATE 4-11-05

BILL NO. HB 535

April 10, 2005

Mister/Madame Chair and Members of the Committee,

My name is Catherine Finlayson and I am part owner of Hawley-Desimon Inc. (a small stripper well oil producing business located in the Pondera Oil Field 12 miles south of Conrad.) We have been in business since 1927 when my grandfather, Ted Hawley, drilled the first oil well in what became a booming little community called Gallup City. Grandpa was able to keep the wells going and build a very nice business that has been successful for almost 80 years. I am very proud to have the opportunity to help continue his legacy for as long as we are able to continue producing oil. There are two factors that threaten our business: the depletion of the oil from the formation in the oilfield and the outrageous 12.8% production tax that has been imposed on us.

The first factor is unavoidable. Our oil production is slowly declining and the wells are making more and more water. With the rising costs of maintenance and declining production, we rely on the times when the price of oil is up a bit in order to take care of things we are unable to do when the price is down. Even though the price is high now, we need to prepare for when the price goes down, as it always does—even as low as \$9 per barrel which is where it was only a few years ago.

The second factor that threatens the livelihood of our business can be fixed with the passage of HB 535.

You have seen and heard all the facts about how this tax is very repressive to our little oil business. If politicians ruin local businesses in order to get a hold of more tax money to finance county and state programs, they only hurt the people they say they want to help.

I want to continue living in Montana and raise my family to remain here, too. But if we are run out of business because of this 12.8% tax, we may need to find opportunities elsewhere—maybe even out of state. I strongly urge you to vote for HB 535 and help our business continue in the little struggling community of Conrad. After all, isn't it better to receive some revenue from our company rather than none at all?

Thank you,

