EXHIBIT 9
DATE Feb 7, 2011
HB 375

Oil Development Related Impacts

Richland County Commissioners

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Shane Gorder

February, 2011

Richland County is the fuel that feeds the generator that runs the State of Montana, (*economically speaking*).

- Currently the state keeps 52.53% of all oil and natural gas production tax taken out of Richland County.
- Governor Schweitzer's office tells us

$42 million in oil and gas revenues produced in Richland County in 2010 went to the state.

- Our legislative forefathers had the insight to build a formula for the allocation of oil and natural gas production taxes between the state and the counties.

  This formula needs to be left alone.

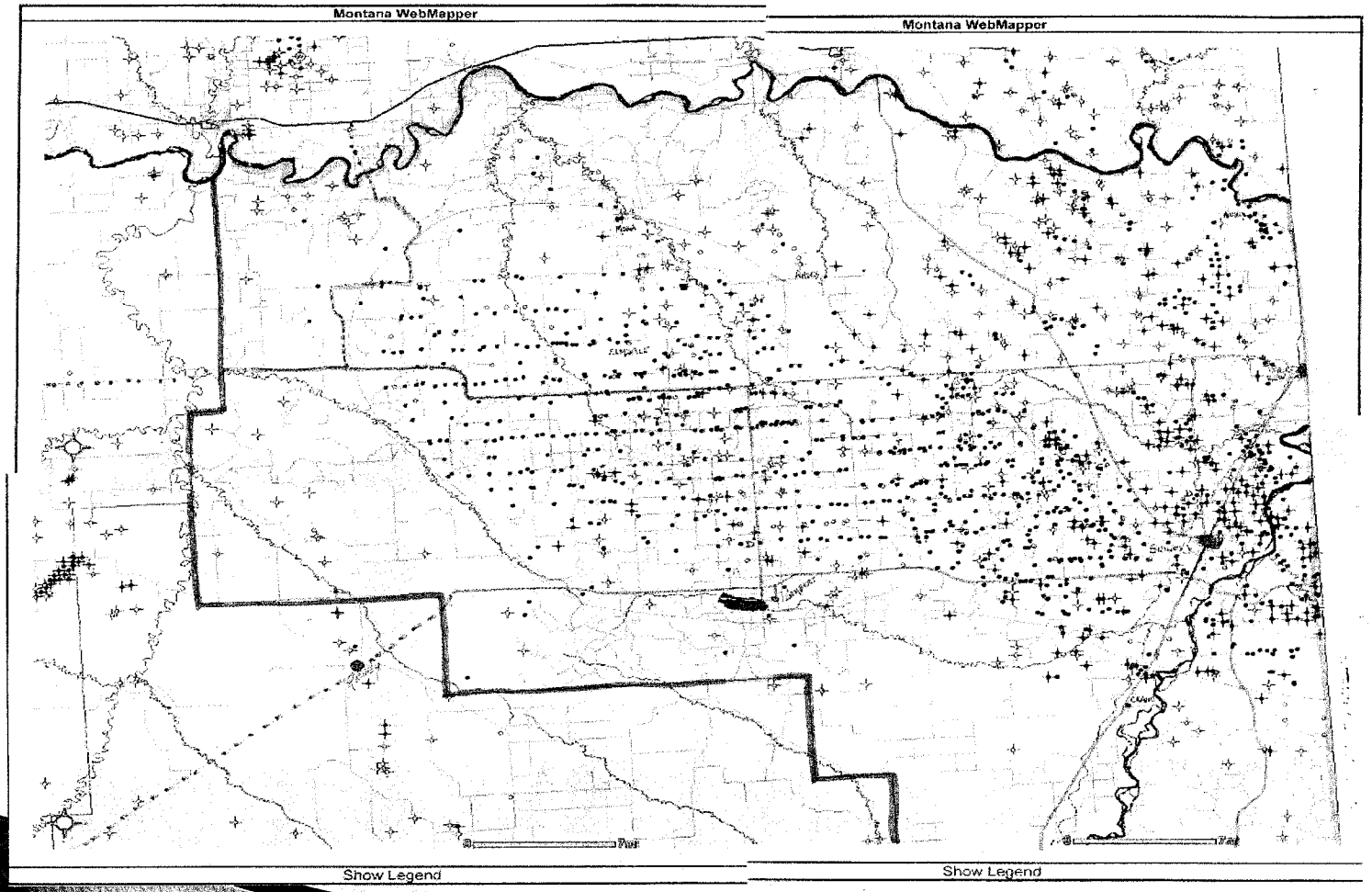
- Montana tries to promote economic development, but when a region of the state does begin to show some prosperity, some work to stifle this development by taking away the incentives to promote growth, which in Richland Counties case is 10% of the funds needed to sustain the region. To some people, the amount of money to be taken away may seem small, but we assure you, we need every dollar to insure that the oil production tax continues to flow to the State coffers and eventually back to the County.
- Using 2010 figures a 10% reduction would be approximately $1.7 million. As you will see later this would be the county bridge budget used to keep the oil field moving.

Oil production has impacted many areas of Richland County.

- The Sheriff's Department budgets have ballooned to provide safety to our citizens.
- City and rural water wells have been impacted due to the huge volume of water needed for drilling and domestic use.
- Clerk & Recorder has employed five full time clerks to support the usage of records locally and by the 30+ oil land men camped in the court house foyer.
- Drivers Examiners office needs to be renovated to provide D.O.T. commercial truck driver licensing.
- The county has a 3.7% unemployment rate.
- Increase in minor subdivision requests for commercial and housing developments.

- One of the most important uses of the oil revenues in Richland County is for the maintenance and improvement of roads which are used in the oil fields. Since there is a bottleneck in the pipeline system, a huge impact has been put on our roads. A very definite example of this is at the present time several of these roads are blocked because of snow. The roads have been closed ten days to two weeks in some areas of the counties. Snowmobiles were used to get to the well sites and shut down the production of a large number of wells. The result of this action will be lower production for January which will be noticeable in the amounts of dollars paid to the State and County.
- Richland County is hiring contractors with snow-blowing equipment to clean the main roads for all the taxpayers which include the oil companies.
- With every reduction in revenue for our road department, there are restrictions on our ability to keep roads maintained during all phases of the year, be it snow, rain, mud or dust.
- Not only does this hurt our Counties revenue but the States as well.
- The following pages show the expense and diversity of issues Richland County faces to provide the oil and gas revenue this state needs.

2010 Oil Well Map



6rds of Richland County is covered

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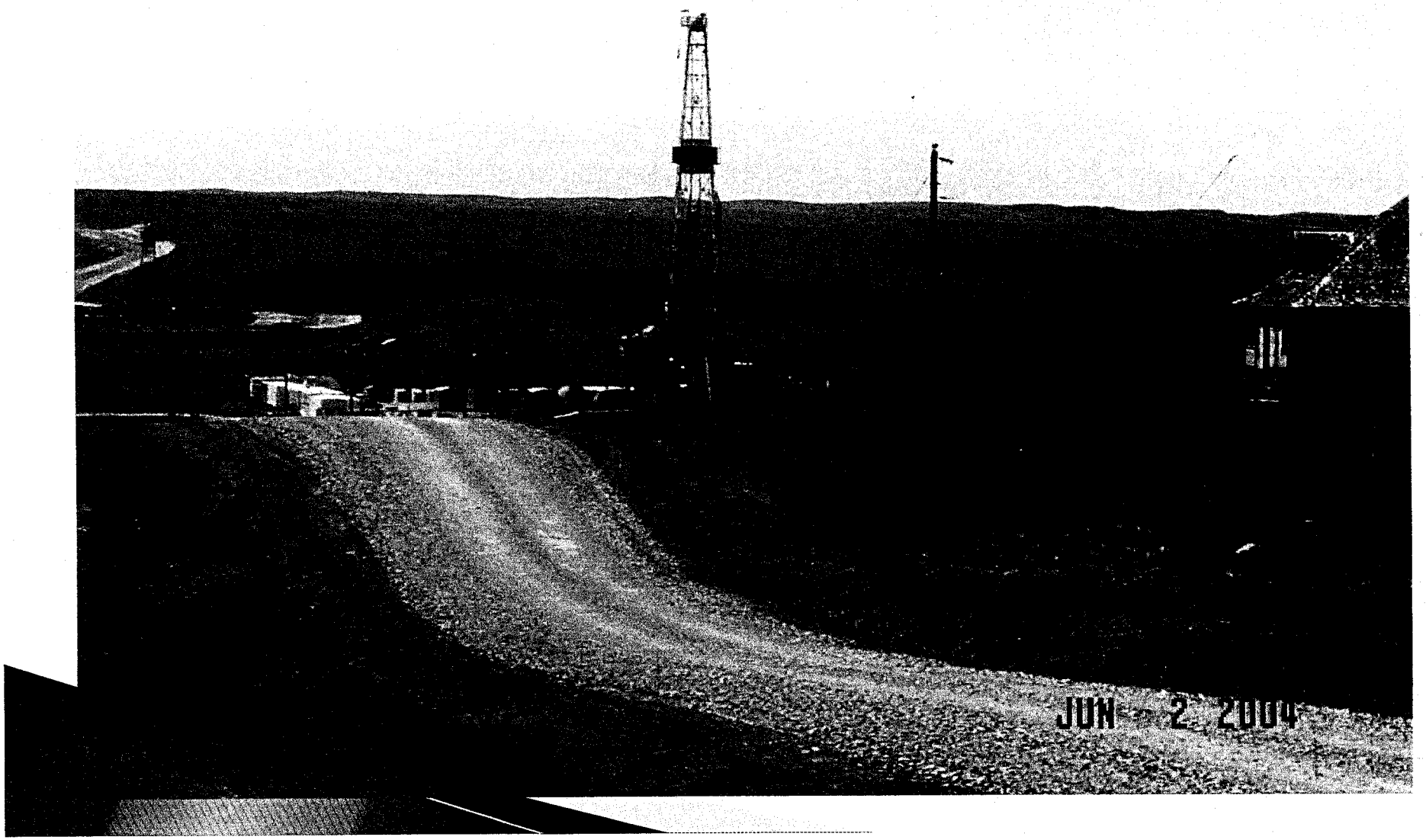
Richland County Public Works Costs

- Road Maintenance Budgets
  - 2003 ~~ $1,377,956.00
  - 2011 ~~ $5,535,616.00
  - INCREASE of $4,157,660.00 in 8 years
- Bridge Maintenance Budgets
  - 2003 ~~ $ 760,005.00
  - 2011 ~~ $2,684,568.00
  - INCREASE of $1,924,563.00 in 8 years

Back trails improved through pastures
pushed wider for oil production.
Notice scoria almost gone on this trail.



Loose shoulders on current gravel roads

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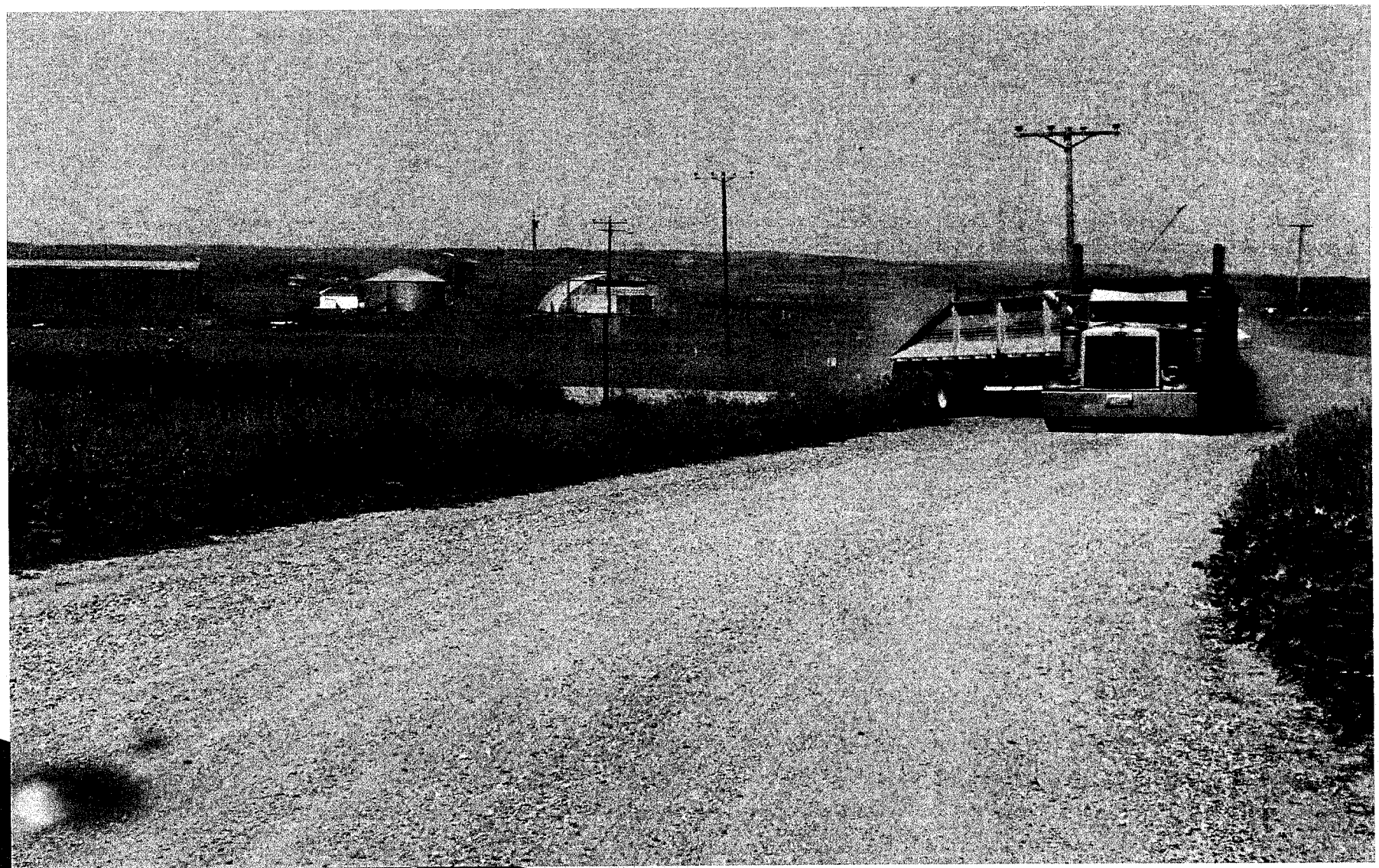
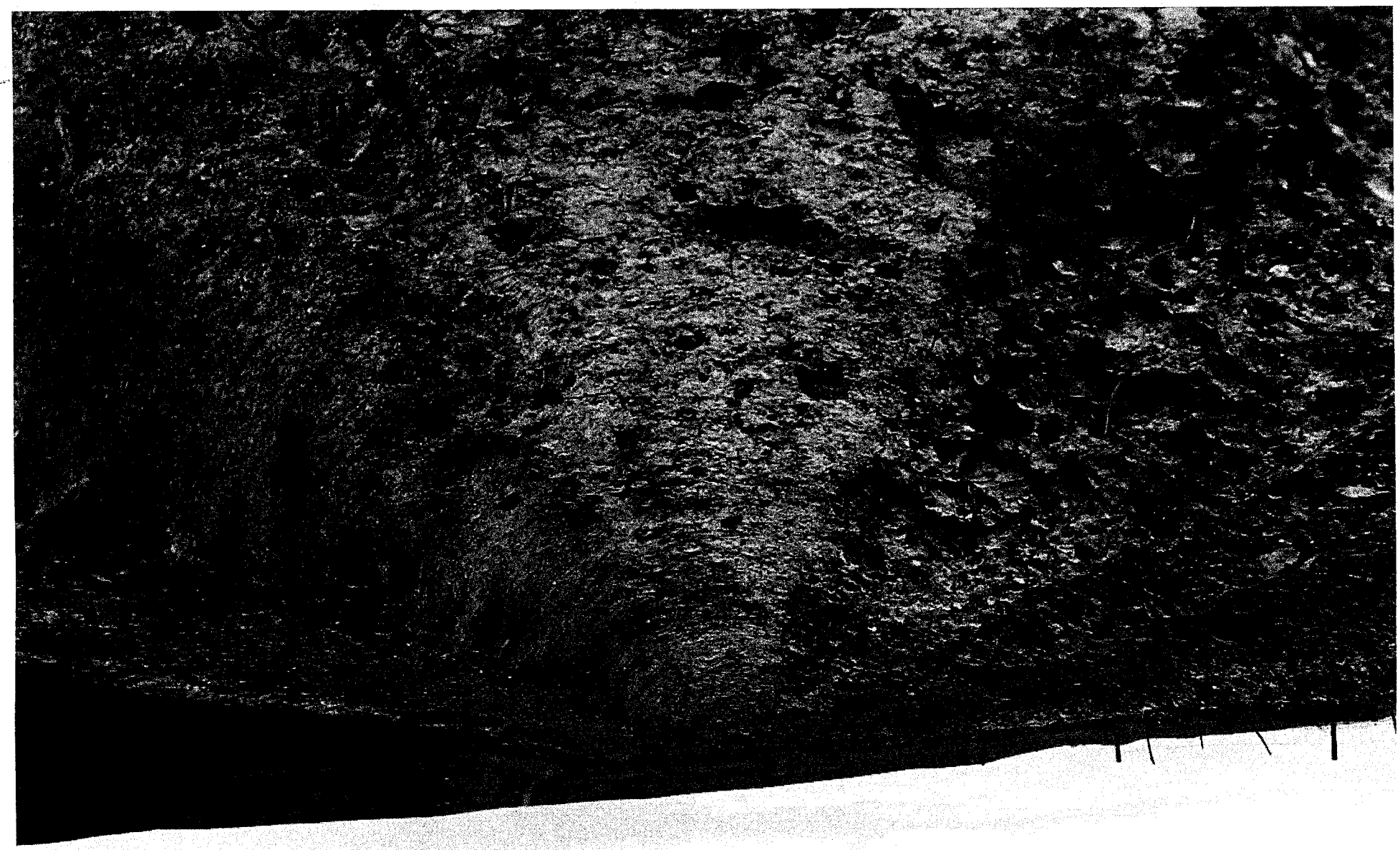
County road intersections need to be reconstructed due to the bigger rigs.
Notice there is no room to meet traffic.



Roads have 24 hour traffic in all kinds of weather.
This road had 3" of scoria put on 3 months earlier.



Blowout --5 months after scoria

Richland County trucks 85,000 cy to 110,000 cy gravel annually to 960 miles of roads. And we are not gaining.

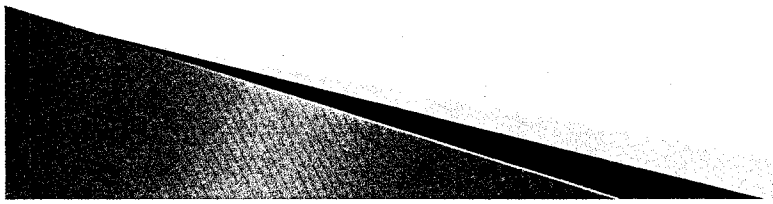
- In 1972, the Montana Constitutional Convention provided for a clean and healthful environment for all Montanan's.
- The increase in daily truck travel on many rural gravel roads has brought about the threat of lawsuit by individuals who's homes are bombarded with dust.
- To alleviate this problem Richland County Commissioners and Public Works Director have initiated dust suppression and road stabilization.

Heavy loads require a strong road base

Cement and gravel cost $150,000 a mile
Paving costs $800,000 a mile

Preliminary Costs / Mile

▸ 5 inch - asphalt	$800k
▸ 10 " gravel/Fabric/Blotter	$350k
▸ 8" Soil cement	90-120k
▸ Blotter or Otta Seals	55- 75k
▸ 4" CaCl + Bentonite	85- 95k
▸ Soil Cement / Blotter	$145k
▸ Soil Cement / CaCl+Bent	$177k



Thank you for your time and consideration.

We hope that you will agree with our request

and leave the allocation

of oil and natural gas production taxes at the current formula.