

Montana Petroleum Association

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HEARD IT THROUGH THE PIPELINE

April 23, 2010

STATE LAND ADMINISTRATIVE RULE CHANGES

The State Land Division has promulgated the rule changes, the notice is attached. Please take a look at these and get back to Dave with any comments before May 7th. MPA plans to submit written comments to the Department, and the deadline for written comment is May 13th. DNRC has a public meeting scheduled for 10:00 AM on May 12th in Helena for anyone interested in attending. The notice provisions in the current rule are being changed to be in compliance with SB 475 passed in the 2009 session. SB 475 can be viewed here:

<http://data.opi.mt.gov/bills/2009/billhtml/SB0475.htm> .

MPA/MBOGC ANNUAL ESSAY CONTEST

Every year the Montana Board of Oil and Gas Conservation and the MPA sponsor an essay contest for high school age students in Montana. This year's winner of \$2,000 cash is Garrett Lay of Red Lodge High School. This year's topic required students to look at both sides of the issue of anthropogenic carbon dioxide as a contributor to climate change and then state their belief. Garret Lay is a senior and plans to attend Montana Tech and study either mining or petroleum engineering. The contest pays for one grand prize winner, one second place winner and 6 runners up; for a total of \$6,000 in cash prizes. The eight winning essays can be viewed at www.montanapetroleum.org

BLM LEASING FREEZE

As you are all aware, BLM has suspended all 2008 leases in Montana and postponed the actual 2010 lease sale program in Montana and the Dakotas until analysis of climate change impacts are complete. The action is the result of a lawsuit by our friends at Earthworks, Wild Earth Guardians and the Montana Environmental Information Center. This action has caught national attention. Montana Senators Baucus and Tester have sent a letter to BLM Director Bob Abbey asking him to expedite the analysis. Congressman Rehberg is also concerned and is exploring the potential for action.

Three days ago the Greenwire reported that Republican Senators James Inhofe (R-Okla.) along with Sens. John Barrasso (R-Wyo.) and David Vitter (R-La) have introduced legislation to prevent federal agencies to consider climate change in environmental analyses of proposed projects.

The senators say assessing the climate change impacts of individual projects would provide no meaningful information for the public but instead would encourage more bureaucratic delays and litigation "designed to change NEPA into a global warming prevention statute." They claim the guidance could block road construction, delay domestic energy production

and hurt job creation, while their bill would ensure federal agencies won't engage in "costly, and ultimately useless" reviews.

BLM RESOURCE ADVISORY COUNCIL OPENINGS

Across the State, BLM has 16 openings on all three RACs. If there is anyone in the industry in central or eastern Montana who would agree to serve in this capacity please contact dave@montanapetroleum.org . The deadline for nominations is May 10th. To learn more about this position visit this website:

<http://www.blm.gov/mt/st/en/info/newsroom/2010/march/mtRACnom.html>

ENERGY CONFERENCE FOR ENERGY DEVELOPMENT INDIAN COUNTRY

Attached are details for an energy conference sponsored by the Fort Belknap Indian Community. The conference will be held in Billings on August 17-19, 2010.

LEGISLATIVE INTERIM COMMITTEE ON ENERGY AND TELECOMMUNICATIONS MEETING MAY 13TH

There are several items of interest that MPA will be following at this meeting next week. Tom Richmond, Administrator of the Montana Board of Oil and Gas Conservation will be giving an update on SB 498, a bill passed in the 2009 legislative session that dealt with carbon sequestration. Tom will also discuss the composition of the Board. This is extremely important because the Board make up is the subject of intensifying conversation. Some think that the board should have members with different types of experience including chemistry and wildlife biology.

Also of interest is a presentation by new MPA member Denbury Resources, and a review of potential items that may become part of the State energy policy in the next session. You can listen to the meeting on the following web site:

http://leg.mt.gov/css/Committees/interim/2009_2010/Energy_Telecommunications/Meeting_Documents/meetingschedule.asp

I also encourage you to take a look at the working papers, also available on the above site. This will end up being the committee's report on energy policy. If you can any suggestions please contact Dave at dave@montanapetroleum.org

MPA MEDIA EFFORTS

MPA has developed and distributes the Montana Petroleum Report which is an electronic newsletter of current industry issues. The newsletter is sent to nearly 1,500 people, including policy makers, media, industry and the general public. MPA encourages you to take a minute and read the report and forward to your friends and employees.

Earlier this month, we finished a set of briefing papers on current issues we face everyday. They are under the articles and reports tab on www.montanapetroleum.org . Please use these at your convenience, and if you happen to give a talk at a local event, print some and use as handouts. You will also find an extensive slide bank if you are putting a presentation together please fee to use these slides. Finally, if you use FaceBook please search for

MPA. We are using this social media network to post periodic messages and bring people to our website.

ARTICLES OF INTEREST

BLM Decision to postpone 2010 oil and gas leases in the Dakotas and Montana stirred up quite a few articles, here are just a few:

Social Media Today discusses the recent BLM lease freeze:

<http://theenergycollective.com/TheEnergyCollective/63279>

New York Times: <http://www.nytimes.com/gwire/2010/04/09/09greenwire-blm-suspends-some-oil-and-gas-lease-sales-to-r-83918.html>

Great Falls Tribunes view of the BLM Lease Program suspension:

<http://www.greatfallstribune.com/article/20100418/NEWS01/4180310/BLM-weighs-climate-change-in-leases>

Congressman Rehberg Statement on suspended leases:

<<http://pressRehberg.congressnewsletter.net/mail/util.cfm?gpiv=2100056721.882.150&gen=1>> .

The Sidney Herald recently ran an article expressing concern about possible attempts to change the distribution of oil tax revenues. This article is attached as a PDF.

THANK YOU TO 2010 NEW AND RENEWED MEMBERS (3/16/10 – 4/23/10):

Companies:

ALL Consulting; Aspen Air Corp.; Central Montana Resources, LLC; FX Drilling Company, Inc.; Hughes, Kellner, Sullivan & Alke PLLP; HydroSolutions, Inc.; Morrison-Maierle, Inc.; Newfield Rocky Mountains; NFR Energy LLC; Saga Petroleum; Textana Inc.; TransCanada Pipelines; and Youde Law Firm

Individuals:

David Fishbaugh, Brown and Caldwell; Karen Brown, Energy Strategies and Solutions LLC; and Todd Ennenga, ESC Group