

David A. Galt
Executive Director

OFFICERS

Dave Ballard, President
Ballard Petroleum Holdings LLC

Geoff Craft, Vice President
ExxonMobil

Chip Youlden, Treasurer
Helis Oil & Gas Company

BOARD OF DIRECTORS

Jerome Anderson
Anderson & Baker Law Office

Bill Ballard
Ballard Petroleum Holdings LLC

Colby Branch
Crowley Law Firm

Pat Callahan
NorthWestern Energy

Mark Carter
Encore Operating LP

Brian Cebull
Nance Petroleum Corp.

Cole Chandler
Klabzuba Oil & Gas

John Evans
Oilfield Consultants, Inc.

Bob Fisher
Fisher Holdings LLC

Terry Holzwarth
Sequel Energy

Pat Kimmet
CHS Inc.

Jack King
Hancock Enterprises

Dana Leach
Montana Refining Company

Perry Pearce
ConocoPhillips

Ward Polzin
Enerplus Resources (USA)

Dave Schaenen
DLD Enterprises

Sam Sitton
Devon Energy Corp.

Ralph Spence, Jr.
Spence Accounts

Keith Tiggelaar
WBI Holdings, Inc.

Bruce Williams
Fidelity Exploration & Production

Mike Wirkowski
ConocoPhillips

Terry Wisner
Jefferson Energy Trading, LLC

March 20, 2008

Mr. Jeff Hagener, Director
Montana Fish, Wildlife and Parks
P.O. Box 200701
Helena, MT 59620

Dear Director Hagener:

I want to thank you for giving the Montana Petroleum Association (MPA) a copy of the Multi-State Best Science (MSBS) document regarding research on sage-grouse in such a timely manner. MPA also appreciates your willingness to discuss energy development and give us some of your time on this and other habitat related issues. There are several documents attached to this letter that MPA asks you to consider when dealing with sage-grouse, but let me explain why MPA is compelled to engage in this issue and offer this information.

As you know the US District Court in Idaho has remanded the decision not to list the sage grouse back to the USFWS for additional review. The Judge's order is constructed to allow the Western Association of Fish and Wildlife Agencies (WAFWA) to update its sage-grouse guidelines for use by the USFWS in the sage-grouse listing decision.

Your staff recommends that you acknowledge the MSBS as the correct interpretation of recently published sage-grouse research, work with Wyoming Game and Fish to ensure consistency of application of the MSBS recommendations, and that these be submitted to the USFWS and WAFWA as Montana's comments. MPA is concerned about the MSBS document and offers additional information for your consideration.

For many years industry has been required by public resource managers to conduct biological analysis by qualified scientists. Industry members in Wyoming and southeastern Montana have used Renee Taylor of Taylor Environmental Consulting for this analysis, as well as a considerable amount of research we have sponsored, on sage-grouse. The MSBS document submitted to your staff was the product of a meeting held in Salt Lake City on January 8, where wildlife agency staff invited authors of recent sage-grouse research to discuss energy impacts on the grouse. Ms. Taylor was not invited to the meeting, even though she has authored recent research on sage-grouse and the grouse's interaction with energy development. MPA believes that failure to invite biologists with the level of experience that Ms. Taylor has is a gross omission by state wildlife agency staff.

Ms. Taylor completed research in 2007 that takes a detailed analysis of impact of energy development on sage-grouse in Wyoming and the Powder River Basin. Ms. Taylor's findings are significantly different than those of other recently offered papers from Drs. Naugle and Holloran. While we agree that energy development does have impacts to sage-grouse, we do not agree that the current stipulations in the 2005 Management Plan and Conservation Strategies are ineffective. Furthermore, the recommendations contained in the MSBS are based on research that has flaws that have been identified but not resolved. The points made in this document need to have meaningful discussion and consideration before recommendations are enacted that could have serious negative implications to Montana's oil and gas industry.

Comment [RT1]: Dave, science is not a resolution process, findings can disagree but all aspects of the science should be considered when making management recommendations.

Also attached are two maps for sage-grouse and energy development data done in Wyoming. The maps are accompanied by an analysis of the MSBS paper, which was done by Taylor Environmental under contract by MPA and the Petroleum Association of Wyoming. The maps and accompanying document make numerous points about the validity of the MSBS document. We ask that you take these under consideration and give them serious thought.

State and Federal agencies across the Western United States are considering recommendations that could seriously restrict oil and gas development at a critical period in our nation's history. The recommendations in the MSBS document are based on work in two areas that are relatively small, the sample sizes are small, and both present predicative models un-tested outside the areas in which they were generated. MPA asks that you give consideration to the attached material in your comments to the USFWS and WAFWA.

Kind Regards:

David A. Galt
Executive Director

cc: Gene Terland, BLM State Director
Dave Ballard, President, Montana Petroleum Association
Bob Fisher, Augustus Energy
Monte Mason, MT Department of Natural Resources
Tom Richmond, MT Board of Oil & Gas Conservation