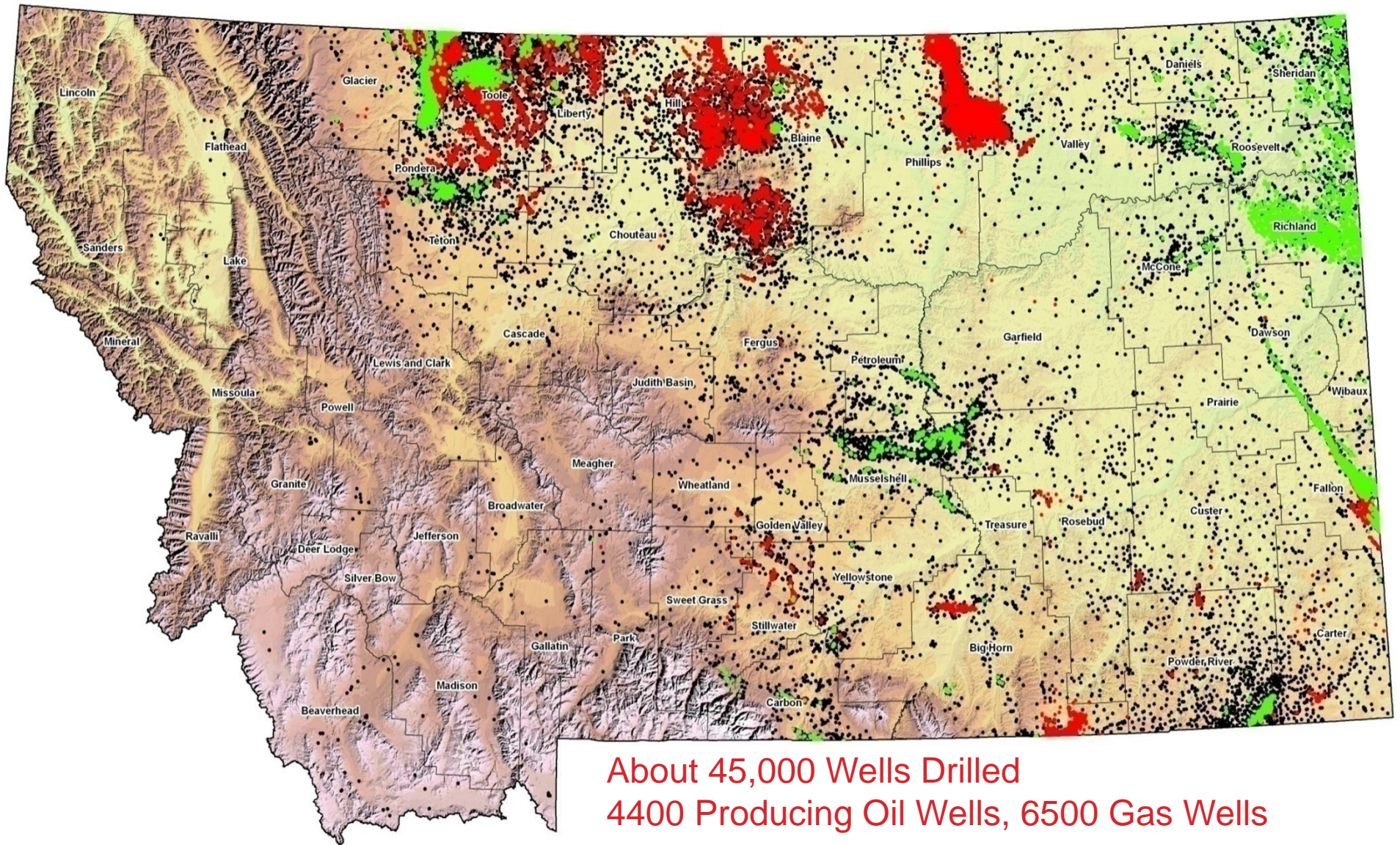


MONTANA'S NEW ENERGY FRONTIER

What are the prospects?



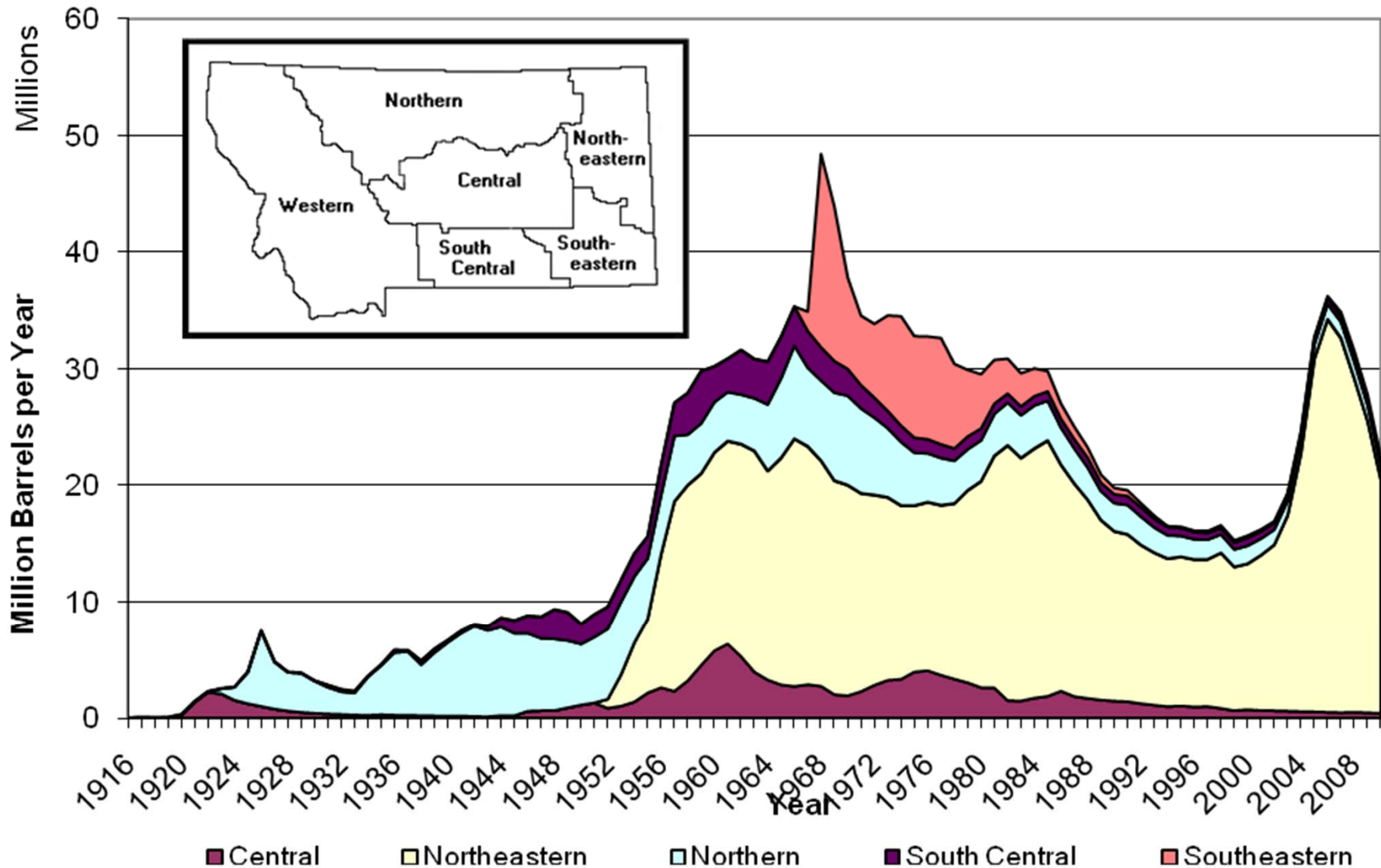
Montana Producing Areas and Exploration Activities



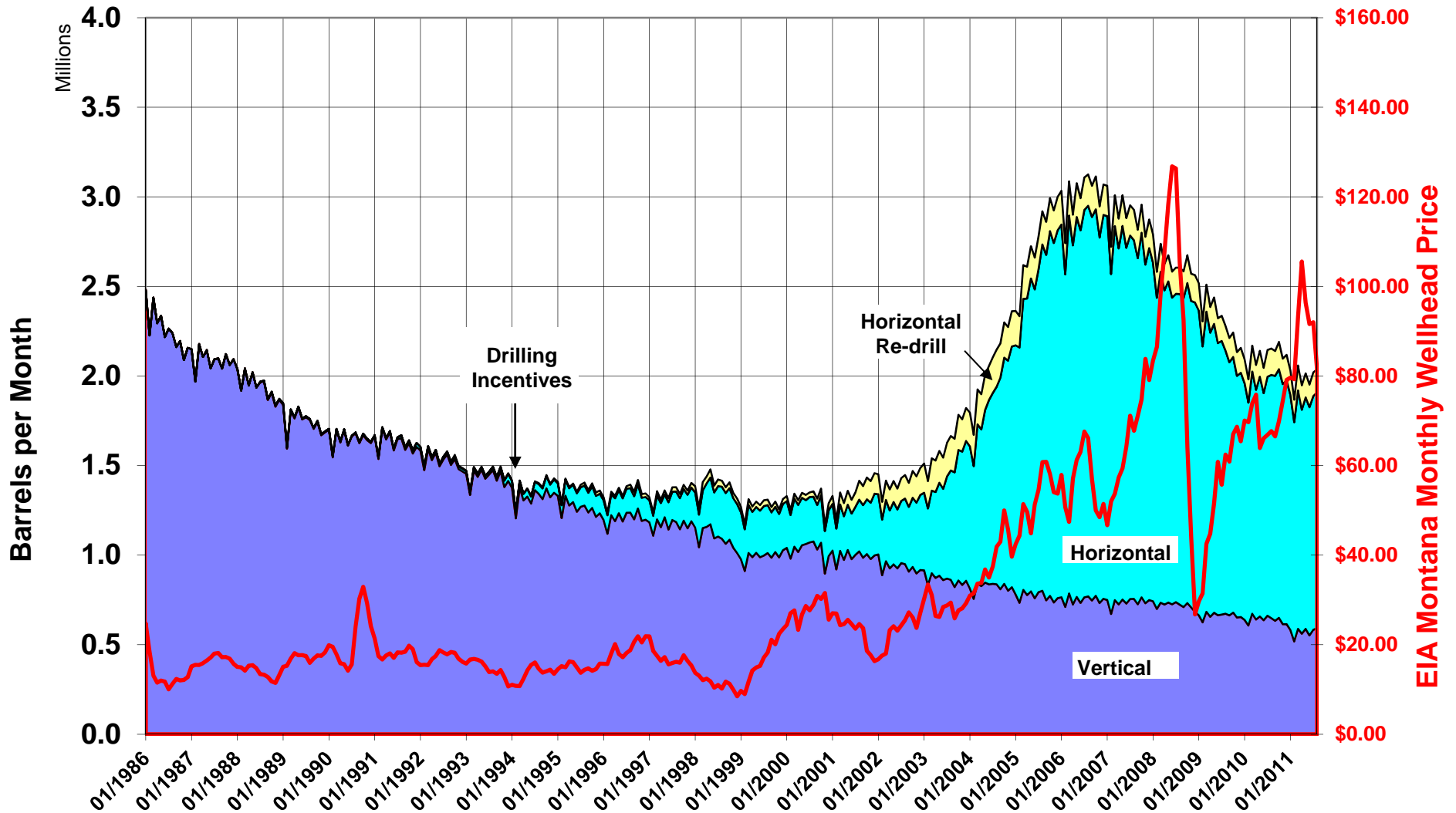
About 45,000 Wells Drilled
 4400 Producing Oil Wells, 6500 Gas Wells

HISTORICAL PRODUCTION

Statewide Oil Production History, 1916 through 2010



Monthly Oil Production, Vertical vs. Horizontal Wells January 1986 through August 2011

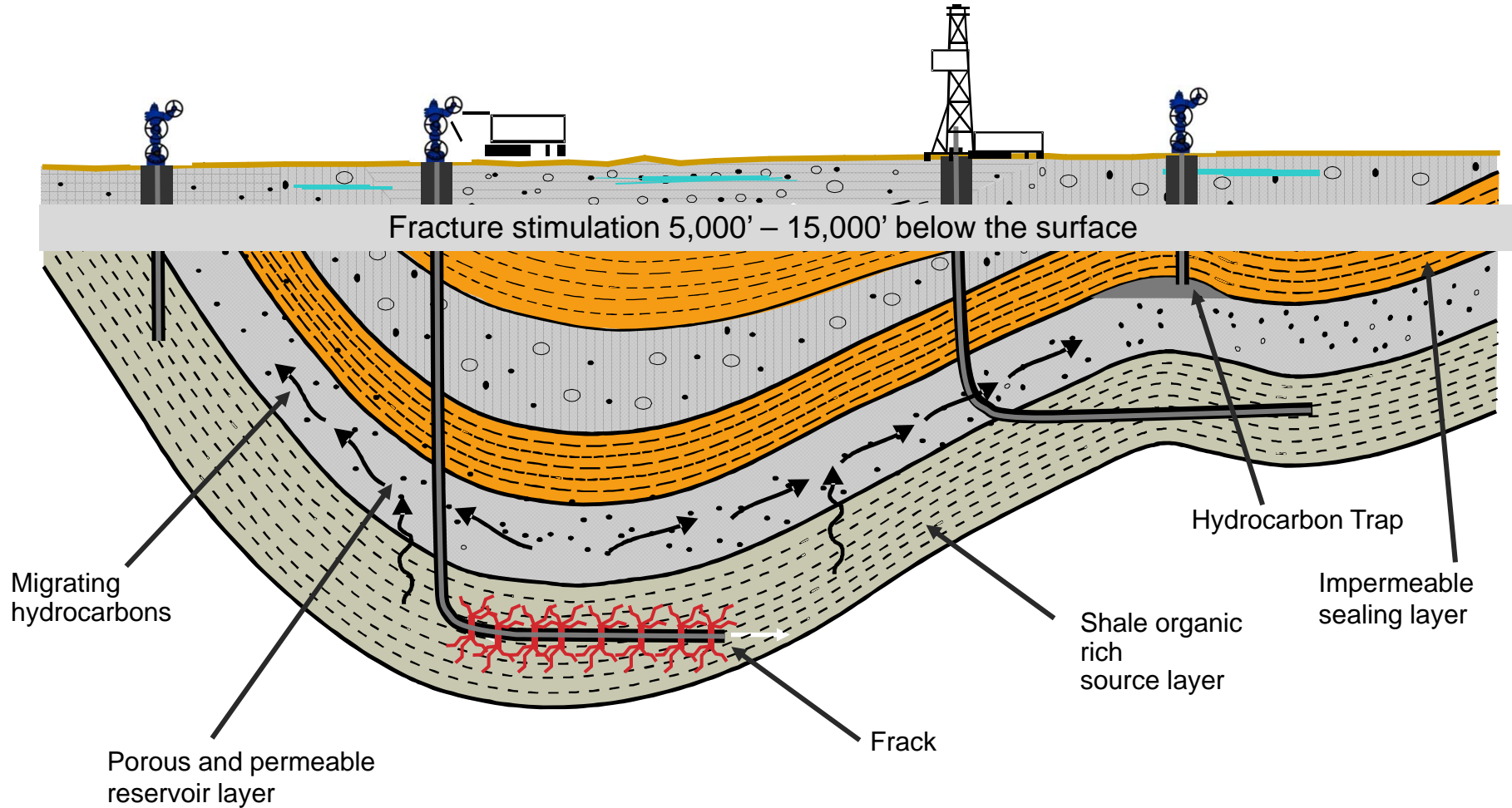




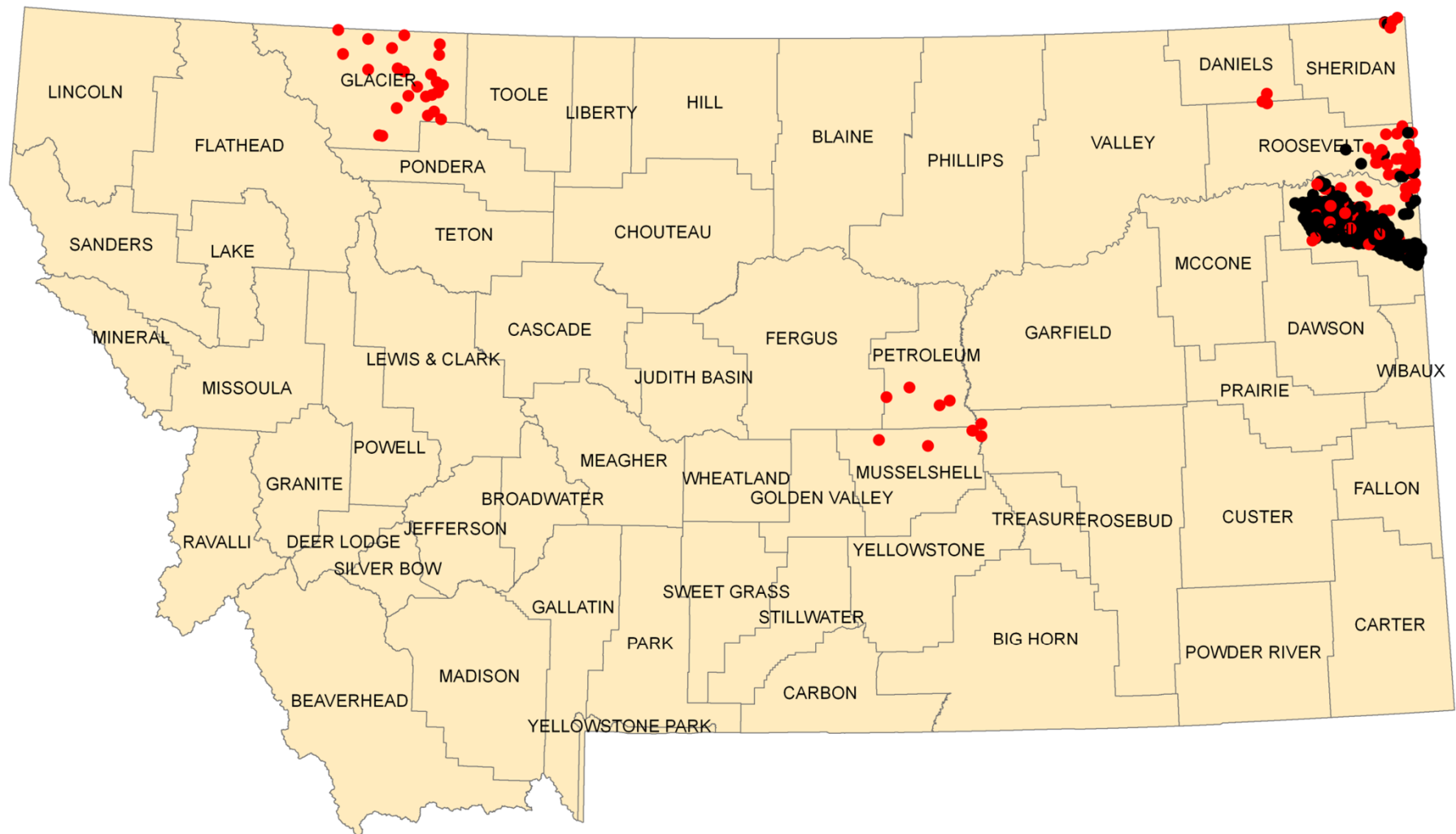
Source: U.S. Energy Information Administration based on data from various published studies. Canada and Mexico plays from ARI.
 Updated: May 9, 2011

Technology's Role

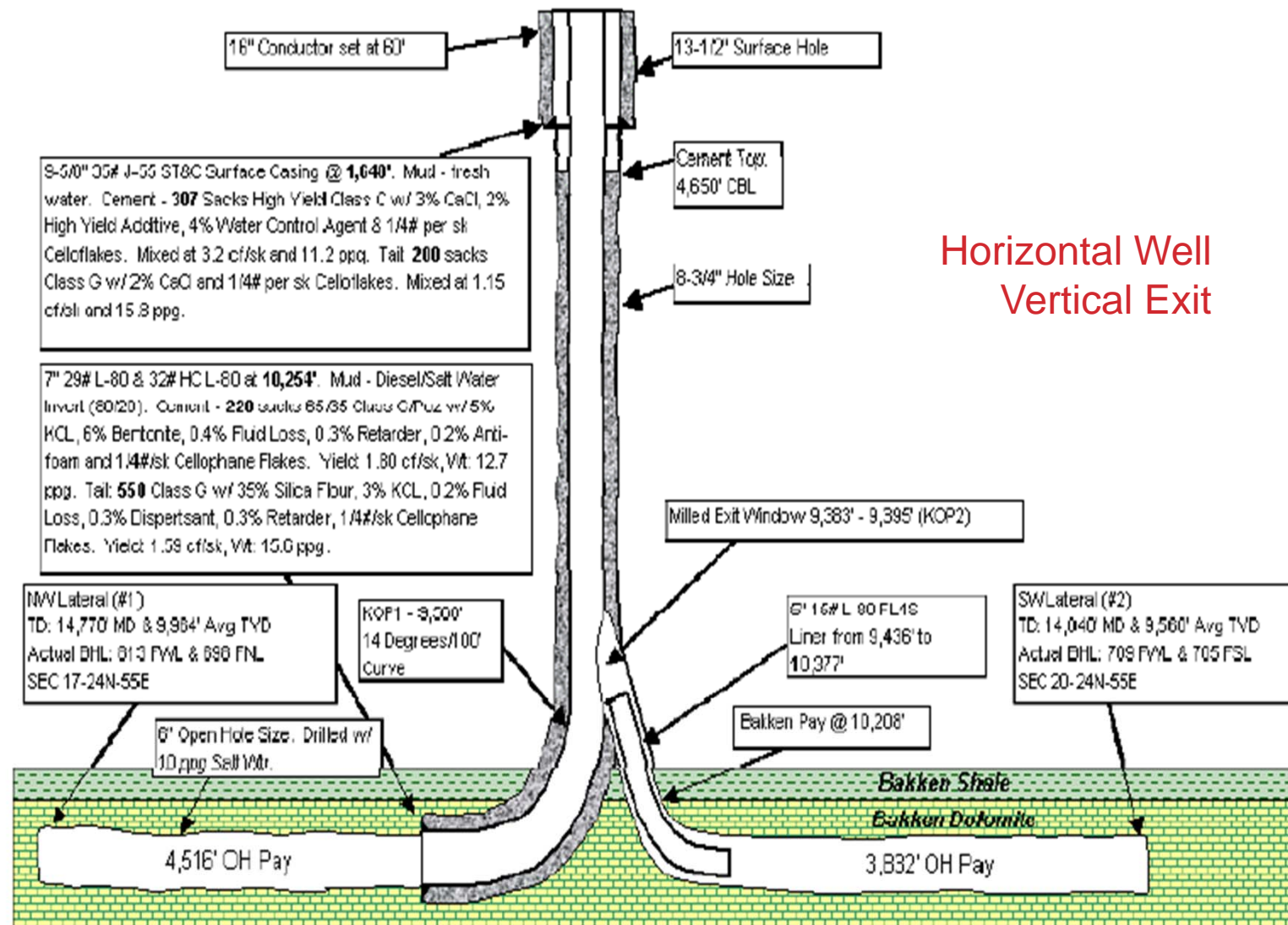
Why the revolution?



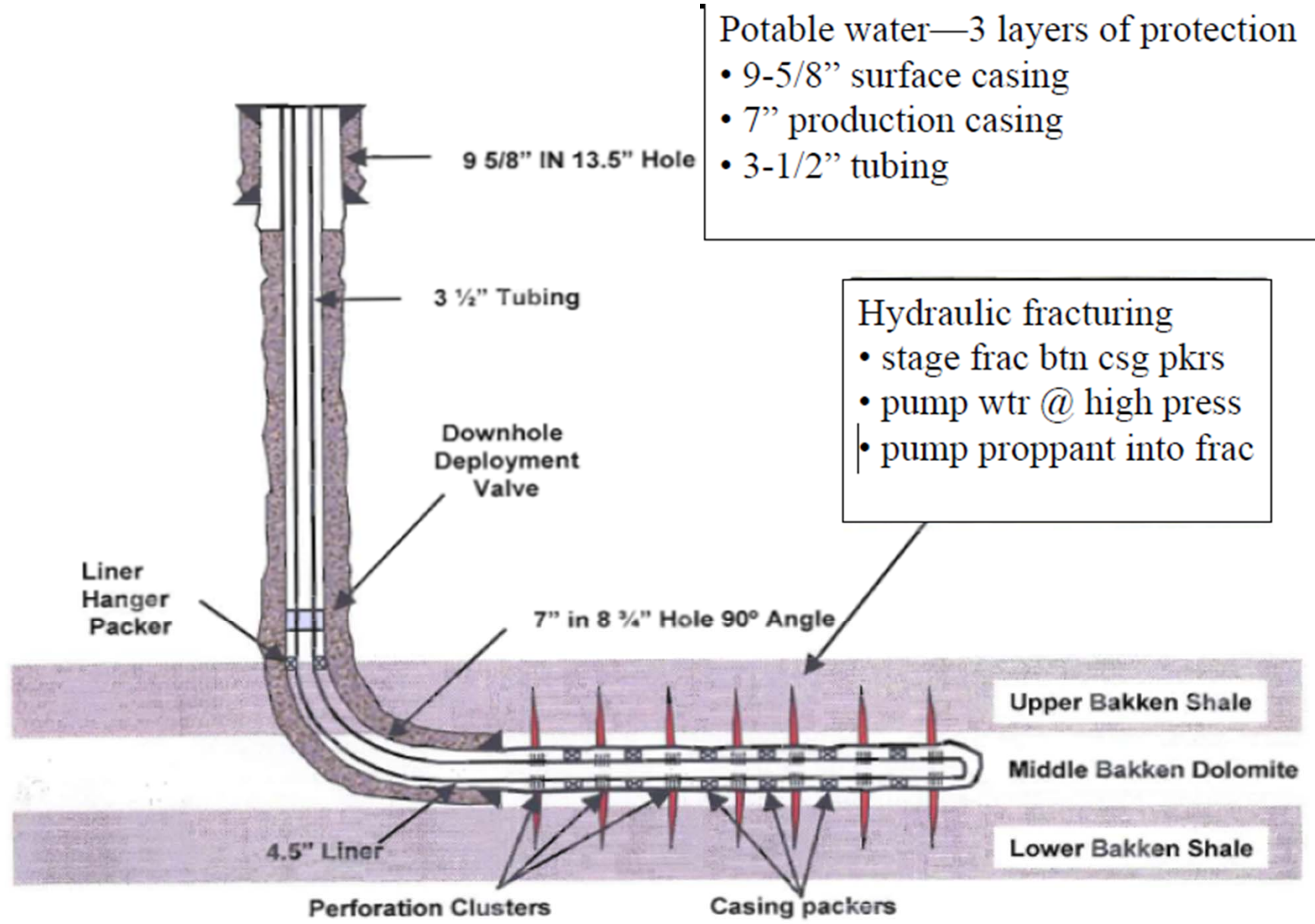
Horizontal Oil Shale Activity

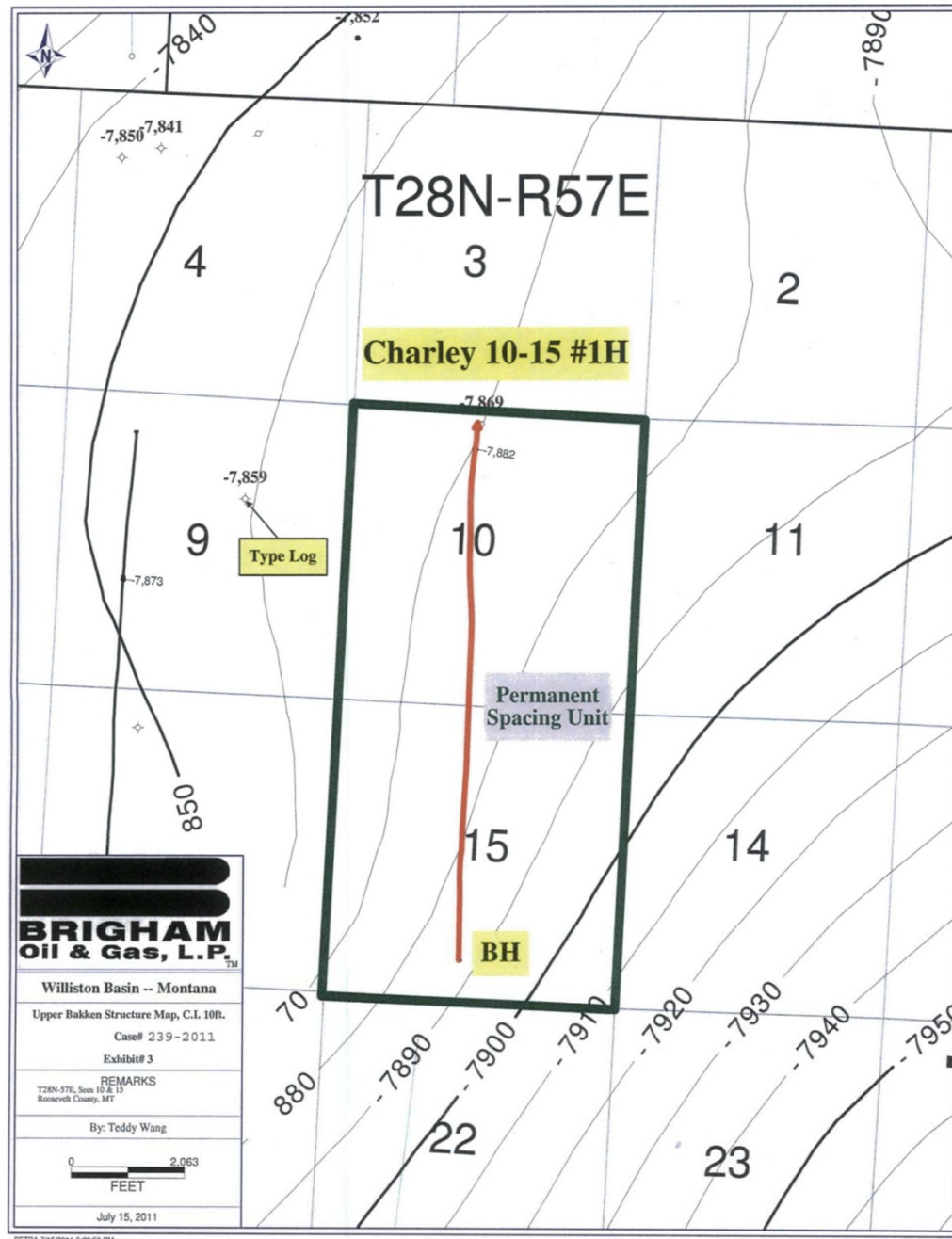


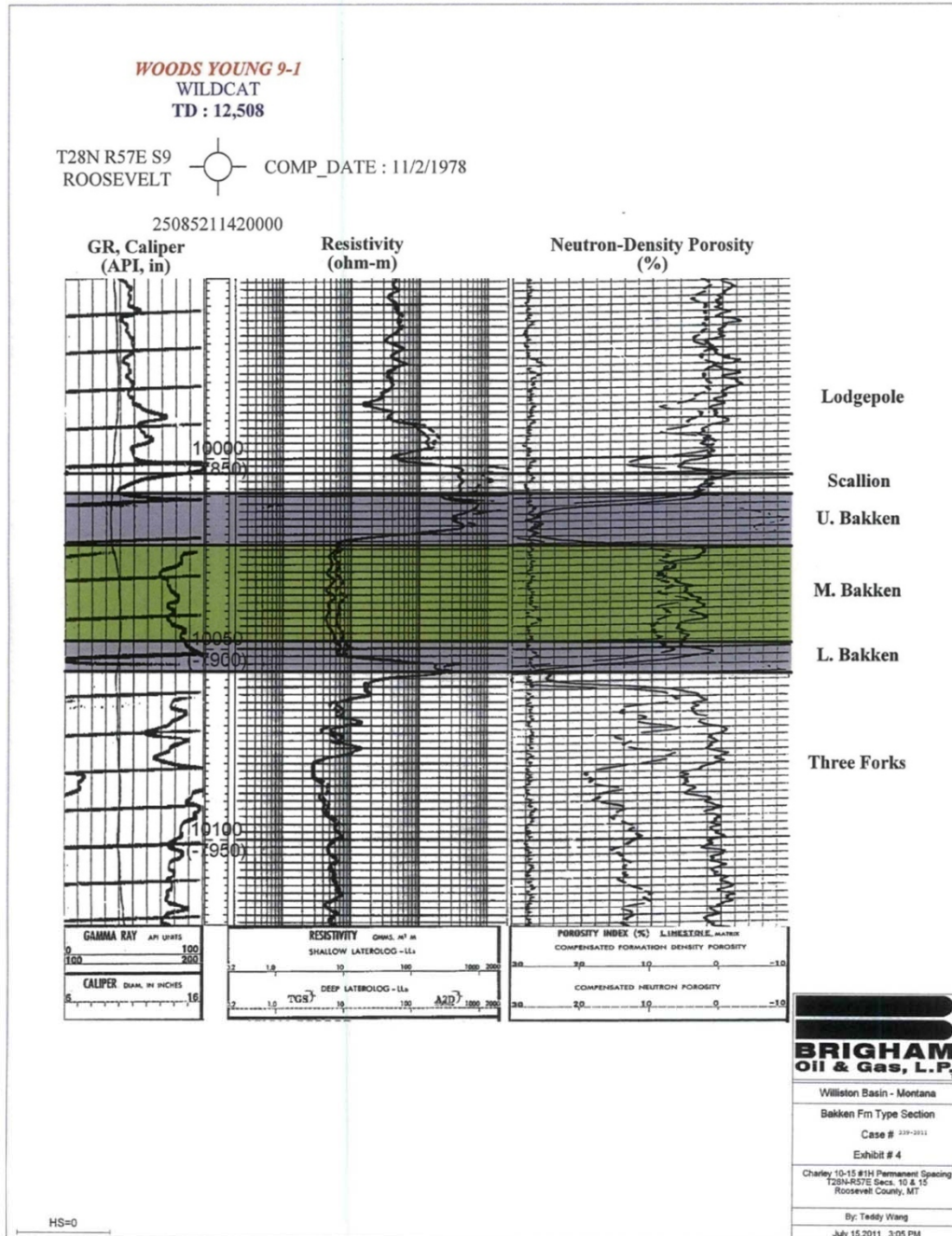
Vertical Casing Exit



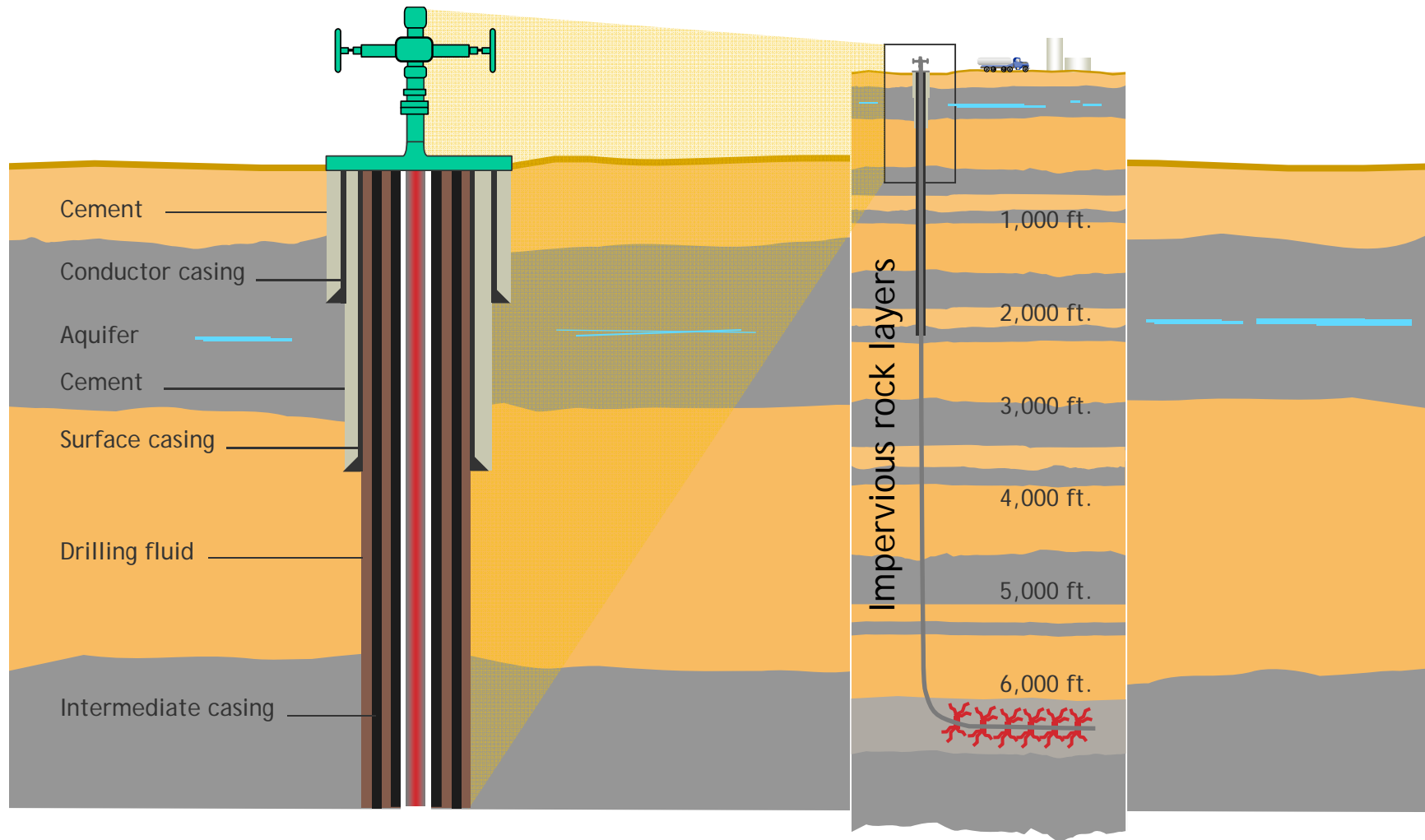
Typical Bakken Wellbore Diagram

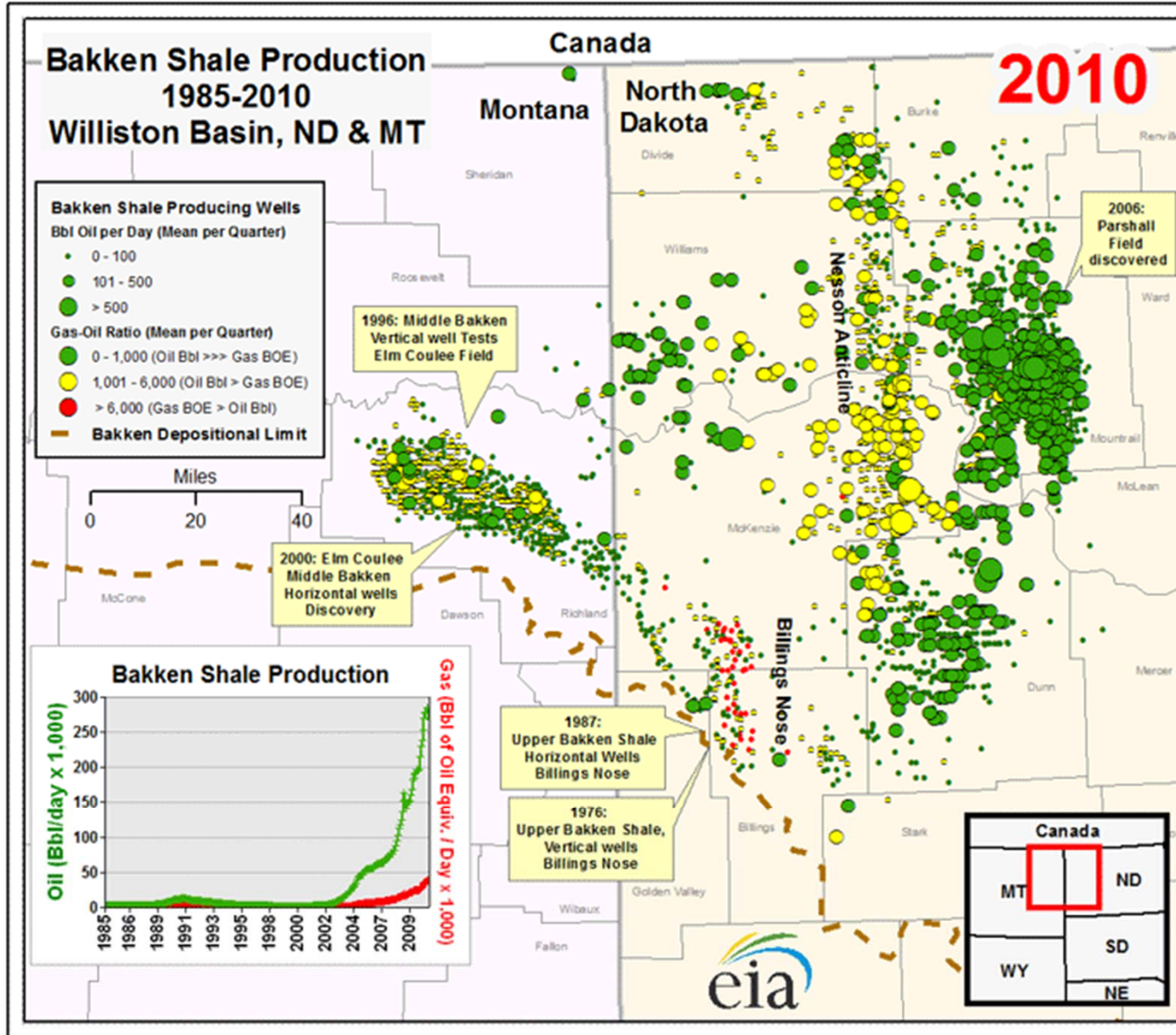


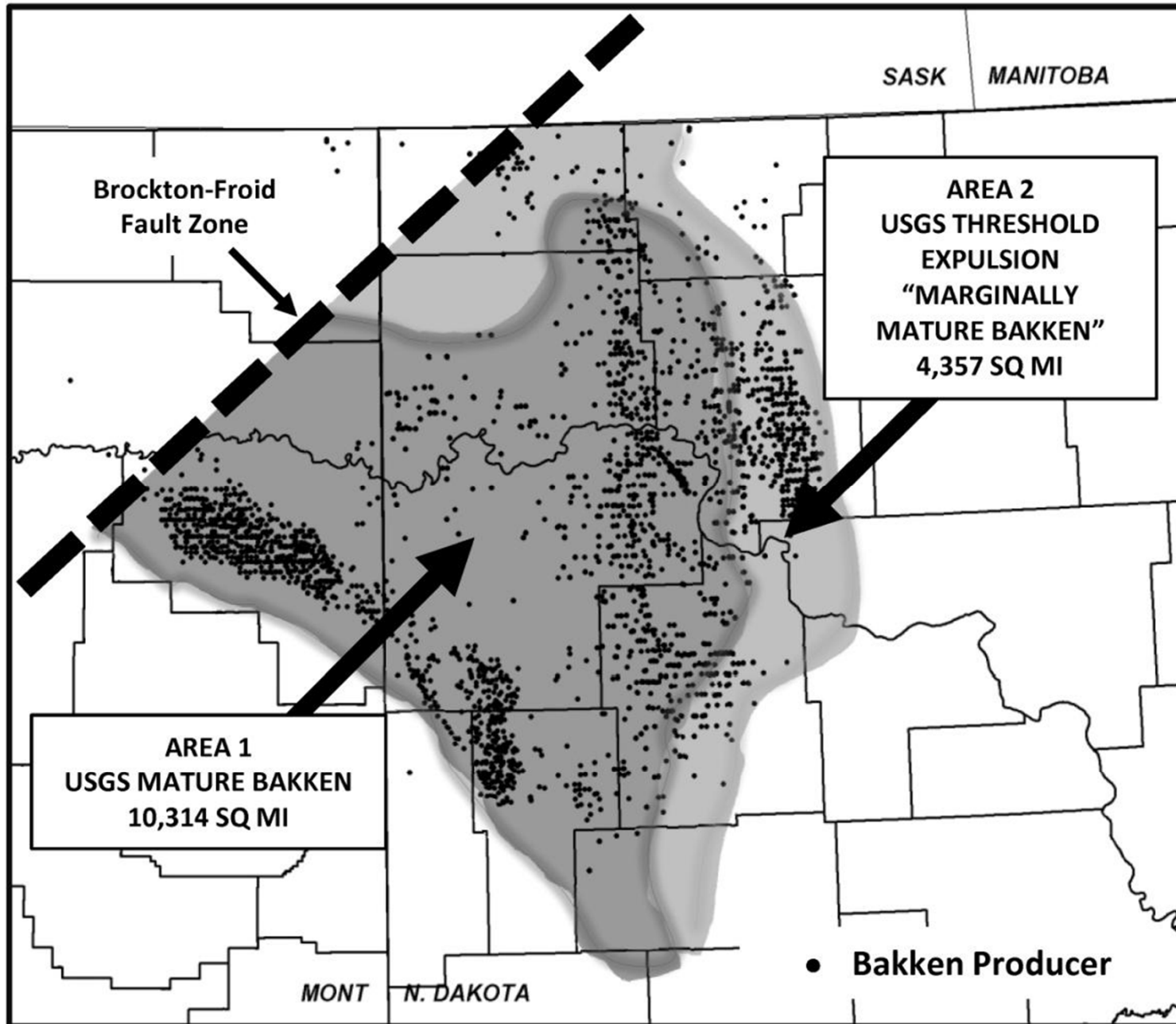




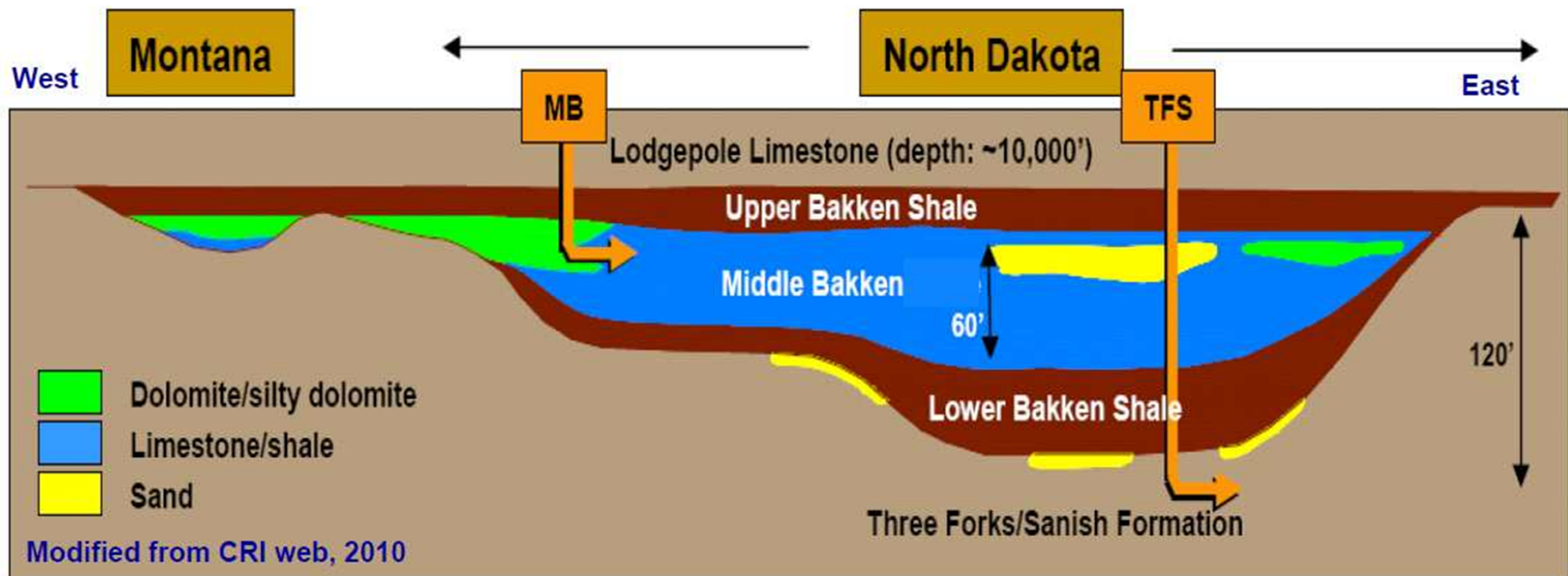
Groundwater Protection through proper well construction







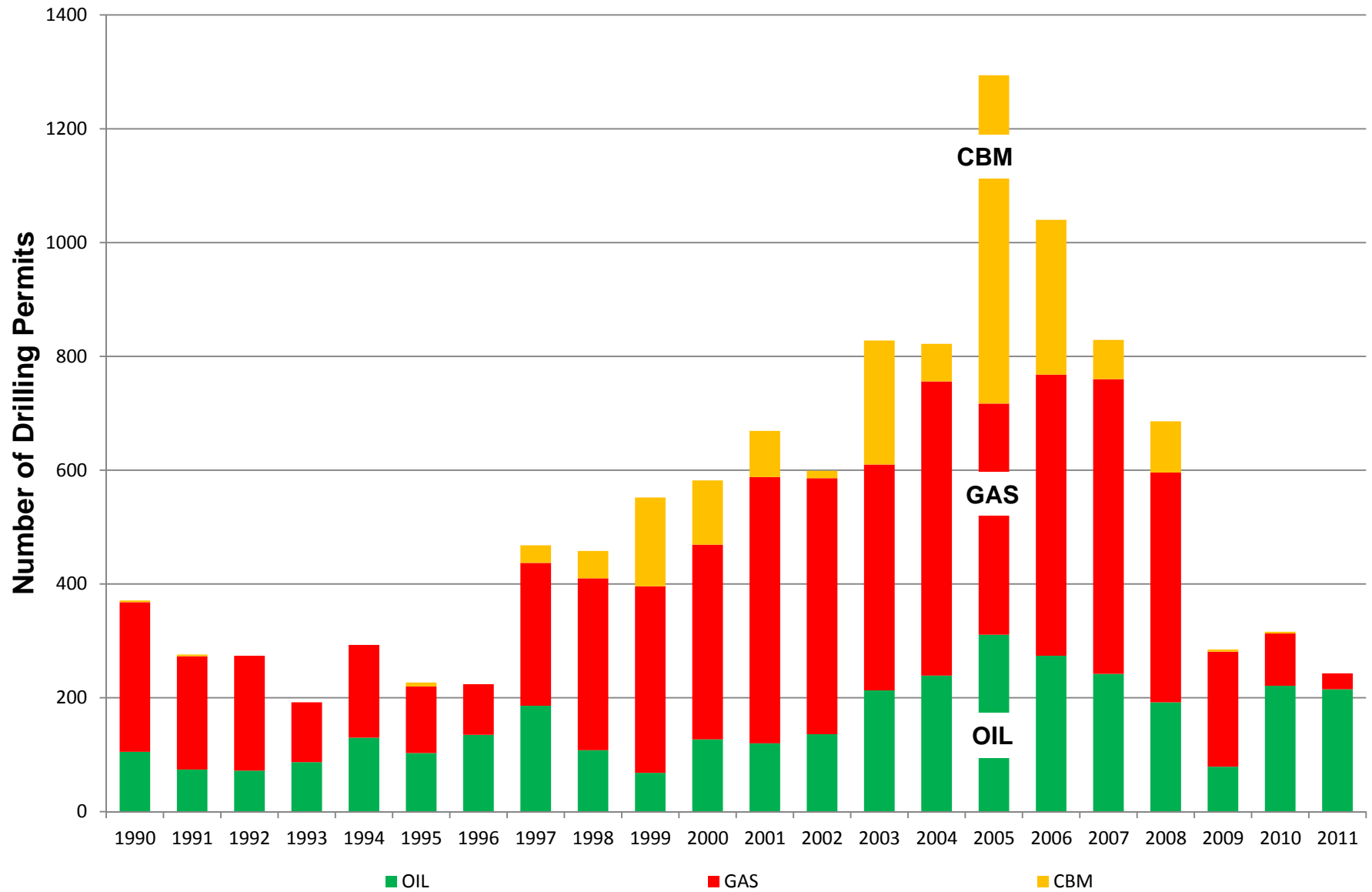
Middle Bakken / Three Forks Pay Variation



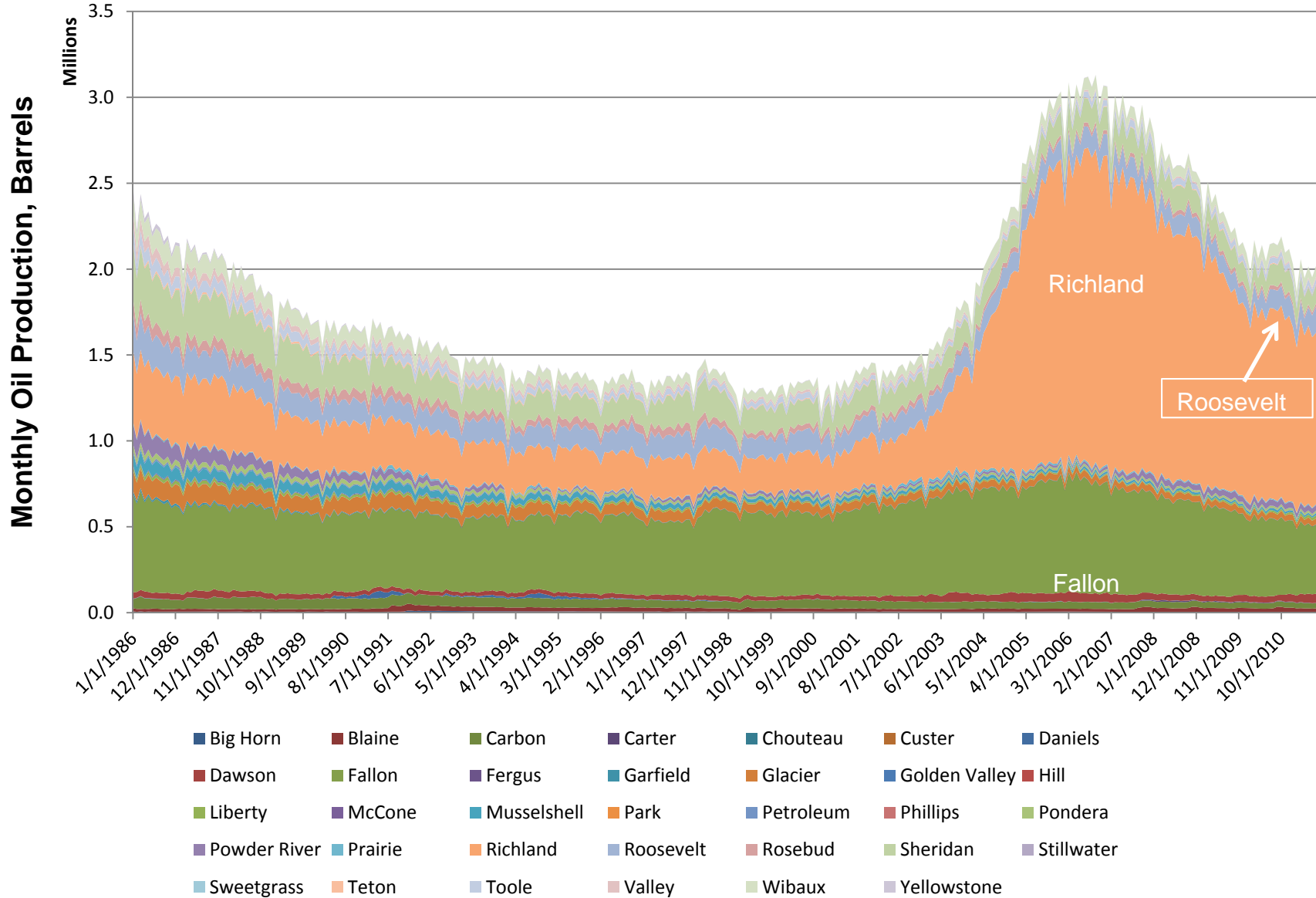
- **Middle Bakken pay not a shale lithology**
Complex, laterally varying lithology & play types
Stratigraphic / diagenetic trap drivers
- **Underlying Three Forks 'non-shale' play potential established 2008**
Also sourced by Bakken shale
Dual zone development underway

from ConocoPhillips

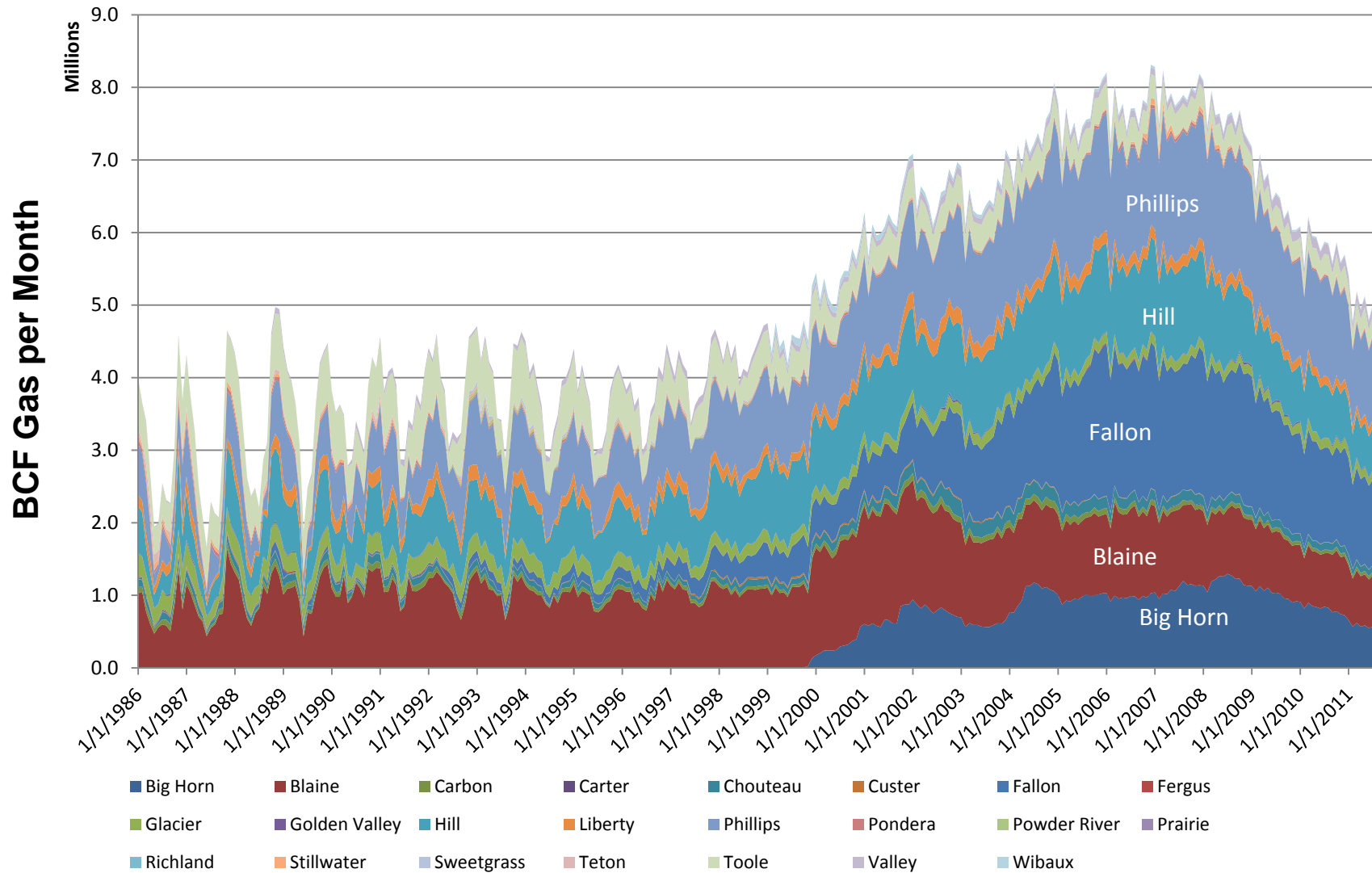
Montana Drilling Permits Issued, 1990 through 2011



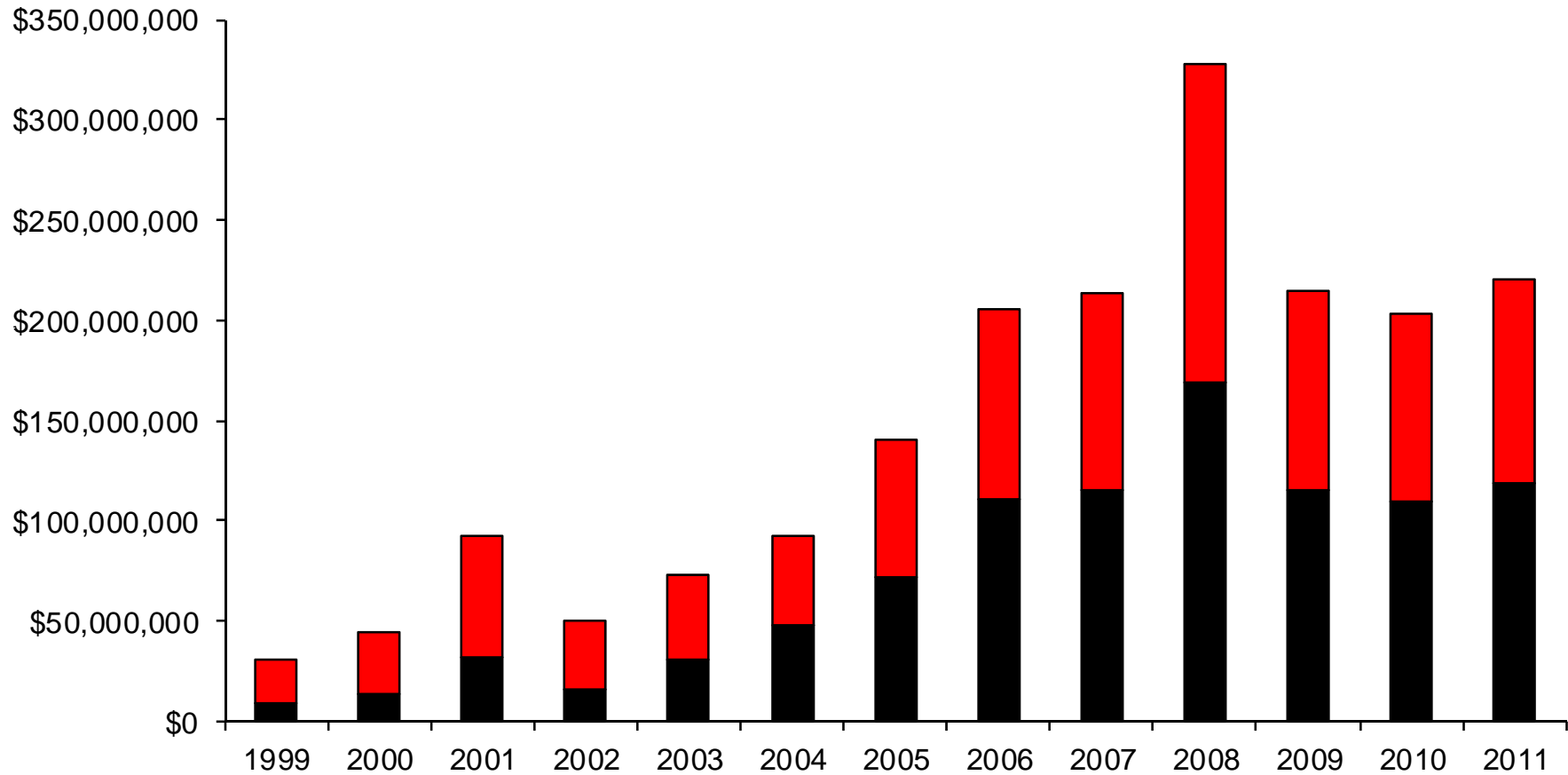
Montana Oil Production by County



Montana Gas Production by County



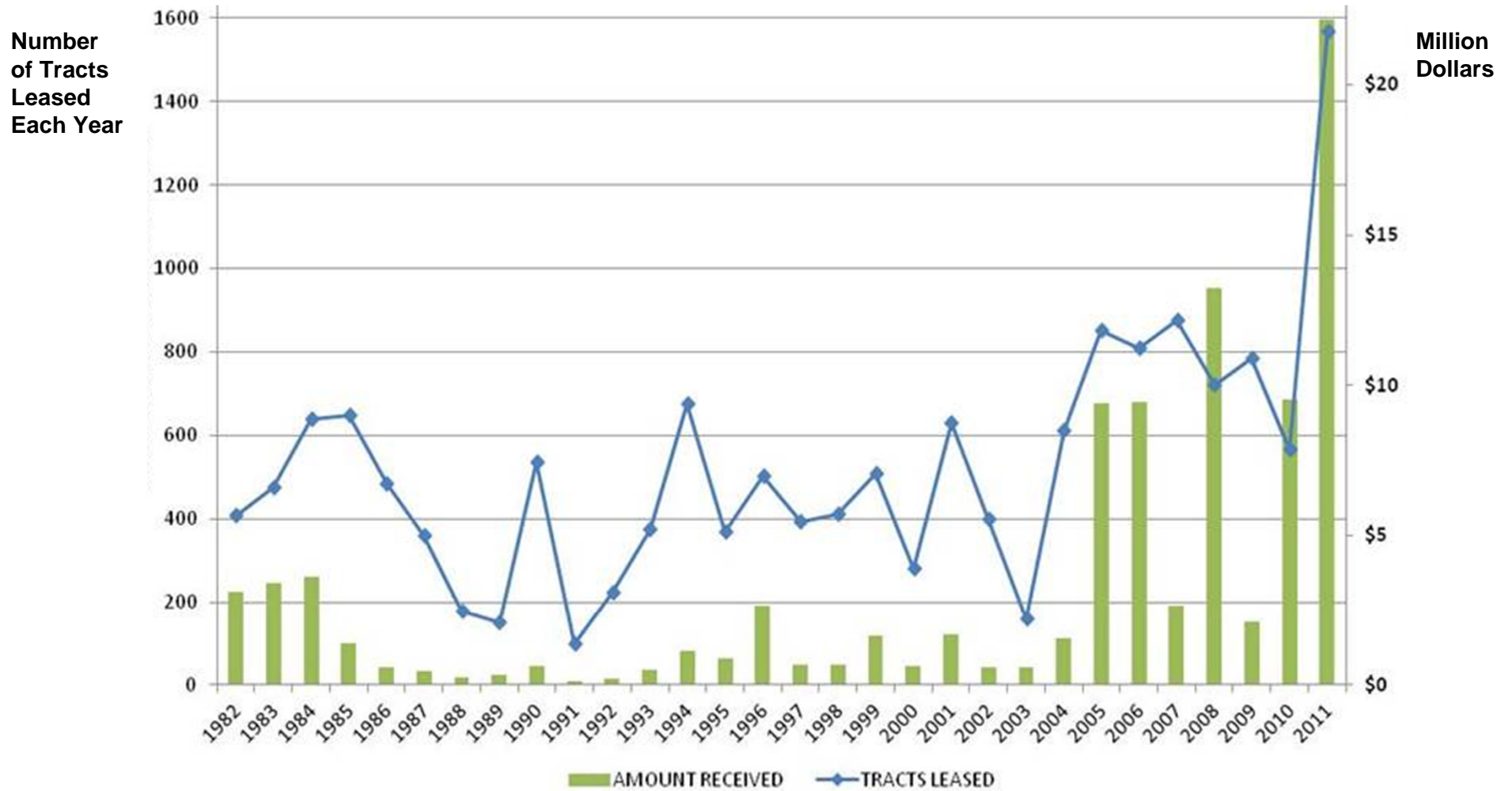
Oil and Natural Gas Production Tax Revenue Collections



Total State Share: \$958,629,814
 Total Local Share: \$949,382,548
 TOTAL \$1,908,012,362

■ State Share ■ Local Share

Oil and Gas State Land Lease Sales



Petroleum Industry Facts

\$9+ BILLION Total economic impact – including E&P and Refining

4,600 Employees in Exploration, Production, or Refining

Economic impact from producing an additional 1 million barrels of oil

- 86 Full time positions
- \$18.5 million in labor income

Each 10% increase in drilling activity leads to about 315 additional jobs.

Drilling Rig Count Increased from 9 last year to 13 in January 2012

Industry likes MT's business climate and tax structure

- **Brigham Energy:** “They (Montana) have a good operating environment.”
(Billings Gazette, May, 2011)

BUSINESS TAX CLIMATE RANKINGS

THE TAX FOUNDATION FISCAL YEAR 2011



Montana Oil and Gas Taxes

Montana's tax rate on oil is 20% lower than North Dakota's

→ 9.25% vs. 11.5% (Former North Dakota Governor Ed Schafer, FixTheTax.com)

Taxes	Montana	North Dakota	Advantage
Tax Rate	9.25%	11.5%	Montana
Tax Holiday	18 mo. (0.5%)	Only if oil <\$50.07	Montana
Avg. Tax/Bbl (05-08)	\$4.89	\$5.87	Montana

(Montana Department of Revenue Study)

O&G Impact Funds to Counties, 2007-2001

All O&G Producing Counties (33)	\$555 million
Top 12 Counties Big Horn, Blaine, Fallon, Glacier, Hill, Phillips, Powder River, Richland, Roosevelt, Sheridan, Toole, Wibaux	\$515 million
Richland County	\$244 million Over \$26,000/resident