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The Honorable Jon Tester
United States Senator
311 Hart Senate Office Building
Washington, DC 20510

The Honorable Steve Daines
United States Senator
222 N. 32nd Street
Billings, MT 59101

August 5, 2022

Dear Senator Tester and Senator Daines,

Once again it appears Montana's oil and gas industry is under attack. This time through the "Inflation Reduction Act"

Increased bonding will be extremely difficult if not impossible for the majority of Montana's independent oil and gas producers and may lead to abandonment of many wells on federal leases, causing a drop in domestic production, affecting state and local tax revenues, and cost many good paying jobs in rural Montana.

Raising royalty rates and increasing bonus and rental rates on leases will drastically add to the costs of developing federal acreage. At the end of the day a federally approved permit is already considerably more expensive than a permit on either state or private mineral leases. You must remember, 48% of bonus and rental payments as well as royalty payments are returned to the state. With reduced interest and action on federal leases there will be additional costs to jobs and revenue in rural Montana.

As I discussed with you in a letter from November 11, 2021 regarding the methane fees in the proposed "Build Back Better Act," the "Inflation Reduction Act", will do nothing more than raise energy prices for those companies that can pass it on and cause other companies to make financial decisions that will be detrimental to Montana jobs. Montana Department of Environmental Quality already adequately regulates methane emissions in the petroleum sector.

The Superfund excise tax on domestic crude oil and imported petroleum products will also increase the cost of domestic energy.

I cannot believe for a minute that the oil and gas proposals contained in the "Inflation Reduction Act" will reduce inflation or reduce the deficit. It will most certainly reduce domestic energy production and increase energy costs.

The last of the major oil production companies has left Montana. Montana's oil and natural gas industry is now made up of independent oil and gas producers with numerous small independent companies. We are asking you to oppose all sections in the "Inflation Reduction Act" related to domestic oil and gas operations to keep the remaining jobs alive.

Best regards,

Alan Olson
Executive Director