Overview of Montana Oil & Natural Gas

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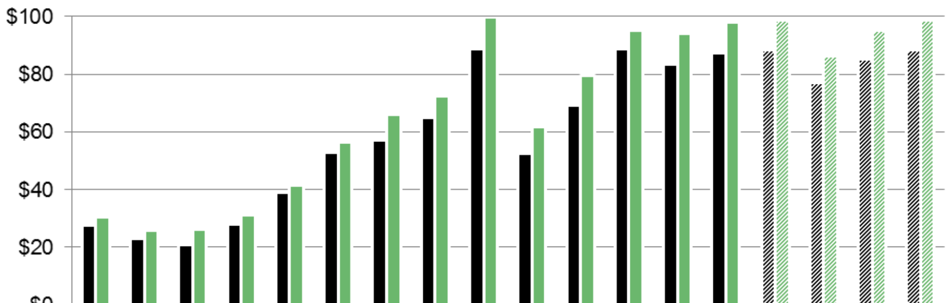
Oil & natural gas production in Montana and the associated price directly impacts several general fund revenue sources: oil & natural gas production tax, corporation income tax, individual income tax, and U.S. mineral royalties. Key forecast assumptions for estimating these revenue sources are as follows:

- Price—West Texas Intermediate (WTI) for oil and Henry Hub for natural gas—and Montana ratio
- Production
- Drilling activity

Average Montana Oil Price vs. WTI by Calendar Year



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
MT Price	27.7	23.0	20.8	28.0	39.0	52.8	57.1	64.8	88.8	52.6	69.1	88.8	83.4	87.3	88.6	77.5	85.5	88.6
WTI	30.3	25.9	26.1	31.1	41.5	56.5	66.1	72.3	99.6	61.7	79.4	95.1	94.2	98.0	98.8	86.4	95.4	98.8
Ratio	0.91	0.89	0.80	0.90	0.94	0.93	0.86	0.90	0.89	0.85	0.87	0.93	0.89	0.89	0.90	0.90	0.90	0.90

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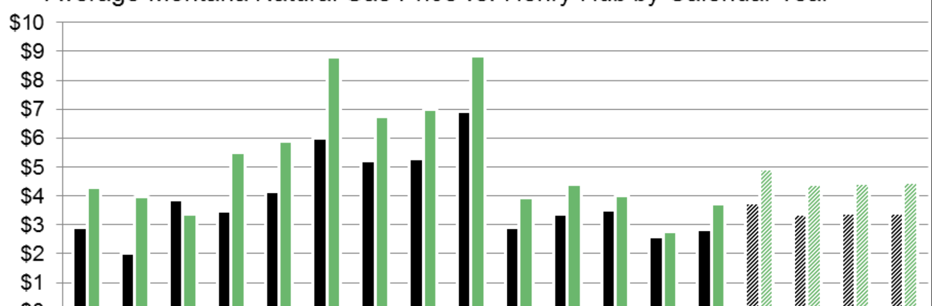
Average Montana Natural Gas Price vs. Henry Hub by Calendar Year

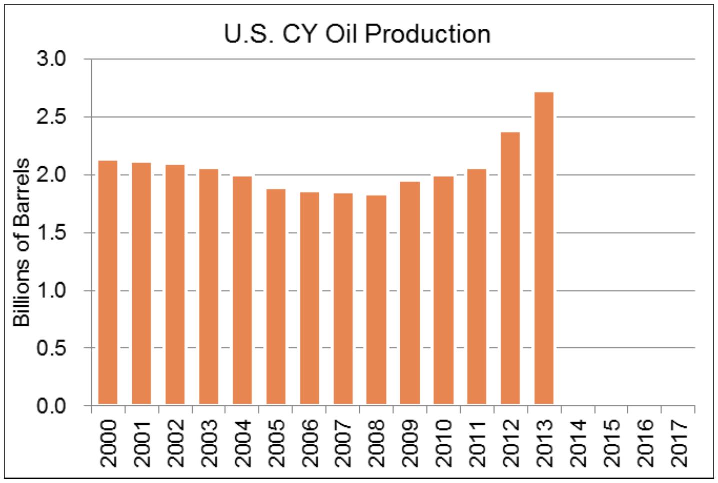


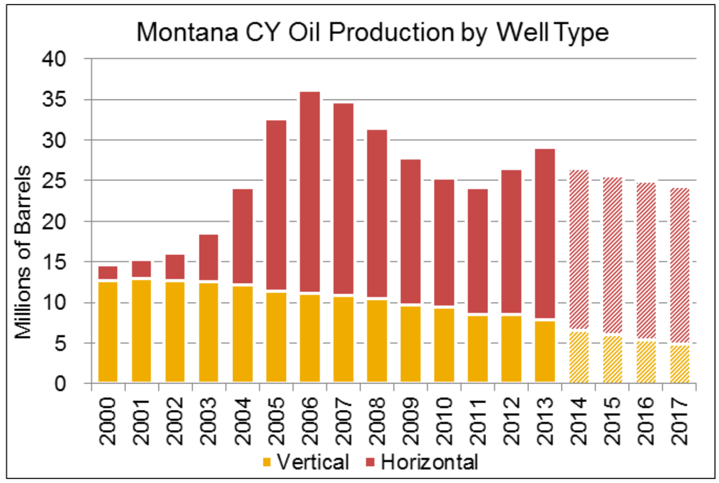
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
MT Price	2.9	2.0	3.9	3.5	4.2	6.0	5.2	5.3	6.9	2.9	3.4	3.5	2.6	2.8	3.8	3.4	3.4	3.4
Henry Hub	4.3	4.0	3.4	5.5	5.9	8.8	6.7	7.0	8.9	4.0	4.4	4.0	2.8	3.7	4.9	4.4	4.5	4.5
Ratio	0.68	0.51	1.15	0.63	0.70	0.68	0.77	0.76	0.78	0.73	0.77	0.87	0.94	0.76	0.76	0.76	0.76	0.76

Potential Questions

- The IHS estimate for WTI price assumes that after a decrease in 2015 due to high levels of domestic production, the U.S. regulations will be eased around 2016 to permit exports of crude oil, thereby allowing the WTI price to move closer to the (higher) global Brent price. Is this a reasonable assumption? What are your assumptions regarding the U.S. export ban?

- The IHS estimate for the Henry Hub natural gas price assumes a leveling out around $4/mmBtu, depending on the level of new EPA regulations or whether new export facilities come online. What is your outlook for the impact of the new EPA regulations on natural gas?





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Potential Questions

- Assuming fairly consistent WTI prices for the next few years and the decline curve for operational wells, our preliminary forecast shows a continued decrease in production. Do you know of any developments in the Bakken or Three Forks formations that could change this outlook?

- There is occasional discussion about the potential for CO2 tertiary recovery in some of Montana's older fields; at forecast prices and current technology, is it reasonable to anticipate this kind of activity in the next few years?