

MONTANA OIL AND GAS LIENS

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WHERE DO I FILE?

Any person or entity claiming an oil and gas lien in Montana shall file a statement, verified by affidavit and setting forth certain information, with the county clerk and recorder for the county in which said land, leasehold or pipeline or some part thereof is situated. M.C.A. § 71-3-1004. In the event the land, leasehold or pipeline extends across county lines, file in each such county.

HOW MUCH IS THE RECORDING FEE?

The current recording fee for liens is \$7.00 per page if the document conforms to the requirements of M.C.A. § 7-4-2636. A fee schedule detailing said requirements and a list of the Montana Clerks and Recorders are attached.

HOW MUCH TIME DO I HAVE TO FILE?

The statement must be filed within 6 months after the date upon which the material or services were last furnished or labor last performed under contract. M.C.A. § 71-3-1004. The lien relates back to the date of the furnishing of the first item of material or services or the date of performance of the first labor. M.C.A. § 71-3-1006.

All labor performed or materials or services furnished upon the same leasehold for oil and gas purposes or the same pipeline is considered as having been performed or furnished under a single contract regardless of whether the same was performed or furnished at different times or under different orders, provided that no more than 6 months have elapsed from the date of performance of the labor or the date of furnishing the material or services and the date on which labor is next performed or materials or services are next furnished. M.C.A. § 71-3-1006.

AFTER I HAVE FILED THE LIEN, HOW DO I GET PAID?

Two options are available: foreclosing the lien or filing a lawsuit on the underlying debt.

HOW MUCH TIME DO I HAVE TO FORECLOSE A LIEN?

An action to foreclose the lien must be commenced within 2 years from the date of the filing of the lien. M.C.A. §§ 71-3-1005, 71-3-562.

HOW MUCH TIME DO I HAVE TO FILE A LAWSUIT TO COLLECT THE DEBT INSTEAD OF FORECLOSING THE LIEN?

Generally, actions upon any contract, obligation or liability founded upon a written contract must be brought within 8 years after the cause of action accrues. M.C.A. § 27-2-202(1). Any action upon contract, account or promise not founded upon an instrument in writing must be brought within 5 years after the cause of action accrues. M.C.A. § 27-2-202(2). An action upon an obligation or liability, other than a contract, account, or promise, not founded upon an instrument in writing must be brought within 3 years after the cause of action accrues. M.C.A. § 27-2-202(3). A cause of action accrues when all elements of the claim or cause of action exist or have occurred, the right to maintain an action on the claim or cause is complete, and a court or other agency is authorized to accept jurisdiction of the court. M.C.A. § 27-2-102(1)(a).

An action for breach of any contract for the sale of goods under the Uniform Commercial Code must be commenced within 4 years after the cause of action accrues. M.C.A. § 30-2-725(1). For purposes of this provision, a cause of action accrues when the breach occurs, regardless of the aggrieved party's lack of knowledge of the breach. M.C.A. § 30-2-725(2).

ARE THERE ANY NOTICE OR POSTING REQUIREMENTS PRIOR TO OR AFTER FILING?

A prior Notice of Right to Claim Lien is not specifically required by the Montana oil and gas lien statutes, which are to be enforced in the same manner as are construction liens; however, it may arguably be required by virtue of the general construction lien statutes. M.C.A. §§ 71-3-1005, 71-3-531 et seq. It may be prudent to provide the Notice of Right

to Claim Lien if the necessary information is available.

WHAT INFORMATION SHOULD BE INCLUDED IN THE LIEN?

The following information should be included in the statement: (1) amount claimed and items furnished, (2) dates on which labor performed or material or services furnished, (3) name of the owner of the leasehold or pipeline, if known, (4) the name and mailing address of the claimant, (5) a description of the leasehold or pipeline, and (6) if the claimant is a subcontractor, artisan or day laborer under M.C.A. § 71-3-1003, the name of the person for whom the labor was immediately performed or the material or services were immediately furnished.

The statement must be verified by affidavit. A copy of a form statement is attached hereto.

ADDITIONAL PROVISIONS AND REQUIREMENTS

Any lien so far as it extends to oil or gas or the proceeds of oil or gas is not effective against any purchaser or such oil or gas until written notice of such claim has been delivered to the purchaser. M.C.A. § 71-3-1011. The notice must contain certain information and must be delivered personally or by certified mail.

The duty of the county clerks with respect to the filing and abstracting of oil and gas liens is the same as provided under the construction lien statutes. M.C.A. § 71-3-1005. Those statutes require for filing an attached certification by the lien claimant or its agent that a copy of the lien has been served upon each record owner of the property named in the lien. M.C.A. § 71-3-534. It appears that some county clerks require this certification while others do not. As a matter of practice, it is recommended that a lien include this certification.

Accounting Techs

Tracy Reum, Deputy
406-653-6253

County of Roosevelt

Clerks

Sonja Friesen-Deputy
406-653-6252

Jan Pankratz
406-653-6250

Fax Line
406-653-6289

Cheryl A. Hansen, Clerk & Recorder

400 2nd Avenue South
Wolf Point, MT 59201
406-653-6229

E-mail: chansen@rooseveltcountry.org

Effective April 28, 2007

New Standards for Recorded Documents (7-4-2636 Montana Code Annotated)

1. Documents must be legibly printed or typed in blue or black ink in at least 10-point typeface, on white paper of not less than 20-pound weight, each page of which must be separated and have dimensions of either 8 ½ x 11 inches or 8 ½ x 14 inches.
2. Provide the names of the parties to the conveyance on the first or second page of any document with more than one page.
3. Provide a legal description of the property.
4. At least a 3 inch margin at the top of the first page, and at least 1 inch at the top of the second, and any subsequent pages. At least 1 inch margin at the bottom of each page. At least ½ inch on the sides of each page.
5. Include the name and mailing address of the person to whom the document is to be returned in the margin in the upper left-hand corner of the first page of each document submitted and may include legibly printed or typed transactional information.

Unless accompanied by the appropriate fee required for non-standard documents, all other standard documents submitted for recording must meet the requirements listed above.

New Fees for Recording Documents (7-4-2637 Montana Code Annotated)

Standard: \$7.00 per page or fraction of a page (for documents that meet the above requirements 1 through 5.)

Non-Standard: \$11.00 per page for the first 5 pages and \$7.00 for each page thereafter (for documents that do not meet the above requirements 1 through 5.)

Thank you.
Cheryl A. Hansen

Cheryl A. Hansen

MONTANA CLERK & RECORDERS

NAME	COUNTY	ADDRESS	CITY	ZIP	PHONE
Marie Hatcher	Anaconda-Deer Lodge	800 South Main St.	Anaconda	59711	563-4060
Debbie Scott	Beaverhead	2 South Pacific St., #3	Dillon	59725	683-3720
Cyndy R. Maxwell	Big Horn	Box 908	Hardin	59034	665-9731
Sandra L. Boardman	Blaine	PO Box 278	Chinook	59523	357-3240
Rhonda Nelson	Broadwater	515 Broadway Street	Townsend	59644	266-9215
Mary McMahan	Butte-Silver Bow	155 West Granite St.	Butte	59701	497-6335
Linda Ladvala	Carbon	PO Box 887	Red Lodge	59068	446-1220
Pamela J. Castleberry	Carter	PO Box 316	Ekalaka	59324	775-8749
Rina Fontana Moore	Cascade	121 - 4 th Street N	Great Falls	59401	454-6800
JoAnn L. Johnson	Chouteau	PO Box 459	Fort Benton	59442	622-5151
Marie Wehri	Custer	1010 Main Street	Miles City	59301	874-3343
Kristy Jones	Daniels	PO Box 247	Scobey	59263	487-5561
Maurine Lenhardt	Dawson	207 West Bell Street	Glendive	59330	377-3058
Brenda J. Wood	Fallon	PO Box 846	Baker	59313	778-7182
Rana J. Wichman	Fergus	712 West Main Street	Lewistown	59457	538-5242
Paula Robinson	Flathead	800 South Main Street	Kalispell	59901	758-5526
Charlotte Mills	Gallatin	311 West Main, Room 204	Bozeman	59715	582-3050
Janet Sherer	Garfield	PO Box 7	Jordan	59337	557-2760
Glenda Hall	Glacier	512 E. Main	Cut Bank	59427	873-5063
Mary Lu Ringler	Golden Valley	PO Box 10	Ryegate	59074	568-2231
Blanche McLure	Granite	PO Box 925	Philipsburg	59858	859-3771
Diane E. Mellem	Hill	315 - 4 th Street	Havre	59501	265-5481
Bonnie Ramey	Jefferson	PO Box H	Boulder	59632	225-4020
Amanda H. Kelly	Judith Basin	PO Box 427	Stanford	59479	566-2277
Ruth E. Hodges	Lake	106 - 4 th Avenue E	Polson	59860	883-7210
Paulette DeHart	Lewis and Clark	316 N Park	Helena	59624	447-8334
Rhonda Pimley	Liberty	PO Box 459	Chester	59522	759-5365
Coral M. Cummings	Lincoln	512 California Avenue	Libby	59923	293-7781
Peggy Kaatz Stemler	Madison	PO Box 366	Virginia City	59755	843-4270
Maridel Kassner	McCone	PO Box 199	Circle	59215	485-3505
Cameron Lowe	Meagher	PO Box 309	White Sulphur Springs	59645	547-3612
Katherine Jasper	Mineral	PO Box 550	Superior	59872	822-3520
Vicke M. Zeier	Missoula	200 West Broadway	Missoula	59802	258-3234
Jane E. Mang	Musselshell	506 Main Street	Roundup	59072	323-1104
Denise Nelson	Park	PO Box 1037	Livingston	59047	222-4110
Mary L. Brindley	Petroleum	PO Box 226	Winnett	59087	429-5311
Laurel N. Hines	Phillips	PO Box 360	Malta	59538	654-2423
Janice Hoppes	Pondera	20 - 4 th Avenue SW	Conrad	59425	271-4000
Karen D. Amende	Powder River	PO Box 270	Broadus	59317	436-2361
Diane Grey	Powell	409 Missouri Avenue	Deer Lodge	59722	846-3680
Lisa Kimmet	Prairie	PO Box 125	Terry	59349	635-5575
Nedra P. Taylor	Ravalli	215 S 4 th Street, Ste C	Hamilton	59840	375-6213
Penni D. Lewis	Richland	201 West Main Street	Sidney	59270	433-1708
Cheryl Hansen	Roosevelt	400 Second Avenue South	Wolf Point	59201	653-6229
Geraldine Custer	Rosebud	PO Box 47	Forsyth	59327	346-7318
Pat Ingraham	Sanders	PO Box 519	Thompson Falls	59873	827-6922
June A. Johnson	Sheridan	100 W Laurel Avenue	Plentywood	59254	765-3403
Pauline M. Mishler	Stillwater	PO Box 149	Columbus	59019	322-8000
Sherry Bjorndal	Sweet Grass	PO Box 888	Big Timber	59011	932-5152
Paula Jaconetty	Teton	PO Box 610	Choteau	59422	466-2693
Mary Ann Harwood	Toole	226 - 1 st Street South	Shelby	59474	424-8302
Ruth Baker	Treasure	PO Box 392	Hysham	59038	342-5547
Lynne Nyquist	Valley	501 Court Sq., #2	Glasgow	59230	228-6220
Mary Miller	Wheatland	PO Box 1903	Harlowton	59036	632-4891
Patricia Zinda	Wibaux	PO Box 199	Wibaux	59353	796-2481
Tony Nave	Yellowstone	PO Box 35001	Billings	59107	256-2785

Montana Labor and Material Liens on Oil and Gas Wells and Pipelines

Law Review Articles:

Oil and Gas Product Liens-Statutory Security Interests for Producers and Royalty Owners Under the Statutes of Kansas, New Mexico, Oklahoma, Texas and Wyoming, Cross, 50 Consumer Fin. L.Q. Rep. 418 (1996).

Collateral References:

Oil and gas: assertion of statutory mechanics' or materialman's lien against oil and gas produced or against proceeds attributable to oil and gas sold. 59 ALR 3d 278.

71-3-1001. Definitions. As used in this part, the following definitions apply:

(1) "Furnish" means sell or rent.

(2) "Material" means material, fuel, machinery, equipment, appliances, buildings, structures, tools, bits, or supplies but does not include drilling rigs or hoists or their integral component parts except wire lines.

(3) "Owner" includes a person holding any interest in the legal or equitable title, or both, and purchasers under executory contract.

History: (1), (2)En. 45-1012 by Sec. 12, Ch. 143, L. 1957; Sec. 45-1012, R.C.M. 1947; (3)En. 45-1011 by Sec. 11, Ch. 143, L. 1957; Sec. 45-1011, R.C.M. 1947; R.C.M. 1947, 45-1011(part), 45-1012.

71-3-1002. Lien for labor and materials furnished for use on leasehold for oil and gas purposes or pipelines. (1) Any person, corporation, or partnership which shall under contract, expressed or implied, with the owner of any leasehold for oil and gas purposes or the owner of any gas pipe or oil pipeline or with the trustee or agent of such owner, perform labor or furnish material or services used in the digging, drilling, torpedoing, completing, operating, or repairing of any oil or gas well or oil or gas pipeline or who shall furnish any material or services or perform any labor in constructing or putting together any of the machinery used in digging, drilling, torpedoing, operating, completing, or repairing any oil or gas well or oil or gas pipeline, whether or not such material is incorporated therein or becomes a part thereof, shall have a lien for the amount due therefor, including transportation and mileage charges connected therewith and interest from the date the same was due, upon the whole of such leasehold or oil or gas pipeline, the appurtenances thereon, and upon all material owned by the owner of such leasehold or oil or gas pipeline and used in the digging, drilling, torpedoing, completing, operating, or repairing of any such oil or gas well or oil or gas pipeline and upon all oil or gas wells located on such leasehold and upon all oil or gas produced from such leasehold and the proceeds thereof inuring to the working interest therein as such working interest existed on the date the labor was first performed or materials or services were first furnished.

(2) However, in the event labor is performed for, or materials or services are furnished to, the owner of the working interest in only a portion of the acreage covered by a lease, the lien granted herein shall be restricted to such portion of the acreage.

(3) The lien herein granted shall not extend to any royalty interests, overriding royalty interests, or oil payments created prior to the date the first item of material or services are furnished or the date the first labor is performed.

History: En. Sec. 1, Ch. 45, L. 1917; re-en. Sec. 8375, R.C.M. 1921; amd. Sec. 1, Ch. 152, L. 1923; re-en. Sec. 8375, R.C.M. 1935; amd. Sec. 1, Ch. 143, L. 1957; R.C.M. 1947, 45-1001.

Case Notes:

Amount of Lien -- Overstatement Not to Invalidate in Absence of Fraud: An overstatement of the amount due does not invalidate a lien, absent fraud or bad faith. *Mtn. States Resources, Inc. v. Ehlert*, 195 M 496, 636 P2d 868, 38 St. Rep. 2061 (1981).

Lien Statutes to Receive Liberal Construction -- Exact Language Not Required in Filing: Lien statutes should receive a liberal construction to the end that the objects and purposes of the statutes may be carried out. Therefore, there is no legal requirement that parties filing liens must use the exact language of the statute relied on. *Mtn. States Resources, Inc. v. Ehlert*, 195 M 496, 636 P2d 868, 38 St. Rep. 2061 (1981).

Naming Undisclosed Principal in Original Lien: On September 27, 1977, plaintiff Mountain States Resources, Inc. (MSR) contracted with defendant to have him furnish and erect three steel buildings to be used in connection with the Gypsy-Highview Gathering System (GHGS) for natural gas. Monte Grand Exploration, Inc. (MGE) was an undisclosed principal of MSR. The buildings were completed, and at the request of MSR's supervisory agent, flashing was installed on two buildings, which flashing was not called for in the contract. On January 18, 1978, MSR paid the contract but refused to pay for the additional flashing. On March 8, 1978, defendant filed a lien against the proceeds of any gas MSR sold to Montana Power Company. MSR sued to set aside the lien and to recover for slander of title. Defendant joined MGE and sought to foreclose the lien. MGE contended the lien against it was invalid because it was not named in the original lien. MGE was not named in the lien as required by 71-3-1002, but the District Court found that there was an agent-undisclosed principal relationship between MSR and MGE. Defendant was unaware of this relationship until after he filed the lien. Consequently, defendant joined MGE in the suit when he filed his answer and counterclaim. The lien was valid. *Mtn. States Resources, Inc. v. Ehlert*, 195 M 496, 636 P2d 868, 38 St. Rep. 2061 (1981).

Oil and Gas Lien Proper for Labor and Materials on Pipeline: This section provides a lien is valid "whether or not such material is incorporated therein or becomes a part thereof". Therefore, an oil and gas lien on labor, services, and materials provided on a gas pipeline was valid. *Mtn. States Resources, Inc. v. Ehlert*, 195 M 496, 636 P2d 868, 38 St. Rep. 2061 (1981).

Agent or Trustee Empowered to Contract: The contract for work or materials, express or implied, which under this section forms the basis for the lien thereby created, may be with the owner of an oil and gas leasehold or with his agent or trustee. *Blose v. Havre Oil & Gas Co.*, 96 M 450, 31 P2d 738 (1934), followed in *Mtn. States Resources, Inc. v. Ehlert*, 195 M 496, 636 P2d 868, 38 St. Rep. 2061 (1981).

Time of Attachment of Lien: When a mechanic for work performed on an oil and gas leasehold perfects his lien by compliance with the provisions of Title 71, ch. 3,

part 10, it takes effect as of the date of the commencement of his work on the property charged. *Blose v. Havre Oil & Gas Co.*, 96 M 450, 31 P2d 738 (1934).

The lien of one who furnishes material for the drilling of an oil well attaches under this section when he parts with his material on credit. *Cont. Supply Co. v. White*, 92 M 254, 12 P2d 569 (1932).

Construction to Effect Purpose: Mechanics' and materialmen's lien (now construction lien) laws should be construed whenever possible to promote their purpose, which is to secure payment of those who by their labor or materials enhance the value of the lienee's property. *Blose v. Havre Oil and Gas Co.*, 96 M 450, 31 P2d 738 (1934).

Third Person's Interest: The lien granted by this section to one performing labor in drilling an oil well for the owner of a leasehold on oil and gas lands attaches only to any right, title, or interest of such owner. Therefore, when casing for a well was furnished to the leaseholder by a third person under a contract that if the well should prove a nonproducer the casing should be salvaged and returned to its owner, the lien of the drillers of the well did not extend to the casing. *Cheadle v. Bardwell*, 95 M 299, 26 P2d 336 (1933).

Deficiency Judgment Proper: In an action under this section to foreclose a lien for labor performed about an oil well, the court may, in the event the sale of the property covered by the lien is insufficient to pay the amount due plaintiff, provide for a deficiency judgment. *Hockman v. Sunhew Petroleum Corp.*, 92 M 174, 11 P2d 778 (1932).

Federal Lease Prohibiting Assignment: The clause in an oil and gas lease issued by the federal government under which the lessee is prohibited from assigning or subletting it without the written consent of the Secretary of the Interior under penalty of forfeiture does not bar enforcement of a decree of foreclosure of a mechanics' lien (now construction lien) granted by this section on such leasehold. *Hockman v. Sunhew Petroleum Corp.*, 92 M 174, 11 P2d 778 (1932).

Description of Property: Section 71-3-511 (now repealed), made applicable by this section, requires no more than a description by which the property may be identified and makes no provision for a description of the owner. *Cont. Supply Co. v. White*, 92 M 254, 12 P2d 569 (1932).

Courts are reluctant to set aside mechanics' liens (now construction liens) merely because of a loose description of the property. The general rule is that if there be a substantial compliance with the statutory provisions and there appears enough in the description to enable one familiar with the locality to identify the property upon which the lien is claimed, it is sufficient. *Callender v. Crossfield Oil Synd.*, 84 M 263, 275 P 273 (1929).

Material Not Furnished by Lienor: It was immaterial that complaint in an action to foreclose an oil well materialmen's lien (now construction lien), brought under this section and 71-3-1005, and special in character, affirmatively showed upon its face that certain casing on which the lien was claimed had not been furnished by plaintiff, though perhaps fatal under the general materialmen's (now construction lien) statute, 71-3-502 (now repealed). *Cont. Supply Co. v. White*, 92 M 254, 12 P2d 569 (1932).

Definition of "Owner": The word "owner" as used in this section does not mean the record owner, but does mean one who has an estate in the property which may be assigned or transferred. Therefore, a notice of lien which named the transferee under an

agreement of sale of a lease as the "owner" of a leasehold (the owner of an equitable interest) was not defective in not naming as owner the legal owner. *Callender v. Crossfield Oil Synd.*, 84 M 263, 275 P 273 (1929).

Parties to Foreclosure: In a proceeding to foreclose a mechanics' lien (now construction lien) instituted by an oil well driller under 71-3-501 (now repealed) and this section, asserted against a leasehold interest, neither the lessor nor, in the case of an assigned lease, the assignor is a necessary party. *Sunburst Oil & Ref. Co. v. Callender*, 84 M 178, 274 P 834 (1929).

Collateral References:

Mines and Minerals key 112(2).

58 C.J.S. Mines and Minerals § 261.

Time when contractor commenced work or time when labor or materials for which lien is claimed was furnished as date of mechanics' lien. 83 ALR 925.

Right of one who pays or advances money or assumes obligation to pay laborer or materialman to mechanics' lien or priority. 74 ALR 522.

What amounts to waiver of right to mechanics' lien. 65 ALR 282.

Validity and effect of provision in contract against mechanic's lien. 76 ALR 2d 1087; 102 ALR 356; 13 ALR 1065.

71-3-1003. Lien for labor or supplies furnished for contractor. Any person, partnership, or corporation that furnishes materials or services as a subcontractor or to a contractor or a subcontractor or any person who performs labor under a subcontractor with a contractor or who, as an artisan or day laborer in the employ of such contractor or subcontractor, performs any such labor has a lien upon all the property upon which the lien of an original contractor may attach to the same extent as an original contractor, and the lien provided for in this section attaches to all materials and fixtures owned by such original contractor or subcontractor for whom the labor is performed or materials or services furnished and used or employed or furnished to be used or employed in the drilling or operating of such oil and gas wells or in the construction of such pipeline.

History: En. Sec. 2, Ch. 45, L. 1917; re-en. Sec. 8376, R.C.M. 1921; re-en. Sec. 8376, R.C.M. 1935; amd. Sec. 2, Ch. 143, L. 1957; R.C.M. 1947, 45-1002; amd. Sec. 4, Ch. 11, L. 1979.

71-3-1004. How lien perfected. Every person, corporation, or partnership claiming a lien under this part shall file with the county clerk of the county in which such land, leasehold, or pipeline or some part thereof is situated a statement verified by affidavit setting forth the amount claimed and the items thereof, the dates on which labor was performed or material or services furnished, the name of the owner of the leasehold or pipeline, if known, the name of the claimant and his mailing address, a description of the leasehold or pipeline, and if the claimant be a claimant under 71-3-1003, the name of the person for whom the labor was immediately performed or the material or services were immediately furnished. Such statement must be filed within 6 months after the date upon which said material or services were last furnished or labor last performed under contract.

History: En. 45-1004.1 by Sec. 2, Ch. 170, L. 1973; R.C.M. 1947, 45-1004.1.

Case Notes:

Lessee to Be Named: Under Title 71, ch. 3, part 10, the name of the owner of the leasehold rather than the owner of the land must appear in the lien claim. *Blose v. Havre Oil & Gas Co.*, 96 M 450, 31 P2d 738 (1934).

71-3-1005. Enforcement of liens -- duty of county clerks. The liens herein created shall be enforced in the same manner and the duty of county clerks with respect to the filing and abstracting of liens shall be the same as now provided by the laws for materialmen's and construction liens.

History: En. Sec. 3, Ch. 45, L. 1917; re-en. Sec. 8377, R.C.M. 1921; amd. Sec. 2, Ch. 152, L. 1923; re-en. Sec. 8377, R.C.M. 1935; amd. Sec. 3, Ch. 143, L. 1957; amd. Sec. 1, Ch. 193, L. 1963; amd. Sec. 1, Ch. 170, L. 1973; R.C.M. 1947, 45-1003.

Cross References:

Attorney fees to be recovered on foreclosure of liens, 71-3-124.

Acknowledgment of lien satisfaction -- penalty, 71-3-131.

Construction liens -- filing with County Clerk -- notification of owner, 71-3-534.

Collateral References:

51 Am. Jur. 2d Liens § 79, et seq.

71-3-1006. Date lien arises. The lien provided for in this part arises on the date of the furnishing of the first item of material or services or the date of performance of the first labor.

History: En. 45-1004.2 by Sec. 3, Ch. 170, L. 1973; R.C.M. 1947, 45-1004.2(part).

71-3-1007. Priority. (1) Upon compliance with the provisions of 71-3-1004, such lien shall be preferred to all other titles, charges, liens, or encumbrances which may attach to or upon any of the property upon which a lien is given by this part subsequent to the date the lien herein provided for arises.

(2) All liens affixed by virtue of this part upon the same property shall be of equal standing.

(3) The lien herein provided for shall have no priority over other liens, encumbrances, or mortgages which are filed or recorded prior to the date of the furnishing of the first item of material or services or the date of performance of the first labor.

History: (1), (2)En. 45-1004.2 by Sec. 3, Ch. 170, L. 1973; Sec. 45-1004.2, R.C.M. 1947; (3)En. 45-1004.3 by Sec. 4, Ch. 170, L. 1973; Sec. 45-1004.3, R.C.M. 1947; R.C.M. 1947, 45-1004.2(part), 45-1004.3.

Cross References:

Secured transactions -- perfection and priority under U.C.C., Title 30, ch. 9A, part 3.

Priority in general, 71-3-113.

Priority of purchase money mortgage, 71-3-114.

Priority -- farm laborers' liens, 71-3-401.

Priority -- construction liens, 71-3-541, 71-3-542.
Priority -- loggers' liens, 71-3-602.
Priority -- liens for seed or grain, 71-3-702.
Priority -- threshers' liens, 71-3-804.
Priority -- crop or grain liens for spraying or dusting, 71-3-904.
Priority -- agisters' liens and liens for service, 71-3-1202.

71-3-1008. Lien for running account as single contract. All labor performed or materials or services furnished by any person entitled to a lien under this part upon the same leasehold for oil and gas purposes or the same pipeline shall for the purposes of this part be considered as having been performed or furnished under a single contract regardless of whether or not the same was performed or furnished at different times or on separate orders, provided that no more than 6 months shall have elapsed between the date of performance of such labor or the date of furnishing such material or services and the date on which labor is next performed or materials or services are next furnished.

History: En. 45-1007 by Sec. 7, Ch. 143, L. 1957; R.C.M. 1947, 45-1007.

71-3-1009. Liability fixed. Nothing in this part shall be construed to fix a greater liability against the owner of the land or leasehold interest therein than the price or sum stipulated by such owner to be paid for such materials or services furnished or labor performed. However, the risk of all payments made to the original contractor shall be upon such owner if such payments be made after written notice from a person other than an original contractor is received by such owner at his residence or principal place of business, which notice shall set forth the name and address of the claimant and the amount and nature of his claim. Payment by the owner to the original contractor of all or any part of the contract price, prior to the receipt of such notice, shall operate to discharge and satisfy all liens attaching to the property of such owner by virtue of this part to the extent of such payment. The owner shall not have the right to offset obligations of the original contractor unless such obligations arise out of the original contract.

History: En. 45-1008 by Sec. 8, Ch. 143, L. 1957; R.C.M. 1947, 45-1008.

71-3-1010. Removal of property covered by lien prohibited -- effect of wrongful removal. (1) When any lien provided for by this part shall have attached to the property covered thereby, it shall be unlawful for any person to remove such property or any part thereof or cause the same to be removed from the land or premises where located at the time such lien attached or otherwise dispose of the same without the written consent of the holder of such lien.

(2) In the event such property or some part thereof is about to be removed or disposed of in violation of this section, the district court for the county where such property or any part thereof is located may, upon the verified application of the holder of such lien, enjoin all persons alleged in such application to be about to remove or dispose of such property or some part thereof from removing or disposing of the same.

(3) In the event such property or any part thereof shall have been removed or disposed of in violation of this section, the holder of such lien shall be entitled in any

action to foreclose the same to the appointment of a receiver to take possession of such removed or disposed of property wherever the same may be located within this state.

(4) This section shall not preclude the appointment of a receiver in actions brought to foreclose liens given by this part upon any equitable grounds warranting such appointment.

History: En. 45-1009 by Sec. 9, Ch. 143, L. 1957; R.C.M. 1947, 45-1009.

71-3-1011. Notice to purchaser of oil and gas. Anything in this part to the contrary notwithstanding, any lien claimed by virtue of this part insofar as it may extend to oil or gas or the proceeds of the sale of oil or gas shall not be effective against any purchaser of such oil or gas until written notice of such claim has been delivered to such purchaser at his residence or principal place of business. Such notice shall state the name of the claimant, his address, the amount for which the lien is claimed, and a description of the interest upon which the lien is claimed. Such notice shall be delivered personally to the purchaser or by registered or certified letter deposited in the United States mail. Until such notice is delivered as above provided, no such purchaser shall be liable to the claimant for any oil or gas produced from the interest upon which the lien is claimed or the proceeds thereof, except to the extent of such part of the purchase price of such oil or gas or the proceeds thereof as may be owing by such purchaser at the time of delivery of such written notice. Such purchaser shall withhold payments for such oil or gas runs to the extent of the lien amount claimed until delivery of notice in writing that the claim has been paid.

History: En. 45-1010 by Sec. 10, Ch. 143, L. 1957; R.C.M. 1947, 45-1010.

71-3-1012. Effect on interest which is less than fee interest. If a lien provided for in this part attaches to an estate less than the fee, forfeiture of such estate shall not impair any lien as to material, appurtenances, and fixtures located thereon and to which said lien has attached prior to forfeiture. If a lien provided for in this part attaches to an equitable interest or to a legal interest contingent upon the happening of a condition subsequent, failure of such interest to ripen into legal title or such condition subsequent to be fulfilled shall not impair any lien as to material, appurtenances, and fixtures located thereon and to which said lien attached prior to such failure.

History: En. 45-1011 by Sec. 11, Ch. 143, L. 1957; R.C.M. 1947, 45-1011(part).

STATEMENT OF OIL AND GAS LIEN

TO: County Clerk and Recorder

_____, wishing to avail itself of the provisions of Title 71, Chapter 3, Part 10, M.C.A., relating to laborer's and materialmen's liens on oil and gas wells, pipelines, and related facilities, makes the following STATEMENT OF LIEN:

1. AMOUNT claimed:
2. ITEMS thereof furnished:
3. DATE on which materials were provided:
4. NAME of owner or leaseholder or operator thereof:
5. NAME of claimant:

MAILING address:

6. DESCRIPTION of property:
7. NAME of party to whom the materials were furnished:

MAILING address:

Dated this ___ day of _____, _____.

By _____

