

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
J.M. HUBER CORPORATION TO DRILL A
STRATIGRAPHIC TEST WELL IN SECTION 11,
T2S-R7E, GALLATIN COUNTY, MONTANA.

ORDER NO. 167-2001

Docket No. 140-2001

Report of the Board

Under the terms of an agreement between this Board and the Northern Plains Resource Council, Inc. dated June 19, 2000, the Board, in cooperation with other Federal and State agencies, pledged to prepare a Supplemental Environmental Impact Statement addressing the environmental consequences of coal bed methane exploration, development, production, reclamation and closure. That agreement imposes a moratorium on the issuance of new permits for coal bed methane exploration with certain exceptions, including the issuance of no more than 200 coal bed methane exploration permits to test for water quality and perform suitability tests on the coals or for similar scientific purposes.

Those permits are subject to the following terms and conditions:

6. The following exceptions to the moratorium enacted pursuant to section 5 of this agreement shall be allowed. The purpose of these wells is to provide information to the Department and other government agencies about the environmental impacts and other pertinent data from such wells to assist with preparation of the above referenced EIS.

A. The Department may, upon proper application by the operator, issue 200 coal bed methane exploration permits, and no more, for coal bed methane wells that are drilled to test for water quality, quantity, and/or perform suitability tests on the coals or for similar scientific purposes from the date this Stipulation is signed by the parties until the approval of a final Record of Decision for the MEPA/NEPA EIS required above. Prior to drilling such test wells, the applicant must obtain approval from the Board through normal permitting procedures. Such permits shall be subject to the following terms and conditions:

1. No entity shall drill more than nine wells per pod and one pod per township.
2. Any water pumped as a result of the wells specified in paragraph 6 (A) shall not be discharged into the waters of the state of Montana or the United States. Any and all surface storage of pumped groundwater shall be done in such a fashion as to not reach the waters of the state of Montana or the United States.
3. Testing of the CBM wells that have been previously drilled under previously issued permits may be continued for water quality, water quantity and/or to determine suitability (including dewatering operations to determine the rate of de-absorption of the gas from the coal face and operations to determine if commercial methane gas production can be achieved and the level of same) or for similar scientific or economic purposes provided no water is discharged to the waters of the state of Montana or the United States.
4. No commercial production of methane shall occur from any of the wells permitted herein until the EIS process required hereunder is complete and a Record of Decision is signed.

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C. For each landowner where test wells are drilled pursuant to the provisions of subsection 6 of this agreement, the entity conducting the drilling shall enter into a water well mitigation agreement that protects existing stock and domestic well sources and surface impacts for the landowner and adjacent landowners from adverse impacts caused by the drilling and pumping.

D. All wells drilled under the terms of this agreement shall comply with the Board's regulations. For all test wells drilled, the drilling party shall collect and provide to the Board and the Board shall make available to the Plaintiff, data on water quality, quantity and other relevant information. Such data shall include an assessment of the parameters from the sample test data on Exhibit A. After test wells are completed, such wells shall be abandoned or plugged according to the Board's regulations.

The Board subsequently advertised for the submission of 200 coal bed methane test well proposals by industry to assist in its environmental study, and Applicant submitted an application for the coal bed methane test permit which is the subject of this order.

It should be clearly understood that applicant will not be allowed to produce and market gas under the permit it seeks in this proceeding.

This cause came on regularly for hearing on the 29th day of August, 2001, in the Skytop Room at the Billings Sheraton, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.

2. The proposed test well is located approximately one half mile north of Interstate Highway 90 and the main line of Montana Rail Link Railroad. Power lines, radio and microwave transmitters and cellular communications facilities are a visible presence. There are several homes in the area, mostly located on ten to forty acre tracts, and those homes are serviced by roads, electric power lines, septic systems, heating fuel tanks, and the other necessities of modern living.

3. The space occupied by the proposed well, after drilling is completed, will be much less than that of a home.

4. Of the area residents who testified or supplied written comments, all but one oppose granting the application. Most asked that, if the requested permit is granted, it be subject to certain conditions.

5. Applicant's license from the owner of the mineral rights on the tract to be drilled was not contested.

6. One of the ten protesting witnesses complained that drilling and production of gas in this area would result in "significant increase in traffic from workers that are not from our community or from our state," a situation which he said was "simply not acceptable." Another asked this Board to require all employees involved in drilling or servicing the well to be drug tested on a regular basis. Even assuming this Board had such authority, no facts have been presented to justify such an order.

Conclusions of Law

1. Ownership of minerals is a valuable property right which includes the right to extract those minerals. The Fifth Amendment to the United States Constitution and Article II, Section 29 of the Montana Constitution both prohibit the taking of private property for public use without just compensation. One of the principal purposes of these provisions is "to bar government from forcing some people to bear public burdens which, in all fairness and justice, should be borne by the public as a whole." Armstrong v. United States, 364 U.S. 40, 49 (1960)

2. This Board has neither the statutory authority nor the legislative appropriation to take mineral rights and a prohibition of exploration and development of minerals would surely constitute such a taking.

3. This Board does have the authority to impose reasonable restrictions on exploration and development of oil and gas and, in addition to the restrictions already imposed by Board regulations, the Board will impose the additional restrictions set forth below.

4. Granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that J.M. Huber Corporation is authorized to drill a stratigraphic test well 2155' FEL and 500' FSL of Section 11, T2S-R7E, Gallatin County, Montana, to the Telegraph Creek Formation. Said well is subject to the restrictions contained in the Stipulation and Settlement Agreement between this Board and Northern Plains Resource Council, Inc. dated June 19, 2000. Said restrictions are also listed in the "Report of the Board" section above.

IT IS FURTHER ORDERED that, in addition to the restrictions noted above, the Board imposes the following conditions.

1. Applicant may produce no more than 2000 bbls of water from the test well unless the applicant can demonstrate that additional water must be produced to obtain an accurate and representative sample of formation water. The Board's Administrator is authorized to review any request to produce additional water and approve or disapprove it.
2. Applicant will develop a water well mitigation agreement which will offer to supplement or replace the water source for the owner of any water well or spring which becomes impaired by the applicants operations. The mitigation agreement will be offered to owners of wells or springs within a one mile radius of the exploratory well and must provide for expansion of the area covered by the agreement by at least one half mile from any impaired well. The applicant will submit a copy of the proposed agreement to the Board's Administrator.
3. Applicant will provide a laboratory analysis of the produced water to the Board within 30 days of well completion at which time it will become public information.
4. Rig workers will carpool to the rig to reduce associated traffic on area roads.
5. Rig employees and tool pushers and company representatives will have appropriate safety training in the skills required by their respective duties. At a minimum tool pushers and company representatives will have verifiable training in drilling safety, well control and first aid. A safety meeting will be held with rig crews and supervisors at least once per week during drilling operations.
6. Applicant will avoid delivery of goods or services to the well site during school bus loading or unloading times and will not schedule crew changes during those times.
7. The drilling rig is to be equipped with engine mufflers in good condition; the rig will be sited to avoid having engine exhausts pointed toward occupied dwellings.

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8. Applicant will report the actual total volume of water produced from the well at the time the completion report (Board Form No.4) is filed.
9. During moderate or high fire danger, applicant will maintain a 500-gallon supply of water, a pump capable of producing 40 psi and 250 feet of hose. A 4ABC fire extinguisher will be available on location. Vehicles will not be driven cross-country or parked on grass. All vehicles will have one fire-fighting tool for each occupant. Each vehicle will have a minimum 2ABC fire extinguisher. No smoking will be allowed outside of enclosed vehicles or buildings.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 29th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
FLYING J OIL & GAS INC. TO CONVERT ITS
EDEBURN 5-24 WELL IN SECTION 24, T25N-
R54E, CHARLIE CREEK FIELD, RICHLAND
COUNTY, MONTANA, TO A DISPOSAL WELL
FOR WATER PRODUCED IN ASSOCIATION
WITH OIL.

ORDER NO. 168-2001

Docket No. 142-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Flying J Oil & Gas Inc. is granted permission to convert its Edeburn 5-24 well to dispose of produced water into the Lakota and Dakota Formations at gross intervals of 5250 to 5380 feet for the Lakota and 5005 to 5061 feet for the Dakota subject to the following conditions:

1. Maximum injection pressure is limited to 1101 psig.
2. Remedial cement is required above and below the injection zones.
3. A successful mechanical integrity test must be performed.
4. Total injection volume is limited to 17 million barrels.
5. A cast iron bridge plug must be set at 5500 feet below the surface.

BOARD ORDER NO. 168-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF FIDELITY
EXPLORATION & PRODUCTION COMPANY TO
ELIMINATE ALL SPACING RULES FOR THE CEDAR
CREEK UNIT 8B, CEDAR CREEK GAS FIELD, FALLON
COUNTY, MONTANA.

ORDER NO. 169-2001

Docket No. 143-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence establishes that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that all interior spacing rules for the Cedar Creek Unit 8B, Cedar Creek Gas Field, Fallon County, Montana, are eliminated.

IT IS FURTHER ORDERED that no well may be drilled closer than 660 feet to the external boundaries of the field and no closer than 660 feet to the boundaries of any uncommitted tract.

BOARD ORDER NO. 169-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
PRAIRIE DOG EXPLORATION LLC TO DESIGNATE
SECTION 3, T36N-R4E AND SECTION 35, T37N-R4E,
LIBERTY COUNTY, MONTANA, AS SEPARATE
SPACING UNITS FOR PRODUCTION OF NATURAL
GAS FROM ALL ZONES FROM THE SURFACE TO
THE TOP OF THE KOOTENAI FORMATION.

ORDER NO. 170-2001

Docket No. 144-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the quarter sections in Section 3, T36N-R4E and Section 35, T37N-R4E, both in Liberty County, Montana, are designated as separate spacing units for production of natural gas from all zones, formations or horizons from the surface of the earth to the top of the Kootenai Formation.

IT IS FURTHER ORDERED that this spacing shall be on the basis of one natural gas well per zone within each governmental quarter section with each such well to be located anywhere within the quarter section but not closer than 660 feet to the exterior boundaries thereof with a 75 foot tolerance for topographic reasons.

IT IS FURTHER ORDERED that this spacing order shall expire one year from the date hereof before which time applicant must apply for permanent spacing of these sections.

BOARD ORDER NO. 170-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF K2
AMERICA CORP. TO DRILL CERTAIN BOW
ISLAND NATURAL GAS WELLS IN GLACIER
COUNTY, MONTANA, AS EXCEPTIONS TO
A.R.M. 36.22.702 AND BOARD ORDER 62-93.

ORDER NO. 171-2001

Docket No. 145-2001 and 10-2001 FED

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.

2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that applicant is authorized to drill the following described wells in Glacier County, Montana, as exceptions to A.R.M. 36.22.702 and Board Order 62-93 and to produce said wells if capable of commercial production of Bow Island natural gas.

Well Number	Well Name	Location	Sec	Twp	Rng	E/W Dir	E/W Ftg	N/S Dir	N/S Ftg
5	Palmer Bow Island 10-13	C SW SW	10	32N	6W	FWL	660	FSL	700
6	Palmer Bow Island 10-5	C SW NW	10	32N	6W	FWL	700	FNL	1980

BOARD ORDER NO. 171-2001

IT IS FURTHER ORDERED that the W½ of Section 10, T32N-R6W, Glacier County, Montana, is designated as a single spacing unit for said wells.

THE BOARD NOTES that although this application was advertised as involving Indian trust minerals, the Bureau of Land Management advises that there are no Indian trust minerals underlying the lands covered by this Order.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF GREAT
PLAINS OPERATING, L.L.C. FOR THE GREBE
FEDERAL 2-22 WELL IN SECTION 22, T11N-R32E,
ROSEBUD COUNTY, MONTANA, TO INJECT WATER
INTO THE TYLER FORMATION AT A DEPTH OF
4950 TO 4958 FEET.

ORDER NO. 172-2001

Docket No. 146-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The proposed Class II injection well will inject produced water into the Tyler Formation, which contains water with greater than 10,000 ppm total dissolved solids.
3. Granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Great Plains Operating, L.L.C. is granted a Class II injection well permit for the Grebe Federal 2-22 well in the NESE of Section 22, T11N-R32E, Rosebud County, Montana, to inject produced water into the Tyler Formation at a depth of 4950 to 4958 feet subject to the condition that the maximum surface injection pressure is limited to 2884 psig.

IT IS FURTHER ORDERED that this authorization will expire one year from the date of this order, at which time the potential water flood effect of this injection will be examined.

BOARD ORDER NO. 172-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
SOLOMON EXPLORATION, INC. TO DRILL AN
ADDITIONAL EAGLE SAND FORMATION GAS
WELL IN SECTION 33, T31N-R17E, HILL COUNTY,
MONTANA, AS AN EXCEPTION TO BOARD
ORDERS 52-77 AND 8-83.

ORDER NO. 173-2001

Docket No. 147-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Solomon Exploration, Inc. is authorized to drill an additional Eagle Sand Formation gas well 675' FSL and 589' FEL of Section 33, T31N-R17E, Hill County, Montana, as an exception to Board Orders 52-77 and 8-83.

IT IS FURTHER ORDERED that Ocean Energy Resources, Inc. is authorized to drill an offset well 660' FSL and 660' FWL of Section 34, T31N-R17E, with a 75 foot tolerance for topographic reasons.

BOARD ORDER NO. 173-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
MONTALBAN OIL & GAS OPERATIONS, INC.
TO PLACE THE BOUCHER NO. 1 WELL (API
NO. 25-073-21463) IN SECTION 20, T29N-R5W
AND THE LUDWIG (LUDWICK) STATE NO.
36-1 WELL (API NO. 25-073-21459) IN
SECTION 36, T29N-R5W, BOTH IN PONDERA
COUNTY, ON ITS BOND.

ORDER NO. 174-2001

Docket No. 148-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The present operator of the Boucher No. 1 well has agreed to transfer that well to applicant. Under the standard terms of its lease, the Ludwig (Ludwick) State No. 36-1 well may not be plugged by the former lessee and applicant is the present lessee of the tract underlying said well.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the Boucher No. 1 well in Section 20, T29N-R5W and the Ludwig (Ludwick) State No. 36-1 well in Section 36, T29N-R5W, both in Pondera County, Montana, are hereby placed on the bond of Montalban Oil & Gas Operations, Inc.

BOARD ORDER NO. 174-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
MACUM ENERGY, INC. TO AMEND THE WEST
DRY CREEK FIELD RULES ESTABLISHED BY
BOARD ORDERS 43-78, 65-82 AND 86-82 TO
PERMIT THE DRILLING OF A GAS TEST WELL
1524' FEL AND 2467' FNL OF SECTION 32,
T6S-R21E, CARBON COUNTY, MONTANA,
WITH A 75 FOOT TOLERANCE FOR TOPOGRAPHIC
REASONS AS AN EXCEPTION TO THE 660 FOOT
SET BACK REQUIREMENT.

ORDER NO. 175-2001

Docket No. 149-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Jack King recused himself and Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.

2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the West Dry Creek Field rules established by Board Orders 43-78, 65-82 and 86-82 are amended insofar as the Frontier Formation within the E $\frac{1}{2}$ of Section 32, T6S-R21E is concerned by deleting therefrom the SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 32 and designating the SW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$ of said Section 32 as a 120 acre spacing unit for the Frontier Formation.

IT IS FURTHER ORDERED that the West Dry Creek Field rules insofar as all of Section 32, T6S-R21E is concerned are amended to include all formations save and except the Frontier Formation in the SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 32 from the top of the Bearpaw Shale to the base of the Greybull Formation.

BOARD ORDER 175-2001

IT IS FURTHER ORDERED that applicant is authorized to drill a gas test well 1524' FEL and 2467' FNL of Section 32, T6S-R21E with a 75 foot tolerance for topographic reasons as an exception to the 660 foot setback requirement of the West Dry Creek Field rules.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
KLABZUBA OIL & GAS, INC. TO DESIGNATE
THE N½ OF SECTION 20, T35N-R17E, HILL
COUNTY, MONTANA, AS A TEMPORARY
SPACING UNIT AND TO DRILL AN EAGLE
FORMATION GAS WELL 2050' FNL AND
1300' FWL OF SAID SECTION 20 WITH A
100 FOOT TOPOGRAPHIC TOLERANCE
IN ANY DIRECTION AS AN EXCEPTION TO
A.R.M. 36.22.702.

ORDER NO. 176-2001

Docket No. 153-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Klabzuba Oil & Gas, Inc. is granted as applied for.

BOARD ORDER NO. 176-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
KLABZUBA OIL & GAS, INC. TO DRILL AN
ADDITIONAL EAGLE SAND FORMATION
GAS WELL IN SECTION 26, T35N-R19E,
BLAINE COUNTY, MONTANA, ANYWHERE
WITHIN SAID SECTION BUT NOT CLOSER
THAN 990 FEET TO THE SPACING UNIT
BOUNDARIES AS AN EXCEPTION TO
A.R.M. 36.22.702.

ORDER NO. 177-2001

Docket No. 154-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Klabzuba Oil & Gas, Inc. is authorized to drill an additional Eagle Sand Formation gas well in Section 26, T35N-R19E, Blaine County, Montana, anywhere within said Section but not closer than 990 feet to the spacing unit boundaries as an exception to A.R.M. 36.22.702.

IT IS FURTHER ORDERED that, should said well be successful, the proceeds of production must be held in escrow until applicant has submitted and received approval of a communitization agreement from the appropriate federal agency.

BOARD ORDER 177-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
KLABZUBA OIL & GAS, INC. TO DRILL AN
ADDITIONAL EAGLE SAND FORMATION GAS
WELL IN SECTION 22, T35N-R19E, BLAINE
COUNTY, MONTANA, AT A LOCATION NOT
CLOSER THAN 990 FEET TO THE SPACING UNIT
BOUNDARIES AS AN EXCEPTION TO BOARD
ORDER 27-2001

ORDER NO. 178-2001

Docket No. 155-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Klabzuba Oil & Gas, Inc. is granted as applied for.

BOARD ORDER 178-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF MIOCENE
OIL & GAS, LTD. TO CONSTRUCT AND OPERATE TWO
EVAPORATION PITS IN NIELSON COULEE FIELD
IN DANIELS COUNTY, MONTANA, ONE IN THE NWNW
OF SECTION 27, T33N-R48E AND THE OTHER IN THE
NENW OF SECTION 27, T33N-R48E.

ORDER NO. 179-2001

Docket No. 156-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Miocene Oil & Gas, Ltd. is authorized to construct and operate two evaporation pits in Nielson Coulee Field, Daniels County, Montana, one in the NWNW of Section 27, T33N-R48E and the other in the NENW of Section 27, T33N-R48E, subject to the following conditions:

1. The pit shall be located on level, stable ground and an acceptable distance away from any established or intermittent drainage and shall have an underlying gravel filled sump and lateral system or suitable leak detection system.
2. The pit shall be designed and constructed to prevent the entrance of surface water.
3. The pit shall be fenced and maintained to prevent access by livestock, wildlife and unauthorized personnel and, if required, equipped with flagging or netting to deter entry by birds and waterfowl.
4. The occurrence of water in a leak detection system during operation of a pit constitutes liner failure and requires immediate action. The Division has the option of allowing the operator a short period of time to take corrective action. The Division will allow further utilization of the pit only after liner repairs and an inspection.
5. The pit shall be inspected by the Board's field inspector prior to setting of the liner to be assured no sharp rocks or protrusions exist that could cut the liner.
6. The pit will not be allowed to accumulate waste oils or hazardous wastes. If waste oil or hazardous waste does accumulate, the pit will be skimmed as soon as it is physically possible.

BOARD ORDER 179-2001

7. The pit will not be used by other operators for their saltwater disposal or converted to a commercial saltwater disposal pit without prior approval of the Board.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL RESOURCES, INC. TO AMEND
THE LUSTRE FIELD RULES ESTABLISHED BY
BOARD ORDERS 19-83 AND 43-84 TO DESIGNATE
THE W $\frac{1}{2}$ SE $\frac{1}{4}$ OF SECTION 29, T31N-R44E,
VALLEY COUNTY, MONTANA, AS A SPACING
UNIT FOR THE PRODUCTION OF OIL AND
ASSOCIATED NATURAL GAS FROM THE MADISON
FORMATION AND TO DRILL A WELL TO SAID
FORMATION ANYWHERE WITHIN SAID SPACING
UNIT BUT NOT LESS THAN 330 FEET TO THE SPACING
UNIT BOUNDARIES AND TO REMOVE THE LUSTRE
FIELD RESTRICTION ON WELL LOCATIONS.

ORDER NO. 180-2001

Docket No. 157-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the Lustre Field rules are amended to designate the W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 29, T31N-R44E, Valley County, Montana, as a spacing unit for production of oil and associated natural gas.

IT IS FURTHER ORDERED that applicant is authorized to drill a well to the Madison Formation anywhere within said spacing unit but not less than 330 feet to the spacing unit boundaries.

IT IS FURTHER ORDERED that the Lustre Field requirement that Madison Formation wells be located in the NE or SW quarter of each quarter section is deleted.

BOARD ORDER 180-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL RESOURCES, INC. TO EXPAND
THE LUSTRE FIELD ESTABLISHED BY BOARD
ORDERS 19-83 AND 43-84 TO INCLUDE THE
S½NW¼ OF SECTION 1 AND THE N½NW¼ OF
SECTION 8, BOTH IN T30N-R44E, VALLEY COUNTY,
MONTANA, AND TO DESIGNATE EIGHTY ACRE
SPACING UNITS FOR SAID FIELD.

ORDER NO. 181-2001

Docket No. 158-2001 and 11-2001 FED

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.

2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the Lustre Field established by Board Orders 19-83 and 43-84 is enlarged to include the S½NW¼ of Section 1 and the N½NW¼ of Section 8, both in T30N-R44E, Valley County, Montana, within said Lustre Field.

IT IS FURTHER ORDERED that the following described lands are designated as eighty (80) acre spacing units:

Township/Range	Section	Spacing Unit	Setback
T30N-R44E	1	S½NW	330'
T30N-R44E	2	S½SE¼	330'
T30N-R44E	2	S½NE¼	330'
T30N-R44E	5	N½SE¼	330'
T30N-R44E	5	N½NW¼	330'
T30N-R44E	6	S½NE¼	330'
T30N-R44E	8	N½NW¼	330'
T30N-R44E	9	W½SW¼	330'

BOARD ORDER 181-2001

Township/Range	Section	Spacing Unit	Setback
T31N-R43E	25	SW $\frac{1}{4}$ NE $\frac{1}{4}$ & NW $\frac{1}{4}$ SE $\frac{1}{4}$	330'
T31N-R43E	36	E $\frac{1}{2}$ NE $\frac{1}{4}$	330'
T31N-R43E	36	N $\frac{1}{2}$ NW $\frac{1}{4}$	330'
T31N-R44E	19	N $\frac{1}{2}$ NE $\frac{1}{4}$	330'
T31N-R44E	20	NW $\frac{1}{4}$ NE $\frac{1}{4}$ & NE $\frac{1}{4}$ NW $\frac{1}{4}$	330'
T31N-R44E	27	W $\frac{1}{2}$ NW $\frac{1}{4}$	330'
T31N-R44E	29	E $\frac{1}{2}$ NE $\frac{1}{4}$	330'
T31N-R44E	30	E $\frac{1}{2}$ NE $\frac{1}{4}$	330'
T31N-R44E	30	E $\frac{1}{2}$ NW $\frac{1}{4}$	330'
T31N-R44E	33	W $\frac{1}{2}$ NW $\frac{1}{4}$	330'
T31N-R44E	33	N $\frac{1}{2}$ NE $\frac{1}{4}$	330'
T31N-R44E	34	N $\frac{1}{2}$ SW $\frac{1}{4}$	330'
T31N-R44E	34	N $\frac{1}{2}$ SE $\frac{1}{4}$	330'

IT IS FURTHER ORDERED that Madison Formation wells may be drilled anywhere within said spacing units but not closer than 330 feet to the spacing unit boundary.

IT IS FURTHER ORDERED that, should any well be successful, the proceeds of production must be held in escrow until applicant has submitted and received approval of a communitization agreement from the appropriate federal agency.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL RESOURCES, INC. TO POOL
ALL INTERESTS IN THE PRODUCTION OF OIL
AND ASSOCIATED GAS FROM THE MADISON
FORMATION UNDERLYING THE N½SE¼ OF
SECTION 5, T30N-R44E, VALLEY COUNTY,
MONTANA, AND TO IMPOSE THE PENALTY
PROVIDED BY SECTION 82-11-202 M.C.A.

ORDER NO. 182-2001

Docket No. 159-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.

2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that all interests in the production of oil and associated gas from the Madison Formation underlying the N½SE¼ of Section 5, T30N-R44E, Valley County, Montana, are pooled on the basis of surface acreage.

IT IS FURTHER ORDERED that the non-joinder penalty provided by Section 82-11-202, M.C.A. is imposed.

BOARD ORDER NO. 182-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
ENCORE OPERATING, L.P. TO CONVERT ITS
CORAL CREEK 11-33 WELL IN SECTION 33,
T7N-R60E, LOOKOUT BUTTE FIELD, FALLON
COUNTY, MONTANA, TO A RED RIVER WATER
INJECTION WELL.

ORDER NO. 183-2001

Docket No. 161-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application as hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Encore Operating, L.P. is authorized to convert its Coral Creek 11-33 well in Section 33, T7N-R60E, Lookout Butte Field, Fallon County, Montana, to a Red River water injection well subject to the following conditions:

1. The maximum injection pressure is limited to 2809 psi.
2. A successful mechanical integrity test must be completed before injection begins.

BOARD ORDER NO. 183-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
ENCORE OPERATING, L.P. TO CONVERT ITS
CORAL CREEK 33X-32 WELL IN SECTION 32,
T7N-R60E, LOOKOUT BUTTE FIELD, FALLON
COUNTY, MONTANA, TO A RED RIVER INJECTION
WELL.

ORDER NO. 184-2001

Docket No. 162-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Encore Operating, L.P. is authorized to convert its Coral Creek 33X-32 well in Section 32, T7N-R60E, Lookout Butte Field, Fallon County, Montana, to a Red River injection well subject to the following conditions:

1. Maximum injection pressure is limited to 2803 psi.
2. A successful mechanical integrity test must be completed before injection may begin.

BOARD ORDER NO. 184-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
XENO, INC. TO DRILL UP TO FOUR EAGLE
FORMATION NATURAL GAS WELLS ON EACH
OF THE FOLLOWING SECTIONS IN BLAINE
COUNTY, MONTANA: SECTIONS 4 AND 5,
T36N-R19E, SECTIONS 26 AND 31, T37N-R19E,
AND SECTION 14, T35N-R20E; OR IN THE
ALTERNATIVE TO ADD SAID LANDS TO THE
BATTLE CREEK GAS FIELD AS DELINEATED
BY BOARD ORDERS 40-86 AND 76-62.

ORDER NO. 185-2001

Docket No. 164-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place, testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana Xeno, Inc. is authorized to drill up to four Eagle Formation natural gas wells on each of the following described Sections in Blaine County, Montana:

T36N-R19E

Section 4: All

Section 5: All

T37N-R19E

Section 26: All

Section 31: All

T35N-R20E

Section 14: All

Said wells are to be drilled on the basis of one well per quarter section with 990 foot setbacks from the exterior boundaries of the section.

BOARD ORDER NO. 185-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
XENO, INC. TO DESIGNATE THE W $\frac{1}{2}$ OF
SECTION 25, T36N-R19E, BLAINE COUNTY,
MONTANA, AS A PERMANENT SPACING UNIT
FOR THE SE BATTLE 5-25 EAGLE FORMATION
GAS WELL AND THE SE BATTLE 13-25 EAGLE
FORMATION GAS WELL AND FOR PERMISSION
TO COMMINGLE AND PRODUCE EAGLE
FORMATION NATURAL GAS FROM SAID WELLS
IF CAPABLE OF COMMERCIAL PRODUCTION FROM
MULTIPLE ZONES, FORMATIONS OR HORIZONS.

ORDER NO. 186-2001

Docket No. 165-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Xeno, Inc. is granted as applied for.

BOARD ORDER NO. 186-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
XENO, INC. TO ENLARGE THE BATTLE CREEK
GAS FIELD ESTABLISHED BY BOARD ORDERS
40-86 AND 76-92 TO INCLUDE THE FOLLOWING
DESCRIBED LANDS IN BLAINE COUNTY,
MONTANA: SECTIONS 6 AND 24, T36N-R19E,
SECTIONS 9 AND 10, T35N-R20E, AND SECTION 9,
T35N-R19E.

ORDER NO. 187-2001

Docket No. 166-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Xeno, Inc. is granted as applied for.

BOARD ORDER 187-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
XENO, INC. TO ENLARGE THE BATTLE CREEK
GAS FIELD ESTABLISHED BY BOARD ORDERS
40-86 AND 76-92 TO INCLUDE ALL OF SECTIONS
11, 12, 13 AND 14, T36N-R19E, BLAINE COUNTY,
MONTANA.

ORDER NO. 188-2001

Docket No. 97-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Xeno, Inc. is granted as applied for.

BOARD ORDER 188-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF OCEAN
ENERGY RESOURCES, INC. TO DRILL AN ADDITIONAL
EAGLE SAND FORMATION GAS WELL 1104' FNL AND
1823' FEL OF SECTION 5, T26N-R17E, CHOUTEAU
COUNTY, MONTANA, AS AN EXCEPTION TO A.R.M.
36.22.702.

ORDER NO. 189-2001

Docket No. 167-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that applicant is authorized to drill an additional Eagle Sand Formation gas well 1104' FNL and 1823' FEL of Section 5, T26N-R17E, Chouteau County, Montana, as an exception to A.R.M. 36.22.702.

BOARD ORDER NO. 189-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF OCEAN
ENERGY RESOURCES, INC. TO DRILL ITS KANE
#21-12-27-16 WELL 1425' FWL AND 2480' FSL OF
SECTION 21, T27N-R16E, CHOUTEAU COUNTY,
MONTANA, AS AN EXCEPTION TO THE BULLWACKER
FIELD RULES ESTABLISHED BY BOARD ORDER 26-74.

ORDER NO. 190-2001

Docket No. 168-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana Ocean Energy Resources, Inc. is authorized to drill its Kane #21-12-27-16 well 1014' FWL and 1120' FSL of Section 21, T27N-R16E, Chouteau County, Montana, as an exception to the Bullwacker Field rules established by Board Order 26-74.

BOARD ORDER NO. 190-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF OCEAN
ENERGY RESOURCES, INC. TO DRILL ITS WEAVER
#28-5-27-16 WELL 2433' FNL AND 1111' FWL OF
SECTION 28, T27N-R16E, CHOUTEAU COUNTY,
MONTANA, AS AN EXCEPTION TO THE
BULLWACKER FIELD RULES ESTABLISHED BY
BOARD ORDER 26-74.

ORDER NO. 191-2001

Docket No. 169-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Ocean Energy Resources, Inc. is authorized to drill its Weaver #28-5-27-16 well 2433' FNL and 1111' FWL of Section 28, T27N-R16E, Chouteau County, Montana, as an exception to the Bullwacker Field rules established by Board Order 26-74.

BOARD ORDER NO. 191-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF OCEAN
ENERGY RESOURCES, INC. TO DRILL ITS
US #30-4-27-17 WELL 607' FNL AND 1344' FWL OF
SECTION 30, T27N-R17E, CHOUTEAU COUNTY,
MONTANA, AS AN EXCEPTION TO THE BULLWACKER
FIELD RULES ESTABLISHED BY BOARD ORDER 26-74.

ORDER NO. 192-2001

Docket No. 170-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Ocean Energy Resources, Inc. is authorized to drill its US #30-4-27-17 well 607' FNL and 1344' FWL of Section 30, T27N-R17E, Chouteau County, Montana, as an exception to the Bullwacker Field rules established by Board Order 26-74.

BOARD ORDER NO. 192-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF OCEAN
ENERGY RESOURCES, INC. TO DRILL ITS HENDERSON
#30-15-27-17 WELL 400' FSL AND 1450' FEL OF
SECTION 30, T27N-R17E, CHOUTEAU COUNTY,
MONTANA, AS AN EXCEPTION TO THE BULLWACKER
FIELD RULES ESTABLISHED BY BOARD ORDER 26-74.

ORDER NO. 193-2001

Docket No. 171-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Ocean Energy Resources, Inc. is authorized to drill its Henderson #30-15-27-17 well 996' FSL and 1768' FEL of Section 30, T27N-R17E, Chouteau County, Montana, as an exception to the Bullwacker Field rules established by Board Order 26-74.

BOARD ORDER NO. 193-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF OCEAN
ENERGY RESOURCES, INC. TO DRILL ITS BJORNSON #1
WELL 990' FNL AND 1650' FEL OF SECTION 34, T32N-R19E,
BLAINE COUNTY, MONTANA, AS AN EXCEPTION TO
THE BOWES GAS FIELD RULES ESTABLISHED BY BOARD
ORDER 23-54.

ORDER NO. 194-2001

Docket No. 172-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Ocean Energy Resources, Inc. is authorized to drill its Bjornson #1 well 990' FNL and 1630' FEL of Section 34, T32N-R19E, Blaine County, Montana, as an exception to the Bowes Gas Field rules established by Board Order 23-54.

BOARD ORDER NO. 194-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF WJW
OPERATING COMPANY, L.L.C. TO CERTIFY THE
PRODUCTION DECLINE RATE USED TO CALCULATE
INCREMENTAL PRODUCTION FROM ITS
HORIZONTALLY RECOMPLETED RUDOLPH #2-31
WELL IN SECTION 31, T29N-R58E, RICHLAND
COUNTY, MONTANA.

ORDER NO. 195-2001

Docket No. 173-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that the Board should certify the production decline rate set forth herein.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the production decline rate used to calculate incremental production from its horizontally recompleted Rudolph #2-31 well in Section 31, T29N-R58E, Richland County, Montana, is set forth in the production forecast attached hereto and by this reference made a part hereof. The staff is directed to prepare the appropriate certification to the Department of Revenue.

BOARD ORDER NO. 195-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
SAGEBRUSH PETROLEUM, INC. TO VACATE THE
PLEVNA FIELD RULES ESTABLISHED BY BOARD
ORDERS 34-54 AND 4-57 AND TO ESTABLISH 160
ACRE PERMANENT SPACING UNITS CONSISTING
OF REGULAR GOVERNMENTAL QUARTER SECTIONS
FOR THE JUDITH RIVER/EAGLE FORMATIONS
UNDERLYING CERTAIN DESCRIBED LANDS IN
FALLON COUNTY, MONTANA.

ORDER NO. 196-2001

Docket No. 93-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Board Orders 34-54 and 4-57 are repealed.

IT IS FURTHER ORDERED that Plevna Field is re-delineated and 160 acre permanent spacing units consisting of regular governmental quarter sections are established for the Judith River/Eagle Formations underlying the following described lands in Fallon County, Montana:

T5N-R59E

All of Sections 1, 2, 3, 11, 12, 13 and 24

T5N-R60E

All of Sections 5, 6, 7, 8, 16, 17, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31, 32 and 33

T6N-R59E

All of Sections 25, 26, 27, 34, 35 and 36

T6N-R60E

All of Sections 30 and 31.

BOARD ORDER NO. 196-2001

IT IS FURTHER ORDERED that all wells be located a minimum of 660 feet from the external boundaries of each spacing unit with a 75 foot tolerance for topographic reasons.

IT IS FURTHER ORDERED that applicant's Hanson #20-16 well and its Thoms #28-16 well be designated as the permitted wells for the SE¼ of Section 20, T5N-R60E and the SE¼ of Section 28, T5N-R60E, respectively.

IT IS FURTHER ORDERED that , should said wells be successful, the proceeds of production must be held in escrow until applicant has submitted and received approval of a communitization agreement from the appropriate federal agency.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF NIELCO, INC.'S FAILURE TO
INCREASE ITS BOND TO \$25,000.

ORDER NO. 197-2001

Docket No. 175-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 30th day of August, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member Elaine Mitchell was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. Nielco, Inc. is operating wells in Musselshell and Sheridan Counties, Montana, without the minimum bond of \$25,000 required by the rules of this Board.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Nielco, Inc. must increase its bond to \$25,000 not later than October 24, 2001, or properly plug and abandon all wells operated by it by that time.

IT IS FURTHER ORDERED that, should Nielco, Inc. fail to complete one or the other of these actions by October 24, 2001, a \$500 fine will be imposed and the Board will then consider what other penalties, if any, should be imposed.

BOARD ORDER NO. 197-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 30th day of August, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF ENCORE
OPERATING, L.P. TO DRILL A RED RIVER TEST WELL
IN THE APPROXIMATE CENTER OF THE NE $\frac{1}{4}$ NE $\frac{1}{4}$ OF
SECTION 22, T9N-R58E, FALLON COUNTY, MONTANA,
WITH A 175 FOOT TOLERANCE FOR TOPOGRAPHIC
REASONS AS AN EXCEPTION TO THE MONARCH
FIELD RULES ESTABLISHED BY BOARD ORDER 12-59.

CORRECTED
ORDER NO. 102-2001

Docket No. 73-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 5th day of April, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Encore Operating, L.P. is authorized to drill a Red River test well in the approximate center of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22, T9N-R58E, Fallon County, Montana, with a 175 foot tolerance for topographic reasons.

IT IS FURTHER ORDERED that, should said well be successful, the proceeds of production must be held in escrow until applicant has submitted and received approval of a communitization agreement from the appropriate federal agency.

CORRECTED BOARD ORDER NO. 102-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 5th day of April, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

