

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. TO CREATE
THE "GREBE-KINCHELOE WATERFLOOD UNIT"
IN THE SUMATRA FIELD, ROSEBUD COUNTY,
MONTANA.

ORDER NO. 175-2002

Docket No. 211-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 3rd day of October, 2002, 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 Allen Kolstad 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 Unit Area is composed of the Pennsylvanian Lower Tyler Sandstone Reservoir under the following described lands in Rosebud County, Montana:

Township 11North, Range 32 East

Section 22: S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$

Section 23: SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$

Section 26: W $\frac{1}{2}$ W $\frac{1}{2}$

Section 27: E $\frac{1}{2}$

3. The waterflood project proposed is that of injecting water into the Pennsylvanian Lower Tyler Sandstone Reservoir. Injection will be initially accomplished with one injection well, the location of which is specifically shown in the application and exhibits.

4. The primary energy of the reservoir has been substantially depleted and secondary recovery by water injection is feasible and reasonably necessary to increase the ultimate recovery of oil and gas. The inauguration and conduct of the waterflood injection program proposed by applicant will result in the recovery of a substantial amount of additional oil which would otherwise remain in place.

5. There is a need for the operation as a Unit of the pool underlying the above-described lands and it is necessary that the interests of all owners of the oil and gas therein be unitized.

6. The evidence indicates that it was not possible to effectuate a wholly voluntary unitization of interests in said reservoir and that the issuance of an order for the Unit operation of that part of the pool within the delineated area is necessary under the provisions of Section 82-11-204, MCA, et. seq.

7. The value of the estimated additional recovery of oil less royalties exceeds the estimated additional cost incident to conducting such operations; the full aerial extent of such pool has been reasonably defined by drilling operations; the plan allocates to each tract in the Unit Area its fair share of

BOARD ORDER NO. 175-2002

oil and gas produced from the Unit Area not required or consumed in the conduct of the operation of the Unit Area or unavoidably lost. The Board has considered the relative value that each share of production bears to the relative value of all of the separately owned tracts in the Unit Area exclusive of physical equipment utilized in Unit operations.

8. The Unit Agreement has not yet been approved in writing by the requisite number of owners and persons and by the requisite percentage of interest in the Unit Area as specified in Section 82-11-207, MCA.

9. 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.

Conclusion of Law

THE BOARD CONCLUDES as a matter of law that the application of Great Plains Operating, L.L.C. should be granted subject to the condition that within six months of the date of this order, and before beginning Unit Operations, applicant presents to the Board's staff its proof that the Unit Agreement has been approved in writing by the number of persons and requisite percentage of interests specified in Section 82-11-207, MCA. Said Unit shall be named the Grebe-Kincheloe Waterflood Unit.

IT IS ORDERED that once this Order takes effect applicant may drill or utilize additional wells as necessary to operate its waterflood project. Existing spacing orders governing Tyler Sand Formation wells within the boundaries of the Unit will be waived provided that no well may be drilled closer than 330 feet to the exterior boundaries of said Unit. Drilling permits for locations within the Unit boundaries may be granted without additional public notice.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 3rd day of October, 2002.

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

Elaine Mitchell, 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
LYCO ENERGY CORPORATION TO
DELINEATE ALL OF SECTION 4, T23N-R57E,
RICHLAND COUNTY, MONTANA, AS A
FIELD AND PERMANENT SPACING UNIT
FOR PRODUCTION OF OIL AND ASSOCIATED
NATURAL GAS FROM THE BAKKEN FORMATION
AND TO AUTHORIZE THE DRILLING OF UP TO TWO
HORIZONTAL WELLS IN SAID SPACING UNIT.

ORDER NO. 176-2002

Docket No. 221-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 3rd day of October, 2002, 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 Allen Kolstad 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 of Section 4, T23N-R57E, Richland County, Montana, is delineated as a field and permanent spacing unit for production of oil and associated natural gas from the Bakken Formation.

IT IS FURTHER ORDERED that up to two horizontal wells, to be located anywhere within said spacing unit but not closer than 660 feet to the spacing unit boundaries, are authorized in said spacing unit.

BOARD ORDER NO. 176-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 3rd day of October, 2002.

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

Elaine Mitchell, 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
LYCO ENERGY CORPORATION TO DELINEATE
ALL OF SECTION 6, T23N-R57E, RICHLAND
COUNTY, MONTANA, AS A FIELD AND
PERMANENT SPACING UNIT FOR PRODUCTION
OF OIL AND ASSOCIATED NATURAL GAS FROM
THE BAKKEN FORMATION AND TO AUTHORIZE
THE DRILLING OF UP TO TWO HORIZONTAL WELLS
IN SAID SPACING UNIT.

ORDER NO. 177-2002

Docket No. 222-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 3rd day of October, 2002, 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 Allen Kolstad 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 of Section 6, T23N-R57E, Richland County, Montana, is delineated as a field and permanent spacing unit for production of oil and associated natural gas from the Bakken Formation.

IT IS FURTHER ORDERED that applicant is authorized to drill up to two horizontal wells to be located anywhere within said spacing unit but not closer than 660 feet to the spacing unit boundaries.

BOARD ORDER NO. 177-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 3rd day of October, 2002.

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

Elaine Mitchell, 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
LYCO ENERGY CORPORATION TO DELINEATE
SECTION 8, T24N-R55E, RICHLAND COUNTY,
MONTANA, AS A FIELD AND PERMANENT
SPACING UNIT FOR PRODUCTION OF OIL AND
ASSOCIATED NATURAL GAS FROM THE
BAKKEN FORMATION AND AUTHORIZING
THE DRILLING OF UP TO TWO HORIZONTAL
WELLS IN SAID SPACING UNIT.

ORDER NO. 178-2002

Docket No. 223-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 3rd day of October, 2002, 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 Allen Kolstad 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 of Section 8, T24N-R55E, Richland County, Montana, is delineated as a field and permanent spacing unit for production of oil and associated natural gas from the Bakken Formation.

IT IS FURTHER ORDERED that up to two horizontal wells may be located anywhere within said spacing unit but not closer than 660 feet to the spacing unit boundaries.

BOARD ORDER NO. 178-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 3rd day of October, 2002.

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

Elaine Mitchell, 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
LYCO ENERGY CORPORATION TO DESIGNATE
A TEMPORARY SPACING UNIT COMPRISED OF
ALL OF SECTION 2, T23N-R56E AND ALL OF
SECTION 35, T24N-R56E, BOTH IN RICHLAND
COUNTY, MONTANA, FOR THE DRILLING OF
UP TO TWO HORIZONTAL WELLS IN THE
BAKKEN FORMATION.

ORDER NO. 179-2002

Docket No. 224-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 3rd day of October, 2002, 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 Allen Kolstad 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 all of Section 2, T23N-R56E and all of Section 35, T24N-R56E, both in Richland County, Montana, are designated as a temporary spacing unit for the drilling of up to two horizontal wells in the Bakken Formation.

IT IS FURTHER ORDERED that said wells may be located anywhere within said temporary spacing unit but not closer than 660 feet to the boundaries thereof.

BOARD ORDER NO. 179-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 3rd day of October, 2002.

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

Elaine Mitchell, 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
J. BURNS BROWN OPERATING COMPANY TO
DESIGNATE ALL OF SECTION 24, T34N-R17E,
BLAINE COUNTY, MONTANA, AS A
PERMANENT SPACING UNIT FOR PRODUCTION
OF GAS FROM THE EAGLE FORMATION,
DESIGNATING THE WILMES 24-34-17 WELL
AS A PERMITTED EAGLE GAS WELL IN SAID
PERMANENT SPACING UNIT AND PERMITTING
THE DRILLING AND PRODUCTION OF A SECOND
EAGLE FORMATION GAS WELL IN SAID
SECTION 24.

ORDER NO. 180-2002

Docket No. 225-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 3rd day of October, 2002, 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 Allen Kolstad 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 of Section 24, T34N-R17E, Blaine County, Montana, is designated as a permanent spacing unit for production of gas from the Eagle Formation.

IT IS FURTHER ORDERED that the Wilmes 24-34-17 well in the NWSW of said Section 24 is designated as a permitted Eagle gas well in said spacing unit.

IT IS FURTHER ORDERED that applicant may drill and produce a second Eagle gas well in said Section 24 at a location 1700' FSL and 2620' FWL with a 100-foot tolerance for topographic reasons.

BOARD ORDER NO. 180-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 3rd day of October, 2002.

BOARD OF OIL AND GAS CONSERVA TION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, 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 EAGLE SAND FORMATION 750' FNL
AND 2000' FWL OF SECTION 22, T35N-R15E,
HILL COUNTY, MONTANA, WITH A 75-FOOT
TOLERANCE IN ANY DIRECTION FOR
TOPOGRAPHIC REASONS AS AN EXCEPTION
TO A.R.M. 36.22.702.

ORDER NO. 181-2002

Docket No. 228-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 3rd day of October, 2002, 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 Allen Kolstad 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.

IT IS FURTHER ORDERED that a federal communitization agreement for spacing units which contain both federal and non-federal land shall be submitted to the authorized officer of the Bureau of Land Management prior to or upon completion of a producible well.

BOARD ORDER NO. 181-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 3rd day of October, 2002.

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

Elaine Mitchell, 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
HEADINGTON OIL, LIMITED PARTNERSHIP
TO CREATE A TEMPORARY SPACING UNIT
COMPRISED OF LOTS 1, 2, 3, 4, 5, SESW, S½SE¼
(ALL) OF SECTION 6, AND LOTS 1, 2, 3, 4,
E½W½, E½ (ALL) OF SECTION 7, T24N-R56E,
RICHLAND COUNTY, MONTANA, FOR THE
PURPOSE OF DRILLING AND PRODUCING A
DUAL-LATERAL BAKKEN FORMATION WELL
THEREON AT LOCATIONS NOT CLOSER THAN
660 FEET TO THE BOUNDARIES OF SAID
TEMPORARY SPACING UNIT.

ORDER NO. 182-2002

Docket No. 229-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 3rd day of October, 2002, 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 Allen Kolstad 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 Headington Oil, Limited Partnership is granted as applied for.

BOARD ORDER NO. 182-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 3rd day of October, 2002.

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

Elaine Mitchell, 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
ENCANA ENERGY RESOURCES INC. TO
DELINEATE THE E $\frac{1}{2}$ OF SECTION 25,
T34N-R7E, LIBERTY COUNTY, MONTANA,
AND LOTS 1, 2, 3 & 4, E $\frac{1}{2}$ W $\frac{1}{2}$ (W $\frac{1}{2}$) OF
SECTION 30, T34N-R8E, HILL COUNTY,
AS A PERMANENT SPACING UNIT FOR
ITS PCE GUTCHER 9-25 SAWTOOTH
FORMATION NATURAL GAS WELL.

ORDER NO. 183-2002

Docket No. 230-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 3rd day of October, 2002, 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 Allen Kolstad 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 the application of Encana Energy Resources Inc. is granted as applied for.

BOARD ORDER NO. 183-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 3rd day of October, 2002.

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

Elaine Mitchell, 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
BLACK HAWK RESOURCES TO DRILL AN
ADDITIONAL EAGLE FORMATION GAS
WELL IN SECTION 8, T25N-R16E, CHOUTEAU
COUNTY, MONTANA, AT A LOCATION 2268' FSL
AND 2219' FWL OF SAID SECTION 8 WITH A
100-FOOT TOLERANCE FOR TOPOGRAPHIC
REASONS AS AN EXCEPTION TO A.R.M. 36.22.702.

ORDER NO. 184-2002

Docket No. 231-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 3rd day of October, 2002, 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 Allen Kolstad 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 hereafter 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 Black Hawk Resources is granted as applied for.

BOARD ORDER NO. 184-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 3rd day of October, 2002.

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

Elaine Mitchell, 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 ROCKY MOUNTAIN
OPERATING COMPANY'S OPERATING
DEFICIENCIES IN THE SNYDER CREEK
FIELD IN BIG HORN COUNTY, MONTANA.

ORDER NO. 185-2002

Docket No. 142-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 3rd day of October, 2002, 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 Allen Kolstad 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. All that remains to be done in this docket is to consider whether or not to remit all or part of the \$10,000 fine originally imposed on Rocky Mountain Operating Company. Because the owner of said company has been unable to attend the last several hearings, this matter has yet to be addressed.
3. While the Board is sympathetic to the difficulties of the operator, this matter needs to be brought to a conclusion.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that this matter is continued until the December 5, 2002 hearing.

IT IS FURTHER ORDERED that Rocky Mountain Operating Company immediately pay \$500 of the \$10,000 fine originally imposed and appear before the Board on December 5, 2002 to determine whether any portion of the remaining \$9,500 should be remitted.

BOARD ORDER NO. 185-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 3rd day of October, 2002.

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

Elaine Mitchell, 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
ATHENA ENERGY LLC TO DRILL A BOW
ISLAND GAS WELL 1750' FSL AND 1970' FEL
OF SECTION 15, T34N-R4E, GRANDVIEW
FIELD, LIBERTY COUNTY, MONTANA;
AND

CORRECTED
ORDER NO. 164-2002

IN THE MATTER OF THE APPLICATION OF
TAYLOR WELL OPERATING TO DRILL A
BOW ISLAND GAS WELL 1750' FSL AND
1971' FEL OF SECTION 15, T34N-R4E,
GRANDVIEW FIELD, LIBERTY COUNTY,
MONTANA.

Dockets No. 206-2002 and
207-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 8th day of August, 2002, 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. Members Jerry Kennedy and Gary Willis were 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. These two applications for a permit to drill a Bow Island gas well in Section 15, T34N-R4E, Grandview Field, Liberty County, Montana, were referred to the Board by the Administrator because they arrived at the Board's office on the same day. Both applications were delivered by mail. Applicant Taylor Well Operating had a previous permit to drill its well but it expired after six months. Applicant Athena Energy LLC has not had an opportunity to drill its proposed well.
3. The evidence indicates that, to encourage exploration and development in a timely manner, the Board should give Athena Energy LLC a permit which will expire in three months to drill its well and, should it fail to do so, then grant a three-month permit to Taylor Well Operating to drill its proposed well. Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Athena Energy LLC to drill a Bow Island gas well 1750' FSL and 1970' FEL of Section 15, T34N-R4E, Grandview Field, Liberty County, Montana, is granted subject to the conditions hereinafter set forth.

IT IS FURTHER ORDERED that, said permit shall expire three months from the date of this Order and, if a well has not been drilled by that time, then Taylor Well Operating will be given a permit to drill its proposed well in said Section 15 and that permit will also expire in three months after issuance if no well has been drilled.

CORRECTED BOARD ORDER NO. 164-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 8th day of August, 2002.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice Chairman

Jack King, Board Member

Allen Kolstad, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

I dissent.

Elaine Mitchell, Board Member

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

IN THE MATTER OF THE APPLICATION OF
OCEAN ENERGY, INC. TO DRILL UP TO
FOUR EAGLE SAND FORMATION GAS
WELLS AT LOCATIONS ANYWHERE
WITHIN SECTION 9, T26N-R16E,
CHOUTEAU COUNTY, MONTANA, BUT
NOT CLOSER THAN 990 FEET TO THE
SPACING UNIT BOUNDARY AS AN
EXCEPTION TO A.R.M. 36.22.702.

CORRECTED
ORDER NO. 162-2002

Docket No. 204-2002

Report of the Board

The above entitled cause came on regularly for hearing on the 8th day of August, 2002, 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. Members Jerry Kennedy and Gary Willis were 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 Ocean Energy, Inc. is granted as applied for.

IT IS FURTHER ORDERED that a federal communitization agreement for spacing units which contain both federal and non-federal land shall be submitted to the authorized officer of the Bureau of Land Management prior to or upon completion of a producible well.

CORRECTED BOARD ORDER NO. 162-2002

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 8th day of August, 2002.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jack King, Board Member

Allen Kolstad, Board Member

Elaine Mitchell, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary