

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

UPON THE APPLICATION OF
SOMONT OIL CO., INC TO CREATE A
40-ACRE SPACING UNIT FOR THE DRILLING
OF A TEST WELL IN THE NW¹/₄SW¹/₄ OF
SECTION 17, T34N-R1W, TOOLE COUNTY,
MONTANA, WITH ANY OIL WELLS TO BE
NOT CLOSER THAN 220 FEET FROM THE
BOUNDARY OF THE QUARTER QUARTER
SECTION LINE AND NO GAS WELLS TO BE
CLOSER THAN 330 FEET FROM THE
BOUNDARY OF THE QUARTER QUARTER
SECTION LINE. APPLICANT ALSO
REQUESTS THAT ANY PRODUCTION
FROM THE NW¹/₄SW¹/₄ BE SHARED AMONG
THE MINERAL OWNERS AND THEIR
LEASES IN PROPORTION TO RESPECTIVE
SURFACE ACREAGE EACH MINERAL
ESTATE HAS IN THE 40-ACRE SPACING
UNIT. THE APPLICANT FURTHER
REQUESTS THAT ONLY ONE GAS WELL
PER PRODUCTIVE HORIZON BE
PERMITTED IN THE NW¹/₄SW¹/₄ OF
SAID SECTION 17. [KEVIN-SUNBURST FIELD]

ORDER NO. 174-2004

Docket No. 200-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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.

BOARD ORDER NO. 174-2004

2. The applicant proposes to create a 40-acre spacing unit for the drilling of a test well in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17, T34N-R1W, Toole County, Montana, with any oil wells to be located not closer than 220 feet from the boundary of the quarter quarter section line and no gas wells to be closer than 330 feet from the boundary of the quarter quarter section line. Applicant also requests that any production from the NW $\frac{1}{4}$ SW $\frac{1}{4}$ be shared among the mineral owners and their leases in proportion to respective surface acreage each mineral estate has in the 40-acre spacing unit. The applicant further requests that only one gas well per productive horizon be permitted in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 17

3. 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 Somont Oil Company, Inc. is granted as applied for.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
SOMONT OIL CO., INC TO ALLOW AN
INCREASED DENSITY IN THE AMANDA
FIELD FOR THE S½ OF SECTION 31,
T37N-R3W; SECTIONS 5, 6, 7, 8, 18 AND
THE W½ OF SECTION 17, T36N-R3W; AND
SECTIONS 12 AND 13, T36N-R4W, TOOLE
COUNTY, MONTANA, WITH ALL DRILLING
DENSITIES INCREASED TO TWO (2) WELLS
PER 320-ACRE SPACING UNIT WITH ONE
WELL PERMITTED IN EACH QUARTER
SECTION LOCATED NO CLOSER THAN
660 FEET FROM SECTION LINES WITH A
75-FOOT TOPOGRAPHIC TOLERANCE.

ORDER NO. 175-2004

Docket No. 201-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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. Prior to the day of the hearing, applicant modified its application to eliminate the request for topographic tolerance and requested that locations for the additional wells be governed by the existing field setback.
3. 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 Somont Oil Company, Inc. is granted as applied for with the exception that no topographic tolerance is allowed.

BOARD ORDER NO. 175-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
HAWLEY-DESIMON INC. TO CONVERT THE
COPLEY #4 WELL IN THE SWSENE OF
SECTION 15, T27N-R4W, PONDERA
COUNTY, MONTANA, AT A LOCATION
2420' FNL AND 1100' FEL TO A SALT
WATER DISPOSAL WELL. [PONDERA FIELD]

ORDER NO. 176-2004

Docket No. 202-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the Conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 Hawley-Desimon Inc. is granted as applied for, subject to stipulations on the Sundry Notice.

BOARD ORDER NO. 176-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
STAGHORN ENERGY, LLC TO CREATE A
TEMPORARY SPACING UNIT COMPRISED
OF ALL OF SECTIONS 35 AND 36,
T22N-R59E, RICHLAND COUNTY, MONTANA,
AND TO DRILL A HORIZONTAL BAKKEN
FORMATION WELL THEREON AT ANY
LOCATION NOT CLOSER THAN 660 FEET
TO THE BOUNDARIES OF SAID
TEMPORARY SPACING UNIT.

ORDER NO. 177-2004

Docket No. 203-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 Staghorn Energy, LLC is granted as applied for.

BOARD ORDER NO. 177-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
LYCO ENERGY CORPORATION TO DRILL
AN ADDITIONAL HORIZONTAL BAKKEN
FORMATION WELL IN THE PERMANENT
SPACING UNIT ESTABLISHED BY BOARD
ORDER 118-2004 COMPRISED OF ALL OF
SECTION 21, T24N-R55E, RICHLAND
COUNTY, MONTANA, AT ANY LOCATION
BUT NOT CLOSER THAN 660 FEET TO
THE BOUNDARIES OF SAID PERMANENT
SPACING UNIT.

ORDER NO. 178-2004

Docket No. 204-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 Lyco Energy Corporation is granted as applied for.

BOARD ORDER NO. 178-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
DEVON LOUISIANA CORPORATION TO
DRILL AN ADDITIONAL EAGLE SAND
FORMATION GAS WELL 1600' FNL AND
700' FEL OF SECTION 11, T25N-R18E,
BLAINE COUNTY, MONTANA, WITH A
200-FOOT TOLERANCE IN ANY DIRECTION
FOR TOPOGRAPHIC AND/OR
ARCHAEOLOGICAL REASONS AS AN
EXCEPTION TO A.R.M. 36.22.702.

ORDER NO. 179-2004

Docket No. 207-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 Devon Louisiana Corporation is granted as applied for.

BOARD ORDER NO. 179-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
DEVON LOUISIANA CORPORATION TO
DRILL AN ADDITIONAL EAGLE SAND
FORMATION GAS WELL 2350' FSL AND
400' FEL OF SECTION 19, T30N-R16E, HILL
COUNTY, MONTANA, WITH A 50-FOOT
TOLERANCE IN ANY DIRECTION FOR
TOPOGRAPHIC REASONS AS AN EXCEPTION
TO BOARD ORDERS 10-70 AND 66-91.
(TIGER RIDGE FIELD)

ORDER NO. 180-2004

Docket No. 208-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 Devon Louisiana Corporation is granted as applied for.

BOARD ORDER NO. 180-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
ENCORE OPERATING, L.P. TO CERTIFY
THAT ITS HORIZONTAL RE-ENTRY INTO
THE SP 23-13AH WELL (API # 25-109-21062)
IN WIBAUX COUNTY, MONTANA, IS
QUALIFIED FOR THE SEVERANCE TAX
REDUCTIONS AVAILABLE FOR SAID
RE-ENTRIES. (PINE FIELD)

ORDER NO. 181-2004

Docket No. 209-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 Encore Operating L.P. is entitled to the certification requested.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that staff is directed to certify to the Montana Department of Revenue that the subject well is qualified for the severance tax reductions available for horizontal re-entries.

IT IS FURTHER ORDERED that staff submit the appropriate certification to the Department of Revenue.

BOARD ORDER NO. 181-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
ENCORE OPERATING, L.P. TO DESIGNATE
ALL OF SECTION 1, T13N-R55E, DAWSON
COUNTY, MONTANA, AS A 640-ACRE
TEMPORARY SPACING UNIT FOR THE
RED RIVER FORMATION, AND TO DRILL A
STACKED LATERAL HORIZONTAL TEST
WELL IN SAID TEMPORARY SPACING UNIT
PROVIDING THAT THE HORIZONTAL
LATERALS SHALL AT NO POINT PENETRATE
THE RED RIVER FORMATION AT A DISTANCE
OF LESS THAN 100 FEET FROM THE
SOUTHERN BOUNDARY AND 660 FEET FROM
THE REMAINING EXTERIOR BOUNDARIES OF
THE TEMPORARY SPACING UNIT AS AN
EXCEPTION TO A.R.M. 36.22.703.

ORDER NO. 182-2004

Docket No. 211-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 Encore Operating, L.P. is granted as applied for.

BOARD ORDER NO. 182-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
KEESUN CORP. TO ENLARGE THE CUT
BANK FIELD BY ADDING THERETO ALL OF
SECTIONS 22 AND 27, T37N-R4W,
TOOLE COUNTY, MONTANA.

ORDER NO. 183-2004

Docket No. 212 -2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young was absent and Jack King recused himself from the hearing on this matter. 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. At the hearing, applicant withdrew its request to add Section 27, T37N-R4W, Toole County, Montana, to the Cut Bank Field.
3. The evidence indicates that granting the application as modified 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 Cut Bank Field is enlarged by adding thereto all of Section 22, T37N-R4W, Toole County, Montana.

BOARD ORDER NO. 183-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
OMIMEX CANADA, LTD FOR AN EXCEPTION
TO A.R.M. 36.22.702 TO DRILL TWO
ADDITIONAL GAS WELLS IN SECTION
30, T35N-R21E, BLAINE COUNTY, MONTANA:
THE #8-30 EAGLE FORMATION TEST WELL
LOCATED APPROXIMATELY 1500' FNL AND
1150' FEL, AND THE #11-30 EAGLE
FORMATION TEST WELL LOCATED
APPROXIMATELY 2300' FSL AND 2350' FWL.
APPLICANT ALSO REQUESTS A 75-FOOT
TOLERANCE IN ANY DIRECTION FOR
TOPOGRAPHIC REASONS AND PERMISSION
TO COMMINGLE DOWN HOLE NATURAL
GAS FROM DIFFERENT ZONES,
FORMATIONS OR HORIZONS AND TO
PRODUCE SAID NATURAL GAS THROUGH
THE SAME STRING OF CASING AND
WELL BORE.

ORDER NO. 184-2004

Docket No. 215-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 present evidence, oral and documentary.
2. At the hearing, applicant modified its application in two ways: the 8-30 well location was moved and the well is now called the 7-30 well, and the location of the 11-30 well has been moved south of the location stated in the application.
3. The evidence indicates that granting the application as modified will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

BOARD ORDER NO. 184 –2004

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that applicant is authorized to drill two additional gas wells in Section 30, T35N-R21E, Blaine County, Montana. Applicant may drill its #7-30 Eagle Formation test well at a location approximately 1482' FNL and 1409' FEL, and the #11-30 Eagle Formation test well at a location approximately 2227 FSL and 2013 FWL. Applicant is authorized a 100-foot tolerance in any direction for topographic reasons and is further authorized to commingle down hole natural gas from different zones, formations or horizons and to produce said natural gas through the same string of casing and well bore.

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.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
OMIMEX CANADA, LTD FOR AN
EXCEPTION TO A.R.M. 36.22.702 TO ALLOW
THE DRILLING OF A SECOND EAGLE
FORMATION NATURAL GAS WELL IN
SECTION 31, T35N-R21E, BLAINE COUNTY,
MONTANA, APPROXIMATELY 1150' FSL
AND 1800' FEL OF SAID SECTION 31.
APPLICANT FURTHER REQUESTS A 75-FOOT
TOLERANCE IN ANY DIRECTION FOR
TOPOGRAPHIC REASONS AND PERMISSION
TO COMMINGLE DOWN HOLE NATURAL GAS
FROM DIFFERENT ZONES, FORMATIONS OR
HORIZONS AND TO PRODUCE SAID NATURAL
GAS THROUGH THE SAME STRING OF
CASING AND WELL BORE.

ORDER NO. 185-2004

Docket No. 216-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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. At the hearing, applicant modified its application to eliminate the request for topographic tolerance and to change the location of the proposed well.
3. The evidence indicates that granting the application as modified 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 Omimex Canada, Ltd. is authorized to drill a Second Eagle Formation natural gas well in Section 31, T35N-R21E, Blaine County, Montana, at a location 1182' FSL and 1738' FEL.

BOARD ORDER NO. 185-2004

IT IS FURTHER ORDERED that Omimex Canada, Ltd. is authorized to commingle down hole natural gas from different zones, formations or horizons and to produce said natural gas through the same string of casing and wellbore.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
OMIMEX CANADA, LTD FOR AN
EXCEPTION TO A.R.M. 36.22.702 TO ALLOW
THE DRILLING OF AN EAGLE FORMATION
NATURAL GAS TEST WELL IN SECTION 33,
T35N-R20E, BLAINE COUNTY, MONTANA,
APPROXIMATELY 850' FWL AND 1200' FSL
OF SAID SECTION 33. APPLICANT FURTHER
REQUESTS A 75-FOOT TOLERANCE IN ANY
DIRECTION FOR TOPOGRAPHIC REASONS
AND PERMISSION TO COMMINGLE DOWN
HOLE NATURAL GAS FROM DIFFERENT
ZONES, FORMATIONS OR HORIZONS AND
TO PRODUCE SAID NATURAL GAS THROUGH
THE SAME STRING OF CASING AND WELL BORE.

ORDER NO. 186-2004

Docket No. 217-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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. At the hearing applicant modified its application by changing the location of the proposed well.
3. The evidence indicates that granting the application as modified 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 Omimex Canada, Ltd. is authorized to drill an Eagle Formation natural gas test well in Section 33, T35N-R20E, Blaine County, Montana, at a location 627' FWL and 778' FSL of said Section 33 with a 100-foot tolerance in any direction for topographic reasons.

IT IS FURTHER ORDERED that applicant is authorized to commingle down hole natural gas from different zones, formations or horizons and to produce said natural gas through the same string of casing and well bore.

BOARD ORDER NO. 186-2004

IT IS FURTHER ORDERED that Omimex Canada, Ltd. must return after first production for a spacing hearing if the well is successful. No distribution of funds shall be made until the well is permanently spaced.

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.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004. .

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
KLABZUBA OIL & GAS, INC. TO DRILL AN
ADDITIONAL EAGLE SAND/NIOBRARA
FORMATION GAS WELL AT A LOCATION
1065' FNL AND 1764' FWL OF SECTION 13,
T36N-R15E, HILL COUNTY, MONTANA, WITH
A 25-FOOT TOLERANCE IN ANY DIRECTION
FOR TOPOGRAPHIC REASONS AS AN
EXCEPTION TO A.R.M. 36.22.702. APPLICANT
FURTHER REQUESTS PERMISSION TO
COMMINGLE GAS PRODUCED IN THE DUSEK
#13-3-36-15B WELL BORE FROM THE JUDITH
RIVER, EAGLE SAND AND/OR
NIOBRARA FORMATIONS.

ORDER NO. 187-2004

Docket No. 218-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the Conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 Klabzuba Oil & Gas, Inc. is granted as applied for.

BOARD ORDER NO. 187-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004. .

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
KLABZUBA OIL & GAS, INC. TO DESIGNATE
THE S½ OF SECTION 19, AND THE N½ OF
SECTION 30, T33N-R17E, HILL COUNTY,
MONTANA, AS A TEMPORARY SPACING
UNIT AND AUTHORIZING COMPLETION OF
THE STATE #30-33-17 WELL IN THE
NIOBRARA FORMATION WITHIN SAID
TRACT AT A LOCATION 200' FNL AND 990'
FEL OF SAID SECTION 30, AS AN
EXCEPTION TO A.R.M. 36.22.702.

ORDER NO. 188-2004

Docket No. 219-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 Klabzuba Oil & Gas, Inc. is granted as applied for.

BOARD ORDER NO. 188-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004. .

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
PETRO-HUNT, LLC TO DRILL A WELL TO A
DEPTH OF APPROXIMATELY 7750 FEET TO
TEST THE NISKU FORMATION AT A LOCATION
APPROXIMATELY 990' FEL AND 2450' FNL
OF SECTION 1, T29N-R48E, ROOSEVELT
COUNTY, MONTANA. APPLICANT FURTHER
REQUESTS THAT A TEMPORARY SPACING
UNIT BE CREATED CONSISTING OF THE
S½NE¼ AND THE N½SE¼ OF SAID SECTION 1.
APPLICANT REQUESTED THIS APPLICATION
BE PLACED ON THE DEFAULT DOCKET BUT
DOES NOT REQUEST AUTOMATIC
CONTINUANCE IN THE EVENT OF PROTEST.

ORDER NO. 189-2004

Docket No. 220-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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. Prior to hearing, it was determined that this application also contained lands under the jurisdiction of the federal Bureau of Land Management (BLM). At BLM'S request this docket was also heard as Docket 20-2004 FED, and the BLM will issue an order applicable to the lands under its jurisdiction.
3. 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 Petro-Hunt, LLC is granted as applied for.

BOARD ORDER NO. 189-2004

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.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
J. BURNS BROWN OPERATING COMPANY
TO DRILL AN EAGLE FORMATION GAS
WELL IN A 640-ACRE TEMPORARY SPACING
UNIT CONSISTING OF THE W $\frac{1}{2}$ OF SECTION
16 AND THE E $\frac{1}{2}$ OF SECTION 17, T35N-R18E,
BLAINE COUNTY, MONTANA, AT A
LOCATION 2600' FNL AND 100' FWL OF SAID
SECTION 16, WITH A 75-FOOT TOLERANCE
FOR TOPOGRAPHIC REASONS AS AN
EXCEPTION TO A.R.M. 36.22.702.

ORDER NO. 190-2004

Docket No. 222-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 J. Burns Brown Operating Company is granted as applied for.

BOARD ORDER NO. 190-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
PETROSEARCH OPERATING COMPANY, LLC
TO CREATE A TEMPORARY SPACING UNIT
THAT ENCOMPASSES 80 ACRES IN THE
E $\frac{1}{2}$ NW $\frac{1}{4}$ AND 80 ACRES IN THE W $\frac{1}{2}$ NE $\frac{1}{4}$ OF
SECTION 4, T37N-R55E, SHERIDAN COUNTY,
MONTANA, AS AN EXCEPTION TO
A.R.M. 36.22.702, AND TO DRILL A WELL
ANYWHERE WITHIN THE 160-ACRE SPACING
UNIT BUT NOT CLOSER THAN 660 FEET TO
THE OUTSIDE BOUNDARIES THEREOF.
APPLICANT FURTHER REQUESTS THAT
THE BOARD ISSUE AN ORDER FORCE
POOLING THE INTERESTS IN THE PROPOSED
TEMPORARY SPACING UNIT AS MINERAL
OWNERSHIP IN EACH OF THE 80-ACRE
TRACTS ARE DIFFERENT.

ORDER NO. 191-2004

Docket No. 223-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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. Applicant withdrew the request for a pooling order prior to the hearing.
3. 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 temporary spacing unit described in the caption is hereby created.

BOARD ORDER NO. 191-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
ENCORE OPERATING, L.P. TO APPROVE
AND CERTIFY THE LITTLE BEAVER EAST
FIELD IN FALLON COUNTY, MONTANA,
AS A TERTIARY RECOVERY PROJECT
EFFECTIVE AS OF APRIL 1, 2004, AND TO
CERTIFY THE PRODUCTION DECLINE
RATES USED TO CALCULATE
INCREMENTAL PRODUCTION IN
THE PROJECT AREA.

ORDER NO. 192-2004

Docket No. 157-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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. At the hearing, applicant modified its application in two ways: the project area is now a participating area in two existing federal units, and the exhibits presented reflect the new areas; and requests that staff be authorized to certify the decline rate based on volumetrics at the time the tertiary project commences, with the effective date being the date of first air injection.
3. The evidence indicates that the Little Beaver East Field in Fallon County, Montana, is in fact a tertiary recovery project and is entitled to the tax benefits of such a project.
4. 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 Little Beaver East Field in Fallon County, Montana, is certified as a tertiary recovery project.

IT IS FURTHER ORDERED that the decline rate and production forecast be based upon the average production rate for the three months immediately preceding the effective date of the tertiary recovery project and declining thereafter at the rate of 12.12 percent per year.

BOARD ORDER NO. 192-2004

IT IS FURTHER ORDERED that, should an expansion of the project area occur, the production forecast to be used in the calculation of incremental production of the new project area shall be developed by adding the production forecast for the expansion area to any existing forecast.

IT IS FURTHER ORDERED that future expansion of this tertiary recovery project may be administratively certified and will become effective on the first day of the quarter following the application for expansion.

IT IS FURTHER ORDERED that the effective date of the project is the date of first air injection, and staff is directed to certify the decline rate administratively at that time.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
ENCORE OPERATING, L.P. TO APPROVE
AND CERTIFY THE LITTLE BEAVER FIELD
IN FALLON COUNTY, MONTANA, AS A
TERTIARY RECOVERY PROJECT EFFECTIVE
AS OF APRIL 1, 2004, AND TO CERTIFY THE
PRODUCTION DECLINE RATES USED TO
CALCULATE INCREMENTAL PRODUCTION
IN THE PROJECT AREA.

ORDER NO. 193-2004

Docket No. 158-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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. At the hearing, applicant modified its application in two ways: the project area is now a participating area in two existing federal limits and the exhibits presented reflect the new areas, and requests staff be authorized to certify the decline rate at the time the tertiary project commences with effective date being the date of first injection.

3. The evidence indicates that the Little Beaver Field in Fallon County, Montana, is a tertiary recovery project and is entitled to the tax benefits of such a project.

4. 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 Little Beaver Field in Fallon County, Montana, is certified as a tertiary recovery project.

IT IS FURTHER ORDERED that the effective date of the tertiary recovery project shall be the date of first injection and staff is directed to certify the decline rate administratively at that time.

BOARD ORDER NO. 193-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE APPLICATION OF
EOG RESOURCES, INC. TO CREATE A
TEMPORARY SPACING UNIT COMPRISED OF
ALL OF SECTION 35, T26N-R52E AND ALL OF
SECTION 2, T25N-R52E, RICHLAND COUNTY,
MONTANA, TO DRILL A HORIZONTAL WELL
IN THE BAKKEN FORMATION AND TO
AUTHORIZE APPLICANT TO LOCATE THE
PROPOSED WELL ANYWHERE WITHIN SAID
TEMPORARY SPACING UNIT BUT NOT CLOSER
THAN 660 FEET TO THE BOUNDARIES THEREOF.

ORDER NO. 194-2004

Docket No. 192-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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 EOG Resources, Inc. is granted as applied for.

IT IS FURTHER ORDERED that approval of this application for temporary spacing negates and voids any existing applications for permit to drill in Section 35, T26N-R52E or Section 2, T25N-R52E, Richland County, Montana.

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. 194-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE BOARD'S OWN MOTION REQUIRING
PACER RESOURCES, INC. TO APPEAR AND
SHOW CAUSE WHY IT SHOULD NOT
IMMEDIATELY PLUG AND ABANDON ITS
BN 11-7, BN 1-3 AND BN 1-27 WELLS IN
FALLON COUNTY, MONTANA.

ORDER NO. 195-2004

Docket No. 227-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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. Mr. Larry Darling, the President of Pacer Resources, Inc. did not appear at the hearing, but sent a letter stating the company no longer exists and has not been registered in either Canada or the United States for over ten years.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the bond of Pacer Resources, Inc. is hereby forfeited. Should the forfeited bond proceeds be insufficient to pay for proper plugging and abandoning of said wells, the Board reserves the right to pursue further action against Pacer Resources, Inc.

BOARD ORDER NO. 195-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE BOARD'S OWN MOTION REQUIRING
CONCEPT RESOURCES, INC. TO APPEAR AND
SHOW CAUSE WHY IT SHOULD NOT
IMMEDIATELY PLUG AND ABANDON ITS
COPULOS 4-18 WELL IN STILLWATER
COUNTY, MONTANA.

ORDER NO. 196-2004

Docket No. 228-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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. Mr. Larry Darling, President of Concept Resources, Inc. did not appear at the hearing, but submitted a letter stating Concept Resources, Inc. is non-existent and has not been registered in either the United States or Canada for over ten years.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the bond of Concept Resources, Inc. is hereby forfeited. Should the forfeited bond proceeds be insufficient to pay for the cost of properly plugging and abandoning the above-mentioned well, the Board reserves the right to pursue Concept Resources, Inc. further.

BOARD ORDER NO. 196-2204

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE BOARD'S OWN MOTION REQUIRING
EMCO ENERGY, INC. TO APPEAR AND SHOW
CAUSE WHY IT SHOULD NOT IMMEDIATELY
PLUG AND ABANDON ITS RUDOLPH
HAYNIE 1-8 WELL IN MCCONE COUNTY,
MONTANA.

ORDER NO. 197-2004

Docket No. 229-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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. Emco Energy, Inc. did not appear at the hearing, and has not properly plugged and abandoned its Rudolph Haynie 1-8 well in McCone County, Montana, in spite of numerous directions by the staff of this Board to do so.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the bond of Emco Energy, Inc. covering its Rudolph Haynie 1-8 well in McCone County, Montana, is hereby forfeited.

IT IS FURTHER ORDERED that should the bond amount be insufficient to pay for plugging and abandoning said well, the Board reserves the right to take further action against Emco Energy, Inc.

BOARD ORDER NO. 197-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, 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

UPON THE BOARD'S OWN MOTION REQUIRING
NEWSTAR ENERGY USA, INC. TO APPEAR AND
SHOW CAUSE WHY IT SHOULD NOT
IMMEDIATELY RESTORE THE SURFACE OF ITS
RUDOLPH HAYNIE 1-31 WELL IN MCCONE
COUNTY, MONTANA.

ORDER NO. 198-2004

Docket No. 230-2004

Report of the Board

The above entitled cause came on regularly for hearing on the 15th day of July, 2004 in the Conference room of the Billings Petroleum Club in the Billings Sheraton in 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. Denzil Young 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. Newstar Energy USA, Inc. (Newstar) has been directed by the staff of this Board to restore the surface of its Rudolph Haynie 1-31 well in McCone County, Montana, and has failed to do so in spite of repeated requests that this be accomplished.

3. Mr. David Pratt, President of Newstar Energy USA, Inc. did not appear at the hearing, but submitted a letter stating Newstar does not object to the forfeiture of its bond; and if the state seeks reimbursement of restoration costs exceeding the forfeited bond amount Newstar has a contract with EMCO Energy, Inc. (EMCO) whereby EMCO is responsible for 100% of the plugging, abandonment and restoration costs of the Rudolph Haynie 1-31 well.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the bond of Newstar Energy USA, Inc. is hereby forfeited.

IT IS FURTHER ORDERED that should the bond amount be insufficient to pay for restoring the surface of the Rudolph Haynie 1-31 well, the Board reserves the right to pursue Newstar Energy USA, Inc. for reimbursement of any costs that exceed the forfeited bond proceeds.

BOARD ORDER NO. 198-2004

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of July, 2004.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Elaine Mitchell, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

