EXHIBIT 1

Montana Board of Oil and Gas Conservation
Summary of Bond Activity

12/10/2008 Through 1/25/2009

Approved

Cowry Enterprises, Ltd. Littleton CO		8 M2	Approved Amount: Purpose:	1/21/2009 $50,000.00 Multiple Well Bond
Certificate of Deposit	$50,000.00	FIRST INTERSTATE BANK BILLINGS		
Cowry Enterprises, Ltd. Littleton CO		8 T2	Approved Amount: Purpose:	1/21/2009 $10,000.00 UIC Single Well Bond
Certificate of Deposit	$10,000.00	FIRST INTERSTATE BANK BILLINGS		
Cowry Enterprises, Ltd. Littleton CO		8 T1	Approved Amount: Purpose:	1/21/2009 $10,000.00 UIC Single Well Bond
Certificate of Deposit	$10,000.00	FIRST INTERSTATE BANK BILLINGS		
Cowry Enterprises, Ltd. Littleton CO		8 T3	Approved Amount: Purpose:	1/21/2009 $10,000.00 UIC Single Well Bond
Certificate of Deposit	$10,000.00	FIRST INTERSTATE BANK BILLINGS		
Iofina Natural Gas, Inc. Greenwood Village CO		572 T2	Approved Amount: Purpose:	1/12/2009 $1,500.00 Single Well Bond
Certificate of Deposit	$1,500.00	Wells Fargo Bank Montana		
Panther Energy Company, LLC Tulsa OK		595 G1	Approved Amount: Purpose:	12/23/2008 $10,000.00 Single Well Bond
Certificate of Deposit	$10,000.00	FIRST INTERSTATE BANK		
Phoenix Exploration Group, Inc. Butte MT		596 G1	Approved Amount: Purpose:	1/13/2009 $5,000.00 Single Well Bond
Certificate of Deposit	$5,000.00	First National Bank of Montana, Butte		
Phoenix Exploration Group, Inc. Butte MT		596 G2	Approved Amount: Purpose:	1/13/2009 $5,000.00 Single Well Bond
Certificate of Deposit	$5,000.00	First National Bank of Montana, Butte		
Quaneco, LLC Woodland Hills CA		594 M1	Approved Amount: Purpose:	12/10/2008 $50,000.00 Multiple Well Bond
Surety Bond	$50,000.00	Markel Insurance Company		
Roland Oil and Gas Cut Bank MT		589 G1	Approved Amount: Purpose:	12/10/2008 $5,000.00 Single Well Bond
Certificate of Deposit	$5,000.00	FIRST STATE BANK OF SHELBY		

Montana Board of Oil and Gas Conservation
Summary of Bond Activity

12/10/2008 Through 1/25/2009

Approved

Roland Oil and Gas		589 G2	Approved	12/10/2008
Cut Bank MT			Amount:	$5,000.00
			Purpose:	Single Well Bond
Certificate of Deposit	$5,000.00	FIRST STATE BANK OF SHELBY		

Released

Bill Barrett Corporation		359 T1	Released	1/7/2009
Denver CO			Amount:	$10,000.00
			Purpose:	UIC Single Well Bond
Surety Bond	$10,000.00	FIDELITY & DEPOSIT CO. OF MD		
Bill Barrett Corporation		359 T2	Released	1/7/2009
Denver CO			Amount:	$10,000.00
			Purpose:	UIC Single Well Bond
Surety Bond	$10,000.00	FIDELITY & DEPOSIT CO. OF MD		
Evertson Operating Company, Inc.		566 M1	Released	1/12/2009
Kimball NE			Amount:	$50,000.00
			Purpose:	Multiple Well Bond
Certificate of Deposit	$50,000.00	FIRST INTERSTATE BANK		
Headington Oil Company LLC		3430 T1	Released	1/13/2009
Denver CO			Amount:	$10,000.00
			Purpose:	Single Well Bond
Surety Bond	$10,000.00	CONTINENTAL CASUALTY COMPANY		
Headington Oil Company LLC		3430 M1	Released	1/13/2009
Denver CO			Amount:	$50,000.00
			Purpose:	Multiple Well Bond
Surety Bond	$50,000.00	CONTINENTAL CASUALTY COMPANY		

EXHIBIT 2

FINANCIAL STATEMENT
As of 1/1/09
Percent of Year Elapsed: 50

OIL AND GAS DIVISION
FY 2009 Budget vs. Expenditures

Obj.		2009 Regulatory Budget	Expends	Expends % of Budget	2009 UIC Budget	Expends	Expends % of Budget	2009 Educ & Outreach Budget*	Expends	Expends % of Budget
FTE		17.0			3.5					
1000	Pay Plan	-			-					
1100	Salaries	824,059	319,802	0.39	212,609	76,822	0.36			
1300	Other Comp	6,890	3,613	0.52	1,510	338	0.22			
1400	Benefits/Ins	231,614	98,735	0.43	56,087	22,309	0.40			
1600	Vacancy Svgs	(37,963)	-	0.00	(9,324)	-	-			
2100	Contracted Svcs	488,130	177,042	0.36	79,519	4,413	0.06	74,025	(12,941)	
2200	Supplies	49,619	24,329	0.49	8,928	4,053	0.45			
2300	Communications	45,607	17,375	0.38	8,148	3,925	0.48		-	
2400	Travel	40,835	19,489	0.48	5,776	4,094	0.71	-	-	
2500	Rent	29,098	8,922	0.31	3,223	1,161	0.36			
2600	Utilities	13,062	5,355	0.41	387	1,086	2.81			
2700	Repair/Maint	19,462	12,588	0.65	4,460	3,193	0.72			
2800	Other Svcs	19,138	7,735	0.40	10,301	1,919	0.19			
3000	Equipment	53,345	-	0.00	-	-	-			
6000	Grants							7,000	-	-
Total		1,782,896	694,985	0.39	381,624	123,312	0.32	81,025	(12,941)	

Obj.		2009 NAPE Budget*	Expends	Expends % of Budget	2009 Pub Acc Data Budget	Expends	Expends % of Budget	2009 Temp Relocate	Expends	Expends % of Budget	TOTAL BUDGET	TOTAL EXPENDS	Expends % of Budget
FTE					1.0						21.5		
1000	Pay Plan				-						-		
1100	Salaries				32,500	1,045	0.03	5,696.00			1,074,864	397,668	0.37
1300	Other Comp					-					8,400	3,950	0.47
1400	Benefits/Ins				-	-	-				287,701	121,044	0.42
1600	Vacancy Svgs				-	-	-				(47,287)	-	0.00
2100	Contracted Svcs				180,196	-	-	5,000			826,870	168,515	0.20
2200	Supplies	-	-	-	-	-	-				58,547	28,382	0.48
2300	Communications	1,000			-	-	-				54,755	21,300	0.39
2400	Travel	5,400		-	-						52,011	23,584	0.45
2500	Rent	1,000						54,304			87,625	10,083	0.12
2600	Utilities	4,680									18,129	6,440	0.36
2700	Repair/Maint										23,922	15,781	0.66
2800	Other Svcs	-									29,439	9,655	0.33
3000	Equipment										53,345	-	0.00
6000	Grants										7,000	-	
Total		12,080	-	-	212,696	1,045	0.00	65,000			2,535,321	806,401	0.32

*includes unspent biennial authority from fy08.

FUNDING	Regulatory Budget	Expends	UIC Budget	Expends	Educ & Outreach Budget	Expends	NAPE Budget	Expends	Pub Acc Data Budget	Expends	Temp Relocate	TOTAL BUDGET	TOTAL EXPENDS
State Special	1,782,896	694,985	381,624	97,088	81,025	(12,941)	12,080	-	212,669	1,045	65,000	2,535,321	780,177
Federal			-	26,224								-	26,224
Total Funds	1,782,896	694,985	381,624	123,312	81,025	(12,941)	12,080	-	212,669	1,045	65,000	2,535,321	806,401

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT 1/1/09			
	FY 09	Total FY 08	Percentage FY09:FY08
Oil Production Tax	1,507,475	2,066,786	0.73
Gas Production Tax	363,970	538,710	0.68
Penalty & Interest			
Drilling Permit Fees	26,050	55,570	0.47
UIC Permit Fees	140,400	204,825	0.69
Enhanced Recovery Filing Fee			
Interest on Investments	144,233	557,235	0.26
Copies of Documents	14,261	11,414	1.25
Miscellaneous Reimbursemts	10,000	17,489	0.57
TOTALS	$ 2,206,390	$3,452,029	0.64

REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 1/1/09	
	FY09
Transfer in from Orphan Share	25,000
RIT Interest	0
Bond Forfeitures	15,000
Interest on Investments	3173.11
TOTAL	43,173

BOND FORFEITURES Go into Damage Mitigation Account	
B.C. Jam, Inc.	15,000

REVENUE INTO GENERAL FUND FROM FINES as of 1/1/09	
	FY 09
Hawley Oil	170
Carrell Oil Company	6,400
Sands Oil Company	2,000
Knaup, Harry and Lucille	20
Quinque Oil	30
Delphi International Inc.	1000
JH Oil	220
Hawley Oil	170
Grey Wolf Production Co.	100
Cynthia Jorgensen	200
Rincon Oil & Gas LLC	20
North American Energy Group	30
TOTAL	10,360

INVESTMENT ACCOUNT BALANCES as of 1/1/09	
Damage Mitigation	307,809
Regulatory	15,720,903

GRANT BALANCES - 1/1/09			
Name	*Authorized Amt*	*Expended*	*Balance*
EPA Exchange Network Grant	750,000	750,000	0
2007 Southern	322,228	0	322,228
2007 Northern	323,572	0	323,572
2005 Northern	300,000	209,351	90,650
2005 Eastern	300,000	300,000	0
TOTALS	$1,995,800	$1,259,350	$736,450

CONTRACT BALANCES - 1/1/09			
HydroSolutions - Tongue River Info Project	618,486	318,479	300,007
GWPC - Mgmt - Exchange Node	131,450	131,450	0
ALL Consulting - IT - Exchange Node	577,825	577,825	0
DNRC Centralized Services Indirect - EPA	40,725	40,725	0
COR Enterprises - Janitorial	17,700	3,911	13,790
Agency Legal Services - Legal*	50,000	13,682	36,318
Liquid Gold Well Service, Inc. - 07 Northern	323,572	0	323,572
Liquid Gold Well Service, Inc. - 05 Northern Part 2	65,000	13,420	51,580
C-Brewer - 07 Southern (og-cb-129)	322,228	0	322,228
TOTALS	2,146,986	1,099,491	1,047,495

Agency Legal Services Expenditures to Date in FY09		
Case	Amt Spent	Last Svc Date
Diamond Cross 2	916	10/08
BOGC Duties	11,968	12/08
Tongue & Ylwstone Irri	798	12/08
Total	13,682	

EXHIBIT 3

1-2009	Encore Energy Partners Operating LLC	Class II enhanced recovery injection permit, Tensleep/Madision Formations, Madison 15 (API #009-21259), 9S-23E-29: 1980' FSL/2320' FEL (NW/4SE/4). Default.	Default
2-2009	Cline Production Company	Class II enhanced recovery injection permit, Tyler Formation, Grebe 2-6 (API #087-05208), 11N-32E-24: 731' FNL/ 607' FWL (NW/4 NW/4). Default.	Default
3-2009	Continental Resources Inc	Temporary spacing unit, Three Forks/Sanish Formation, 26N-55E-18: all and 19: all, 660' setback. Apply for permanent spacing within 90 days of successful completion. Default request. [OVERVIEW PRESENTATION, 3 through 11-2009, 428-2008]	Default
4-2009	Continental Resources Inc	Temporary spacing unit, Three Forks/Sanish Formation, 25N-52E-30: all and 31: all, 660' setback. Apply for permanent spacing within 90 days of successful completion. Default request.	Default
5-2009	Continental Resources Inc	Temporary spacing unit, Bakken and/or Three Forks/Sanish Formation, 26N-54E-14: all and 23: all, 660' setback. Apply for permanent spacing within 90 days of successful completion. Default request.	Default
6-2009	Continental Resources Inc	Temporary spacing unit, Bakken and/or Three Forks/Sanish Formation, 26N-54E-13: all and 24: all, 660' setback. Apply for permanent spacing within 90 days of successful completion. Default request.	Default
7-2009	Continental Resources Inc	Temporary spacing unit, Bakken and/or Three Forks/Sanish Formation, 26N-55E-17: all and 20: all, 660' setback. Apply for permanent spacing within 90 days of successful completion. Default request.	Default
8-2009	Continental Resources Inc	Temporary spacing unit, Bakken and/or Three Forks/Sanish Formation, 26N-55E-21: all and 28: all, 660' setback. Apply for permanent spacing within 90 days of successful completion. Default request.	Default
9-2009	Continental Resources Inc	Temporary spacing unit, Bakken and/or Three Forks/Sanish Formation, 26N-54E-30: all and 31: all, 660' setback. Apply for permanent spacing within 90 days of successful completion. Default request.	Default
10-2009	Continental Resources Inc	Temporary spacing unit, Bakken and/or Three Forks/Sanish Formation, 23N-55E-20: all and 29: all, 660' setback. Apply for permanent spacing within 90 days of successful completion. Default request.	Default
11-2009	Continental Resources Inc	Temporary spacing unit, Bakken and/or Three Forks/Sanish Formation, 26N-55E-24: all and 25: all, 660' setback. Apply for permanent spacing within 90 days of successful completion. Default request.	Default

12-2009 14-2009 F	Montana Land & Exploration, Inc.	Permanent spacing unit, Eagle Formation, 31N-23E-10: all (Stephens White Bear 12-10).	Federal Only
13-2009 15-2009 F	Montana Land & Exploration, Inc.	Permanent spacing unit, Eagle Formation, 31N-24E-29: all (Stephens White Bear 13-29).	Federal Only
14-2009 16-2009 F	Montana Land & Exploration, Inc.	Permanent spacing unit, Eagle Formation, 30N-24E-4: W/2 and 5: E/2 (Stephens White Bear 5-4). [Contains fee interests, email rec'd from Don Lee on 1/13/2009.]	
15-2009 17-2009 F	Montana Land & Exploration, Inc.	Permanent spacing unit, Eagle Formation, 31N-23E-14: SW/4 and 15: SE/4 (Stephens White Bear 16-15). [Federal only.] [Continued, email rec'd 1/26/2009.]	Continued
16-2009 18-2009 F	Montana Land & Exploration, Inc.	Permanent spacing unit, Eagle Formation, 31N-24E-19: all (Stephens White Bear 10-19 and 10B-19 wells) [According to BLM & email rec'd from Don Lee on 1/13/2009 this application includes fee interests.] [Continued, email rec'd 1/26/2009.]	Continued
17-2009 19-2009 F	Montana Land & Exploration, Inc.	Permanent spacing unit, Eagle Formation, 31N-23E-35: N/2 (Stephens White Bear 2-35).	Federal Only
18-2009	NFR Energy LLC	Temporary spacing unit, surface through Second White Specks, 35N-16E-6: S/2 and 7: N/2. Well to be located in Sec. 6: 490' FSL/2195' FEL (Shrauger-State 6-15-35-16), 100' topographic tolerance. Will apply for permanent spacing within 90 days of successful completion. Default request. [Continued to April, fax rec'd 1/19/2009.]	Continued
19-2009	XTO Energy Inc.	Permanent spacing unit, Bakken Formation, 22N-59E-31: all and 32: all (Joe G 44X-25).	
20-2009	XTO Energy Inc.	Exception to produce as an increased density well, Red River Formation, 23N-59E-36: W/2 (State 2-36). Default requested - WILL HEAR.	
326-2008	Continental Resources Inc	Overlapping temporary spacing unit, Bakken Formation, 24N-54E-14: all, 15: all, 22: all, 23: all, 660' setback. Default request. [Request to continue to October rec'd 8/25/2008.] [Continue to December, ltr rec'd 10/14/2008.] [Ltr of support, XTO, rec'd 9/9.] [Continue to Dec., ltr rec'd 10/14.] [Continued to January, Fax rec'd 12/2/2008.] [Default Exhibits filed by XTO.] [Exhibits filed by XTO.]	Default
350-2008	Devon Energy Production Co., LP	Temporary spacing unit, Judith River/Eagle Formations, 27N-19E-25: S/2, 36: N/2. Well to be located in Sec. 25: 800' FSL/2500' FWL (State 25-14-27-19), 200' topographic tolerance. Will apply for permanent spacing within 90 days of successful completion. Default request. [Continued to December, fax rec'd 10/23.] [Continued to January, Fax rec'd 12/4/2008.] [Continued to April, ltr fax rec'd 1/16/2009.]	Continued

359-2008	XTO Energy Inc.	Overlapping temporary spacing unit, Bakken Formation, 24N-54E-24: all, 25: all; well oriented N-S between existing wells, 660' from exterior boundaries of overlapping temporary spacing unit. Vacate Order 71-2008. [Section 24 has two Bakken Fm. spacing units - N/2 and SW/4, and the SE/4 is a statewide TSU for a vertical well.] Default requested - no exhibits filed. [Continued to December, fax rec'd 10/23.] [Continued to January, Fax rec'd 12/2/2008.]	Default
360-2008	XTO Energy Inc.	Overlapping temporary spacing unit, Bakken Formation, 24N-55E-18: all, 19: all; well oriented N-S between existing wells, 660' from exterior boundaries of overlapping temporary spacing unit. Vacate Orders 103-2008 and 73-2008. Default requested - no exhibits filed. [Continued to December, fax rec'd 10/23.] [Continued to January, Fax rec'd 12/2/2008.]	Default
361-2008	XTO Energy Inc.	Overlapping temporary spacing unit, Bakken Formation, 24N-55E-17: all, 18: all, 19: all, 20: all; well oriented N-S between existing wells, 660' from exterior boundaries of overlapping temporary spacing unit. Default requested - no exhibits filed. [Continued to December, fax rec'd 10/23.] [Continued to January, Fax rec'd 12/2/2008.]	Default
362-2008	XTO Energy Inc.	Overlapping temporary spacing unit, Bakken Formation, 24N-56E-14: all, 15: all, 22: all, 23: all; well oriented N-S between existing wells, 660' from exterior boundaries of overlapping temporary spacing unit. Default requested - no exhibits filed. [Ltr of protest, Gary McCartney.] [Continued to December, fax rec'd 10/23.] [Continued to January, Fax rec'd 12/2/2008.]	Default
363-2008	XTO Energy Inc.	Vacate Orders 83-2008 and 85-2008. Overlapping temporary spacing unit, Bakken Formation, 24N-56E-16: all, 21: all; well oriented N-S between existing wells, 660' from exterior boundaries of overlapping temporary spacing unit. Default requested - no exhibits filed. [Continued to December, fax rec'd 10/23.] [Continued to January, Fax rec'd 12/2/2008.]	Default
364-2008	XTO Energy Inc.	Overlapping temporary spacing unit, Bakken Formation, 24N-56E-13: all, 24: all and 24N-57E-18: all, 19: all; well oriented N-S between existing wells, 660' from exterior boundaries of overlapping temporary spacing unit. Default requested - no exhibits filed. [Ltr of protest, Gary McCartney.] [Continued to December, fax rec'd 10/23.] [Continued to January, Fax rec'd 12/2/2008.]	Default
390-2008	Burlington Resources Oil & Gas Company LP	Overlapping temporary spacing unit, Bakken Formation, 24N-53E-2: all, 3: all, 10: all and 11: all; well to be located in proximity of boundaries between existing spacing units, 660' from exterior boundaries of overlapping temporary spacing unit. Default request. [Request to continue to December rec'd 10/27.] [Correction sections w/ dual laterals.] [Continued to January, Fax rec'd 12/9/2008.] [Continue to April, fax rec'd 1/26/2009]	Continued

391-2008	Burlington Resources Oil & Gas Company LP	Overlapping temporary spacing unit, Bakken Formation, 24N-53E-3: all, 4: all, 9: all, 10: all; well to be located in proximity of boundaries between existing spacing units, 660' from exterior boundaries of overlapping temporary spacing unit. Default request. [Request to continue to December rec'd 10/27.] [Correction sections w/ dual laterals.] [Continued to January, Fax rec'd 12/9/2008.] [Continue to April, fax rec'd 1/26/2009]	Continued
392-2008	Burlington Resources Oil & Gas Company LP	Overlapping temporary spacing unit, Bakken Formation, 24N-53E-4: all, 5: all, 8: all, 9: all; well to be located in proximity of boundaries between existing spacing units, 660' from exterior boundaries of overlapping temporary spacing unit. Default request. [Request to continue to December rec'd 10/27.] [Continued to January, Fax rec'd 12/4/2008.] [Continue to April, fax rec'd 1/26/2009]	Continued
393-2008	Burlington Resources Oil & Gas Company LP	Overlapping temporary spacing unit, Bakken Formation, 25N-52E-25: all, 26: all, 35: all, 36: all; well to be located in proximity of boundaries between existing spacing units, 660' from exterior boundaries of overlapping temporary spacing unit. Default request. [Request to continue to December rec'd 10/27.] [Two-section, fully developed.] [Continued to January, Fax rec'd 12/9/2008.] [Continue to April, fax rec'd 1/26/2009]	Continued
394-2008	Burlington Resources Oil & Gas Company LP	Overlapping temporary spacing unit, Bakken Formation, 25N-52E-26: all, 27: all, 34: all, 35: all; well to be located in proximity of boundaries between existing spacing units, 660' from exterior boundaries of overlapping temporary spacing unit. Default request. [Request to continue to December rec'd 10/27.] [Two-section SUs, fully developed.] [Continued to January, Fax rec'd 12/9/2008.] [Continue to April, fax rec'd 1/26/2009]	Continued
395-2008	Burlington Resources Oil & Gas Company LP	Overlapping temporary spacing unit, Bakken Formation, 25N-52E-25: all, 36: all and 25N-53E-30: all, 31: all; well to be located in proximity of boundaries between existing spacing units, 660' from exterior boundaries of overlapping temporary spacing unit. Default request. [Request to continue to December rec'd 10/27.] [Continued to January, Fax rec'd 12/4/2008.] [Continue to April, fax rec'd 1/26/2009]	Continued
396-2008	Burlington Resources Oil & Gas Company LP	Overlapping temporary spacing unit, Bakken Formation, 25N-53E-28: all, 29: all, 32: all, 33: all; well to be located in proximity of boundaries between existing spacing units, 660' from exterior boundaries of overlapping temporary spacing unit. Default request. [Request to continue to December rec'd 10/27.] [Continued to January, Fax rec'd 12/4/2008.] [Continue to April, fax rec'd 1/26/2009]	Continued
397-2008	Burlington Resources Oil & Gas Company LP	Overlapping temporary spacing unit, Bakken Formation, 25N-53E-29: all, 30: all, 31: all, 32: all; well to be located in proximity of boundaries between existing spacing units, 660' from exterior boundaries of overlapping temporary spacing unit. Default request. [Request to continue to December rec'd 10/27.] [Continued to January, Fax rec'd 12/4/2008.] [Continue to April, fax rec'd 1/26/2009]	Continued

398-2008	Burlington Resources Oil & Gas Company LP	Vacate Order 236-2008. Create overlapping temporary spacing unit, Bakken Formation, 24N-53E-1: all, 2: all, 11: all, 12: all; well to be located in proximity of boundaries between existing spacing units, 660' from exterior boundaries of overlapping temporary spacing unit. Default request. [Request to continue to December rec'd 10/27.] [Correction sections, fully developed + overlapping SU to the east.] [Continued to January, Fax rec'd 12/9/2008.] [Continue to April, fax rec'd 1/26/2009]	Continued
411-2008	Chaparral Energy, LLC	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 25N-55E-34: all, 660' setback. (McVay 3-34H). Default request. [Continued to January, Fax rec'd 12/2/2008.] [Withdrawn, FAX rec'd 1/15/2009.]	Withdrawn
412-2008	Chaparral Energy, LLC	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 25N-55E-34: all, 660' setback. (McVay 4-34H). Default request. [Continued to January, Fax rec'd 12/2/2008.] [Withdrawn, FAX rec'd 1/15/2009.]	Withdrawn
416-2008	Pinnacle Gas Resources, Inc.	Class II salt water disposal injection permit, Dietz 1 (aka shallow Anderson), CC Fed 14-21-0841i (not yet permitted), 8S-41E-21: 155' FSL/2482' FWL (SE/4SW/4). [Withdrawn by email rec'd 1/20/2009.] [Protest filed by BLM.]	Withdrawn
417-2008	Pinnacle Gas Resources, Inc.	Class II salt water disposal injection permit, Dietz 1 (aka Anderson), CC Fed 16-21-0841i (not yet permitted), 8S-41E-21: 106' FSL/845' FEL (SE/4SE/4). [Withdrawn by email rec'd 1/20/2009.] [Protest filed by BLM.]	Withdrawn
418-2008	Pinnacle Gas Resources, Inc.	Class II salt water disposal injection permit, Dietz 1 (aka shallow Anderson), CC Fed 12-21-0841i (not yet permitted), 8S-41E-21: 1892' FSL/581' FWL (NW/4SW/4). [Withdrawn by email rec'd 1/20/2009.] [Protest filed by BLM.]	Withdrawn
419-2008	Pinnacle Gas Resources, Inc.	Class II salt water disposal injection permit, Dietz 1 (aka shallow Anderson), CC 16-22-0841i (not yet permitted), 8S-41E-22: 1048' FSL/1163' FEL (SE/4SE/4). [Withdrawn by email rec'd 1/20/2009.] [Protest filed by BLM.]	Withdrawn
420-2008	Pinnacle Gas Resources, Inc.	Class II salt water disposal injection permit, Dietz 1 (aka shallow Anderson), CC09-20-0841i (not yet permitted), 8S-41E-20: 1877' FSL/861' FEL (NE/4SE/4). [Withdrawn by email rec'd 1/20/2009.] [Protest filed by BLM.]	Withdrawn
421-2008	Pinnacle Gas Resources, Inc.	Pool, coalbed methane gas, 8S-42E-29: E/2SW/4, W/2SW/4, 9S-42E-6: W/2SE/4, non-joinder penalties requested. [Withdrawn, email rec'd 1/27/2009.]	Withdrawn
425-2008	Crusader Energy Group Inc.	Pool, Bakken Formation, 21N-59E-4: all, non-joinder penalties requested (Flames 1H-4). [Continued to April, ltr rec'd 1/16/2009.]	Continued
426-2008	Continental Resources Inc	Pool, Bakken Formation, 23N-56E-9: all and 16: all, non-joinder penalties requested (Prevost 3-16H). [Continued to January, ltr rec'd 12/5/2008.]	

427-2008	Continental Resources Inc	Pool, Bakken Formation, 23N-56E-19: all and 30: all, non-joinder penalties requested (Rita 3-19H). [Continued to January, ltr rec'd 12/5/2008.]	
428-2008	Continental Resources Inc	Temporary spacing unit, Three Forks/Sanish Formation, 26N-54E-6: all and 7: all, 660' setback. Default requested. [Continued to January, ltr rec'd 12/5/2008.]	Default
429-2008	Continental Resources Inc	Class II injection permit to authorize CO2 injection into the Bakken Formation in the Margaret 3-15H (API #083-22605), 24N-54E-15: 875' FSL/1440' FWL (SE/4SW/4). [Continued to January, ltr rec'd 12/5/2008.]	Default
437-2008	Chesapeake Operating Inc.	Permanent spacing unit, Mission Canyon Formation, 26N-59E-34: S/2 (Noteboom 1-34). [Continued to January, telephone & Fax 12/4/2008.] [Request to continue, fax rec'd 1/27/2009.]	Continued
21-2009	Athena Energy LLC/Red Maple Inc.	Show cause for failure to restore, to reclaim and to file monthly production reports on 14 wells. [Letter from Kerry Patrick concerning Patrick and Barker wells.]	
22-2009	TOI Operating/Blackhawk Resources LLC/Par Investments LLC	Show cause, failure to plug wells	

Sasaki, Steve

From: Allbee, James [James.Allbee@dvn.com]

Sent: Tuesday, January 27, 2009 4:22 PM

To: Sasaki, Steve

Cc: Riechers, Patti; Allbee, James

Subject: RE: Request for extension from the board for the Devon Energy- Cremer 2-24

Steve,

As an update for the discussion tomorrow at the business meeting, we have not flowed back the well since this email. We cleaned out the wellbore and the perfs and are installing the pumping unit referenced- should be operating tomorrow. If you need anything else, please let me know.

Keep warm up there,

James

From: Allbee, James

Sent: Wednesday, January 21, 2009 12:45 PM

To: Steve Sasaki (ssasaki@mt.gov)

Cc: Allbee, James; Riechers, Patti

Subject: Request for extension from the board for the Devon Energy- Cremer 2-24

Mr. Sasaki,

Thank you for your time on January 20th to help guide this request. As we discussed by phone, this email details the recent test data from our Cremer 2-24 well located in section 24-4N-14E in Sweet Grass County. This also serves as background for a request from the Montana Board of Oil and Gas at the next business meeting (January 28th) to extend the 60 day limit on testing this well to the atmosphere. If you need any more information for this petition, please let me know at your convenience.

DEVON'S REQUEST:
Extension to test the Cremer 2-24 well until March 31, 2009, venting gas to the atmosphere. If further extensions are requested by Devon, we will file a request to be heard before the board at the April 2, 2009 hearing.

JUSTIFICATION FOR REQUEST:
The Cremer 2-24 is Devon's first well in the Crazy Mountain basin. We are trying to optimize our completion techniques to make a commercial project in the area and have spent considerable time to test this well to date. One of the technical concerns we have is that the completion intervals are still loaded up with frac fluid, which is hindering gas flow. We have swabbed the well for several days and are currently installing a pumping unit to help remove water from the wellbore and test this concept. We would like to have enough time to evaluate the pumping unit methodically.

There has been a limited amount of methane flowed from the well as of 1/20/2009.
This test will be important for the area and this project since there is a large capital investment needed to bring the infrastructure to produce these gas wells. The preliminary pipeline plan to connect this well is ~20 miles long.

We have had delays and limited flow days since we started flowing back due to the extreme weather in the area. Further delays are possible in the next month due to the winter operations.

COMPLETION/FLOW TEST DETAILS:

Perforated stage 1 intervals on 12/4/2008 to 12/15/2008.
Fracture stimulated stage 1 on 12/17/2008.

Perforated stage 2 intervals on 12/18/2008.
Fracture stimulated stage 2 on 12/18/2008.

Started flow-back for both intervals on 12/18/2008. As of 1/20/2009, a total of 24 days of flow back/swabbing have occurred.

As of 1/20/2009, a total of 4 MMCF of total gas has been flowed back from the Cremer 2-24. As part of the 2 frac stimulations, a total of ~458 tons of liquid CO2 was pumped, which is equivalent to ~7.8 MMCF. The first gas analysis from 12/22/2008 (2.3 MMCF cumulative total gas) indicated 67% of the gas was CO2 and ~31% of the gas was methane . The latest gas analysis from 1/8/2009 (3.7 MMCF cumulative total gas) indicated 35% of the gas was CO2 and ~62% of the gas was methane. Therefore, a majority of the gas during flow back has been the CO2 from the frac treatment.

Thank you,

James Allbee

BOP Rules in Montana and Surrounding States

Montana BOGC BOP Rule

36.22.1014 BLOWOUT PREVENTION AND WELL CONTROL EQUIPMENT

(1) Unless otherwise provided for by the permit to drill issued under ARM 36.22.601 and ARM 36.22.602, or by board order issued after public notice and hearing, the owner must provide blowout preventers and well control equipment on all wells in accordance with the following rules.

(a) For wells in areas of abnormal or unknown formation pressures, proper blowout preventers must consist of hydraulically-operated single or double ram-type preventers with at least one pipe ram and one blind ram, and an annular-type preventer. Additional equipment must include upper and lower kelly cocks; mud pit level indicators with alarms and/or flow sensors and alarms; and choke manifolds, kill lines, and other well control equipment sufficient to handle all pressure kicks. Accumulators must maintain a pressure capacity reserve at all times to provide for the operation of the hydraulic preventers and valves with no outside source of pressure.

(b) For development wells and in all areas of known formation pressures, blowout prevention and well control equipment must be installed.

(c) The owner must maintain all blowout prevention and well control equipment in good working order.

(2) Drilling spools for blowout preventer stacks must meet the following minimum specifications:

(a) for working pressures rated at 3,000 or 5,000 pounds per square inch (psi) , flanged, studded, or clamped side outlets of no less than 2 inches nominal diameter.

(b) for working pressures rated at 10,000 and 15,000 psi, one 2-inch side outlet and one 3-inch side outlet.

(3) The rated working pressure of all blowout preventers and well control equipment must equal or exceed the maximum anticipated pressure to be contained at the surface.

(4) Wellhead outlets must not be used for choke or kill lines in areas of abnormal or unknown formation pressures. Such outlets may be employed for auxiliary or back-up connections to be used only if the primary control system fails.

(5) The owner or operator must test blowout prevention and well control equipment according to the following standards.

(a) Ram-type blowout preventers and well control equipment, including casing, must receive initial pressure testing to the least of the manufacturer's full working pressure rating of the equipment, 50 percent of the minimum internal yield pressure of any casing subject to test, or one psi per foot of the last casing string depth. Annular-type blowout preventers must receive initial pressure testing in conformance with the manufacturer's published recommendations.

(b) If, for any reason, a pressure seal is disassembled, the owner or operator must test the full working pressure of that seal before resuming drilling operations. However, if the affected seal is an integral part of the blowout preventer stack, the owner or operator may obtain permission from a board representative to proceed without testing the seal.

(c) In addition to the initial pressure tests, the owner or operator must check ram- and annular-type preventers for physical operation each trip but not more than once each twenty-four (24) hour period.

(d) All blowout preventer components, with the exception of annular preventers, must be tested monthly to the least of 50 percent of the manufacturer's rated pressure, the maximum anticipated pressure to be contained at the surface, one psi per foot of the last casing string depth, or 70 percent of the minimum internal yield pressure of any casing subject to test.

(e) The owner or operator must note all tests of blowout preventer and well control equipment on the driller's log, which must be made available to the board upon request. The board may require the operator or the drilling contractor to provide a signed and sworn affidavit attesting to the sufficiency of the blowout prevention equipment and any testing of such equipment.

(6) The owner or operator must submit a schematic diagram of the proposed blowout prevention and well control equipment with the application for permit to drill.

(7) In areas where hydrogen sulfide or sour gas may be encountered, the following additional equipment and precautions are required:

(a) a blowout preventer closing unit located in a safe place easily accessible to rig personnel.

(b) a remote auxiliary choke control panel to operate the choke manifold set up at a safe distance upwind from the rig floor.

(c) a remote kill line sufficient to permit use of an auxiliary high-pressure pump.

(d) the placement of the drilling fluid inlet line to the degasser close to the drilling fluid discharge line from the mud/gas separator.

(e) provisions to flare toxic gases with an adequate degasser, discharge lines, check valves, a vertical flare stack, and a gas ignition system.

(f) provisions for personnel training; personnel protective equipment including sensors, alarms, and breathing equipment; warning signs; and wind direction flags to safeguard against injury or death. (History: Sec. 82-11-111 , MCA; IMP , Sec. 82-11-121 , 82-11-123 and Sec. 82-11-124 , MCA; NEW , 1992 MAR p. 654, Eff. 4/1/92.)

North Dakota Industrial Commission BOP Rule

43-02-03-23. BLOWOUT PREVENTION. In all drilling operations, proper and necessary precautions shall be taken for keeping the well under control, including the use of a
blowout preventer and high pressure fittings attached to properly cemented casing strings adequate
to withstand anticipated pressures. During the course of drilling, the pipe rams shall be functionally operated at least once every twenty-four-hour period. The blind rams shall be
functionally operated each trip out of the well bore. The blowout preventer shall be pressure tested
at installation on the wellhead, after modification of any equipment, and every thirty days thereafter. The director may postpone such pressure test if the necessity therefor can be demonstrated to the director's satisfaction. All tests shall be noted in the driller's record.
History: Amended effective January 1, 1983; September 1, 2000; July 1, 2002.
General Authority Law Implemented
NDCC 38-08-04 NDCC 38-08-04

Wyoming Oil and Gas BOP Rule

Chapter 3. Section 23. Blowout Preventers.

(a) Blowout preventers (BOPs) and related equipment shall be installed and maintained during the drilling of all wells in accordance with the following rules unless altered, modified, or changed, for a particular pool or pools, upon hearing before the Commission:

(i) **General Rules:**

(A) The required working pressure rating of all blowout preventers and related equipment shall be based on known or anticipated subsurface pressure, geologic conditions, or accepted engineering practices, and shall equal or exceed the maximum anticipated pressure to be contained at the surface. In the absence of better data, the maximum anticipated surface pressure shall be determined by using a normal pressure gradient of 0.22 psi per foot and assuming a partially evacuated hole. A schematic diagram of the BOP and wellhead assembly shall be submitted to the Supervisor with the Application for Permit to Drill (APD). The schematic diagram should indicate the minimum size and pressure rating of all components of the wellhead and blowout preventer assembly.

(B) The Supervisor, on a site specific basis, may require the use of blowout preventers or other methods of controlling shallow coalbed methane wells, at which time all current BOP rules shall be applicable.

(C) All blowout preventers, choke lines, and choke manifolds shall be installed above ground level. Casingheads and optional spools may be installed below ground level provided they are visible and accessible.

(D) Blowout preventer equipment and related casingheads and spools shall have a vertical bore no smaller than the inside diameter of the casing to which they are attached.

(E) Pressure tests on blowout preventers and related equipment shall be tested as outlined in this section, at least:

(I) prior to spud or upon installation;

(II) after the disconnection or repair of any pressure containing seal in the BOP stack, choke and kill lines, or choke manifold, but limited to the affected component; and

(III) every 30 days after initial installation, or as determined by the Supervisor.

(F) The Supervisor may require an affidavit covering the initial pressure tests after installation signed by the operator or contractor attesting to the satisfactory pressure tests. The Supervisor is to be advised at least twenty-four (24) hours in advance of all tests.

(G) Blowout prevention equipment used when reasonable expectations of encountering hydrogen sulfide or sour gas formations that could potentially result in the partial pressure of the hydrogen sulfide or sour gas exceeding 0.05 psia (00034 MPa) in the gas phase at the maximum anticipated pressure, shall be suitable for use in such areas.

(H) All ram BOPs shall be equipped with hydraulic locking devices or manual locking devices with hand wheels extending outside of the rig's substructure.

(I) Blowout prevention equipment installed on the well shall have a rated working pressure equal to, or higher than, the working pressure specified in the approved APD.

(J) In addition to the minimum BOP requirements outlined in this section, wells drilled while using tapered drill strings shall require either a variable bore pipe ram preventer or additional ram type blowout preventers to provide a minimum of one set of pipe rams for each size of drill pipe in use, and one set of blind rams.

(ii) **Minimum requirements for 2,000 psi system:**

(A) BOP equipment shall consist of at least one double-gate preventer with pipe and blind rams or two single-ram type preventers; one equipped with pipe rams, and the other with blind rams. Ram preventers or a drilling spool must have side outlets with a minimum inside diameter of two inches to accommodate choke and kill lines. Outlets on the casinghead may not be used to attach choke or kill lines. One annular BOP may be substituted for ram type BOPs, providing the annular BOP is pressure tested in the CSO (complete shut off) configuration.

(B) Additional BOP equipment shall include one upper kelly cock, and one drill pipe safety valve with subs to fit all drill string connections in use.

(C) Choke manifold and related equipment shall consist of one kill line valve, one choke line valve, choke line, two manual adjustable chokes each with one valve located upstream of the choke, one bleed line valve and one mud service pressure gauge with a valve upstream of the gauge. The arrangement of the valves shall be a functional equivalent of the arrangement outlined in Appendix G, Figure 3-1 or 3-1A.

(D) All choke manifold valves, choke and kill line valves and the choke line shall be full bore. Choke line valves, choke line and bleed line valves shall have an inside diameter equal to or greater than the minimum requirement for the BOP or drilling spool outlet.

(E) The choke line should be as straight as possible, and any required turns shall be made with flow targets at bends and on block tees. Choke hoses with flanged connections designed for that purpose will be accepted in lieu of a steel choke line.

(F) The accumulator shall have sufficient capacity to operate the BOP equipment as outlined in this section, and have one independently powered pump system. BOP controls may be located at the accumulator or on the rig floor.

(iii) **Minimum requirements for 3,000 psi system:**

(A) BOP equipment shall consist of at least one annular BOP and one double-gate preventer with pipe and blind rams or two single-ram type preventers; one equipped with pipe rams and the other with blind rams. Ram preventers or a drilling spool must have side outlets with a minimum inside diameter of two inches on the kill side, and three inches on the choke side to accommodate choke and kill lines. Outlets on the casinghead may not be used to attach choke or kill lines.

(B) Additional BOP equipment shall include one upper kelly cock, and one drill pipe safety valve with subs to fit all drill string connections in use.

(C) Choke manifold and related equipment shall consist of one kill line valve, one check valve, two choke line valves, choke line, two manual adjustable chokes each with one valve located upstream of the choke, one bleed line valve and one mud service pressure gauge with a valve upstream of the gauge. The arrangement of the valves shall be a functional equivalent of the arrangement outlined in Appendix G, Figure 3-2.

(D) All choke manifold valves, choke and kill line valves and the choke line shall be full bore. Choke line valves, choke line and bleed line valves shall have an inside diameter equal to or greater than the minimum requirement for the BOP or drilling spool outlet.

(E) The choke line should be as straight as possible, and any required turns shall be made with flow targets at all bends and on block tees. All connections exposed to well bore pressure shall be welded, flanged or clamped. Choke hoses with flanged connections designed for that purpose will be accepted in lieu of a steel choke line.

(F) The accumulator shall have sufficient capacity to operate the BOP equipment as outlined in this section, and have two independently powered pump systems connected to start automatically after a 200 psi drop in accumulator pressure, or one independently powered pump system connected to start automatically after a 200 psi drop in accumulator pressure and an emergency nitrogen back-up system connected to the accumulator manifold. BOP controls may be located at the accumulator or on the rig floor.

(iv) **Minimum requirements for 5,000 psi system:**

(A) BOP equipment shall consist of at least one annular BOP and one double-gate preventer with pipe and blind rams or two single-ram type preventers; one equipped with pipe rams and the other with blind rams. Ram preventers or a drilling spool must have side outlets with a minimum inside diameter of two inches on the kill side, and three inches on the choke side to accommodate choke and kill lines. Outlets on the casinghead may not be used to attach choke or kill lines.

(B) Additional BOP equipment shall include one upper kelly cock, lower kelly cock, one drill pipe safety valve and one inside BOP with subs to fit all drill string connections in use.

(C) Choke manifold and related equipment shall consist of two kill line valves, one check valve, one choke line valve, one remote controlled choke line valve, choke line, one manual adjustable choke and one remote controlled adjustable choke each with two valves located upstream of the choke, two bleed line valves and one mud service pressure gauge with a valve upstream of the gauge. The arrangement of the valves shall be a functional equivalent of the arrangement outlined in Appendix G, Figure 3-3.

(D) All choke manifold valves, choke and kill line valves and the choke line shall be full bore. Choke line valves, choke line and bleed line valves shall have an inside diameter equal to or greater than the minimum requirement for the BOP or drilling spool outlet.

(E) The choke line should be as straight as possible, and any required turns shall be made with flow targets at all bends and on block tees. All connections exposed to well bore pressure shall be welded, flanged or clamped. Choke hoses with flanged connections designed for that purpose will be accepted in lieu of a steel choke line.

(F) The accumulator shall have sufficient capacity to operate the BOP equipment as outlined in this section, and have two independently powered pump systems connected to start automatically after a 200 psi drop in accumulator pressure, plus an emergency nitrogen back-up system connected to the accumulator manifold. BOP controls shall be located on the accumulator with additional remote controls located on the rig floor.

(v) Minimum requirements for 10,000-15,000-20,000 psi systems:

(A) BOP equipment shall consist of at least one annular BOP and one double-gate preventer with pipe and blind rams or two single-ram type preventers; one equipped with pipe rams and the other with blind rams located above a drilling spool. One drilling spool with side outlets with a minimum inside diameter of two inches on the kill side, and three inches on the choke side. One ram-type preventer with pipe rams, located below the drilling spool. Outlets on the casinghead may not be used to attach choke or kill lines.

(B) Additional BOP equipment shall include an upper kelly cock, lower kelly cock, one drill pipe safety valve and one inside BOP with subs to fit all drill string connections in use.

(C) Choke manifold and related equipment shall consist of two kill line valves, one check valve, one choke line valve, one remote controlled choke line valve, choke line, two manual adjustable chokes and one remote controlled adjustable choke each with two valves located upstream of the choke, two bleed line valves and one mud service pressure gauge with a valve upstream of the gauge. The arrangement of the valves shall be a functional equivalent of the arrangement outlined in Appendix G, Figure 3-4.

(D) All choke manifold valves, choke and kill line valves and the choke line shall be full bore. Choke line valves, choke line and bleed line valves shall have an inside diameter equal to or greater than the minimum requirement for the BOP or drilling spool outlet.

(E) The choke line shall be a steel line and be as straight as possible, and any required turns shall be made with flow targets at all bends and on block tees. All connections exposed to well bore pressure shall be welded, flanged, or clamped.

(F) The accumulator shall have sufficient capacity to operate the BOP equipment as outlined in this section, and have two independently powered pump systems connected to start automatically after a 200 psi drop in accumulator pressure, plus an emergency nitrogen back-up system connected to the accumulator manifold. BOP controls shall be located on the accumulator with additional remote controls located on the rig floor.

(vi) Minimum requirements for diverter systems:

(A) The diverter system shall consist of a low pressure diverter or an annular blowout preventer, with large diameter vent lines installed below the diverter and extending to a flair pit a safe distance form the well.

(B) The valves on the vent lines shall be full bore and full opening, and be hydraulically controlled in a manner to insure that at least one vent line valve is opened before the diverter packer closes.

(C) The diverter and all valves shall be function tested when installed and at appropriate time during the operation.

(vii) Minimum requirements for BOP equipment testing:

(A) All blowout preventers and related equipment that may be exposed to well pressure shall be tested first to a low pressure and then to a high pressure.

(I) A stable low of 200-300 psi shall be maintained for at least five (5) minutes prior to initiating the high pressure test.

(II) When performing the low pressure test, it is not acceptable to apply a higher pressure and bleed down to the low test pressure. The higher pressure could initiate a seal that may continue to seal after the pressure is lowered and therefore misrepresent a low-pressure condition.

(III) The high-pressure test shall be to the rated working pressure of the ram type BOP&s and related equipment, or to the rated working pressure of the wellhead on which the stack is installed, whichever is lower. A stable high pressure test shall be maintained for ten (10) minutes.

(IV) Annular BOP shall be high pressure tested to 50% of the rated working pressure, and maintain a stable pressure for ten (10) minutes.

(V) Manual adjustable chokes not designed for complete shut off (CSO) shall be pressure tested only to the extent of determining the integrity of the internal seating components to maintain back pressure. Hydraulic chokes designed for CSO shall be pressure tested to 50% of the rated working pressure.

(B) All casing below the conductor pipe shall be pressure tested to 0.22 psi per foot or 1,500 psi, whichever is greater, but not to exceed 70% of the minimum internal yield strength of the casing. A stable pressure shall be maintained for thirty (30) minutes.

(C) During BOP pressure testing the casing shall be isolated with a test plug set in the wellhead, and the appropriate valve opened below the test plug to detect any leakage that may occur due to failure of the test plug.

(D) The choke and kill line valves, choke manifold valves, upper and lower kelly cocks, drill pipe safety valves and inside BOP shall be tested with pressure applied from the wellbore side. All valves, including check valves, located downstream of the valve being pressure tested, will be in the open position.

(E) All manually operated valves and chokes on the BOP stack, choke and kill lines, or choke manifold shall be equipped with a handle provided by the manufacturer, or a functionally equivalent fabricated handle, and be lubricated and maintained to permit operation of the valves without the use of additional wrenches or levers.

(F) Operators may install BOP equipment of a higher pressure rating than that specified in the approved APD. In that event the BOP equipment shall be pressure tested at the working pressure specified in the approved APD.

(G) All operational components of the BOP equipment shall be functioned at least once a week to verify the components' intended operations.

(H) The results of all BOP equipment pressure tests and function tests shall be recorded on the tour sheet and shall include the type of test, testing sequence, low and high pressures, duration of each test, and results of each test.

(viii) Minimum requirements for accumulator system testing:

(A) The precharge pressure on each accumulator bottle shall be checked prior to each BOP pressure test, and adjusted if necessary. The minimum precharge pressure for a 3,000 psi working pressure accumulator unit should be 1,000 psi. The minimum precharge pressure for a 2,000 psi working pressure accumulator unit should be ,000 psi. The minimum precharge pressure for a 1,500 psi working pressure accumulator unit should be 750 psi. Only nitrogen gas shall be used for accumulator precharge. The precharge should be adjusted to within 100 psi of the selected pressure.

(B) Accumulator response time is the elapsed time between activation and the complete operation of a function. The accumulator system shall be capable of closing each ram BOP within thirty (30) seconds. Closing time shall not exceed thirty (30) seconds for annular BOPs smaller than 18¾ inches nominal bore, and forty-five (45) seconds for annular BOPs of 18¾ inches nominal bore and larger, when closed on the smallest diameter drill string component in use.

(C) BOP accumulator systems shall have sufficient usable hydraulic fluid volume (with pumps inoperative) to close one annular BOP, two ram BOPs from a full open position, open one hydraulic valve against zero wellbore pressure, and retain 200 psi or more above the minimum recommended precharge pressure.

(D) The accumulator pump system shall have sufficient quantity and sizes of pumps to satisfactorily perform the following: with the accumulator bottles isolated from service, the accumulator pump system shall be capable of closing the annular BOP on the minimum size drill pipe being used, or one ram-type BOP if the stack does not include an annular BOP, and open the hydraulic choke line valve within two (2) minutes.

South Dakota Department of Environment & Natural Resources Minerals and Mining Program Oil & Gas Section

74:10:03:18. Blowout prevention equipment required. In all drilling operations, precautions must be taken for keeping the well under control, including the use of blowout preventers and high pressure fittings that are properly attached to a properly cemented casing string. If the drilling operation is in an area where a blowout preventer may not be needed, an exception to the blowout preventer requirement may be granted by the secretary, utilizing the notice of recommendation procedure in chapter 74:10:11.01.

Source: SL 1975, ch 16, § 1; transferred from § 52:02:03:18, effective July 1, 1979; 13 SDR 129, 13 SDR 141, effective July 1, 1987; 14 SDR 50, effective October 4, 1987; 23 SDR 31, effective September 8, 1996.

General Authority: SDCL 45-9-11, 45-9-13.

Law Implemented: SDCL 45-9-14.

WELL CONTROL TRAINING MONTANA BOARD OF OIL & GAS INSPECTORS

Companies:

1. Wild Well Control
2. Cudd Well Control
3. WCS IWC
4. University of Oklahoma
5. University of Texas (Petex) DVD/Video Training

Instructor Training
Internet Training
Instructor/Equipment Training

Current Well Control Training in Montana:

1. Wild Well Control through Montana Tech. 3 days, Feb. 27, 28 Mar. 1
   $1275/person
   Every full paying person will allow Montana Tech petroleum engineering student to attend training free.

2. Devon/NRF BearPaw through WCS in Havre, Montana 4 days, Feb. 9, 10, 11, 12
   $1500/person

Sasaki, Steve

F Heath, Leo [LHeath@mtech.edu]
Sent: Wednesday, December 17, 2008 1:43 PM
To: Sasaki, Steve
Subject: FW: 2nd annual Wild Well Control Certification Training - Montana Tech
Attachments: Well Control Training Opportunity Announcement_Feb_2009.doc

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From: Petersen, Lana
Sent: Friday, December 12, 2008 3:45 PM
To: Todd, Burt; Evans, John; Getty, John; Heath, Leo; NorthAbbott, Mary; Reichhardt, David; Schrader, Susan
Subject: 2nd annual Wild Well Control Certification Training - Montana Tech

Dear Industry and Montana Tech Supporters,

It is time once again for Montana Tech's American Association of Drilling Engineers (AADE) student chapter to host the:

2nd annual Wild Well Control Certification Training
February 27, 28 and March 1, 2009

For every industry individual, Wild Well Control will admit one free student position.

(Please read the attached flyer for complete details).

This is a great chance to support the students at Montana Tech and improve your personal development. Please consider this great opportunity!

Montana Tech AADE thanks you for your time and consideration.

Thank you,

Shaelyn Unruh
AADE President

Well Control Training Opportunity
Montana Tech and the School of Mines and Engineering is pleased to announce a special Well Control training class that will be held on the Montana Tech campus in Butte, Montana.

AADE
AMERICAN ASSOCIATION of DRILLING ENGINEERS

Wild Well Control Inc.

Wild Well Control will be offering their IADC WellCAP Drilling Curriculum on February 27th, 28th, and March 1st (Friday – Sunday). Those attending the class are encouraged to bring their laptop computers.

Course Description
This IADC certified course is designed for engineers and company representatives. It focuses on theory, core competence and complications which can be encountered during drilling. In addition to the course material, the course incorporates the use of computer simulation exercises. Those participants successfully passing the required IADC testing requirements will receive the IADC WellCAP certification.

The course is scheduled to be taught by Mr. Mike Vertner, Rocky Mountain Manager for Wild Well Control. For further information regarding the course please contact Mr. Vertner at 307.235.3030 (office) or cell phone (281.620.1063).

Course Cost
The three day course cost is $1,275 per participant. Pursuant to IADC guidelines the class size is limited. Early registration and payment is strongly recommended. Please contact Shaelyn Unruh, AADE Chair, at (406-945-4341) or smunruh@mtech.edu, for registration and payment arrangements.

Sasaki, Steve

From: Heath, Leo [LHeath@mtech.edu]
Sent: Wednesday, January 14, 2009 8:36 AM
To: Sasaki, Steve
Subject: RE: 2nd annual Wild Well Control Certification Training - Montana Tech

In association with Montana Tech, Wild Well Control is proud to conduct **Well Control Training** – the most practical and hands-on well control school available to the industry. The well control training program is accredited by API and by IADC to provide all levels of Well*CAP*® certification to students at Montana Tech and industry professionals.

The training program features the most advanced simulator system available worldwide. The simulators use actual well data to mimic possible down-hole conditions - recreating all types of operational difficulties – to test the operator's ability to resolve the situation and avoid a blowout in a realistic setting. The instructors also utilize case histories of blowouts and other well control events to teach prevention and control.

The following are a few of the differentiating features of Well Control Training –

- Extended simulator exercise that are realistic and practical
- Case Histories & Wild Well Control's unmatched experience in well control operations

The curriculum includes the following topics/concepts:

Organizing and directing well control operations
Pressure basics (hydrostatic pressure, formation pressure, etc)
Kick detection
Warning signs of kicks
Causes of kicks
Shut in procedures (hard shut in vs. soft shut in)
Well Control Methods (Drillers Method, Wait Weight Method, Concurrent, Reverse Circulation, Lubricate & Bleed, Bull-heading, & Volumetric)
Equipment used in well control operations (BOP stacks, Choke Manifolds, Diverter Systems)
Complications during well control operations
General government regulations (MMS/BLM/OSHA)

Those attending the class are encouraged to bring their laptop computers (will need Excel and Adobe software) as the class will use electronic kill-sheets for some of the hands on simulations.

For those who may have questions about the class, please contact me on my cell phone number. It is listed below.

Sincerely,
Mike Vertner
Wild Well Control, Inc.
Rocky Mountain Manager
mvertner@wildwell.com • www.wildwell.com
281.620.1063 Cell • 307.235.3030 Office

Sasaki, Steve

[redacted]	Carlos Rebollar [CRebollar@wellcontrol.com]
Sent:	Tuesday, January 27, 2009 1:22 PM
To:	Sasaki, Steve
Subject:	UPDATED: NEW! System 21 E-Learning Web-Based Training Program for IADC Well Cap Certification Courses
Attachments:	Web-Based System 21 Flyer.pdf; e-Learning Course Getting Started.pdf; Stuck Pipe Prevention.pdf; System 21 e-Learning Internet Advantages.pdf; 2009 US Price List.pdf; e-Learning Web Based Course Pricing Options.pdf

Good Afternoon,

Great News! We now offer Stuck Pipe Prevention Training thru our New System 21 e-Learning Web-Based Training Program.

I have included attachments in regards to our New System 21 e-Learning Web-Based Training Program

- System 21 e-Learning Internet Advantages
- e-Learning Course Getting Started
- e-Learning Web-Based Course Pricing Options
- 2009 Price Sheet
- e-Learning Flyer
- Stuck Pipe Prevention Flyer

When reviewing the price sheet look under IADC System 21 e-learning Supervisor/Fundamental and it will give you the break down of the course and the number of days it's estimated to complete the course (you have a maximum of 45 days from the day you launch the course to complete the course/certification test).

On the website www.wcsonlineuniversity.com when you select your course combination the price will automatically calculate for you before you add it to your shopping cart and then using your credit card you will be on your way.

If you have any questions before you register please give me a call or send me an e-mail.

Best Regards,

Carlos Rebollar
Inside Sales Representative
Well Control School
16770 Imperial Valley Dr.
Hous[redacted], TX 77060
Dire[redacted]13)849-7415
Enro[redacted]ents: (713) 849-7400
Fax: (713) 849-7474

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Computer Based Training

System 21 Well Control
Safety & Orientation
Stuck Pipe Prevention
Production Safety Systems
Safe Work Practices
Living the 24-Hour Lifestyle

Schedules

Permanent School Schedule
Traveling School Schedule

Locations

Permanent Locations
International Locations
Traveling School Locations

Textbooks

Web-Based Training

NEW!

STUCK PIPE
PREVENTION TRAINING

NOW ONLINE!!

SYSTEM 21
e-LEARNING
WEB-BASED
TRAINING PROGRAM

WWW.WCSONLINEUNIVERSITY.COM

Click Here to Sign Up
For more information E-mail
e-Learning@wellcontrol.com

Instructor Led Training

IADC *WellCAP*/API
IWCF
Specialty Courses

Registration

To register for classes in the United States call our Houston office at
713-849-7400

To register in another country, go to our International Locations page to find contact info.

News & Info.

The Houston Training Center has moved to...
16770 Imperial Valley Dr. Ste. 290
2nd Floor
Houston, TX 77060
October 20th, 2008
Click here for Map
+1-713-849-7400 Office
+1-713-849-7474 Fax

ERGT
SKILLS FOR LIFE

Well Control School Tel: (+1) 713-849-7400 Fax: (+1) 713-849-7474

WELL CONTROL SCHOOL

2009 US Rate Schedule

Effective 1-1-09

	IADC *WellCAP®* Instructor - Led Supervisory/Fundamental					
1	Drilling	3 days	$ 825.00	Drilling-Workover/Completion	4 days	$1000.00
2	Drlg-Work/Comp, Coiled Tubing, Snub. & Wireline	4-5 days	$1,300.00	Work/Comp & Well Serv. (Snub. Wireline & CT)*	4 days	$1025.00
	Additional Specialty Courses Instructor Led					
3	Rig Math (Concepts of Mathematics)*	1 day	$275.00	Volumetric Stripping*	2 days	$575.00

	IADC System 21 e-Learning	Supervisory/Fundamental			e-Learning Introductory		
			Internet	CBT		Internet	CBT
4	Drilling	2-3 days	$1,050.00	$ 900.00	1-1½ days	$ 350.00	$ 300.00
5	Drilling-Workover/Completion	3-4 days	$1,250.00	$1,100.00	1-2 days	$ 400.00	$ 350.00
6	Drilling-Work/Comp, Coiled Tubing, Snubbing & Wireline	4-5 days	$1,450.00	$1,325.00	1-2 days	$ 500.00	$ 450.00
7	Workover/Completion	2-3 days	$1,050.00	$ 900.00	1-1½ days	$ 350.00	$ 300.00
8	Work/Comp & Well Servicing (Snubbing, Wireline & CT)	3-4 days	$1,250.00	$1,100.00	1-2 days	$450.00	$ 400.00
9	Well Servicing (Snubbing or Wireline)	2-2½ days	$ 875.00	$ 725.00	1-2 days	$ 400.00	$ 350.00
10	API Certified T-2 Training (Production Safety Systems Training)	3 days	n/a	$ 425.00	n/a	n/a	n/a

	Accessory Prices (All books sold on rigzone.com)		**Additional Computer Based Training Courses**			**Internet**
11	WCS Guide to Blowout Prevention (English & Spanish)	$125.00	Quiz Maker		$275.00	n/a
12	WCS Guide to Blowout Prevention CD (English & Spanish)	$ 99.00	Offshore Crane Operations	1 day	$325.00	n/a
13	Basic Drilling Technology (English & Spanish)	$ 50.00	Stuck Pipe Prevention Series	1 day	$325.00	$ 595.00
14	Safe Rigging Practices (English & Spanish)	$ 20.00	Safe Work Practices		$ 55.00	n/a
15	Formulas, Charts and Tables Book	$ 10.00	Living the 24-hour Lifestyle		$ 55.00	n/a
16	Stuck Pipe Manual (English & Spanish)	$ 30.00	SOP IADC Rig Pass Program	1/2 day	$175.00	n/a
17	**Audit Assistance Fee**	$500.00	IWCF Preparation Course		$650.00	n/a
18	**Special Class Instructor Fee** (Per Day Rate) + Expenses - Hotel, Meals, Milage & Airfare if applicable					$ 500.00
19	**Training Support Services & Installation of Software** (Per Day Rate) + Expenses - Hotel, Meals, Milage & Airfare if applicable					$ 500.00

	IWCF (All include manual, certification & airborne)		**IWCF Well Intervention** (Options - Wireline, Coil Tubing, Snubbing)	
20	Drilling 5 day	$ 1,275.00	Well Intervention 5 day	$ 1,275.00
21	Drilling Test Only	$ 600.00	Well Intervention Test only	$ 600.00
22	Test Re-sits	$ 100.00	Test Re-sits	$ 100.00

Notes

- All prices include certification fees. Postage & handling is extra.
- Traveling school prices are same as above
- $2500 deposit required on all computer rentals (Course cost, shipping, rental fees, and/or damaged items are deducted and the balance is refunded after computer is returned to WCS.)
- $150.00 per week per computer computer rental fee (applies after 14 days)
- $50.00 Subsea fee
- $50.00 Re-Print Certificates
- Coiled Tubing must be taken with a Drilling or Workover course.
- Registration for IWCF classes must be made 15 days prior to the start date of class.
- $100 No Show fee for registered students if not cancelled 72 hrs prior to all IADC & IWCF Instructor-Led courses

* Specialty Course that requires arrangement of dates & time.

Important Phone Numbers

Enrollments -	713-849-7400
Customer Service -	713-849-7412
Information -	713-849-7411 or 7415
IT Department -	713-849-7425 or 7427
Payments -	713-849-7431
PO#s / Invoices	713-849-7412
IADC/API/IWCF Regulations -	713-849-7417
Tech Support -	877-575-8311

Last Revised 11/13/08

Sasaki, Steve

From: Wollan, Glenn L. [gwollan@nd.gov]
Sent: Monday, December 22, 2008 12:46 PM
To: Sasaki, Steve
Subject: Training materials

Steve,

We ordered the BOP training series through University of Texas Continuing Education, not API. The first link is to their webpage and catalog, the second to the catalog with the BOP DVDs. The catalog number of the three part series we used is 65.1045. It is on page 32 of the catalog.

http://www.utexas.edu/ce/petex/about/catalog/.

http://www.utexas.edu/ce/petex/files/forms/audiovisuals.pdf.

Glenn L. Wollan
Field Supervisor
NDIC/DMR
Oil & Gas Division
701.328.8027

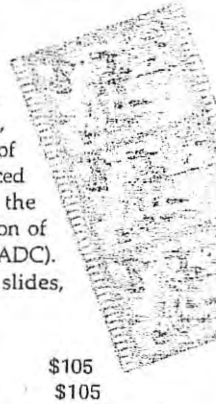
2008 PETEX® Catalog

Today's Training for Tomorrow's Needs

CONTENTS

THE UNIVERSITY OF TEXAS AT AUSTIN
CONTINUING EDUCATION
PETROLEUM EXTENSION SERVICE
www.utexas.edu/ce/petex

Safe Use of Drill Pipe Tongs



Demonstrates the correct and safe installation, maintenance, and use of drill pipe tongs. Produced in cooperation with the International Association of Drilling Contractors (IADC). 1978, 17 minutes, 61 slides, workbook.

English video transfer	
Cat. no. 56.1081	$105
DVD: cat. no. 65.1081	$105

El uso seguro de las tenazas para tubería de perforación

Spanish video transfer: 57.3621	$105

Use and Care of Basic Tools

Gives a general introduction to the types of hand tools used on rigs and leases and tells how to use and care for them correctly. While a new hire would find this show particularly useful, even experienced individuals will benefit from some of the pointers. 1973, 26 minutes, 129 slides, instructor's guide.

English video transfer	
Cat. no. 56.1367	$105
DVD: cat. no. 65.1367	$105

El uso y mantenimiento de herramientas básicas

Spanish video transfer: 57.3622	$105

SPECIAL PROBLEMS

Controlled Directional Drilling

Explains why directional wells are used; describes different types of directional wells, tools, and equipment needed; and shows how a directional well is drilled. Produced with assistance from Wilson Downhole. 1983, 30 minutes, 143 slides, workbook.

Video transfer: cat. no. 51.1060	$105
DVD: cat. no. 65.1060	$105

WELL CONTROL

Blowout Preventer Controls

Presents a basic, detailed look at accumulators—why they are needed, how they work, the components that make up a unit, how they should be sized, and how they should be maintained. Produced in cooperation with Stewart and Stevenson. 1975, 28 minutes, 89 slides.

Video transfer: cat. no. 51.1051	$105
DVD: cat. no. 65.1051	$105

Causes and Prevention of Blowouts, Parts I–III

Video transfers: cat. no. 51.1045	$345
DVDs: cat. no. 65.1045	$345

Part I: Causes

Describes the conditions that are necessary for a well to kick and tells how a kick can be detected. 1983, 21 minutes, 119 slides, workbook.

Video transfer: cat. no. 51.1046	$110
DVD: cat. no. 65.1046	$110

Part II: Prevention

Learning the driller's method is considered by many to be essential in preparing crews to control a kick properly. This presentation covers in detail the driller's method of killing a well by carefully explaining and demonstrating each part of it. 1983, 25 minutes, 131 slides, workbook.

Video transfer: cat. no. 51.1047	$110
DVD: cat. no. 65.1047	$110

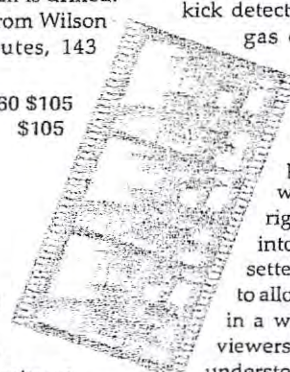
Part III: Equipment

Describes kick detection and BOP equipment found on land and offshore floating rigs and tells how such equipment is used in well control. 1985, 30 minutes, 177 slides, workbook, nonillustrated script.

Video transfer: cat. no. 51.1048	$165
DVD: cat. no. 65.1048	$165

Introduction to Well Control

Based on the introductory level of IADC's WellCAP accreditation program!



This video presentation introduces roughnecks and other personnel to the basics of well control. Based on the introductory level of IADC's WellCAP accreditation program, the video covers drilling fluid basics, pressure fundamentals, causes of kicks, kick detection, well-control procedures, gas characteristics, well-control methods, and equipment. It assists personnel in learning well-control fundamentals and helps prepare them for performing their duties during well-control situations on the rig. The presentation is divided into four parts (on one videocassette) and includes stopping points to allow viewers to answer questions in a workbook. The questions help viewers determine whether they have understood the main points of the instruction. 2003, 75 minutes, workbook.

Video: cat. no. 40.6080	$305
DVD: cat. no. 65.6080	$305

GENERAL

Handling and Running Buoyant Riser

Covers the procedures yard, boat, and rig crews should follow to properly install, inspect, handle, transport, and run buoyant riser modules attached to riser joints. Intended for all personnel involved in handling and running buoyant riser. Produced in cooperation with Transocean. 2000, 27 minutes.

Video: cat. No. 40.6020	$200
DVD: cat. no. 65.6020	$200

Environmental Problems and Solutions: Mobile Bay, Alabama

Looks at the surroundings of an offshore facility in an environmentally sensitive location and addresses some of the concerns of the communities and conservationists in that area. Covers not only specific concerns unique to that site, such as zero discharge regulations and waste disposal, but general concerns that could be applied to any offshore facility. 1992, 21:30 minutes, nonillustrated script.

Video: cat. no. 40.2100	$105
DVD: cat. no. 65.2100	$105

Moving Your Rig

This video not only explains the procedures and steps required to move an offshore mobile drilling unit, but also stresses the need for planning and paying attention to details. It covers moving a semisubmersible, using the permanent chain-chaser (PCC) method of anchoring; moving a jackup; moving a swamp barge; and moving a drilling tender. It also covers the procedures for a dry tow. Safety is emphasized throughout the program. Produced in cooperation with Transocean, 2001, 36 minutes.

Video: cat. no. 40.6050	$200
DVD: cat. no. 65.6050	$200

Oil and Gas Operations Offshore: An Introduction

Tells the vital story of offshore exploration, drilling, production, and transportation. Produced in cooperation with the API Audiovisual Committee and part of the PETEX-API Audiovisual Repository. 1993, 20 minutes.

Video: cat. no. 40.3301	$155
DVD: cat. no. 65.3301	$155

EXHIBIT 7

CERTIFIED MAIL RECEIPT

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.32

Postmark Here

11-18-08

Sent To Mountain Pacific General

Street, Apt. No.; or PO Box No. P.O. Box 160

City, State, ZIP+4 Whitefish Billings, MT 59937

NT OF NATURAL RESOURCES
ND CONSERVATION
F OIL AND GAS CONSERVATION

NOR

OIL AND GAS CONSERVATION DIVISION

OF MONTANA

NOTICE NO. 1 05/14/08 E-Mailed
NOTICE NO. 2 11/18/08 CERTIFIED

Whitefish, MT 59937
Attention: Mr. Jeff Lyon

RE: Idle wells that need to be plugged and abandoned

Dear Mr. Lyon,

The following wells need to be plugged and abandoned.

1. KeeSun drilled the Wiegand 4-8, NW NW Section 8 T35N R1E, Toole County, Montana as a dryhole. Your Fossom No. 10-8, NW SE Section 10 T35N R1E Toole County, Montana, API 25-101-21912 has an "Intent to Abandoned" as a requirement to drill the Wiegand 4-8.

2. The mineral lease under the Copenhauver #1, S/2 NW NE Section 32 T27N R2E, Pondera County, API 25-073-21195 is no longer valid. You are responsible to plug this well. Please provide, by December 20, 2008, a plug and abandonment plan for this well.

If you have any questions, I can be reached at the Billings office at 406-656-0040.

Respectfully

Steven Sasaki

Steven Sasaki
Chief Field Inspector

cc Klotz, Shelby

Sasaki, Steve

From: lyon [lyon@montana.com]
Sent: Wednesday, March 26, 2008 10:06 PM
To: Sasaki, Steve
Subject: RE: Idle Wells

Hi, I got your message and I will give you a call.

Jeff Lyon
lyon@montana.com
P.O. Box 160
Whitefish, MT 59937
406-862-2050

From: Sasaki, Steve [mailto:ssasaki@mt.gov]
Sent: Wednesday, March 26, 2008 9:29 AM
To: 'lyon@montana.com'
Subject: Idle Wells

Jeff,

Give me a call, Steve at 406-656-0040. You need to plug the Fossum 10-8 and the Copenhaver #1.

Steve

Sasaki, Steve

From: lyon [lyon@montana.com]

Sent: Thursday, May 15, 2008 7:34 AM

To: Sasaki, Steve

Subject: RE: TA wells, Wells that need to be plugged.

Hi Steve,

I got your email about the wells to plug. I will get to work on it. There is one of the Bishop wells that is being produced as farm gas to the Bishop farm, I will find out which one that is and let you know and I will get going on the rest of them. I will be gone part of next week and back in the office on the 30th and give you an update right after that.

I hope everything is going well.

Jeff Lyon
lyon@montana.com
P.O. Box 160
Whitefish, MT 59937
406-862-2050

From: Sasaki, Steve [mailto:ssasaki@mt.gov]
Sent: Wednesday, May 14, 2008 2:42 PM
To: 'lyon@montana.com'
Subject: TA wells, Wells that need to be plugged.

Jeff,

1. KeeSun drilled the Wiegand 4-8, NW NW Section 8 T35N R1E, Toole County, Montana as a dryhole. Your Fossom No. 10-8, NW SE Section 10 T35N R1E Toole County, Montana, API 25-101-21912 has an "Intent to Abandoned". When are you going to proceed to plug your well? You have until June 30, 2008 to have this well plugged.

2. The mineral lease under the Copenhauver #1, S/2 NW NE Section 32 T27N R2E, Pondera County, API 25-073-21195 is dead. You are responsible to plug this well. Please provide within 30 days, by June 15, 2008, a plug and abandonment plan for this well.

3. There are 5 TA wells that have not produced in ten years that you should plug and abandon:

Tomayer 43-29, NE SE Section 29 T35N R2E, API 25-101-21503
Bishop 16-27, NW SE SE Section 27 T27N R2E, API 25-073-21367
Johnson 14-21, N/2 SE SW Section 21 T27N R2E, API 25-073-21527
Bishop 5-26, NE SW NW Section 26 T27N R2E, API 25-073-21528
Bishop 5-34, C SE NW Section 34 T27N R2E, API 25-073-21389

Please provide an "Intent to Abandon" sundry for each of these wells within 30 days, June 15, 2008.

If you have any questions, I can be reached at the Billings office at 406-656-0040.

Steve

Draft

MONTANA BOARD OF OIL AND GAS CONSERVATION

POLICY: COMPLIANCE WITH BOARD ORDERS ON PRODUCTION AND INJECTION REPORTING

The Montana Board of Oil and Gas Conservation (BOGC) collects production and injection information from oil and gas producers and injection well operators. Such information, in the form specified by the BOGC, is to be supplied by the operator to the BOGC on a regular basis pursuant to BOGC administrative rules 36.22.1242 and 36.22.1415.

If the reports are more than 4 months delinquent an immediate administrative penalty of $10.00 per delinquent lease-month and $10.00 per delinquent injection well-month will be assessed. A notice of the assessment will be served by mail on the operator, and the operator will be given 30 days from the date of the penalty assessment to comply with the administrative rules of the BOGC.

If at the end of the above 30 day period, the operator still remains delinquent, the penalty will double, and the matter will be placed on the next Board docket as a show cause hearing. A notice of the hearing will be sent to the operator. At the specified time the operator must appear and show cause as to why the operator has not complied with the BOGC administrative rules.

<u>If compliance issues beyond delinquent reporting are discovered the automatic scheduling of a show cause hearing may be waived by the staff and the matter discussed with the Board at its next meeting</u>.

If, prior to any show cause hearing, the staff of the BOGC has received the required reports, and the operator has paid the penalties owed, the show cause hearing will be vacated and the operator so notified.

If a show cause hearing is convened and the operator does not appear, the BOGC will impose an additional penalty as authorized under §82-11-147 (1) (b) and reschedule the show cause hearing on the next BOGC docket.

If the 2nd show cause hearing is convened and the operator does not appear, the existing penalty will be doubled, and the BOGC will order all affected operator wells shut-in.

The wells will remain shut-in until the operator is in compliance with reporting requirements and all penalties are paid.

This policy is adopted by the BOGC pursuant to the authority given to the BOGC in §82-11-147 (1) (b); §82-11-149; and as prescribed in <u>Hawley v. BOGC</u>, 2000 MT 2, 297 Mont. 467, 993 P.2s 677 (2000).