

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
MINUTES OF THE
BOARD OF OIL AND GAS CONSERVATION MEETING AND PUBLIC HEARING
January 28, 2009

BUSINESS MEETING

CALL TO ORDER

The regular business meeting of the Montana Board of Oil and Gas Conservation was called to order by Chairman Linda Nelson at 2:00 p.m., Wednesday, January 28, 2009, in the conference room of the Billings Petroleum Club in the Crowne Plaza in Billings, Montana. Board members present were Linda Nelson, Wayne Smith, Don Bradshaw, Joan Duffield, Ron Efta, Jack King and Bret Smelser. Staff present were Tom Richmond, Jim Halvorson, Terri Perrigo, George Hudak, Steve Sasaki, Gary Klotz and attorney Chris Buslee.

APPROVAL OF MINUTES

It was the consensus of the Board that the minutes of the December 10, 2008 business meeting stand as submitted.

PUBLIC COMMENT

There was no public comment.

BOND REPORT

Mr. Halvorson distributed the Bond Report, attached as Exhibit 1. There have been some delays in getting the forfeited B.C. Jam surety bond released, but the CD funds have already been received.

The new bond for Roland Oil and Gas of Cut Bank is for the former Humes Oil Co. (Humes) wells. The Board originally ordered the Humes bond forfeited. That forfeiture order was rescinded after the son and his attorney contacted the Board saying the son was working in Saudi Arabia and that the matter would be taken care of immediately upon his return.

Phoenix Exploration Group, Inc. (Phoenix) has submitted a change of operator to take over two Athena Energy (Athena) wells. It has not been approved. Athena is scheduled for a show-cause hearing tomorrow. Mr. Halvorson believes Phoenix is taking over for Athena.

FINANCIAL REPORT AND SCHEDULE FOR 2009

Ms. Perrigo distributed the financial report, attached as Exhibit 2.

DEFAULT DOCKET

Mr. Halvorson handed out the docket summary, attached as Exhibit 3. Continental Resources, Inc. will do an overview presentation on Dockets 3-2009 through 11-2009 which are on the Default Docket.

Default Docket Policy Discussion.

Mr. Halvorson thinks there are going to be fewer applications for public hearing in the future and the Board may want to re-think the Default Docket (DD) mechanism. The DD was implemented when

80-100 applications were submitted for each public hearing. Now that there are fewer applications, he asked if the Board wants to continue with the DD as it is; or should there be some threshold established, whereby if fewer applications than the threshold were received for a hearing the DD would not be used and all applications would be presented and heard. Mr. Smelser would like to see threshold of 25-30 applications. Mr. Bradshaw does not think there will be that many applications in the future either because oil companies are cutting back on their funding for the Bakken play and natural gas exploration and development in Blaine and Hill counties.

Mr. Halvorson likes the idea of a threshold because with fewer applications, if all of them requested and were put on DD there could be no need for a hearing. But if the DD is truly intended as a time saving device for the Board, there may be desire to suspend hearings if this situation would arise. Chairman Nelson said the Board does not want busy-work, but could use the education gained by hearing all the applications. Mr. King asked when the number of applications received would be determined. Mr. Halvorson said it would be determined by the number of applications received on filing deadline. Staff would have to notify the public (through a mailing to everyone on the Board's mailing list) prior to implementing any change to the DD policy. Mr. Smelser asked if the Board has to meet over a two-day period and would it be possible to have the business meeting and public hearing on the same day. Mr. Richmond said the Board used to do it that way, and that could also be an option now. Mr. Halvorson asked Board members what would be the upper limit of applications they would like to hear in one day. Mr. Efta said 25-30 would be a relatively short day. Mr. Efta also said he likes the idea of an overview presentation for DD applications like Continental is doing tomorrow. With DD with automatic continuance, if a protest or request to hear the application is received, it will be continued to the next public hearing and heard then.

DECISION: It was the consensus of the Board to set the threshold at 25 applications and to have staff send the new policy out next week to everyone on the mailing list.

Chairman Nelson referred to the Fidelity Exploration & Production Company (Fidelity) situation where they had a DD application with auto continuance, someone protested, it was continued to the next hearing and then the protestant did not show up. Chairman Nelson said she and Mr. Halvorson are working with Mr. Peterson on some proposals on how to deal with similar situations.

Mr. King wondered if the Board could fine someone who protests a DD application, the application gets continued and then they do not show up and do not withdraw their protest. Chairman Nelson suggested making them pay the costs of the applicant's trip to the hearing. Mr. Buslee thinks to fine them would be beyond the Board's authority, but if a protestor did not show and did not let anyone know, then the Board could assess the cost against the protesting party. He asked why the Board does not expect a protest until the day of the hearing. Mr. Halvorson said there is no requirement that protests have to be pre-filed. People can just show up. Mr. Buslee said if a protest can be made up to the day of the hearing, the Board could have the protestor submit a written document. If they do not file the document their protest cannot occur. Mr. Halvorson said Wyoming is going to try to make it so protestants have to file notice of protest at least 12 days ahead of the hearing. Mr. Efta said he likes the idea that people do not have to file a written protest and can just show up at the hearing. But in regard to cost, if they do not come for second time after they came to protest the first time he thinks there should be some costs of the other party paid.

Mr. Halvorson said the issue is automatic continuance. Fidelity filed an application and requested DD with automatic continuance. Fidelity did not show up at the first hearing because they expected to be on the DD. They also knew if a protest or request for hearing was received their application would be continued to the next hearing. Putting their application on the DD was for the Board's convenience, so it could deal with hundreds of dockets. Staff determines which applications are eligible and appropriate for the DD. The intent of the DD was never to not let people show up. Then the Board got in a jam when people showed up on the day of the hearing to hear an application and it was on DD. The foundation behind the entire DD is that the Board is trying to save the Board's time---not making things easy or more convenient for applicants. Chairman Nelson feels requiring protestants to file ahead of time may work with companies that are represented by attorneys, but for the regular folks who just read about it in the paper and want to

show up it probably would not. Mr. Efta said that is his concern. He feels people deserve to be able to show up on the day of the hearing and protest.

Mr. King said the way we do things is very different than Wyoming and North Dakota. We allow people to show up. We hear everything – even with the DD – and if applicants do not show up to make it clear what they are asking for they may not get it. If something comes up during a presentation someone from the audience has the opportunity to ask questions. No one will know a week ahead of time whether or not, based on the testimony they are going to hear, they are going to protest an application. Mr. King likes that this Board allows people to come before it on the day of the hearing and testify or ask questions or protest. Mr. Efta said a lot of people have to see geology and/or engineering information to make their decision and they cannot see that until the hearing. Mr. Halvorson said we get a lot of rules of discovery requests but they mostly come from the attorneys, they do not come from private citizens. He said we have to look at everything about the DD and see how it fits in under the philosophy that the DD is for the Board. Chairman Nelson asked if the Board wanted to continue working with Mr. Peterson on a policy.

DECISION: Mr. Halvorson will work with the Chairman and Mr. Peterson to develop some policy language for review.

Attorney Dick Beatty said this Board is famous for its informality. People can just show up. They get a chance to speak and can ask questions. He thinks the Board should continue that policy because it has served the Board well. As far as DD, maybe leave it up to the staff to look at the applications and decide which ones go on DD, and make it so the applicant does not even request it. They just show up on the day of the hearing ready to go to trial. Mr. Halvorson said currently he decides which ones should go on default, but applicants request it first. If an application is eligible to be on DD, Mr. Halvorson notifies the applicant and they need to send in their exhibits 10 days prior to the hearing for staff review. He said one of the reasons that DD information is put in the public notice is to try and prevent surface, mineral and other interest owners from just showing up and not having the application heard because it is on DD. Hopefully they will question what the notice means and call first. Mr. Halvorson said although the DD was implemented to save the Board time it has become a huge administrative task.

STAFF REPORTS

Flare/Vent Request – Devon Energy

Mr. Sasaki handed out Exhibit 4, a request from Mr. James Allbee of Devon Energy to extend the 60-day limit on testing the Cremer 2-24 well to March 31, 2009, and to allow the venting of gas to the atmosphere. This is the wildcat well north of Big Timber. A.R.M. 36.22.1215 allows 60 days to test each zone. After that the well is said to be on production. The weather in December created a problem with the frac job and that is why Devon is requesting an extension. Mr. Richmond said the problem is that there is an exception routine available for an oil well if someone wants to flare/vent more than 100 mcf/day of associated gas per day. The operator sends a letter asking for the extension, Mr. Richmond brings it to the business meeting and the Board either approves it, denies it or requests them to come in for a hearing. But this is a gas well and there is nothing in Board rules to allow an extension past 60 days, consequently there is nothing that gives Mr. Richmond authority to grant the request. Mr. Bradshaw feels since Devon was not able to use the entire 60 days allowed in 36.22.1215 because of cold weather this request is for an extension on FLOW days.

Mr. King said a lot of people would like to know what is going on with this well. No information has been put forth. The Board needs that information to make a decision. He wonders if it is intentional that Devon sent a letter instead of showing up and does not give much information.

Mr. Sasaki said Mr. Allbee said if the Board could grant a temporary extension until next hearing they would have enough information by then to know if they want to ask for a longer extension. This being their first well they have no data. Mr. King said the Board should not shut them down before they get their frac fluid back. He asked Mr. Sasaki for an estimate of the number of days reasonably necessary for them

to complete. Mr. Sasaki said 30 days beyond the initial 60 days should be sufficient. Mr. Smith said Devon still has over half the CO₂ in the well at less pressure. They need to get the fluid out of there. It is a critical part of doing the well. Mr. King would like to try and accommodate what they are doing, but he is a bit perplexed because this is a big deal and they just send in a letter without anyone here. Mr. Richmond said the Board could give them until March 5, which is the filing deadline for the April 2 public hearing; and if Devon still wants to vent gas past that date they can apply for the April hearing. But they could also be given approval to vent until the April hearing. They would be able to flare at whatever rate of gas they make.

MOTION: Mr. Smelser made a motion, seconded by Mr. Efta and unanimously passed, to allow Devon to continue venting as much gas as they make at the Cremer 2-24 well until the Board's April 2, 2009 public hearing. If Devon wants to continue to vent gas past that date they must make application for the April 2 public hearing by March 5, 2009.

Blowout Prevention (BOP) and Well Control Training

Mr. Sasaki has done some research into this, which was brought about by Mr. Smith's concerns at the last business meeting and the letter he sent out to all Board members. Mr. Sasaki distributed Exhibit 5, a summary of BOP rules in place in Montana and surrounding states. He also handed out Exhibit 6, a summary of what he found out about well control schools in Montana. Well controls vary a lot by states with Wyoming being the most technical, Montana being in the middle and North Dakota/South Dakota being more lenient. It appears to Mr. Sasaki that the Board's current rules are adequate. Montana Tech gives well control training, and for every paying customer a student gets to attend free. Devon and NRF Bear Paw do training in Havre but could only take three of our inspectors. The other option is to do DVD video training, which can be done through Petex at the University of Texas. They will not get certified but the DVD training instructs on what to do regarding well control equipment. Wyoming and North Dakota do not require their inspectors to be certified in well control. North Dakota uses Petex DVD's and video training.

Mr. Smith said his talks with consultants in industry is where this concern developed. To him it appears the Board has rules about BOP but inspectors are not trained in BOP so how could they understand how the system works and operates. Field inspectors are not there to tell operators how to run their well, but if field inspectors are going out looking at BOP they need to know what they are looking at. If they go to school and learn all the equipment then at least they know what they are looking at out there. Mr. Smith is still concerned about Board liability.

Mr. Sasaki said the training videos do not give certification but if training is done over the internet they will issue you a certificate. He asked if the Board want inspectors to have actual certification or just training. Mr. Smith is a supporter of professionalism. Companies do not want engineers who are not qualified. They do not send mud loggers out unless they know what to do. The Board needs to have certified inspectors. Mr. Smelser asked if Mr. Smith wants the inspectors to go to training and does he want them to be certified. Mr. Smith said yes and he would like them to have the opportunity to be IADC certified. But he does not want inspectors to lose their job(s) if they do not pass. Mr. Efta asked if BOP have to be tested every so often. Mr. Sasaki said the BOP rule for the Williston Basin is that they must be tested monthly.

Mr. Sasaki said that Wyoming is trying to standardize BOP for smaller drilling rigs like CBM because they are starting to see all sorts of configurations and setups. Montana is seeing the same thing. Chairman Nelson said she wants the inspectors to go to training and become more knowledgeable. But if they do not get certified they do not lose their job. Whether they do it online vs. going to Butte or Havre, bottom line should be that our field inspectors are trained properly.

Mr. Richmond suggested we start out by purchasing the DVD's and sending those around to the inspectors and see what they think...do they need more than that, is it adequate, etc. Get the Petek DVD's on BOP controls and Causes and Prevention parts 1-3. Then after they have all done the DVD's get their feedback on whether they need more or not. Ms. Duffield said she does not think watching a DVD will give them

the full effect. Mr. Richmond said the DVD's would be the initial step and then the inspectors would self assess whether they need more.

MOTION: Mr. Smith made a motion, seconded by Mr. Bradshaw and passed, to send the more senior field inspection staff to well control school the first year in Butte; and get the DVD's recommended by Mr. Richmond for the other field staff to review the first year. Then send the other field inspectors to school in Butte the next year. Mr. Smelser opposed to the motion. He thought we should do the videos first and get feedback.

Mountain Pacific General – Jeff Lyon

Mr. Sasaki distributed Exhibit 7, a copy of correspondence to Jeff Lyon of Mountain Pacific General regarding the need to properly abandon the Fossom #10-8 well in Toole County and to provide a plugging plan for the Copenhauer #1 well in Pondera County by December 20, 2008. He has received no response and Mr. Lyon has ignored all efforts Mr. Sasaki has made to remedy the situation. Mountain Pacific General has a \$50,000 multi-well bond with 81 wells tied to it. Mr. Efta asked what it would cost to plug those wells. Steve said around \$10,000 each for the Fossom and Copenhauer wells, but Mountain Pacific has a lot of wells that have been shut-in for 10 years or more. Mr. Efta asked if they have production. Steve said only about 20 or 30 – mostly gas wells -- on the High Line and in Stillwater County.

MOTION: Mr. Smith made a motion, seconded by Mr. Smelser and unanimously passed, to schedule a show-cause hearing for Mountain Pacific General for the Board's April 2, 2009 hearing for failure to abandon the Fossom #10-8 well and for failure to provide a plugging plan for the Copenhauer #1 well.

EPA Review

Mr. Hudak said EPA did a phone review of the UIC program yesterday. He also said Enerplus started injecting CO2 into the first Bakken CO2 injection well last Monday. They plan to go 30 days, shut in the well for 30 more days, then start producing again to see what they get.

Policy: Compliance with Board Orders on Production and Injection Reporting

Mr. Halvorson distributed Exhibit 8, a draft policy on compliance with orders on production and injection reporting. Mr. Peterson wrote the policy, and it is being distributed today for review. He would like the Board to look it over and it will be discussed at the April business meeting. The entire policy after the second paragraph on Exhibit 8 is new. The first two paragraphs are what we currently do. Mr. Halvorson said we do not warn operators anymore about fines. He thinks the \$10 per month per delinquent lease fine is sufficient and working. There are no more outstanding production reports. Mr. Halvorson recommends nothing changes right now except review and discuss the policy. The goal is not to be having to assess or collect fines in the future.

Legislature

Mr. Richmond reported on the division budget hearing a couple weeks ago. The subcommittee took the funding for three of the Board's vacant positions (the environmental coordinator, the never-filled field inspector, and the vacant administrative assistant position in Helena). Mr. Richmond thinks the Environmental Coordinator funding will be put back in.

The supplemental building funding is not included in HB 2. There is currently an appropriation for \$750,000 for the remodel. It is not possible to do the hearing room and storage remodel for that. So the plan now is to increase storage and remodel the front office, put a new roof on the building, remodel the existing bathrooms for ADA, and possibly build another bathroom for the future hearing room.

The Board's two bills, SB 76 – unit requirement; and SB 136 – spacing, were heard last Friday and came out of committee passed unanimously.

Mr. Richmond is watching a couple other bills. LC 207 requires a minimum plugging and restoration bond for oil and gas wells, it sets bond amounts in statute and eliminates blanket bonds. It eliminates the Board's ability to set bond amounts. It was requested on behalf of Northern Plains Resource Council. Mr. Richmond does not know if he will oppose it or just testify as an expert witness. If the Board has to do one-well bonds it will require additional FTE (2 hrs per bond, 975 per year). Chairman Nelson suggested Mr. Richmond testify as an expert witness and give those facts. There is a bill to reorganize the Board, but it has not been drafted yet. The carbon sequestration bill (SB 66) was killed in Senate Natural Resources. The Governor said maybe the Board could be given authority to handle carbon sequestration, but they will still have to work out who gets royalties – surface or minerals owners, and how “pore space” is defined.

Mr. Smith said the frac-ing bill is a better product now that they changed the paragraph on diesel fuels. Mr. Richmond got permission to send a letter about it to the editor in two papers, the Sidney Herald and the Billings Gazette.

OTHER BUSINESS.

Mr. Bradshaw asked if the Energy Council dues were somewhere in the Governor's budget. Mr. Richmond has not seen them anywhere. The Board voted a year or so ago to join and the Governor said he would take it to this Legislature. It costs \$32,000 per year and the funds would be used to send legislators to national energy council meetings. Mr. Efta asked if there are oil industry people in the legislature. Mr. Richmond said Roy Brown would be the main one with Jerry Black and Kelly Gebhardt being “sort-of's”

Mr. King asked if there is anything else the Board can or should be doing to get the building supplemental back in the bill. Mr. Richmond is trying to figure out some way of letting the Long Range Building Committee members know. If Board members know anyone on the committee, they could talk to them. Mr. King and Chairman Nelson will have some lobbyists contact the Long Range Building Committee members.

Mr. King said he had checked on having the board's October hearing at MSU. He talked to the president's office and they were very excited about the possibility. But on the October hearing dates they are full at the campus except for the football stadium. Mr. King did not think that would be a good place to hold Board meetings so he did not make further arrangements.

Mr. Richmond said the Board filed a response to the wildlife lawsuit brought against Fidelity in the Cedar Creek Field. The oil and gas industry is considering being an intervener and so are the coal counties. Mr. Smelser said he missed the last business meeting because the Governor's Office staff was in Sidney to discuss a refinery in Montana.

With no further business the business meeting adjourned at 4:20 pm.

PUBLIC HEARING

The Board reconvened at 8:00 a.m. Thursday January 29, 2009 in the conference room of the Billings Petroleum Club in the Crowne Plaza in Billings, Montana. to hear the matters docketed for public hearing. As a result of the discussion, testimony and technical data placed before the Board, the following action was taken in each matter.

Docket No. 1-2009 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Encore Energy Partners Operating, LLC was approved as set forth in Board Order 1-2009.

Docket No. 2-2009 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Cline Production Company was approved as set forth in Board Order 2-2009.

Docket No. 3-2009 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 3-2009.

Docket No. 4-2009 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 4-2009.

Docket No. 5-2009 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 5-2009.

Docket No. 6-2009 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 6-2009.

Docket No. 7-2009 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 7-2009.

Docket No. 8-2009 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 8-2009.

Docket No. 9-2009 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 9-2009.

Docket No. 10-2009 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 10-2009.

Docket No. 11-2009 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 11-2009.

Docket No. 12-2009 and 14-2009 FED – The application of Montana Land Exploration, Inc. involves land under the jurisdiction of the BLM. The order will be issued by the BLM.

Docket No. 13-2009 and 15-2009 FED – The application of Montana Land Exploration, Inc. involves land under the jurisdiction of the BLM. The order will be issued by the BLM.

Docket No. 14-2009 and 16-2009 FED – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Montana Land Exploration, Inc. as set forth in Board Order 12-2009.

Docket No. 15-2009 and 17-2009 FED – The application of Montana Land Exploration, Inc. was continued to the April 2009 hearing.

Docket No. 16-2009 and 18-2009 FED – The application of Montana Land Exploration, Inc. was continued to the April 2009 hearing.

Docket No. 17-2009 and 19-2009 FED – The application of Montana Land Exploration, Inc. involves land under the jurisdiction of the BLM. The order will be issued by the BLM.

Docket No. 18-2009 – The application of NFR Energy LLC was continued to the April 2009 hearing.

Docket No. 19-2009 – A motion was made by Mr. Efta, seconded by Mr. Smelser and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 13-2009.

Docket No. 20-2009 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 14-2009.

Docket No. 326-2008 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 15-2009.

Docket No. 350-2008 – The application of Devon Energy Production Company, L.P. was continued to the April 2009 hearing.

Docket No. 359-2008 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of XTO Energy Inc. was approved as set forth in Board Order 16-2009.

Docket No. 360-2008 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of XTO Energy Inc. was approved as set forth in Board Order 17-2009.

Docket No. 361-2008 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of XTO Energy Inc. was approved as set forth in Board Order 18-2009.

Docket No. 362-2008 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of XTO Energy Inc. was approved as set forth in Board Order 19-2009.

Docket No. 363-2008 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of XTO Energy Inc. was approved as set forth in Board Order 20-2009.

Docket No. 364-2008 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of XTO Energy Inc. was approved as set forth in Board Order 21-2009.

Docket No. 390-2009 – The application of Burlington Resources Oil & Gas Company LP was continued to the April 2009 hearing.

Docket No. 391-2008 – The application of Burlington Resources Oil & Gas Company LP was continued to the April 2009 hearing.

Docket No. 392-2008 – The application of Burlington Resources Oil & Gas Company LP was continued to the April 2009 hearing.

Docket No. 393-2008 – The application of Burlington Resources Oil & Gas Company LP was continued to the April 2009 hearing.

Docket No. 394-2008 – The application of Burlington Resources Oil & Gas Company LP was continued to the April 2009 hearing.

Docket No. 395-2008 – The application of Burlington Resources Oil & Gas Company LP was continued to the April 2009 hearing.

Docket No. 396-2008 – The application of Burlington Resources Oil & Gas Company LP was continued to the April 2009 hearing.

Docket No. 397-2008 – The application of Burlington Resources Oil & Gas Company LP was continued to the April 2009 hearing.

Docket No. 398-2008 – The application of Burlington Resources Oil & Gas Company LP was continued to the April 2009 hearing.

Docket No. 411-2008 – The application of Chaparral Energy, L.L.C. was withdrawn.

Docket No. 412-2008 – The application of Chaparral Energy, L.L.C. was withdrawn.

Docket No. 416-2008 – The application of Pinnacle Gas Resources, Inc. was withdrawn.

Docket No. 417-2008 – The application of Pinnacle Gas Resources, Inc. was withdrawn.

Docket No. 418-2008 – The application of Pinnacle Gas Resources, Inc. was withdrawn.

Docket No. 419-2008 – The application of Pinnacle Gas Resources, Inc. was withdrawn.

Docket No. 420-2008 – The application of Pinnacle Gas Resources, Inc. was withdrawn.

Docket No. 421-2008 – The application of Pinnacle Gas Resources, Inc. was withdrawn.

Docket No. 425-2008 – The application of Crusade Energy Group, LLC was continued to the April 2009 hearing.

Docket No. 426-2008 – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 22-2009.

Docket No. 427-2008 – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 23-2009.

Docket No. 428-2008 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 24-2009.

Docket No. 429-2008 – Board staff placed this application on the Default Docket for approval without hearing if no protests were received by 11:30 a.m. on the day of the hearing. No protests were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 25-2009.

Docket No. 437-2008 – The application of Chesapeake Operating, Inc. was continued to the April 2009 hearing.

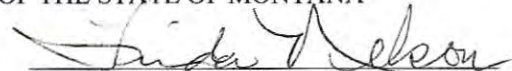
Docket No. 21-2009 – A motion was made by Mr. Smelser, seconded by Ms. Duffield and unanimously passed and set forth in Board Order 26-2009 that: a) Athena Energy LLC/Red Maple Energy, Inc. be fined \$10 per month per delinquent lease for production reports that have not been submitted since April 2008; b) Athena Energy LLC/Red Maple Energy, Inc. submit a plan of action for its wells to the Board no later than 30 days after today's hearing (February 28, 2009); and c) that this show-cause hearing is continued to the Board's April 2, 2009 public hearing and Athena Energy LLC /Red Maple Energy Inc. must attend.

Docket No. 22-2009 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed and set forth in Board Order 27-2009 that: a) TOI Operating shall submit a revised plugging plan for its wells to the Board no later than 30 days after today's hearing (February 28, 2009), with due consideration given to Vice-Chairman Smith's comments about not extending this past 2009; b) staff and Board members will review the revised plugging plan and advise TOI of the adequacy of the plan. If the revised plugging plan is determined to be adequate, this show-cause action will be dismissed. If the revised plugging plan is determined to be inadequate, this show-cause hearing is continued to the Board's April 2, 2009 public hearing; and c) the Par Investments, LLC/Blackhawk Resources LLC bond issue shall be resolved by the next hearing and that proper paperwork is timely submitted to the Board to transfer wells to the proper bond.

NEXT MEETING

The next business meeting of the Board will be Wednesday, April 1, 2009 at 2:00 p.m. in the Billings Petroleum Club in the Crowne Plaza Billings in Billings, Montana. The next regular public hearing will be Thursday, April 2, 2009, beginning at 8:00 a.m. in the conference room of the Billings Petroleum Club in the Crowne Plaza Billings, in Billings, Montana. The filing deadline for the April 2, 2009 public hearing is March 5, 2009.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA



Linda Nelson, Chairwoman
Wayne Smith, Vice-Chairman
Don Bradshaw
Joan Duffield
Ronald S. Efta
Jack King
Bret Smelser

ATTEST:



Terri H. Perrigo, Executive Secretary