

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
MINUTES OF THE
BOARD OF OIL AND GAS CONSERVATION MEETING AND PUBLIC HEARING
February 9 and 10, 2011

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 1:00 p.m., Wednesday, February 9, 2011, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana. Board members present were Chairman Nelson, Vice-Chairman Wayne Smith, Don Bradshaw, Ronald S. Efta, Jay Gunderson, Jack King and Bret Smelser. Staff present was Jim Halvorson, George Hudak, Terri Perrigo, Clyde Peterson, Tom Richmond, and Steve Sasaki.

APPROVAL OF MINUTES

A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the minutes of the December 1, 2010 business meeting.

PUBLIC COMMENT

There was no public comment.

LEGISLATIVE AUDITOR REPORT

Lisa Blandford and Jason Mohr of the Legislative Auditor's office were present to discuss the performance audit of Oil & Gas Division. A performance audit measures a program's compliance with statute, rules and policies. They distributed Exhibit 1, which outlines the project. They expect their report with recommendations will be ready later this spring. They will also do a follow-up in one year.

BOND REPORT AND DEFAULT DOCKET

Mr. Halvorson presented the bond report attached as Exhibit 2. Denbury Onshore, LLC posted a \$ 1.92 million UIC blanket bond and a \$ 660,000 multi-well bond. A Change of Operator is currently being processed for Encore to Denbury. Central Montana Resources, LLC had some bonds released because they were individual well bonds for wells they no longer intend to drill.

Mr. Halvorson needs the Board's assistance in determining which applications will be on the Default Docket tomorrow. There are applications for 660, 600 and 500 foot setbacks. The majority of the applications are for the first well in the spacing unit. He said the question for the Board is how to deal with the setback on the first well in the spacing unit.

DISCUSSION REGARDING SPACING AND SETBACKS

Mr. Richmond distributed Exhibit 3, a proposed permitting and Default Docket policy for long horizontal wells.

North Dakota also has a permitting policy that requires the first well to be drilled in the center of the spacing unit. What complicates adopting Mr. Richmond's proposed policy for Montana is that the Board has already approved a large number of spacing units with 660-foot setbacks. They could have wells already drilled and/or locations already selected. We do not want people to have to wait to drill or to try to un-drill a well, so the Board has to decide how it wants to deal with existing wells and spacing units.

Mr. Bradshaw asked if North Dakota has the same problem. The setbacks in North Dakota have always been 500 feet, so Mr. Richmond does not think they have many spacing units with any other setback. Since it has always been 660 feet in Montana, the proposed policy would be a change since infill wells will now have 500-foot setbacks. It does have an effect on offset wells. The Board will have to decide how it wants to deal with that so no one's correlative rights are violated.

Mr. Richmond said in a new area like Roosevelt County it is more of a clean slate since there is not a lot of existing development. Now is the time to establish a permitting policy - before a lot of inequity is created with wells drilled with 660-foot setbacks being offset by wells with 500-foot setbacks. Mr. Halvorson said any policy adopted would have to be flexible because there may be times when the Board would have to require a new well be drilled with 660-foot setbacks instead, because there is a well on the other side with 660-foot setbacks. Mr. Richmond suggested the proposed policy be applied to the Bakken play in Richland, Roosevelt and Sheridan counties. Rulemaking will not be necessary because it does not affect the entire state. Operators can still drill wells on statewide spacing. Mr. Richmond thinks it is a good policy to require that the first well be down the center of the spacing unit.

Mr. Efta is still concerned about people who are not being drained being able to share with those that are when the initial well is drilled down one side or the other of a 1280-acre spacing unit. Mr. Richmond said the purpose of the proposed policy is to space the first well down the center. Ultimately you could end up with three wells in the spacing unit: one down the center and one down each side. Mr. Efta said those leases on the "side" could be held for a long time before they were drilled. He wondered if there is some way to give the companies a time limit to drill the second and third wells. He is surprised the Board has not gotten more complaints about this.

Mr. Richmond pointed out the proposed policy says nothing about 200 foot heel/toe setbacks. Mr. Richmond is concerned if 200-foot setbacks are allowed we will get to the edge of the field and have wells only 200 feet from the line and you will probably have drainage across the line. The purpose of the proposed policy is to try and force a better pattern to accommodate future development. All proposed 1280-acre spacing units will still have to be approved by the Board. If the applicant is willing to drill the well down the center their application can go on the Default Docket. But any applicant can still ask for what they want.

Mr. Halvorson has a concern about the Heath Formation. Should the policy apply to the Heath Formation also if the requested spacing is larger than that authorized by statewide. Mr. Richmond said the policy could be applied to all requested spacing units larger than what is authorized in the statewide rule. The initial well would be drilled down the center and the order would specify formations and counties.

Chairman Nelson has some of the same concerns Mr. Efta brought up regarding wells down the side. What leverage does the Board have to make companies drill those additional wells. Chairman Nelson said the complaints always seem to be about two-section spacing. Mr. Richmond said under the proposed policy, a fully developed spacing unit would have three wells. The policy does not solve the problem of one well holding a large amount of acreage, but it does not make the problem any worse. Mr. Richmond thinks the proposed policy is workable. It is more of a tool for staff to use to decide whether to put an application on the Default Docket.

Mr. Halvorson said even though we already have a problem with 660-foot setback units next to 500-foot setback units, if the Board creates more 660-foot setback temporary spacing units tomorrow it will just worsen the problem. He would like to ask operators prior to the hearing if they would be willing to move their locations to the center of the spacing unit. If they are willing, he will put them on the Default Docket.

Mr. Peterson said he would like to see the permitting policy written out better. Law tells what to do. Administrative rules say how you are going to get there. Policies are to give people an indication where you are headed. Because it is policy, it is subject to change if it does not work or needs some change.

Chairman Nelson asked if the proposed policy is for oversize units only. Mr. Richmond said yes, the policy just applies to oversize units.

Mr. King said in adopting such a policy, the Board is trying to give a heads-up for companies that may be applying for hearing. If your application for an oversize spacing unit does not propose drilling down the middle you will not be on Default Docket. It is a matter of fairness to let people know what to expect when they apply.

MOTION: Mr. King moved to accept the permitting policy for long horizontal wells (1280 spacing units) as presented by Mr. Richmond and summarized in Exhibit 3. Mr. Smelser seconded the motion and it passed unanimously.

FINANCIAL REPORT

Ms. Perrigo discussed the financial report attached as Exhibit 4. She said the Oil & Gas Division has spent \$3,995.00 on out of state travel this fiscal year through January 31, 2011. The out of state travel budget for FY 11 is \$7808, per the governor's directive which was to reduce FY 08 travel expenditures (12,012) by 35 percent (4204).

STAFF REPORTS

Mr. Sasaki reported field staff will be attending well control BOP training at the end of February.

Mr. Sasaki discussed Mountain Pacific General and handed out Exhibit 5, a summary of what has happened to date. The Fossum 10-8 well was supposed to be plugged by end of January. It is not plugged and Mr. Sasaki has not been able to contact Ms. Stewart. Mr. Sasaki said if weather is the excuse for not plugging the Fossum, he wants the Board to know that K2 America and the Board's contractor plugged wells in January.

MOTION: Mr. Smelser made a motion, seconded by Mr. Bradshaw and passed, to write a letter to Ms. Stewart of Mountain Pacific General and tell her she has 30 days from receipt of the letter to get the Fossum 10-8 well plugged. If not done within 30 days, a fine of \$50 per day will start on the 31st day and continue until the well is plugged. Mr. Smith opposed the motion. He thought 30 days was too long and thought Mountain Pacific General should only have two weeks from receipt of the letter to get the well plugged.

Mr. Sasaki handed out Exhibit 6, a packet of information regarding Xeric Oil & Gas. Xeric is in bankruptcy and the Board fenced one of their pits at the surface owners request due to livestock safety factors. Mr. Sasaki invoiced them for the fencing and will be filing proof of the claim with the bankruptcy court.

Mr. Halvorson said beginning in March there will be 8-10 people in the office for a number of months scanning all the well files and helping staff move them into the new file system. The scanning is being paid for by a company out of Houston that sells oil and gas data.

Mr. Peterson said District Court Judge Hagle is still mulling summary judgment in sage grouse case. There is no other litigation at this time. The human rights case was not appealed.

Mr. Peterson said he got one comment from Attorney Larry O'Toole regarding protest policy. Mr. O'Toole suggested the protestant be required to give applicant 48 hours notice prior to hearing of a protest. Chairman Nelson said the 48 hours notice would be difficult. Mr. Peterson thinks the present way of doing it is fine.

MOTION: Mr. Smelser made a motion, seconded by Mr. King and unanimously passed, to adopt the protest policy as presented by Mr. Peterson.

Mr. Peterson said Attorney Larry O'Toole also suggested Board needs a policy regarding competing applications. Mr. O'Toole suggests the applicant with most acreage under lease gets the permit. Mr. King says the Board does have a policy. Whoever gets the application in first gets the permit. He is totally baffled why the Board spent hours on the Continental/Burlington Northern issue. The consensus of the Board was to not take any action regarding Mr. O'Toole's suggestion regarding competing applications.

Mr. Richmond said SB 93, which would have changed the composition of the Board, was tabled in Senate Energy. Another bill, HB 383, would add a geomorphologist and geohydrologist to Board. Mr. Richmond suspects it too will be tabled in committee.

SB 86 by Hawks (public disclosure and landowner notification of hydraulic fracturing) was heard. It is still alive. Proponents were mostly people from Park County, Big Timber, EarthWorks, MEIC, Northern Plains etc. Opponents were the Montana Petroleum Association and several oil and gas lobbyists. Mr. Richmond reported to the committee that the Board supported disclosure with trade secret protection. There were amendments to the bill that taking notice requirement out and requiring the Board to post materials safety data sheets on its website, but that was tabled in committee. Mr. Richmond said the Board already has adequate authority to do rules and may want to do them. Hydraulic fracturing has gotten to be a national concern and it probably would be useful to address some of the concerns directly. Chairman Nelson said if the Board wants to keep the bill on the table it needs to take some action.

Mr. King said this is a big national issue with lots of media coverage. Six other states have adopted rules for fracking. EPA is talking about rules. If states adopt rules maybe it will keep EPA from imposing theirs on states. The Board had not taken any action because it wanted to let the Legislature look at it. It appears the issue has been tabled at this time. Mr. King wanted to know what the industry position was. He thinks industry is divided and there is no industry consensus about what rules should be. Mr. King thinks the Board should start the process of rulemaking. He thinks the Board needs to get started and let industry comment because they do not have a unified position. But, he warned, it will be very controversial and the Board needs to remember that. Chairman Nelson said Senator Hawks called her. She told him with the 20-day notice out of there he may have a chance. If this bill does not pass, he is going to go through the initiative process. She thinks if we are going to do it, Senator Hawks probably will not go through the initiative process. Northern Plains also contacted her and asked when the Board was going to get started on rulemaking.

Mr. Richmond explained what some other states have done: Colorado – chemical disclosure saying operator must keep inventory and make it available to medical personnel or the state on demand; Wyoming – requires disclosure up front with exception of trade secrets; North Dakota – not so much disclosure of fluid content as it is well construction and safety. New York – flat moratorium on fracking now; Pennsylvania – has rules requiring chemical disclosure and they have useful website. They list chemicals by contractor and what would generically go in frac fluid by each contractor. Tom would like to see something like this. Mr. Richmond said the first thing the Board needs to decide is how much is pre-disclosed and then after – what has been pumped. The difference between pre-disclosed and afterward is that things change. Plus he thinks people want to know what was in the mix when it went into the ground. Mr. Richmond has gotten a lot of discomfort from companies regarding pre-disclosures. He says the Board needs to know what is proposed and what the design is.... with the understanding it could all change. Mr.

Richmond likes the way Pennsylvania does it. Chairman Nelson likes the generic approach. Mr. Richmond does too. Mr. Bradshaw agrees.

MOTION: A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to do what it takes to prevent the fracking concern from going to initiative and to have Mr. Richmond draft something to show Montana residents the Board is concerned.

Mr. Pascual Laborda of the Bureau of Land Management (BLM) said they are waiting on guidance from the federal office about what to do regarding hydraulic fracturing. But the federal field inspectors are required to make sure MSDS are available if needed. This is the only thing they are supposed to do. The complete list needs to be on the wellsite.

OTHER BUSINESS

Chairman Nelson said Montana Tech invited the Board to come to Butte for its meetings in April.

MOTION: Mr. Smith made a motion, seconded by Mr. Smelser and unanimously passed, to hold the Board's April 2011 meetings in Butte.

Mr. Peterson handed out Exhibit 7, a simple flow chart for ex-parte communications.

With no further discussion or business the meeting adjourned at 5pm

PUBLIC HEARING.

The Board reconvened at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings Montana, at 8 am on Thursday, February 10, 2011 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. 1-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Cline Production Company was approved as set forth in Board Order 1-2011.

Docket No. 2-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Cline Production Company was approved as set forth in Board Order 2-2011.

Docket No. 3-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of True Oil LLC was approved as set forth in Board Order 3-2011.

Docket No. 4-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of True Oil LLC was approved as set forth in Board Order 4-2011.

Docket No. 5-2011– The application of Slawson Exploration Company, Inc. was continued to the April 2011 hearing.

Docket No. 6-2011– The application of Slawson Exploration Company, Inc. was continued to the April 2011 hearing.

Docket No. 7-2011– The application of Slawson Exploration Company, Inc. was continued to the April 2011 hearing.

Docket No. 8-2011– The application of Slawson Exploration Company, Inc. was continued to the April 2011 hearing.

Docket No. 9-2011– The application of Slawson Exploration Company, Inc. was continued to the April 2011 hearing.

Docket No. 10-2011– The application of Slawson Exploration Company, Inc. was continued to the April 2011 hearing.

Docket No. 11-2011 & 4-2011 FED– The application of Slawson Exploration Company, Inc. was continued to the April 2011 hearing.

Docket No. 12-2011 & 5-2011 FED – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Cardinal Oil, LLC was approved as set forth in Board Order 5-2011. There are allotted Indian lands included in the application and the BLM will issue the order pertaining to those lands.

Docket No. 13-2011 & 6-2011 FED – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The amended application of Cardinal Oil, LLC was approved as set forth in Board Order 6-2011. There are allotted Indian lands included in the application and the BLM will issue the order pertaining to those lands.

Docket No. 14-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 7-2011.

Docket No. 15-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 8-2011.

Docket No. 16-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 9-2011.

Docket No. 17-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 10-2011.

Docket No. 18-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 11-2011.

Docket No. 19-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 12-2011.

Docket No. 20-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 13-2011.

Docket No. 21-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of SM Energy Company was approved as set forth in Board Order 14-2011.

Docket No. 22-2011 – The application of SM Energy Company was withdrawn.

Docket No. 23-2011 & 7-2011 FED – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of SM Energy Company was approved as set forth in Board Order 15-2011. There are allotted Indian lands included in the application and the BLM will issue the order pertaining to those lands.

Docket No. 24-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of SM Energy Company was approved as set forth in Board Order 16-2011.

Docket No. 25-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of SM Energy Company was approved as set forth in Board Order 17-2011.

Docket No. 26-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of SM Energy Company was approved as set forth in Board Order 18-2011.

Docket No. 27-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Enerplus Resources (USA) Corporation was approved as set forth in Board Order 19-2011.

Docket No. 28-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of URSA Resources Group LLC was approved as set forth in Board Order 20-2011.

Docket No. 29-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of XTO Energy Inc. was approved as set forth in Board Order 21-2011.

Docket No. 30-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 22-2011.

Docket No. 31-2011 – A motion was made by Mr. Smith, seconded by Mr. Gunderson to approve the application of XTO Energy Inc. as set forth in Board Order 23-2011. Mr. Smelser and Mr. Efta voted nay.

Docket No. 32-2011 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 24-2011.

Docket No. 33-2011 – A motion was made by Mr. Efta, seconded by Mr. Bradshaw and unanimously passed, to approve the application of TAQA North USA, Inc. as set forth in Board Order 25-2011.

Docket No. 34-2011 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of TAQA North USA, Inc. as set forth in Board Order 26-2011.

Docket No. 35-2011 – The application of TAQA North USA, Inc. was withdrawn.

Docket No. 36-2011 – The application of TAQA North USA, Inc. was withdrawn.

Docket No. 37-2011 – A motion was made by Mr. King, seconded by Mr. Smelser and unanimously passed, to approve the application of Central Montana Resources LLC as set forth in Board Order 27-2011.

Docket No. 38-2011 – A motion was made by Mr. King, seconded by Mr. Smelser and unanimously passed, to approve the application of Central Montana Resources LLC as set forth in Board Order 28-2011.

Docket No. 39-2011 – A motion was made by Mr. King, seconded by Mr. Smelser and unanimously passed, to approve the application of Central Montana Resources LLC as set forth in Board Order 29-2011.

Docket No. 40-2011 & 8-2011 FED– The application of Anschutz Exploration Corporation was continued to the April 2011 hearing.

Docket No. 41-2011 & 9-2011 FED– The application of Anschutz Exploration Corporation was continued to the April 2011 hearing.

Docket No. 42-2011 & 10-2011 FED– The application of Anschutz Exploration Corporation was continued to the April 2011 hearing.

Docket No. 43-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas LP was approved as set forth in Board Order 30-2011.

Docket No. 44-2011 & 11-2011 FED – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas LP was approved as set forth in Board Order 31-2011. There are allotted Indian lands included in the application and the BLM will issue the order pertaining to those lands.

Docket No. 45-2011 & 12-2011 FED – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas LP was approved as set forth in Board Order 32-2011. There are allotted Indian lands included in the application and the BLM will issue the order pertaining to those lands.

Docket No. 46-2011 & 12-2011 FED – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas LP was approved as set forth in Board Order 33-2011. There are allotted Indian lands included in the application and the BLM will issue the order pertaining to those lands.

Docket No. 47-2011 & 13-2011 FED – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas LP was approved as set forth in Board Order 34-2011. There are allotted Indian lands included in the application and the BLM will issue the order pertaining to those lands.

Docket No. 48-2011 & 14-2011 FED – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas LP was approved as set forth in Board Order 35-2011. There are allotted Indian lands included in the application and the BLM will issue the order pertaining to those lands.

Docket No. 49-2011 – The application of Brigham Oil & Gas was withdrawn.

Docket No. 50-2011 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas LP was approved as set forth in Board Order 36-2011.

Docket No. 51-2011 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw, to approve the application of Oasis Petroleum LLC as set forth in Board Order 37-2011. Chairman. Nelson, Mr. King and Mr. Efta voted nay.

Docket No. 52-2011 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw, to approve the application of Oasis Petroleum LLC as set forth in Board Order 38-2011. Chairman. Nelson, Mr. King and Mr. Efta voted nay.

Docket No. 53-2011– The application of Kodiak Oil & Gas Corp. was continued to the April 2011 hearing.

Docket No. 54-2011– The application of Kodiak Oil & Gas Corp. was continued to the April 2011 hearing.

Docket No. 55-2011– The application of Montana Board of Oil & Gas Conservation was continued to the April 2011 hearing.

Docket No. 58-2011 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Central Montana Resources LLC as set forth in Board Order 39-2011.

Docket No. 312-2010 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Slawson Exploration Company, Inc. was approved as set forth in Board Order 40-2011.

Docket No. 313-2010 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Slawson Exploration Company, Inc. was approved as set forth in Board Order 41-2011.

Docket No. 314-2010– The application of Slawson Exploration Company, Inc. was continued to the April 2011 hearing.

Docket No. 343-2010 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of URSA Resources Group LLC was approved as set forth in Board Order 42-2011.

Docket No. 352-2010 – A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 43-2011.

Docket No. 353-2010 – A motion was made by Mr. Gunderson, seconded by Mr. King and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 44-2011.

Docket No. 354-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 45-2011. Chairman, Nelson, Mr. King and Mr. Efta voted nay.

Docket No. 355-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 46-2011.

Docket No. 356-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 47-2011. Ms. Nelson, Mr. King and Mr. Efta voted nay.

Docket No. 357-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 48-2011. Ms. Nelson, Mr. King and Mr. Efta voted nay.

Docket No. 358-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 49-2011. Ms. Nelson, Mr. King and Mr. Efta voted nay.

Docket No. 359-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 50-2011. Ms. Nelson, Mr. King and Mr. Efta voted nay.

Docket No. 360-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 51-2011. Ms. Nelson, Mr. King and Mr. Efta voted nay.

Docket No. 361-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 52-2011. Chairman, Nelson, Mr. King and Mr. Efta voted nay.

Docket No. 376-2010 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas, LP was approved as set forth in Board Order 53-2011.

Docket No. 378-2010– The application of Brigham Oil & Gas, LP was continued to the April 2011 hearing.

Docket No. 379-2010 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas, LP was approved as set forth in Board Order 54-2011.

Docket No. 380-2010 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas, LP was approved as set forth in Board Order 55-2011.

Docket No. 383-2010– The application of Brigham Oil & Gas, LP was continued to the April 2011 hearing.

Docket No. 384-2010– The application of Brigham Oil & Gas, LP was continued to the April 2011 hearing.

Docket No. 386-2010– The application of Brigham Oil & Gas, LP was continued to the April 2011 hearing.

Docket No. 387-2010 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas, LP was approved as set forth in Board Order 56-2011.

Docket No. 388-2010– The application of Brigham Oil & Gas, LP was continued to the April 2011 hearing.

Docket No. 391-2010 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Brigham Oil & Gas, LP was approved as set forth in Board Order 57-2011.

Docket No. 394-2010– The application of Brigham Oil & Gas, LP was continued to the April 2011 hearing.

Docket No. 395-2010– The application of Brigham Oil & Gas, LP was continued to the April 2011 hearing.

Docket No. 399-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 400-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 401-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 402-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 403-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 404-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 405-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 406-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 407-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 408-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 409-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 410-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 411-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 412-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 413-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 414-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 415-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 416-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 417-2010– The application of Continental Resources, Inc. was continued to the April 2011 hearing.

Docket No. 419-2010 & 2-2011 FED –A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Zenergy Operating Company, LLC as set forth in Board Order 58-2011. There are allotted Indian lands included in the application and the BLM will issue the order pertaining to those lands.

Docket No. 56-2011 – The show-cause hearing of Athena Energy LLC was continued to the April 2011 hearing.

Docket No. 57-2011 – A motion was made by Mr. King, seconded by Mr. Gunderson, that the administrative penalty assessed against United States Energy Corp. is increased from \$20 to \$100 and is payable immediately. It was further ordered that future late report penalties against United States Energy Corp. be increased to \$50 per month per delinquent report.

NEXT MEETING

The next business meeting of the Board will be Wednesday, April 27, 2011 at 2:00 p.m. at Montana Tech, Natural Resources Building in Butte, Montana. The next regular public hearing will be Thursday, April 28, 2011, beginning at 8:00 a.m. at Montana Tech, Natural Resources Building in Butte, Montana. The filing deadline for the April 28, 2011 public hearing is March 31, 2011.

BOARD OF OIL AND GAS CONSERVATION OF THE STATE OF MONTANA



Linda Nelson, Chairman

Wayne Smith, Vice-Chairman

Don Bradshaw

Ronald S. Efta

Jay Gunderson

Jack King

Bret Smelser

ATTEST:



Terri H. Perrigo, Executive Secretary