

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
MINUTES OF THE
BOARD OF OIL AND GAS CONSERVATION MEETING AND PUBLIC HEARING
April 27 and 28, 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 2:00 p.m., Wednesday, April 27, 2011, in Room 122 of the Natural Resources Building on the Montana Tech campus in Butte, 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

Mr. Bradshaw said under the Public Hearing portion of the February minutes, Dockets 354-2010 and 356 through 361-2010 have errors. The motion was not passed unanimously, since three Board members voted nay. Ms. Perrigo will make the correction.

A motion was made by Mr. Bradshaw, seconded by Mr. Smith and unanimously passed, to approve the minutes of the February 9, 2011 business meeting as corrected.

PUBLIC COMMENT

Mr. Dave Galt, Executive Director of the Montana Petroleum Association (MPA), talked about the essay contest MPA sponsors jointly with the Board. There were 40 essays submitted for this year's contest. Winners and their essays are available for view on the MPA website at montanapetroleum.org.

BOND REPORT AND DEFAULT DOCKET

Mr. Halvorson presented the bond report attached as Exhibit 1. He also distributed a newly-formatted Default Docket report attached as Exhibit 2. The first page lists dockets to be heard, the second page lists applications on the Default Docket, and the last three pages show the status of the entire docket. A lot of dockets have been continued. Mr. Halvorson wanted to clarify it is the Board that grants continuances. They are not automatic upon request. If conflicting applications are submitted and one is asked to be continued, the Board can require both be continued or both be heard.

FINANCIAL REPORT

Ms. Perrigo discussed the financial report attached as Exhibit 3. She also distributed a recap of out-of-state travel expenditures so far this fiscal year, which is attached as Exhibit 4. She said as far as she knows, the same reduced level will be mandated for FY12 also. Don Bradshaw discussed how this hurts his attendance at the Interstate Oil & Gas Compact Commission meetings as the Governor's representative. This is very important for him, and he has already missed three meetings.

STAFF REPORTS

Mr. Sasaki gave a status report on Iofina Natural Gas, Inc., and distributed a letter to Iofina from Gary Klotz (Northern District Field Supervisor) which is attached as Exhibit 5

Mr. Hudak said Jake Oil has not paid the \$200 annual injection fee for two wells. Mr. Hudak said Eric Olsen of Jake Oil said he was not going to pay. Mr. Hudak recommended a late fee of \$100 per well be assessed and that Jake Oil be given until the June meeting to pay otherwise further action will be taken.

MOTION: Mr. Smith made a motion, seconded by Mr. Smelser and unanimously passed, to assess an additional \$100 per well late fee for Jake Oil's two injection wells, making the total now due \$600 (including \$200 per well annual fees). The total amount due must be paid by the Board's June 2011 business meeting.

Mr. Richmond handed out the fiscal note prepared by the Oil & Gas Division for HB 604, which transfers \$12 million of the Board's oil and gas funds to the guarantee account in the general fund (for school funding). If HB 604 passes, it would leave a balance of approximately \$3.5 million in the Board's account after the transfer. Appropriations for the 2013 biennium total over \$8.1 million. Mr. Richmond said the Board may have to raise the privilege and license tax rate in the next biennium, particularly if the Board plans to spend any money from the new \$3 million education appropriation included in the Board's budget for the 2013 biennium. Mr. Richmond said HB 2 requires the education appropriation be spent as directed in statute. If there are projects, staff will bring them to the Board for discussion.

Mr. Richmond said the conference committee on HB 604 met today and he is guessing it will pass and go to the floor. But HB 604 is supposedly on the Governor's veto list. Mr. Smelser asked for a run-down on HB 604. He does not think cities and towns know about this. Dave Galt of Montana Petroleum Association was at the hearings on HB 604. The Governor's senior legal counsel Ann Brodsky was a major opponent of the bill. Chairman Nelson asked if some calls should be made to the Governor's office. Tom said the Board could live with the bill if they only took \$8 million from the account, but taking \$12 million could have implications that affect not only the Board but cities and towns too. If the Board raises the privilege and license tax it could affect the amount not used by the Board that is currently distributed to oil-impacted cities and towns.

Mr. Richmond asked Senator Olsen to try and develop a committee bill to change long term monitoring for CO 2 from 25 to 50 years. It is on the Governor's desk and Mr. Richmond thinks it will be signed this week.

There is another bill that establishes a sunset for statutory appropriations, which would affect the damage mitigation account that receives bond forfeitures. The bill changes a lot of statutory appropriations and could be vetoed.

Mr. King asked how these bills affect salary freezes. Mr. Richmond said they do not at all since HB 13 (the pay plan bill) died on the House floor yesterday.

HYDRAULIC FRACTURING

Mr. Richmond handed out Exhibit 7, a discussion draft for proposed hydraulic fracturing rules. He wants to discuss the draft because he would like to propose them and have a hearing on them in Sidney in June.

Chairman Nelson asked if the Board would take comments at that time. Mr. Richmond said the comment period may extend past the Sidney hearing. After taking comments, the Board has to officially respond to them. After that, when changes can be made to the proposed rules based on comments received, a Notice of Adoption is published in the Montana Administrative Register and goes into effect ten days later. Mr. Richmond said if the Board can get the initial rulemaking notice published in time for a hearing in Sidney, staff will have most of the summer to put together whatever comments the Board received and the response to those comments and hold a hearing on adoption in August. Attorney Clyde Peterson reminded the Board that if final rules are substantially different from original proposed rules the Board would have to start the process all over again.

New Rule I (36.22.609) Well Stimulation Activities Covered by Drilling Permit.

Mr. Richmond said the purpose of this rule is to clarify that fracing is part of the well completion process and to make it clear that the drilling permit covers well completion. He wants to avoid having two permits for each well: one to drill and one to complete. The Board defines wildcat and exploratory wells in rule. These are wells in non-delineated fields and they are wells that are noticed, which means they are advertised in two papers of general circulation. This proposed rule attempts to mesh with notice requirements already in place. There may be concerns about the 24 hour Sundry Notice requirement. There may also concerns about the requirement that each component or additive of the stimulation be revealed. This may also be more information than they know at the rig. The proposed rule also attempts to clarify that operators may provide copies of well design for similar wells and that information may be referred to for individual frac jobs. It is envisioned at some point operators will be able to reference a pre-filed frac job master plan that can be updated as their process/technology/components change. Mr. Richmond would like to see operators use the FracFocus website, which is shown in Exhibit 8. Mr. Richmond thinks this website provides good information and would work for Montana regarding chemical disclosure.

Mr. Smith asked if federal regulations and state regulations are similar. Mr. Richmond said yes. Mr. Richmond does not see any conflicts with the proposed rules and other states and federal rules. The Bureau of Land Management (BLM) has not done any frac rules yet, and has not seen substantial impacts on environments and water supplies due to frac activities. They also say they have not seen many instances of groundwater contamination. Jack Wunder of the BLM said they are still discussing what to do and have made no decision yet—even whether or not to pursue rulemaking

Mr. Smith asked how the Environmental Protection Agency (EPA) is involved. Mr. Richmond said EPA is doing a study of hydraulic fracing that has about a two-year timeline. He is unsure what direction that study will take. Previously they have concluded that fracing is not regulated by EPA as a safe drinking act activity. Currently only Alabama regulates hydraulic fracturing as part of their Underground Injection Control program.

New Rule II (36.22.1013) - Disclosure of Well Stimulation Fluids

Mr. Richmond said we are trying to get ahead of the curve on this. The rules need to cover both vertical and horizontal wells. The rule specifies what needs reported is not what is used, but what is pumped. The chemical abstract service (CAS) number referred to applies to individual frac fluids. In Section 4) the website being referred to is the IOGCC website.

New Rule III (36.22.1013) – Proprietary Chemicals and Trade Secrets

This further clarifies statute 82-11-117 (MCA) by stating proprietary secrets need not be revealed to the Board; however, the Board could request that information if necessary to respond to a spill, health or other medical emergency. Mr. Richmond feels it is best if the Board does not generally have proprietary information, because it eliminates the possibility of having to defend or protest a company's trade secret.

New Rule IV (36.22.1106) – Safety and Well Control Requirements – Hydraulic Fracturing

Mr. Richmond said demonstrating mechanical integrity is a good idea. It is also a good idea to require the use of a frac string if the pressure test fails. He wants to duplicate the pressure test requirement to that required for injection wells. The pressure relief valves must be set at a pressure rating of the lowest rated component in the frac fluid. Mr. Richmond said North Dakota has experienced four failures at hydraulic frac sites: two due to surface equipment failures (due to sand flow back into fittings) and two due to downhole casing ruptures. In one instance there was aquifer contamination and in another the well caught fire. That is why surface valves must remain open while fracing operations are in progress. North Dakota encourages operators to use frac strings. Mr. Smith asked if this means there would need to be a test at each stage of the frac job. Mr. Richmond said no, just when you start the job and just what casing needs tested.

Mr. G.B. Coolidge asked if it will make a difference whether production casing is cemented to surface or not. Mr. Richmond said yes. Some states are now requiring both logs. He toyed with the idea of revising MT rules regarding cementing. North Dakota has done a lot of studies and cement. Mr. Richmond does not feel convinced that casing must be cemented to the surface and this is as close as he feels comfortable getting to things such as acid jobs, little hydraulic clean-outs, etc. Mr. Coolidge asked what about a pressure test done before you perforate, which would save running in and out of hole without packer. Mr. Richmond said some states do that and he is not against it. Mr. Coolidge said there may be a cost savings involved there. Mr. Richmond agreed and said a lot of states are looking at cementing, pressure testing and casing rules. This could be a useful path to go down in the future and the Board should continue to think about it.

New Rule V – Work-over, Re-completion, Well Stimulation

These proposed rules require what people are already doing. It is really clean-up of existing rules.

Dave Galt of MPA thinks Mr. Richmond has done an artful job in combining the proprietary information component with the protection of trade secrets in the proposed rules. There were two bills this session that directed notice and hydraulic fracturing requirements be in statute. The IOGCC has spent a lot of time developing the FracFocus disclosure website. A lot of MPA members are already subscribing to it. Mr. Galt also appreciates Mr. Richmond's efforts to be forward-thinking. MPA will review the proposed rule and present their analysis in Sidney. Chairman Nelson agreed it is much better to be forward thinking on significant issues.

MOTION: Mr. King made a motion, seconded by Mr. Smelser and unanimously passed, to put the proposed rules as shown on Exhibit 7 out for public comment and schedule a hearing for the Sidney meeting.

Mr. Richmond will email the rule notice to all Board members. Ms. Perrigo will send the proposed rules out to the Board's and the DNRC's rulemaking lists. Mr. Smith thinks people are going to take the chemical Tom will email the rule notice to everyone. Wayne thinks people are going to take disclosure of well stimulation fluids and proprietary chemicals and trade secrets sections very seriously. y.

OTHER BUSINESS

Dr. Leo Heath of MT Tech thanked the Board for traveling to Butte and coming to MT Tech again this year. He would like this to be an annual event as it is very good for students and for maintaining a good network with industry. Dr. Heath also thanked Omimex, Northwestern Energy and JetCo for sponsoring the social function later this evening.

With no further discussion or business the meeting adjourned at 4pm

PUBLIC HEARING.

The Board reconvened at 8:00 a.m on Thursday, April 28, 2011 in Room 122 of the Natural Resources Building at Montana Tech in Butte, 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. 59-2011 – 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 Marathon Oil Company was approved as set forth in Board

Order
60-2011.

Docket No. 60-2011 and 21-2011 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 order pertaining to Indian lands contained in the application will be issued by the Bureau of Land Management of the United States Department of the Interior. The application of Marathon Oil Company was approved as set forth in Board Order 61-2011.

Docket No. 61-2011 and 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 order pertaining to Indian lands contained in the application will be issued by the Bureau of Land Management of the United States Department of the Interior. The application of Marathon Oil Company was approved as set forth in Board Order 62-2011.

Docket No. 62-2011 – 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 Marathon Oil Company was approved as set forth in Board Order 63-2011.

Docket No. 63-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 64-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 65-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 66-2011 – The application of Brigham Oil & Gas, LP was withdrawn.

Docket No. 67-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 68-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 69-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 70-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 71-2011 – The application of Brigham Oil & Gas, LP was withdrawn.

Docket No. 72-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 73-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 74-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 75-2011 – The application of Brigham Oil & Gas, LP was withdrawn.

Docket No. 76-2011 – The application of Brigham Oil & Gas, LP was withdrawn.

Docket No. 77-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 78-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 79-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 80-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 81-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 82-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 83-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 84-2011 – The application of Brigham Oil & Gas, LP was withdrawn.

Docket No. 85-2011 – A motion was made by Mr. King, seconded by Mr. Smelser and unanimously passed, to approve the application of Brigham Oil & Gas, LP as set forth in Board Order 64-2011.

Docket No. 86-2011 – A motion was made by Mr. King, seconded by Mr. Smelser and unanimously passed, to approve the application of Brigham Oil & Gas, LP as set forth in Board Order 65-2011.

Docket No. 87-2011 – 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 66-2011.

Docket No. 88-2011– The application of Brigham Oil & Gas, LP was continued to the June 2011 hearing.

Docket No. 89-2011 – 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 Tomahawk Oil Company Inc. was approved as set forth in Board Order 67-2011.

Docket No. 90-2011 – 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 68-2011.

Docket No. 91-2011 – 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 69-2011.

Docket No. 92-2011 – The application of Whiting Oil and Gas Corporation was withdrawn.

Docket No. 93-2011 – 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 70-2011.

Docket No. 94-2011– The application of Whiting Oil and Gas Corporation was continued to the June 2011 hearing.

Docket No. 95-2011 – 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 71-2011.

Docket No. 96-2011 – 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 72-2011.

Docket No. 97-2011– The application of Whiting Oil and Gas Corporation was continued to the June 2011 hearing.

Docket No. 98-2011 – The application of Whiting Oil and Gas Corporation was continued to the June 2011 hearing.

Docket No. 99-2011 – 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 73-2011.

Docket No. 100-2011 – 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 74-2011.

Docket No. 101-2011 – 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 75-2011.

Docket No. 102-2011 – 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 76-2011.

Docket No. 103-2011 – 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 77-2011.

Docket No. 104-2011 – 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 78-2011.

Docket No. 105-2011 – 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 79-2011.

Docket No. 106-2011 – 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 80-2011.

Docket No. 107-2011 – 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 81-2011.

Docket No. 108-2011 – 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 82-2011.

Docket No. 109-2011 – 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 83-2011.

Docket No. 110-2011 – The application of Whiting Oil and Gas Corporation was withdrawn.

Docket No. 111-2011 – A motion was made by Mr. Smith, seconded by Mr. Gunderson and unanimously passed, to approve the application of Cirque Resources LP as set forth in Board Order 84-2011.

Docket No. 112-2011 – A motion was made by Mr. Smith, seconded by Mr. Gunderson and unanimously passed, to approve the application of Cirque Resources LP as set forth in Board Order 85-2011.

Docket No. 113-2011 – A motion was made by Mr. Smith, seconded by Mr. Gunderson and unanimously passed, to approve the application of Cirque Resources LP as set forth in Board Order 86-2011.

Docket No. 114-2011 – A motion was made by Mr. Smith, seconded by Mr. Gunderson and unanimously passed, to approve the application of Cirque Resources LP as set forth in Board Order 87-2011.

Docket No. 115-2011 – A motion was made by Mr. Smith, seconded by Mr. Gunderson and unanimously passed, to approve the application of Cirque Resources LP as set forth in Board Order 88-2011.

Docket No. 116-2011 – 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 Northern Oil Production was approved as set forth in Board Order 89-2011.

Docket No. 117-2011– The application of Enerplus Resources (USA) Corporation was continued to the June 2011 hearing.

Docket No. 118-2011– The application of Enerplus Resources (USA) Corporation was continued to the June 2011 hearing.

Docket No. 119-2011– The application of Central Montana Resources LLC was continued to the June 2011 hearing.

Docket No. 120-2011– The application of Central Montana Resources LLC was continued to the June 2011 hearing.

Docket No. 121-2011 – A motion was made by Mr. Efta, seconded by Mr. King and unanimously passed, to approve the application of Central Montana Resources LLC as set forth in Board Order 90-2011.

Docket No. 122-2011 – A motion was made by Mr. Bradshaw, seconded by Mr. King and unanimously passed, to approve the application of Central Montana Resources LLC as set forth in Board Order 91-2011.

Docket No. 123-2011– The application of Central Montana Resources LLC was continued to the June 2011 hearing.

Docket No. 124-2011– The application of True Oil LLC was continued to the June 2011 hearing.

Docket No. 125-2011– The application of True Oil LLC was continued to the June 2011 hearing.

Docket No. 126-2011 – 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 EOG Resources, Inc. was approved as set forth in Board Order 92-2011.

Docket No. 127-2011 – 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 EOG Resources, Inc. was approved as set forth in Board Order 93-2011.

Docket No. 128-2011 – 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 EOG Resources, Inc. was approved as set forth in Board Order 94-2011.

Docket No. 129-2011 – 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 EOG Resources, Inc. was approved as set forth in Board Order 95-2011.

Docket No. 130-2011 – 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 EOG Resources, Inc. was approved as set forth in Board Order 96-2011.

Docket No. 131-2011 – 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 EOG Resources, Inc. was approved as set forth in Board Order 97-2011.

Docket No. 132-2011 – 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 EOG Resources, Inc. was approved as set forth in Board Order 98-2011.

Docket No. 133-2011 – 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 99-2011.

Docket No. 134-2011 – A motion was made by Mr. Gunderson, seconded by Mr. Efta and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 100-2011.

Docket No. 135-2011 – 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 Sands Oil Company was approved as set forth in Board Order 101-2011.

Docket No. 136-2011 – 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 Oasis Petroleum North America LLC was approved as set forth in Board Order 102-2011.

Docket No. 137-2011– The application of Oasis Petroleum, Inc. was continued to the June 2011 hearing.

Docket No. 138-2011– The application of Oasis Petroleum, Inc. was continued to the June 2011 hearing.

Docket No. 139-2011 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 103-2011. Chairman Nelson, Mr. Efta and Mr. King voted nay.

Docket No. 140-2011 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 104-2011. Chairman Nelson, Mr. Efta and Mr. King voted nay.

Docket No. 141-2011– The application of Oasis Petroleum, Inc. was continued to the June 2011 hearing.

Docket No. 142-2011 – A motion was made by Mr. Gunderson, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Beartooth Energy LLC as set forth in Board Order 105-2011.

Docket No. 143-2011 – A motion was made by Mr. King, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Devon Energy Production Company, L.P. as set forth in Board Order 106-2011.

Docket No. 144-2011 – 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 TAQA North USA, Inc. was approved as set forth in Board Order 107-2011.

Docket No. 145-2011 – 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 TAQA North USA, Inc. was approved as set forth in Board Order 108-2011.

Docket No. 146-2011 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Keesun Corp. as set forth in Board Order 109-2011.

Docket No. 147-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Crusader Holdings, LLC as set forth in Board Order 110-2011.

Docket No. 148-2011 – The application of Crusader Holdings, LLC was withdrawn.

Docket No. 149-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Crusader Holdings, LLC as set forth in Board Order 111-2011.

Docket No. 150-2011 – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Slawson Exploration Company, Inc. as set forth in Board Order 112-2011.

Docket No. 151-2011 – A motion was made by Mr. Smith, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Slawson Exploration Company, Inc. as set forth in Board Order 113-2011.

Docket No. 152-2011 and 17-20011 FED – The application of Newfield RMI LLC involves land under the jurisdiction of the BLM. The order will be issued by the BLM.

Docket No. 153-2011 and 18-20011 FED – The application of Newfield RMI LLC involves land under the jurisdiction of the BLM. The order will be issued by the BLM.

Docket No. 154-2011 – A motion was made by Mr. Efta, seconded by Mr. Gunderson and unanimously passed, to approve the application of Nadel & Gussman Rockies, LLC as set forth in Board Order 114-2011.

Docket No. 155-2011– The application of Abraxas Petroleum Corporation was continued to the June 2011 hearing.

Docket No. 156-2011– The application of Abraxas Petroleum Corporation was continued to the June 2011 hearing.

Docket No. 157-2011– The application of Abraxas Petroleum Corporation was continued to the June 2011 hearing.

Docket No. 158-2011 – The application of L & H Resources, LP was withdrawn.

Docket No. 159-2011 & 19-2011 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 115-2011. There are allotted Indian lands included in the application and the BLM will issue the order pertaining to those lands.

Docket No. 160-2011 – 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 116-2011.

Docket No. 161-2011 & 20-2011 FED – The application of Decker Operating Company, LLC was withdrawn.

Docket No. 162-2011 – A motion was made by Mr. King, seconded by Mr. Efta and unanimously passed, to approve the application of Balko, Inc. as set forth in Board Order 117-2011.

Docket No. 163-2011 – The application of Balko, Inc. was withdrawn.

Docket No. 164-2011 – A motion was made by Mr. Smith, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Balko, Inc. as set forth in Board Order 118-2011.

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

Docket No. 378-2010 – 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 119-2011.

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

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

Docket No. 386-2010 – 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 120-2011.

Docket No. 388-2010 – The application of Brigham Oil & Gas, LP was withdrawn.

Docket No. 394-2010 – 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 121-2011.

Docket No. 395-2010 – The application of Brigham Oil & Gas, LP was withdrawn.

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

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

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

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

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

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

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

Docket No. 53-2011 – The application of Kodiak Oil & Gas Corp. was withdrawn.

Docket No. 54-2011 – The application of Kodiak Oil & Gas Corp. was withdrawn.

Docket No. 55-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Montana Board of Oil & Gas Conservation as set forth in Board Order 122-2011.

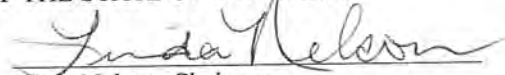
Docket No. 240-2010 – A motion was made by Mr. Smith, seconded by Mr. Smelser, and unanimously passed, to continue the application of Mountain Pacific General Inc. as set forth in Board Order 123-2011.

Docket No. 165-2011 – A motion was made by Mr. Smith, seconded by Mr. Efta, that a \$500 fine is hereby imposed against Brent Zimmerman for failure to show, in addition to the \$80 penalty already levied for failure to file production reports. If the fine and penalty are paid by May 12, 2011 (the filing deadline for the Board's June public hearing) this matter will be vacated, but if the fine and penalty are not paid by May 12, 2011, a Show-Cause hearing will be scheduled for the June 16, 2011 public hearing as to why the well should not be immediately plugged and abandoned for failure to comply.


NEXT MEETING

The next meeting of the Board will be Wednesday, June 15, 2011 at 10:00 a. m. at the Fairgrounds Commercial Building at the Fairgrounds in Sidney, Montana, for a hearing on proposed hydraulic fracturing rules. The Board will meet for its regularly scheduled business meeting at 2:00 p.m. on that same day. The next regular public hearing will be Thursday, June 16, 2011, beginning at 8:00 a.m. at the Fairgrounds Commercial Building in Sidney, Montana. The filing deadline for the June 16, 2011 public hearing is May 12, 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