

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
MINUTES OF THE
BOARD OF OIL AND GAS CONSERVATION MEETING AND PUBLIC HEARING
August 10 & 11, 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, August 10, 2011, at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. Board members present were Chairman Nelson, Vice-Chairman Wayne Smith, Ronald S. Efta, Jack King and Bret Smelser. Staff present was Jim Halvorson, George Hudak, Gary Klotz, 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 June 15, 2011 business meeting.

PUBLIC COMMENT

Ms. Cindy Weber of Big Timber and representing CottonWood Resources Council, which is part of Northern Plains Resource Council, commented on the draft rules. She thinks the rules set an important precedent, and unless they are substantially revised she thinks they fall short of the mark because they do not require full public disclosure. They also do not allow landowners to do baseline testing. She does not think public disclosure should be a contentious issue, and that Montana needs agencies that work for the public and not the industry.

Ms. Susan Zimmerman of Bainville, a landowner/mineral owner, has two ecological concerns regarding the proposed hydraulic fracturing rules: will hydraulic fracturing contaminate groundwater like on the east coast, and what is the potential for draining of aquifers.

Mr. Richmond addressed her concerns. In regard to contamination of groundwater on the east coast, neither Pennsylvania nor New York officials believe hydraulic fracturing caused the methane wandering into groundwater. Those two states sit on coal much like Eastern Montana. A lot of water wells are set in coal aquifers. Coal generates methane gas, and methane has probably been in water forever. Mr. Smelser says they have been hydraulic fracturing wells in Richland County for a couple years now and none of their seven ground water source wells have been contaminated, and he does not think Ms. Zimmerman should be concerned.

Mr. Richmond talked about the potential of draining aquifers as sources for hydraulic fracturing water. For horizontal Bakken wells it takes approximately three Olympic size swimming pools of water (600,000 gallons) to do a hydraulic fracturing job. He does not think any aquifers are in danger of being drained because of hydraulic fracturing needs. Mr. Richmond thinks most companies will get their water commercially, like from the City of Sidney for example. Another source could be water wells. But unless a water well is an exempt well (35 gpm or less and a maximum of 10/acre feet a year) , it has to be permitted and monitored by the state . An exempt well could probably provide enough water to do fracturing jobs on two or three wells before it would exceed its volume and lose its exempt status . Hydraulic fracturing water does not have to be drinking water, just fresh water.

Ms. Zimmerman also had another concern: 1280 acre spacing units with 200' setbacks. She thought spacing units were established based on what oil would be drained. She thinks the spacing units should be stand-up 640's with 660' setbacks. Her family has dealt with oil issues for three generations. She came today because she thinks it is important to state her opinion; even though a lot of people including family tell her it will do no good because the Board will not do anything. She thinks the 1280 acre spacing units allow the companies to drill one well then hold the remaining acreage as long as there is production from the one well. She thinks by authorizing 1280 acre spacing units that tie up the other 640, the Board is denying the state income through tax revenue, denying families additional monies from leasing, and allowing companies to circumvent Pugh clause. She thinks the oil wells are going to be here a long time especially when they come back in and do secondary and/or tertiary recovery. Allowing oil companies to hold on to the extra 640 by production from one well means they may never come back and drill another. She also talked about how hard it is to find an attorney to help present their concerns, and she distributed a summary of her concern, attached as Exhibit 1.

Mr. Richmond said he does not agree with 200' setbacks. In regard to 1280 acre spacing units, the Board adopted permitting policy to encourage people to drill in the center. The name of the game is length of lateral and pay zone. That is the reason for the large spacing unit: to drill 10,000 foot-plus laterals. He does not have problem with 1280's. It is a large piece of property but it will be developed. He does not think releasing land as it expires is the same as having a 20-30 year royalty payment. He thinks over time the royalties will bring in more than the leasing will. Had the Board stuck with stand up 640's on large spacing it would have created orphan 320's that would not be drilled.

Chairman Nelson is sorry to hear people think they cannot reach the Board or that the Board does not listen to concerns. She does not think she or the staff puts people off. Mr. Smelser said his phone number is in the phone book and he has no problem telling people who contact him to call Mr. Richmond or Mr. Halvorson because he gets good feedback about how they respond to people. Mr. Efta said he was trying to assist by suggesting they get an attorney to present their case. He reminded Ms. Zimmerman the Board usually approves these 1280 acre spacing unit requests on a 4-3 vote. With more evidence and/or legal representation she might be able to sway the Board. She has seen the vast testimony from the people who are in favor of 200' setbacks. Mr. Smelser said North Dakota now routinely goes with 1280's and 200' setbacks. Montana has been moving that direction and has now said the first well has to be right down the middle, which gives more opportunity for infill drilling. He also believes that the paycheck is in the royalties. Everyone he talks to in the Elm Coulee area says leasing is not priority--the oil well is. Chairman Nelson reminded Ms. Zimmerman and the audience about the North East Montana Land and Mineral Owners Association. For \$35 per year they can provide help.

ADOPTION OF WELL STIMULATION (HYDRAULIC FRACTURING) RULES

Mr. Richmond distributed the revised proposed rules, which are attached as Exhibit 2. He also distributed the response to comments received on the proposed rulemaking, which is attached as Exhibit 3. The revised rules will be filed next Monday, published August 25th and become effective August 26th. He recommended adoption of the revised rules.

MOTION: Mr. Smelser made a motion, seconded by Mr. Efta and unanimously passed, to approve the rules as presented by Mr. Richmond.

BENSUN ENERGY, LLC – REQUEST FOR RE-HEARING

Mr. Lance Bensun, of Bensun Energy, LLC, (Bensun) was present requesting a re-hearing on Show-Cause Docket 239-2010, which resulted in Board Order 177-2011 (which ordered the \$5000 fine assessed in Board Order 2-A-2010 collected). Mr. Bensun presented the check for \$5000 and explained why it is taking so long to get the BN wells plugged or producing. He asked if the fine could be withdrawn. He also presented Exhibit 4, Bensun's letter appealing the \$5000 fine and presenting pictures of work in progress and weather-related conditions.

Chairman Nelson said there is now another fine imposed by Board Order 177-2011, to be collected October 13, 2011 (public hearing) if the following work is not completed: the BN 11-11 be plugged or producing by the Board's August 11, 2011 public hearing and the BN 12-11 be cleaned up by that same date. Since the work was not done by August 11, the fine is imposed.

The Board's attorney, Mr. Peterson, said the initial \$5000 fine has been paid by check presented today and the Board is not reversing it. The Board will rehear the request for a rehearing in October. If the Board changes its mind the \$5000 could be refunded. Mr. Smith said this has been an issue for a couple of years and he does not know what additional information on the \$5000 fine situation will be available in October. Chairman Nelson said October is going to be the line in the sand for her. She is not willing to take this any further. Mr. Smelser agreed.

Mr. Bensun said the BN 12-11 is cleaned up. All that remains is the BN 11-11. Mr. Sasaki agreed.

Mr. Bensun said they have spent well over \$200,000 on this project. He said Frank Baxter, who was present today and has testified before the Board previously in regard to Bensun Energy, LLC, is one of the main investors and is out diligently working on the project daily. There have been a lot of delays due to weather, and they have had a hard time getting service companies.

Mr. Frank Baxter said he is uncomfortable with a "do or die" date of October 13. He would rather have it so Bensun has to show the Board what has gotten done by October 13. He does not think this is very fair and it is very scary.

Mr. Peterson, the Board's attorney, said it is supposed to scare you. Mr. Peterson reminded the Board that when the last order was issued, the Board asked if Mr. Baxter if he could have the work done within the timeframe established and he said yes. That was the second or third time he had said yes, he could accomplish what the Board was requiring in the time frame established. He asked Mr. Baxter if now he was asking the board to ignore what he had said at least two times prior.

Mr. Smith said he thinks a rehearing is irrelevant. October 13 is the deadline. For the past two or three years the Board has kept hearing "we'll get it done" and it never gets done. He does not want to put Bensun out of business, but he is tired of hearing the work will get done and it does not. Mr. Smith said he does not want to have a rehearing on the \$5000 fine.

Mr. Bensun said his company is taking this very seriously. Mr. Baxter said he has everything invested in this and will do everything he can to make the deadline. Mr. Peterson suggested the Board hang on to the check and not cash it. He also suggested the Board schedule a new show cause for bond forfeiture, the new \$5000 and the rehearing on old \$5000.

MOTION: A motion was made by Mr. Smelser to hold the \$5000 check until October 13, 2011, when there will be a rehearing on that fine. The Show Cause for tomorrow (August 11) is dismissed and a new Show Cause hearing will be scheduled for October 13 for bond forfeiture, the new \$5000 and rehearing on old \$5000. Mr. Smith seconded the motion and it passed unanimously.

NEWFIELD PRODUCTION COMPANY – DELINQUENT REPORTS

Mr. Halvorson said Newfield Production Company (Newfield) had an application for permanent spacing in June, which was continued the day of the hearing. The same application was on the docket for tomorrow but has now been continued again. This particular well is on fee land inside the Blackfeet Reservation. Newfield needs to turn in completion and production reports. Prior to this well being spudded, Newfield contacted Mr. Halvorson because they did not want to release their data. This well, according to our inspectors, was on production in December 2010. It has come to Mr. Halvorson's

attention that Newfield wants some waiver from the rules and has been talking to Board member Don Bradshaw about it. Coupled with their non-appearance, Mr. Halvorson would like to send them a certified letter reminding them the reports are due. He would like to give them a chance to voluntarily respond before imposing a penalty. Mr. Smith recused himself and took no part in the discussion or decision-making on this matter.

Mr. Efta asked if there is verification of production through Department of Revenue. Mr. Halvorson said as of this morning, Revenue was contacting Newfield to assess estimated taxes. Revenue asked him to let them know if Newfield appeared today.

Mr. King asked how far behind Newfield is on production reports. Mr. Halvorson said December 2010 production reports were due February 2011. They are now six months late. If a fine were to be imposed, he felt \$500 would be reasonable.

It was the consensus of the Board that Mr. Halvorson send a letter to Newfield requesting the required reports, and include in the letter the possibility of a fine if the reports are not received.

BOND REPORT AND DEFAULT DOCKET

Mr. Halvorson presented the bond report attached as Exhibit 5. He also presented the Docket List (Exhibit 6) and the Docket Summary (Exhibit 7).

FINANCIAL REPORT

Ms. Perrigo discussed the financial report attached as Exhibit 8. Mr. Smelser said Sidney gets approximately 2/3 of 1 percent of the Board's avoided privilege and license tax receipts. Sidney has infrastructure issues that are not keeping up with the impact. Sidney has a lot of pressure from the impact, and soon will have as many as 1100 new homes and apartments. He needs to be kept aware of any possibility the Board will increase its share of privilege and license tax receipts because that will reduce the amount to be distributed to impacted cities/counties.

Mr. King asked Ms. Perrigo to get a report of the total amount of avoided privilege and license tax revenue that has been distributed to impacted cities/towns/counties since implementation of the bill.

STAFF REPORTS

Mr. Hudak brought up Jake Oil, LLC (Jake) for the third business meeting in a row. Jake currently owes \$1100 for failure to pay annual injection well fees and late penalties on the Federal 41-21 well (API # 25-065-21439) located in the NE¼ of Section 2, T8N-R24E, and the Van Arsdale 14-35 well (API # 25-065-21433) located in the E½SW¼SW¼ of Section 35, T9N-R24E, Musselshell County, Montana. Mr. Hudak said Jake told him they are not going to pay. Mr. Hudak recommends a Show Cause hearing be scheduled for October 2011 why these two injection wells should not be plugged.

MOTION: A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to schedule Jake Oil, LLC for Show Cause in October 2011 why its two injection wells should not be immediately plugged.

Mr. Halvorson reminded Board members that in Sidney some of them suggested the penalty policy for delinquent reports may be too low. He would like to amend the policy to a flat \$50 plus \$10/lease per well. He will get with Mr. Peterson and amend the policy for the October meeting. Mr. King said he thinks it is good to make the minimum penalty \$50.

Mr. Halvorson brought up another issue. Zane Panasuk claims he was not notified by a local paper that a well was going to be drilled on his surface. He claims the only notice he got was from the Helena and Billings paper. He wants to mediate this and wants the Board to change its rules and/or procedures so surface owners get better notice. He is concerned about a sour gas well so close to his house and cows. Chairman Nelson, Mr. Richmond, Mr. Peterson as well as Mr. Halvorson have all talked to him and told him it is surface owner issue and beyond the Board's control.

Mr. Smelser said this may be something the legislature could enact so surface owners could get more direct notice.

Mr. Halvorson said there is a lot of confusion. Mr. Panasuk received notice of staking of the well in April 2010. Notice of intent to drill was published in Billings and Helena papers in June and July 2010. Mr. Panasuk said he did have notice the well was being drilled, but the notice he expected to see in a local paper never appeared. His issue is whether the notice appeared in a paper of general circulation in the county. Mr. Peterson said he will look into what does general circulation mean. Chairman Nelson thinks it should be a county newspaper; people should not have to look in the Helena Independent Record or Billings Gazette.

Larry O'Toole, the attorney who represents WYO Resources who drilled the well, said they are in court right now. Mr. O'Toole said he has a temporary restraining order regarding surface owner disruption about the value of what has happened.

Mr. Peterson said Mr. Panasuk had clear notice of what was going to happen. He got it over a one-year prior to when well was spudded. The drilling permit notice requirement Mr. Panasuk is arguing about does not say a newspaper of general circulation in the county. Mr. Peterson said a newspaper in general circulation is one of general interest that has a subscriber base in the county the action is taking place in. For example, Roosevelt County has a number of subscribers to the Billings Gazette; Chouteau County has a number of subscribers to the Great Falls Tribune, etc.

Mr. O'Toole said WYO Resources did comply with the law. The purpose of publication is to inform. BOGC could adopt a policy that is a bit tighter and say if you are going to drill in Richland or Roosevelt counties, you must advertise in the papers in those counties. Mr. Peterson said he has heard some of the county papers are not reliable, so the operators send their notices to papers that are easier to work with and more reliable. Mr. Smelser said one of concerns with Mr. Panasuk is that he did not know it would be a sour gas well. Now he is concerned he will get nothing. Mr. Smelser asked if that was true.

Mr. Peterson said the Surface Owner Disruption Act is a way for parties that cannot come to agreement to go court and come to agreement. Either the surface owner or the operator can take it to court. In cases where several offers between the two parties exist, the surface owner will probably get less than he would have in the first place. In this case, Mr. Peterson suspects WYO Resources will pay Mr. Panasuk something. Then he can take them to court for not paying him enough.

Mr. Smelser said Mr. Panasuk was offered a very good surface contract. Many people do not understand why he did not take it. He does not think he needs to lawyer up. He just requests that the Board give better notice to surface owners regarding the drilling of a well. Mr. Smelser said he does not think we would be here today if it was a Bakken well. The problem is that it is a sour gas well. Mr. Peterson said if you trace the correspondence, Mr. Panasuk did not claim no notice until a relative who is an attorney got involved and made what seemed like a last ditch effort. Mr. Smelser said another concern is that Mr. Panasuk wanted to fence right away and the company said they would not do it until the well completed.

Mr. Richmond reminded the Board that the drilling permit notice was a result of a 1980's lawsuit regarding drilling on the North Fork of the Flathead. The Board put the 20-day notice to drill in its rules to satisfy the environmental groups who wanted to know of all permits in sensitive areas. For our publications, the requirement to advertise was not intended for surface owners at all. But it has a life of its own now. Mr. Richmond also reminded the Board that notice expires after 180 days. Mr. Richmond also

said Mr. Panasuk claims he did not receive the split estates brochure. Chairman Nelson thinks the issue is far deeper than this. She said she prefers the Board respond to Mr. Panasuk in writing.

Chairman Nelson directed Mr. Richmond to send a letter to Mr. Panasuk after consultation with Mr. Peterson, Mr. Halvorson, and herself.

Mr. Smelser asked what the Board has in place for monitoring in shut down sour gas wells. Mr. Richmond said we have rules mostly intended to protect workers. DEQ has air quality rules regarding H₂S. DEQ could require that the operators install a vapor recovery system on tanks. That is where most of the H₂S collects.

Mr. Richmond said it does not take much to trigger air quality involvement. Twenty-five tons for air quality will get triggered almost immediately from DEQ if a well makes any sour gas at all. Mr. Smith remembered the Somont issue three years ago where someone was concerned about air quality and sour gas DEQ got involved, took air samples and could not find a trace. He said the smell is the most obnoxious. Chairman Nelson said it is hard to convince someone with the smell that something is not being ingested. Mr. King is concerned the Board and audience understand notice requirements. There has to be direct surface owner notice. The process works well. It has not been litigated, and it seems to be working. As Mr. Richmond said, in the mid 1980's the proposed Cenex North Fork well caused the notice period requirement to come out as a concession to environmental groups. They wanted to be notified of any and everything in sensitive environmental areas.

Mr. Richmond reminded the Board the Legislature gave the Board rulemaking authority on microbial injection to enhance CBM recovery from coal seams. There are no problems at this time and he does not see any reason to adopt rules. He had intended to process any application for microbial injection as a Class II well, but now Region 8 says they will not approve it. Wyoming Oil & Gas is redrafting its rules saying microbial injection is a Class V well which would make it DEQ's problem. Mr. Richmond is not proposing to do rules till we get a request for a project.

Mr. Richmond said the oil spill on the Yellowstone River released about 1000 bbls from a flow line leak. Now flow lines are an issue with Governor Schweitzer. He has put together a task force to look at all flow lines. Montana has no flow line rules. The only state that has specific regulations for flow lines is Colorado.

Mr. Richmond said it is time to renew the Tongue River Information Project contract. It is a science project on the Tongue to gather information regarding crop yields. Coal bed methane has about gone away, but this is the only information there is on CBM impact on Tongue River crops and soils. He would like to have the people who do the TRIP project come do a presentation in December.

Mr. Richmond would like to invite representatives of Denbury to come to the October business meeting and give the Board an update on its CO₂ project at Bell Creek Field. He would also like to invite MT Tech because they have a project they are seeking funding for, and we could consider funding it with our \$3 million biennial education appropriation.

Chairman Nelson agreed to have Denbury and MT Tech come to the October business meeting, but suggested we start it at 1pm instead of 2.

Mr. Richmond said prior to the Board's October hearing, everyone should have received a final copy of the Legislative Auditor report. The date is not yet set for the audit committee meeting.

Mr. Richmond said the Billings office parking lot is being redone. We will be using the remaining money from remodel and some carry forward. It will probably cost about \$200,000 to complete the work, which includes shifting the parking lot toward the building by about three feet which will open up the

middle area and give two extra parking spots; moving the dumpster to the alley so the garbage truck will not have to come in and destroy the base; creating a handicapped parking spot; and taking out the old base, replacing the base and doing curbing.

OTHER BUSINESS

Chairman Nelson said Dwight Vannata called her about the river creating a new channel and now is coming straight toward one of Slawson wells. Mr. Sasaki said he had talked to Mr. Vannata and another lady in the area. The river has undercut the bank. Field Inspector Bob Schmidt says there is at least 100 feet to go before it affects the Slawson well. Steve told Mr. Schmidt to keep checking the river and the undercut. At some point Slawson may have to do something but right now it is not threatening battery or anything.

With no further business, the business meeting adjourned at 5:10 pm.

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, August 15, 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. 225-2011– The application of TAQA North USA, Inc. was continued to the October 2011 hearing.

Docket No. 226-2011 – 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 181-2011.

Docket No. 227-2011 – 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 182-2011.

Docket No. 228-2011 – 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 Landtech Enterprises, LLC was approved as set forth in Board Order 183-2011.

Docket No. 229-2011 – A motion was made by Mr. Efta, seconded by Mr. Smelser and unanimously passed, to approve the application of Anadarko Minerals, Inc. as set forth in Board Order 184-2011.

Docket No. 230-2011 – A motion was made by Mr. Efta, seconded by Mr. Smelser and unanimously passed, to approve the application of Anadarko Minerals, Inc. as set forth in Board Order 185-2011.

Docket No. 231-2011 – A motion was made by Mr. Efta, seconded by Mr. Smelser and unanimously passed, to approve the application of Anadarko Minerals, Inc. as set forth in Board Order 186-2011.

Docket No. 232-2011 – A motion was made by Mr. Smelser, seconded by Mr. Smith and passed, to approve the application of Brigham Oil & Gas, LP as set forth in Board Order 187-2011.

Docket No. 233-2011 – A motion was made by Mr. Smelser, seconded by Mr. Smith and passed, to approve the application of Brigham Oil & Gas, LP as set forth in Board Order 188-2011.

Docket No. 234-2011 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Brigham Oil & Gas, LP as set forth in Board Order 189-2011.

Docket No. 235-2011 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Brigham Oil & Gas, LP as set forth in Board Order 190-2011.

Docket No. 236-2011 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Brigham Oil & Gas, LP as set forth in Board Order 191-2011.

Docket No. 237-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Brigham Oil & Gas, LP as set forth in Board Order 192-2011.

Docket No. 238-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Brigham Oil & Gas, LP as set forth in Board Order 193-2011.

Docket No. 239-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Brigham Oil & Gas, LP as set forth in Board Order 194-2011.

Docket No. 240-2011 – The application of Brigham Oil & Gas, LP was continued to the October 2011 hearing.

Docket No. 241-2011 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Brigham Oil & Gas, LP as set forth in Board Order 195-2011.

Docket No. 242-2011 – The application of Brigham Oil & Gas, LP was continued to the October 2011 hearing.

Docket No. 243-2011 & 24-2011 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 Whiting Oil and Gas Corporation was approved as set forth in Board Order 196-2011. The order pertaining to federal and/or Indian lands contained in the application will be issued by the Bureau of Land Management of the United States Department of the Interior.

Docket No. 244-2011 & 25-2011 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 Whiting Oil and Gas Corporation was approved as set forth in Board Order 197-2011. The order pertaining to federal and/or Indian lands contained in the application will be issued by the Bureau of Land Management of the United States Department of the Interior.

Docket No. 267-2011 – 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 220-2011.

Docket No. 268-2011 – 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 221-2011.

Docket No. 269-2011 – 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 222-2011.

Docket No. 270-2011 – 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 223-2011.

Docket No. 271-2011 – 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 224-2011.

Docket No. 272-2011 – 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 225-2011.

Docket No. 273-2011 – 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 226-2011.

Docket No. 274-2011 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 227-2011. Mr. Smelser recused himself.

Docket No. 275-2011 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 228-2011. Mr. Smith recused himself.

Docket No. 276-2011 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 229-2011.

Docket No. 277-2011 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 230-2011.

Docket No. 278-2011 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 231-2011.

Docket No. 279-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 232-2011.

Docket No. 280-2011– The application of Oasis Petroleum, Inc. was continued to the October 2011 hearing.

Docket No. 281-2011– The application of Oasis Petroleum, Inc. was continued to the October 2011 hearing.

Docket No. 282-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 233-2011.

Docket No. 283-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 234-2011.

Docket No. 284-2011 – A motion was made by Mr. Smelser, seconded by Mr. Smith and passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 235-2011.

Docket No. 285-2011 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 236-2011.

Docket No. 286-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 237-2011.

Docket No. 287-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 238-2011.

Docket No. 288-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 239-2011. Mr. King recused himself.

Docket No. 289-2011 & 26-2011 FED– The application of Oasis Petroleum, Inc. was continued to the October 2011 hearing.

Docket No. 290-2011– The application of Oasis Petroleum, Inc. was continued to the October 2011 hearing.

Docket No. 291-2011 & 27-2011 FED– The application of Anschutz Exploration Corporation was continued to the October 2011 hearing.

Docket No. 292-2011 & 28-2011 FED – The application of Anschutz Exploration Corporation was withdrawn.

Docket No. 293-2011 – The application of Mountain View Energy, Inc. was withdrawn. .

Docket No. 294-2011 – The application of Mountain View Energy, Inc. was withdrawn.

Docket No. 295-2011 – 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 Mountain View Energy, Inc. was approved as set forth in Board Order 240-2011.

Docket No. 296-2011– The application of Mountain View Energy, Inc. was continued to the October 2011 hearing.

Docket No. 297-2011 & 29-2011 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 Mountain View Energy, Inc. was approved as set forth in Board Order 240-2011. The order pertaining to federal and/or Indian lands contained in the application will be issued by the Bureau of Land Management of the United States Department of the Interior.

Docket No. 298-2011 – 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 Mountain View Energy, Inc. was approved as set forth in Board Order 240-2011.

Docket No. 299-2011– The application of Central Montana Resources, LLC was continued to the October 2011 hearing.

Docket No. 300-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of G3 Operating, LLC as set forth in Board Order 243-2011.

Docket No. 301-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of G3 Operating, LLC as set forth in Board Order 244-2011.

Docket No. 302-2011– The application of G3 Operating, LLC was continued to the October 2011 hearing.

Docket No. 303-2011 – 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 Shadwell Resources, Inc. was approved as set forth in Board Order 245-2011.

Docket No. 304-2011 – 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 Shadwell Resources, Inc. was approved as set forth in Board Order 246-2011.

Docket No. 305-2011 – 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, Inc. was approved as set forth in Board Order 247-2011.

Docket No. 306-2011 – 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, Inc. was approved as set forth in Board Order 248-2011.

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

Docket No. 383-2010 – The application of Brigham Oil & Gas, LP was withdrawn.

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

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

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

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

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

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

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

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

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

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

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

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

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

Docket No. 7-2011 – 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 249-2011. Mr. King recused himself.

Docket No. 8-2011 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Slawson Exploration Company, inc. as set forth in Board Order 250-2011. Mr. King recused himself.

Docket No. 9-2011 – A motion was made by Mr. King, seconded by Mr. Smelser and unanimously passed, to approve the application of Slawson Exploration Company, inc. as set forth in Board Order 251-2011.

Docket No. 10-2011 – A motion was made by Mr. King, seconded by Mr. Smelser and unanimously passed, to approve the application of Slawson Exploration Company, inc. as set forth in Board Order 252-2011.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Docket No. 117-2011 – The application of Enerplus Resources (USA) Corporation was withdrawn.

Docket No. 118-2011 – The application of Enerplus Resources (USA) Corporation was withdrawn.

Docket No. 137-2011 – The application of Oasis Petroleum, Inc. was withdrawn.

Docket No. 138-2011 – The application of Oasis Petroleum, Inc. was withdrawn.

Docket No. 141-2011 & 30-2011 FED– A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 253-2011. The order pertaining to federal and/or Indian lands contained in the application will be issued by the Bureau of Land Management of the United States Department of the Interior.

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

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

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

Docket No. 166-2011– The application of Continental Resources, Inc. was continued to the October 2011 hearing.

Docket No. 167-2011– The application of Continental Resources, Inc. was continued to the October 2011 hearing.

Docket No. 171-2011– The application of Continental Resources, Inc. was continued to the October 2011 hearing.

Docket No. 173-2011– The application of Continental Resources, Inc. was continued to the October 2011 hearing.

Docket No. 174-2011– The application of Continental Resources, Inc. was continued to the October 2011 hearing.

Docket No. 178-2011– The application of Continental Resources, Inc. was continued to the October 2011 hearing.

Docket No. 179-2011– The application of Continental Resources, Inc. was continued to the October 2011 hearing.

Docket No. 180-2011– The application of Continental Resources, Inc. was continued to the October 2011 hearing.

Docket No. 182-2011– The application of Newfield RMI LLC was continued to the October 2011 hearing.

Docket No. 224-2011 – A motion was made by Mr. Smelser, seconded by Mr. Smith and passed, to approve the application of SBG Disposal, LLC as set forth in Board Order 254-2011.

Docket No. 172-2010– A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, that the bonds of North American Technical Trading Company, Inc. are hereby ordered forfeited for failure to plug wells that have been shut-in for over one year and for failure to provide evidence of mechanical integrity. The motion further ordered that Board staff will have the well sites cleaned up to safety standards. This action is set forth in Board Order 255-2011.

Docket No. 239-2011– The show-cause hearing of Bensun Energy was dismissed.

Docket No. 240-2011– A motion was made by Mr. Smelser, seconded by Mr. Efta and passed, that Mountain Pacific General, Inc. be given until August 2012 (or as soon thereafter as a Board hearing is scheduled) to plug the following wells in Toole County, Montana: 1) the Ostrem #2-33 in the SENW of Section 33, T32N-R3E; 2) the Tiber 30-2-8-4 in the NWNW of Section 8, T30N-R2E; and 3) the Tiber 30-2-18-1 in the center of the NE¼ of Section 18, T30N-R2E. The motion further ordered that the bond of Mountain Pacific General, Inc. shall remain at \$50,000 until the same August 2012 meeting above, when the increase to \$250,000 shall again be reviewed by the Board. This action is set forth in Board Order 180-2011.

Docket No. 165-2011– A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to fine Brent Zimmerman \$1000 for failure to appear for the third time. The motion further ordered that the Heringer 11-21 compliance issues and clean up must be addressed and completed by September 15, 2011, or a new Show-Cause hearing will be scheduled for October 2011 as to why the Heringer 11-21 well should not be immediately plugged and abandoned. This action is set forth in Board Order 257-2011. Mr. King recused himself.

Docket No. 307-2011– A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, that the bond of MSC Exploration LP is hereby ordered forfeited. This action is set forth in Board Order 258-2011.

Docket No. 308-2011– The show-cause hearing of McOil Montana Once LLC was dismissed.

Docket No. 308-2011– A motion was by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to continue the show-cause hearing of Southside Oil & Gas Ltd.

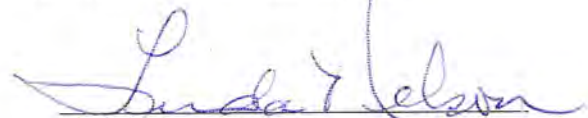
Docket No. 310-2011– The show-cause hearing of James D. Hofland was dismissed.

Docket No. 311-2011– The show-cause hearing of J H Oil Company was dismissed.

NEXT MEETING

The next business meeting of the Board will be Wednesday, October 12, 2011 at 1:00 p.m. at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. The next regular public hearing will be Thursday, October 13, 2011, beginning at 8:00 a.m. at 2535 St. Johns Avenue in Billings, Montana. The filing deadline for the October 13, 2011 public hearing is September 15, 2011.

BOARD OF OIL AND GAS CONSERVATION OF THE STATE OF MONTANA



Linda Nelson, Chairman
Wayne Smith, Vice-Chairman
Ronald S. Efta
Jack King
Bret Smelser

ATTEST:



Terri H. Perrigo, Executive Secretary