

12/13/2011

Montana Board of Oil and Gas Conservation

Development of Procedures Manuals and a Field Inspection System

Concerns from the Audit

1. Inspection procedures, documentation and risk prioritization (Recommendations 1, 2, 3)
2. Timelines and guidelines for policy enforcement and corrective actions (Recommendation 4)
3. BOGC compliance with State of Montana IT policies (Recommendations 5, 6 and 7)

Procedures Manual

New document based on several sources

- Existing BOGC Inspection Procedures
 - Written documentation
 - Interviews/Ride-alongs with field inspectors
- Mapped one-to-one to appropriate BOGC regulations
- EPA manuals, as appropriate
- Electronic format with revision system

Addresses concerns 1 and 2

Field Inspection System

New tablet-based inspection system with coordinated server application

- Standardized reporting form(s) with data pre-filled from RBDMS.
- System synchronizes data with RBDMS via secure ethernet or wireless
- Automated re-inspection reminders

Addresses concerns 1, 2, 3 and 4

Proposed - Two-Phase Project

- Phase 1 – Develop scope-of-work
 - Review pertinent documents
 - Existing procedures documentation, forms
 - Report from the Legislative Audit Committee
 - EPA UIC manual
 - Applicable Montana Regulations
 - Write specifications
 - Recommended deliverables
 - Estimate of effort
 - Draft of RFQ

Contract for Services

- Generate RFP and award contract (BOGC)
 - Allocate tasks to internal and external resources
- Phase 2 - Develop deliverables (External)
 - Working document and software substantially complete by Nov 2012
 - Testing and revision through Feb 2013
 - First article, April 2013



Tech's Proposal for Phase 1 – Develop Scope-of-Work

- Jan 2012 – Montana Tech team formed
- Feb – Review of source materials complete
- Mar – Review with BOGC staff
- Apr – Deliver scope-of-work to board

- Faculty team support – \$5,000
- Indirect costs, 25% (State of Montana rate)
- Total proposed phase 1 = \$6,250

7

Montana Tech Interdisciplinary Team

- Petroleum Engineering
 - John Getty, Mary North-Abbott, Leo Heath, Sue Schrader
- Technical Communication
 - Chad Okrusch, Heather Shearer, Kay Eccleston
- Computer Science and Software Engineering
 - Jeff Braun, Frank Ackerman, Michele Van Dyne, Keith Vertanen, Celia Schahczenski
- Environmental Engineering
 - Kumar Ganesan

8

Department of Technical Communication*

Expertise in:

- Structure and design of work procedures
- Usability testing
- User-centered design

* Formerly Professional and Technical Communications (PTC)

10

Department of Computer Science and Software Engineering

Expertise in:

- Database development
- Human-Machine interfaces
- Touch pad applications
- Networked systems design

11

Department of Environmental Engineering

Expertise in:

- Regulatory requirements
- Best practices for emergency response
- Prevention and remediation of environmental risks
- Risk assessment

12

Contact

John Getty, Instructor
Petroleum Engineering
Montana Tech
1300 W. Park St
Butte, MT 59701
(406)496-4847
jgetty@mtech.edu



MontanaTech
THE UNIVERSITY OF MONTANA

13

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MontanaTech
 THE UNIVERSITY OF MONTANA

13

DEC 14 2011

MONTANA BOARD OF OIL
& GAS CONS. BILLINGS

Mountain Pacific General

302 Eighth Avenue SE; Cut Bank, MT 59427; Phone: (406) 257-7440; Fax: (406-257-7441)
stewart55@bresnan.net

December 14, 2011

Montana Board of Oil and Gas
2535 St. Johns Avenue
Billings, MT 59102

Dear Madame Chair and Board Members:

First, I would like to apologize for not making it to this month's business meeting. In lieu of appearing in person, I would like to update you on MPG's progress in this letter.

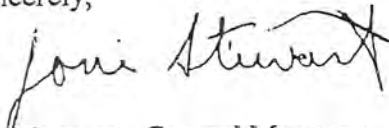
MPG has contracted with Liquid Gold of Cut Bank to plug two more wells. They have not been done yet due to Liquid Gold busy schedule, but Shane Schwindt and Gary Klassen can verify they are in the works.

Secondly, and perhaps most importantly, MPG is finally in the position where our assets exceed our liabilities. This has allowed us to develop an exit strategy that includes selling some or all of the producing properties.

Due to the nature of Montana's law of transparency in open meetings, I will not include any details on our financial condition other than to say it is improving and we plan to diligently continue to nip away at all issues concerning the Board of Oil and Gas.

Thank you for your support and patience in this matter. I plan on appearing at the next business meeting. Should you have any questions, please don't hesitate to contact myself or Danny Murphy at 406-873-0040.

Sincerely,



Joni Stewart, General Manager

3/31/2011

Montana Oil And Gas

attn: Tom Richmond

2535 St. Johns

Billings, Mt 59101

RECEIVED

APR 5 2011

MONTANA BOARD OF OIL
& GAS CONS. BILLINGS

re; Walker Well 44-2 Dawson County
Section 2, twm 19n, rg 53E

Dear Mr. Richmond

There has been a lease between E & E Walker, Inc and Energy Equity Co (Jerry Nelson, president), for the attached lease. E & E Walker, Inc has not received payment on this lease since Feb. 2007 for production in 2006. There was no production in 2007. Therefore under terms of the lease, the lease has expired.

Consider this an abandoned well. We are requesting that Montana Oil and Gas declare this an abandoned well and request that you require operator to plug the well and restore the property.

Please call if there is any other information needed. Thank you.

Sincerely,
Eva Preston, President

Eva Preston

E & E Walker, Inc
202 Clay St.
Glendive, Montana 59330
Phone 406-377-8902

OIL AND GAS LEASE

20

day of June

1939

85

AGREEMENT, Made and entered into this

E & E Walker, Inc., a Montana Corporation
Bloomfield, Montana 59315

Party of the first part, hereinafter called lessor (whether one or more) and

Ronald Ries of Billings, Montana

Party of the second part, hereinafter called lessee

- Ten and more -

DOLLARS

Dawson

WITNESSETH, That the said lessor, for and in consideration of cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased, and let and by these presents does grant, demise, lease and let unto the said lessee, its successors and assigns for the sole and only purpose of surveying by geological, geophysical and all other methods, mining and operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that cer-

tain tract of land, together with any reversionary rights therein, situate in the County of

State of Montana described as follows, to-wit:
Township 19 North, Range 53 East
Section 2; The SE 1/4

This lease form is altered and amended to the extent that in each and every place where the fraction "1/8" appears it is changed to "1/6".

Five containing 160 acres, more or less.

It is agreed that this lease shall remain in force for a term of five years from date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee, its successors and assigns:

In consideration of the premises the said lessee covenants and agrees:
First. The lessee shall deliver to the credit of lessor as royalty, free of cost in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved from the leased premises, or, at lessee's option, may buy or sell such one-eighth royalty and pay lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipe lines or into storage tanks.

Second. The lessee shall pay lessor, as royalty, one-eighth of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found and where not sold shall pay a sum equal to the annual delay rental herein as royalty, and while such royalty is so paid such well shall be held to be a producing well. The lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense.

To pay lessor one-eighth (1/8) of the market value at the well for gas produced from any oil well and used off the premises, or for the sale of casing-head gasoline or dry commercial gas.

20

June

1936

this lease shall terminate

If no well be commenced on said land on or before the

as to both parties, unless the lessee on or before that date shall pay or tender to the lessor or to the lessor's credit in the

Glendive, Montana 59330

First Security Bank at Glendive, Montana, or its successor or successors, or any bank with which it may be merged, or consolidated, or which succeeds to its business or assets or any part thereof, by purchase or otherwise, which shall continue as the depository regardless of changes in the ownership of the said land, the sum of

- Eighty and No/100 -

DOLLARS.

which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and pay any and all other rights conferred. Rentals may be paid by check or draft and may be remitted by mail. Mailing of rental on or before the rental-paying date shall be deemed a timely tender thereof and shall preclude termination of this lease. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such person.

Should any well drilled on the land above described be a dry hole or cease to produce and there are no other producing wells or wells on the land or drilling operations are not being conducted thereon, then and in that event if a well is not commenced before the next rental paying date this lease shall terminate as to both parties, unless the lessee on or before the next rental paying date shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided, and it is agreed upon the resumption of the payment of rentals, as above provided, the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force as though there had been no interruption in the rental payment.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rentals shall be increased at the next succeeding rental anniversary after any reversion having occurred to cover the interest so acquired with or without notice of said reversion to lessee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells and reservoirs of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

Lessee shall pay for all damages caused by its operations on said lands. When requested by the lessor, lessee shall bury his pipe lines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall have the right to drill to completion with reasonable diligence and dispatch (1) any well commenced within the term of this lease, and (2) any well commenced before the completion of a well which has been commenced within such term. If oil and gas or either of them be found in paying quantities in any such well this lease shall continue and be in force with like effect as if such well had been completed within the term of years herein first mentioned.

Lessee is hereby granted the right and power to pool or combine the acreage covered by this lease, or any portion thereof, with other land, lease or leases in the vicinity thereof at any time and from time to time, whether before or after production, when in lessee's judgment it is necessary or

Oil and Gas Lease

NMLMOA-2
MLMOA-2
H-Plains LMOA-2
SEE EXHIBIT

This agreement IS MADE AND ENTERED INTO THIS 3rd DAY OF October, 19 95, BY AND BETWEEN
E & E Walker, Inc., A Montana Corporation

RECEIVED

02 Clay, Glendive, Montana 59330

APR 5 2011

HEREIN REFERRED TO AS THE "LESSOR" (WHETHER ONE OR MORE) AND Guy L. Wiggs

MONTANA BOARD OF OIL
& GAS CONC. BILLINGS

OF P. O. Box 1069, Columbus, Montana 59019
HEREIN REFERRED TO AS THE "LESSEE" (WHETHER ONE OR MORE).

The Lessor, for and in consideration of Ten & More Dollars, (\$ 10.00 +), the receipt of which is hereby acknowledged, and of the covenants and agreements herein set forth on the part of the Lessee to be paid, kept and performed, does grant, demise, lease and let exclusively unto the lessee, for the purpose and with the exclusive right of exploring by geophysical and other methods, drilling and operating for and producing therefrom oil and gas of whatever nature or kind, and with rights of way and easements for laying pipelines, power lines, building tanks, power stations, ponds, roadways, and structures thereon for producing, saving, treating and caring for such products produced on the leased premises and any and all other rights and privileges necessary or incident thereto,

all that certain tract or tracts of land, together with any reversionary rights therein, situated in the County of Dawson

State of Montana, described as follows:

See Exhibit "A" attached hereto and make a part hereof.

For the purpose of determining the amount of any money payment under this lease this land shall be considered to contain 1119.12 acres.

1. TERM. Subject to the other provisions of this lease, this lease shall remain in force for a term of 3 years from this date (herein called "primary term") and as long thereafter as oil or gas is produced from said land or as long thereafter as lessee is engaged in actual drilling or reworking operations on said land as hereinafter provided.

2. ROYALTY. The lessee shall pay to the lessor, as royalty, free of cost, the following: (a) On Oil, 16 2/3% of that produced and saved from said lands, the same to be delivered at the wells or to the credit of the lessor into the pipelines to which the wells may be connected. Lessee may from time to time purchase any royalty oil in its possession, paying the market price for oil of like grade and gravity prevailing in the same field or area on the day such oil is run into the pipelines or into storage tanks. (b) On gas of

whatsoever nature or kind produced and sold from said land or used for the manufacture of gasoline or any other products 16 2/3% of the proceeds from the sale of such gas at the mouth of the well. Lessee agrees that all royalties accruing to lessor under this lease shall be without deduction for cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products hereunder ready for sale or use.

3. SHUT IN GAS WELL. If a well capable of producing gas is shut in such well shall not be considered to be producing gas in paying quantities. Nonetheless lessee shall be entitled to extend this lease beyond the primary term by paying or tendering to lessor on or before the anniversary date of this lease following the expiration of the primary term, and annually thereafter while such well is shut-in, for a period

of 2 years after the expiration of the primary term, an amount equal to One dollars per acre held under this lease by such shut-in well. Such payments shall under no circumstances be construed as continuing the lease beyond the above stated time period. Payments may be tendered to lessor or to lessor's credit by check or draft mailed or delivered to the depository bank designated herein. "Shutting-in" of a well shall occur on the date on which production casing in such well is perforated and a gas flow test discloses that the well is capable of production in paying quantities. Until such casing shall have been run and the gas flow tested, no well shall be considered "shut-in."

4. LESSOR'S GAS USE. Lessor shall have gas free of charge from any gas well on the leased premises for use in lessor's buildings, structures, and improvements now existing or hereafter constructed for domestic and farming and ranching purposes provided that for each gas well lessor shall be limited to -0- mcf of gas per -0- (time period). Lessor shall make his own connections to the well and the use of the gas shall be at lessor's sole risk and expense. Lessor shall have the same rights as above provided to free gas from wells located on lands with which the leased lands are pooled or unitized.

5. RENTAL. If no well be commenced on said land on or before one year from the date hereof, this lease shall terminate as to both parties, unless the lessee, on or before that date, shall pay or tender to the lessor or to the lessor's credit in the Pay Direct to

Lessor Bank at Glendive, Montana, or its successors, which shall continue as the depository of any and all sums payable under this lease regardless of changes in the ownership of said land or of the oil and gas or the rentals to accrue hereunder,

One Thousand One Hundred Nineteen and 12/100 Dollars, 1,119.12, which will operate as rental and cover the privilege of deferring the commencement of a well for one year from said date. In like manner and upon like payments or tenders, the commencement of a well may further be deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental date, either directly to lessor or assigns or to said depository bank.

6. SEGREGATION CLAUSE. Production from any well drilled hereunder, payments for any shut in gas well, or lessee's drilling or reworking operations shall not serve to extend the primary term of this lease nor to relieve the lessee from rental payments except as to such lands as are contained within the spacing unit within which the well is located. This clause shall also apply to pooled and unitized lands with production thereon extending the primary term of this lease only for such pooled or unitized lands.

7. DRY HOLE. If, prior to discovery of oil or gas on said lands, and during the primary term hereof, lessee drills a dry hole or holes thereon and the drilling of another well is not commenced before the next anniversary of this agreement, this lease shall terminate as to both parties, unless the lessee, on or before said date shall resume payment or tender of rentals in the same amount and same manner as hereinabove provided. Upon such resumption of the payment or tender of rentals, paragraph five (5) governing the payment of rentals and the effect thereof shall continue in force as though there had been no interruption in the rental payment.

8. CESSATION OF PRODUCTION. If after the discovery of oil or gas the production thereof should cease from any cause this lease shall terminate unless the lessee commences additional drilling or reworking operations within 60 days thereafter, or, if it be within the primary term, unless the lessee resumes the payment or tender of rental on or before the next rental paying date after the cessation of production. In the event of such drilling or reworking operations, or if the lessee is drilling or reworking any well or wells at the end of the primary term of this lease, this lease shall remain in force during the diligent prosecution of such operations and, if production results therefrom, then as long thereafter as production continues.

9. LESSOR INTEREST. If the lessor owns less interest in the above described lands than the entire and undivided fee simple estate therein, then the royalties and rental herein provided shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rentals and royalties shall be increased at the next rental paying date after lessee has been notified of lessor's acquisition of additional interest by reversion or otherwise.

10. NOTICE TO LESSOR AND OCCUPANT. Lessee agrees to notify lessor, and the person in possession of the surface of said land if other than the lessor, in writing at least twenty days but not more than ninety days before a well is commenced of lessee's intent to commence a well, the date operations are proposed to begin and the location of the well. After completion of the well, if requested by lessor, lessee shall provide lessor with copies of all logs, reports and other geological information filed with the Montana Board of Oil and Gas Conservation at the time such information is so filed. Lessee further agrees to notify lessor in writing within 30 days after plugging and abandoning any well, giving the well name, location and date of plugging.

11. LESSEE'S GAS USE. Lessee shall have the right to use, free of cost, gas, oil and salt water produced on the lands for his operations thereon in connection with the production of oil, gas, or either of them, from said lands.

12. PIPELINES. Lessee shall bury all pipelines at least six feet below the surface.
13. WELL LOCATION. No well shall be drilled nearer than 600 feet to any house, barn or other building or structure now on or hereafter constructed on said premises, without lessor's prior written consent.

14. DAMAGES. The lessee shall pay for all damages caused by his exploration or production operations on said lands including trail damages. Within six months after completion of a well or plugging and abandoning a well, lessee shall remove all material from any pits which are not necessary for operation of the well and shall fill any such pits. Within said six month period lessee shall also reclaim the drilling site as completely as reasonably practical commensurate with producing the well if the well is a producing well. Within one year after termination of this agreement lessee shall restore any previously unrestored lands to their original condition, as near as reasonably practical.

15. REMOVAL OF PROPERTY. The lessee shall have the right to remove all machinery, fixtures, buildings and other structures placed on the lands, including the right to draw and remove casing, within six months of the expiration of this lease or the early termination thereof, and all of the same not so removed shall become the property of the lessor at the expiration of such six months period.

16. SALTWATER DISPOSAL WELLS. This lease shall not include the right to drill wells for or use existing wells for salt water disposal.

17. ASSIGNMENT AND CHANGE OF OWNERSHIP. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is hereby expressly allowed, the covenants hereof shall extend to and be binding upon the heirs, devisees, estate representatives, successors and assigns of the parties. No change in ownership of the land or assignment of rentals or royalties by lessor shall be binding on the lessee until the lessee has been furnished with an executed or certified copy of the transfer or assignment. In the event of the assignment of this lease in whole or in part by lessee or lessee's successors or assigns, such assignment shall not be binding on lessor until lessor is notified in writing of such assignments and of the name and address of the assignee.

18. RELEASE. Lessee may at any time release this lease as to part or all of the lands described herein by delivering or by placing a release of record in the proper county. In the event of a partial release, the annual delay rental above mentioned shall be reduced proportionately. Within 60 days after the expiration of this lease or any portion thereof for any reason, lessee shall place a release of record in the proper county or counties and shall mail or tender a copy of such release to lessor.

19. EXCUSE OF PERFORMANCE. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by or if such failure is the result of any such Law, Order, Rules or Regulation.

20. WARRANTY. Lessor makes no warranty, express or implied, as to lessor's title to the above described land except that lessor agrees to defend whatever title lessor has and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgage, or other liens, existing, levied, or assessed on or against said land, and in the event it exercises such option it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder. Lessor further agrees that any interest or title to said land acquired by lessor after the date hereof shall be subject to this lease to the same extent as if said interest or title had been held by Lessor at the date hereof. In such event the amount of rental payable hereunder shall be approximately adjusted at the next ensuing rental date after lessee has been furnished evidence of such after acquired title.

21. PARTIES BOUND. This lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute this lease. All provisions of this lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of lessor and lessee. Lessor hereby waives and releases all rights of dower and homestead in said lands insofar as the rights granted under this lease might be affected thereby.

22. CAPTIONS AND TITLES. The captions, titles and paragraph headings throughout this lease are for convenience and reference and shall not be held to explain, modify, amplify, or aid in the interpretation, construction or meaning of the provisions of this lease, nor to define, limit or describe the scope or intent of a particular paragraph.

WITNESS WHEREOF the undersigned have executed this instrument on the date first above written.

By: Eva L. Walker, President Eva Walker

Attest: Colleen Berry, Sec.-Treas. Colleen Berry

STATE OF MONTANA

County of DAWSON } ss.

E & E Walker, Inc., a Montana corporation
TIN: 81-0411807

On this 3rd day of October, 1995, before me, the undersigned, a Notary Public for the State

of Montana, personally appeared Eva Walker and Colleen Walker, Trustees of the Walker

Family Trust dated August 5, 1991 known to me to be the person(s) whose names are subscribed to the foregoing instrument and acknowledged to me that he (she) (they) executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

Sturley A. Kreiman
Notary Public for the State of Montana

(NOTARIAL SEAL)

My commission expires 1-25-98

Residing at Glendive, Montana

Oil and Gas Lease

TO

STATE OF _____ } ss.
County of _____ }
Filed for record this _____ day
of _____, A.D., 19____
at _____ o'clock _____ M.,
and recorded in Book _____
page _____ of the records of
_____ County, State of _____
County Recorder.

By _____ Deputy,
RECEIVED
APR 5 2011
MONTANA BOARD OF OIL
& GAS CONS. BILLINGS
Fees, \$ _____

EXHIBIT "A"

Attached to and made a part of that Oil and Gas Lease dated October 3, 1995 by and between E & E Walker, Inc., a Montana corporation, as Lessor, and Guy Wiggs, as Lessee

Township 19 North, Range 53 East, M.P.M.

Section 2: Lots 1(39.91),2(39.89),3(39.87),4(39.85),S2N2,SW4 less a .92 acre tract in Lot 1 more particularly described in Book A104 of Deeds on Page 362

Section 11: NW4

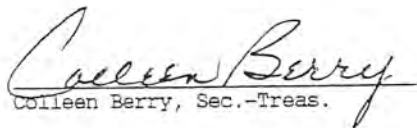
Section 12: A .52 acre tract in SW4SW4 more particularly described as follows: Beginning at the Southwest corner of said Section 12, thence North 33 feet, thence East 80 feet to the point of beginning, thence East 150 feet, thence North 150 feet, thence West 150 feet, thence South 150 feet to the point of beginning

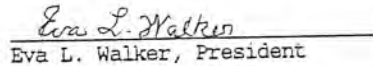
Section 24: SW4

Section 25: W2

Upon completion of any exploration activity or the termination of any production activity lessee agrees to reclaim any disturbed surface areas to as near original contour and condition as possible, including the re-seeding of such areas to grass.

Signed for Identification:


Colleen Berry, Sec.-Treas.


Eva L. Walker, President

RECEIVED

APR 5 2011

MONTANA BOARD OF OIL
& GAS CONS. BILLINGS

Plugging and Reclamation Bonds With Well List

ENERGY EQUITY COMPANY		59	Bond: G1	\$10,000.00	Single Well Bond	Active	Wells: 1	Allowed: 1	
Letter of Credit	Active	Wells Fargo Bank, NA		\$10,000.00			Approved	2/1/2002	
							Approved	4/7/2011	
API #	Operator	Well	Location			Field	TD	PBTD	Status
021-21108	Energy Equity Company	Walker 44-2	19 N	53 E	2	SE SE 660S 660E	Bloomfield	11270	SI OIL

Comment: * \$30,000 letter of credit. \$10,000 producing well bond, \$20,000 UIC bond. Letter of credit reduced to \$10,000 to cover Walker 44-2 well only. \$20,000 released on UIC bond as wells have been sold.

ENERGY EQUITY COMPANY		59	Bond: G2	\$10,000.00	Single Well Bond	Active	Wells: 1	Allowed: 1	
Surety Bond	Active	Lexon Insurance Company		\$10,000.00			Approved	5/27/2011	
API #	Operator	Well	Location			Field	TD	PBTD	Status
085-21228	Energy Equity Company	Elvin Horob 1-20	29 N	59 E	20	C SW SE 660S 1980E	Red Bank	13182	9500 PI OIL

Comment: To cover the Elvin Horob 1-20 well

ENERGY EQUITY COMPANY		59	Bond: M1	\$25,000.00	Multiple Well Bond	Canceled	Wells: 0	Allowed:
Surety Bond	Canceled	FAR WEST INS CO & UNDERWRIT		\$25,000.00			Approved	10/27/1994
							Canceled	2/7/2002

Comment: 2/5/2001 - Bond amount reduced to \$25,000 and Underwriters Indemnity Bond #B8066 cancelled.

ENERGY EQUITY COMPANY		59	Bond: U1	\$20,000.00	UIC Limited Bond	Released	Wells: 0	Allowed:
Letter of Credit	Released	Wells Fargo Bank, NA		\$20,000.00			Approved	4/21/2006
							Released	4/6/2011

Comment: * \$30,000 letter of credit, \$10K producing well, \$20K UIC bond. Letter of credit reduced to \$10,000 to cover Walker 44-2 well only. \$20,000 released on UIC bond as wells have been sold.

ENERGY EQUITY COMPANY		59	Bond: U2	\$10,000.00	UIC Single Well Bond	Active	Wells: 1	Allowed: 1	
Surety Bond	Active	Lexon Insurance Company		\$10,000.00			Approved	6/10/2010	
API #	Operator	Well	Location			Field	TD	PBTD	Status
085-21290	Energy Equity Company	Panasuk 9 SWD	29 N	59 E	29	NE NW 660N 1980W	Red Bank	9650	IA SWD

Comment: To cover the Panasuk #9 SWD well.

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION

BRIAN SCHWEITZER, GOVERNOR

OIL AND GAS CONSERVATION DIVISION



STATE OF MONTANA

July 26, 2010

Energy Equity Company
P.O. Box 785
Columbus, MT 59019
Attention: Mr. Jerry Nelson

RE: Energy Equity Company, Walker 44-2, SE SE Section 2 T19N R53E
API 25-021-21108

Dear Mr. Nelson,

This well was last produced in January 2007. Per Rule 36.22.1303 requires the well to be plugged and abandoned or a use for the well. My understanding is the well has mechanical issues and at this time cannot be produced. I need a sundry stating what the future plans are for this well or a plug and abandonment plan if the well has no future use.

36.22.1303 WELL PLUGGING REQUIREMENT

(1) The owner shall not permit any well drilled for oil, gas, saltwater disposal, or any other purpose to remain unplugged after such well is no longer useful for the purpose for which it was drilled or converted. When a well is no longer capable of production because the underlying reservoir or reservoirs are depleted and there is no possible future use for the well in supplemental recovery operations or for disposal facilities, the operator shall within one year plug and abandon the well as set forth in this subchapter, unless otherwise authorized by the petroleum engineer or his authorized agent.

History: 82-11-111, MCA; IMP, 82-11-123, 82-11-124, MCA; Eff. 12/31/72; AMD, 1998 MAR p. 482, Eff. 2/13/98.

Please contact me concerning your plans for this well. I can be reached at the Billings office at the number listed below.

Sincerely,

A handwritten signature in cursive script that reads "Steven Sasaki".

Steven Sasaki
Chief Field Inspector

DIVISION OFFICE
1625 ELEVENTH AVENUE
PO BOX 201601
HELENA, MONTANA 59620-1601
(406) 444-6675

TECHNICAL AND
SOUTHERN FIELD OFFICE
2535 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102-4693
(406) 656-0040

NORTHERN FIELD OFFICE
201 MAIN STREET
PO BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION

BRIAN SCHWEITZER, GOVERNOR

OIL AND GAS CONSERVATION DIVISION



STATE OF MONTANA

April 12, 2011

Energy Equity Company
P.O. Box 785
Columbus, MT 59019
Attention: Mr. Jerry Nelson

RE: Energy Equity Company, Walker 44-2, SE SE Section 2 T19N R53E
API 25-021-21108

Dear Mr. Nelson,

This well was last produced in January 2007. I have received a letter from the mineral owner, Eva Preston notifying me that your mineral lease under the Walker 44-2 well has lapsed due to nonproduction. She requests that Energy Equity plug and abandoned the Walker 44-2 well. (See Attached)

Per Rule 36.22.1303 requires the well to be plugged and abandoned or Energy Equity provides information that this well has a future use. My understanding is the well has mechanical issues and at this time cannot be produced. Energy Equity must submit a sundry stating the timetable and plan for plugging and abandoning this well.

36.22.1303 WELL PLUGGING REQUIREMENT

(1) The owner shall not permit any well drilled for oil, gas, saltwater disposal, or any other purpose to remain unplugged after such well is no longer useful for the purpose for which it was drilled or converted. When a well is no longer capable of production because the underlying reservoir or reservoirs are depleted and there is no possible future use for the well in supplemental recovery operations or for disposal facilities, the operator shall within one year plug and abandon the well as set forth in this subchapter, unless otherwise authorized by the petroleum engineer or his authorized agent.

History: 82-11-111, MCA; IMP, 82-11-123, 82-11-124, MCA; Eff. 12/31/72; AMD, 1998 MAR p. 482, Eff. 2/13/98.

Please contact me concerning your plans for this well. I can be reached at the Billings office at the number listed below.

Sincerely,

A handwritten signature in cursive script that reads "Steven Sasaki".

Steven Sasaki
Chief Field Inspector

Cc Eva L. Walker, Glendive, MT

DIVISION OFFICE
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EXHIBIT 10
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MONTANA BOARD OF OIL
& GAS CONS. BILLINGS

November 21, 2011

Mr. Tom Richmond
Montana Board of Oil and Gas Conservation
Billings Technical Office
2535 St. Johns Avenue
Billings, Montana 59102

re: **Fee Simonson Farms 3608-34-01H-B – Flaring Extension Request**
API Number: 25-035-22183
Glacier County, Montana

Dear Mr. Richmond,

Rosetta Resources Operating LP respectfully requests an extension to flare the Fee Simonson Farms 3608-34-01H-B well, located on the Blackfeet Reservation in Glacier County, Montana. This letter was prompted by Rosetta's last internal meeting regarding flaring limitations in Montana. At this meeting, it was concluded that Rosetta needs to expand these limitations in order to completely evaluate its current and future Bakken wells. The summary below contains information regarding Rosetta's current well production and the required information to support Rosetta's request to continue flaring beyond the 60-day test period, as required by ARM 36.22.1220.

Current Producing Well Summary:

Fee Simonson 3608-34-01H-B

Completion Dates: 9/16/2011 – 9/19/2011
Flowback Dates: 9/19/2011 – 9/30/2011
Production Start Date: 10/1/2011

Rosetta is currently on day 52 of its 60-day allotted production term. Rosetta therefore requests an extension in order to further evaluate this well on an extended decline after the initial 60-day test period because this well is averaging over 100 Mcf/d. See ARM 36.22.1220(2).

Gas Analysis – See attached.

Estimated Gas Reserves

Although gas production is accompanying oil production in this well, gas is not being produced in sufficient quantities to justify the installation of a pipeline (see table below). Since Rosetta is still in the exploration phase, extended testing is needed to forecast any potential gas reserves. At this time, gas production is a bi-product of oil production and will only become valuable once development of infrastructure is economical.

Proximity of Well to Gas Market / Estimated Cost of Marketing Gas / Estimated Gas Price

There are 2 potential paths for Rosetta's gas to get to market. One path is the Omimex gathering system and the other is the Northwestern Energy pipeline. An overall synopsis of the distances to each market, the estimated costs for tying into their system, the estimated gas prices for each market, and the total cost for marketing Rosetta's gas is discussed below.

Market	Omimex	Northwestern Energy
Distance to Well	12.5 miles	5.625 miles
Est. Pipeline Cost	\$ 2,750,000	\$ 1,195,000
Est. Pipeline Pressure	<200 psi	650-875 psi
Compression Needed	MAYBE	YES
Compression Capital Cost	\$ 125,000	\$ 125,000
Compression LOE Cost	\$ 20,000	\$ 20,000
CO2 Treating Capital Cost	\$ 125,000	\$ 125,000
CO2 Treating LOE Cost	\$ 15,000	\$ 15,000
Estimated Gas Price	\$3.697 per Mcf	\$3.485 per Mcf
*from October 2011 prices		
Total Est. Capital Cost to Market Gas	\$ 3,000,000	\$ 1,445,000
Total Est. LOE Cost to Market Gas	\$ 35,000	\$ 35,000

Reinjection Potential

Due to the characteristics of the reservoir and the high costs of a re-injection plant, Rosetta does not believe reinjection to be a viable option at this stage of exploration.

Other Conservation-Oriented Disposition

Rosetta is examining various JT Plant (Joule Thomson) options and refrigeration practices to capture NGL's and to cut down on total gas flared. However, none of these methods have proven economical. As Rosetta collects more data throughout the field during exploration, Rosetta will be in a better position to identify its options and to evaluate them for potential implementation during development.

Amount of Gas Used in Operations

Rosetta is currently using produced gas to fuel its heater treater separation equipment. It is estimated that the gas usage for this equipment is equal to 15 Mcf/d. Although Rosetta has options to use produced gas to fuel its pumping unit engines, this gas has too many contaminants to warrant this use. Therefore, it is more economical to use purchased propane instead.

As the previous analysis demonstrates, the majority of information needed to justify Rosetta's request for a flaring extension has already been gathered. Any remaining data that may be needed to justify Rosetta's request is being compiled concurrently with the production of the well.

While Rosetta continues to test the extent of its acreage, it is important to note that marketing Rosetta's gas is not expected to be feasible or economical. It will likely not be until Rosetta goes into full

November 21, 2011

development that Rosetta starts to concentrate or develop in one specific area. At that point, Rosetta will put together and execute a plan to gather and market its gas. Until the development phase is implemented, it is essential for Rosetta to have an extended test period so that it may accurately evaluate the production, decline, and economic viability of this play.

If you require any additional information or have any questions, please do not hesitate to contact either Joshua Baumbach (Production Engineer) or myself. Joshua Baumbach can be reached at 713-335-4110 or joshua.baumbach@rosettaresources.com, and I can be reached at 713-335-4173 or daniel.busch@rosettaresources.com.

Thank you in advance for your assistance with this important matter.

Sincerely,



Daniel Busch
Regulatory Analyst

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MONTANA BOARD OF OIL
& GAS CONS. BILLINGS



LABORATORY ANALYTICAL REPORT

Prepared by Billings, MT Branch

Client: Rosetta Resources Inc
Project: Simonson 34-01 HB
Lab ID: B11101913-004
Client Sample ID: Simonson Gas

Report Date: 11/08/11
Collection Date: 10/20/11 11:00
Date Received: 10/21/11
Matrix: Gas

Analyses	Result	Units	Qualifiers	RL	MCL/ QCL	Method	Analysis Date / By
GAS CHROMATOGRAPHY ANALYSIS REPORT							
Nitrogen	4.50	Mol %		0.01		GPA 2261-95	10/24/11 10:15 / jp
Carbon Dioxide	8.49	Mol %		0.01		GPA 2261-95	10/24/11 10:15 / jp
Hydrogen Sulfide	<0.01	Mol %		0.01		GPA 2261-95	10/24/11 10:15 / jp
Methane	69.19	Mol %		0.01		GPA 2261-95	10/24/11 10:15 / jp
Ethane	9.73	Mol %		0.01		GPA 2261-95	10/24/11 10:15 / jp
Propane	4.34	Mol %		0.01		GPA 2261-95	10/24/11 10:15 / jp
Isobutane	0.47	Mol %		0.01		GPA 2261-95	10/24/11 10:15 / jp
n-Butane	1.32	Mol %		0.01		GPA 2261-95	10/24/11 10:15 / jp
Isopentane	0.42	Mol %		0.01		GPA 2261-95	10/24/11 10:15 / jp
n-Pentane	0.48	Mol %		0.01		GPA 2261-95	10/24/11 10:15 / jp
Hexanes plus	1.06	Mol %		0.01		GPA 2261-95	10/24/11 10:15 / jp
Ethane	2.611	gpm		0.001		GPA 2261-95	10/24/11 10:15 / jp
Propane	1.200	gpm		0.001		GPA 2261-95	10/24/11 10:15 / jp
Isobutane	0.154	gpm		0.001		GPA 2261-95	10/24/11 10:15 / jp
n-Butane	0.418	gpm		0.001		GPA 2261-95	10/24/11 10:15 / jp
Isopentane	0.154	gpm		0.001		GPA 2261-95	10/24/11 10:15 / jp
n-Pentane	0.175	gpm		0.001		GPA 2261-95	10/24/11 10:15 / jp
Hexanes plus	0.448	gpm		0.001		GPA 2261-95	10/24/11 10:15 / jp
GPM Total	5.160	gpm		0.001		GPA 2261-95	10/24/11 10:15 / jp
GPM Pentanes plus	0.777	gpm		0.001		GPA 2261-95	10/24/11 10:15 / jp
CALCULATED PROPERTIES							
Gross BTU per cu ft @ Std Cond. (HHV)	1132			1		GPA 2261-95	10/24/11 10:15 / jp
Net BTU per cu ft @ std cond. (LHV)	1027			1		GPA 2261-95	10/24/11 10:15 / jp
Pseudo-critical Pressure, psia	689			1		GPA 2261-95	10/24/11 10:15 / jp
Pseudo-critical Temperature, deg R	407			1		GPA 2261-95	10/24/11 10:15 / jp
Specific Gravity @ 60/60F	0.816			0.001		D3588-81	10/24/11 10:15 / jp

COMMENTS

- BTU, GPM, and specific gravity are corrected for deviation from ideal gas behavior.
- GPM = gallons of liquid at standard conditions per 1000 cu. ft. of moisture free gas @ standard conditions.
- To convert BTU to a water-saturated basis @ standard conditions, multiply by 0.9825.
- Standard conditions: 60 F & 14.73 psi on a dry basis.

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MONTANA BOARD OF OIL & GAS CONS. BILLINGS

Report Definitions: RL - Analyte reporting limit.
QCL - Quality control limit.

MCL - Maximum contaminant level.
ND - Not detected at the reporting limit.



LABORATORY ANALYTICAL REPORT

Prepared by Billings, MT Branch

Client: Rosetta Resources Inc
Project: Simonson 34-01 HB
Lab ID: B11101913-005
Client Sample ID: Simonson Gas

Report Date: 11/08/11
Collection Date: 10/20/11 11:00
Date Received: 10/21/11
Matrix: Gas

Analyses	Result	Units	Qualifiers	RL	MCL/ QCL	Method	Analysis Date / By
GAS CHROMATOGRAPHY ANALYSIS REPORT							
Nitrogen	4.51	Mol %		0.01		GPA 2261-95	10/24/11 10:48 / jp
Carbon Dioxide	8.49	Mol %		0.01		GPA 2261-95	10/24/11 10:48 / jp
Hydrogen Sulfide	<0.01	Mol %		0.01		GPA 2261-95	10/24/11 10:48 / jp
Methane	69.33	Mol %		0.01		GPA 2261-95	10/24/11 10:48 / jp
Ethane	9.73	Mol %		0.01		GPA 2261-95	10/24/11 10:48 / jp
Propane	4.34	Mol %		0.01		GPA 2261-95	10/24/11 10:48 / jp
Isobutane	0.47	Mol %		0.01		GPA 2261-95	10/24/11 10:48 / jp
n-Butane	1.32	Mol %		0.01		GPA 2261-95	10/24/11 10:48 / jp
Isopentane	0.42	Mol %		0.01		GPA 2261-95	10/24/11 10:48 / jp
n-Pentane	0.48	Mol %		0.01		GPA 2261-95	10/24/11 10:48 / jp
Hexanes plus	0.91	Mol %		0.01		GPA 2261-95	10/24/11 10:48 / jp
Ethane	2.611	gpm		0.001		GPA 2261-95	10/24/11 10:48 / jp
Propane	1.200	gpm		0.001		GPA 2261-95	10/24/11 10:48 / jp
Isobutane	0.154	gpm		0.001		GPA 2261-95	10/24/11 10:48 / jp
n-Butane	0.418	gpm		0.001		GPA 2261-95	10/24/11 10:48 / jp
Isopentane	0.154	gpm		0.001		GPA 2261-95	10/24/11 10:48 / jp
n-Pentane	0.175	gpm		0.001		GPA 2261-95	10/24/11 10:48 / jp
Hexanes plus	0.385	gpm		0.001		GPA 2261-95	10/24/11 10:48 / jp
GPM Total	5.096	gpm		0.001		GPA 2261-95	10/24/11 10:48 / jp
GPM Pentanes plus	0.713	gpm		0.001		GPA 2261-95	10/24/11 10:48 / jp

CALCULATED PROPERTIES

Gross BTU per cu ft @ Std Cond. (HHV)	1126			1		GPA 2261-95	10/24/11 10:48 / jp
Net BTU per cu ft @ std cond. (LHV)	1022			1		GPA 2261-95	10/24/11 10:48 / jp
Pseudo-critical Pressure, psia	689			1		GPA 2261-95	10/24/11 10:48 / jp
Pseudo-critical Temperature, deg R	407			1		GPA 2261-95	10/24/11 10:48 / jp
Specific Gravity @ 60/60F	0.812				0.001	D3588-81	10/24/11 10:48 / jp

COMMENTS

- BTU, GPM, and specific gravity are corrected for deviation from ideal gas behavior.
- GPM = gallons of liquid at standard conditions per 1000 cu. ft. of moisture free gas @ standard conditions.
- To convert BTU to a water-saturated basis @ standard conditions, multiply by 0.9825.
- Standard conditions: 60 F & 14.73 psi on a dry basis.

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& GAS CONS. BILLINGS

Report: RL - Analyte reporting limit.
Definitions: QCL - Quality control limit.

MCL - Maximum contaminant level.
ND - Not detected at the reporting limit.

Wellname	Completion Date	Start Date	Latest Production				Cumulative Production		
			Oil Rate, bbl/d	Gas Rate Mcf/d	GOR, Mcf/bbl	Date	Oil, bbl	Gas, Mcf	GOR
Fee Simonson Farms 3608-34-01H-B	9/19/2011	10/1/2011	45	281	6.24	11/18/2011	1396	5246	3.76