

# Montana Board of Oil and Gas Conservation Summary of Bond Activity

6/12/2012 Through 8/8/2012

Exhibit 1

## Approved

Apache Corporation Houston TX	721 M1	Approved	7/16/2012
		Amount:	\$50,000.00
Surety Bond	\$50,000.00	Purpose:	Multiple Well Bond
	Liberty Mutual Insurance Company		
Brigham Oil & Gas LP Austin TX	483 T2	Approved	7/26/2012
		Amount:	\$10,000.00
Surety Bond	\$10,000.00	Purpose:	UIC Single Well Bond
	RLI INSURANCE COMPANY		
Brigham Oil & Gas LP Austin TX	483 T1	Approved	7/26/2012
		Amount:	\$10,000.00
Surety Bond	\$10,000.00	Purpose:	UIC Single Well Bond
	RLI INSURANCE COMPANY		
MCR, LLC Shelby MT	399 T3	Approved	6/14/2012
		Amount:	\$5,000.00
Certificate of Deposit	\$5,000.00	Purpose:	UIC Single Well Bond
	FIRST STATE BANK OF SHELBY		
Oasis Petroleum North America LLC Houston TX	533 T8	Approved	7/3/2012
		Amount:	\$10,000.00
Surety Bond	\$10,000.00	Purpose:	UIC Single Well Bond
	RLI INSURANCE COMPANY		
Triangle USA Petroleum Corporation Denver CO	718 M1	Approved	6/12/2012
		Amount:	\$50,000.00
Surety Bond	\$50,000.00	Purpose:	Multiple Well Bond
	U.S. Specialty Insurance Co.		

## Bond Increase

Artex Oil Company Marietta OH	447 L1	Bond Increase	7/9/2012
		Amount:	\$40,000.00
Letter of Credit	\$40,000.00	Purpose:	Limited Bond
	Peoples Bank, NA		

## Forfeited

Athena Energy LLC Toronto ON	285 M1	Forfeited	7/3/2012
		Amount:	\$50,000.00
Certificate of Deposit	\$50,000.00	Purpose:	Multiple Well Bond
	1ST NAT'L BANK & TRUST CO		

## Released

Apache Corp Minneapolis MN	380 M1	Released	7/18/2012
		Amount:	\$25,000.00
Surety Bond	\$25,000.00	Purpose:	Multiple Well Bond
	AMERICAN CASUALTY COMPANY		

# Montana Board of Oil and Gas Conservation Summary of Bond Activity

6/12/2012 Through 8/8/2012

## Released

Baldwin Exploration Corporation Reno NV	543 G1	Released Amount: \$10,000.00 Purpose: Single Well Bond	6/27/2012
Certificate of Deposit	\$10,000.00 US Bank		
Chaparral Energy, LLC Oklahoma City OK	307 T3	Released Amount: \$10,000.00 Purpose: UIC Single Well Bond	6/26/2012
Surety Bond	\$10,000.00 U.S. Specialty Insurance Co.		
Chaparral Energy, LLC Oklahoma City OK	307 T2	Released Amount: \$10,000.00 Purpose: UIC Single Well Bond	6/26/2012
Surety Bond	\$10,000.00 U.S. Specialty Insurance Co.		
Chaparral Energy, LLC Oklahoma City OK	307 T1	Released Amount: \$10,000.00 Purpose: UIC Single Well Bond	6/26/2012
Surety Bond	\$10,000.00 U.S. Specialty Insurance Co.		
Homestake Oil & Gas Co. Kevin MT	3540 B1	Released Amount: \$10,000.00 Purpose: Suspended	7/10/2012
Surety Bond	\$10,000.00 TRAVELERS CASUALTY & SURETY CO. OF AMERICA		
Kipling Energy Incorporated Shelby MT	4070 M1	Released Amount: \$50,000.00 Purpose: Multiple Well Bond	7/18/2012
Surety Bond	\$50,000.00 Lexon Insurance Company		

## ALL APPLICATIONS, 8/9/2012

Seq	Docket	Applicant	Status	Request
1	354-2012	EOG Resources, Inc.	Continued	Class II Permit
2	355-2012	EOG Resources, Inc.	Withdrawn	Temp. Spacing
3	356-2012	EOG Resources, Inc.	Continued	Spacing
4	357-2012	EOG Resources, Inc.		Pooling
5	358-2012	EOG Resources, Inc.		Well Density
6	359-2012	EOG Resources, Inc.		Pooling
7	360-2012	EOG Resources, Inc.		Well Density
8	361-2012	EOG Resources, Inc.		Pooling
9	362-2012	EOG Resources, Inc.		Well Density
10	363-2012	EOG Resources, Inc.		Pooling
11	364-2012	EOG Resources, Inc.		Well Density
12	365-2012	EOG Resources, Inc.		Pooling
13	366-2012	EOG Resources, Inc.		Well Density
14	367-2012	Slawson Exploration Company Inc	Withdrawn	Temp. Spacing
15	368-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
16	369-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
17	370-2012	Slawson Exploration Company Inc	Withdrawn	Temp. Spacing
18	371-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
19	372-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
20	373-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
21	374-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
22	375-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
23	376-2012	Slawson Exploration Company Inc	Continued	Temp. Spacing
24	377-2012	Slawson Exploration Company Inc	Continued	Temp. Spacing
25	378-2012	Slawson Exploration Company Inc	Withdrawn	Temp. Spacing
26	379-2012	Slawson Exploration Company Inc	Withdrawn	Temp. Spacing
27	380-2012	Slawson Exploration Company Inc	Continued	Temp. Spacing
28	381-2012	Slawson Exploration Company Inc	Continued	Temp. Spacing
29	382-2012	Slawson Exploration Company Inc	Withdrawn	Temp. Spacing
30	383-2012	Slawson Exploration Company Inc	Continued	Spacing
31	384-2012	Slawson Exploration Company Inc	Continued	Pooling
32	385-2012	Slawson Exploration Company Inc	Continued	Well Density
33	386-2012	Slawson Exploration Company Inc	Continued	Spacing Amendment
34	387-2012	Slawson Exploration Company Inc	Continued	Spacing Amendment
35	388-2012	Slawson Exploration Company Inc	Continued	Spacing Amendment
36	389-2012	Slawson Exploration Company Inc	Continued	Temp. Spacing
37	390-2012	Slawson Exploration Company Inc	Continued	Well Density
38	391-2012	Slawson Exploration Company Inc	Continued	Well Density
39	392-2012	Slawson Exploration Company Inc	Continued	Well Density
40	393-2012	Whiting Oil and Gas Corporation	Continued	Well Density
41	394-2012	Whiting Oil and Gas Corporation		Spacing
42	395-2012	Whiting Oil and Gas Corporation		Pooling
43	396-2012	Whiting Oil and Gas Corporation		Well Density
44	397-2012	Whiting Oil and Gas Corporation		Spacing
45	398-2012	Whiting Oil and Gas Corporation		Pooling
46	399-2012	Whiting Oil and Gas Corporation		Well Density
				Spacing

## ALL APPLICATIONS, 8/9/2012

47	400-2012	Whiting Oil and Gas Corporation			Pooling
48	401-2012	Whiting Oil and Gas Corporation			Well Density
49	402-2012	Whiting Oil and Gas Corporation	Default w/ Auto Cont.		Spacing Amendment
50	403-2012	Whiting Oil and Gas Corporation	Default w/ Auto Cont.		Spacing Amendment
51	404-2012	Whiting Oil and Gas Corporation	Default w/ Auto Cont.		Spacing Amendment
52	405-2012	Whiting Oil and Gas Corporation	Default w/ Auto Cont.		Spacing Amendment
53	406-2012	Whiting Oil and Gas Corporation	Continued		Spacing Amendment
54	407-2012	Fidelity Exploration & Production Co.			Spacing
55	408-2012	Fidelity Exploration & Production Co.			Well Density
56	409-2012	Fidelity Exploration & Production Co.			Pooling
57	410-2012	Fidelity Exploration & Production Co.	Default		Exception - Drilling
58	411-2012	Fidelity Exploration & Production Co.	Default		Exception - Drilling
59	412-2012	Fidelity Exploration & Production Co.	Default		Exception - Drilling
60	413-2012	Fidelity Exploration & Production Co.	Default		Exception - Drilling
61	414-2012	Fidelity Exploration & Production Co.			Spacing
62	415-2012	Samson Resources Company			Spacing
63	416-2012	Samson Resources Company			Pooling
64	417-2012	Samson Resources Company			Spacing
65	418-2012	Samson Resources Company			Pooling
66	419-2012	Shale Bakken Investment Corporation	Default		Vacate Field/Rule
67	420-2012	Shale Bakken Investment Corporation	Default		Temp. Spacing
68	421-2012	Shale Bakken Investment Corporation	Default		Temp. Spacing
69	422-2012	Shale Bakken Investment Corporation	Default		Temp. Spacing
70	423-2012	Shale Bakken Investment Corporation	Default		Temp. Spacing
71	424-2012	Continental Resources Inc	Default		Spacing Amendment
72	425-2012	Continental Resources Inc	Default		Spacing Amendment
73	426-2012	Continental Resources Inc			Spacing
74	427-2012	Continental Resources Inc			Well Density
75	428-2012	Continental Resources Inc			Pooling
76	429-2012	Continental Resources Inc			Spacing
77	430-2012	Continental Resources Inc			Well Density
78	431-2012	Continental Resources Inc			Pooling
79	432-2012	Continental Resources Inc			Spacing
80	433-2012	Continental Resources Inc			Well Density
81	434-2012	Continental Resources Inc			Pooling
82	435-2012	Continental Resources Inc			Spacing
83	436-2012	Continental Resources Inc			Well Density
84	437-2012	Continental Resources Inc			Pooling
85	438-2012	Continental Resources Inc			Spacing
86	439-2012	Continental Resources Inc			Well Density
87	440-2012	Continental Resources Inc			Pooling
88	442-2012	Continental Resources Inc	Continued		Temp. Spacing

## ALL APPLICATIONS, 8/9/2012

89	443-2012	Continental Resources Inc	Default	Temp. Spacing
90	444-2012	Continental Resources Inc	Continued	Temp. Spacing
91	445-2012	Energy Corporation of America	Continued	Class II Permit
92	446-2012	Brigham Oil & Gas LP	Default	Temp. Spacing
93	447-2012	Brigham Oil & Gas LP	Default	Class II Permit
94	448-2012	Brigham Oil & Gas LP	Default	Class II Permit
95	449-2012	Samson Oil and Gas USA Montana, Inc.		Spacing
96	450-2012	Samson Oil and Gas USA Montana, Inc.		Spacing
97	451-2012	Samson Oil and Gas USA Montana, Inc.		Vacate Field/Rule
98	452-2012	Samson Oil and Gas USA Montana, Inc.		Temp. Spacing
99	453-2012	Cirque Resources LP		Spacing
100	454-2012	Cirque Resources LP	Default	Temp. Spacing
101	455-2012	Cirque Resources LP	Default	Temp. Spacing
102	456-2012	Cirque Resources LP	Default	Temp. Spacing
103	457-2012	Cirque Resources LP	Default	Temp. Spacing
104	458-2012	Cirque Resources LP	Default	Temp. Spacing
105	459-2012	Cirque Resources LP	Default	Temp. Spacing
106	460-2012	Central Montana Resources, LLC	Default	Temp. Spacing
107	461-2012	Central Montana Resources, LLC	Continued	Temp. Spacing
108	462-2012	Central Montana Resources, LLC	Continued	Temp. Spacing
109	463-2012	Central Montana Resources, LLC	Default	Temp. Spacing
110	464-2012	Central Montana Resources, LLC	Default	Temp. Spacing
111	465-2012	Central Montana Resources, LLC	Default	Temp. Spacing
112	466-2012	Central Montana Resources, LLC	Default	Temp. Spacing
113	467-2012	Central Montana Resources, LLC	Default	Temp. Spacing
114	468-2012	Central Montana Resources, LLC	Default	Temp. Spacing
115	469-2012	Central Montana Resources, LLC	Default	Temp. Spacing
116	470-2012	Central Montana Resources, LLC	Default	Temp. Spacing
117	471-2012	Central Montana Resources, LLC	Default	Temp. Spacing
118	472-2012	Central Montana Resources, LLC	Default	Temp. Spacing
119	473-2012	Central Montana Resources, LLC	Default	Temp. Spacing
120	474-2012	Central Montana Resources, LLC	Default	Temp. Spacing
121	475-2012	Oasis Petroleum, Inc.		Spacing
122	476-2012	Oasis Petroleum, Inc.	Continued	Pooling
123	477-2012	Oasis Petroleum, Inc.		Well Density
124	478-2012	Oasis Petroleum, Inc.		Spacing
125	479-2012	Oasis Petroleum, Inc.		Well Density
126	480-2012	Oasis Petroleum, Inc.		Spacing
127	481-2012	Oasis Petroleum, Inc.		Well Density
128	482-2012	Somont Oil Company, Inc.	Protested	Enhanced Recovery
130	483-2012	Somont Oil Company, Inc.	Protested	Class II Permit (Area)
131	484-2012	TAQA North USA, Inc.	Default	Class II Permit
132	485-2012	TAQA North USA, Inc.	Default	Class II Permit
133	486-2012	TAQA North USA, Inc.	Default	Class II Permit
134	487-2012	TAQA North USA, Inc.	Default	Class II Permit
135	299-2011	Central Montana Resources, LLC	Continued	Spacing
136	302-2011	G3 Operating, LLC		Well Density

## ALL APPLICATIONS, 8/9/2012

137	487-2011	Central Montana Resources, LLC	Default	Temp. Spacing
138	552-2011	Decker Operating Company, L.L.C.	Withdrawn	Well Density
139	112-2012	Central Montana Resources, LLC	Continued	Vacate Field/Rule
140	113-2012	Central Montana Resources, LLC	Continued	Spacing
141	114-2012	Central Montana Resources, LLC	Continued	Pooling
142	152-2012	EOG Resources, Inc.	Continued	Spacing
143	153-2012	EOG Resources, Inc.		Spacing
144	154-2012	EOG Resources, Inc.		Spacing
145	155-2012	EOG Resources, Inc.	Continued	Spacing
146	156-2012	EOG Resources, Inc.	Continued	Spacing
147	157-2012	EOG Resources, Inc.		Spacing
148	158-2012	EOG Resources, Inc.		Spacing
149	159-2012	EOG Resources, Inc.		Spacing
150	244-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
151	262-2012	Slawson Exploration Company Inc	Default	Well Density
152	269-2012	Whiting Oil and Gas Corporation	Continued	Spacing Amendment
153	272-2012	Cirque Resources LP	Continued	Pooling
154	285-2012	TAQA North USA, Inc.		Spacing
155	286-2012	TAQA North USA, Inc.		Spacing
156	287-2012	TAQA North USA, Inc.		Well Density
157	288-2012	TAQA North USA, Inc.		Well Density
158	333-2012	Abyssal Saltwater Disposal LLC	Dismissed	Class II Permit
159	346-2012	Denbury Onshore, LLC	Default	Class II Permit
160	488-2012	Mountain Pacific General Inc.		Show-Cause
161	489-2012	Cabot Oil & Gas Corporation	Dismissed	Show-Cause
162	351-2012	Native American Energy Group, Inc.		Show-Cause
163	352-2012	G/S Producing, Inc.		Show-Cause
164	353-2012	Zimmerman, Brent		Show-Cause

# DOCKETS TO BE HEARD, 8/9/2012

Exhibit 2A

Seq	Docket	Applicant	Status	Request
143	153-2012	EOG Resources, Inc.		Spacing
4	357-2012	EOG Resources, Inc.		Pooling
5	358-2012	EOG Resources, Inc.		Well Density
144	154-2012	EOG Resources, Inc.		Spacing
6	359-2012	EOG Resources, Inc.		Pooling
7	360-2012	EOG Resources, Inc.		Well Density
148	158-2012	EOG Resources, Inc.		Spacing
8	361-2012	EOG Resources, Inc.		Pooling
9	362-2012	EOG Resources, Inc.		Well Density
149	159-2012	EOG Resources, Inc.		Spacing
10	363-2012	EOG Resources, Inc.		Pooling
11	364-2012	EOG Resources, Inc.		Well Density
147	157-2012	EOG Resources, Inc.		Spacing
12	365-2012	EOG Resources, Inc.		Pooling
13	366-2012	EOG Resources, Inc.		Well Density
40	393-2012	Whiting Oil and Gas Corporation		Spacing
41	394-2012	Whiting Oil and Gas Corporation		Pooling
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47	400-2012	Whiting Oil and Gas Corporation		Pooling
48	401-2012	Whiting Oil and Gas Corporation		Well Density
54	407-2012	Fidelity Exploration & Production Co.		Spacing
55	408-2012	Fidelity Exploration & Production Co.		Well Density
56	409-2012	Fidelity Exploration & Production Co.		Pooling
61	414-2012	Fidelity Exploration & Production Co.		Spacing
62	415-2012	Samson Resources Company		Spacing
63	416-2012	Samson Resources Company		Pooling
64	417-2012	Samson Resources Company		Spacing
65	418-2012	Samson Resources Company		Pooling
73	426-2012	Continental Resources Inc		Spacing

## DOCKETS TO BE HEARD, 8/9/2012

74	427-2012	Continental Resources Inc		Well Density
75	428-2012	Continental Resources Inc		Pooling
76	429-2012	Continental Resources Inc		Spacing
77	430-2012	Continental Resources Inc		Well Density
78	431-2012	Continental Resources Inc		Pooling
79	432-2012	Continental Resources Inc		Spacing
80	433-2012	Continental Resources Inc		Well Density
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87	440-2012	Continental Resources Inc		Pooling
95	449-2012	Samson Oil and Gas USA Montana, Inc.		Spacing
96	450-2012	Samson Oil and Gas USA Montana, Inc.		Spacing
97	451-2012	Samson Oil and Gas USA Montana, Inc.		Vacate Field/Rule
98	452-2012	Samson Oil and Gas USA Montana, Inc.		Temp. Spacing
99	453-2012	Cirque Resources LP		Spacing
121	475-2012	Oasis Petroleum, Inc.		Spacing
123	477-2012	Oasis Petroleum, Inc.		Well Density
124	478-2012	Oasis Petroleum, Inc.		Spacing
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126	480-2012	Oasis Petroleum, Inc.		Spacing
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130	483-2012	Somont Oil Company, Inc.	Protested	Class II Permit (Area)
136	302-2011	G3 Operating, LLC		Well Density
154	285-2012	TAQA North USA, Inc.		Spacing
155	286-2012	TAQA North USA, Inc.		Spacing
156	287-2012	TAQA North USA, Inc.		Well Density
157	288-2012	TAQA North USA, Inc.		Well Density



## DOCKETS TO BE HEARD, 8/9/2012

160	488-2012	Mountain Pacific General Inc.	Show-Cause
162	351-2012	Native American Energy Group, Inc.	Show-Cause
163	352-2012	G/S Producing, Inc.	Show-Cause
164	353-2012	Zimmerman, Brent	Show-Cause

DEFAULT DOCKET, 8/9/2012

Exhibit 2B

Seq	Docket	Applicant	Status	Request
15	368-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
16	369-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
18	371-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
19	372-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
20	373-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
21	374-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
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60	413-2012	Fidelity Exploration & Production Co.	Default	Exception - Drilling
66	419-2012	Shale Bakken Investment Corporation	Default	Vacate Field/Rule
67	420-2012	Shale Bakken Investment Corporation	Default	Temp. Spacing
68	421-2012	Shale Bakken Investment Corporation	Default	Temp. Spacing
69	422-2012	Shale Bakken Investment Corporation	Default	Temp. Spacing
70	423-2012	Shale Bakken Investment Corporation	Default	Temp. Spacing
71	424-2012	Continental Resources Inc	Default	Spacing Amendment
72	425-2012	Continental Resources Inc	Default	Spacing Amendment
89	443-2012	Continental Resources Inc	Default	Temp. Spacing
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93	447-2012	Brigham Oil & Gas LP	Default	Class II Permit
94	448-2012	Brigham Oil & Gas LP	Default	Class II Permit
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101	455-2012	Cirque Resources LP	Default	Temp. Spacing
102	456-2012	Cirque Resources LP	Default	Temp. Spacing
103	457-2012	Cirque Resources LP	Default	Temp. Spacing
104	458-2012	Cirque Resources LP	Default	Temp. Spacing
105	459-2012	Cirque Resources LP	Default	Temp. Spacing
106	460-2012	Central Montana Resources, LLC	Default	Temp. Spacing
109	463-2012	Central Montana Resources, LLC	Default	Temp. Spacing
110	464-2012	Central Montana Resources, LLC	Default	Temp. Spacing
111	465-2012	Central Montana Resources, LLC	Default	Temp. Spacing
112	466-2012	Central Montana Resources, LLC	Default	Temp. Spacing
113	467-2012	Central Montana Resources, LLC	Default	Temp. Spacing
114	468-2012	Central Montana Resources, LLC	Default	Temp. Spacing
115	469-2012	Central Montana Resources, LLC	Default	Temp. Spacing
116	470-2012	Central Montana Resources, LLC	Default	Temp. Spacing
117	471-2012	Central Montana Resources, LLC	Default	Temp. Spacing
118	472-2012	Central Montana Resources, LLC	Default	Temp. Spacing

## DEFAULT DOCKET, 8/9/2012

119	473-2012	Central Montana Resources, LLC	Default	Temp. Spacing
120	474-2012	Central Montana Resources, LLC	Default	Temp. Spacing
131	484-2012	TAQA North USA, Inc.	Default	Class II Permit
132	485-2012	TAQA North USA, Inc.	Default	Class II Permit
133	486-2012	TAQA North USA, Inc.	Default	Class II Permit
134	487-2012	TAQA North USA, Inc.	Default	Class II Permit
137	487-2011	Central Montana Resources, LLC	Default	Temp. Spacing
150	244-2012	Slawson Exploration Company Inc	Default	Temp. Spacing
151	262-2012	Slawson Exploration Company Inc	Default	Well Density
159	346-2012	Denbury Onshore, LLC	Default	Class II Permit

**FINANCIAL STATEMENT**  
As of 6/30/2012  
Percent of Year Elapsed: 100

OIL AND GAS DIVISION  
FY12 Budget vs Expenditures

	2012 Regulatory Budget			2012 UIC Budget			2012 Education Outreach			2012 EPA CO2 Primacy			2012 TOTAL BUDGET			2012 TOTAL EXPENDS		
	Budget	Expend	% of Budget	Budget	Expend	% of Budget	Budget	Expend	% of Budget	Budget	Expend	% of Budget	Budget	Expend	% of Budget	Budget	Expend	% of Budget
FTE	17.0			3.5									20.5					
Obj																		
1000	General PS	(2,133)																
1100	Salaries	1,075,334	821,033	0.77	185,181	170,868	1.20											
1300	Other Comp		5,519	0.00	322	551												
1400	Benefits/Ins				61,438	51,398												
1600	Vacancy Savings				(9,884)													
2100	Contracted Svcs	531,225	103,075	0.19	66,135	13,885	0.21											
2200	Supplies	53,019	55,115	1.04	9,526	11,195	1.18	1,500,000	12,134	0.008	250,000							
2300	Communications	39,482	45,199	1.14	7,228	7,900	1.09											
2400	Travel	32,092	33,526	1.04	6,612	5,513	0.83											
2500	Rent	17,769	17,050	0.96	2,353	3,289	1.40											
2600	Utilities	11,908	15,308	1.29	2,464	3,270	1.33											
2700	Repair/Maint	9,722	14,177	1.46	2,896	3,375	1.17											
2800	Other Expenses	28,857	29,018	1.01	16,909	9,457	0.56											
3100	Equipment	35,575	36,656	1.03	12,500	16,073												
6000	Grants																	
Total		1,832,850	1,175,677	0.64	363,680	296,774	0.82	1,500,000	12,134	0.008	250,000			3,946,530	1,484,584	0.38		

FUNDING	2012 Regulatory Budget	2012 Expend	2012 % of Budget	2012 UIC Budget	2012 Expend	2012 % of Budget	2012 Education Outreach	2012 Expend	2012 % of Budget	2012 EPA CO2 Primacy	2012 TOTAL BUDGET	2012 TOTAL EXPENDS	2012 % of Budget
State Special	1,819,114	1,175,677	0.65	256,209	195,507	0.76					3,839,059	1,383,318	0.36
Federal				107,471	101,266	0.94	1,500,000	12,134	0	250,000	107,471	101,266	
Total Funds	1,819,114	1,175,677		363,680	296,774						3,946,530	1,484,585	

FY10 Carryforward Org 2018		FY 11 Carryforward Org 2021	
start balance	122,991	start balance	191,319
less exp	(1,250)		
current bal	121,741		

<b>REVENUE INTO STATE SPECIAL REVENUE ACCOUNT 6/30/12</b>			
	FY12	FY11	Percentage FY12 FY11
Oil Production Tax	1,892,587	1,562,946	1.21
Gas Production Tax	233,675	265,464	0.88
Drilling Permit Fees	69,300	54,300	
UIC Permit Fees	219,400	208,650	
Enhanced Recovery Filing Fee	-	-	
Interest on Investments	12,176	40,332	0.30
Insurance Proceeds	1,160	-	
Accomodations Tax Rebate	-	491	
Copies of Documents	7,717	7,496	1.03
Miscellaneous Reimbursemts	246	25,300	
<b>TOTALS</b>	<b>\$ 2,436,260</b>	<b>\$ 2,164,979</b>	<b>1.13</b>

<b>REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 6/30/12</b>	
	FY11
Transfer in from Orphan Share	0
RIT Interest	0
Bond Forfeitures	0
Reimburse for Fencing (Segelman)	2,800
Interest on Investments	933
<b>TOTAL</b>	<b>\$ 3,733</b>

<b>Go into Damage Mitigation Account</b>	
North American Technical Trading Company	0
MSC Exploration	60,000
	10,000
<b>TOTAL</b>	<b>70,000</b>

<b>REVENUE INTO GENERAL FUND FROM FINES as of 6/30/12</b>	
Brandon Oil	20
Kelly Oil & Gas LLC	10
Hoffland, James D	20
Hoffland, James D	80
Slochin Inc	10
Slawson Exploration Co	5,000
McOil Montana One LLC	120
Misc. Oil Co	10
Phoenix Energy Inc	90
Mountain Pacific General	4,900
Justice Oilfield Water Service Inc	20
Valerie Wadman (Frank Miller)	10
ECA Holdings LP	10
Coalridge Disposal & Petroleum	10
SBG Sheridan Facility	1,000
Southside Oil & Gas LTD	40
Hawley Oil	340
Native American Energy Group	100
Grey Wolf Production Company	50
August Energy Services LLC (Jake Oil)	30
Grey Wolf Production Company	50
Phoenix Energy Inc	90
Mountain Pacific General Inc	1,040
Lyon Oil	120
Bensun Energy	5,000
August Energy Services LLC (Jake Oil)	1,100
Frank Baxter	5,000
Brandon Oil	70
R F Parsell Partnership	60
JH Oil Co	80
James D Hoffland	130
Quinque Oil	80
Harry Knaup	70
Roland Oil & Gas	30
Bensun Energy LLC	60
Slochin Inc	70
Refund Frank Baxter	(5,000)
ECA Holdings LP	60
CW Shay	70
Hawley Oil	300
Jack Grynberg	70
Cut Bank Gas	100
L&B Well Service (Poor Boy Oil)	2,500
Native American Energy Group	200
Brent Zimmerman	1,000
HiLine Partners	500
Somont Oil Company	1,000
Cabot Oil & Gas	500
Constitution Petroleum, Inc.	240
Taylor Gas Compression Inc	360
Hunter Energy LLC	60
<b>TOTAL</b>	<b>\$ 26,880</b>

<b>INVESTMENT ACCOUNT BALANCES 6/30/12</b>	
Oil & Gas ERA	1,406,752
Damage Mitigation	177,830

<b>GRANT BALANCES - 6/30/12</b>			
<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>
2009 Northern	300,000	0	300,000
2009 Southern	300,000	0	300,000
2007 Tank Battery	304,847	166,048	138,799
2011 Southern - Tank Battery2	204,951	0	204,951
<b>TOTALS</b>	<b>\$1,109,798</b>	<b>\$166,048</b>	<b>\$738,799</b>

<b>CONTRACT BALANCES - 6/30/12</b>			
2012 Teachers Workshop	43,000	38,161	4,839
EOR Study - MT Tech	179,091	10,742	168,349
Scope of Work - MT Tech	6,250	5,715	535
Automated Maintenance Services, Inc.	27,458	19,468	7,990
Agency Legal Services - Legal	60,000	32,162	27,838
Central Avenue Mall	400	400	0
Liquid Gold Well Service, Inc. - 09 Northern	165,000	0	165,000
Liquid Gold Well Service, Inc. - 09 Southern	165,000	0	165,000
C-Brewer - 07 & 11 Southern Tank Battery	424,650	166,048	258,602
<b>TOTALS</b>	<b>1,070,849</b>	<b>272,695</b>	<b>798,154</b>

<b>Agency Legal Services Expenditures in FY12</b>		
<u>Case</u>	<u>Amt Spent</u>	<u>Last Svc Date</u>
BOGC Duties	32,162	06/12
<b>Total</b>	<b>32,162</b>	

ENCORE ENERGY PARTNERS OPERATING LLC  
Brutus No. 1-8 SE SE Section 8 T24N R57E, Richland  
County, Montana  
API 25-083-23009

5/29/2012 Permit received from Encore Energy Partners Operating, LLC for the Brutus 1-8 vertical Red River Formation well permit received in the Billings Office from Permitco, agent for Encore Energy Partners Operating, LLC.

5/31/2012 EA prepared for Brutus 1-8 well permit. Checked for field exemption from advertising per Rule 36.22.601. Lone Tree Creek Field did not have an advertisement exemption.

**36.22.601 NOTICE OF INTENTION AND PERMIT TO DRILL**

(1) No person shall commence the drilling of an oil or gas well or stratigraphic test well or core hole without filing an application for permit to drill on Form No. 22 and obtaining a drilling permit from the board. If the proposed well or hole is not located within the boundaries of a delineated field for which, after public hearing, an order has been entered by the board that drilling permits may issue for locations within that field without further public hearing, the applicant must:

**(a) At its own expense, cause publication of notice in a format prescribed by the board in one issue of a newspaper in general circulation in Helena and a newspaper of general circulation in the county where the proposed well or hole is located; and**

**(b) File proof of such publication in the form of a copy of the page on which the ad appears showing the ad and the date of publication or an affidavit of the publisher.**

(2) Prior to the commencement of recompletion operations on any oil or gas well, notice shall be delivered to the board of such intention on Form No. 2, and approval shall be obtained.

(3) When a permit is sought for a 320 acre drilling or spacing unit, Form No. 22 as filed with the board shall include a description of the lands to be included.

(4) The staff of the board shall refer an application for permit to drill to the board for notice and public hearing if:

(a) An interested person shall, as to any application for permit to drill for which published notice is required, file in the form hereinafter set forth a written demand for an opportunity to be heard concerning such application; or

(b) The staff determines that a person applying for a drilling permit or approval of recompletion operations is not in substantial compliance with the board's rules governing the applicant's operations in Montana; or

(c) The planned drilling operations require further environmental review.

(5) In those instances where such requests for a permit to drill have been the subject of notice and public hearing, the board shall, after such hearing, either:

(a) Enter its order granting such permit under such conditions as the board shall find proper and necessary; or

(b) Enter its order denying the application for the permit.

(6) A demand for opportunity to be heard concerning any application for permit to drill for which published notice is required must:

(a) Be in writing; and

(b) Set forth the name, address, and telephone number of each party making the demand, and their ownership interest, if any, in the lands surrounding the drill site; and

(c) Set forth the specific reasons why the party requests a hearing regarding the issuance of the proposed drilling permit; and

(d) Be received by the board no later than ten (10) days after the date of the publication of the notice. Where the notice is not published on the same day in the newspapers specified in paragraph (1) (a) of this rule, the deadline for receiving demands for hearing will be measured by the later publication date. Service of such demand may be made on the board personally, by mail, or by FAX transmission; and

(e) Be simultaneously served upon the applicant for the permit by written copy mailed or FAX transmitted to the address or number set forth in the published notice. A certificate of such service must accompany the demand as filed with the board.

(7) Surface owner concerns which are subject to the provision of 82-10-504, MCA (Surface Damage and Disruption Payments) will not be the subject of a public hearing before the board.

History: Sec. 82-11-111, MCA; IMP, Sec. 82-11-122, MCA; Eff. 12/31/72; AMD, Eff. 6/4/77; AMD, 1982 MAR p. 1398, Eff. 7/16/82; AMD, 1983 MAR p. 82, Eff. 1/28/83; AMD, 1990 MAR. p. 305, Eff. 2/9/90.

5/31/2012 Notified Permitco that Brutus 1-8 well permit to drill needed to be advertised per rule ~~36~~ 22.601.

6/5/2012 Well was advertised in the Helena Independent Record.

6/6/2012 Well was advertised in the Sidney Herald.

6/14/2012 Brutus 1-8 well was spud in at 11:30 AM.

6/16/2012 Tenth day from last advertisement. June 16, 2012 was a Saturday. Monday June 18, 2012 is the earliest that the well permit could be processed.

6/18/2012 Brutus 1-8 well permit was approved.



DEPARTMENT OF NATURAL RESOURCES  
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION

BRIAN SCHWEITZER, GOVERNOR

OIL AND GAS CONSERVATION DIVISION



STATE OF MONTANA

July 11, 2012

Encore Energy Partners Operating LLC  
5847 San Felipe, Suite 3000  
Houston, TX 77057  
Attention: Mr. Scott Smith

RE: Montana Board of Oil & Gas Violation of Rule 36.22.601  
Encore Energy Partners Operating LLC  
Brutus 1-8  
SE SE Section 8 T24N R57E  
Richland County, Montana

Dear Mr. Smith,

Encore Energy Partners Operating LLC is in violation of Rule 36.22.601 by the drilling of the Brutus #1-8 well for the following:

1. Failure for not having an approved permit to drill before commencement of drilling activities, as required under Rule 36.22.601.
2. Failure for spudding the above reference well prior to the ten (10) day advertising waiting period as a requirement of Rule 36.22.601.

The Montana Board of Oil and Gas will discuss this at its business meeting, at the Billings office, 2535 St. Johns Ave., Billings, Montana, on Wednesday August 9, 2012 at 2:00 PM. The Board will not pursue criminal penalties, but will consider assessing civil penalties.

36.22.601 NOTICE OF INTENTION AND PERMIT TO DRILL

(1) No person shall commence the drilling of an oil or gas well or stratigraphic test well or core hole without filing an application for permit to drill on Form No. 22 and obtaining a drilling permit from the board. If the proposed well or hole is not located within the boundaries of a delineated field for which, after public hearing, an order has been entered by the board that drilling permits may issue for locations within that field without further public hearing, the applicant must:

(a) At its own expense, cause publication of notice in a format prescribed by the board in one issue of a newspaper in general circulation in Helena and a newspaper of general circulation in the county where the proposed well or hole is located; and  
(b) File proof of such publication in the form of a copy of the page on which the ad appears showing the ad and the date of publication or an affidavit of the publisher.

(2) Prior to the commencement of recompletion operations on any oil or gas well, notice shall be delivered to the board of such intention on Form No. 2, and approval shall be obtained.

(3) When a permit is sought for a 320 acre drilling or spacing unit, Form No. 22 as filed with the board shall include a description of the lands to be included.

(4) The staff of the board shall refer an application for permit to drill to the board for notice and public hearing if:

(a) An interested person shall, as to any application for permit to drill for which published notice is required, file in the form hereinafter set forth a written demand for an opportunity to be heard concerning such application; or

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

(b) The staff determines that a person applying for a drilling permit or approval of recompletion operations is not in substantial compliance with the board's rules governing the applicant's operations in Montana; or

(c) The planned drilling operations require further environmental review.

(5) In those instances where such requests for a permit to drill have been the subject of notice and public hearing, the board shall, after such hearing, either:

(a) Enter its order granting such permit under such conditions as the board shall find proper and necessary; or

(b) Enter its order denying the application for the permit.

(6) A demand for opportunity to be heard concerning any application for permit to drill for which published notice is required must:

(a) Be in writing; and

(b) Set forth the name, address, and telephone number of each party making the demand, and their ownership interest, if any, in the lands surrounding the drill site; and

(c) Set forth the specific reasons why the party requests a hearing regarding the issuance of the proposed drilling permit; and

(d) Be received by the board no later than ten (10) days after the date of the publication of the notice. Where the notice is not published on the same day in the newspapers specified in paragraph (1) (a) of this rule, the deadline for receiving demands for hearing will be measured by the later publication date. Service of such demand may be made on the board personally, by mail, or by FAX transmission; and

(e) Be simultaneously served upon the applicant for the permit by written copy mailed or FAX transmitted to the address or number set forth in the published notice. A certificate of such service must accompany the demand as filed with the board.

(7) Surface owner concerns which are subject to the provision of 82-10-504, MCA (Surface Damage and Disruption Payments) will not be the subject of a public hearing before the board.

History: Sec. 82-11-111, MCA; IMP, Sec. 82-11-122, MCA; Eff. 12/31/72; AMD, Eff. 6/4/77; AMD, 1982 MAR p. 1398, Eff. 7/16/82; AMD, 1983 MAR p. 82, Eff. 1/28/83; AMD, 1990 MAR. p. 305, Eff. 2/9/90.

**82-11-149. Civil penalties.** (1) A person is guilty of a misdemeanor and is subject to a civil penalty of at least \$75 and not more than \$10,000 a day for each violation if that person violates any rule or order of the board or a provision of this chapter. Each day of violation constitutes a separate violation.

(2) Action under this section does not bar enforcement of this chapter or of rules or orders issued under it by injunction or other appropriate remedy.

(3) The board, or the attorney general upon request of the board, shall institute and maintain any enforcement proceedings in the name of the state.

(4) Civil penalties collected pursuant to this section must be deposited in the state general fund.

History: En. Sec. 11, Ch. 503, L. 1987; amd. Sec. 2, Ch. 363, L. 1991; amd. Sec. 73, Ch. 509, L. 1995.

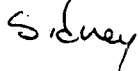
If you have any questions, I can be reached at the Billings office at 406-656-0040.

Respectfully,



Steven Sasaki  
Chief Field Inspector

Cc Terri Perrigo, Helena, MT  
Mr. Prevost, Plentywood, MT



**MONTANA BOARD OF OIL AND GAS CONSERVATION**  
2535 ST. JOHNS AVENUE, BILLINGS, MONTANA 59102

Lease Name:

Brutus

Lease Type (Private/State/Federal):

Private

Application for Permit To:

Drill  Deepen  Re-enter   
Oil  Gas  Other

Well Number:

1-8

RECEIVED

MAY 29 2012

Operator: Encore Energy Partners Operating, LLC  
Address: 777 Main Street, Suite 925  
City: Fort Worth State: TX Zip: 76012  
Telephone Number: 917-984-7007

Field Name or Wildcat:

Lone Tree Creek

MONTANA BOARD OF OIL & GAS CONS. BILLINGS

Unit Name (if applicable):

N/A

Surface Location of Well (quarter-quarter and footage measurements):

SE SE, 739' FSL & 831' FEL

Objective Formation(s):

Red River

Proposed Total Depth and Bottom-hole Location(s) if directional or horizontal well:

12,500' MD/ TVD. Vertical Hole.

Township, Range, and Section:

T24N-R57E, Section 8

County:

Richland County

Elevation (indicate GL or KB):

2429' GL

Size and description of drilling/spacing unit and applicable order, if any:

320 E/2 Sec. 8, order no. #29-72

Formation at total depth:

Red River 'D'

Anticipated Spud Date:

6/1/2012

Hole Size	Casing Size	Weight / Foot	Grade (API)	Depth	Sacks of Cement	Type of Cement
20"	16"	65#	H-40	0' - 40'	4 cubic yards	Readymix Concrete
12-1/4"	9-5/8"	36#	K-55	0' - 1800' 1850'	445	See Cementing
8-3/4"	5-1/2"	20, 23#	HCL-80, P-110	0' - 12,500'	740	See Cementing

**Describe Proposed Operations:**

Describe or attach labeled diagram of blowout preventer equipment. Indicate if air drilled or describe mud program.

Encore Energy Partners Operating, LLC proposes to drill the Brutus 1-8 as a new vertical well targeting the Red River 'D' formation. Specific Information is included in the following attachments:

Exhibit A: BOP 5000' diagram, Exhibit B: Procedure, Exhibit C: Geologic Prognosis & Logging Schedule, Pit liner specs., Survey Plats, Maps & Diagrams are also attached.

A \$150 check to cover the cost of the permit fee is attached.

By (Permittee) *[Signature]*

**BOARD USE ONLY**

Approved (date) JUN 18 2012

Permit Fee \$ 150.00

By *[Signature]*

Check Number 23209

Title CHIEF FIELD INSPECTOR

Permit Expires DEC 18 2012

Permit Number 30116

THIS PERMIT IS SUBJECT TO THE CONDITIONS OF APPROVAL STATED ON THE BACK

API Number: 25 - 083 - 23009

The undersigned hereby certifies that the information contained on this application is true and correct.

Signed (Agent) *[Signature]*

Title Agent for Encore Energy Partners Operating

Date 5/23/12

Telephone Number 303-857-9999

Samples Required: NONE  ALL  FROM \_\_\_\_\_ feet to \_\_\_\_\_ feet

Core chips to address below, full cores to USGS, Core Laboratory, Arvada, CO. Required samples must be washed, dried and delivered prepaid to:

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

Page : 1 of 1 06/01/2012 16:15:07

Order Number : 20202753  
PO Number : Lacy Wilkinson  
Customer : 60019597 Permitco  
Contact :  
Address1 : PO Box 99  
Address2 :  
City St Zip : Eastlake CO 80614  
Phone : (303) 857-9999  
Fax :

Printed By : Billie Jo Williams  
Entered By : Billie Jo Williams

Keywords : BEFORE THE BOARD OF OIL AND GAS CONSERVATION OF TH  
Notes :  
Zones :

Ad Number : 10515793  
Ad Key :  
Salesperson : IR19 - Inside Classified Sales - IR19  
Publication : Independent Record  
Section : Class Section  
Sub Section : Legal  
Category : 9999 Legals  
Dates Run : 06/05/2012-06/05/2012  
Days : 1  
Size : 2 x 4.17, 43 lines  
Words : 323  
Ad Rate : Legal Line  
Ad Price : 162.54  
Amount Paid : 0.00  
Amount Due : 162.54

**RECEIVED**

**JUN 14 2012**

**MONTANA BOARD OF OIL &  
GAS CONSERVATION - BILLINGS**

**BEFORE THE BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA  
NOTICE OF INTENTION TO APPLY FOR PERMIT TO  
DRILL OIL AND GAS WELL**

In the Matter of the application of  
**Encore Energy Partners Operating, LLC**  
for a Permit to Drill oil and gas well.

1. Name and address of Applicant:  
**Encore Energy Partners Operating, LLC**  
777 Main Street, Suite 925  
Fort Worth, TX 76102

2. Legal Description including County and Approximate Footages of Sur-  
face Location of Proposed Oil and Gas Well:

(and projected bottom-hole location, if a directional or horizontal well)  
**Brutus 1-8**

(Surface) SE SE, 739' FSL & 831' FEL  
(Bottom) Same as Above, Vertical Well  
Sec. 8, T24N - R57E  
Richland County, MT

3. Total Depth Proposed to be Drilled: **12,500 ft**

Notice is hereby given that an application for permit to drill an oil and gas well at the surface location set forth above to the depth as stated will be filed with the Montana Board of Oil and Gas Conservation. Pursuant to Rules 36.22.601 and 36.22.604, Administrative Rules of Montana, an interested party may demand an opportunity to be heard by the Montana Board of Oil and Gas Conservation concerning the application. SUCH DEMAND FOR HEARING MUST BE RECEIVED BY THE MONTANA BOARD OF OIL AND GAS CONSERVATION AT THE ADDRESS SET FORTH BELOW NO LATER THAN TEN (10) DAYS AFTER THE DATE OF PUBLICATION OF THIS NOTICE, OR THE APPLICATION WILL BE ACTED UPON BY THE BOARD'S PETROLEUM ENGINEER WITHOUT HEARING. A DEMAND MUST: (1) SET FORTH THE NAME, ADDRESS AND TELEPHONE NUMBER OF EACH INTERESTED PARTY, THEIR OWNERSHIP INTEREST IN THE LANDS SURROUNDING THE PROPOSED WELL, AND THE REASONS WHY A HEARING IS SOUGHT; (2) BE SERVED UPON THE APPLICANT BY COPY MAILED OR FAX TRANSMITTED TO THE ADDRESS SET FORTH ABOVE.

Montana Board of Oil and Gas Conservation  
2535 S. Johns Avenue  
Billings, MT 59102  
Office: (406) 656-0040  
Fax: (406) 655-6015  
June 5, 2012

**AFFIDAVIT OF PUBLICATION  
STATE OF MONTANA,  
County of Lewis & Clark**

Billie Jo Williams

Being duly sworn, deposes and says;

That she is the principal clerk of the Independent Record, a newspaper of general circulation published daily in the City of Helena, in the County of Lewis & Clark, State of Montana, and has charge of the advertisement thereof:

That the Notice of Intention to Drill  
Brutus 1-8

a true copy of which is hereto annexed, was published in said newspaper on the following dates: viz:

June 5, 2012

making in all 1 publication(s)

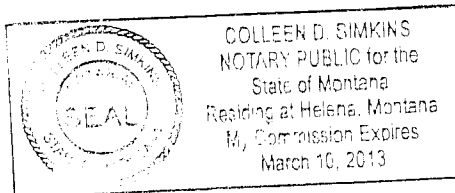
Subscribed and sworn to me this 5 day of June, 2012.

Colleen D. Simkins

Colleen D. Simkins

Notary Public for the State of Montana  
Printed Name: Colleen D. Simkins  
Residing at Helena, Montana  
My commission expires March 10, 2013

(Notary Seal)



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JUN 11 2012

MONTANA BOARD OF OIL & GAS CONSERVATION • BILLINGS

**AFFIDAVIT OF PUBLICATION**

Patricia F. Lorenzen, being first duly sworn, deposes and says that she is the Agent to the Publisher of the **SIDNEY HERALD** newspaper printed and published two days a week in the City of Sidney, County of Richland, State of Montana. That the notice, a copy of which is hereto attached and submitted by:

*Enco Energy Partners Operating LLC  
777 Main Street STE 925  
Fort Worth TX 76102*

was printed and published in the regular and entire issue of said **SIDNEY HERALD**, 310 2<sup>nd</sup> Ave NE, Sidney, MT 59270, 406-433-2403

for 1 issues, that said publication was made on each of the following dates, to wit:

on June 6, 2012

it was also published in said paper

on \_\_\_\_\_, 2012

it was also published in said paper

on \_\_\_\_\_, 2012

it was also published in said paper

on \_\_\_\_\_, 2012

By: *Patricia F. Lorenzen*  
Patricia F. Lorenzen

State of: **Montana**

County of: **Richland**

Subscribed sworn to before me this 6<sup>th</sup> day of June, 2012

*Libby Berndt*  
Libby Berndt

Notary Public for the State of Montana residing at Sidney, Montana.  
My Commission Expires: **July 5, 2014**  
The Sidney Herald's federal ID number is: 86-0497096

**NOTICE BEFORE THE BOARD OF OIL AND GAS CONSERVATION OF THE STATE OF MONTANA NOTICE OF INTENTION TO APPLY FOR PERMIT TO DRILL AN OIL AND GAS WELL**

In the Matter of the Application of Enco Energy Partners Operating, LLC for a Permit to Drill a horizontal oil and gas well.

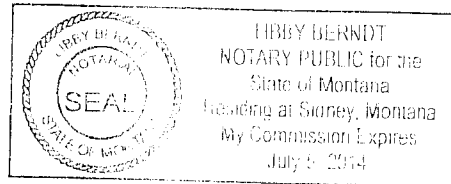
- 1. Name and Address of Applicant:  
Enco Energy Partners Operating, LLC  
777 Main Street, Suite 925  
Fort Worth, TX 76102
- 2. Well Name and Legal Description:  
**Brutus 1-B**

(Surface) SF SE, 739' FSL & 831' FEL  
(Bottom) Same as Above, Vertical Well  
SEC. 8, T24N, R57E  
County: Richland  
3. Proposed Total Depth: 12,500 ft.

Notice is hereby given that an application for permit to drill an oil and gas well at the surface location set forth above to the depth as stated will be filed with the Montana Board of Oil and Gas Conservation. Pursuant to Rules 36.22.601 and 36.22.604, Administrative Rules of Montana, an interested party may demand an opportunity to be heard by the Montana Board of Oil and Gas Conservation concerning the application. SUCH DEMAND FOR HEARING MUST BE RECEIVED BY THE MONTANA BOARD OF OIL AND GAS CONSERVATION AT THE ADDRESS SET FORTH NO LATER THAN TEN (10)

DAYS AFTER THE DATE OF PUBLICATION OF THIS NOTICE, OR THE APPLICATION WILL BE ACTED UPON BY THE BOARD'S PETROLEUM ENGINEER WITHOUT HEARING. A DEMAND MUST: (1) SET FORTH THE NAME, ADDRESS AND TELEPHONE NUMBER OF EACH INTERESTED PARTY, THEIR OWNERSHIP INTEREST IN THE LANDS SURROUNDING THE PROPOSED WELL, AND THE REASONS WHY THE HEARING IS SOUGHT; (2) BE SERVED UPON THE APPLICANT BY COPY MAILED OR FAX TRANSMITTED TO THE ADDRESS SET FORTH ABOVE.

Montana Board of Oil and Gas Conservation, 2535 St. John's Avenue, Billings, Montana 59102, FAX Number: (406) 655-6015.  
(Publish June 6, 2012)



RECEIVED

JUN 14 2012

MONTANA BOARD OF OIL &  
GAS CONSERVATION • BILLINGS

SPUD INFORMATION

WELL NAME: Breitas 1-8

API #: 083-23009

LOCATION: T 24N-R 57E-8  
(Twp-Rge-Sec: 1/4 1/4)

SPUD TIME: 11:30 A.M.

DATE: 6-14-2012

DRILLING COMPANY: Cyclone

RIG #: 22

CALLER'S NAME: Toby Hurley

COMPANY NAME: Encore

OTHER: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DEPARTMENT OF NATURAL RESOURCES  
AND CONSERVATION  
BOARD OF OIL AND GAS CONSERVATION

Exhibit 5



BRIAN SCHWEITZER, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

REQUEST #1: November 28, 2011  
REQUEST #2: April 16, 2012  
REQUEST #3: June 21, 2012  
FINAL DEADLINE: August 8, 2012  
(Board Business Meeting)

Certified Mail 7005 0390 3000 6703 9747  
Return Receipt Requested

Chris Rowe  
Anschutz Exploration Corporation  
555 17<sup>th</sup> Street Suite 2400  
Denver CO 80202

Re: SW Browning 1-8H  
32N, 11W, Sec. 8: NWNE  
API #035-22173

Dear Chris:

According to our records, the SW Browning 1-8H started producing during September 2011.

The following completion data ~~will be~~ was due to our agency within six (6) months of first production (due March 2012) and is now delinquent and due immediately:

- ~~1. Completion Report (Form 4), original plus two copies~~
2. Logs, two copies. A CBL-VDL log was received 7-13-11.
- ~~3. DST Charts (if tested), two copies~~
4. Geological Report (if prepared), two copies
5. Mud Log (if prepared), two copies
6. Core Chips (if cored), one set
7. Core Analysis Report (if well was cored), two copies

Visit our website (<http://www.bogc.dnrc.mt.gov>) for current forms for your immediate use.

Give me a call if you have questions regarding the data needed to complete our file.

Your attention to this matter is appreciated so future requests are not necessary.

Sincerely,

*Karen Maddaus*  
Karen Maddaus  
Billings Office

km

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  
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## Well Production

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### Anschutz Exploration Corporation

25-035-22173-00-00    SW Browning 1-8H                    32 N    11 W    8    NW NE                    1219N    2276E

Field Name:    Wildcat Glacier

mo/yr	fm	days	oil	gas	water
09/2011	CNE	2	22	0	0
10/2011	CNE	24	1416	127	2211
11/2011	CNE	24	870	125	833
12/2011	CNE	25	459	617	136
01/2012	CNE	25	461	36	262
02/2012	CNE	0	0	0	0
03/2012	CNE	16	503	320	155
04/2012	CNE	16	310	600	99
05/2012	CNE	30	209	600	52



**82-11-202. Pooling of interest within spacing unit.** (1) (a) When two or more separately owned tracts are embraced within a temporary or permanent spacing unit or when there are separately owned interests in all or a part of the spacing unit, then the persons owning those interests may pool their interests for the development and operation of the spacing unit.

(b) The board, upon the application of an interested person, may enter an order pooling all interests in the permanent spacing unit for the development and operation of the permanent spacing unit and the allocation of production if the applicant has made an unsuccessful, good faith attempt to voluntarily pool the interests within the permanent spacing unit. The applicant must be a person who owns an interest in the oil or gas underlying the permanent spacing unit or who has drilled a well, proposes to drill a well, or proposes to conduct other operations on a well, including recompleting, deepening, or stimulation. The pooling order must be made after a hearing and must be upon terms and conditions that are just and reasonable and that afford to the owner of each tract or interest in the permanent spacing unit the opportunity to recover or receive without unnecessary expense a just and equitable share of the oil or gas produced and saved from the spacing unit. Operations incident to the drilling of a well upon any portion of a permanent spacing unit covered by a pooling order are considered, for all purposes, the conduct of the operations upon each separately owned tract in the spacing unit by the several owners of the tracts. That portion of the production allocated to each tract included in a permanent spacing unit covered by a pooling order must when produced be considered for all purposes to have been produced from the tract by a well drilled on the tract.

(2) (a) As to each owner who refuses to pay the owner's share of the costs of development or other operations referred to in subsection (1), the order must provide for payment of the owner's share of the cost out of and only out of production from the well allocable to the owner's interest in the permanent spacing unit, excluding royalty or other interest not obligated to pay any part of the cost and excluding the royalty provided for in subsection (2)(c). If a well has not been drilled prior to the hearing on the application, the pooling order must provide for the drilling and operating of a well on the permanent spacing unit and for the payment of the cost of the well, which may include a reasonable charge for supervision, handling, and storage. If a dispute arises as to the cost, the board by subsequent order, after notice and hearing, shall determine the proper cost. The order may provide in substance that the owners who agree to share in the cost of drilling and operating the well are, unless they agree otherwise, entitled to receive, subject to royalty or similar obligations, all of the production of the well until they have recovered all of the costs out of the production. After all costs of drilling and operation are recovered, all of the owners in the permanent spacing unit are entitled to receive their respective shares of the production of the well as their interest may appear after deducting their respective shares of current operating costs.

(b) If a well has been drilled prior to the hearing on the application and an owner, after written demand, has failed or refused to pay the owner's share of the costs of development or other operations referred to in subsection (1) or if a well has not been drilled prior to the hearing on the application and an owner refuses to agree to pay the owner's share of drilling and completion costs, in addition to the costs under subsection (2)(a), the order must include as costs:

(i) 100% of the refusing owner's share of the cost of newly acquired surface equipment beyond the wellhead connections, including but not limited to stock tanks, separators, treaters, pumping equipment, and piping, plus 100% of the refusing owner's share of the cost of operation of the well commencing with first production and continuing until the agreeing owners have recovered the costs; and

(ii) 200% of the refusing owner's share of the costs and expenses of staking, well site preparation, obtaining rights-of-way, rigging up, drilling, reworking, deepening or plugging back, testing, and completing the well, after deducting any cash contributions received from the refusing owners by the agreeing owners, and 200% of that portion of the cost of equipment in the well, including the wellhead connections.

(c) A refusing owner of an oil and gas interest in a spacing unit that is not subject to any lease or other contract for development of oil and gas is considered to own a landowner royalty equal to one-eighth of the owner's proportionate share of production from the well until such time as the consenting owners recover the costs specified in subsection (2)(b). Any interest in production from the spacing unit to which the interest of the refusing owner may be subject must be deducted from the royalty considered to be owned by the refusing owner. After costs have been recovered by the agreeing owners, the refusing owner owns the refusing owner's proportionate share of the well, surface facilities, and production and is liable for further costs as if the refusing owner had originally agreed to drilling of the well.

(d) The operator of a well under a pooling order in which there is a refusing owner shall upon demand furnish the refusing owner with a monthly statement of all costs incurred, together with the quantity of oil or gas produced and the amount of proceeds realized from the sale of production during the preceding month.

(e) If an owner of an oil and gas interest in a temporary spacing unit refuses to agree to pay the owner's share of the costs of drilling and operating a well drilled within the unit and an application is filed for pooling of the interests in the well in a permanent spacing unit, the board shall, upon hearing the application for pooling of the interests for the well, order that the parties who agreed to share in the cost of drilling and operating the well prior to commencement of the drilling operation recover out of the refusing owner's share of the costs as provided in subsections (2)(a) and (2)(b).

(3) (a) An owner is presumed to have refused to pay the owner's share of costs if prior to the spud date of the well, the owner fails to pay or agree in writing to promptly pay the share of the costs after notice by the well operator either:

(i) acknowledged in writing by the owner as received; or

(ii) sent at least 30 days prior to the spud date of the well to the owner by certified mail, addressed to the owner's address of record in the office of the clerk and recorder of the county where the well is to be drilled or to the owner's address on file with the board.

(b) The notice must set forth the location of the well, the projected depth and target formations, the anticipated costs of drilling and completing the well, and the anticipated spud date of the well.

**History:** En. Sec. 7, Ch. 238, L. 1953; amd. Sec. 59, Ch. 253, L. 1974; R.C.M. 1947, 60-130; amd. Sec. 1, Ch. 694, L. 1985; amd. Sec. 2, Ch. 313, L. 1993.