

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
MINUTES OF THE  
BOARD OF OIL AND GAS CONSERVATION MEETING AND PUBLIC HEARING  
April 30 and May 1, 2014

CALL TO ORDER

The Board's business meeting convened at 2:00 p.m., Wednesday April 30, 2014 at the Board's office at 2535 St. Johns Avenue. Board members present: Chairman Linda Nelson, Vice-Chairman Wayne Smith, Ron Efta, Jack King, Peggy Ames Nerud and Bret Smelser. John Evans was absent. Staff present was John Gizicki, Jim Halvorson, George Hudak, Gary Klotz, Terri Perrigo, Dave Popp and Rob Stutz.

Chairman Nelson introduced Robert Johnson and Brandon Lamb who are with the State of Idaho. They are part of the team implementing an oil & gas regulatory program in Idaho.

MINUTES

Motion by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the minutes of the February 26, 2014 business meeting.

PUBLIC COMMENT

Mr. R. Pat Wilson of Bainville MT was present to speak to the Board. He requests the Board's assistance in getting a well on his surface and minerals plugged. It is the Mabel Wilson #1 well, operated by Pride Energy (Pride). Pride abandoned the well 2 ½ years ago, and it is still sitting there just like it was then. About a year ago Mr. Wilson talked with Bob Schmidt, the BOGC Plentywood field inspector, who said Pride would be given every opportunity to make the situation right. Mr. Wilson talked to Matt Pride a couple times who said the well still has potential.

Mr. Halvorson said staff will have Inspector Schmidt contact Pride. The Board has the ability to request a well be plugged if hasn't produced in a year. The first thing necessary though is to determine if the operator has the right to produce the well. If there is a lease the Board has to provide the operator the opportunity to defend future use. Mr. Halvorson asked if there was an active lease. Mr. Wilson was not sure but said he would check.

Mr. King asked if the Board would schedule a show-cause hearing for Pride to explain why it should be required to plug and abandon the well.

Mr. Halvorson said if Pride can demonstrate they have a lease, and they have potential use for the well, the Board has to proceed a bit slower. When a mineral owner shows the Board an operator no longer has a valid lease, the Board can act more quickly. Staff will have to check this out, but the Board could choose to give staff administrative authority to schedule a show cause hearing on this matter if necessary after investigation.

Mr. Smelser asked how long a well can be non-productive before it shows up on the Board's radar.

Mr. Halvorson said monthly production reports are filed on every well, so at any moment shut-in wells can be identified. In the past staff has done reviews of operators with numerous shut-in wells, but that hasn't been done for a few years. With increased prices, more wells have gone back on production. The problem arises when the lease is still HBP (held by production) on another well.

**MOTION:** Mr. King made a motion, seconded by Mr. Smelser and unanimously approved, to give staff administrative authority to issue show cause order to Pride Energy if necessary in regard to the Mable Wilson #1 well.

## FINANCIAL REPORT

Ms. Perrigo distributed and discussed the financial report, attached as Exhibit 1.

Mr. King asked how much of the Board's avoided privilege and license tax collection has gone to cities and towns. Ms. Perrigo was not sure of that number, but did research it a few years ago for Mr. Smelser and could get updated information. Mr. Smelser thinks it has been about \$1.3 million. Mr. Halvorson said he and Ms. Perrigo have discussed doing a forecast to see if the current 0.009 received by the Board is sufficient to cover projected operating costs. Given current receipts and expenditures, it appears the 0.009 rate is sufficient; but that could change if receipts go down and/or expenditures go up.

*(The Board can collect a tax on operators of up to 0.030 of market value of oil and gas produced in the state to pay for the regulatory program and Board expenses per Section 82-11-131, M.C.A. This assessment is called the privilege and license tax. The Board sets the rate and had it at the full 0.030 until July 2002 when it reduced the rate to 0.026. The tax reduction was intended to be a benefit to operators, but there were many complaints that the cost of rewriting tax accounting systems far exceeded the tax savings realized through the reduction. When the Board further reduced the tax rate to 0.018 in July 2005, Department of Revenue (whose rules change the tax rate established by the Board) continued to collect 0.026 from operators instead of changing the amount to be collected which would result in another costly accounting system change. It was unknown at that time the ultimate residence of the excess collections. During the 2006 Legislative session, the Board was contemplating another rate reduction – to 0.009. That reduction (to 0.009) took place in September 2006. House Bill 758, passed during the 2006 session, directed that the difference between the current rate established by the Board and 0.26 percent (which was the rate included in operators tax accounting systems and still collected by Revenue) be distributed to oil/gas impacted cities/towns. Receipts from the privilege & license tax are distributed to the Board and impacted cities/towns quarterly by the Department of Revenue.)*

Ms. Perrigo said a number of years ago under Chairman Dave Ballard when receipts were growing quickly and the Board amassed a significant investment account balance; the Board had numerous discussions about the amount that was necessary in its investment (savings) account. The Board did not want to impose a higher privilege and license tax on operators than was necessary. In March 2004, the Board voted to maintain a \$1.5 million balance in the investment account, which was essentially equal to one year's regular operating budget. Currently the Board has \$2.5 million in its investment account and its 2014 budget is \$2.4 million.

*(For fiscal year 2004 when the Board took action to keep \$1.5 million in its investment account, the Board's legislatively established budget was \$1.8 million, which included a \$425,000 restricted biennial appropriation. For fiscal year 2005 the Board's legislatively established budget was \$1.4 million.)*

Mr. Halvorson reminded the Board that the Board sets the privilege and license tax rate by rule. However, the Board must do joint rulemaking with Department of Revenue anytime it reduces the privilege and license tax rate because it is Revenue's rule that changes the tax rate. HB 758 also required that the Board give Revenue 90 day's notice of any change planned to the privilege and license tax rate.

Mr. King said the Board needs to consider its own needs when setting the tax rate and should not change the way it does business just because a change in the rate could affect revenue distributed to impacted cities and towns. Mr. Smelser said his biggest concern has been when the legislature took \$12 million out of the Board's investment account. Mr. Smelser said the Board and the cities/towns always knew the rate of 0.009 was temporary, but those funds have been the shoestring that has held Sidney and other impacted cities and towns together.

#### BOND REPORT

Mr. Halvorson presented the bond report, attached as Exhibit 2. Activity is slowing down. The release of Quicksilver Resources, Inc.'s (Quicksilver) blanket bond is because the Board approved a change of operator and released Quicksilver's injection well bond. The Board is still holding Quicksilver's bond for producing wells.

#### DOCKET SUMMARY

Mr. Halvorson discussed the Docket Summary, attached as Exhibit 3. The exhibit contains an eight page overall docket summary, one page showing applications placed on the Default Docket, four pages of applications to be heard, and finally a three-page summary of status of all applications before the Board for its May 1, 2014 public hearing.

#### STAFF REPORTS

##### *Gas Flaring Requests*

Mr. Halvorson gets calls every day about flaring. What the Board does historically is grant six-month exceptions to the flaring rule. He is going to recommend the Board do the same with the four flaring requests summarized on the attached Exhibit 4.

1. Whiting Oil & Gas for the Christiansen 34-11-5H well.
2. Statoil Oil & Gas LP for the Sundheim 26-35-1H well.
3. Kraken Operating for the Bert 4 #1H
4. Kraken Operating for the Clyde & Alma 24-1H wells

Mr. King asked about the quality of the Kraken wells. Mr. Halvorson said some were spaced at the last hearing. A couple of them look promising. Kraken is talking about more development but may have to go back to two section development. Mr. King wondered why they are flaring marginal wells and why the Board could not just waive the requirement. Mr. Halvorson said policy is not to give a full waiver, so companies have to come back to the Board in six months and justify why the flaring exception should be continued. The perception is there is a lot of flaring going on, but that is not the case. The majority of wells the Board grants extensions to are hooked up but facing compression capacity issues or are producing more than 100 mcf. He suspects the excess flaring needs will be resolved because of economics. The capacity issues will work themselves out as infrastructure problems are handled, and flared gas has significant natural gas liquids which have value so companies want to capture that revenue as soon as possible.

**MOTION:** Mr. Smelser made a motion, seconded by Mr. Smith and unanimously passed, to grant six-month flaring exceptions for the four wells listed above.

Mr. Halvorson has been talking to the DNRC Director, and should have some resolution within a couple weeks on vacant positions and salary levels for non-exempt staff. He suspects the 3.0 one-time-only (OTO) positions (two field inspectors and a compliance officer) added by the last Legislature will be removed from the budget. The compliance officer has already been hired, but was moved to a permanent position. The two field inspector positions have not been hired. The director does not think there will be a problem getting other field inspector positions.

Mr. Halvorson probably will not be able to attend the IOGCC conference in Biloxi in May 17-20 with Mr. Efta. That is the same time as DNRC is moving from Windows XP to Windows 7 and there will probably be computer issues that have to be resolved. That is also the same week as the Legislative Audit meeting he and Chairman Nelson will be attending.

Mr. Halvorson said the contract for the inspector handbook has been extended. He did not want to proceed further on the project until the new chief field inspector and compliance officer were hired. The contracted editor liked the draft that was submitted, so the manual is close to final print stage. He wants to be able to deliver it to the Legislative Audit committee at their meeting on May 23<sup>rd</sup>. He is meeting with the contractor next week to discuss Phase II, which may include things like training documents, power points, etc. The long term goal is to make the inspection process electronic-based and develop formal penalty policies. The Board should see more consistency.

Mr. George Hudak has a continuing compliance issue with Kelly Oil and Gas LLC (Kelly), and passed out Exhibit 5. They have three injection wells and are the only operator that has not paid the 2014 annual injection well fee. He has not heard anything from Kelly nor has inspector Fraser. In fact, Kelly told Mr. Fraser they were not going to pay. Kelly currently owes \$900: a) \$600 for its three annual injection well permits; and b) \$300 for fines assessed (\$100 per well) at the February 26, 2014 business meeting for failure to pay the annual injection well fees. Mr. Hudak recommends Kelly be fined an additional \$1000 for failure to pay the February 26 fine and to schedule them for a show cause hearing for the Board's June 19 hearing as to why it should not be required to plug the wells.

**MOTION:** Mr. Smith made a motion, seconded by Mr. Smelser and unanimously passed, to fine Kelly Oil and Gas LLC \$1000 for failure to pay the \$300 fine assessed on February 26, making the total now due from Kelly including annual injection fees \$1900, and to schedule a show cause hearing for June 2014 as to why it should not be required to plug the wells.

Mr. Hudak reported the administrator position is advertised and will be open through May 16, 2014. He will try to schedule interviews prior to the Board's June meeting in Sidney. His understanding it has to be an open meeting when the hiring decision is made. Mr. Stutz said that is correct. Ms. Perrigo will put it on the business meeting agenda.

Mr. King complimented Mr. Hudak on heading up the search for a new petroleum engineer. Mr. Efta agreed as did Mr. Halvorson. Chairman Nelson thanked the selection committee which consisted of George Hudak, Jim Halvorson, Ron Efta, and Jack King.

Mr. John Gizicki brought up a compliance issue with Bensun Energy, LLC (Bensun) and distributed Exhibit 6, a summary of the matter. Bensun is delinquent on production and injection reporting, and there are various violations at three of its well sites and a tank battery. Mr. Gizicki recommended a show cause hearing be scheduled for June for the failure to remediate the well site and tank battery violations, and for failure to provide monthly production and injection well reports.

**MOTION:** A motion was made by Mr. Smelser, seconded by Mr. King and unanimously approved, to schedule Bensun Energy, LLC for a show cause hearing at the Board's June 19 public hearing in Sidney why further penalties should not be applied for its failure to remediate well site and tank battery violations and for failure to file monthly reports.

Chief Field Inspector Dave Popp said the interviews for the Miles City field inspector position were held yesterday. Oil & Gas Division will be applying for RDG grants for the 2017 biennium and the applications will be delivered to Helena by the May 15 deadline. He discussed the well plugging program and distributed Exhibit 7, the grants projects summary.

Attorney Rob Stutz distributed Exhibit 8, a copy of the Supreme Court decision in the Ostby vs. BOGC case. The court reversed the district court dismissal and ruled MAPA does not apply to judicial review of the Board's decisions. He also discussed the Carbon County Resource Council's amended complaint against the Board. Both cases will be further discussed in the litigation strategy session to follow the business meeting.

Mr. Stutz explained that legal services expenditures are now being billed out according to the case and/or project being worked on, i.e. Hekkel vs. BOGC, CCRC vs. BOGC, etc. Previously all legal services charges were billed under BOGC duties. There will always be general BOGC duties, but Mr. Stutz wanted to be able to show how resources are used now that the Board is involved in more litigation.

Board member Peggy Ames Nerud is concerned about current job descriptions and performance evaluations for exempt staff. She realizes current position descriptions are not available for all exempt staff, but would like to get them updated and a process in place so evaluations can be done. Chairman Nelson suggested that Ms. Ames Nerud proceed with developing some procedures for the Board to consider.

With no further business the meeting adjourned for a closed litigation strategy session at 3:30 pm.

## **PUBLIC HEARING**

The Board reconvened on Thursday, May 1, 2014 at 8:00 a.m. at the Board's hearing room at its office at the 2535 St. Johns Avenue in Billings Montana, to hear the matters docketed for public hearing. Board member John Evans was absent. As a result of the discussion, testimony and technical data placed before the Board, the following action was taken in each matter.

Docket No. 91-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Denbury Onshore LLC as set forth in Board Order 93-2014.

Docket No. 92-2014 – A motion was made by Mr. Efta, seconded by Mr. Smelser and unanimously passed, to approve the application of Denbury Onshore LLC as set forth in Board Order 94-2014.

Docket No. 93-2014 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Denbury Onshore LLC was approved as set forth in Board Order 156-2014.

Docket No. 94-2014 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Denbury Onshore LLC was approved as set forth in Board Order 157-2014.

Docket No. 95-2014 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 95-2014. Mr. Efta recused himself.

Docket No. 96-2014 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Petro-Hunt, L.L.C. as set forth in Board Order 96-2014. Mr. Efta recused himself.

Docket No. 97-2014– The application of MCR, LLC was continued to the June 2014 hearing.

Docket No. 98-2014 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of MCR, LLC was approved as set forth in Board Order 158-2014.

Docket No. 99-2014 – A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to deny Emerald Oil, Inc.'s protest of the Whiting Oil and Gas Corporation drilling permit as set forth in Board Order 97-2014. Mr. King recused himself.

Docket No. 100-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 98-2014.

Docket No. 101-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 99-2014.

Docket No. 102-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 100-2014.

Docket No. 103-2014 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 159-2014.

Docket No. 104-2014 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 160-2014.

Docket No. 105-2014 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 161-2014.

Docket No. 106-2014 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 162-2014.

Docket No. 107-2014 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 163-2014.

Docket No. 108-2014 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 164-2014.

Docket No. 109-2014– The application of Balko, Inc. was withdrawn.

Docket No. 110-2014 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Northern Oil Production, Inc. was approved as set forth in Board Order 165-2014.

Docket No. 111-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 101-2014.

Docket No. 112-2014 & 5-2014 FED – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Core 54 Oil & Gas, LLC was approved as set forth in Board Order 166-2014.

Docket No. 113-2014 – A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 102-2014. Mr. King recused himself.

Docket No. 114-2014 – A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 103-2014. Mr. King recused himself.

Docket No. 115-2014 – A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 104-2014. Mr. King recused himself.

Docket No. 116-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 105-2014.

Docket No. 117-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 106-2014.

Docket No. 118-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 107-2014.

Docket No. 119-2014 & 6-2014 FED – The application of Longshot Oil, LLC involves land under the jurisdiction of the BLM. The order will be issued by the BLM.

Docket No. 120-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of R.C.S. Oil, Inc. as set forth in Board Order 108-2014.

Docket No. 121-2014– The application of XTO Energy Inc. was continued to the June 2014 hearing.

Docket No. 122-2014– The application of XTO Energy Inc. was continued to the June 2014 hearing.

Docket No. 123-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 109-2014. Mr. King recused himself.

Docket No. 124-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 110-2014. Mr. King recused himself.

Docket No. 125-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 111-2014. Mr. King recused himself.

Docket No. 126-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 112-2014.

Docket No. 127-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 113-2014.

Docket No. 128-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 114-2014.

Docket No. 129-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 115-2014.

Docket No. 130-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 116-2014.

Docket No. 131-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 117-2014.

Docket No. 132-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 118-2014.

Docket No. 133-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 119-2014.

Docket No. 134-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 120-2014.

Docket No. 135-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 121-2014.



Docket No. 136-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 122-2014.

Docket No. 137-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 123-2014.

Docket No. 138-2014 & 7-2014 FED – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 124-2014.

Docket No. 139-2014 & 8-2014 FED – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 125-2014.

Docket No. 140-2014 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Anadarko Minerals, Inc. as set forth in Board Order 126-2014.

Docket No. 141-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 127-2014.

Docket No. 142-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 128-2014.

Docket No. 143-2014 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 129-2014.

Docket No. 144-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 130-2014.

Docket No. 145-2014 – A motion was made by Mr. Smelser, seconded by Ms. Ames-Nerud and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 131-2014.

Docket No. 146-2014 – A motion was made by Mr. Smelser, seconded by Ms. Ames-Nerud and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 132-2014.

Docket No. 147-2014 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 133-2014. Mr. King recused himself.

Docket No. 148-2014 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 134-2014. Mr. King recused himself.

Docket No. 149-2014 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 135-2014. Mr. King recused himself.

Docket No. 150-2014 – A motion was made by Ms. Ames-Nerud, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 136-2014.

Docket No. 151-2014 – A motion was made by Ms. Ames-Nerud, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 137-2014.

Docket No. 152-2014 – A motion was made by Ms. Ames-Nerud, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 138-2014.

Docket No. 153-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 139-2014.

Docket No. 154-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 140-2014.

Docket No. 155-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 141-2014.

Docket No. 156-2014 – A motion was made by Mr. Smith, seconded by Ms. Ames Nerud and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 142-2014.

Docket No. 157-2014 – A motion was made by Mr. Smith, seconded by Ms. Ames Nerud and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 143-2014.

Docket No. 158-2014 – A motion was made by Mr. Smith, seconded by Mr. Ames Nerud and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 144-2014.

Docket No. 159-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 145-2014. Mr. King recused himself.

Docket No. 160-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 146-2014. Mr. King recused himself.

Docket No. 161-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 147-2014. Mr. King recused himself.

Docket No. 162-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 163-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 164-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 165-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 166-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 167-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 168-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 169-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 170-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 171-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 172-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 173-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 174-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 175-2014– The application of Slawson Exploration Company, Inc. was continued to the June 2014 hearing.

Docket No. 176-2014 – A motion was made by Mr. King, seconded by Mr. Smelser and unanimously passed, to approve the application of BTA Oil Producers, LLC as set forth in Board Order 148-2014.

Docket No. 177-2014 – A motion was made by Mr. Smith, seconded by Ms. Ames Nerud and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 149-2014.

Docket No. 178-2014– The application of Citation Oil and Gas Corporation was continued to the June 2014 hearing.

Docket No. 174-2013– The application of XTO Energy Inc. was continued to the June 2014 hearing.

Docket No. 347-2013– The application of Statoil Oil and Gas LP was continued to the June 2014 hearing.

Docket No. 497-2013 & 3-2014 FED– The application of Statoil Oil and Gas LP was continued to the June 2014 hearing.

Docket No. 498-2013– The application of Statoil Oil and Gas LP was continued to the June 2014 hearing.

Docket No. 499-2013 & 4-2014 FED– The application of Statoil Oil and Gas LP was continued to the June 2014 hearing.

Docket No. 29-2014 – A motion was made by Ms. Ames Nerud, seconded by Mr. King and unanimously passed, to approve the application of Interstate Explorations, LLC as set forth in Board Order 150-2014.

Docket No. 30-2014 – A motion was made by Ms. Ames Nerud, seconded by Mr. King and unanimously passed, to approve the application of Interstate Explorations, LLC as set forth in Board Order 151-2014.

Docket No. 31-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Interstate Explorations, LLC as set forth in Board Order 152-2014.

Docket No. 32-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Interstate Explorations, LLC as set forth in Board Order 153-2014.

Docket No. 60-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of True Oil LLC as set forth in Board Order 154-2014.

Docket No. 61-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of True Oil LLC as set forth in Board Order 155-2014.

Docket No. 179-2014 – The Show-Cause hearing for Roland Oil and Gas was dismissed.

Docket No. 180-2014 – A motion was made by Mr. King, seconded by Mr. Smelser and unanimously passed, to: a) fine Wexco Exploration, LLC \$1000 for failure to appear at this Show-Cause hearing; b) continue this Show-Cause hearing until June 2014; and c) give staff authority to dismiss this matter if the administrative penalty of \$120 for not filing reports and the fine of \$1000 for failure to appear are paid prior to the Board's June 19, 2014 hearing. This is set forth in Board Order 167-2014.

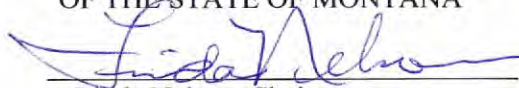
Docket No. 181-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to a) fine Produced Water Solutions, Inc. \$1000 for failure to appear at this Show-Cause hearing; b) continue this Show-Cause hearing until June 2014; and c) give staff authority to dismiss this matter if the administrative penalty of \$120 for not filing reports and the fine of \$1000 for failure to appear are paid prior to the Board's June 19, 2014 hearing. This is set forth in Board Order 168-2014.

Docket No. 542-2013 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to forfeit the bonds of Summer Night Oil Company, LLC as set forth in Board Order 169-2014.

NEXT MEETING

The next business meeting of the Board will be Wednesday, June 18, 2014 at 2:00 p.m. at the Events Center at the Richland County Fairgrounds in Sidney, Montana. The next regular public hearing will be Thursday, June 19, 2014, beginning at 8:00 a.m. at the Events Center at the Richland County Fairgrounds in Sidney, Montana. The filing deadline for the June 19<sup>th</sup>, 2014, public hearing is May 15, 2014.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA



Linda Nelson, Chairman

Wayne Smith, Vice-Chairman

Ronald S. Efta

Jack King

Peggy AmesNerud

Bret Smelser

ATTEST:



Terri H. Perrigo, Executive Secretary