

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
MINUTES OF THE
BOARD OF OIL AND GAS CONSERVATION MEETING AND PUBLIC HEARING
October 15 & 16, 2014

CALL TO ORDER

The regular business meeting of the Montana Board of Oil and Gas Conservation was called to order by Chairman Linda Nelson at 2:00 p.m., Wednesday, October 15, 2014, at its office at 2535 St. Johns Avenue in Billings, Montana. Board members present were Chairman Nelson, Vice Chairman Wayne Smith, Ron Efta, John Evans, Jack King, Peggy Ames Nerud, and Bret Smelser. Staff present was John Gizicki, Jim Halvorson, George Hudak, Ben Jones, Gary Klotz, Dave Popp, Erin Ricci, and Rob Stutz.

APPROVAL OF MINUTES

A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the minutes of the August 13, 2014, business meeting.

PUBLIC COMMENT

Ms. Hanson and Mr. Hand of the Northern Plains Resource Council (NPRC) – Ms. Hanson and Mr. Hand handed out a copy of a letter that had been sent to the Board's staff on August 18th, 2014, concerning flaring and spills transparency, as attached in Exhibit 1. Ms. Hanson and Mr. Hand would like information concerning flaring and spills to be more accessible to the public. Ms. Hanson would like to see mapping of spills put on the website like North Dakota does. Mr. Hand stated Alaska and North Dakota do more to stop flaring than Montana. He feels there is no accountability for the amount that is being flared. He would like to see more gas flaring information available in Montana.

Mr. Smelser would like to remind them that economics come into play when deciding to flare or not.

Mr. Hand responded what he is looking for is for easier public accessibility and more information available to them.

Mr. Halvorson stated that all of the flaring is public information. Staff will look into making that information easier to access. Mr. Halvorson also stated the Board doesn't have the authority over all spills. He will see what can be done to be able put spill information on the website; however the process of moving the board's database and web server to the Helena data center is limiting the modifications that can be made at this time.

Mr. Hand said NPRC would like to collaborate with the Board on this matter and would work with them if they need something through the upcoming legislative session. Chairman Nelson thanked them.

Mr. Candee – Mr. Candee is the property owner concerning Docket #326-2014. He stated Continental Resources, Inc. (Continental) has ruined roads on his property and have not fixed them. Continental is asking for Sections 4, 5, 8, and 9, T24N-R55E be spaced for permanent spacing. Mr. Candee feels if it were Sections 4, 5, 6, and 7, T24N-R55E, it would compensate him for the damage to his property. Continental didn't give him a lot of say where they would be placing roads. He is no longer comfortable using one of the roads going through their well site because one side of the road is a coulee and the other

is the well site. Mr. Stutz told Mr. Candee the Board does not have jurisdiction over the issue of access roads, and that the spacing issue can't be heard until the December 4, 2014, public hearing.

BLACK BUTTE ENERGY

Mr. Halvorson handed out a packet of information concerning the rule violations Black Butte Energy (Black Butte) made when they drilled four wells in the Wildcat Pondera Field, attached as Exhibit 2. Mr. Halvorson stated there is a docketed hearing tomorrow for Black Butte, and the issue of final well spacing cannot be discussed at today's business meeting. The issues to be discussed today are the rule violations. There have been four wells drilled under 40 acre statewide spacing units. Three of the four wells have horizontal drain holes that may violate the spacing unit setbacks. The first well, the Castle Rock 1A, has an 800' drain hole to the southeast that encroaches upon the setback to the 40 acre tract. The second well, the Castle Rock 2, has an 800' drain hole to the East and two 800' drain holes to the southeast. These drain holes violate the setback from the eastern boundary of the 40 acre tract and likely cross the spacing unit comprised of the NW¼SE¼. The third well, the Castle Rock 3, has an 800' drain hole to the South and a 750' drain hole to the Northwest. Both appear to violate the setback for the wells in the 40 acre tract and also cross into the adjacent spacing units. These drain holes were not permitted and would require notice and a hearing prior to approval of setback exceptions. Black Butte was asked to not produce these wells until after the board hearing. The fourth well that was drilled seems to be in compliance with statewide spacing and has been allowed to produce.

Don Lee, Attorney for Black Butte, and Tom Vanhose, Black Butte representative, were present. Mr. Vanhose stated when they drilled these four wells they believed they were in compliance with statewide spacing. They had been in contact with Mr. Klotz throughout the entire process. Mr. Vanhose described the drilling process to the Board. Mr. Lee and Mr. Vanhose answered questions from the Board about the drilling process.

Mr. Klotz stated Black Butte doesn't currently know where the wellbore is, and they don't have control over the wells. Black Butte has been responsive throughout the entire process and stopped further activity when they were told to do so.

Mr. Halvorson recommends fining Black Butte \$1,000.00 because the laterals were drilled impacting setbacks.

Motion – Mr. King made the motion to fine Black Butte \$1,000.00 and Mr. Smelser seconded it. The motion passed unanimously.

FINANCIAL STATEMENT

Ms. Ricci passed out and discussed the financial statement attached as Exhibit 3.

BOND SUMMARY

Mr. Halvorson presented the bond report attached as Exhibit 4.

DOCKET SUMMARY

Mr. Halvorson discussed the docket summary, attached as Exhibit 5. The exhibit contains seven page overall docket summary, one page showing applications placed on the Default Docket, two-pages of applications to be heard, and a two-page summary of the status of all applications before the Board for its October 16, 2014, public hearing.

GAS FLARING REPORT

Mr. Jones has six gas flaring exception requests. The Board's rule allows 100 mcf/day to be flared on a monthly average. Bakken wells typically produce more than the allowable flare amount for a period of time, but many are in areas of no existing infrastructure. Mr. King recused himself from the Oasis flaring request.

1. Continental is asking for two flaring exceptions. The first request is the Manush 1-12H. It is one mile away from the nearest pipeline and is anticipated to connect to the pipeline in the next 3 weeks. The second request is the Williams 1-12H. It was connected to the pipeline on October 9th, but they will still need to flare until issues are resolved with high line pressure in the pipeline. Mr. Jones recommends six month approval for both.
2. Whiting is asking for two flaring exceptions. The first request is the Berry 24-32-1H. They are requesting an exception until they can analyze the economics to connect the well to a gathering system. The second request is the Palmer 24-21-4H. It has been producing for 45 days and is located about 5,000 ft from the nearest Oneok pipeline. Whiting is also working on economics to connect this well to a gathering system. Mr. Jones recommends approval for these two requests until December 3, 2014, at which time it is requested that Whiting provide additional justification to be able to continue flaring over the 100mcf/day limit.
3. Oasis's exception request is for Freesia Federal 2658 13-11H. It is connected to Oneok pipeline; however, no other company has a gathering line in the vicinity. Oneok has indicated in order to flow this gas they would need a 20 mile line loop. They are unwilling to do this unless enough drilling is done by all producers in the area to justify it. Mr. Jones recommends approval for six months.
4. Kraken's exception request is for Three C 7 #1H. It is approximately 19 miles away from connecting to the nearest pipeline. It would cost them \$3.8 million to connect. They do not have enough production data to estimate if there is enough reserves to connect to the pipeline. Mr. Jones recommends approval for six months.

Motion – Mr. Smelser made the motion to accept Mr. Jones recommendations. Mr. Evans seconded, and it passed unanimously. Mr. King recused himself from the Oasis flaring request, and took no further part in the matter.

STAFF REPORTS

Mr. Hudak

Mr. Hudak passed out the tentative 2015 hearing schedule, attached as Exhibit 6. Board and staff discussed it. Chairman Nelson told the Board to look it over, and the schedule would be finalized at the December 4, 2014, Hearing.

Mr. Stutz

Mr. Stutz gave an update on legal issues. The Hekkel case has a motion to dismiss.

Issues involving sage grouse will require a lot of legal work.

Mr. Stutz also encouraged everyone to vote vocally. Mr. Smelser asked Mr. Stutz if there needs to be quorum in order to pass a motion. Mr. Stutz stated you need a quorum present for hearing but a vote by a majority of the board is necessary for a decision. In the case of the board this would require 4 votes, and

it is important for all members that are present to participate in the vote. Mr. Stutz also wanted to remind board members to avoid discussing hearing items prior to the time of hearing.

Mr. Halvorson

Mr. Halvorson said the staff in the Billings office is receiving a lot of data requests. It takes up most of their time.

A sage grouse committee has been created. Mr. Halvorson sits on the committee.

Mr. Halvorson said the last legislature proposed a four percent budget cut. At this time we are not putting forward any new legislative proposals and will have a standard budget increase this Biennium.

Mr. Halvorson also discussed delaying exempt staff raises until the December 4, 2014, public hearing. Mr. Halvorson said that Mr. Jones was up for his six month review. The business meeting was temporarily closed while they discussed this. When the meeting was resumed a motion was made.

Motion - Mr. King made a motion to raise Mr. Jones's salary by \$2,000.00 a year and Mr. Smelser seconded it. The motion passed unanimously. Mr. Jones will be reviewed again at the December 4, 2014, public hearing with the rest of the exempt staff.

Mr. Halvorson asked if the Board would like to attempt rules for setbacks, have more comments from the public, or see if a bill comes before the legislature on this matter. Mr. King recommends the Board think this over. Chairman Nelson would like to see the legislature debate this. It was decided to think about it and discuss this at the next meeting.

Mr. Halvorson discussed the new performance appraisal system the DNRC is adopting. All DNRC employees have to have their appraisal done by the end of the year. He asked the Board if they would like to use this system and if they want him to do the exempt staff appraisals, or if the Board would like to do the appraisals. Mrs. Ames-Nerud asked who is responsible for doing the rest of the appraisals for the non-exempt staff. Mr. Halvorson replied that Mr. Klotz is in charge of his two employees, Mr. Popp is in charge of his staff, and Mr. Halvorson is responsible for the rest. The Board said Mr. Halvorson should do the exempt staff positions and these evaluations would be considered by the Board in its formal evaluations.

OTHER BUSINESS

Mr. Smelser stated this is his last hearing. He will be out of the country at the next meeting. He would like to remind the Board to keep in mind the revenue stream to the cities and counties. They are still struggling. He said it had been a pleasure to be on this Board. Everyone wished him well on his future endeavors.

PUBLIC HEARING.

The Board reconvened on Thursday, October 16th, 2014, at 8:00 a.m. at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana, to hear the matters docketed for public hearing. As a result of the discussion, testimony and technical data placed before the Board, the following action was taken in each matter.

Docket No. 279-2014 – 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 315-2014.

Docket No. 280-2014 – 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 316-2014.

Docket No. 281-2014 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 279-2014.

Docket No. 282-2014 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 280-2014.

Docket No. 283-2014 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 281-2014.

Docket No. 284-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 282-2014. Member Jack King recused himself and took no part in this matter.

Docket No. 285-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 283-2014. Member Jack King recused himself and took no part in this matter.

Docket No. 286-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 284-2014. Member Jack King recused himself and took no part in this matter.

Docket No. 287-2014 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 285-2014.

Docket No. 288-2014 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 286-2014.

Docket No. 289-2014 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 287-2014.

Docket No. 290-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 288-2014.

Docket No. 291-2014 – A motion was made by Mr. Smith, seconded by Ms. Ames-Nerud and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 289-2014.

Docket No. 292-2014 – A motion was made by Mr. Smith, seconded by Ms. Ames-Nerud and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 290-2014.

Docket No. 293-2014 – A motion was made by Mr. Smith, seconded by Ms. Ames-Nerud and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 291-2014.

Docket No. 294-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 292-2014.

Docket No. 295-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 293-2014.

Docket No. 296-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 294-2014.

Docket No. 297-2014 – A motion was made by Mr. Smith, seconded by Ms. Ames-Nerud and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 295-2014.

Docket No. 298-2014 – A motion was made by Mr. Smith, seconded by Ms. Ames-Nerud and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 296-2014.

Docket No. 299-2014 – A motion was made by Mr. Smith, seconded by Ms. Ames-Nerud and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 297-2014.

Docket No. 300-2014– The application of Anadarko E&P Onshore LLC was continued to the December 2014 hearing.

Docket No. 301-2014 – 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 Citation Oil and Corporation was approved as set forth in Board Order 317-2014.

Docket No. 302-2014– The application of Cline Production Company was continued to the December 2014 hearing.

Docket No. 303-2014 – 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 318-2014.

Docket No. 304-2014 – 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 319-2014.

Docket No. 305-2014 – 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 Emerald Oil, Inc. was approved as set forth in Board Order 320-2014.

Docket No. 306-2014 – 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 Emerald Oil, Inc. was approved as set forth in Board Order 321-2014.

Docket No. 307-2014 – 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 Emerald Oil, Inc. was approved as set forth in Board Order 322-2014.

Docket No. 308-2014 – 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 Emerald Oil, Inc. was approved as set forth in Board Order 323-2014.

Docket No. 309-2014 – 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 Emerald Oil, Inc. was approved as set forth in Board Order 324-2014.

Docket No. 310-2014 – 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 Emerald Oil, Inc. was approved as set forth in Board Order 325-2014.

Docket No. 311-2014 – 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 Emerald Oil, Inc. was approved as set forth in Board Order 326-2014.

Docket No. 312-2014 – 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 Anadarko Minerals, Inc. was approved as set forth in Board Order 327-2014.

Docket No. 313-2014 – 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 Interstate Explorations, LLC was approved as set forth in Board Order 328-2014.

Docket No. 314-2014 – A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to approve the application of Interstate Explorations, LLC as set forth in Board Order 298-2014.

Docket No. 315-2014 – A motion was made by Mr. Smelser, seconded by Mr. Evans and unanimously passed, to approve the application of Interstate Explorations, LLC as set forth in Board Order 299-2014. Member Ron Efta recused himself and took no part in this matter.

Docket No. 316-2014– The application of SM Energy Company was continued to the December 2014 hearing.

Docket No. 317-2014 – 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 Slawson Exploration Company, Inc. was approved as set forth in Board Order 329-2014.

Docket No. 318-2014 – 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 Slawson Exploration Company, Inc. was approved as set forth in Board Order 330-2014.

Docket No. 319-2014 – 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 Slawson Exploration Company, Inc. was approved as set forth in Board Order 331-2014.

Docket No. 320-2014 – 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 Slawson Exploration Company, Inc. was approved as set forth in Board Order 332-2014.

Docket No. 321-2014 – 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 Slawson Exploration Company, Inc. was approved as set forth in Board Order 333-2014.

Docket No. 322-2014– The application of Continental Resources, Inc. was continued to the December 2014 hearing.

Docket No. 323-2014– The application of Continental Resources, Inc. was continued to the December 2014 hearing.

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Docket No. 326-2014– The application of Continental Resources, Inc. was continued to the December 2014 hearing.

Docket No. 327-2014– The application of Continental Resources, Inc. was continued to the December 2014 hearing.

Docket No. 328-2014– The application of Continental Resources, Inc. was continued to the December 2014 hearing.

Docket No. 329-2014 – A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 300-2014.

Docket No. 330-2014 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 301-2014.

Docket No. 331-2014 – A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 302-2014.

Docket No. 332-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 303-2014.

Docket No. 333-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 304-2014.

Docket No. 334-2014 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 305-2014.

Docket No. 335-2014 – 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 Normont Energy Inc. was approved as set forth in Board Order 334-2014.

Docket No. 336-2014 – A motion was made by Mr. King, seconded by Mr. Smelser and unanimously passed, to approve the application of Black Butte Energy LLC as set forth in Board Order 306-2014.

Docket No. 337-2014 – 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 335-2014.

Docket No. 347-2013 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of Statoil Oil and Gas LP as set forth in Board Order 307-2014.

Docket No. 498-2013 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of Statoil Oil and Gas LP as set forth in Board Order 308-2014.

Docket No. 182-2014 – 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 312-2014.

Docket No. 183-2014 – 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 313-2014.

Docket No. 184-2014 – 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 314-2014.

Docket No. 202-2014 – The application of Slawson Exploration Company, Inc. was withdrawn.

Docket No. 203-2014 – The application of Slawson Exploration Company, Inc. was withdrawn.

Docket No. 204-2014 – The application of Slawson Exploration Company, Inc. was withdrawn.

Docket No. 257-2014– The application of Kraken Oil & Gas LLC was continued to the December 2014 hearing.

Docket No. 269-2014 & 15-2014 FED – A motion was made by Mr. Smith, seconded by Mr. Evans and unanimously passed, to approve the application of Statoil Oil and Gas LP as set forth in Board Order 309-2014.

Docket No. 270-2014 – A motion was made by Mr. Smith, seconded by Mr. Evans and unanimously passed, to approve the application of Statoil Oil and Gas LP as set forth in Board Order 310-2014.

Docket No. 271-2014 & 16-2014 FED – A motion was made by Mr. Smith, seconded by Mr. Evans and unanimously passed, to approve the application of Statoil Oil and Gas LP as set forth in Board Order 311-2014.

Docket No. 278-2014 – The application of Interstate Explorations, LLC was withdrawn.

Docket No. 338-2014 – A motion was made by Mr. Smelser, seconded by Mr. Smith and passed, to continue the Show-Cause Hearing for K2 America Corporation until the Board's December 4, 2014, public hearing, and to give staff authority to dismiss this docket if penalty payments and delinquent reports are received prior to the December hearing. This is set forth in Board Order 336-2014.

Docket No. 339-2014 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to assess a \$1,000 fine for failure to appear and to continue the Show-Cause Hearing for P&P Industries LLC until the Board's December 4, 2014, public hearing. This is set forth in board Order 337-2014.

Docket No. 340-2014 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to assess a \$1,000 fine for failure to appear and to continue the Show-Cause Hearing for Robinson Oil Company, LLC until the Board's December 4, 2014, public hearing. This is set forth in Board Order 338-2014.

Docket No. 341-2014 – A motion was made by Mr. Smelser, seconded by Ms. Ames-Nerud and passed, to continue the Show-Cause Hearing for Hawley Hydrocarbons until the Board's December 4, 2014, public hearing. This is set forth in Board Order 339-2014.

Docket No. 181-2014 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to forfeit the Produced Water Solutions, Inc. bond. This is set forth in Board Order 340-2014.

Docket No. 246-2014 – A motion was made by Ms. Ames-Nerud, seconded by Mr. King and unanimously passed, to dismiss the Show-Cause Hearing for Bensun Energy, LLC. This is set forth in Board Order 341-2014. Member Bret Smelser recused himself and took no part in this matter.

NEXT MEETING

The next business meeting of the Board will be Wednesday, December 3rd, 2014, at 2:00 p.m. at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. The next regular public hearing will be Thursday, December 4th, 2014, beginning at 8:00 a.m. at the Board's hearing room at its office at the 2535 St. Johns Avenue in Billings, Montana. The filing deadline for the December 4th, 2014, public hearing is November 6th, 2014.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman
Wayne Smith, Vice-Chairman
Ronald S. Efta
John Evans
Jack King
Peggy Ames-Nerud
Bret Smelser

ATTEST:

Erin Ricci, Administrative Assistant II