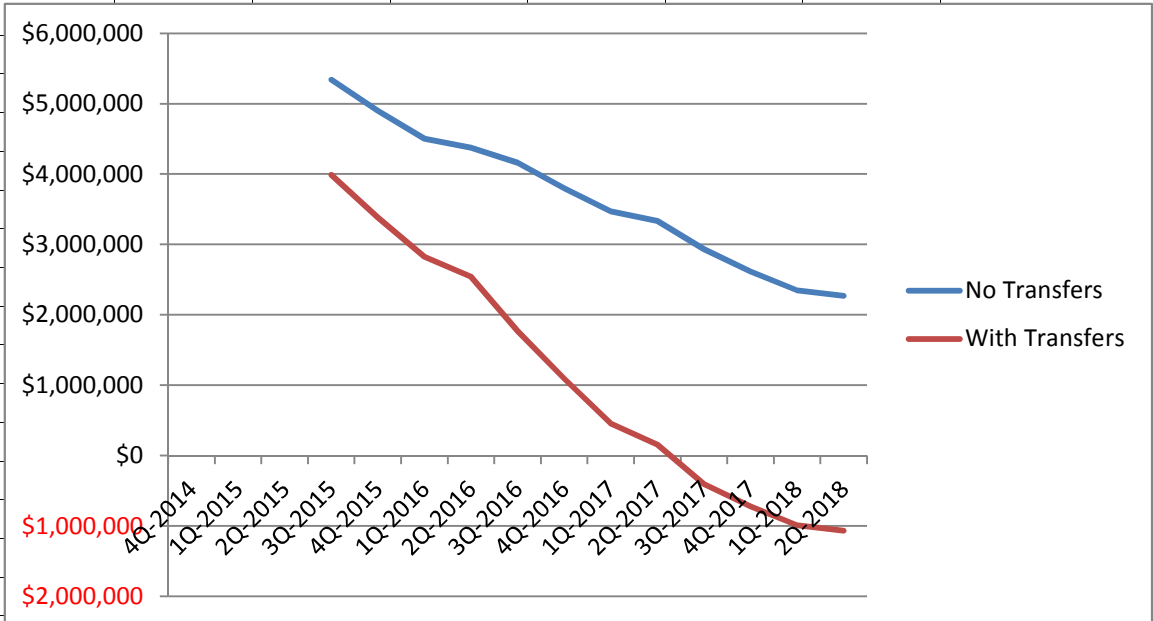


Expenditure Breakdown												
CY	Expended	Transfers	SB 418	Sage Grouse	SG GIS	St. Mary's	Coal Mine	Fixed	FSO	Accruals	IT Fixed	Misc
4Q-2014												
1Q-2015		1,350,000.00	1,350,000.00									
2Q-2015		-										
3Q-2015	380,681.51	162,357.22		5,357.22			157,000.00	69,474.50		69,474.50		
4Q-2015	362,773.02	168,817.25		25,621.45	195.80		143,000.00	91,207.49	5,178.00	86,029.49		
1Q-2016	443,659.70	148,989.92		64,355.35	9,634.57	75,000.00		142,162.43	94,165.00	15,847.43	32,150.00	
2Q-2016	410,000.00	560,579.61		445,323.98	40,255.63	75,000.00		26,919.80		26,635.80	284.00	
3Q-2016	410,000.00	311,434.00		95,456.00	28,478.00	37,500.00	150,000.00	130,638.48	28,755.25	86,552.98	15,330.25	
4Q-2016	410,000.00	311,434.00		95,456.00	28,478.00	37,500.00	150,000.00	130,638.48	28,755.25	86,552.98	15,330.25	
1Q-2017	410,000.00	161,434.00		95,456.00	28,478.00	37,500.00		130,638.48	28,755.25	86,552.98	15,330.25	
2Q-2017	410,000.00	161,434.00		95,456.00	28,478.00	37,500.00		130,638.48	28,755.25	86,552.98	15,330.25	
3Q-2017	410,000.00	-						45,408.07	29,617.91		15,790.16	
4Q-2017	410,000.00	-						45,408.07	29,617.91		15,790.16	
1Q-2018	410,000.00	-						45,408.07	29,617.91		15,790.16	
2Q-2018	410,000.00	-						45,408.07	29,617.91		15,790.16	
			1,350,000.00	922,482.00	163,998.00	300,000.00	600,000.00		303,217.72	544,199.12	141,125.47	-
	4,877,114.23	3,336,480.00						1,033,950.38				

ACCOUNT BALANCE, CURRENT TAX RATE, LOW OIL PRICE, WITH AND WITHOUT LEGISLATIVE TRANSFERS

CY	No Transfers	With Transfers	Oil\$
4Q-2014			
1Q-2015			
2Q-2015			
3Q-2015	\$5,340,171	\$3,990,171	\$37.42
4Q-2015	\$4,896,331	\$3,383,974	\$47.46
1Q-2016	\$4,504,309	\$2,823,134	\$35.71
2Q-2016	\$4,375,102	\$2,544,938	\$31.00
3Q-2016	\$4,162,192	\$1,771,448	\$25.64
4Q-2016	\$3,796,531	\$1,094,353	\$30.00
1Q-2017	\$3,468,201	\$454,589	\$35.00
2Q-2017	\$3,333,199	\$158,153	\$25.00
3Q-2017	\$2,933,921	-\$402,559	\$25.00
4Q-2017	\$2,615,145	-\$721,335	\$30.00
1Q-2018	\$2,346,501	-\$989,979	\$35.00
2Q-2018	\$2,271,703	-\$1,064,777	\$40.00

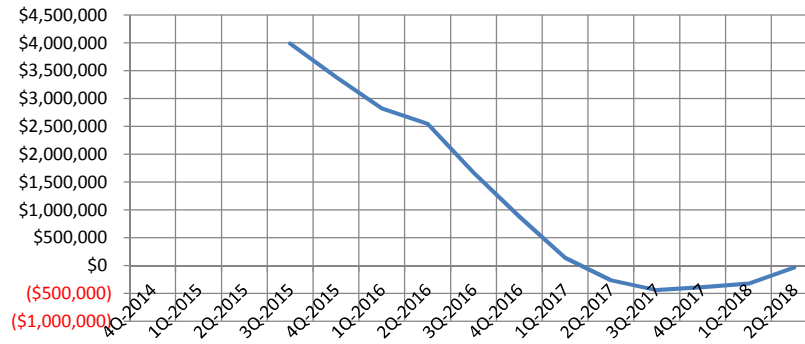


Budgeted Expenditures, Maximum Tax Rate (0.3%), Moderate Oil Price

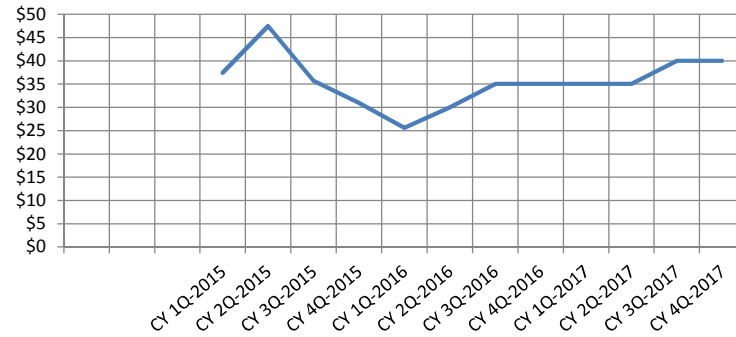
Budgeted Expenditures

	CY	FY	Balance	Oil\$	Tax
	4Q-2014	FY 15 Q2			
	1Q-2015	FY 15 Q3			
	2Q-2015	FY 15 Q4			
CY 1Q-2015	3Q-2015	FY 16 Q1	3,990,170.51	\$37.42	0.0009
CY 2Q-2015	4Q-2015	FY 16 Q2	3,383,973.80	\$47.46	0.0009
CY 3Q-2015	1Q-2016	FY 16 Q3	2,823,134.31	\$35.71	0.0009
CY 4Q-2015	2Q-2016	FY 16 Q4	2,544,937.87	\$31.00	0.0009
CY 1Q-2016	3Q-2016	FY 17 Q1	1,672,640.38	\$25.64	0.0009
CY 2Q-2016	4Q-2016	FY 17 Q2	886,992.13	\$30.00	0.0009
CY 3Q-2016	1Q-2017	FY 17 Q3	138,674.19	\$35.00	0.0009
CY 4Q-2016	2Q-2017	FY 17 Q4	(266,314.55)	\$35.00	0.0030
CY 1Q-2017	3Q-2017	FY 18 Q1	(441,028.52)	\$35.00	0.0030
CY 2Q-2017	4Q-2017	FY 18 Q2	(390,767.93)	\$35.00	0.0030
CY 3Q-2017	1Q-2018	FY 18 Q3	(328,729.81)	\$40.00	0.0030
CY 4Q-2017	2Q-2018	FY 18 Q4	(34,098.31)	\$40.00	0.0030

Beginning Account Balance



Oil Price

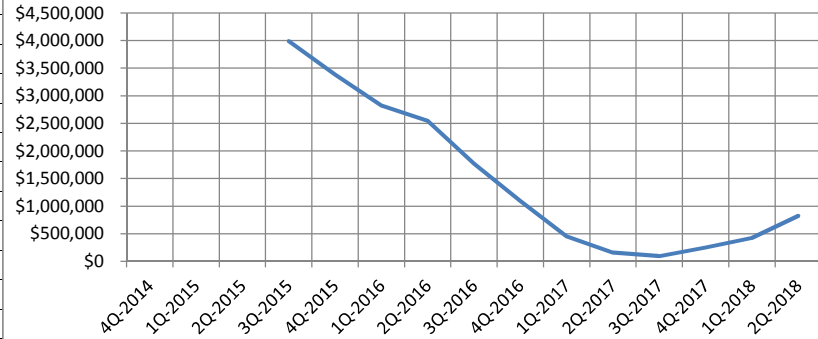


Reduced Expenditures, Maximum Tax Rate (0.3%), Moderate Oil Price

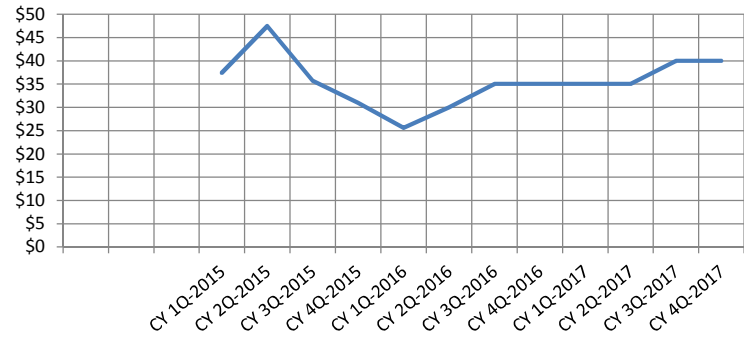
\$410,000 / Quarter vs. Budgeted

	CY	FY	Balance	Oil\$	Tax
	4Q-2014	FY 15 Q2			
	1Q-2015	FY 15 Q3			
	2Q-2015	FY 15 Q4			
CY 1Q-2015	3Q-2015	FY 16 Q1	3,990,170.51	\$37.42	0.0009
CY 2Q-2015	4Q-2015	FY 16 Q2	3,383,973.80	\$47.46	0.0009
CY 3Q-2015	1Q-2016	FY 16 Q3	2,823,134.31	\$35.71	0.0009
CY 4Q-2015	2Q-2016	FY 16 Q4	2,544,937.87	\$31.00	0.0009
CY 1Q-2016	3Q-2016	FY 17 Q1	1,771,448.38	\$25.64	0.0009
CY 2Q-2016	4Q-2016	FY 17 Q2	1,094,353.38	\$30.00	0.0009
CY 3Q-2016	1Q-2017	FY 17 Q3	454,588.69	\$35.00	0.0009
CY 4Q-2016	2Q-2017	FY 17 Q4	158,153.20	\$35.00	0.0030
CY 1Q-2017	3Q-2017	FY 18 Q1	91,992.48	\$35.00	0.0030
CY 2Q-2017	4Q-2017	FY 18 Q2	250,806.32	\$35.00	0.0030
CY 3Q-2017	1Q-2018	FY 18 Q3	421,397.69	\$40.00	0.0030
CY 4Q-2017	2Q-2018	FY 18 Q4	824,582.44	\$40.00	0.0030

Beginning Account Balance



Oil Price

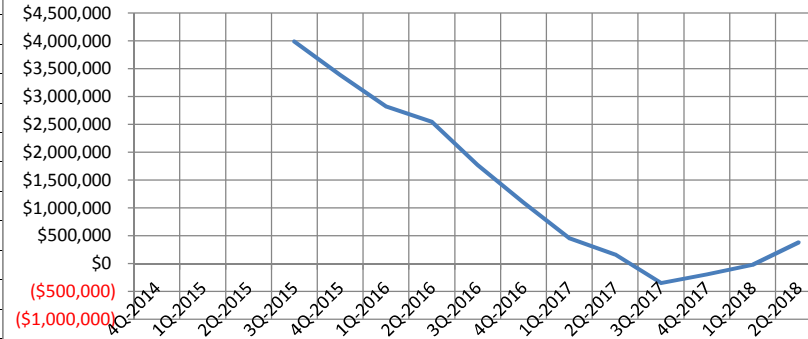


Reduced Expenditures, Maximum Tax Rate (0.3%), Moderate Oil Price, Delayed Effective Date

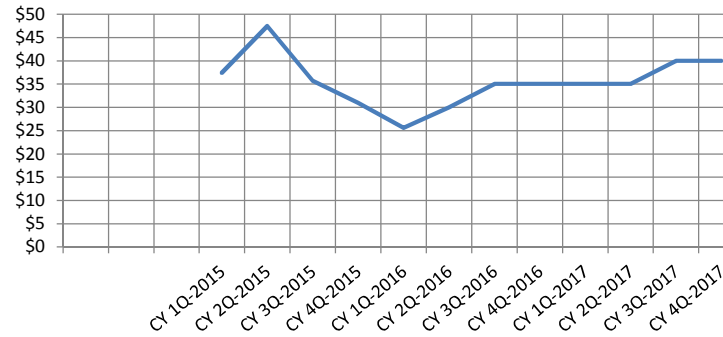
\$410,000 / Quarter vs. Budgeted

	CY	FY	Balance	Oil\$	Tax
	4Q-2014	FY 15 Q2			
	1Q-2015	FY 15 Q3			
	2Q-2015	FY 15 Q4			
CY 1Q-2015	3Q-2015	FY 16 Q1	3,990,170.51	\$37.42	0.0009
CY 2Q-2015	4Q-2015	FY 16 Q2	3,383,973.80	\$47.46	0.0009
CY 3Q-2015	1Q-2016	FY 16 Q3	2,823,134.31	\$35.71	0.0009
CY 4Q-2015	2Q-2016	FY 16 Q4	2,544,937.87	\$31.00	0.0009
CY 1Q-2016	3Q-2016	FY 17 Q1	1,771,448.38	\$25.64	0.0009
CY 2Q-2016	4Q-2016	FY 17 Q2	1,094,353.38	\$30.00	0.0009
CY 3Q-2016	1Q-2017	FY 17 Q3	454,588.69	\$35.00	0.0009
CY 4Q-2016	2Q-2017	FY 17 Q4	158,153.20	\$35.00	0.0009
CY 1Q-2017	3Q-2017	FY 18 Q1	(353,145.75)	\$35.00	0.0030
CY 2Q-2017	4Q-2017	FY 18 Q2	(194,331.91)	\$35.00	0.0030
CY 3Q-2017	1Q-2018	FY 18 Q3	(23,740.54)	\$40.00	0.0030
CY 4Q-2017	2Q-2018	FY 18 Q4	379,444.21	\$40.00	0.0030

Beginning Account Balance



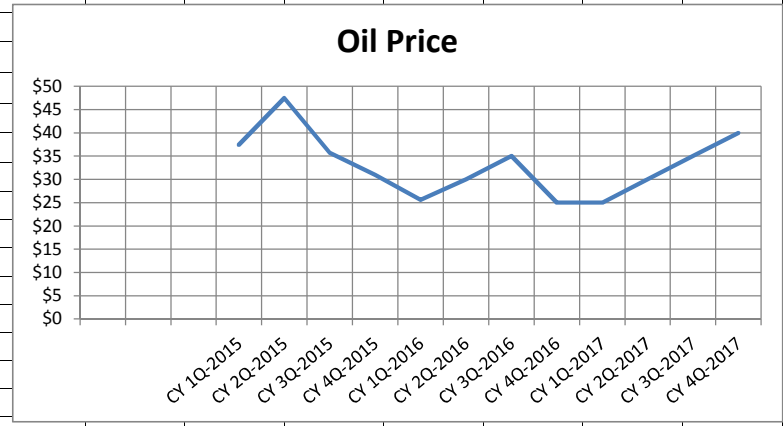
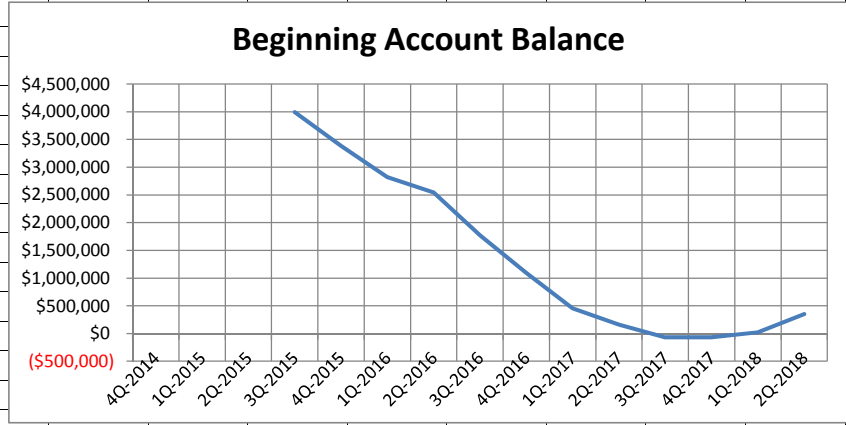
Oil Price



Reduced Expenditures, Maximum Tax Rate (0.3%), Low Oil Price

\$410,000 / Quarter vs. Budgeted

	CY	FY	Balance	Oil\$	Tax
	4Q-2014	FY 15 Q2			
	1Q-2015	FY 15 Q3			
	2Q-2015	FY 15 Q4			
CY 1Q-2015	3Q-2015	FY 16 Q1	3,990,170.51	\$37.42	0.0009
CY 2Q-2015	4Q-2015	FY 16 Q2	3,383,973.80	\$47.46	0.0009
CY 3Q-2015	1Q-2016	FY 16 Q3	2,823,134.31	\$35.71	0.0009
CY 4Q-2015	2Q-2016	FY 16 Q4	2,544,937.87	\$31.00	0.0009
CY 1Q-2016	3Q-2016	FY 17 Q1	1,771,448.38	\$25.64	0.0009
CY 2Q-2016	4Q-2016	FY 17 Q2	1,094,353.38	\$30.00	0.0009
CY 3Q-2016	1Q-2017	FY 17 Q3	454,588.69	\$35.00	0.0009
CY 4Q-2016	2Q-2017	FY 17 Q4	158,153.20	\$25.00	0.0030
CY 1Q-2017	3Q-2017	FY 18 Q1	(72,718.30)	\$25.00	0.0030
CY 2Q-2017	4Q-2017	FY 18 Q2	(72,686.12)	\$30.00	0.0030
CY 3Q-2017	1Q-2018	FY 18 Q3	21,185.75	\$35.00	0.0030
CY 4Q-2017	2Q-2018	FY 18 Q4	350,078.19	\$40.00	0.0030

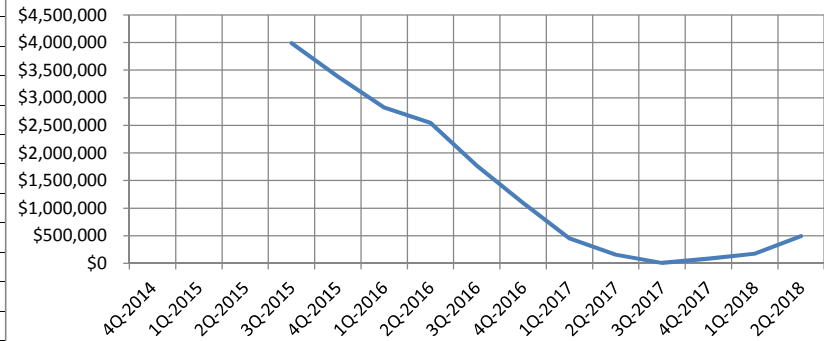


Reduced Expenditures, Tax Rate 0.26%, Moderate Oil Price

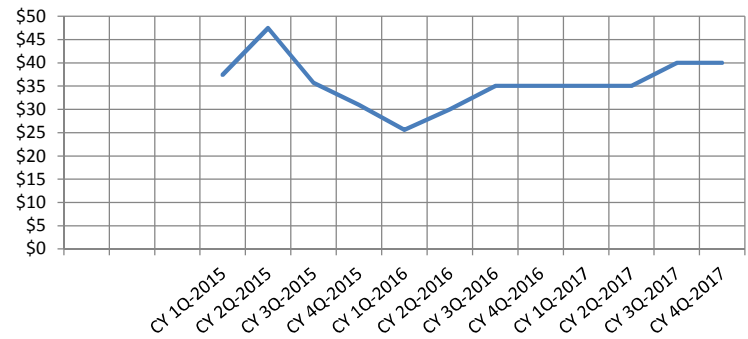
\$410,000 / Quarter vs. Budgeted

	CY	FY	Balance	Oil\$	Tax
	4Q-2014	FY 15 Q2			
	1Q-2015	FY 15 Q3			
	2Q-2015	FY 15 Q4			
CY 1Q-2015	3Q-2015	FY 16 Q1	3,990,170.51	\$37.42	0.0009
CY 2Q-2015	4Q-2015	FY 16 Q2	3,383,973.80	\$47.46	0.0009
CY 3Q-2015	1Q-2016	FY 16 Q3	2,823,134.31	\$35.71	0.0009
CY 4Q-2015	2Q-2016	FY 16 Q4	2,544,937.87	\$31.00	0.0009
CY 1Q-2016	3Q-2016	FY 17 Q1	1,771,448.38	\$25.64	0.0009
CY 2Q-2016	4Q-2016	FY 17 Q2	1,094,353.38	\$30.00	0.0009
CY 3Q-2016	1Q-2017	FY 17 Q3	454,588.69	\$35.00	0.0009
CY 4Q-2016	2Q-2017	FY 17 Q4	158,153.20	\$35.00	0.0026
CY 1Q-2017	3Q-2017	FY 18 Q1	7,204.25	\$35.00	0.0026
CY 2Q-2017	4Q-2017	FY 18 Q2	84,121.83	\$35.00	0.0026
CY 3Q-2017	1Q-2018	FY 18 Q3	175,433.28	\$40.00	0.0026
CY 4Q-2017	2Q-2018	FY 18 Q4	491,818.99	\$40.00	0.0026

Beginning Account Balance



Oil Price

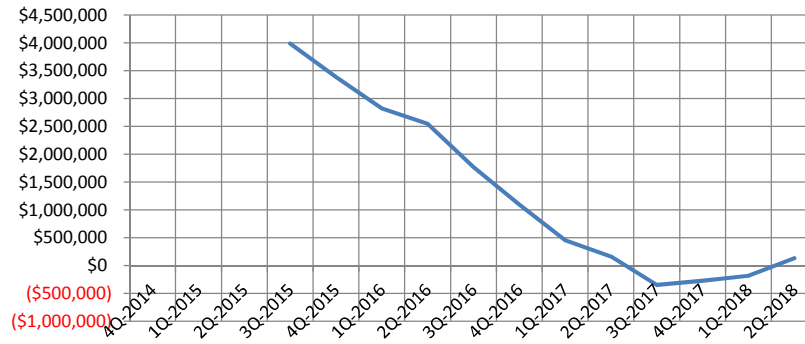


Reduced Expenditures, Tax Rate 0.26%, Moderate Oil Price, Delayed Effective Date

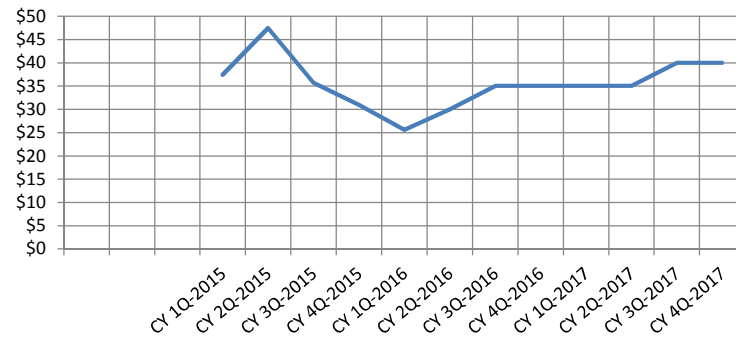
\$410,000 / Quarter vs. Budgeted

	CY	FY	Balance	Oil\$	Tax
	4Q-2014	FY 15 Q2			
	1Q-2015	FY 15 Q3			
	2Q-2015	FY 15 Q4			
CY 1Q-2015	3Q-2015	FY 16 Q1	3,990,170.51	\$37.42	0.0009
CY 2Q-2015	4Q-2015	FY 16 Q2	3,383,973.80	\$47.46	0.0009
CY 3Q-2015	1Q-2016	FY 16 Q3	2,823,134.31	\$35.71	0.0009
CY 4Q-2015	2Q-2016	FY 16 Q4	2,544,937.87	\$31.00	0.0009
CY 1Q-2016	3Q-2016	FY 17 Q1	1,771,448.38	\$25.64	0.0009
CY 2Q-2016	4Q-2016	FY 17 Q2	1,094,353.38	\$30.00	0.0009
CY 3Q-2016	1Q-2017	FY 17 Q3	454,588.69	\$35.00	0.0009
CY 4Q-2016	2Q-2017	FY 17 Q4	158,153.20	\$35.00	0.0009
CY 1Q-2017	3Q-2017	FY 18 Q1	(353,145.75)	\$35.00	0.0026
CY 2Q-2017	4Q-2017	FY 18 Q2	(276,228.17)	\$35.00	0.0026
CY 3Q-2017	1Q-2018	FY 18 Q3	(184,916.72)	\$40.00	0.0026
CY 4Q-2017	2Q-2018	FY 18 Q4	131,468.99	\$40.00	0.0026

Beginning Account Balance



Oil Price

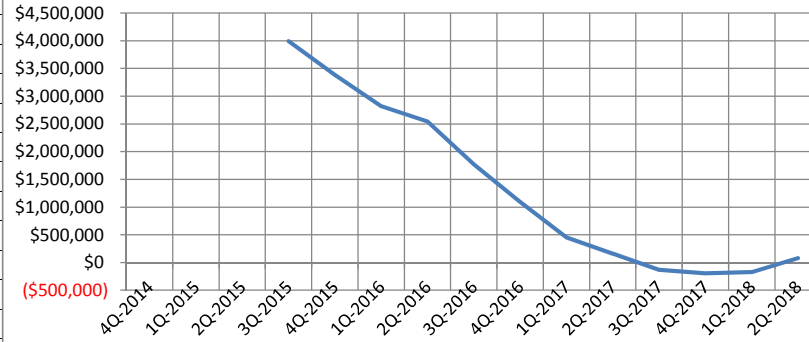


Reduced Expenditures, Tax Rate 0.26%, Low Oil Price

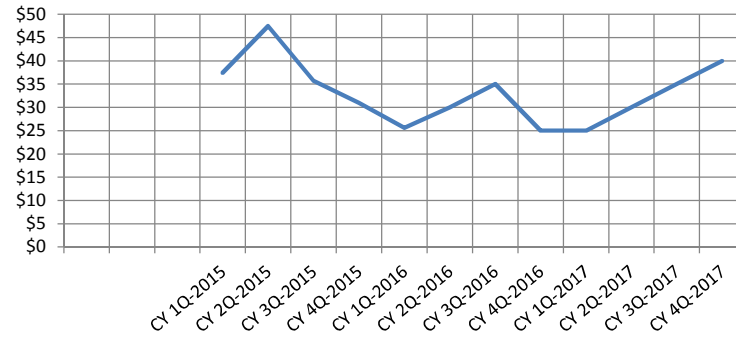
\$410,000 / Quarter vs. Budgeted

	CY	FY	Balance	Oil\$	Tax
	4Q-2014	FY 15 Q2			
	1Q-2015	FY 15 Q3			
	2Q-2015	FY 15 Q4			
CY 1Q-2015	3Q-2015	FY 16 Q1	3,990,170.51	\$37.42	0.0009
CY 2Q-2015	4Q-2015	FY 16 Q2	3,383,973.80	\$47.46	0.0009
CY 3Q-2015	1Q-2016	FY 16 Q3	2,823,134.31	\$35.71	0.0009
CY 4Q-2015	2Q-2016	FY 16 Q4	2,544,937.87	\$31.00	0.0009
CY 1Q-2016	3Q-2016	FY 17 Q1	1,771,448.38	\$25.64	0.0009
CY 2Q-2016	4Q-2016	FY 17 Q2	1,094,353.38	\$30.00	0.0009
CY 3Q-2016	1Q-2017	FY 17 Q3	454,588.69	\$35.00	0.0009
CY 4Q-2016	2Q-2017	FY 17 Q4	158,153.20	\$25.00	0.0026
CY 1Q-2017	3Q-2017	FY 18 Q1	(135,545.10)	\$25.00	0.0026
CY 2Q-2017	4Q-2017	FY 18 Q2	(196,238.29)	\$30.00	0.0026
CY 3Q-2017	1Q-2018	FY 18 Q3	(171,417.07)	\$35.00	0.0026
CY 4Q-2017	2Q-2018	FY 18 Q4	80,581.97	\$40.00	0.0026

Beginning Account Balance



Oil Price



City Distributions												
CY	Oil\$.0.0009	0.0026	0.003								
4Q-2014							Sidney			Baker		
1Q-2015						0.009	0.0026	0.003		0.009	0.0026	0.003
2Q-2015												
3Q-2015	\$37.42											
4Q-2015	\$47.46		-									
1Q-2016	\$35.71	\$457,054	\$457,054	\$457,054								
2Q-2016	\$31.00	\$414,074	\$414,074	\$414,074		\$121,822	\$121,823	\$121,823		\$35,306	\$35,306	\$35,306
3Q-2016	\$25.64	\$307,846	\$307,846	\$307,846		\$90,570	\$90,570	\$90,570		\$26,248.74	\$26,248.74	\$26,248.74
4Q-2016	\$30.00	\$338,881	\$338,881	\$338,881		\$99,701	\$99,701	\$99,701		\$28,894.97	\$28,894.97	\$28,894.97
1Q-2017	\$35.00	\$374,070	\$374,070	\$374,070		\$110,054	\$110,054	\$110,054		\$31,895.34	\$31,895.34	\$31,895.34
2Q-2017	\$35.00	\$445,138	\$84,788	\$0		\$130,963	\$24,945	\$0		\$37,955.04	\$7,229.53	\$0.00
3Q-2017	\$35.00	\$429,955	\$81,896	\$0		\$126,496	\$24,094	\$0		\$36,660.46	\$6,982.94	\$0.00
4Q-2017	\$35.00	\$416,220	\$79,280	\$0		\$122,455	\$23,325	\$0		\$35,489.27	\$6,759.86	\$0.00
1Q-2018	\$40.00	\$455,695	\$86,799	\$0		\$134,068	\$25,537	\$0		\$38,855.17	\$7,400.98	\$0.00
2Q-2018	\$40.00	\$442,631	\$84,311	\$0		\$130,225	\$24,805	\$0		\$37,741.27	\$7,188.81	\$0.00

Notification Draft Rule

June 15, 2016

6/15/2016 Draft

(1) For the purposes of this section, "occupied structure" means any building suitable for human occupancy or for carrying on business, including a residence, school, office, or hospital, but not including outbuildings such as, but not limited to sheds, barns, or garages.

(2) An applicant for a permit to drill a new well under ARM 36.22.601 must provide reasonable notice of the intent to file an application to all owners of record of an occupied structure within 1,320 feet of the proposed well.

(a) The notice must advise each owner that the application is eligible for administrative approval unless a demand for an opportunity to be heard is filed with the board within 14 days of an owner having received the notice.

(b) The applicant must file proof of the notice required by this section with its application to the Board.

(c) The 14 day requirement may be waived by the owner in writing.

(3) The staff of the board shall refer an application for permit to drill to the board for notice and public hearing at the next regularly scheduled hearing if an owner of an occupied structure, as to any application for permit to drill for which the owner received notice, files a demand for an opportunity to be heard concerning the application in the form set forth in subsection 5.

(4) 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.

(5) A demand for opportunity to be heard concerning an application for permit to drill for which 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 demonstrate standing to demand an opportunity to be heard by providing a notarized, written statement declaring ownership of the occupied structure within 1,320 feet from the proposed well, which statement must include the owner's signature, the date of signature, and the declaration "I declare under penalty of perjury and under the laws of the state of Montana that the foregoing is true and correct"; 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 fourteen (14) days after the date the notice is received by the owner. Service of such demand may be made on the board personally, by mail, by email, 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.

MONTANA BOARD OF OIL AND GAS CONSERVATION
FINANCIAL STATEMENT

As of 6/7/2016

Fiscal Year 2016: Percent of Year Elapsed - 94%

		Budget	Expends	Remaining	%
Regulatory	Personal Services	1,288,795	949,110	339,685	0.74
UIC	Personal Services	191,043	177,589	13,454	0.93
	Total Expends	1,479,838	1,126,699	353,139	0.76
Regulatory	Equipment & Assets	39,477	24,586	14,891	0.62
UIC	Equipment & Assets	17,073	5,397	11,676	0.32
	Total Expends	56,550	29,983	26,567	0.53
Regulatory	Contracted Services	175,279	91,820	83,459	0.52
	Supplies & Materials	48,500	35,799	12,701	0.74
	Communication	71,819	41,540	30,279	0.58
	Travel	38,000	26,117	11,883	0.69
	Rent	33,000	29,424	3,576	0.89
	Utilities	15,000	15,967	(967)	1.06
	Repair/Maintenance	15,620	16,378	(758)	1.05
	Other Expenses	20,000	17,672	2,328	0.88
	Total Operating Expenses	417,218	274,718	142,500	0.66
UIC	Contracted Services	14,976	10,357	4,619	0.69
	Supplies & Materials	12,561	5,475	7,086	0.44
	Communication	12,000	5,890	6,110	0.49
	Travel	9,213	3,461	5,752	0.38
	Rent	3,000	2,596	404	0.87
	Utilities	7,000	2,541	4,459	0.36
	Repair/Maintenance	9,000	2,927	6,073	0.33
	Other Expenses	13,876	6,179	7,697	0.45
	Total Operating Expenses	81,626	39,426	42,200	0.48
	Total Expends	498,844	314,145	184,699	0.63

	Budget	Expends	Remaining	%
Carryforward FY14				
Personal Services	20,331	-	20,331	0.00
Operating Expenses	30,497	-	30,497	0.00
Equipment & Assets	50,828	-	50,828	0.00
Total	101,656	-	101,656	0.00
Carryforward FY15				
Personal Services	40,249	-	40,249	0.00
Operating Expenses	80,497	-	80,497	0.00
Equipment & Assets	80,497	-	80,497	0.00
Total	201,243	-	201,243	0.00

Funding Breakout	Regulatory Budget	Regulatory Expends	UIC Budget	UIC Expends	2016 Total Budget	2016 Total Expends	%
State Special	1,745,490	1,248,414	289,742	222,412	2,035,232	1,470,826	0.72
Federal 2016 UIC (10-1-2015 to 9-30-2016)			109,000	25,868	109,000	25,868	0.24
Total	1,745,490	1,248,414	398,742	248,280	2,144,232	1,496,694	0.70

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT as of 6/7/16

	FY 16	FY 15
Oil & Gas Production Tax	\$ 461,185	\$ 1,672,097
Oil Production Tax	426,482	1,550,985
Gas Production Tax	34,703	121,112
Drilling Permit Fees	14,500	39,925
UIC Permit Fees	239,600	231,890
Interest on Investments	9,503	5,616
Copies of Documents	1,382	4,448
Miscellaneous Reimbursements	24,500	13,000
TOTAL	\$ 750,670	\$ 3,639,073

REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 6/7/16

	FY 16	FY 15
RIT Investment Earnings:	\$ 418,636	\$ -
June	-	-
July	-	-
August	-	-
September	49,110	-
October	40,670	-
November	37,753	-
December	49,344	-
January	37,052	-
February	37,189	-
March	47,949	-
April	35,271	-
May	36,482	-
June	47,816	-
Bond Forfeitures:	234,904	45,128
Cavalier Petroleum	15,000	-
Coastal Petroleum Company	50,000	-
Alturas Energy	50,000	-
Custom Carbon Processing, Inc.	20,000	-
Kelly Oil & Gas LLC (UIC wells)	30,000	-
Kelly Oil & Gas LLC (Producing)	50,000	-
Cavalier Petroleum	10,000	-
Miocene Oil & Gas	9,904	-
Interest on Investments	1,754	588
TOTAL	\$ 655,294	\$ 45,716

INVESTMENT ACCOUNT BALANCES as of 5/31/16

Regulatory Account	\$ 2,417,404
Damage Mitigation Account	\$ 991,722

REVENUE INTO GENERAL FUND FROM FINES as of 6/7/16

	FY 16
BENSUN ENERGY	7/17/15 \$ 120
CCG LLC / GRYNBERG, JACK	7/17/15 70
HOFLAND JAMES D. / J. H OIL COMPANY	7/17/15 210
ALTURAS ENERGY LLC	7/24/15 1,000
GRAY WOLF PRODUCTION COMPANY INC	7/24/15 100
ROARK, DANIEL/TINA / DANIELSON, PATRICIA	7/31/15 140
STATOIL OIL AND GAS LP	7/31/15 70
SONKAR INC	8/5/15 70
RIMROCK COLONY INC.	8/14/15 130
KLANIKA KENNETH / STATOIL OIL AND GAS LP	8/14/15 70
MONTANA OIL FIELD ADQUISITION	8/21/15 360
J BURNS BROWN OPERATING COMPANY	9/4/15 400
MONTANA LAND AND MINERAL COMPANY	10/2/15 60
BALKO INC	10/2/15 530
WINDY BUTTE RECLAMATION FACILITY LLC	10/30/15 120
HINTO ENERGY / HERICK, GARY J.	11/13/15 1,360
HINTO ENERGY / HERICK, GARY J.	12/11/15 20
KYKUIT RESOURCES LLC / OSAIR INC	12/14/15 1,520
DENBURY ONSHORE LLC	1/11/16 3,000
PINNACLE ENERGY GROUP LLC	4/4/16 90
COALRIDGE DISPOSAL AND PETROLEUM	4/8/16 140
JUSTICE SWD LLC	4/8/16 80
WHITING OIL AND GAS CORP	4/8/16 60
OASIS PETROLEUM NORTH AMERICA LLC	4/28/16 80
HAWLEY OIL LLP	4/29/16 560
YELLOWSTONE PETROLEUMS INC	5/6/16 70
TYLER ROCKIES EXPLORATION LTD	5/16/16 120
HAWLEY OIL LLP	6/3/16 90
KYKUIT RESOURCES LLC / SLEEPY HOLLOW OIL & GAS LLC	6/6/16 940
TOTAL	\$ 11,580

GRANT BALANCES - 6/7/16

<u>Name</u>	<u>Authorized Amt*</u>	<u>Expended</u>	<u>Balance</u>	<u>Expiration Date</u>
2011Southern - TankBattery2 RIT 12-8723	\$ 204,951	\$ 166,548	\$ 38,403	9/30/2016
2011 Northern/Eastern RIT 13-8753	332,642	221,849	110,793	9/30/2016
TOTAL	\$ 537,593	\$ 388,397	\$ 149,196	

* includes match requirement for grant

CONTRACT BALANCES - 6/7/16

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
MT Tech - Elm Coulee EOR Study (MOU 127220)	\$ 863,905	\$ 518,457	\$ 345,448	Under Contract	12/31/2017
MT Tech - Survey of Native Proppant (SNaP)	383,101	379,161	3,940	Completed	12/31/2015
Agency Legal Services (ALS - Legal) (ALS-2016)	50,000	38,405	11,595	Under Contract	6/30/2016
Automated Maintenance Services, Inc. (OG-AMS-149)	24,197	18,422	5,775	Under Contract	6/30/2016
Central Avenue Mall FY '16 (9/1/15 - 8/31/16)	400	400	-	Completed	8/31/2016
Central Avenue Mall FY '17 (9/1/16 - 8/31/17)	400	-	400	Under Contract	8/31/2017
HydroSolutions - EPA Primacy Class VI Injection (DNR12-2558T)	57,156	56,392	764	Under Contract	5/31/2016
Liquid Gold (Emergency install of No-Weld Control Equip for Kopp #1 well)	19,325	18,845	480	Under Contract	6/30/2016
Liquid Gold (Install Well Control Equipment for Kopp #1 Well)	24,864	17,090	7,774	Completed	12/31/2015
Kelly #1 Well	19,360	-	19,360	To Be Complete	7/31/2016
Mad Dash Montana Delivery Courier	1,020	1,020	-	Completed	4/27/2016
TOTAL	\$ 1,443,728	\$ 1,048,193	\$ 395,535		

**Agency Legal Services
Expenditures in FY16**

<u>Case</u>	<u>Amt Spent</u>
BOGC Duties	\$ 26,930
Hekkel	663
CCRC	8,312
Omimex	1,223
Ostby	201
Malsam	1,075
Total	\$ 38,405

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

4/4/2016 Through 6/14/2016

Approved

Bluestone Natural Resources II, LLC Tulsa OK	799 L1	Approved Amount: Purpose:	4/15/2016 \$20,000.00 Limited Bond
Surety Bond	\$20,000.00 RLI INSURANCE COMPANY		ACT
Diamond Oil & Gas LLC Casper WY	797 G2	Approved Amount: Purpose:	4/14/2016 \$1,500.00 Single Well Bond
Certificate of Deposit	\$1,500.00 FIRST INTERSTATE BANK		ACT
Diamond Oil & Gas LLC Casper WY	797 G1	Approved Amount: Purpose:	4/14/2016 \$1,500.00 Single Well Bond
Certificate of Deposit	\$1,500.00 FIRST INTERSTATE BANK		ACT
Diamond Oil & Gas LLC Casper WY	797 G3	Approved Amount: Purpose:	4/14/2016 \$1,500.00 Single Well Bond
Certificate of Deposit	\$1,500.00 FIRST INTERSTATE BANK		ACT
Diamond Oil & Gas LLC Casper WY	797 G4	Approved Amount: Purpose:	4/14/2016 \$1,500.00 Single Well Bond
Certificate of Deposit	\$1,500.00 FIRST INTERSTATE BANK		ACT
Glacier Production, Inc. Cut Bank MT	2975 M1	Approved Amount: Purpose:	4/4/2016 \$50,000.00 Multiple Well Bond
Surety Bond	\$50,000.00 Lexon Insurance Company		ACT
Huntington Energy, LLC Oklahoma City OK	503 G2	Approved Amount: Purpose:	4/25/2016 \$10,000.00 Single Well Bond
Surety Bond	\$10,000.00 TRAVELERS CASUALTY & SURETY CO. OF AMERICA		ACT
Huntington Energy, LLC Oklahoma City OK	503 G1	Approved Amount: Purpose:	4/25/2016 \$10,000.00 Single Well Bond
Surety Bond	\$10,000.00 TRAVELERS CASUALTY & SURETY CO. OF AMERICA		ACT
McPhillips, Bernice Shelby MT	12306 G3	Approved Amount: Purpose:	4/14/2016 \$1,500.00 Single Well Bond
Certificate of Deposit	\$1,500.00 FIRST STATE BANK OF SHELBY		ACT
McPhillips, Bernice Shelby MT	12306 G2	Approved Amount: Purpose:	4/14/2016 \$1,500.00 Single Well Bond
Certificate of Deposit	\$1,500.00 FIRST STATE BANK OF SHELBY		ACT

Montana Board of Oil and Gas Conservation Summary of Bond Activity

4/4/2016 Through 6/14/2016

Approved

Mertz Energy LLC Houston TX	801 G1	Approved	5/9/2016
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$10,000.00 Wells Fargo Bank, NA		ACT
Samson Oil and Gas USA, Inc. Denver CO	678 V1	Approved	5/23/2016
		Amount:	\$50,000.00
		Purpose:	UIC Blanket Bond
Surety Bond	\$50,000.00 FIDELITY & DEPOSIT CO. OF MD		ACT
Thomasson Petroleum E&P LLC Denver CO	802 G1	Approved	5/16/2016
		Amount:	\$5,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$5,000.00 Wells Fargo Bank, NA		ACT

Canceled

Anschutz Exploration Corporation Denver CO	223 M3	Canceled	5/10/2016
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Balsam, Robert C.	521 B1	Canceled	4/8/2016
		Amount:	\$10,000.00
		Purpose:	Blanket Bond
Beartooth Energy, LLC Tallahassee FL	657 G4	Canceled	4/28/2016
		Amount:	\$5,000.00
		Purpose:	Single Well Bond
BOH Inc. South Ogden UT	708 U1	Canceled	4/11/2016
		Amount:	\$50,000.00
		Purpose:	UIC Blanket Bond
Cabot Oil & Gas Corporation HOUSTON TX	279 M1	Canceled	5/26/2016
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Chesapeake Operating, LLC Oklahoma City OK	112 M3	Canceled	4/4/2016
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Denmark Resources Inc. Casper WY	1940 B1	Canceled	6/8/2016
		Amount:	\$10,000.00
		Purpose:	Blanket Bond
Huntington Energy, LLC Oklahoma City OK	503 M1	Canceled	4/25/2016
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Key Energy Services, LLC Houston TX	667 T2	Canceled	4/5/2016
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond

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

4/4/2016 Through 6/14/2016

Canceled

Key Energy Services, LLC Houston TX	667 T1	Canceled Amount: Purpose:	4/5/2016 \$10,000.00 UIC Single Well Bond
Quicksilver Resources, Inc. Fort Worth TX	313 M2	Canceled Amount: Purpose:	5/16/2016 \$125,000.00 Multiple Well Bond
Robinson Oil Company, LLC Billings MT	310 G5	Canceled Amount: Purpose:	4/28/2016 \$1,500.00 Single Well Bond
Robinson Oil Company, LLC Billings MT	310 G4	Canceled Amount: Purpose:	4/28/2016 \$1,500.00 Single Well Bond
Robinson Oil Company, LLC Billings MT	310 G3	Canceled Amount: Purpose:	4/28/2016 \$1,500.00 Single Well Bond
Robinson Oil Company, LLC Billings MT	310 G9	Canceled Amount: Purpose:	4/28/2016 \$1,500.00 Single Well Bond
Robinson Oil Company, LLC Billings MT	310 G8	Canceled Amount: Purpose:	4/28/2016 \$1,500.00 Single Well Bond
Robinson Oil Company, LLC Billings MT	310 G1	Canceled Amount: Purpose:	4/28/2016 \$1,500.00 Single Well Bond
Robinson Oil Company, LLC Billings MT	310 G7	Canceled Amount: Purpose:	4/28/2016 \$1,500.00 Single Well Bond
Robinson Oil Company, LLC Billings MT	310 G2	Canceled Amount: Purpose:	4/28/2016 \$1,500.00 Single Well Bond
Sagebrush Resources II, LLC Highlands Ranch CO	692 G1	Canceled Amount: Purpose:	6/6/2016 \$10,000.00 Single Well Bond

Forfeited

Cavalier Petroleum Shelby MT	1342 B1	Forfeited Amount: Purpose:	5/6/2016 \$25,000.00 Blanket Bond
Kelly Oil and Gas LLC Roundup MT	645 M1	Forfeited Amount: Purpose:	4/28/2016 \$50,000.00 Multiple Well Bond

Incident Report

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitud	County	T-R-S
Bad Water Disposal, LLP	BOG	1/3/2016	Spill or Release		1 Barrels	Tank or Tank Battery	Yes	47.67583	-104.05933	Richland	22N-60E-7 SESE
True Oil LLC	BOG	1/4/2016	Spill or Release	5 Barrels		Flow Line - Injection	Yes	47.69997	-104.22246	Richland	22N-58E-1 SENW
Vanguard Operating, LLC	BOG	1/4/2016	Spill or Release	30 Barrels		Treater	Yes	47.80845	-104.31887	Richland	24N-58E-30 SESE
Slawson Exploration Company Inc	BOG	1/5/2016	Spill or Release	25 Barrels		Well Head	Yes	47.60080	-104.16075	Richland	21N-59E-4 S2SW
Beren Corporation	BOG	1/6/2016	Spill or Release	10 Barrels		Tank or Tank Battery	Yes	48.89783	-112.33396	Glacier	36N-6W-12 NEN
Whiting Oil and Gas Corporation	BOG	1/13/2016	Spill or Release		70 Barrels	Trucking/Transportati	Yes	47.88042	-104.10357	Richland	25N-59E-33 NWN
Denbury Onshore, LLC	FED	1/15/2016	Spill or Release		30 Barrels	Flow Line - Production	No	46.42465	-104.31825	Fallon	8N-59E-26 NWN
Denbury Onshore, LLC	BOG	1/19/2016	Spill or Release	2 Barrels	6 Barrels	Flow Line - Production	No	46.64879	-104.47051	Fallon	10N-58E-6 SENW
Anadarko Minerals, Inc.	BOG	1/22/2016	Spill or Release		100 Barrels	Tank or Tank Battery	Yes	48.40199	-106.09383	Valley	31N-43E-35 SWN
Anadarko Minerals, Inc.	BOG	1/23/2016	Spill or Release	246 Barrels		Tank or Tank Battery	No	48.39135	-105.99121	Valley	30N-44E-3 NENW
Triangle USA Petroleum Corporation	BOG	1/24/2016	Spill or Release	21 Gallons		Treater	No	48.44814	-104.12378	Sheridan	31N-58E-12 SES
Slawson Exploration Company Inc	BOG	1/26/2016	Spill or Release		55 Barrels	Tank or Tank Battery	Yes	47.74773	-104.95982	Richland	23N-53E-18 SESE
Denbury Onshore, LLC	BOG	1/28/2016	Spill or Release		95 Barrels	Tank or Tank Battery	Yes	46.96400	104.77000	Dawson	14N-55E-17 SESE
XTO Energy Inc.	BOG	2/6/2016	Spill or Release	10 Barrels		Flare Pit	No	47.86640	-104.58588	Richland	24N-56E-6 NW
Montana Oil Field Acquisition I, LLC	BOG	2/9/2016	Spill or Release	25	100 Barrels	Tank or Tank Battery	No	48.13352	-112.19001	Pondera	28N-5W-36 SESW
Denbury Onshore, LLC	BOG	2/11/2016	Spill or Release		1 Barrels	Flow Line - Production	No	46.33495	-104.13515	Fallon	7N-61E-30 SWNW
Denbury Onshore, LLC	FED	2/12/2016	Spill or Release		20 Barrels	Flow Line - Production	Yes	46.73053	-104.56138	Wibaux	11N-57E-4 SWSW
Statoil Oil & Gas LP	BOG	2/12/2016	Spill or Release	5 Gallons		Flare Pit	No	48.01505	-104.14176	Richland	26N-59E-7 SESE
Denbury Onshore, LLC	BOG	2/17/2016	Spill or Release	2 Barrels		Well Head	Yes	45.13324	-105.06646	Powder River	8S-54E-23 NWNE
Anadarko Minerals, Inc.	BOG	2/17/2016	Spill or Release		50 Barrels	Tank or Tank Battery	Yes	48.35826	-105.87184	Valley	30N-45E-16 NENE
Denbury Onshore, LLC	BOG	2/18/2016	Spill or Release		5209 Barrels	Flow Line - Injection	No	46.62010	-104.45500	Fallon	10N-58E-17 NEN
Denbury Onshore, LLC	BOG	2/20/2016	Spill or Release		200 Barrels	Flow Line - Injection	No	46.72068	-104.52096	Wibaux	11N-57E-10 NESE
Denbury Onshore, LLC	BOG	2/22/2016	Spill or Release	5 Barrels	1 Barrels	Flow Line - Production	No	46.58160	-104.43094	Fallon	10N-58E-33 NEN
Abraxas Petroleum Corporation	BOG	2/23/2016	Spill or Release	10 Barrels		Treater	No	48.63004	-104.46446	Sheridan	33N-55E-12 SEN
Continental Resources Inc	BOG	2/28/2016	Fire			Flare Pit	No	47.93818	-104.67918	Richland	25N-54E-12 NENE
Denbury Onshore, LLC	BOG	2/29/2016	Spill or Release	3 Barrels	7 Barrels	Vessel/Container	Yes	46.39615	-104.25414	Fallon	8N-60E-32 SESW
Bayswater Exploration & Production, LLC	BOG	3/10/2016	Spill or Release		150 Barrels	Flow Line - Production	Yes	46.61965	-108.37834	Musselshell	10N-27E-19 NEN
Yellowstone Petroleums, Inc.	BOG	3/19/2016	Spill or Release	20 Barrels	100 Barrels	Tank or Tank Battery	No	48.75364	-112.02185	Toole	35N-3W-32 NWN
Montana Oil Field Acquisition I, LLC	BOG	3/28/2016	Fire	50 Barrels		Tank or Tank Battery	Yes	48.12988	-112.18730	Teton	27N-5W-1 NWNE
Denbury Onshore, LLC	BOG	4/8/2016	Spill or Release		100	Flow Line - Injection	No	46.44315	-104.28404	Fallon	8N-59E-13 SE
Slawson Exploration Company Inc	BOG	4/11/2016	Spill or Release	70 Barrels		Tank or Tank Battery	No	47.83445	-104.87855	Richland	24N-53E-14 SWS
Denbury Onshore, LLC	BOG	4/12/2016	Spill or Release	5 Barrels	3 Barrels	Flow Line - Production	No	46.55239	-104.39942	Fallon	9N-58E-10 NENE
True Oil LLC	BOG	4/13/2016	Fire		1 Barrels	Tank or Tank Battery	Yes	47.95245	-104.22585	Richland	25N-58E-4 NENE
Vanguard Operating, LLC	BOG	4/15/2016	Fire			Treater	Yes	47.69387	-104.14448	Richland	22N-59E-4 NESE
Petro-Hunt, LLC	BOG	4/15/2016	Spill or Release		48 Barrels	Tank or Tank Battery	Yes	47.71549	-104.48523	Richland	23N-56E-36 NWN
Poor Boy Oil, LLP	BOG	4/20/2016	Spill or Release	1 Barrels	30	Tank or Tank Battery	No	47.81771	-104.18282	Richland	24N-59E-29 NWN
Foundation Energy Management, LLC	BOG	4/23/2016	Spill or Release		100 Barrels	Well Head	Yes	48.29975	-104.51691	Roosevelt	29N-55E-1 NWN
Continental Resources Inc	BOG	5/2/2016	Fire			Flare Pit	Yes	47.89731	-104.41079	Richland	25N-57E-19 SES
Montana Oil Field Acquisition I, LLC	BOG	5/25/2016	Spill or Release	25 Barrels	100 Barrels	Tank or Tank Battery	No	48.81327	-111.96281	Toole	35N-3W-2 SESW
Somont Oil Company, Inc.	BOG	5/26/2016	Spill or Release	10 Barrels		Well Head	Yes	48.73232	-111.81937	Toole	34N-2W-2 NESE
Legacy Reserves Operating LP	BOG	6/2/2016	Fire			Treater	No	48.63085	-104.08340	Sheridan	33N-58E-11 SENE
Continental Resources Inc	BOG	6/11/2016	Fire	11 Gallons		Flare Pit	Yes	47.73179	-104.59006	Richland	23N-56E-30 NWN
Slawson Exploration Company Inc	BOG	6/13/2016	Spill or Release	25 Barrels		Well Head	No	47.78180	-104.06409	Richland	23N-60E-6 NWSE

6/14/2016

Docket Summary

6/16/2016 Hearing

8-2016	Fidelity Exploration & Production Co.	Waive production reporting requirements of ARM 36.22.1242 for remaining Fidelity E&P non-producing CBM wells.		<input type="checkbox"/>
9-2016	MCR, LLC	Approval of the Berthelote Sunburst Sand Unit / Waterflood, 36N-2E-8: SENW, SWNE, waive spacing requirements, authorize additional wells.	<i>Related applications: 9-2016, 10-2016</i>	<input type="checkbox"/>
10-2016	MCR, LLC	Area injection permit for enhanced recovery, Berthelote Sunburst Sand Unit, 36N-2E-8: SENW, SWNE	<i>Related applications: 9-2016, 10-2016</i>	<input type="checkbox"/>
11-2016	MCR, LLC	Authorization to produce second Sawtooth Formation gas well, W/2 of 36N-2E-9; allow production of Sawtooth Formation natural gas and Sunburst Formation oil production from the McCutcheon 11x-9 well (API # 101-24060), 36N-2E-9: 2594 FSL, 1941 FWL. [Sunburst 330' from lease/property lines, one well per quarter quarter section - Order 9-1966; 320-acre W2 spacing unit for gas production from Sawtooth and Madison Formations - Order 275-2008.]	<i>Order 197-2005, 250-2008: West Butte Field delineation (gas) Order 9-1966 - Miners Coulee Field delineation (Sunburst oil)</i>	<input type="checkbox"/>
12-2016	Mountain View Energy, Inc.	Class II Permit, Enhanced Recovery; Red Creek 13D-2 (API # 035-21907), Cut Bank and Madison Formation, 37N-5W-2: 600' FSL/ 1020' FWL (SW SW). Aquifer exemption requested.		<input type="checkbox"/>
13-2016	BTA Oil Producers, LLC	Exception to statewide drilling and temporary spacing rules, Minnelusa Formation, 9S-51E-31: SW (approximately 1,968' FSL / 2,262' FWL). Apply for permanent spacing within 90 days of successful completion.		<input type="checkbox"/>
14-2016	Mertz Energy LLC	Temporary spacing unit, Red River Formation test well, 26N-51E-29: NE. Well to be located approximately 550' FNL, 1,075' FEL in Section 29. Apply for permanent spacing within 90 days of completion. Default docket requested.		<input type="checkbox"/>
15-2016	Whiting Oil and Gas Corporation	Permanent spacing unit, Bakken/Three Forks Formation, 24N-60E-5: all, 8: all, 17: all (Buxbaum #21-5-1H, Buxbaum #21-5-2H, and Buxbaum #21-5-3H).	<i>TSU: Order 461-2013 Additional wells in TSU: Order 162-2014 Related applications: 15-2016, 16-2016, 17-2016, 18-2016</i>	<input type="checkbox"/>
16-2016	Whiting Oil and Gas Corporation	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 24N-60E-5: all, 8: all, 17: all (Buxbaum #21-5-1H). Non-consent penalties requested.	<i>Related applications: 15-2016, 16-2016, 17-2016, 18-2016</i>	<input type="checkbox"/>
17-2016	Whiting Oil and Gas Corporation	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 24N-60E-5: all, 8: all, 17: all (Buxbaum #21-5-2H). Non-consent penalties requested.	<i>Related applications: 15-2016, 16-2016, 17-2016, 18-2016</i>	<input type="checkbox"/>
18-2016	Whiting Oil and Gas Corporation	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 24N-60E-5: all, 8: all, 17: all (Buxbaum #21-5-3H). Non-consent penalties requested.	<i>Related applications: 15-2016, 16-2016, 17-2016, 18-2016</i>	<input type="checkbox"/>

19-2016	Whiting Oil and Gas Corporation	Permanent spacing unit, Bakken/Three Forks Formation, 24N-60E-6: all, 7: all, 18: all (Malsam #14-18-1H, Malsam #14-18-2H, Malsam #14-18-3H, and Malsam #14-18-4H).			<i>TSU: Order 81-2014</i> <i>Additional wells in TSU: Order 161-2014</i> <i>Related applications: 19-2016, 20-2016, 21-2016, 22-2016, 23-2016</i>	<input type="checkbox"/>
20-2016	Whiting Oil and Gas Corporation	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 24N-60E-6: all, 7: all, 18: all (Malsam #14-18-1H). Non-consent penalties requested.			<i>Related applications: 19-2016, 20-2016, 21-2016, 22-2016, 23-2016</i>	<input type="checkbox"/>
21-2016	Whiting Oil and Gas Corporation	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 24N-60E-6: all, 7: all, 18: all (Malsam #14-18-2H). Non-consent penalties requested.			<i>Related applications: 19-2016, 20-2016, 21-2016, 22-2016, 23-2016</i>	<input type="checkbox"/>
22-2016	Whiting Oil and Gas Corporation	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 24N-60E-6: all, 7: all, 18: all (Malsam #14-18-3H). Non-consent penalties requested.			<i>Related applications: 19-2016, 20-2016, 21-2016, 22-2016, 23-2016</i>	<input type="checkbox"/>
23-2016	Whiting Oil and Gas Corporation	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 24N-60E-6: all, 7: all, 18: all (Malsam #14-18-4H). Non-consent penalties requested.			<i>Related applications: 19-2016, 20-2016, 21-2016, 22-2016, 23-2016</i>	<input type="checkbox"/>
24-2016	Stealth Energy USA, Inc.	Show Cause: why its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon its producing wells.				<input type="checkbox"/>
25-2016	Hawley Oil Company	Show Cause: failure to pay administrative fees assessed for delinquent reporting	Dismissed		<i>Fine received: 5/31/16</i>	<input type="checkbox"/>
26-2016	Kykuit Resources, LLC	Show Cause: failure to pay administrative fees assessed for delinquent reporting	Dismissed		<i>Fine received: 6/6/16</i>	<input type="checkbox"/>
27-2016	Shadwell Resources Group, LLC	Show Cause: failure to pay administrative fees assessed for delinquent reporting	Dismissed		<i>Fine received: 6/10/16</i>	<input type="checkbox"/>
28-2016	Storm Cat Energy (USA) Operating Corporation	Show Cause: failure to file production reports and pay administrative fees				<input type="checkbox"/>
29-2016	Stratex Oil and Gas, Inc.	Show Cause: failure to file production reports and pay administrative fees				<input type="checkbox"/>
30-2016	Tyler Rockies Exploration Ltd	Show Cause: failure to pay administrative fees assessed for delinquent reporting	Dismissed		<i>Fine received: 5/16/16</i>	<input type="checkbox"/>
338-2014	K2 America Corporation	Show Cause: why its bond should not be forfeited for failure to provide a plan and timeline for plugging its wells, why additional penalties should not be assessed for failure to file production reports, failure to pay existing penalties, and failure to appear at February 26, 2015 hearing. [Continued from 6/25/2015.]				<input type="checkbox"/>

GAS FLARING

June 15, 2016

Company	Wells Flaring over 100	Wells Flaring over 100 w/o Exception	Current Exceptions (over 100)	Exception Requests	Wells over 100 Hooked to Pipeline
Continental	2	2	0	2	1
EOG Resources	0	0	0	0	0
Oasis	0	0	0	0	0
Petro-Hunt	3	0	3	0	0
Whiting	3	0	3	0	0
XTO	0	0	0	0	0
Totals	8	2	6	2	1

Flaring Requests

Summary

There are 8 wells flaring over 100 MCFG per day based on current production numbers.

6 of the 8 wells have approved exceptions due to distance, pipeline capacity issues, or time to connection.

There are 2 exceptions requested at this time.

Continental Resources

Mulholland Federal 1-32 – API #25-083-23158, 27N-56E-32

1. Flaring 120 MCF/D. Third exception request.
2. Completed: 9/2013.
3. Estimated gas reserves: 172 MMCF.
4. Proximity to market: 4.5 – 7 miles to pipeline.
5. Estimated cost of marketing the gas: \$3.1 million.
6. Flaring alternatives: None.
7. Amount of gas used in lease operations: 25 MCF/D.
8. Justification to flare: Not economic to connect.

Revere 1-31H – API #25-083-22953, 27N-53E-31

1. Flaring 232 MCF/D. Fourth exception request.
2. Completed: 2/2013.
3. Estimated gas reserves: 293 MMCF.
4. Proximity to market: Connected to pipeline
5. Flaring alternatives: None.
6. Amount of gas used in lease operations: 8 MCF/D.
7. Justification to flare: Unable to sell due to H2S. Currently uneconomic to treat H2S and insufficient capacity issues at Grasslands Plant.

PLUGGING PROJECTS & FIELD INSPECTOR SUMMARY

June 15, 2016

Training:

Inspector John Brown attended UIC training in Denver the week of June 5th. John is also scheduled to attend the Montana Drive School in Lewistown on July 26th

Orphaned Well Kopp #1:

The Kopp #1 contract has been signed. The contractor is planning to mobilize and move onto the wellsite the week of July 4th. Operations are scheduled to start July 11th and will take 18 working days to complete providing no problems are encountered.

Orphaned Well Kelly #1:

The Kelly #1 well was plugged Tuesday June 14th. Reclamation will start today June 15th and should be completed in one day.

Orphaned Well Flack #1:

Request For Proposal (RFP) closes Thursday June 16th. Three contractors attended the on-site meeting; hopefully we will receive three bids.

Big Wall tank Battery:

Grass seeded last fall is coming up and the site looks good. Funds remain to fertilize and seed the site again if needed in the fall. An RFP is in draft and will be posted when completed. The good or bad news, however you want to look at it is Prairie Dogs are moving onto the site.

REMAINING GRANT BALANCES - 6/15/2016		Amount Expended	Balance	Expiration Date
2015 Kopp #1 RIT-13-8753	106,408	18,845	87,563	9/30/2016
Big Wall Tank Battery RIT 12-8723	38,239	-	38,239	9/30/2016
TOTAL	144,647	18,845	125,802	

2016 PLUGGING & RECLAMATION PROJECTS		Amount Expended	Balance	Fund	Status	Ranking	Comments
Kopp #1 (Berco Resources)	263,930	-	263,930	RIT 13-8753 & Damage Mitigation	Bid accepted	13	Contract signed, mobilize & move on week of 7/4/16
Big Wall Tank Battery	38,239	-	38,239	RIT 12-8723	RFP in draft		Fertilize & reseed
Kelly #1 (The Ranch)	19,360	-	19,360	Damage Mitigation	Plugged 6/14/16	11	start reclamation 6/15/16
Flack #1 (Williston Oil & Gas)	99,500	-	99,500	Damage Mitigation	Open to bidders	12	RFP closes 6/16/16
State E-2 (UIC) (Kelly Oi & Gas)	47,936	-	47,936	Damage Mitigation	Candidate		Bond forfeited by order 189-2015
Sprinkle #1 (Montana Canadian)	25,051	-	25,051	Damage Mitigation	Candidate	11	leaking water
Kendrick #3 (Rocky Mountain Operating)	30,931	-	30,931	Damage Mitigation	Candidate	10	pressured/leaking water
TOTAL	524,947	-	524,947				

CONTRACT & BALANCES - 6/15/2016		Amount Expended	Balance	Fund	Expiration Date	Comments
Liquid Gold Well Service, Inc., OG-LG-158	263,930	-	263,930	RIT 13-8753 & Damage Mitigation	11/1/2016	Kopp #1
Liquid Gold Well Service, Inc., OG-LG-157	19,360	-	19,360	Damage Mitigation	12/31/2016	Kelly #1, plugged 6/14/16, start reclamation 6/15/16
Liquid Gold Well Service, Inc., OG-LG-156	19,325	18,845	480	RIT 13-8753	Completed	Emergency install of No-Weld Control Equip for Kopp #1 well
Liquid Gold Well Service, Inc., OG-LG-155	24,864	17,090	7,774	Damage Mitigation	Completed	Install Well Control Equipment for Kopp #1 Well
TOTAL	327,479	35,935	291,544			

Montana Board Of Oil and Gas

Orphan Well List, by Rank

6/15/2016

08321082	BERCO RESOURCES, INC.	KOPP #1 ✓	Twp: 24 N Rge: 57 E Sec: 10 W2 NE SW	<u>Funding Approved</u> <input type="checkbox"/>
Required: Plugging and Restoration Performed:			Well Status: 12 Well Location: 1 Ranking: 13	DMA Candidate <input type="checkbox"/>
Comments: Abandoned well with cut off casing Oil stain at surface, and upon excavation a casing stub leaking oil, water, and gas with minor H2S. Will require re-entry and replugging.				Pending Grant Application <input type="checkbox"/>
01505050	WILLISTON OIL & GAS	FLACK 1 ✓	Twp: 28 N Rge: 11 E Sec: 12 NE NE SE	<u>Funding Approved</u> <input type="checkbox"/>
Required: Plugging and Restoration Performed:			Well Status: 10 Well Location: 2 Ranking: 12	DMA Candidate <input type="checkbox"/>
Comments: Old dry hole from 1928 leaking wtr to sfc alongside 12-3/4" csg that extends 4' above sfc on winter wheatfield. Two large pits built to contain waters from slow leak to sfc. Well is in SESENE and not NENESE as indicated by records. Old wire rope, bricks, wood and oilfield debris exists on-site along w/a farmer's rockpile garbage pit at SW end of site. Periodic gas bubbles seen coming up thru water alongside well.				Pending Grant Application <input type="checkbox"/>
00505020	MONTANA CANADIAN OIL CO.	SPRINKLE 1 ✓	Twp: 31 N Rge: 20 E Sec: 19 E2 SE SW	<u>Funding Approved</u> <input type="checkbox"/>
Required: Plugging and Restoration Performed:			Well Status: 10 Well Location: 1 Ranking: 11	DMA Candidate <input type="checkbox"/>
Comments: Wellhead, 7" casing with slow flow of water. Well located at the edge of crop land. Eagle top at 600' according to well records.				Pending Grant Application <input type="checkbox"/>
10105107	THE RANCH	KELLY 1 ✓	Twp: 33 N Rge: 4 W Sec: 32 SW SE SW	<u>Funding Approved</u> <input type="checkbox"/>
Required: Plugging and Restoration Performed:			Well Status: 6 Well Location: 5 Ranking: 11	DMA Candidate <input type="checkbox"/>
Comments: This well was plugged back from 1390 ft to 590 ft for use as a domestic gas well for the Ranch House Nightclub on (5-10-1954 ?). The nightclub was burned down and is no longer there. The well is located 20 yards from a private water well and about 200 feet from a highway.				Pending Grant Application <input type="checkbox"/>
00305205	ROCKY MOUNTAIN OPERATING CO., INC.	KENDRICK 3 ✓	Twp: 1 S Rge: 35 E Sec: 6 NW NW NW	<u>Funding Approved</u> <input type="checkbox"/>
Required: Plugging and Restoration Performed:			Well Status: 9 Well Location: 1 Ranking: 10	DMA Candidate <input type="checkbox"/>
Comments: Oil well shut in with equipment, rods, tubing and pump jack. Well pressured up. No pits. Originally funded under 2007 Southern Grant but landowner requested it no be plugged. Being used as a water well upon last inspection; no water right filed.				Pending Grant Application <input type="checkbox"/>
07521766	COLUMBUS ENERGY CORP.	ANNA POWELL 9-9-53-10	Twp: 9 S Rge: 53 E Sec: 9 C NW SE	<u>Funding Approved</u> <input type="checkbox"/>
Required: Surface Restoration Performed:			Well Status: 8 Well Location: 1 Ranking: 9	DMA Candidate <input type="checkbox"/>
Comments: Well leaking water between surface casing and production casing strings. Assume water is coming from Fox Hills formation. Water is fresh. Well is plugged down production casing. Dryhole marker set. Inspected 6/24/07, Hystad. Inspection 2/18/15, Popp/Mercier. This well is included in the 2015 Southern District grant application.				Pending Grant Application <input type="checkbox"/>
05505097	NATIVE AMERICAN ENERGY GROUP, INC.	BEERY 22-24	Twp: 23 N Rge: 49 E Sec: 24 C SE NW	<u>Funding Approved</u> <input type="checkbox"/>
Required: Plugging and Restoration Performed:			Well Status: 3 Well Location: 5 Ranking: 8	DMA Candidate <input type="checkbox"/>
Comments: Inspection 10/9/2012 RP No pumping unit, rods and tubing in well. Production Tanks, Treater, Pumping unit off well Lots of junk iron, wood and pipe on location. 1-Flare pit. Native American Energy Group, Inc. bond forfeited at Board of Oil & Gas "Show Cause" hearing June 6, 2013.				Pending Grant Application <input type="checkbox"/>

Montana Oil Field Acquisitions I, LLC

Montana A2 Oil Spill

Complaint to BOGC about spill was received on 3-30-2016.

Location inspected on 3-31-2016.

- Estimated 25 bbls oil and 100 bbls ran out of top of tanks. Spill ran 100' east onto CRP lands and puddled around tanks and in the skim pit.
- Oral notice to pumper to clean up spill and to file spill report.

Incident report from operator received on 4-6-2016. Report states the incident occurred on 2-09-2016, immediate notification was not received and a written report was due within 5 business days. Report states 20 bbls oil and 100 bbls produced water were spilled.

Inspection Report

Montana Board of Oil and Gas Conservation

01/2014

Date: 3/31/2016

UIC: Oil/Gas/Other:

Exception/Violation: Yes:

Inspector: Gary Klotz

Date Operator Notified: 3/31/2016

Arrival Time: 8:45 am/pm

Date Remedy Required: ASAP

Operator Representative(s) Mark Miller-pumper(spoke with Mr. Miller off site at the Brownell Lease on this date)

Others Present: Gib McKinnley-Rural Resident on State Lands 800'NE of tank battery

Well name: Montana A2 Q: NESESW Sec: 36 Township: 28N Range: 5W

Operator: Montana Oil Field Acquisitions 1, LLC Field: Pondera

Latitude / Longitude, NAD83 decimal degrees (if taken):

Failed Items or Violation Description:

Rule 36.22.1103 (2): Operator must file written report with BOGC within 5 working days of a spill or release of 10 bbls oil or more.

Rule 36.22.1104: Operator must promptly control and clean up any leak, spill or discharge regardless of the amount of oil or prod. H2O

Need to vac up and recover free oils that exist, remove oil that got into skim pit, hot wash tanks/cat walks clean, remove contaminated soils for proper off site disposal and reseed the disturbed areas of grassland after cleanup work is done.

Inspection Type

- Routine/Periodic Pre-drill / Well permitting
- Change of Operator Pre-regulatory/Orphan
- Complaint Response Remediation / Restoration
- Compliance Verification Plugging Witnessed
- Construction SRA/Expiration
- Drilling / Service Rig Seismic Inspection
- Emergency Response
- Pit Inspection

Class II UIC Wells

- Injecting: Tubing Pressure: _____ PSI
- Not Injecting: Annulus Pressure: _____ PSI

Non-UIC Wells

- Oil Well: Producing:
- Gas Well: Shut-In / TA:
- Other: _____ Abandoned:

Comments / Description

Picture:

State Lands Conrad Office notified BOGC 3-30-16 about an oil spill complaint at this battery that was reported to them recently. It appears that some time ago the gun bbl siphon may have plugged or froze up kicking excess oil & production waters out the top of the tanks. The oil initially collected inside the berm, then escaped over a low spot at the SE corner and ran 100ft East onto CRP lands. A backhoe has done some dirt work on the CRP lands to mix up dirt with the oils and cover it up improperly, needs significantly more cleanup and removal of contaminated soils. Free oils remain in and around the vertical treater, storage building and stock tanks on the lease. It is evident the spill took place more than 5 days ago, not a recent spill. Estimated spill is about 25 bbls oil and is 140' x 20' in size. The lease is now shut-in with no wells producing. Per Mr. McKinnley this spill took place about 2 months ago, after conversation with pumper(Mark Miller) today he said it happened at least 3-4 weeks ago. Informed Mr. Miller that it should have been reported to the BOGC and it needs promptly and properly cleaned up. Mr. Miller stated the incident was the result of Vandalism and he thought someone opened the quick dump valve to the stock tank. The tank battery is located in the NWSWSE and 150ft S of a water drainage.



Inspection Report

Montana Board of Oil and Gas Conservation

01/2014

API #: 25 - 073 - 05347

Date: 5 / 5 / 16

UIC: Oil / Gas / Other:

Exception / Violation: Yes:

Inspector: Gary Klotz

Date Operator Notified: 5-6-16 Final Notice

Arrival Time: 5:00 am/pm

Date Remedy Required: 5-27-16

Operator Representative(s): _____

Others Present: _____

Well Name: Montana AZ ^{Tank Battery Spill} Q: NESESW Sec.: 36 Township: 28N Range: 5W

Operator: Montana Oil Field Acquisitions I, LLC Field: Pondera

Latitude / Longitude, NAD83 decimal degrees (if taken): _____

Failed Items or Violation Description:

34.22.1104 Control & Cleanup must be prompt
34.22.1105 Solid Waste

Inspection Type		Class II UIC Wells	
Routine / Periodic	<input type="checkbox"/>	Pre-drill / Well Permitting	<input type="checkbox"/>
Change of Operator	<input type="checkbox"/>	Injecting:	<input type="checkbox"/>
Complaint Response	<input type="checkbox"/>	Not Injecting:	<input type="checkbox"/>
Compliance Verification	<input checked="" type="checkbox"/>	Remediation / Restoration	<input type="checkbox"/>
Construction	<input type="checkbox"/>	Plugging Witnessed	<input type="checkbox"/>
Drilling / Service Rig	<input type="checkbox"/>	SRA / Expiration	<input type="checkbox"/>
Emergency Response	<input type="checkbox"/>	Seismic Inspection	<input type="checkbox"/>
Pit Inspection	<input type="checkbox"/>	Other:	<input type="checkbox"/>

Injecting:	<input type="checkbox"/>	Tubing Pressure:	_____ PSI
Not Injecting:	<input type="checkbox"/>	Annulus Pressure:	_____ PSI

Non-UIC Wells	
Oil Well:	<input checked="" type="checkbox"/>
Gas Well:	<input type="checkbox"/>
Other:	_____
Producing:	<input type="checkbox"/>
Shut-In TA:	<input checked="" type="checkbox"/>
Abandoned:	<input type="checkbox"/>

Comments / Description

Picture:

Tank Battery Spill @ NWSWSE of S36. Cleanup not completed to meet 5-1-16 deadline. Most of spill on lands to east is cleaned up. Need to clean up ~~cleanup~~ oily soils by vertical treater and remove the two big piles of contaminated junk and garbage. Need to remove oily pads from skim pit. Oil inside battery dike soaked into soils - was covered up somewhat with cat litter/floor dry and ^{type} bark chips. All this contamination inside dikes needs cleaned out and removed. Lease SI presently. Tanks still oily.



API #: 25 - 073-05347

Date: 5/27/16

Inspection Report

Montana Board of Oil and Gas Conservation

01/2014

UIC: Oil / Gas / Other:

Exception / Violation: Yes:

Inspector: Gary Klotz

Date Operator Notified: 6-1-16 ^{email} U.S. Mail

Arrival Time: 5:50 ^{am/pm}

Date Remedy Required: 6-6-16

Operator Representative(s): _____

3rd Notice

Others Present: _____

Well Name: Montana Tank Battery Spill Q: NESESW Sec.: 36 Township: 28N Range: 5W

Operator: MT Oil Field Acquisitions 1, LLC Field: Pondera

Latitude / Longitude, NAD83 decimal degrees (if taken): _____

Failed Items or Violation Description:

- 36.22.1104 Control and cleanup
- 36.22.1105 Solid waste
- 36.22.1207 Oil must not be retained in pits

Inspection Type		Class II UIC Wells	
Routine / Periodic	<input type="checkbox"/>	Pre-drill / Well Permitting	<input type="checkbox"/>
Change of Operator	<input type="checkbox"/>	Injecting:	<input type="checkbox"/>
Complaint Response	<input type="checkbox"/>	Not Injecting:	<input type="checkbox"/>
Compliance Verification	<input checked="" type="checkbox"/>	Remediation / Restoration	<input type="checkbox"/>
Construction	<input type="checkbox"/>	Plugging Witnessed	<input type="checkbox"/>
Drilling / Service Rig	<input type="checkbox"/>	SRA / Expiration	<input type="checkbox"/>
Emergency Response	<input type="checkbox"/>	Seismic Inspection	<input type="checkbox"/>
Pit Inspection	<input type="checkbox"/>	Other:	_____

Class II UIC Wells		Non-UIC Wells	
Tubing Pressure:	_____ PSI	Oil Well:	<input checked="" type="checkbox"/>
Annulus Pressure:	_____ PSI	Gas Well:	<input type="checkbox"/>
		Other:	_____
		Producing:	<input type="checkbox"/>
		Shut-In / TA:	<input checked="" type="checkbox"/>
		Abandoned:	<input type="checkbox"/>

Comments / Description

Picture:

Cleanup not completed - need to remove oily pads and free oil from skin pit; remove piles of tin, insulation and bags of oily waste materials on east edge of tank battery. Clean up remaining oil spots on grassland that surfaced SE of battery. Finish cleanup around vertical treater shack and remove pile of wood, building materials and oily soils that exist along north edge of creek drainage.

Complete all work by 6-6-16, the deadline that State Trust Lands gave you.

The Floor Dry/cat litter/wood chips used to soak up free oils around tanks should be removed down to clean soil and hauled off site for disposal at approved site.



Montana Oil Field Acquisitions I, LLC

Brownell Tank Battery Fire/ Oil Spill

Location inspected on 3-31-2016.

- Tank battery fire recently took place, tanks and oil burned. Estimated 50 bbls oil spilled to the ground and was contained within berm.

Incident report from operator received on 4-7-2016. Report states the incident occurred on 2-28-2016, immediate notification was not received. Report states 65 bbls oil and 100 bbls produced water were lost.

Inspection Report

Date: 3/31/2016

Montana Board of Oil and Gas Conservation

UIC: Oil/Gas/Other:

01/2014

Exception/Violation: Yes:

Inspector: Gary Klotz

Date Operator Notified: 3/31/2016

Arrival Time: 9:30 am/pm

Date Remedy Required: _____

Operator Representative(s) Mark Miller - pumper

Others Present: _____

Well name: Brownell 1 Q: NWNWNE Sec: 1 Township: 27N Range: 5W

Operator: Montana Oil Field Acquisitions 1, LLC Field: Pondera

Latitude / Longitude, NAD83 decimal degrees (if taken): _____

Failed Items or Violation Description:

Rule 36.22.1103(1e): Operator must give immediate notice by telephone to the BOGC & file a written report within 5 working days of any fire or spill/leak/release of 50 bbls oil or more.

Rule 36.22.1104: Operator must promptly control and clean up any leak, spill or discharge regardless of the amount of oil or prod. H2O File required spill report noting any personal injuries that may have happened. Need to dispose of contaminated soils properly off site.

Inspection Type

- | | | | |
|-------------------------|-------------------------------------|-----------------------------|--------------------------|
| Routine/Periodic | <input type="checkbox"/> | Pre-drill / Well permitting | <input type="checkbox"/> |
| Change of Operator | <input type="checkbox"/> | Pre-regulatory/Orphan | <input type="checkbox"/> |
| Complaint Response | <input type="checkbox"/> | Remediation / Restoration | <input type="checkbox"/> |
| Compliance Verification | <input checked="" type="checkbox"/> | Plugging Witnessed | <input type="checkbox"/> |
| Construction | <input type="checkbox"/> | SRA/Expiration | <input type="checkbox"/> |
| Drilling / Service Rig | <input type="checkbox"/> | Seismic Inspection | <input type="checkbox"/> |
| Emergency Response | <input type="checkbox"/> | | <input type="checkbox"/> |
| Pit Inspection | <input type="checkbox"/> | | <input type="checkbox"/> |

Class II UIC Wells

- | | | | |
|----------------|--------------------------|-------------------|-----------|
| Injecting: | <input type="checkbox"/> | Tubing Pressure: | _____ PSI |
| Not Injecting: | <input type="checkbox"/> | Annulus Pressure: | _____ PSI |

Non-UIC Wells

- | | | | |
|-----------|-------------------------------------|---------------|-------------------------------------|
| Oil Well: | <input checked="" type="checkbox"/> | Producing: | <input type="checkbox"/> |
| Gas Well: | <input type="checkbox"/> | Shut-In / TA: | <input checked="" type="checkbox"/> |
| Other: | _____ | Abandoned: | <input type="checkbox"/> |

Comments / Description

Picture:

A tank battery fire recently took place at this location, battery is in the NWNWNE. Pumper arrived on site while inspection was in progress, he stated that the battery fire happened two days ago on 3-29-16 and that not much oil burned but about 50 bbls oil is spilled onto the ground. The oil spillage is contained within the berm, none of the oil got into the evaporation pit. Mr. Miller said his helper was trying to light the fire tube in the east stock tank when it blew up and caught fire, he suspected Vandalism and said someone was messing with their gas lines. The Pondera County Fire Dept. responded and put this fire out he stated. Informed Mr. Miller that this incident should have been reported to the BOGC, required immediate notice by telephone and needs a written report within 5 working days of the incident. Also the spill area needs to be promptly and properly cleaned up .



API #: 25 - 099. 05416

Date: 5 / 5 / 16

Inspection Report

Montana Board of Oil and Gas Conservation

01/2014

UIC: Oil / Gas / Other:

Exception / Violation: Yes:

Inspector: Gary Klotz

Date Operator Notified: 5-6-16

Arrival Time: 4:25 am/pm

Date Remedy Required: 5-27-16 Final Notice

Operator Representative(s):

Others Present:

Tank Battery Fire/Spill

Well Name: Brownell 1 Q: NWNNE Sec.: 1 Township: 27N Range: 5W

Operator: Montana Oil Field Acquisitions 1, LLC Field: Pondera

Latitude / Longitude, NAD83 decimal degrees (if taken):

Failed Items or Violation Description:

- 36.22.1104 Control & Cleanup must be prompt
- 36.22.1207 Oil must not be stored or retained in open vessels or earthen dikes. Remove oils in 10 days pits

Inspection Type		Class II UIC Wells		Non-UIC Wells	
Routine / Periodic	<input type="checkbox"/>	Pre-drill / Well Permitting	<input type="checkbox"/>	Injecting:	<input type="checkbox"/> Tubing Pressure: _____ PSI
Change of Operator	<input type="checkbox"/>	Pre-regulatory / Orphan	<input type="checkbox"/>	Not Injecting:	<input type="checkbox"/> Annulus Pressure: _____ PSI
Complaint Response	<input type="checkbox"/>	Remediation / Restoration	<input type="checkbox"/>	Oil Well:	<input checked="" type="checkbox"/> Producing: <input type="checkbox"/>
Compliance Verification	<input checked="" type="checkbox"/>	Plugging Witnessed	<input type="checkbox"/>	Gas Well:	<input type="checkbox"/> Shut-In/ TA: <input checked="" type="checkbox"/>
Construction	<input type="checkbox"/>	SRA / Expiration	<input type="checkbox"/>	Other:	Abandoned: <input type="checkbox"/>
Drilling / Service Rig	<input type="checkbox"/>	Seismic Inspection	<input type="checkbox"/>		
Emergency Response	<input type="checkbox"/>				
Pit Inspection	<input type="checkbox"/>				

Comments / Description

Picture:

Spill cleanup not completed, deadline was 5-1-16. Estimate 35 bbls oil sits open inside the earthen dike around the tanks - hatches off two of the 400bbl tanks, other two 400 bbl tanks are leaking. Oil spill exists west of gun bbl tank that ran away 50 ft and collected under the back wheels of a disabled (front axles off) service rig on site, suspect that tanks are all ruined from fire, suggest removing them to clean up the spill area then rebuild the battery with functional equipment, could rebuild battery with existing tanks if they are known to be good - regardless, spill and issues need taken care of promptly.



API #: 25 - 099 - 05416

Date: 5 / 27 / 16

Inspection Report

Montana Board of Oil and Gas Conservation

01/2014

UIC: Oil / Gas / Other:

Exception / Violation: Yes:

Inspector: Gary Klotz

Date Operator Notified: 6-1-16 email / US mail

Arrival Time: 5:30 am/pm

Date Remedy Required: 6-11-16
3rd Notice

Operator Representative(s):

Others Present:

Well Name: Brownell 1: ^{Battery #1} Fire/SPO: NWNNE Sec.: 1 Township: 27N Range: 5W

Operator: MT Oil Field Acquisitions, LLC Field: Pondera

Latitude / Longitude, NAD83 decimal degrees (if taken):

Failed Items or Violation Description:

- 36.22.1104 Control & Cleanup must be promptly completed
- 36.22.1207 Oil must not be stored in open vessels, pits or earthen dikes. Remove oils within 10 days.
- Remove oils within battery berm & catch pit by well 1.

Inspection Type

- Routine / Periodic
- Change of Operator
- Complaint Response
- Compliance Verification
- Construction
- Drilling / Service Rig
- Emergency Response
- Pit Inspection
- Pre-drill / Well Permitting
- Pre-regulatory / Orphan
- Remediation / Restoration
- Plugging Witnessed
- SRA / Expiration
- Seismic Inspection

Class II UIC Wells

- Injecting: Tubing Pressure: _____ PSI
- Not Injecting: Annulus Pressure: _____ PSI

Non-UIC Wells

- Oil Well: Producing:
- Gas Well: Shut-In / TA:
- Other: _____ Abandoned:

Comments / Description

Picture:

Lots of free oil remains within open dike around tanks @ battery, hatches are off 2 of the 4 tanks. Some oil ran southwest of gun barrel off battery site and under the immobile workover rig - some attempt has been made to clean that up. Also, your pumper was orally noticed back on 3-31-16 to clean the oil out of the catch/workover pit by nearby well #1 - he has put absorbant pads on the oil to partially soak it up but the pads now need removed and the fluids vac'd out of the pit and the pit restored. All this work needs completed by 6-11-16.



Montana Oil Field Acquisitions I, LLC

Haugen 14-2 Spill

Location inspected on 6-02-2016.

- It appears this spill took place some time ago. Estimated 100 bbls oil spilled. Was not reported. Skim pit is full of oil and oil ran down to secondary evaporation pit. Tank battery and surrounding vegetation 150' E-SE across county road are oil stained. There is a spill at the well that needs to be cleaned up.

Pumper was notified of the spill on 6-03-2016, he said the spill occurred on 5-25-2016. The pumper was told to immediately begin cleanup and turn in an incident report to the BOGC. Written incident report received on 6-6-2016. The report stated a loss of 25 bbls oil and 75 bbls produced water.

API #: 25 - 101 . 22526

Inspection Report

Date: 6/2/16

Montana Board of Oil and Gas Conservation

01/2014

UIC: Oil Gas / Other:

Exception / Violation: Yes:

Inspector: Gary Klotz

Date Operator Notified: 6-3-16

Arrival Time: 5:50 am/pm

Date Remedy Required: ASAP Spill Report
7-3-16 All cleanup

Operator Representative(s):

Others Present:

Well Name: Haugen 14-2 Q: SESESW Sec.: 2 Township: 35N Range: 3W

Operator: Montana Oilfield Acquisitions I, LLC Field: K-5

Latitude / Longitude, NAD83 decimal degrees (if taken):

Failed Items or Violation Description:

36.22.1103(1e) Operator must give immediate notice by phone to BOGC & file written spill report within 5 working days of release of 2.5 bbls oil

36.22.1102 Area within battery dike must be kept free of oil

36.22.1104 Must promptly control any leak or discharge of oil regardless of amount.

Inspection Type

- Routine / Periodic
- Change of Operator
- Complaint Response
- Compliance Verification
- Construction
- Drilling / Service Rig
- Emergency Response
- Pit Inspection
- Pre-drill / Well Permitting
- Pre-regulatory / Orphan
- Remediation / Restoration
- Plugging Witnessed
- SRA / Expiration
- Seismic Inspection

Class II UIC Wells

- Injecting: _____ PSI
- Not Injecting: _____ PSI
- Tubing Pressure: _____ PSI
- Annulus Pressure: _____ PSI

Non-UIC Wells

- Oil Well: _____
- Gas Well: _____
- Other: _____
- Producing:
- Shut-In / TA:
- Abandoned:

Comments / Description

Picture:

Major Oil Spill happened at this battery that took place some time ago, estimate that ± 100 bbls oil spilled. Was not reported; skim pit full of oil, oil ran down into secondary evap pit, battery area and soils/vegetation 150' E-SE across county road are oil stained. Oil well is presently SI - has spill @ well that needs cleanup - partially covered w/ floor dry. Oil ran out top of stock tank and was caught by wind, still leaking some fluid.

Gun barrel tank plumbing/siphon system has issues. Spoke with pumper Mark Miller 6-3-16, he said it happened last ± Wednesday (5-25-16), informed him to immediately begin cleanup and start by vacing free oils from pits. Spill reports need filed



Montana Oil Field Acquisition 1, LLC

Date: June 14, 2016

Regarding: Incidents at the Montana A/MC Brownell/Haugen Leases

Dear John,

It has been brought to my attention that MOFA is under fire for the three leases that have recently had incidents and are still not back in compliance with the Board of Oil & Gas. In effort to get back in good standing please see what is currently being done at each site, starting with a brief overview of each situation.

Montana A

On February 9th, 2016, a quick dump valve was opened without authorization gushing gun barrel contents into the stock tank through lines that had been tampered with. As a result, 20 barrels of oil ended up on the ground surrounding the tank battery along with roughly 100 barrels of water.

In cleanup efforts, ten barrels of the spilled oil were preserved and added back to the stock tank with the remainder being mixed with dirt and hauled to landfill; it was dug down 2 inches.

The following efforts are in place to get the lease in compliance:

The contaminated area around the gun barrel and stock tanks will be raked up/removed and then fresh soil will be thrown down

Any pads left over in the water pit will be removed

All the dark oily spots on the property will be dug up with fresh soil thrown on top

Any junk/debris on the lease will be removed

MC Brownell

There were two workers on location. One was lighting the stock tanks in order to ship; the first tank lit fine but when the lit fire wand was placed into the second tank the fire pushed back and caught on the open valve. At that point both men ran, immediately called the fire department and made sure the area was evacuated. The fire was contained by the fire department and a report was filed with the sheriff. Both the fire department and sheriff have preliminarily suggested the fire started because of vandalism.

In efforts to clean up, immediately, the rogue oil was contained by building berms and some of it has since been sucked up and put in the stock tank to which gravel was then mixed in and removed. The MOFA team dug down to clean dirt and removed some contaminated matter which was hauled to landfill.

Estimated barrels of oil lost: 65

Estimated barrels of water lost: 100

The following efforts are in place to get the lease in compliance:

The oily catch pit by Brownell #1 will be properly cleaned up

Berm will be built around gun barrel and stock tanks after free oil and contamination areas are cleaned up

All loose oil on the ground will be cleaned up and contaminated soils removed. Open stock tank hatches will be sealed shut

Haugen

On June 1, 2016, the Haugen tank battery was approached, oil was overflowing from the gun barrel and stock tanks; closed siphon being the cause. Further investigation revealed that the battery and solar panels were missing suggesting vandalism. Report has been filed with the Toole County Sheriff's office.

Immediate efforts to clean up included laying of pads to absorb any loose oil with continuing efforts to include bringing in a vac truck this week to get the remaining oil up and back into the stock tanks.

Estimated barrels of oil lost: 100

Estimated barrels of water lost: 75

The following efforts are in place to get the lease in compliance:

It is clearly evident the condition of this lease is dire and that not much work has been done as of yet

Oil in the skim pit will be removed and put back in the stock tank

Skim pit will be reclaimed once the oil is removed

The lower water pit will be skimmed with contaminated grass around the edge dug out

The trench from the skim pit to the water pit will be cleaned/dug up

The area around the tank battery and affected areas across the street will be cleaned of oil contamination .

Siphon system has issues and will be evaluated as that is where the issue started

Please know I am in the process of getting estimates in order to get the work done that cannot be handled by our pumper alone.

I will be in Billings tomorrow for the MT Board of Oil & Gas board meeting and can answer all further questions.

Thanks much and any questions in the interim, let me know.



Emmy Lambert
Vice President
Montana Oil Field Acquisition I, LLC

201 Route 17N, Suite 805
Rutherford, NJ 07070
201-842-7725

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

RECEIVED

MAY 02 2016

MONTANA BOARD OF OIL &
GAS CONSERVATION • BILLINGS

Subject: Lewis #1
Operator: Cowery
Location: 12-23-59E SE ¼

This well has not been productive in any way since prior to 2000. They drained the tanks a few years ago which generated a small sum of money but certainly not not enough for the misery of having it present on my farm.

My requests for removal have been ignored, met with indifference or given some story of salt water disposal or possible re-drill. Last year they plugged the well and used it for some experiment which included explosions underground. This year so far they have removed the tanks. Nothing more has been done to this date to show that they truly intend on reclamation of this drill site.

This is what I would like to have done this year: remove all equipment (pump unit, treater, pipe, pipe underground, electrical lines and all contaminated dirt and scoria). This location should have been returned to me to farm many years ago. I would appreciate it greatly if it was returned to me as they found it before the oil was found here. Yes, I did enjoy a few years of cash from this endeavor as did the companies who had rights.

It has come time for me to be able to enjoy the acreage denied me by the mess left behind. It interferes with my farming practices and irrigation flow. I own this land, pay taxes and pay irrigation fees for it.

I would greatly appreciate this matter come to a conclusion. I would like to thank the board for the attention to this matter.



Richard D Propp
35353 County Road 128
Sidney MT 59270-4232
406048805837

RECEIVED

MAY 02 2018

MONTANA BOARD OF OIL & GAS CONSERVATION

COWRY ENTERPRISES, LTD.

P.O. Box 3310

Littleton, Colorado 80161-3310

(303)806-0500 Fax (303)790-4380

Montana Board of Oil and Gas
2535 St. Johns Ave
Billings, Mt 59102

Date: June 14, 2016
Subject: Cowry Enterprises, Ltd

On 5/31/16 I received a copy of the letter written by Mr. Richard Propp to your Board regarding his complaint about the reclamation of his lease which is located at SE1/4 S12-T23-R59E. The letter was sent to me by Mr. John Gizicki, the Compliance Specialist. This letter is being written to address false statements and inaccurate information that were made in Mr. Propp's letter which was not dated, but has a "Received" stamp dated May 02, 2016 by the Montana Board of Oil & Gas Conservation – Billings. My main concern is his accusation that the well was plugged and used for some experiment which included explosions underground. We have not conducted any experiments, and have not done anything with explosions underground. I have no idea what he meant or what he was referring to. I called Mr. Propp to ask about that statement or what he was referring to. He told me his wife wrote that statement and he was not clear what it meant. He offered no other explanation.

I am puzzled and concerned about that statement and am not sure what the intent was or what purpose it was meant to achieve. Cowry Enterprises, Ltd is a small independent company and we have been operating in Montana since 1993. We pride ourselves on meeting our obligations responsibly, and like to maintain good relationships with the farmers as well. As Mr. Propp mentioned in his letter, our relationship with Mr. Propp has been mutually financially beneficial. The plug and abandon phase is the least satisfying for both parties, but does not need to be exacerbated by false accusations that have serious ethical and regulatory implications.

Mr. Propp is very clear about what he would like done this year regarding his surface lease. As president of Cowry Enterprises, Ltd, I have assured him and am assuring the Board that his surface will be reclaimed to the standards of the MT state inspector. I was personally in the field on 6/1/16 to inspect the progress of work being done. The only equipment remaining on his lease was the 912 pumping unit which could not be moved when the other equipment was because of the overhead power lines which needed to be removed by Lower Yellowstone Electric. After the lines were removed, we were further delayed by the muddy conditions due to the rain, as shown in Mr. Propp's picture. Removing the 912 PU requires bringing a big crane onto the location, which would have gotten stuck in the mud. Mr. Propp was aware of the reasons for the delays which were beyond our control.

I met with Mr. Propp on location on 6/3/16 the day the PU was removed from location. We discussed that the remaining task was the removal of underground lines and contaminated dirt and scoria. However, we are prohibited from digging with mechanical equipment until Tesoro can stake all their active lines on the lease and have their personnel on location. This was all explained to Mr. Propp by the contractor who provided Mr. Propp with the name and phone number of the contact person with Tesoro. Mr. Propp agreed to call Mr. John Gizicki, the Compliance Specialist referenced above, to report the progress on the abandonment of the lease. As of last Friday 6/10/16 he had not been in touch with Mr. Gizicki as promised.

I am not sure how this matter got to the Board or what impact the false information in Mr. Propp's letter has had on our reputation. We are working on reclaiming the location, and are complying with all regulations. However, we have to coordinate with other entities, and work safely within weather conditions. The Lewis well produced 382,452bbls of oil, and Mr. Propp received the compensation due to him. We have honored

COWRY ENTERPRISES, LTD.

P.O. Box 3310

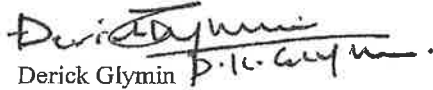
Littleton, Colorado 80161-3310

(303)806-0500 Fax (303)790-4380

our financial obligations and will do the same to return his land back to him having met the regulatory standards.

Please contact me if you have any questions regarding this matter, or any of the issues regarding this lease. I would like to ensure that the documentation accurately reflects what has been done on this location and to document the condition that we are returning it to the farmer land owner. You can call me at our Denver office at 303-806-0500, or on my cell phone at 303-548-8228.

Sincerely,

A handwritten signature in cursive script, appearing to read "Derick Glymin".

Derick Glymin

President