



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

April 18, 2018

Re: Request to initiate rulemaking on hydraulic fracturing chemical disclosure

Dear Members of the Montana Board of Oil and Gas Conservation,

Northern Plains Resource Council (“Northern Plains”) submits the following comments on the Board of Oil & Gas Conservation’s (“Board’s”) upcoming rulemaking on hydraulic fracturing chemical disclosure.

Northern Plains commends the Board’s work toward initiating rulemaking on hydraulic fracturing chemical disclosure, and reaffirms our support of revising the existing rules to require pre-fracking disclosure of chemicals and to place limits on the trade secret exemption.

At this juncture, Northern Plains respectfully requests that the Board formally initiate their rulemaking on hydraulic fracturing chemical disclosure. Currently, the Board has been discussing changes to the hydraulic fracturing chemical disclosure rules in an informal way to prepare for a formal rulemaking via Board discussions and committee meetings—work that we greatly appreciate. However, given the length of time that these discussions have continued, it seems appropriate for the Board vote to initiate rulemaking on hydraulic fracturing chemical disclosure at their April 18, 2018 board meeting.

Formal rulemaking still provides the Board space to evaluate options, debate different elements of the rules, and write and revise drafts. Unlike an informal process, however, formal rulemaking enters the public’s participation into the formal record, and sets out a clear timeline and process for the drafting and finalization of proposed changes. The process for a formal rulemaking is outlined in the Montana Administrative Procedure Act, MCA 02-04. It includes publication of a notice to revise rules, publication of draft revisions, a comment period, a public hearing, and possibly more.

For the sake of simplicity and ease, Northern Plains will here reiterate our desired changes in the existing rules around hydraulic fracturing chemical disclosure. As outlined in earlier comments to the Board, Northern Plains requests to see the following changes:

- 1) We request that the Board amend ARM 36.22.608 to require that disclosure include the individual chemical compound names for hydraulic fracturing fluid ingredients and their associated CAS numbers. Specifically, we request the following language be incorporated into ARM 36.22.608 as item (3)(c):

(c) the chemical ingredients of the well stimulation fluid and the proposed rate or concentration for each ingredient as described in MCA 82-10-603(2)(a)-(b)

This proposed change was discussed and agreed upon in advance by ourselves, Earthjustice, and the Montana Petroleum Association.

- 2) We request that the Board require chemical disclosure to be made at least 45 days in advance of all chemical well stimulation activities, including for wildcat wells. Given that the majority of Montana wells are classified as wildcat, an exemption for that category would render the rule purposeless. A 45-day timeline gives landowners an appropriate length of time to conduct baseline water testing that corresponds with the chemicals that will be used.

We also note that a pre-fracking disclosure should be followed up by a post-fracking disclosure, and that discrepancies between the two is an understandable and expected part of the process. Operators would not be locked into the exact combination of chemicals that they disclosed beforehand, provided that changes are made in good faith.

- 3) Finally, we request that the Board create a separate page on its website to make chemical disclosure results public. Ideally, this page would be searchable by operator name, well name, and well location, and would include materials supporting trade secret requests and the determinations on those requests. Easily accessible data is critical to the functionality of this rule in the first place, most particularly for landowners in the eastern and northern parts of the state who are located long distances from the Billings field office.

Northern Plains appreciates the Board's efforts to protect the land, air, water, and citizens of Montana. Changes to the existing hydraulic fracturing chemical disclosure rule of the kind delineated above would give landowners greater access to data that directly pertains to their homes and livelihoods, stronger protections of their water, and the ability to reliably trust their government to have their best interests in mind.

Sincerely,



Deborah Hanson

Chair, Northern Plains Resource Council Oil and Gas Task Force
220 South 27th Street, Suite A
Billings, MT 59101

MONTANA BOARD OF OIL AND GAS CONSERVATION
FINANCIAL STATEMENT

As of 4/12/18

Fiscal Year 2018: Percent of Year Elapsed - 78%

		Budget	Expends	Remaining	%
Regulatory	Personal Services	1,155,411	776,013	379,398	67.2
UIC	Personal Services	253,626	153,061	100,565	60.3
	Total Expended	1,409,037	929,073	479,964	65.9
Regulatory	Equipment & Assets	46,371	-	46,371	0.0
UIC	Equipment & Assets	10,179	-	10,179	0.0
	Total Expended	56,550	-	56,550	0.0
Regulatory	Operating Expenses:				
	Contracted Services	167,395	66,193	101,201	39.5
	Supplies & Materials	46,745	25,844	20,901	55.3
	Communication	63,336	32,220	31,116	50.9
	Travel	36,206	14,056	22,150	38.8
	Rent	25,877	14,864	11,013	57.4
	Utilities	16,394	11,108	5,286	67.8
	Repair/Maintenance	24,633	22,885	1,748	92.9
	Other Expenses	26,215	18,051	8,164	68.9
	Total Operating Expenses	406,801	205,222	201,579	50.4
UIC	Operating Expenses:				
	Contracted Services	36,744	8,352	28,392	22.7
	Supplies & Materials	10,262	6,088	4,173	59.3
	Communication	13,903	6,601	7,302	47.5
	Travel	7,948	2,562	5,386	32.2
	Rent	5,680	2,227	3,453	39.2
	Utilities	3,599	1,933	1,666	53.7
	Repair/Maintenance	5,407	4,652	755	86.0
	Other Expenses	5,755	2,163	3,592	37.6
	Total Operating Expenses	89,297	34,579	54,718	38.7
	Total Expended	496,098	239,802	256,296	48.3

	Budget	Expends	Remaining	%
Carryforward FY16				
Personal Services	21,416	-	21,416	0.0
Operating Expenses	42,833	-	42,833	0.0
Equipment & Assests	42,833	-	42,833	0.0
Total	107,082	-	107,082	0.0
Carryforward FY17				
Personal Services	63,132	-	63,132	0.0
Operating Expenses	63,132	-	63,132	0.0
Equipment & Assests	30,000	-	30,000	0.0
Total	156,264	-	156,264	0.0

Funding Breakout	Regulatory Budget	Regulatory Expends	UIC Budget	UIC Expends	2018 Total Budget	2018 Total Expends	%
State Special	1,608,583	981,235	353,102	187,640	1,961,685	1,168,875	59.6
Federal	-	-	96,432	54,852	96,432	54,852	56.9
Total	1,608,583	981,235	449,534	242,492	2,058,117	1,223,727	59.5

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT

	FY 18	FY 17
Oil & Gas Production Tax	\$ 767,805	\$ 2,399,050
Oil Production Tax	667,990	2,210,579
Gas Production Tax	99,815	188,471
Drilling Permit Fees	10,750	12,575
UIC Permit Fees	240,200	242,800
Interest on Investments	5,617	8,826
Copies of Documents	339	541
Public Information Request	-	221
Miscellaneous Reimbursements	23,045	6,801
TOTAL	\$ 1,047,756	\$ 2,670,814

REVENUE INTO DAMAGE MITIGATION ACCOUNT

	FY 18	FY 17
RIT Investment Earnings:	\$ 97,760	\$ -
July	-	-
August	12,531	-
September	9,947	-
October	10,149	-
November	12,509	-
December	10,203	-
January	10,392	-
February	11,740	-
March	9,234	-
April	11,055	-
May	-	-
June	-	-
Bond Forfeitures:	160,381	15,000
Interest on Investments	6,477	7,562
TOTAL	\$ 264,618	\$ 22,562

INVESTMENT ACCOUNT BALANCES

Regulatory Account	\$ 924,002
Damage Mitigation Account	\$ 701,656

REVENUE INTO GENERAL FUND FROM FINES

	FY 18
ROLAND OIL AND GAS	7/7/2017 \$ 110
EAGLE CREEK COLONY INC	7/14/2017 140
MONTANA LAND AND MINERAL COMPANY	9/8/2017 60
HAWLEY OIL LLP	9/22/2017 250
NINE POINT ENERGY LLC	9/22/2017 110
PETRO-HUNT LLC	9/22/2017 250
SCOUT ENERGY MANAGEMENT LLC	9/22/2017 2,730
PINNACLE ENERGY GROUP LLC	9/29/2017 90
GALUSKA GEORGE AND BARBARA REVOCABLE TRUST	10/13/2017 130
HIGHLANDS NATURAL RESOURCES CORP / HIGHLANDS MONTANA CORP.	10/20/2017 60
SHADWELL RESOURCES GROUP LLC	10/20/2017 70
CARRELL OIL COMPANY	10/26/2017 370
COALRIDGE DISPOSAL AND PETROLEUM	10/27/2017 80
DALCO INC CROW NUMBER 1 / LOREN P SMITH AND CHAS P FOSTER	10/27/2017 70
JUSTICE SWD LLC	10/27/2017 70
MONTANA PALLET ART AND DESIGN / BENSUN ENERGY LLC	10/31/2017 1,260
SOAP CREEK ASSOCIATES LLC	11/9/2017 110
SOLOMON EXPLORATION / SOLOMON, TED/GAIL	11/9/2017 70
DRAWINGS LLC	11/17/2017 70
THREE FORKS RESOURCES LLC	11/17/2017 70
HOFLAND, JAMES D	11/22/2017 140
MISC OIL CO	12/21/2017 60
AB ENERGY LLC	12/26/2017 90
BRAINSTORM ENERGY INC	1/5/2018 60
HERCO LLC	1/5/2018 70
YOUNG BROS LLC / GRASSY BUTTE LLC	1/12/2018 70
HIGHLINE EXPLORATION INC	2/1/2018 980
PROVIDENT ENERGY OF MONTANA LLC	4/6/2018 420
PHOENIX ENERGY INC	3/26/2018 140
GREAT PLAINS ENERGY INC	3/16/2018 70
OMIMEX CANADA LTD	3/16/2018 60
SODOC LLC	3/9/2018 120
FAIRWAYS EXPLORATION AND PRODUCTION LLC	3/9/2018 60
INTERSTATE EXPLORATION LLC	3/1/2018 500
LONGSHOT OIL LLC	2/26/2018 60
BENSON LANCE BENSUN ENERGY LLC	2/14/2018 1,000
TOTAL	\$ 10,070

DAMAGE MITIGATION CONTRACTS

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
Flack #1 Plugging	\$ 50,356	\$ 49,098	\$ 1,258	Completed	12/31/2017
Danielson 1 Well Plug and Reclaim	23,805	21,306	2,499	Completed	6/30/2018
Goeddertz 1	20,480	-	20,480	Under Contract	6/30/2018
Beery 2 and Beery 22-24 Wells Plug and Reclaim	176,500	155,704	20,796	Under Contract	6/30/2018
Krone-Augusta 31-32-1 Well Plug and Reclaim	600,000	-	600,000	Under Contract	9/30/2018
TOTAL	\$ 871,141	\$ 226,108	\$ 645,032		

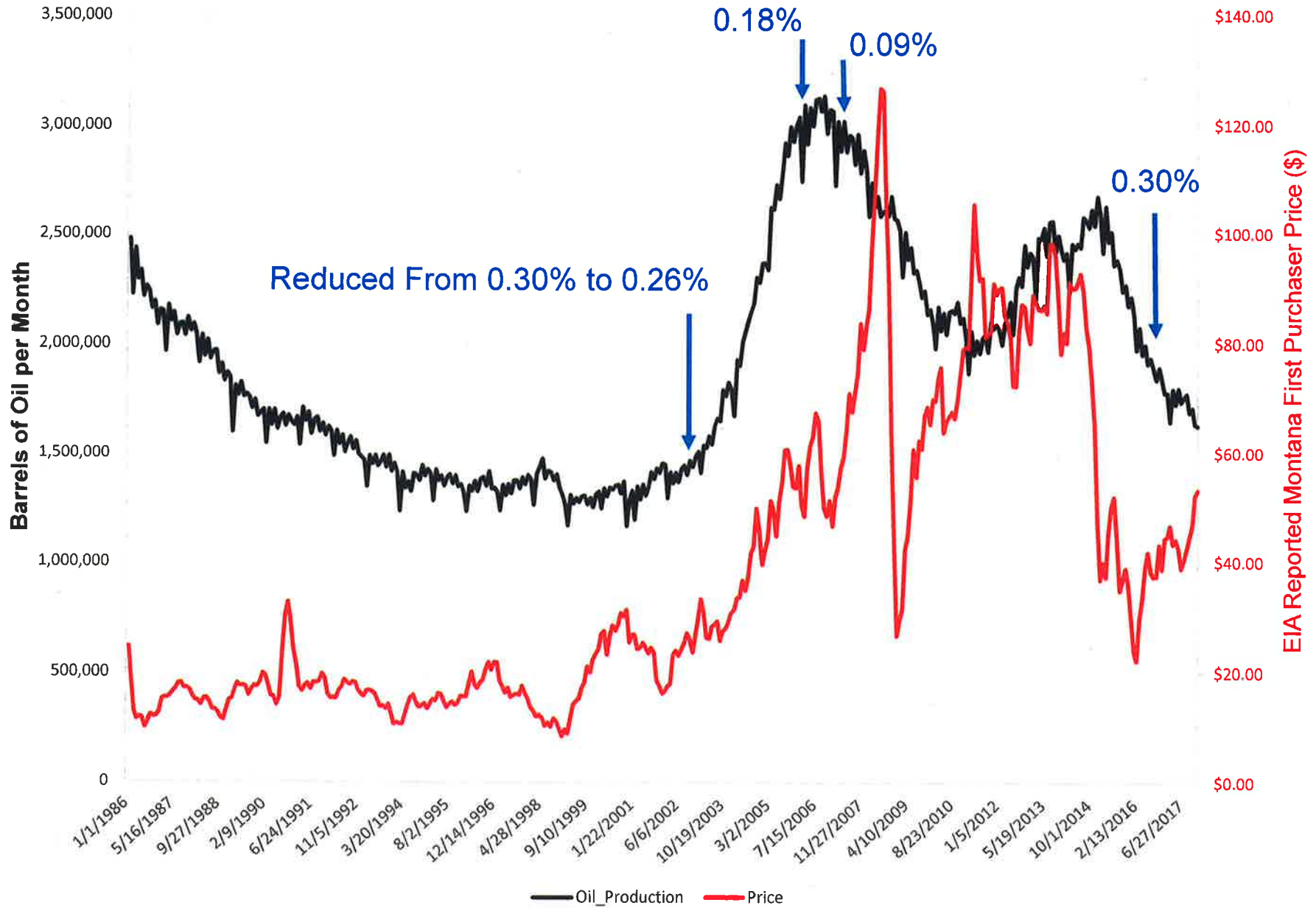
CONTRACTS

<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	\$ 681,446	\$ 182,459	Under Contract	12/31/2019
Agency Legal Services 2018	70,000	21,304	48,696	Under Contract	6/30/2018
COR Enterprises - Billings Janitorial	30,876	26,513	4,363	Under Contract	6/30/2018
Production and Injection Form Data Entry	1,134	1,134	-	Completed	10/31/2017
Production and Injection Form Data Entry	3,402	2,740	662	Under Contract	1/31/2018
Production and Injection Form Data Entry	15,048	-	15,048	Under Contract	2/28/2019
TOTAL	\$ 984,365	\$ 733,137	\$ 251,228		

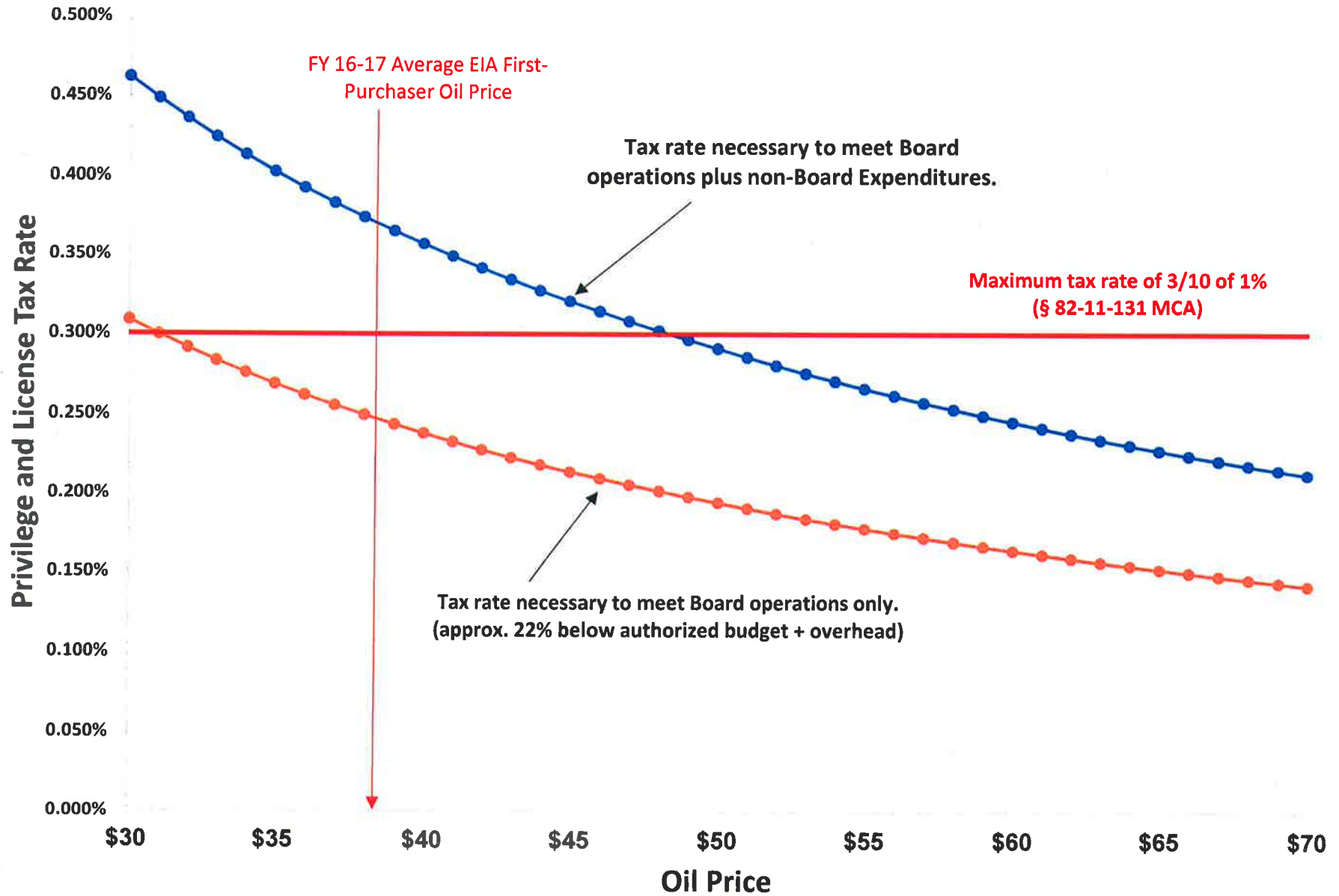
**Agency Legal Services
Expenditures in FY18**

<u>Case</u>	<u>Amt Spent</u>
BOGC Duties	\$ 20,222
Malsam	316
MEIC	766
Total	\$ 21,304

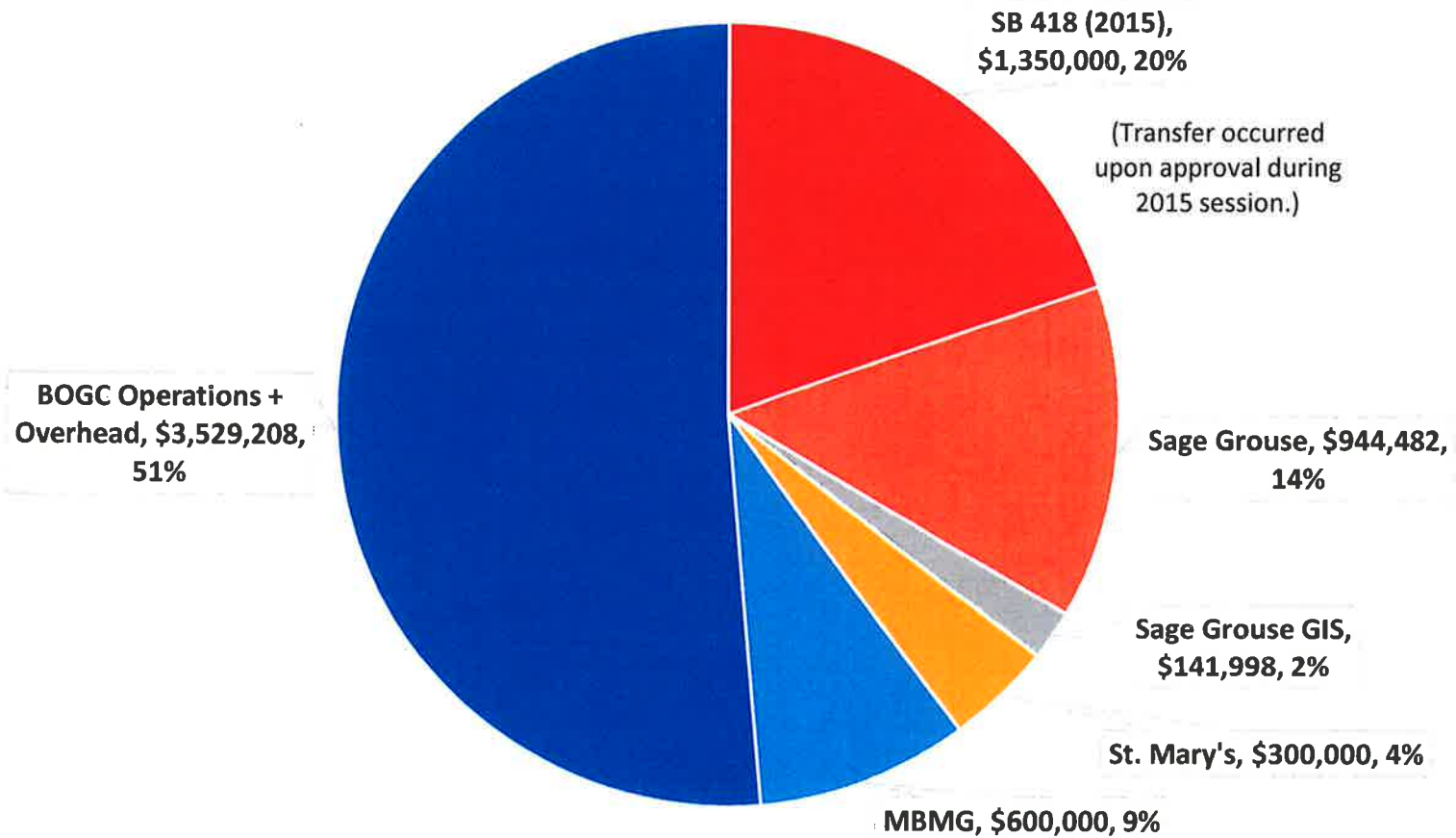
Oil Production, Price, and Privilege and License Tax Rate History



Tax Rate vs. Expenditures Based Upon FY 2019 Production



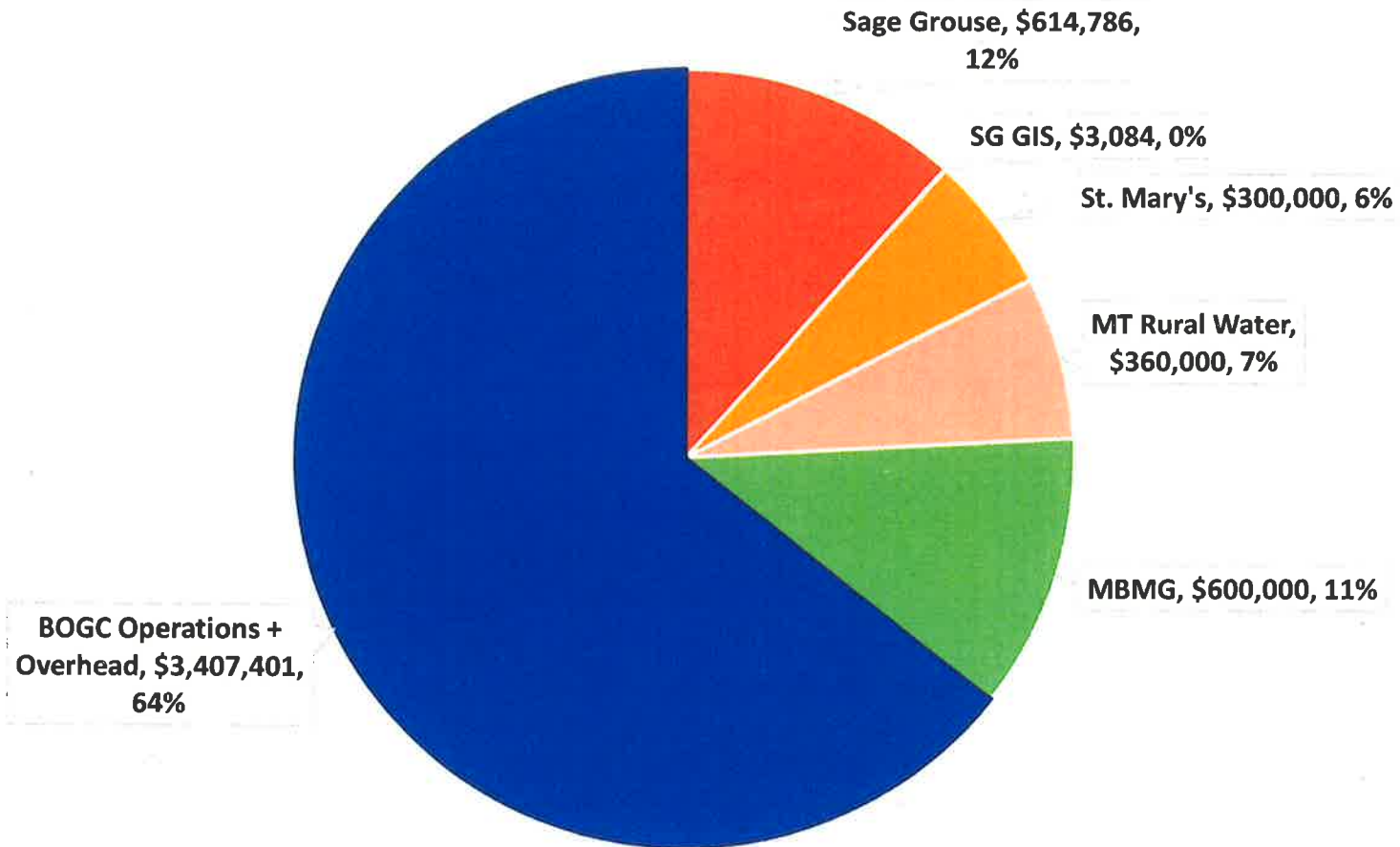
BOGC Expenditures, FY 16 17



- SB 418 (2015)
- Sage Grouse GIS
- MBMG

- Sage Grouse
- St. Mary's
- BOGC Operations + Overhead

BOGC Expenditures, FY 18 19



■ Sage Grouse

■ St. Mary's

■ MBMG

■ SG GIS

■ MT Rural Water

■ BOGC Operations + Overhead

Board Considerations for Tax Rate

- Expenditures from special revenue account other than those required for Board operations.
- Rulemaking timeframe and delay to income receipts:
 - Three to six months for formal rulemaking.
 - Ninety-day notice of rate change to Department of Revenue is required by statute.
 - Two-quarter delay in distribution of proceeds.
- Concerns from both the oil and gas industry and the Department of Revenue about the costs incurred from frequent rate changes, either up or down.
- Maintenance of an adequate reserve balance to prevent frequent rate changes and to accommodate short-term price downturns.
- Potential for a period of volatile oil prices due to domestic production increase as oil prices recover.
- Future oil production levels.

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

EXHIBIT 4

2/14/2018 Through 4/18/2018

Approved

Greylock Conventional, LLC Charleston WV	831 T1	Approved Amount: Purpose:	3/30/2018 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00 FIDELITY & DEPOSIT CO. OF MD		ACT
Greylock Conventional, LLC Charleston WV	831 M1	Approved Amount: Purpose:	3/30/2018 \$50,000.00 Multiple Well Bond
Surety Bond	\$50,000.00 FIDELITY & DEPOSIT CO. OF MD		ACT
Greylock Production, LLC Charleston WV	832 T1	Approved Amount: Purpose:	3/30/2018 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00 FIDELITY & DEPOSIT CO. OF MD		ACT
Hydra MT LLC Houston TX	824 T3	Approved Amount: Purpose:	3/20/2018 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00 U.S. Specialty Insurance Co.		ACT
Hydra MT LLC Houston TX	824 T2	Approved Amount: Purpose:	3/9/2018 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00 U.S. Specialty Insurance Co.		ACT
Noah Energy, Inc. Riverton WY	830 T1	Approved Amount: Purpose:	2/27/2018 \$5,000.00 UIC Single Well Bond
Letter of Credit	\$5,000.00 FIRST INTERSTATE BANK		ACT
Noah Energy, Inc. Riverton WY	830 M1	Approved Amount: Purpose:	2/21/2018 \$50,000.00 Multiple Well Bond
Letter of Credit	\$50,000.00 FIRST INTERSTATE BANK		ACT
Northern Oil Production, Inc. Bozeman MT	5421 T9	Approved Amount: Purpose:	3/9/2018 \$10,000.00 UIC Single Well Bond
Certificate of Deposit	\$10,000.00 First Security Bank, Bozeman		ACT

Canceled

Antelope Resources, Inc. Billings MT	365 T2	Canceled Amount: Purpose:	3/23/2018 \$1,500.00 UIC Single Well Bond
Phoenix Exploration Group, Inc. Butte MT	596 G3	Canceled Amount: Purpose:	2/27/2018 \$5,000.00 Single Well Bond

Montana Board of Oil and Gas Conservation Summary of Bond Activity

2/14/2018 Through 4/18/2018

Canceled

Primary Petroleum Company USA, Inc. Mississauga ON	552 M1	Canceled	3/27/2018
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Saga Petroleum, LLC Denver CO	466 M1	Canceled	3/22/2018
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
TNT Oil, LLC Conrad MT	375 M1	Canceled	3/13/2018
		Amount:	\$25,000.00
		Purpose:	Multiple Well Bond
Wyoming Resources Corporation Rapid City SD	8555 M1	Canceled	3/13/2018
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond

Forfeiture Ordered

Stealth Energy USA, Inc. Richmond BC	574 M2	Forfeiture Ordered	2/15/2018
		Amount:	\$50,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$50,000.00	Wells Fargo Bank, NA	ACT

Incident Report

EXHIBIT 5

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitud	County	T-R-S
Legacy Reserves Operating LP	BOG	2/14/2018	Spill or Release		40 Barrels	Pump Failure	No	48.64143	-104.07583	Sheridan	33N-58E-1 NWSW
Omimex Canada, Ltd.	BOG	2/28/2018	Fire	10 Barrels		Tank or Tank Battery	No	48.92332	-112.48278	Glacier	37N-7W-35 SENE
Continental Resources Inc	FED	2/28/2018	Spill or Release	22 Barrels	28 Barrels	Treater	Yes	48.00218	-104.60842	Richland	26N-55E-15 NWSW
Anadarko Minerals, Inc.	BOG	3/1/2018	Spill or Release	20 Barrels	230 Barrels	Well Head	Yes	48.41807	-106.02361	Valley	31N-44E-29 NENE
Continental Resources Inc	BOG	3/3/2018	Spill or Release	50 Barrels		Treater	No	47.91020	-104.93829	Richland	25N-52E-24 NENE
Oasis Petroleum North America LLC	BOG	3/7/2018	Fire			Trucking/Transportati	No	48.09984	-104.05666	Roosevelt	27N-59E-11 SESE
Anadarko Minerals, Inc.	BOG	3/8/2018	Spill or Release	20 Barrels	40 Barrels	Flow Line - Production	Yes	48.41800	-106.00814	Valley	31N-44E-28 W2NE
Kraken Operating, LLC	BOG	3/8/2018	Spill or Release	2 Barrels		Treater	No	48.15642	-104.40386	Roosevelt	28N-57E-30 NWNE
MCR, LLC	BOG	3/11/2018	Fire			Tank or Tank Battery	Yes	48.99104	-111.20157	Liberty	37N-4E-3 NWSW
Bensun Energy, LLC	BOG	3/12/2018	Spill or Release		60 Barrels	Pump Failure	Yes	48.84194	-104.89549	Sheridan	36N-52E-27 NWSE
Anadarko Minerals, Inc.	BOG	3/12/2018	Spill or Release	5 Barrels	200 Barrels	Tank or Tank Battery	Yes	48.40199	-106.09383	Valley	31N-43E-35 SWNE
Denbury Onshore, LLC	BOG	4/6/2018	Spill or Release			Other	No	46.34834	-104.25299	Fallon	7N-60E-19 SENW
Enerplus Resources USA Corporation	BOG	4/6/2018	Fire			Treater	Yes	47.80375	-104.37665	Richland	24N-57E-35 NWNW
EnergyQuest II, LLC	BOG	4/9/2018	Complaint				No	47.91670	-104.18462	Richland	25N-58E-14 NESE
Denbury Onshore, LLC	BOG	4/10/2018	Fire			Other	Yes	46.43528	-104.27110	Fallon	8N-60E-30 SENW
Anadarko Minerals, Inc.	BOG	4/12/2018	Spill or Release	3 Barrels		Flow Line - Production	Yes	48.37679	-105.97464	Valley	30N-44E-11 NWNW
Denbury Onshore, LLC	BOG	4/15/2018	Spill or Release	15 Barrels		Pump Failure	No	46.74111	-104.56028	Wibaux	11N-57E-4 NWNW

Docket Summary

10-2018	Briscoe Petroleum, LLC	Temporary spacing unit, Amsden Formation test well, 1N-35E-31; E2SE, 32: W2SW. Well to be located approximately 36' FWL, 1,275' FSL in Section 32.		40 acres statewide depth, asking for 160 acres	<input type="checkbox"/>
11-2018	XTO Energy Inc.	Pilot Enhanced Recovery Project, Bakken Formation, 24N-56E-15; all, 22: all			<input type="checkbox"/>
12-2018	Board of Oil and Gas Conservation	Board determine if White Rock Oil & Gas, LLC's current \$50,000 multiple well plugging and reclamation bond is adequate to cover the wells on the pending change of operator requests from Vanguard Operating LLC and Oasis Petroleum North America LLC, or if the bond amount should be doubled, or if the number of wells covered by the multiple well bond should be limited, in accordance with ARM 36.22.1308(3).			<input type="checkbox"/>
13-2018	Board of Oil and Gas Conservation	Vacate Order 18-69; termination of the Butte Keg Coulee Tyler "C" Sand Unit by the BLM letter dated September 27, 2017.			<input type="checkbox"/>
14-2018	XTO Energy Inc.	Convert the Donna 31X-15BXC to an enhanced recovery injection well, Bakken Formation, 24N-56E-15: NWNE, API #083-22876.			<input type="checkbox"/>
15-2018	Hydra MT LLC	Approval to drill, Class II SWD Injection well, Dakota Formation, 27N-57E-26: NW SW.			<input type="checkbox"/>
74-2017	Balko, Inc.	Convert the Caskey 44-5, 25N-3W-5: SE SE (API # 099-21253) to Class II Injection well (SWD), Madison Formation. Aquifer exemption requested.			<input type="checkbox"/>
2-2018	Slawson Exploration Company Inc	Temporary 160-acre spacing unit, Charles Formation, 25N-52E-3: SWSW, 4: SESE, 9: NENE, 10: NWNW, authorization to recompleate the Saber 1-4H well (530' FSL / 300' FEL in Section 4). Default Docket requested.		Vacate if recompletion unsuccessful?	<input type="checkbox"/>
16-2018	Alta Vista Oil Corporation	Show Cause: failure to file production reports and pay administrative fees.	Dismissed	Reports received: 4/16/18, penalty on 4/18/2017.	<input type="checkbox"/>
17-2018	Phoenix Energy, Inc.	Show Cause: failure to pay administrative fee for delinquent production reports.	Dismissed	Reports and fine received: 3/21/18 & 4/11/18	<input type="checkbox"/>
18-2018	Provident Energy Of Montana, LLC	Show Cause: failure to file production and injection reports and pay administrative fees.	Dismissed	Reports and fine received: 3/27/18	<input type="checkbox"/>
19-2018	Roland Oil and Gas	Show Cause: failure to file production reports and pay administrative fees.		Fine paid: 4/12/18	<input type="checkbox"/>
77-2017	Hinto Energy, LLC	Show Cause: failure to file production reports and pay administrative fees.			<input type="checkbox"/>

GAS FLARING

April 18, 2018

Company	Wells Flaring over 100	Wells Flaring over 100 w/o Exception	Current Exceptions (over 100)	Exception Requests	Wells over 100 Hooked to Pipeline
Alta Vista	0	0	0	1	0
Petro-Hunt	3	0	3	0	0
Whiting	3	3	0	8	0
Totals	6	3	3	9	0

Flaring Requests

Summary

There are 6 wells flaring over 100 MCFG per day based on current production numbers.

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

There are 9 exceptions requested at this time.

Alta Vista Oil Corporation

Slaughterville 1H – API #25-003-22949, 9S-41E-28 (Federal)

1. Flaring 291 MCF/D (60-day test period).
2. Completed: 8/2017.
3. Proximity to market: 50 miles.
4. Flaring alternatives: Considering options.
5. Amount of gas used in lease operations: None.
6. Justification to flare: Working on gas stream handling options, including gas production and storage equipment on location.

Whiting Oil & Gas

Buxbaum 21-5-1H – API #25-083-23256, 24N-60E-5

7. Flaring 108 MCF/D. Fifth exception request.
8. Completed: 2/2015.
9. Estimated gas reserves: 550 MMCF.
10. Proximity to market: 11,000 ft to pipeline.
11. Estimated gas price at market: ~\$2.63/MCF.
12. Estimated cost of marketing the gas: ~\$200,000.
13. Flaring alternatives: None.
14. Amount of gas used in lease operations: 2 MCF/D.
15. Justification to flare: Insufficient compression capacity on Oneok's system in this area.

Buxbaum 21-5-2H – API #25-083-23316, 24N-60E-5

1. Flaring 63 MCF/D. Fifth exception request.
2. Completed: 2/2015.
3. Estimated gas reserves: 783 MMCF.
4. Proximity to market: 11,000 ft to pipeline.
5. Estimated gas price at market: ~\$2.63/MCF.
6. Estimated cost of marketing the gas: ~\$200,000.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 2 MCF/D.
9. Justification to flare: Insufficient compression capacity on Oneok's system in this area.

Buxbaum 21-5-3H – API #25-083-23315, 24N-60E-5

1. Flaring 83 MCF/D. Fifth exception request.
2. Completed: 2/2015.
3. Estimated gas reserves: 798 MMCF.
4. Proximity to market: 11,000 ft to pipeline.
5. Estimated gas price at market: ~\$2.63/MCF.
6. Estimated cost of marketing the gas: ~\$200,000.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 2 MCF/D.
9. Justification to flare: Insufficient compression capacity on Oneok's system in this area.

Malsam 14-18-1H – API #25-083-23263, 24N-60E-18

1. Flaring 83 MCF/D. Fifth exception request.
2. Completed: 1/2015.
3. Estimated gas reserves: 361 MMCF.
4. Proximity to market: 1,500 ft to pipeline.
5. Estimated gas price at market: ~\$2.63/MCF.
6. Estimated cost of marketing the gas: ~\$200,000.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 2 MCF/D.
9. Justification to flare: Insufficient compression capacity on Oneok's system in this area.

Malsam 14-18-3H – API #25-083-23265, 24N-60E-18

10. Flaring 44 MCF/D. Fifth exception request.
11. Completed: 1/2015.
12. Estimated gas reserves: 410 MMCF.
13. Proximity to market: 1,500 ft to pipeline.
14. Estimated gas price at market: ~\$2.63/MCF.
15. Estimated cost of marketing the gas: ~\$200,000.
16. Flaring alternatives: None.
17. Amount of gas used in lease operations: 2 MCF/D.
18. Justification to flare: Insufficient compression capacity on Oneok's system in this area.

Malsam 14-18-4H – API #25-083-23266, 24N-60E-18

1. Flaring 77 MCF/D. Fifth exception request.
2. Completed: 1/2015.
3. Estimated gas reserves: 419 MMCF.
4. Proximity to market: 1,500 ft to pipeline.
5. Estimated gas price at market: ~\$2.63/MCF.
6. Estimated cost of marketing the gas: ~\$200,000.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 2 MCF/D.
9. Justification to flare: Insufficient compression capacity on Oneok's system in this area.

Palmer 24-21-4H – API #25-083-23250, 26N-57E-21

1. Flaring 76 MCF/D. Seventh exception request.

2. Completed: 7/2014.
3. Estimated gas reserves: 574 MMCF.
4. Proximity to market: 16,400 ft to pipeline.
5. Estimated gas price at market: ~\$2.63/MCF.
6. Estimated cost of marketing the gas: ~\$200,000.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 2 MCF/D.
9. Justification to flare: Insufficient compression capacity on Oneok's system in this area.

Sundheim 31-2-1H – API #25-083-23115, 25N-57E-2

1. Flaring 106 MCF/D. Third exception request.
2. Completed: 7/2013.
3. Estimated gas reserves: 286 MMCF.
4. Estimated gas price at market: \$2.32/MCF.
5. Flaring alternatives: None.
6. Amount of gas used in lease operations: 2 MCF/D.
7. Justification to flare: Oneok does not have the compression capacity on this portion of their system to gather the gas. Until they do it would be uneconomic to connect to gathering system.