

# **THREE FORKS RESOURCES, LLC**



**Toole and Liberty Counties**

**Before the Board of Oil and Gas Conservation  
of the State of Montana**

**Request for Change of Operator**

**Docket No. 49-2020**

**April 8, 2021**

Three Forks Resources, LLC  
4080 Youngfield Street

Wheat Ridge Colorado 80033  
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Three Forks Resources, LLC is a privately held, Denver based oil and gas operation, acquisition and exploitation company. The company is composed of seasoned industry personnel guided by management professionals, each with greater than 30 years experience in their specific field. Representative biographies that highlight a portion of the management team are presented below.

Three Forks, which operates more than 100 wells in three states, has a history of value creation, an achievement accomplished by:

- Strong management skills that focus on a flat corporate structure rather than a complicated reporting hierarchy.
- Technical skills that utilize proven fundamentals to evaluate and incorporate recent industry process and product developments.
- Maintaining a highly developed network of contacts within the oil and gas industry.
- Twenty-five years of successful entrepreneurial activity as individuals and in a variety of team environments.
- Twelve years of building the current team structure.
- A serious management commitment to the varied and often complicated environmental compliance requirements required by state and federal agencies.

The management skills listed above are directed toward a well understood growth strategy, including:

- Focus on finding, acquiring and developing oil and gas reserves, on- shore, lower 48 states through extensive, continuous, research.
- Being opportunity observant – technical team's experience, knowledge and competitive position to determine if an opportunity should be pursued regardless of geographic location.
- Preference toward operated properties.
- Properties that lend themselves to engineering project management and operations excellence to be actively pursued.



Examples of the Three Forks management team include:

**Scotty Smith, President** – Scotty Smith graduated from the New Mexico Institute of Mining and Technology in 1973 with a degree in Petroleum Engineering and earned credit towards his MS in Engineering Science at Washington State University. Scotty started his engineering career with Continental Oil Company in Oklahoma City then Corpus Christi, Texas. The Continental wells produced by flowing, pumping unit, subsurface hydraulic pump, submersible pump from water floods and tertiary recovery project in the form of a water assisted combustion project. He worked for Grace Petroleum and Mormac Energy before breaking out as an entrepreneur on his own with several small independents beginning in the early 1980's. Scotty was a self-employed consultant, the Vice President and Director of Operations for Western Energy Development. He was President of an affiliate of Boston Company Energy Advisors, the Manager of Held By Production who acquired the 300+ stripper well production from Boston Company. Scotty joined Central Resources, Inc. in 1990 as SR. VP of Operations. He managed and directed the growth of the company from \$2 million to over \$85 million in value with in an 8 year period. At Central Scotty supervised operations of over 900 operated and 500 non-operated wells. He managed the economic evaluation, due diligence and successful incorporation of 10 acquisitions. He oversaw the daily management of operational, geological and engineering activities associated with an acquisition-oriented company. After Central, Scotty provided international consulting for Central Resources. Scotty, with two partners started Thomas Operating Company in 1998 and grew the company to a value of \$10MM+. He managed operations, acquisition, engineering and geological functions of Thomas Operating, while at the same time becoming Contract President of Redstone Redstone Resources. Scotty formed Bald Eagle Resources in 1998 which was the cornerstone asset rolled in to create Three Forks Resources at the end of 2006

**Gary Parker, Vice-Pres.** – Gary graduated from New Mexico Institute of Mining and Technology in 1974 with a Bachelor of Science in Petroleum Engineering. He started with Amoco Production Company in 1974 working as a production, process, and reservoir engineer for Rocky Mountain properties. In 1980 he moved to an independent oil and gas company, MGF Oil Corporation as a reservoir/production engineer. He has worked for several independent companies (Canterra Petroleum, Dekalb Energy, Central Resources, and EXCO Resources) in Denver with duties as production / reservoir / acquisition engineer. Since 2006 he has been with Three Forks Resources.



**Dan Hickman, Member.** – Dan graduated from Montana College of Mineral Science and Technology in 1983 with a Bachelor of Science in Petroleum Engineering. He started with The Montana Power Company in 1982. In his 20+ years with MPC (eventually NorthWestern Energy), Dan held a variety of positions w/ the utility including drilling engineer, pipeline construction, electric transmission marketing, and project development. His final role was as director of the resource planning and supply group. In 2002, he formed Golden Stone Resources, LLC and began providing natural gas management services for utilities and gas marketing entities in Montana and Ohio. Through Golden Stone, Dan has bought small, non-operated working interest in oil and gas properties in Montana, Kansas, New Mexico, Wyoming, Colorado, Texas, and Oklahoma. Dan became a minority working interest owner in Three Forks Resources in 2010.

**Mitch Meyer, VP Geology** – Mitch graduated from the University of Northern Colorado in 1982 with a BS Degree in Geology. He has supplemented his BS degree with numerous continuing education courses and decades of hands on experience. Mitch began his career in the oil patch by working on a seismograph crew at age 18 and companies he has worked for include: Continental Energy Resources, Terra Resources (Pacific Energy Oil Company), Snyder Oil Company, Central Resources, EXCO Resources and Fidelity E&P Company and Zavanna, LLC. Mitch has gained exploration, exploitation, development and acquisitions experience throughout the Rocky Mountain, Mid-Continent, and Gulf Coast Regions of North America during his 36-year career. After studying the geologic, petrophysical and geophysical aspects of numerous hydrocarbon accumulations, Mitch has been responsible for adding millions of barrels of oil equivalents to the reserves of those companies he worked for. Mitch has spent his career at small to medium sized companies where he has always interacted directly with operations, engineering, and land and management groups.



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

**Notice of Intent to Change Operator**

The undersigned Transferor hereby notifies the Board of Oil and Gas Conservation of its intention to transfer ownership and/or operation of the following wells to the undersigned Transferee:

Lease Name:  
**See Exhibit "A" attached hereto**

Lease type: (Private, State, Federal, Indian)  
**Private & State**

County:  
**Toole & Liberty**

Field name:  
**See Exhibit "A" attached hereto**

Description of wells: Include API well number, well name and number, and exact location of the well including Township, Range, Section, quarter-quarter and footage measurements, and lease type. (Federal, Indian, Private, State) Attach additional sheets as necessary.

See Exhibit "A" attached hereto and by this reference incorporated herein for all purposes.

Number of Wells to be Transferred: 9

Effective Date of Transfer: April 1, 2021

**Transferor's Statement:**

I hereby designate the Transferee named herein as the owner and/or operator of record of the above described well(s). I acknowledge that the Transferor continues to be responsible for said well(s) and all associated equipment and facilities until such time as this transfer is approved by the Montana Board of Oil and Gas Conservation. I certify that the information contained herein is true and correct.

**Transferee's Statement:**

I hereby accept the designation of operator/owner for the above described well(s). I understand that this transfer will not be approved until the Transferee has complied with the Board's bonding requirements. I acknowledge that under Section 82-11-101 MCA, the Transferee herein is responsible for the costs of proper plugging and restoration of the surface of the well(s) described above. I certify that the information contained herein is true and correct.

Company Croft Petroleum Co.

Street Address \_\_\_\_\_

P.O. Box P.O. Box 397

City, State, ZIP Cut Bank, MT 59427

Signed *Jerry Croft*

Print Name Jerry Croft

Title President

Telephone ( 406 ) 873-5547

Date 3/16/2021

Company Three Forks Resources, LLC

Street Address 4080 Youngfield Street

P.O. Box \_\_\_\_\_

City, State, ZIP Wheat Ridge, CO 80033

Signed *Scotty A. Smith*

Print Name Scotty A. Smith

Title President

Telephone ( 303 ) 318-0717

Date 3/12/21

**BOARD USE ONLY**

Approved \_\_\_\_\_ Date \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_

Oper. No. \_\_\_\_\_ Bond No. \_\_\_\_\_

Field Office Review Date Initial

Inspection \_\_\_\_\_

Records Review \_\_\_\_\_

Operations \_\_\_\_\_

Oper No. \_\_\_\_\_ Bond No. \_\_\_\_\_



## EXHIBIT "A"

Attached to "Notice of Intent to Change Operator" effective April 1, 2021, by and between CROFT PETROLEUM CO., Transferor, and THREE FORKS RESOURCES, LLC, Transferee.

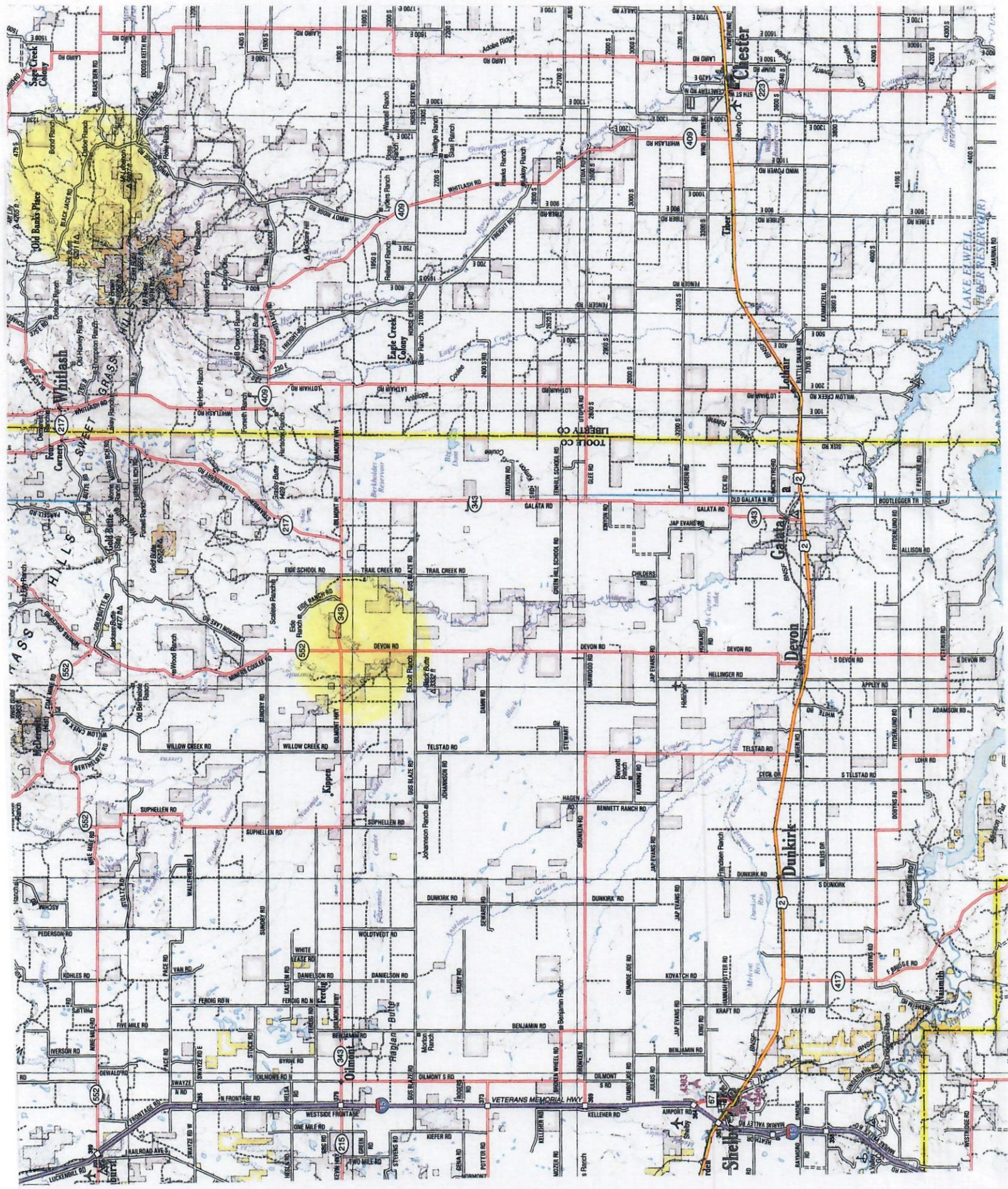
### Wells

1. State 34-16  
API No. 25-101-23013  
SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 16-T35N-R2E  
330' FSL & 2,100' FEL
2. State 24-16  
API No. 25-101-23012  
N $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$  Sec. 16-T35N-R2E  
330' FSL & 2,250' FWL
3. Gunderson 1-21X  
API No. 25-101-22882  
SW $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 21-T35N-R2E  
1,725' FSL & 990' FEL
4. Gunderson 2-21  
API No. 25-101-22911  
SW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$  Sec. 21-T35N-R2E  
2,310' FNL & 990' FEL
5. Gunderson 1-22  
API No. 25-101-22985  
NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$  Sec. 22-T35N-R2E  
1,065' FSL & 330' FWL
6. Gunderson 41-28  
API No. 25-101-22930  
NE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$  Sec. 28-T35N-R2E  
330' FNL & 330' FEL
7. Triple G Farms 4-21  
API No. 25-101-23027  
SW $\frac{1}{4}$ NE $\frac{1}{4}$  Sec. 21-T35N-R2E  
1,980' FNL & 1,980' FEL

8. **Bachmann 16-1**  
**API No. 25-051-21482**  
**NW¼SE¼SE¼ Sec. 1-T36N-R6E**  
**990' FSL & 990' FEL**

9. **Sanborn 1**  
**API No. 25-051-21182**  
**SW¼NE¼NE¼ Sec. 7-T36N-R7E**  
**990' FNL & 990' FEL**







There are nine (9) wells included in this Change of Operator request, seven (7) in Toole County and two (2) in Liberty County.

The seven (7) wells in Toole County are in the Dutch John Coulee Field/Unit, which is underlain by a well-defined Sunburst Formation reservoir energized by a gas cap. Four (4) of these wells are currently producing and one, the State 34-16, continues to produce a modest amount of gas but is in need of a pump repair/hot oil job in order to return to oil production, which is planned to take place as soon as conditions allow. Three (3) other Dutch John Coulee wells are completed in the "gas cap" and are currently shut-in which is consistent with the action of Croft Petroleum Co. as the previous Operator. Three Forks Resources, LLC ("Three Forks") intends to maintain these three (3) wells in shut-in status until such time that either (a) gas prices justify returning them to production, (b) oil production drops to near a break even cash flow and additional cash flow is needed, or (c) reservoir conditions will allow returning to production without harm to oil production.

The other two (2) wells in this Change of Operator request, the Bachmann 16-1 and Sanborn 1, are in the East Keith area of Liberty County and both of these wells are currently producing.

Regarding previously acquired shut-in wells and pursuant to Three Forks' prior commitment to this Board to address the shut-in status of its wells and its promise to either return to production, plug and abandon or divest certain wells, Three Forks has in fact returned to production three (3) previously shut-in injection wells at its Utopia Unit, the 31-13, 32-13 and 13-12 wells. These wells were acquired from True Oil LLC ("True") and were the subject of a prior Change of Operator request. In essence, in the fall of 2020 and with regard to the True acquisition, Three Forks began an aggressive project to return shut-in wells to production, with such efforts continuing and the results currently being evaluated.

Three Forks has slated four (4) wells for plugging and abandonment operations, the Johns 6-14, State 13-16 and Heath 6-17, all part of the acquisition from Omimex Canada, Ltd. ("Omimex"), and the Utopia 33-13 acquired in the True acquisition. Three Forks has received approval from the Board to plug and abandon these wells with the work to be performed by Stenger Well Service, LLC when field conditions allow.

With regard to the foregoing Omimex acquisition, in the fall of 2020 seven (7) of the acquired wells were transferred to Sage Creek Colony, Inc. ("Sage Creek"), three (3) of which were producing and four (4) shut-in and considered uneconomic to Three Forks and would have been slated for plugging and abandonment. Sage Creek is/was expected to return these wells to production and augment their available supply for natural gas.

Three Forks is currently evaluating its list of shut-in wells to select the next several to be either restored to production, if possible, or plugged and abandoned, if need be.