

**MONTANA BOARD OF OIL AND GAS CONSERVATION
FINANCIAL STATEMENT**

As of 6/3/21

Fiscal Year 2021: Percent of Year Elapsed - 93%

EXHIBIT 1

		Budget	Expends	%	Remaining
Regulatory	Personal Services	1,283,483	948,984	74	334,499
UIC	Personal Services	281,739	246,119	87	35,620
	Total	1,565,222	1,195,103	76	370,119
Regulatory	Equipment & Assets	46,371	-	-	46,371
UIC	Equipment & Assets	10,179	-	-	10,179
	Total	56,550	-	-	56,550
Regulatory	Operating Expenses:				
	Contracted Services	135,897	59,860	44	76,037
	Supplies & Materials	54,903	26,844	49	28,059
	Communication	77,777	47,946	62	29,831
	Travel	34,276	5,671	17	28,605
	Rent	29,602	21,845	74	7,757
	Utilities	19,762	11,734	59	8,028
	Repair/Maintenance	33,292	14,923	45	18,369
	Other Expenses	25,092	17,542	70	7,550
	Total Operating Expenses	410,601	206,366	50	204,235
UIC	Operating Expenses:				
	Contracted Services	29,830	11,520	39	18,310
	Supplies & Materials	12,052	5,148	43	6,904
	Communication	17,114	10,314	60	6,800
	Travel	7,524	807	11	6,717
	Rent	6,498	4,795	74	1,703
	Utilities	4,338	2,576	59	1,762
	Repair/Maintenance	7,308	3,273	45	4,035
	Other Expenses	5,508	7,648	139	(2,140)
	Total Operating Expenses	90,172	46,081	51	44,091
	Total	500,773	252,447	50	248,326

	Budget	Expends	%	Remaining
Carryforward FY19				
Personal Services	20,180	-	0	20,180
Operating Expenses	60,540	-	0	60,540
Equipment & Assets	-	-	0	-
Total	80,720	-	0	80,720
Carryforward FY20				
Personal Services	72,764	-	0	72,764
Operating Expenses	72,764	-	0	72,764
Equipment & Assets	-	-	0	-
Total	145,528	-	0	145,528

Funding Breakout	2021 Total Budget	2021 Total Expends	%
State Special	2,122,545	1,447,550	68
Federal 2020 UIC (10-1-2019 to 9-30-2020)	107,000	107,000	100
Federal 2021 UIC (10-1-2020 to 9-30-2021)	107,000	-	0
Total	2,336,545	1,554,550	67

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT

	FY 21	FY 20
Oil & Gas Production Tax	\$ 869,330	\$ 2,506,637
Oil Production Tax	807,255	2,379,643
Gas Production Tax	62,075	126,994
Drilling Permit Fees	16,250	12,200
UIC Permit Fees	237,400	240,900
Interest on Investments	6,006	44,502
Copies of Documents	348	1,034
Miscellaneous Reimbursements	-	8,788
TOTAL	\$ 1,129,334	\$ 2,814,061

REVENUE INTO DAMAGE MITIGATION ACCOUNT

	FY 21	FY 20
RIT Investment Earnings:	\$ -	\$ 377,997
July	-	-
August	-	61
September	-	34,760
October	-	63,320
November	-	35,618
December	-	28,735
January	-	30,921
February	-	33,319
March	-	28,212
April	-	35,433
May	-	32,824
June	-	54,793
Bond Forfeitures:	141,201	19,878
Interest on Investments	1,004	6,906
TOTAL	\$ 142,205	\$ 404,780

INVESTMENT ACCOUNT BALANCES

Regulatory Account	\$ 3,486,614
Damage Mitigation Account	\$ 541,035

REVENUE INTO GENERAL FUND FROM FINES

		FY 21
BEARTOOTH ENERGY LLC	8/21/2020	\$ 80
R & A OIL INC	8/21/2020	260
PRESKO INC	8/21/2020	110
BBX OPERATING LLC	9/4/2020	160
MONTANA OIL AND GAS LLC	9/4/2020	290
APACHE CORPORATION	9/25/2020	220
UNITED STATES ENERGY CORP	10/14/2020	60
SLOHCIN INC	10/14/2020	70
D AND H ENERGY LLC	10/14/2020	670
HABETS GLEN	10/23/2020	80
HOFLAND JAMES D	10/23/2020	70
MILLER FRANK I	10/30/2020	60
DRAWINGS LLC	11/20/2020	1,220
RIOFAIR PARTNERS	12/4/2020	1,860
HAWLEY OIL LLP	12/4/2020	1,900
CITY OF BAKER	12/23/2020	80
RANCH OIL COMPANY INC	12/30/2020	80
MISC OIL CO	12/30/2020	80
BRANCH JILL	1/8/2021	60
KTS TRUCKING	1/15/2021	140
BLACK GOLD ENERGY RESOURCES DEVELOPMENT LLC	1/15/2021	80
MONTANA OIL AND GAS LLC	1/15/2021	210
DWAINE IVERSON CPA PC	1/15/2021	60
HAWLEY HYDROCARBONS LLP	1/19/2021	1,000
HAWLEY HYDROCARBONS LLP	1/19/2021	1,000
MBI OIL AND GAS LLC	1/29/2021	150
STALKING HORSE ENERGY LLC / P3	2/5/2021	160
LYON OIL	2/5/2021	120
HAWLEY MERRILL HAWLEY NORTHROP	2/19/2021	160
HAWLEY MERRILL / HAWLEY HYDROCARBONS	2/19/2021	420
GREAT PLAINS ENERGY INC	2/19/2021	60
HEAVY WATER HAULERS INC	2/19/2021	70
HIGHLANDS MONTANA CORPORATION	3/5/2021	70
SHADWELL RESOURCES GROUP LLC	3/5/2021	3,938
COWRY ENTERPRISES LTD	3/12/2021	60
RINCON OIL & GAS LLC	3/26/2021	60
BLACK GOLD ENERGY	4/2/2021	120
RINCON OIL & GAS LLC	4/2/2021	60
BLACK GOLD ENERGY RESOURCES DEVELOPMENT LLC	4/9/2021	2,938
COMMANCHE DRILLING CO	4/16/2021	70
HOFFLAND JAMES D	4/23/2021	90
BIG SKY ENERGY LLC	5/7/2021	880
KNAUP LUCILLE	5/7/2021	60
QUINQUE OIL	5/7/2021	80
TOTAL		\$ 19,465

DAMAGE MITIGATION CONTRACTS					
<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
Alturas Plug, Abandon, and Reclaim Wells	262,677	262,529	\$ 148	Completed	6/30/2021
TOTAL	\$ 262,677	\$ 262,529	\$ 148		

CONTRACTS					
<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
Agency Legal Services 2021	\$ 70,000	\$ 13,168	\$ 56,832	Under Contract	6/30/2021
COR Enterprises - Billings Janitorial	46,680	35,553	11,127	Under Contract	6/30/2021
TOTAL	\$ 116,680	\$ 48,720	\$ 67,960		

Agency Legal Services Expenditures in FY21	
<u>Case</u>	<u>Amt Spent</u>
BOGC Duties	\$ 9,277
TOI	3,880
Hydraulic Fracturing	11
Total	\$ 13,168

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

EXHIBIT 2

3/31/2021 Through 6/9/2021

Approved

BAIN Resources, Inc. Arlington TX	889 M1	Approved	5/25/2021
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Letter of Credit	\$50,000.00	FIRST INTERSTATE BANK	ACT
Big Rose Colony, Inc. Shelby MT	886 D1	Approved	4/26/2021
		Amount:	\$5,000.00
		Purpose:	Domestic Well Bond
Certificate of Deposit	\$5,000.00	Independence Bank	ACT
Big Rose Colony, Inc. Shelby MT	886 G1	Approved	4/26/2021
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	Independence Bank	ACT
Black Gold Energy Richland Facility, Inc. Billings MT	888 T1	Approved	5/25/2021
		Amount:	\$20,000.00
		Purpose:	UIC Single Well Bond
Certificate of Deposit	\$20,000.00	Stockman Bank of Montana	ACT
City of Baker Baker MT	428 G2	Approved	4/19/2021
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	BANK OF BAKER	ACT
Grayson Mill Operating, LLC Houston TX	882 T2	Approved	4/23/2021
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond
Surety Bond	\$10,000.00	RLI INSURANCE COMPANY	ACT
Grayson Mill Operating, LLC Houston TX	882 T1	Approved	4/23/2021
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond
Surety Bond	\$10,000.00	RLI INSURANCE COMPANY	ACT
Karsted Operating, LLC Billings MT	887 G1	Approved	5/18/2021
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$10,000.00	Stockman Bank of Montana	ACT
Roberts, Christopher Kevin MT	885 D1	Approved	4/13/2021
		Amount:	\$5,000.00
		Purpose:	Domestic Well Bond
Certificate of Deposit	\$5,000.00	Stockman Bank, Cut Bank	ACT
Well Done Foundation, Inc. Shelby MT	881 G5	Approved	5/17/2021
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	FIRST INTERSTATE BANK	ACT

Montana Board of Oil and Gas Conservation Summary of Bond Activity

3/31/2021 Through 6/9/2021

Approved

Well Done Foundation, Inc. Shelby MT	881 G1	Approved	5/17/2021
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	FIRST INTERSTATE BANK	ACT
Well Done Foundation, Inc. Shelby MT	881 G2	Approved	5/17/2021
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	FIRST INTERSTATE BANK	ACT
Well Done Foundation, Inc. Shelby MT	881 G4	Approved	5/17/2021
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	FIRST INTERSTATE BANK	ACT
Well Done Foundation, Inc. Shelby MT	881 G6	Approved	5/17/2021
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	FIRST INTERSTATE BANK	ACT
Well Done Foundation, Inc. Shelby MT	881 G3	Approved	5/17/2021
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	FIRST INTERSTATE BANK	ACT

Canceled

Iofina Natural Gas, Inc. Greenwood Village CO	572 T4	Canceled	6/7/2021
		Amount:	\$1,500.00
		Purpose:	UIC Single Well Bond
Iofina Natural Gas, Inc. Greenwood Village CO	572 M1	Canceled	6/8/2021
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond

Incident Report

EXHIBIT 3

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitude	County	T-R-S
Denbury Onshore, LLC	BOG	4/5/2021	Spill or Release	20 Barrels		Treater	Yes	46.37194	-104.17622	Fallon	7N-60E-11 NWSW
Denbury Onshore, LLC	BOG	4/20/2021	Spill or Release		11 Barrels	Flow Line - Injection	No	46.35639	-104.15220	Fallon	7N-60E-13 NESW
True Oil LLC	BOG	5/5/2021	Spill or Release		100 Barrels	Flow Line - Production	No	46.62617	-108.04755	Musselshell	10N-29E-14 SWSW
Samson Oil and Gas USA, Inc.	BOG	5/9/2021	Spill or Release			Flow Line - Injection	No	48.29160	-104.17542	Roosevelt	29N-58E-4 NESE

Docket Summary

38-2021	Kraken Oil & Gas LLC	Amend Order 12-2020 (Temporary spacing unit, Bakken/Three Forks Formation, 26N-59E-23: all, 24: all, 25: all, 26: all, 200' heel/toe setbacks and 500' lateral. Apply for permanent spacing within 90 days of completion. Operations must commence within one year from order date.) Amend that operations must commence by 4/30/2022.	Default	<input type="checkbox"/>
39-2021	Slawson Exploration Company Inc	Temporary 160-acre spacing unit, Ratcliffe Formation, 21N-59E-4: S2SW, 9: N2NW, authorization to recomplete the Flames 1H-4 well (70' FSL / 1320' FWL in Section 4). Default Docket requested.	Default	<input type="checkbox"/>
40-2021	Prima Exploration, Inc.	Approval to drill, Class II SWD Injection well, Dakota Formation, 25N-58E-24: SW SE (240' FSL, 2298' FEL).	Default	<input type="checkbox"/>
41-2021	Lonewolf Operating, LLC	Temporary spacing unit, Sawtooth Formation test well, 35N-21E-32: E2NESW, W2NWSE, 330 setbacks.	Continued	<input type="checkbox"/> <i>Continued to the August hearing, email received 6/4/21.</i>
42-2021	Lonewolf Operating, LLC	Temporary spacing unit, Sawtooth Formation test well, 35N-21E-31: SWSWSE, SESESW and 34N-21E-6: NWNWNE, NENENW, 330 setbacks.	Continued	<input type="checkbox"/> <i>Continued to the August hearing, email received 6/4/21.</i>
43-2021	Denbury Onshore, LLC	Re-enter and deepen the Unit 21-17 well, T4N-R62E-17: 435' FNL, 2200' FWL (NENW), (API #25-025-05044) to evaluate the Deadwood Sands.		<input type="checkbox"/>
44-2021	Denbury Onshore, LLC	Permanent spacing unit, Mission Canyon Formation / Madison Group, 4N-62E-19: W2SW, SESW, 30: W2NE, E2NW, NWNW, and 4N-61E-24: NE, E2SE, NWSE (Little Beaver East Unit MC22-30NH)		<input type="checkbox"/>
45-2021 1-2021 F	Poplar Resources LLC	Designate East Poplar Unit Area as a tertiary recovery project effective 7/1/20. Certify decline curve.		<input type="checkbox"/>
46-2021 2-2021 F	Poplar Resources LLC	Temporary spacing unit, Deadwood Sand Formation test well, T28N-R51E-3: S2, 10: N2, 990' setbacks.		<input type="checkbox"/>
47-2021 3-2021 F	Poplar Resources LLC	Temporary spacing unit, Deadwood Sand Formation test well, T29N-R51E-27: SW, 28: SE, 33: NE, 34: NW, 990' setbacks.		<input type="checkbox"/>
48-2021	Grayson Mill Operating, LLC	Change of Operator from Equinor Energy LP to Grayson Mill Operating, LLC.		<input type="checkbox"/> <i>Equinor Pipelines LLC is transferring its two UIC wells to Grayson Mill.</i>
49-2021	Digital Operating Company LLC	Change of Operator from Abraxas Petroleum Corporation to Digital Operating Company LLC.	Continued	<input type="checkbox"/> <i>Continued to the August hearing, email received 6/8/21.</i>

50-2021	Bison Oil & Gas III, LLC	Designate overlapping temporary spacing unit, Bakken/Three Forks Formation, 26N-58E-12: all, 13: all, 24: all, 200' heel/toe setbacks and 500' lateral setbacks. Apply for permanent spacing within 90 days of completion. Amend Board Order 149-2013 to clarify said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation for the Shirley 13-24 #1H well.		<input type="checkbox"/>
51-2021	Bison Oil & Gas III, LLC	Authorize the drilling of up to three additional horizontal wells from a common pad anywhere within the overlapping temporary spacing unit, Bakken/Three Forks Formation, 26N-58E-12: all, 13: all, 24: all, 200' heel/toe setbacks and 500' lateral setbacks.		<input type="checkbox"/>
52-2021	Bison Oil & Gas III, LLC	Protest of Bison's applications for permit to drill in T26N-R58E: 12, 13, 24 filed by Grayson Mill Energy, LLC.	H IR, 4/25/2021	<input type="checkbox"/>
53-2021	Bison Oil & Gas III, LLC	Designate overlapping temporary spacing unit, Bakken/Three Forks Formation, 26N-59E-18: all, 19: all, 30: all, 200' heel/toe setbacks and 500' lateral setbacks. Apply for permanent spacing within 90 days of completion. Amend Board Order 475-2011 to clarify said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation for the Johnson 30-19 #1H well.		<input type="checkbox"/>
54-2021	Bison Oil & Gas III, LLC	Authorize the drilling of up to three additional horizontal wells from a common pad anywhere within the overlapping temporary spacing unit, Bakken/Three Forks Formation, 26N-59E-18: all, 19: all, 30: all, 200' heel/toe setbacks and 500' lateral setbacks.		<input type="checkbox"/>
55-2021	Bison Oil & Gas III, LLC	Protest of Bison's applications for permit to drill in T26N-R59E: 18, 19, 30 filed by Grayson Mill Energy, LLC.		<input type="checkbox"/>
56-2021	Bison Oil & Gas III, LLC	Protest of Bison's applications for permit to drill in T26N-R59E: 2, 11 filed by Slawson Exploration Company Inc.	H IR 4/25/2021	<input type="checkbox"/>
57-2021	Bison Oil & Gas III, LLC	Protest of Bison's applications for permit to drill in T26N-R59E: 1, 12, 13 filed by Prima Exploration, Inc.	H IR 4/25/2021	<input type="checkbox"/>
58-2021	Prima Exploration, Inc.	Protest of Prima's applications for two permits to drill in T26N-R59E: 1, 12, 13 filed by Bison Oil & Gas III, LLC.	- Bisons protest of Section 13 locations was received after ten days from this publication date. Request for hearing indicated that 2 APDs were being protested but attached newspaper notices included 6 permits. Docketed primarily due to conflicting permit applications filed by Prima and Bison for the same spacing unit. Surface & BHL locations from Helena IR, 4/21/2021.	<input type="checkbox"/>
59-2021	Prima Exploration, Inc.	Protest of Prima's applications for permit to drill in T26N-R59E-13: 2080' FNL, 22' FWL and 2106' FNL, 66' FWL filed by US Department of the Interior / Thomas and Nikoal Johnston / Dwight and Sheila Vannatta.	Dismissed H IR 4/14/2021 Drilling permit withdrawn, email received 5/24/21.	<input type="checkbox"/>

60-2021	Prima Exploration, Inc.	Protest of Prima's applications for permit to drill in T26N-R59E-14; 1936' FNL, 241' FEL and 1912' FNL, 285' FEL filed by US Department of the Interior / Thomas and Nikoal Johnston / Dwight and Sheila Vannatta.	Dismissed	H IR 4/21/2021 Drilling permit withdrawn, email received 5/24/21.	<input type="checkbox"/>
24-2021	Bison Oil & Gas III, LLC	Amend Order 224-2012, authorize the drilling of up to three additional horizontal wells from a common pad anywhere within the permanent spacing unit, Bakken/Three Forks Formation, 26N-59E-2: all, 11: all, 200' heel/toe, 500' lateral setbacks.		Revised application from 2 additional wells to 3 additional wells	<input type="checkbox"/>
61-2021	Hofland, James D.	Show Cause: failure to pay administrative fees assessed for delinquent reporting.	Dismissed	Fine received: 6/2/21	<input type="checkbox"/>
62-2021	Capstar Drilling, Inc., FKA Elenburg Exploration, Inc.	Show Cause: why it should not immediately plug and abandon the Meissner 11-14, API # 25-051-21588, located in the SWNESW of Section 14, T29N-R6E in Liberty County, Montana.			<input type="checkbox"/>
63-2021	ANG Holding (USA) Corp.	Show Cause: why it should not immediately plug and abandon its wells in Blaine County, Montana			<input type="checkbox"/>
64-2021	Young Sanders E&P, LLC	Show Cause: why it should not begin to plug and abandon its State 16-16 well, API # 25-101-24084, located in the SESE of Section 16, T35N-R1E, Toole County, Montana prior to the June 10, 2021, public hearing. Failure to begin to plug and abandon the State 16-16 well may result in additional penalties or the forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.			<input type="checkbox"/>
52-2020	Zeiders Bros. Oil & Gas Company, L.L.C.	Show Cause: why it should not immediately plug and abandon its Rudolph Haynie 1-5 well, API # 25-055-21207, located in the SE¼NE¼ of Section 5, T22N-R47E, McCone County, Montana before the October 1, 2020, public hearing and pay the outstanding fine in the amount of \$10,500, as required by Board Order 3-2020.			<input type="checkbox"/>
71-2020	Pamect Oil, Keith E. Tyner DbA	Show Cause: failure to file production reports and pay administrative fees.			<input type="checkbox"/>
36-2021	Kykuit Resources, LLC	Show Cause: why additional penalties should not be assessed for failure to pay the penalty assessed for delinquent reporting and failure to appear at the February 4, 2021, public hearing.			<input type="checkbox"/>
37-2021	Roland Oil and Gas	Show Cause: why it should not have to provide a plan and timeline for the plugging and abandonment of its wells in Glacier and Pondera Counties, Montana.		Move this docket to August if reports were received by the filing deadline.	<input type="checkbox"/>

MONTANA BOARD OF OIL AND GAS CONSERVATION

2nd REVISED POLICY: Default Docket & Contingent Continuation of a Default Docket

October 2008

Default Docket

The Montana Board of Oil and Gas Conservation uses a "Default Docket" as an efficiency measure to assist the Board in processing certain types of non-protested hearing requests. The Default Docket process was not implemented as a convenience to applicants, although some measure of convenience may result from having an application on the Default Docket instead of scheduled for regular hearing.

Items eligible for Default Docket approval include temporary spacing, underground injection permits, decline rate certifications for enhanced recovery and horizontal tax incentives, exception locations for wells under statewide temporary spacing, increased well density requests within existing spacing units, and forced pooling of interests within previously approved spacing units. Other applications may also be considered upon request.

The Board will approve matters on the Default Docket without hearing if, by the earlier of the close of the hearing or 10:00 a.m. on the day of the hearing, a protest has not been received and the Board's staff recommends approval.

Applicants for public hearing before the Board must indicate in their application whether they request placement of their application on the Default Docket. Applicants requesting Default Docket placement will be identified in the "Notice of Public Hearing", and the final Default Docket may contain fewer applications than originally published in the Notice of Public Hearing if protests or requests for hearing are received prior to the hearing date.

Written testimony, affidavits and exhibits that would otherwise be presented to the Board must be submitted to the Billings Office at least ten (10) days before the scheduled hearing date. The Board's staff will review these applications and may request that specific applications be excluded from the Default Docket.

If an application is placed on the Default Docket, company representatives must be present on the hearing date in case any protests to the application are received.

Contingent Continuation of a Default Docket Application

A Default Docket that is protested or otherwise requested to be heard may be automatically continued to the next hearing provided that the docket application: 1) requests placement on the Default Docket; and 2) requests automatic continuance upon any protest or request to hear the docket.

Requests to hear the docket may be made at the earlier of the close of the hearing or 10:00 a.m. on the day of the hearing. The Notice of Public Hearing will specify which applications have requested automatic continuance of the Default Docket item upon any protest or request to hear the application. Applications continued under the contingent continuation policy will be automatically included in the public notice for the next hearing.

GAS FLARING

June 9, 2021

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	0	2
Kraken	5	5	0	5	3
Petro-Hunt	2	2	0	3	0
Totals	9	9	0	8	5

Flaring Requests

Summary

There are 9 wells flaring over 100 MCFG per day based on current production numbers.

0 of the 9 wells have approved exceptions due to distance, pipeline capacity issues, or time to connection.

There are 8 exceptions requested at this time.

Kraken

Dagney 33-21 #3H – API #25-083-23392, 25N-59E-4

1. Flaring 662 MCF/D.
2. Completed: 1/2021.
3. Estimated gas reserves: 235 MMCF.
4. Flaring alternatives: Kraken is selling gas to Crusoe Energy Systems. The gas is used for power generation and computing and remote networking systems in a Digital Flare Mitigation project. Currently 150-300 MCF/day is being sold through the project.
5. Amount of gas used in lease operations: 11 MCF/D.
6. Justification to flare: The well is not currently connected to pipeline. The closest sales connection point is the ORM Yellowstone Compressor Station which is near full operational capacity.

Dagney 33-21 #4H – API #25-083-23394, 25N-59E-4

1. Flaring 681 MCF/D.
2. Completed: 1/2021.
3. Estimated gas reserves: 188 MMCF.
4. Flaring alternatives: Kraken is selling gas to Crusoe Energy Systems. The gas is used for power generation and computing and remote networking systems in a Digital Flare Mitigation project. Currently 150-300 MCF/day is being sold through the project.
5. Amount of gas used in lease operations: 11 MCF/D.
6. Justification to flare: The well is not currently connected to pipeline. The closest sales connection point is the ORM Yellowstone Compressor Station which is near full operational capacity.

Rowin 17-5 #2H – API #25-083-23397, 26N-59E-20

1. Flaring 232 MCF/D.
2. Completed: 12/2020.
3. Estimated gas reserves: 432 MMCF.
4. Proximity to market: Connected to pipeline.
5. Flaring alternatives: Kraken is selling gas to Crusoe Energy Systems. The gas is used for power generation and computing and remote networking systems in a Digital Flare Mitigation project. Currently 600-700 MCF/day is being sold through the project.
6. Amount of gas used in lease operations: 11 MCF/D.
7. Justification to flare: Contracted/connected with ONEOK Rockies Midstream, Kraken has had very limited success selling gas into the line due to sales line pressure.

Rowin 17-5 #3H – API #25-083-23398, 26N-59E-20

1. Flaring 214 MCF/D.
2. Completed: 12/2020.
3. Estimated gas reserves: 446 MMCF.
4. Proximity to market: Connected to pipeline.
5. Flaring alternatives: Kraken is selling gas to Crusoe Energy Systems. The gas is used for power generation and computing and remote networking systems in a Digital Flare Mitigation project. Currently 600-700 MCF/day is being sold through the project.
6. Amount of gas used in lease operations: 11 MCF/D.
7. Justification to flare: Contracted/connected with ONEOK Rockies Midstream, Kraken has had very limited success selling gas into the line due to sales line pressure.

Rowin 17-5 #4H – API #25-083-23397, 26N-59E-20

1. Flaring 236 MCF/D.
2. Completed: 12/2020.
3. Estimated gas reserves: 376 MMCF.
4. Proximity to market: Connected to pipeline.
5. Flaring alternatives: Kraken is selling gas to Crusoe Energy Systems. The gas is used for power generation and computing and remote networking systems in a Digital Flare Mitigation project. Currently 600-700 MCF/day is being sold through the project.
6. Amount of gas used in lease operations: 11 MCF/D.
7. Justification to flare: Contracted/connected with ONEOK Rockies Midstream, Kraken has had very limited success selling gas into the line due to sales line pressure.

Petro-Hunt

Borotrager 2C-2-1 – API #25-021-21193, 19N-54E-2

1. Flaring 103 MCF/D.
2. Completed: 9/2012.
3. Proximity to market: >25 miles pipeline.
4. Estimated gas price at market: ~\$2/MCF.
5. Estimated cost of marketing the gas: ~\$3.2 million.
6. Flaring alternatives: None.
7. Amount of gas used in lease operations: 7 MCF/D.
8. Justification to flare: Uneconomic to connect due to lack of infrastructure in the area.

Walter Senner 19-54 – API #25-021-21192, 19N-54E-18

1. Flaring 113 MCF/D.
2. Completed: 8/2012.
3. Proximity to market: >25 miles pipeline.
4. Estimated gas price at market: ~\$2/MCF.
5. Estimated cost of marketing the gas: ~\$3.2 million.
6. Flaring alternatives: None.
7. Amount of gas used in lease operations: 7 MCF/D.
8. Justification to flare: Uneconomic to connect due to lack of infrastructure in the area.

Boje Farms 19-54 – API #25-021-21184, 19N-54E-17

1. Flaring 115 MCF/D.
2. Completed: 2/2011.
3. Proximity to market: >25 miles pipeline.
4. Estimated gas price at market: ~\$2/MCF.
5. Estimated cost of marketing the gas: ~\$3.2 million.
6. Flaring alternatives: None.
7. Amount of gas used in lease operations: 7 MCF/D.
8. Justification to flare: Uneconomic to connect due to lack of infrastructure in the area

SUMMARY PAGE

Board Business Meeting June 9, 2021

HIGHLANDS MONTANA CORPORATION

- Two locations on state land in Custer County have compliance issues (both are fairly close to each other in section 16 of 5N-52E: one is a SI gas well, the Helios 5-52 16-22 (drilled for helium), and an expired saltwater disposal permit location that has been built.
- The SI well location has an open drilling pit that need to be closed. It also has a very large evaporation pit that will need to be closed at some point (400' X 300'). The last reported non-zero production was in October of 2018.
- The expired permit location needs to be reclaimed - it contains scoria and a drilling pit.
 - The company was contacted back in 2019 to address these issues: Their response was that they planned on reclaiming the expired location and plugging the SI well. Shortly after this, the company had a management switch and new managers came in. The company's focus switched from energy development to making and selling CBD oil.
 - In October of 2020 I got in touch with the new CEO (company goes by the name Zoetic International PLC) – Trevor Taylor. I filled him in on the situation and what needed to be done. I sent him a certified letter in November of 2020 along with some emails explaining everything. In November of 2020 I received a statement from them stating they plan to sell or plug and reclaim the locations in the summer of 2021. In April of 2021 I sent a letter requesting a NOIA the SI gas well and a plan for restoring the expired location and pits on the SI well location.
 - In April of 2021 A letter was sent requesting NOIA and reclamation plans with a deadline of June 9, 2021.
- Helios 5-52 16-32 (API# 25-017-21178)
Completion Report, still need: Logs, Geological Report and Mud Log
Contacted: 5-10-20; 8-12-20; 3-4-21

The attachments contain the Enforcement Status Report, and Bond Summary Report

Enforcement Status Report

Run Date: 6/8/2021

Page 1 of 1

Highlands Montana Corporation

1st Action: 8/20/2019

Action Required: 10/9/2019

Closed:

Enforcement Items:

Housekeeping	Helios 5-52 16-22.
Pit Violation	Helios 5-52 16-22, Helios 5-52 16-21.

Action:

Action Required Date	6/9/2021	Deadline to address 4/29/21 letter.
Other	5/4/2021	Letter dated 4/29/21 delivered.
Letter, Certified	4/29/2021	Letter requesting NOIA for Helios 5-52 16-22, and restoration plan for the Helios 5-52 16-21.
E-Mail	11/27/2020	A statement from Trevor Taylor of Zoetic, will sell or reclaim locations in summer of 2021.
Telephone Call	11/12/2020	Paul Ferguson (financial consultant for Zoetic) called and asked about what needs to happen.
Other	11/9/2020	Letter from 11/4/20 delivered.
E-Mail	11/6/2020	Emailed Trevor Taylor copy of 11/4/20 letter and pictures.
Letter, Certified	11/4/2020	Letter asking for plan/timeline to close drilling pits and restore expired permit location (Helios 5-52 16-21).
Telephone Call	10/30/2020	Called Eric Anderson, no longer works. Name changed to Zoetic. Gave me contact info.
Telephone Call - Unanswered	10/30/2020	Left VM for Trevor Taylor (Zoetic).
Other	10/29/2020	Secretary of State entity status: active good standing.
E-Mail	10/8/2019	Received a statement from Eric Anderson, will reclaim locations.
Telephone Call	9/30/2019	Eric Anderson called, plan to reclaim/plug all locations.
Other	9/9/2019	Inspection determined flow had stopped; water remains in pits.
Other	8/29/2019	Return receipt received.
Letter, Certified	8/21/2019	Letter sent regarding pits/weeds/reclaim.
E-Mail	8/7/2019	Emailed Brian Weaver compliance issues.
E-Mail	8/7/2019	Brian responded that they are getting quotes to remediate.

Comment: API: 2501721177, API: 2501721179. The Helios 5-52 16-22 location contains weeds. An inspection conducted at the Helios 5-52 16-22 on 07/08/19 found a leak at the casing collar. The Helios 5-52 16-22 location contains a pit that needs to be closed. The Helios 5-52 16-21 location contains a pit that needs to be closed. The Helios 5-52 16-21 expired permit location should be reclaimed.

Plugging and Reclamation Bonds With Well List

HIGHLANDS MONTANA CORPORATION		807	Bond: M1	\$50,000.00	Multiple Well Bond	Active	Wells: 2	Allowed:	
Certificate of Deposit	Active	FIRST INTERSTATE BANK		\$50,000.00			Approved	8/31/2016	
API #	Operator	Well		Location		Field	TD	PBTD	Status
017-21177	Highlands Montana Corporation	Helios 5-52 16-22	5 N 52 E 16	SE NW 2065N 1840W		Wildcat Custer	5300	4910	SI GAS
017-21178	Highlands Montana Corporation	Helios 5-52 16-32	5 N 52 E 16	SW NE 1535N 2375E		Wildcat Custer	3058		AU DH

Comment:

HIGHLANDS MONTANA CORPORATION		807	Bond: T1	\$10,000.00	UIC Single Well Bond	Active	Wells: 1	Allowed:	1
Certificate of Deposit	Active	FIRST INTERSTATE BANK		\$10,000.00			Approved	8/31/2016	
API #	Operator	Well		Location		Field	TD	PBTD	Status
017-21179	Highlands Montana Corporation	Helios 5-52 16-21	5 N 52 E 16	NE NW 580N 1928W		Wildcat Custer			XE SWD

Comment:

SUMMARY PAGE

Board Business Meeting June 9, 2021

LYON OIL COMPANY

- A Notice of Intent to Change Operator request was submitted in May 2019 for Mountain Pacific General Inc.'s orphaned Joe Fey 2R34 well. Lyon Oil Company submitted the proper bonding paperwork and submitted an Organization Report. Lyon Oil Company needs to register with the Montana Secretary of State before the change of operator can be approved. Well became orphaned in June of 2017 and has been operated by Lyon, John J.
- The last production report received for this well was July 2019 and was submitted in April of 2020. The report shows the well produced 50 bbls in July 2019.
 - Certified letters were sent in February and May of 2021 detailing what needs to be done.

The attachments contain the Enforcement Status Report and Bond Summary Report

Enforcement Status Report

Run Date: 6/9/2021

Page 1 of 1

Lyon, John J.

1st Action: 12/8/2020

Action Required: 1/11/2021

Closed:

Enforcement Items:

Delinquent Production Reports
Special

Fee 1 and Joe Fey 2R34 reporting / Sec of State reg.

Action:

Letter, Certified	5/13/2021	Sent letter regarding Joe Fey 2R34 well - production rpts. Register with Sec of State.
Other	2/26/2021	Letter dated 2/24/2021 delivered.
Letter, Certified	2/24/2021	Letter sent to Jamie regarding registering with the secretary of state and bonding.
Hearing	2/4/2021	Continue docket - C/O for Joey Fey 2R34 well.
Other	2/4/2021	Wire transfer received.
E-Mail	2/1/2021	Payment options for penalty sent to Jamie Darbro.
Other	2/1/2021	Reports received.
E-Mail	1/20/2021	John Gizicki emailed Jamie current compliance issues.
E-Mail	1/19/2021	Jamie Darbro emailed and provided a new physical address.
Other	1/15/2021	Show-cause notice letter mailed.
Telephone Call - Unanswere	1/8/2021	Phone is disconnected.
Other	12/23/2020	Delinquent reporting letter came back undeliverable.
Letter, Certified	12/8/2020	Delinquent letter dated 12/8/20 sent on 12/11/20.

Comment: MPG's Orphan Joe Fey 2R34 well, API # 2510121079. Rimrock Oil Company, Fee 1 API # 2510123087. Lyon Oil Company needs to register with the secretary of state in order for Joe Fey change of op to be approved.

Penalty Type	\$ Assessed	Date	\$ Collected	Dt_Coll	Vacated	Comment:
Reporting - 2X (Policy)	\$120.00	1/11/2021	\$120.00	2/4/2021	<input type="checkbox"/>	
Reporting Violation	\$60.00	12/8/2020			<input checked="" type="checkbox"/>	Penalty doubled per board policy.

Plugging and Reclamation Bonds With Well List

LYON, JOHN J.		4430	Bond: B1	\$10,000.00	Blanket Bond	Active	Wells: 0	Allowed:
Surety Bond	Active	TRAVELERS CASUALTY & SURETY CO. OF AM			\$10,000.00		Approved	5/26/1970

Comment: 4/7/2005 - USF&G #28013000811702 replaced.

LYON, JOHN J.		4430	Bond: F1		Federal	Active Federal	Wells: 3	Allowed:	
Other Bond		FEDERAL BOND					Approved	1/15/1975	
API #	Operator	Well	Location			Field	TD	PBTD	Status
101-21346	Lyon, John J.	FEDERAL-LYON 1	37 N	2 E	22 NE NE SW	2310S 2310W	Fred & George Creek	1808	PR GAS
035-21344	Lyon, John J.	FEDERAL 1-11	37 N	5 W	13 NW NE SW	2310S 1650W	Cut Bank	2731	SI OIL
035-06891	Lyon, John J.	Crowley #2	37 N	5 W	24 C SW NW	1980N 660W	Cut Bank	2696	PR OIL

Comment:



**COMMISSION ON CHARACTER AND FITNESS
OF THE SUPREME COURT OF THE STATE OF MONTANA**

33 South Last Chance Gulch, Suite 1B • P.O. BOX 577 • HELENA, MONTANA 59624
(406) 442-7660 Fax (406) 442-7763 Web Site: www.montanabar.org

May 27, 2021

C&F COMMISSION:

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ANNIE GOODWIN
P.O. Box 1131
Helena, MT 59601

VICE CHAIR

BARBARA BELL
P.O. Box 1525
Great Falls, MT 59403-1525

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Butte, MT 59703

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Helena, MT 59624

REX RENK
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Helena, MT 59624

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**BAR ADMISSIONS
ASSISTANT**

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Helena, MT 59624
soconnor@montanabar.org

Jim Halvorson
Administrator
DNRC, Oil & Gas Conservation
2535 St. John's Avenue
Billings, MT 59102

RE: Montana *Pro Hac Vice* Application

Mr. Halvorson:

Enclosed is a copy of an application to appear *pro hac vice* before your court or agency from the attorney listed below.

Jamie Leigh Jost
Jost Energy Law, P.C.
3511 Ringsby Ct., Unit 103
Denver, CO 80216

The attorney has complied with the rules governing a *pro hac vice* appearance and is currently in good standing with the other state or jurisdiction(s) in which they are admitted. Further, the Montana counsel listed in the application is in good standing with the State Bar of Montana.

This is the 1st appearance for the attorney and the 1st appearance for the firm under the *pro hac vice* rules. Section VI(C) of the Rules for Admission to the State Bar of Montana states: *Except upon a showing of good cause, no attorney or firm may appear pro hac vice in more than two actions or proceedings in any state court or administrative agency in Montana.* Please provide my office with a copy of your decision to grant or deny this application. Please contact me at (406) 447-2204 if you have questions or need further information.

Sincerely,


Sean O'Connor

Bar Admissions Assistant

Enclosure

cc: Jamie Leigh Jost
Kelley H. Lewis

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GAS CONSERVATION • BILLINGS

Atty Status	Jurisdiction(s) <u>CO WY NM</u>
Discipline	<u>NONE</u>
Appearance: Applicant	<u>ST</u> Firm <u>ST</u>
MT Attorney	<u>SBM</u> <u>ODC</u>

(Boxes for State Bar use only.)

# <u>PG201145</u>	
<u>45-21</u>	
Application Number	
<u>05/27/2021</u>	<u>SD</u>
Date Received	Staff Initials
<u>\$495.00</u>	<u>BSY</u>
Fee Paid	Check No.
<u>05/27/2021</u>	
Date Sent to Court or Agency	

STATE BAR OF MONTANA
P.O. Box 577, Helena, MT 59624
Street Address: 33 S. Last Chance Gulch, Suite 1B, Helena, MT 59601
Telephone: (406) 442-7660
Fax: (406) 442-7763

PRO HAC VICE APPLICATION

The original application must be submitted to the State Bar of Montana with a fee of \$495 for each *pro hac vice* appearance requested and a certificate of good standing from each state the attorney is a member of.

1. Jamie Leigh Jost 720-362-0875 jjost@jostenergylaw.com
Applicant's Name Phone E-Mail
2. Jost Energy Law, P.C.
Firm Name (List all firm(s) with which you are associated.)
3. 3511 Pingsby Ct. Unit 103A Denver CO 80214
Office Address City State Zip
4. 1510 Alpenglow Ct Evergreen CO 80439
Residence Address City State Zip
5. List the name, address, and telephone number of the active member of the State Bar of Montana who is the attorney of record in the case for which this application is being made.
Kelley Huemoller Lewis / KHL Advisors, PLLC 303-829-6536
Attorney & Firm Name #49490190 Daytime Phone Number
2977 Tschache Lane Bozeman MT 59718
Address City State Zip
6. List all state and federal courts in which you have been admitted to practice and the dates of admission and provide certification of good standing for each State only. Do not include pro hac vice admissions.

A. State Courts: Colorado, Wyoming, New Mexico

B. Federal Courts: USDC Edward, USDC Wyoming, USDC New Mexico
10th Circuit Court of Appeals

Revised 1/12

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7. Are you currently suspended, disbarred, or otherwise not licensed to practice in any of the above courts? If so, attach copies of all relevant court documents or disciplinary documents. Yes No
8. Are you subject to pending disciplinary proceedings in any jurisdiction? If so, attach a description of the nature and status of each pending disciplinary proceeding. Yes No
9. Do you maintain a residence in Montana? Yes No
10. Are you regularly employed in Montana? Yes No
11. Are you regularly engaged in the practice of law or in substantial business or professional activities in Montana? Yes No
12. Do you have an application for admission to the State Bar of Montana pending? Yes No
13. List the title of each state court and cause in Montana in which you **OR YOUR FIRM** have filed an application to appear as counsel pro hac vice, the date of each application, and whether it was granted or denied. (Do not list Federal court pro hac vice appearances.)

List the current title, court, and cause number for which you are applying.

Title, Court, Cause #	County	Date	Granted: (Yes, No)
A. Previous Cases: <u>N/A</u>			

B. CURRENT Case: (please include County) Montana DUREC - Board of Oil & Gas Conservation - Considered dockets: 50-2021, 51-2021, 52-2021, 53-2021, 54-2021, 55-2021, 56-2021, 57-2021, 58-2021, 59-2021 & 60-2021
June 10, 2021 Hearing date

14. I agree to comply with the applicable statutes, laws, and procedural rules of the State of Montana. I further agree to be bound by the Montana Rules of Professional Conduct (except as to Rules 6.1-6.4) and will submit to the jurisdiction of the Montana courts, the Montana disciplinary process, and the State Bar of Montana with respect to acts and omissions occurring during admission under this application.
15. I understand that a lawyer not admitted to practice in Montana is subject to the disciplinary authority of Montana for conduct that constitutes a violation of the Montana Rules of Professional Conduct and that: a) involves the practice of law in Montana by that lawyer; or b) involves that lawyer holding himself or herself out as practicing law in Montana; or c) involves the practice of law in Montana by another lawyer over whom this lawyer has the obligation of supervision or control.
16. I state that payment has been made to the State Bar of Montana in accordance with the requirements of Section IV of the Rules for Admission and in accordance with the requirements of Rule 6 of the Rules for Lawyer Disciplinary Enforcement.
17. I understand I have an on-going obligation to advise the State Bar of Montana and court/administrative agency if my standing or status changes in any of the jurisdictions in which I am admitted during the term of my pro hac vice admission.

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18. I agree to provide the State Bar of Montana with the court or administrative agency's order to grant or deny this application. (All applications will be counted as an appearance unless the State Bar of Montana is advised the application was denied by the Court.)
19. I agree to notify the State Bar of Montana of any appeals if the case is referred to a higher court. (If the above action proceeds to a court of higher jurisdiction, I understand the appealed case will not be counted as an additional appearance.)
20. I agree to provide current certificates of good standing from the jurisdiction(s) in which I am admitted.
21. I understand that the \$495 assessment is an annual assessment and agree to promptly pay the assessment as long as this proceeding is pending before a Montana administrative agency or any Montana court (except federal court).

State of Colorado
County of Denver

The above statements are true based upon applicant's knowledge and belief. Further, I agree to submit to the pro hac vice rules, the Montana Rules of Professional Conduct, and the Montana Rules for Lawyer Disciplinary Enforcement.

Tamara L. Jost 5/25/21
Signature of Applicant Date

Subscribed and sworn to (or affirmed) before me this 25th day of May, 2021.

(SEAL)

Notary Signature: Sheela R. Sanchez
Printed Name of Notary: Sheela R. Sanchez
Notary Public for the State of: Colorado
Residing in: Colorado
My commission expires: December 11, 2024

ATTACH: Certificate(s) of Good Standing
\$495.00 Pro Hac Vice Fee

SHEELA R. SANCHEZ
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20164038840
MY COMMISSION EXPIRES DECEMBER 11, 2024

Rules and information about pro hac vice are available on the State Bar's website at www.montanabar.org. Please direct questions to Sean O'Connor: soconnor@montanabar.org or (406) 447-2204.

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