

Plugging and Reclamation Bond Review

1998

- Bond amounts were set during 1998 following a lengthy scoping process which involved discussions with county commissioners, the governor, legislators, operators, and landowners.
- 100% coverage of plugging and restoration liability by multiple well bonds was not intended in the statute and is unreasonable when plugging liability is offset by the value of producing wells and equipment and the opportunity for new operators to assume the risk and operate the wells.
- Committee Proposed Bonding changes:
 - Single well bond:

▪ 0-2000 feet	\$1,500
▪ 2001-3500'	\$5,000
▪ 3,501' and deeper	\$10,000
 - New multiple well or "blanket" bond:
 - \$50,000 for an unlimited number of wells
 - Required existing \$10,000 multiple wells bonds be increased to \$25,000 which would increase to \$50,000 with change of operator.
 - Amended well reporting and well plugging requirement rules.

2015

- 2015 Legislature passed HB226, in which the Board receives \$650,000 at the start of each biennium into the Damage Mitigation account from the interest income of the RIT fund. There is a \$1 million cap on the Damage Mitigation account.
- Prior to the change in statute the Board had priority for grants through the Resource Development Grant program, which required participation in a lengthy application process even though funding wasn't assured.

2019

- Started reviewing and sending letters to operators with bonds that have no active wells.
- Continue to review and send letters to operators with inactive wells in response to landowner and/or mineral owner complaint.
- Adopted policy for Board review of change of operators (which was amended in 2020) for new operators that would result in 10 or more wells to be covered by a single, multiple well bond, and for existing operators if the approval of a change of operator request would result in 5 or more inactive wells on a multiple well bond. Also included is a referral of a change of operator for any commercial disposal well.

Today

Funding and an established orphan well program are in place.

- **Damage Mitigation Account**
 - Used for plugging orphaned wells (pre-regulatory and newly orphaned).
 - Funds derived from bond forfeitures and interest on Resource Indemnity and Ground Water Assessment Tax (RIGWAT).
 - Oil and gas industry is largest contributor to RIGWAT.
- **Orphan well program**
 - Over 1,000 wells reviewed through the program.
 - Ranked based on many factors include public health and safety, existing or potential environmental threats, and potential disruption to surface use.
 - 448 wells plugged and location restored (pre-regulatory & newly orphaned).
 - 38 surface restoration only.
 - 271 wells transferred to new operators.
 - Statutes limit the Board’s ability to plug wells with remaining economic life.
 - All current orphan wells under contract to plug with federal initial grant.

Year	Number of Wells	Total P&A Costs	Ave Cost/Well
2000	17	\$ 312,237.85	\$ 18,366.93
2001	20	\$ 323,632.98	\$ 16,181.65
2002	23	\$ 444,958.65	\$ 19,346.03
2003	34	\$ 372,609.42	\$ 10,959.10
2004	43	\$ 386,784.50	\$ 8,994.99
2005	18	\$ 134,193.53	\$ 7,455.20
2006	29	\$ 144,902.28	\$ 4,996.63
2007	24	\$ 292,853.59	\$ 12,202.23
2008	12	\$ 154,922.50	\$ 12,910.21
2009	19	\$ 724,012.77	\$ 38,105.94
2010	6	\$ 36,173.01	\$ 6,028.84
2011	14	\$ 94,787.45	\$ 6,770.53
2012	7	\$ 222,209.57	\$ 31,744.22
2013	3	\$ 46,637.50	\$ 15,545.83
2014	14	\$ 339,037.30	\$ 24,216.95
2015	34	\$ 415,517.00	\$ 12,221.09
2016	3	\$ 330,668.50	\$ 110,222.83
2017	6	\$ 320,525.12	\$ 53,420.85
2018	2	\$ 407,088.00	\$ 203,544.00
2019	3	\$ 286,283.50	\$ 95,427.83
2020	1	\$ 22,879.50	\$ 22,879.50
2021	6	\$ 534,782.00	\$ 89,130.33
2022	1	\$ 74,891.00	\$ 74,891.00
Total	339	\$ 6,422,587.52	\$ 18,945.69

- Change of operator reviews
 - Since the start of 2019, 53 change of operator requests have been referred to the Board for review; 24 for new operator and 30 for existing operators. 20 of those reviews have resulted in increased bonding to the amount of \$1,161,500 more than standard bonding requirements.
- Inactive well reviews
 - Phase 1 of inactive wells presented in December 2018 consisted of 146 inactive wells. This process has resulted in 89 wells being plugged, transferred, or re-activated, and 13 wells orphaned through bond forfeiture. We are still working with a couple of these operators to get additional wells on this list plugged.

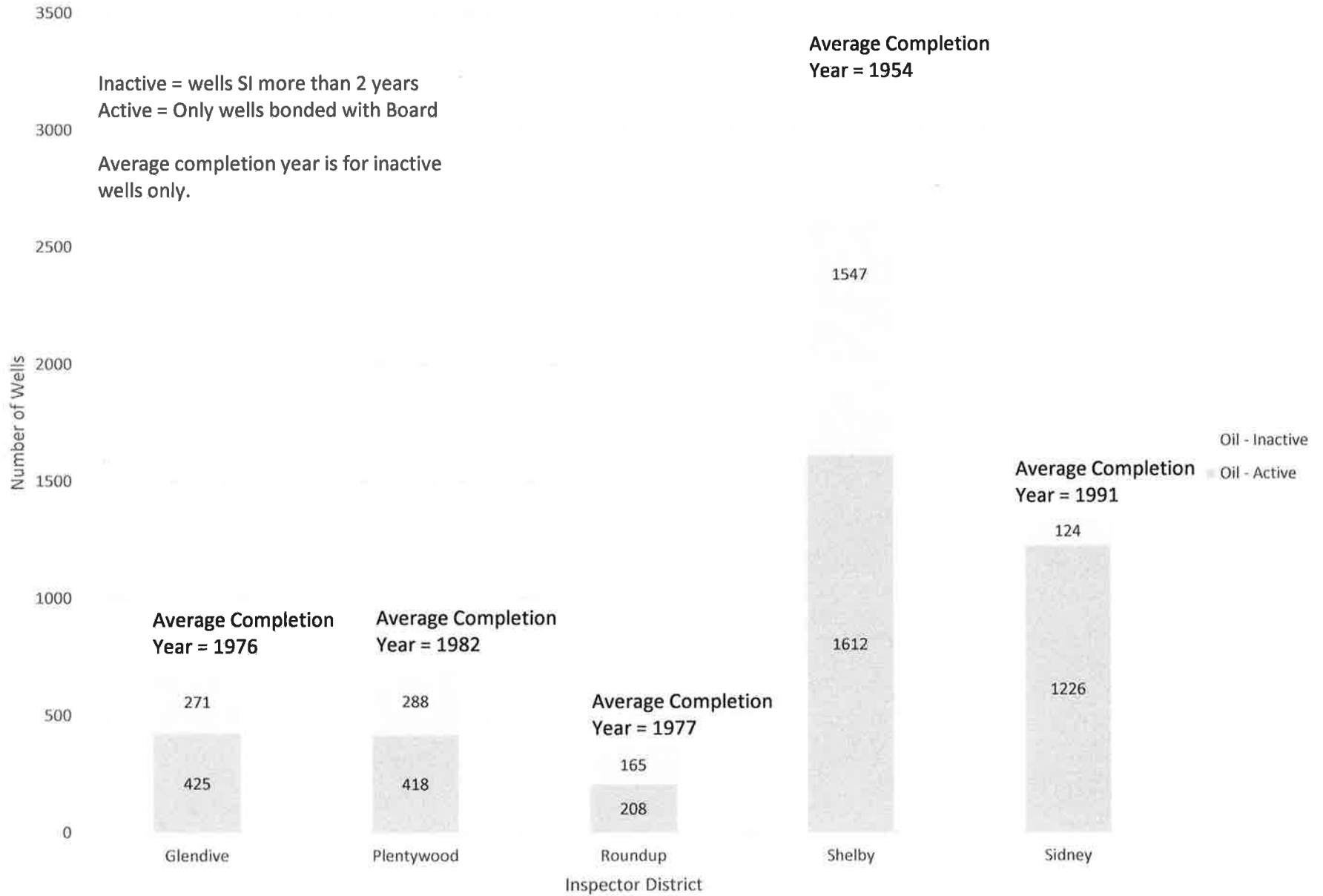
Going Forward

- Current rules provide:
 - authority to act on any wells that have been inactive for over 1 year, with recognition that there may be valid future uses for a wellbore;
 - authority to limit the number of wells on a multiple well bond, or double the required bond amounts in established in rule;
 - authority for board review of proposed plugging and reclamation bonds; staff referral of any administrative approvals, which would include change of operator requests.
- Inflation could be justification for increasing in the base bond amounts through rulemaking.
- Under current rules the Board could establish a policy that limits the number of wells on a multiple well bond.
- Increased bonding would primarily be in place for new wells. Well depth is always a good tool to used, and depth is generally proportional to location restoration costs.
- The federal orphan well funding has brought the topic of bonding and financial assurances for wells on many states radar. IOGCC will be actively working with states to gathering information and hope to have further discussions among states this fall.
- There are still a significant number of inactive wells on single- and multiple-well bonds, and bonds that cover no active wells and are continually being reviewed by Board staff.

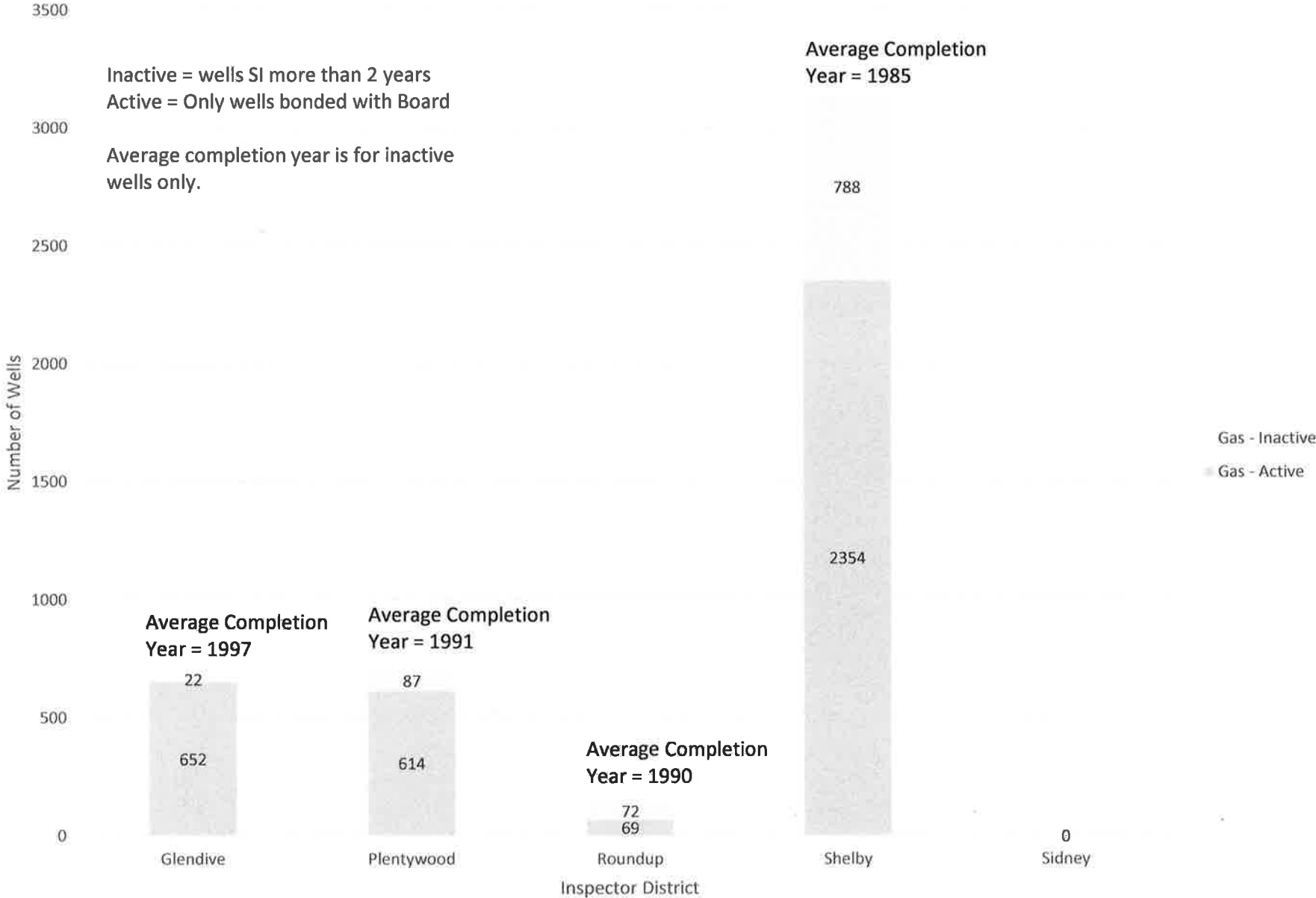
Important Considerations

- Inactive wells in northcentral Montana include many inactive “pre-regulatory” wells, and changes in bonding requirements can have immediate impact on producing wells included on the same multiple well bonds; the importance of those wells to the local economy is well known, broadens the stakeholder base, and adds complexity to the development of a state-wide solution.
- Shallower wells have lower plugging costs and are also drilled and operated under different economics. Increased bonding requirements for transfers or stripper wells would likely result in more orphan wells.
- Flexibility to allow for continued well operation of wells and maximum resource recovery as required under statute is necessary.
- Proposed federal regulations such as methane rules can have a significant impact on existing wells.

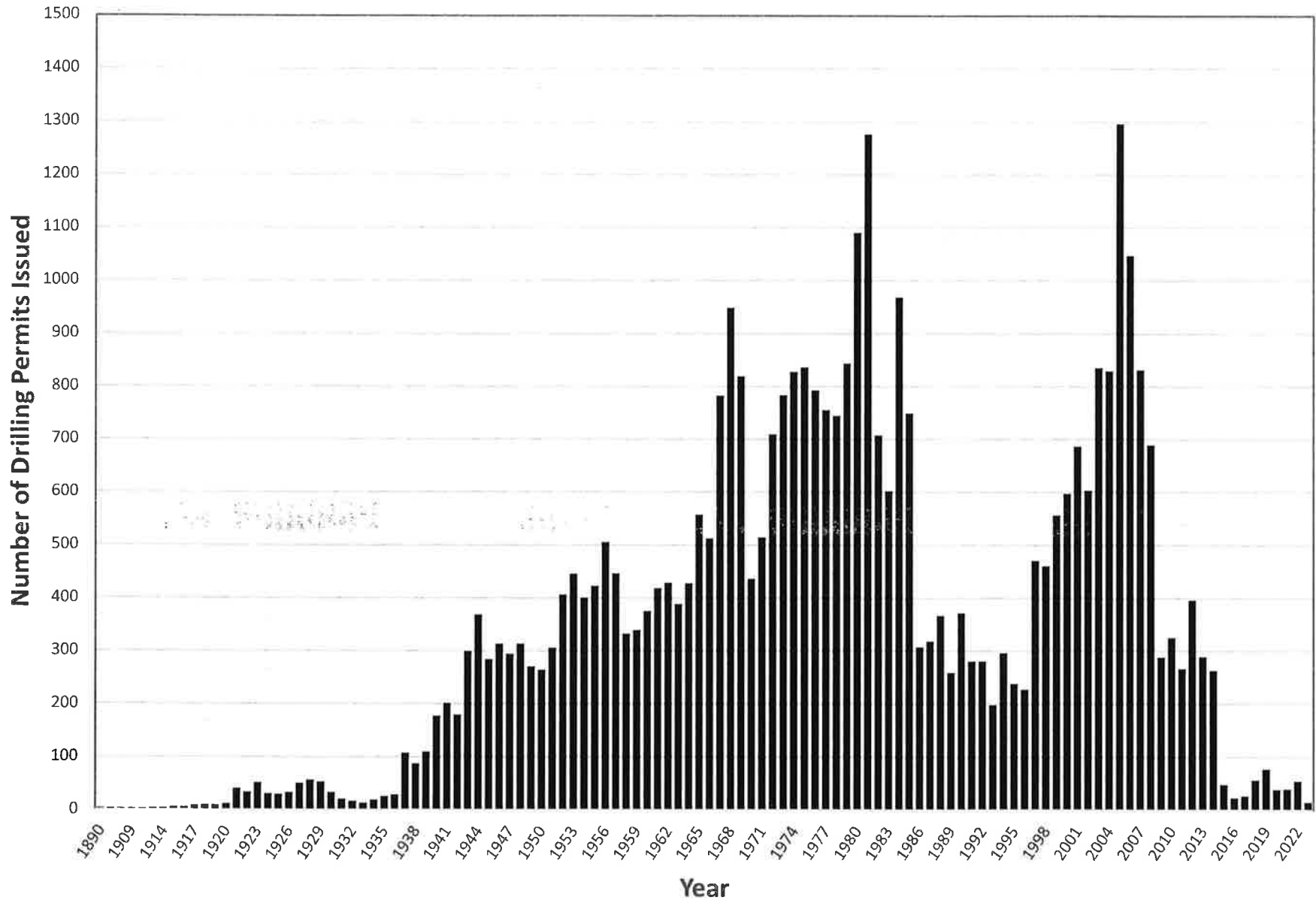
2022 Active and Inactive Oil Wells



2022 Active and Inactive Gas Wells



All Drilling Permits, 1890-2023



Transfer of Plugging and Reclamation Responsibility Through Change of Operator Request Policy approved on 2/14/2019

Change of Operators	Year	Transfers requiring Board			Withdrawn	Continued	Dockets with Increased bonding	Increased Bonding Amount
		Referral	New Operator	Current Operator				
	2019	12	7	5	3	2	1 \$ 50,000	
	2020	9	5	4	1	1	2 \$ 100,000	
	2021	17	8	9	1	0	10 \$ 621,500	
	2022	10	3	8	2	1	5 \$ 290,000	
	2023	5	1	4	2	1	2 \$ 100,000	
	Total	53	24	30	9	5	20 \$ 1,161,500	

OPERATORS WITH OVER 50 BONDED WELLS

(Operators with Primarily Williston Basin Wells - "WB")

(Operators with increased bonding per CHOP Policy)

CoName	SumOfWells	SumOfAmount	\$/Well	
NorthWestern Corporation	1325	\$56,500.00	\$ 43	
Scout Energy Management LLC	1296	\$250,000.00	\$ 193	
Denbury Onshore, LLC	1239	\$2,580,000.00	\$ 2,082	WB
New Horizon Resources LLC	905	\$564,375.00	\$ 624	
Somont Oil Company, Inc.	752	\$83,500.00	\$ 111	
MCR, LLC	507	\$208,000.00	\$ 410	
White Rock Oil & Gas, LLC	415	\$400,000.00	\$ 964	WB
Montalban Oil & Gas Operations, Inc.	374	\$370,000.00	\$ 989	
Continental Resources Inc	356	\$230,000.00	\$ 646	WB
A. B. Energy LLC	324	\$80,000.00	\$ 247	
EMEP Operating, LLC	286	\$210,000.00	\$ 734	WB
D90 Energy, LLC	198	\$469,750.00	\$ 2,372	WB
Keesun Corporation	194	\$55,001.00	\$ 284	
Balko, Inc.	190	\$95,000.00	\$ 500	
H&R Energy, LLC	185	\$50,000.00	\$ 270	
Kraken Operating, LLC	149	\$50,000.00	\$ 336	WB
WBI Energy Transmission, Inc.	144	\$50,000.00	\$ 347	
Ranck Oil Company, Inc.	143	\$50,000.00	\$ 350	
Citation Oil & Gas Corp.	136	\$260,000.00	\$ 1,912	WB
Summit Gas Resources, Inc.	135	\$59,000.00	\$ 437	
Oasis Petroleum North America LLC	103	\$60,000.00	\$ 583	WB
Three Forks Resources, LLC	99	\$95,000.00	\$ 960	
Brown, J. Burns Operating Company	98	\$50,000.00	\$ 510	
Western Natural Gas Company	94	\$50,000.00	\$ 532	
Montana Energy Company, LLC	85	\$210,000.00	\$ 2,471	
Cline Production Company	81	\$160,000.00	\$ 1,975	
Whiting Oil and Gas Corporation	79	\$60,000.00	\$ 759	WB
Hawley Oil Company	77	\$43,000.00	\$ 558	
King-Sherwood Oil	76	\$20,000.00	\$ 263	
Lonewolf Operating, LLC	76	\$50,000.00	\$ 658	
Well Done Foundation, Inc.	76	\$59,000.00	\$ 776	
LaMarsa Corp.	71	\$50,000.00	\$ 704	
Poplar Resources LLC	59	\$50,000.00	\$ 847	WB
Legacy Reserves Operating LP	58	\$100,000.00	\$ 1,724	WB
Tomahawk Oil Company, Inc.	52	\$260,000.00	\$ 5,000	
Sands Oil Company	51	\$70,000.00	\$ 1,373	
Phoenix Energy, Inc.	50	\$25,000.00	\$500	
Average - Non Williston Basin			\$ 811	
Average - Williston Basin			\$ 1,178	

OPERATORS WITH OVER 50 BONDED WELLS
(Operators with Primarily Williston Basin Wells - "WB")

CoName	Amount	Wells	BondNo	\$/Well	
NorthWestern Corporation	\$50,000.00	1323	M1	\$ 38	
Scout Energy Management LLC	\$250,000.00	1296	M1	\$ 193	
New Horizon Resources LLC	\$250,000.00	762	M1	\$ 328	
Somont Oil Company, Inc.	\$50,000.00	728	M1	\$ 69	
Denbury Onshore, LLC	\$660,000.00	623	M1	\$ 1,059	WB
MCR, LLC	\$50,000.00	449	M1	\$ 111	
Continental Resources Inc	\$50,000.00	339	M1	\$ 147	WB
A. B. Energy LLC	\$50,000.00	318	M1	\$ 157	
Montalban Oil & Gas Operations, Inc.	\$200,000.00	240	M3	\$ 833	
White Rock Oil & Gas, LLC	\$200,000.00	232	M2	\$ 862	WB
EMEP Operating, LLC	\$100,000.00	206	M1	\$ 485	WB
H&R Energy, LLC	\$50,000.00	185	M1	\$ 270	
Keesun Corporation	\$50,000.00	184	M1	\$ 272	
Balko, Inc.	\$50,000.00	177	M1	\$ 282	
White Rock Oil & Gas, LLC	\$100,000.00	165	M1	\$ 606	WB
D90 Energy, LLC	\$100,000.00	158	M1	\$ 633	WB
Kraken Operating, LLC	\$50,000.00	149	M1	\$ 336	WB
WBI Energy Transmission, Inc.	\$50,000.00	144	M2	\$ 347	
Ranck Oil Company, Inc.	\$50,000.00	143	M1	\$ 350	
Summit Gas Resources, Inc.	\$50,000.00	130	M1	\$ 385	
Citation Oil & Gas Corp.	\$50,000.00	121	M1	\$ 413	WB
Montalban Oil & Gas Operations, Inc.	\$75,000.00	118	M2	\$ 636	
Oasis Petroleum North America LLC	\$50,000.00	102	M1	\$ 490	WB
Brown, J. Burns Operating Company	\$50,000.00	98	M1	\$ 510	
Western Natural Gas Company	\$50,000.00	94	M2	\$ 532	
Three Forks Resources, LLC	\$50,000.00	90	M1	\$ 556	
Whiting Oil and Gas Corporation	\$50,000.00	78	M1	\$ 641	WB
EMEP Operating, LLC	\$50,000.00	76	M2	\$ 658	WB
Lonewolf Operating, LLC	\$50,000.00	76	M1	\$ 658	
LaMarsa Corp.	\$50,000.00	71	M1	\$ 704	
Well Done Foundation, Inc.	\$50,000.00	70	M1	\$ 714	
Montana Energy Company, LLC	\$50,000.00	64	M1	\$ 781	
Poplar Resources LLC	\$50,000.00	59	M1	\$ 847	WB
Cline Production Company	\$50,000.00	55	M1	\$ 909	
Phoenix Energy, Inc.	\$25,000.00	50	M1	\$ 500	
Average - Non Williston Basin				\$ 441	
Average - Williston Basin				\$ 598	

State	Bonding Amounts and Rules for Producing wells		
	Single Well	Multiple well/Blanket	Bonding Rules
North Dakota	\$50,000	\$100,000	Wells under 2000 fee in depth may be approved for lower bond amounts Blanket Bonds are limited to 6 Wells
Wyoming	\$10/foot of wellbore	\$100,000	State and Fee Minerals bonded separately
South Dakota	>5500'→\$50000	>5500'→\$100000	Additional \$20000 applies to non-producing wells or those not in use for 6 months
Nebraska	\$10,000	\$100,000	
Colorado	<3000'→ \$10000 >3000'→ \$20000 25000/well up to 3 wells total \$100000 for 4 or more wells	up to 100 wells→\$60000 >100 wells→\$100000	State land board bonds State land board bonds
Utah	<1000'→\$1500 1000'-3000'→\$15000 3000'-10000'→\$30000 >10000'→\$60000	<1000'→\$15000 >1000'→\$120000	Could be lowered upon request
Alabama	0-5000'→ \$5000 5001'-10000'→ \$10000 10001'-15000'→ \$15000 15001'-20000'→ \$30000 Greater than 20000'→ \$50000	\$100,000.00	May require different bond amount for either the single well bond or blanket bond if they consider it necessary because of environmentally sensitive site conditions or for any other justifiable reason.
Alaska	1-5 wells is \$400,000/well	6-20 wells→ \$2,000,000 21-40 wells→ \$6,000,000 41-100 wells→ \$6,000,000 101-1000 wells→ \$20,000,000 > 1000 wells→\$30,000,000	+\$250,000/well above 5 wells
Arizona	<10,000'→ \$10000 >10,000'→ \$20000	<10 wells→\$25000	

		10-50 wells→ \$50000 >50 wells→\$250000	
Arkansas	\$3,000	1-25 wells→ \$25000 26-100 wells→ \$50000 >100 wells→\$100000	
California	<10,000'→ \$25000 >10,000'→ \$40000	up to 50 wells→ \$200000 50-500 wells→ \$400000 500-10,000 wells→\$2000000 >10000 wells→\$3000000	
Connecticut	\$25,000		Comissioner may increase pending potential polution and costs of abandonment
Delaware	Determined by the Comission		
D.C	No Extraction		
Florida	<9000'→ \$50000 >9000'→ \$100000	up to 10 wells→\$1000000	Operators may pay an annual fee in lieu of a bond
Georgia	Maximum \$100000		Amounts vary up to \$100000 for single well bonding
Hawaii			No proven reserves
Idaho	\$10000/ well plus \$1 per foot	1-10 wells→ \$50000 11-30 wells→ \$100000 >30wells→\$150000	Inactive wells need \$10000 bond with \$8/ foot bond. Cannot be put on a blanket bond.
Illionis	<2000'→ \$1500 >2000'→ \$3000	1-25 wells→ \$25000 26-50 wells→ \$50000 \$100000 for all wells	Test holes \$2500 per well or \$25000 blanket

Indiana	\$2,500	\$45,000	
Iowa	\$15,000	\$30,000	Surety bonds only
Kansas		Under 2000' 1-5 wells → \$7500 6-25 wells → \$15000 >25 wells → \$30000 Over 2000' 1-5 wells → \$15000 6-25 wells → \$30000 >25 wells → \$45000	A single performance bond totaling \$.75 time the total aggregate depth of all wells, including inactive and disposal well may also be paid in lieu of those listed. A \$100 annual fee may be paid by operators under certain conditions, including longstanding record of compliance in lieu of a bond.
Kentucky	\$2 per foot of depth \$25000 vertical deep well \$40000 horizontal deep well	1-25 wells → \$20000 26-100 wells → \$50000 101-500 wells → \$200000 501-1000 wells → \$300000	Individual or single well bond amounts are determined by depth of the well. For operators of over 1000 wells, bonds are tiered starting from \$320,000 up to 1.5 million for 4500-5000 wells.
Louisiana	\$2 per foot of depth under 3000' \$5 per foot of depth 3001'-10000' \$4 per foot of depth over 10000'	1-10 wells → \$50000 11-99 wells → \$250000 100+ wells → \$500000	Land based wells
Maine			No proven reserves
Maryland	\$100000 maximum per well	\$500000 maximum	
Massachusetts			N/A
Michigan	<2000' → \$20000 2000' to 4000' → \$40000 4000' to 7500' → \$50000 >7500' → \$60000	<2000' → \$100000 2000' to 4000' → \$200000 >4000' → \$250000	Maximum of 100 wells under blanket bond

Minnesota			No proven reserves
Mississippi	<10001' → \$20000 10001'-16000' → \$30000 16000'+ → \$60000		Onshore only
		\$100,000	
Missouri	<500' → \$1100 501'-1000' → \$2200 1001'-2000' → \$3300 2001'-5000' → \$4400 >5001' → \$5500 + \$2/foot	<800' up to 40 wells → \$22,000 801'-1500' up to 10 wells → \$25000	
Montana	<2000' → \$1500 2001'-3500' → \$5000 >3500' → \$10000		For blanket bonds, if a well is already covered by a previous bond amount of \$10000, operators must increase the bond to \$25000
		\$50,000	
Nevada	\$10,000		
		\$50,000	
New Hampshire			No proven reserves
New Jersey			Insufficient reserves
New Mexico	\$25000 plus \$2/foot <u>Inactive Wells</u> \$25000 plus \$2/foot	1-10 wells → \$50000 11-50 wells → \$75000 51-100 wells → \$125000 >100 wells → \$250000 <u>Inactive Wells</u> 1-5 wells → \$150000 6-10 wells → \$300000 11-25 wells → \$500,000 >25 Wells → \$1000000	Inactive well bonds apply to those in temporarily abandoned status for over two years and for which the operator is seeking "approved abandoned" status.
New York	<2500' → \$2500 (1-9 wells) 2500'-6000' → \$5000 (1-7 wells)	<2500' → \$25000 (10-25 wells) <2500' → \$40000 (32-50 wells) <2500' → \$70000 (63-100 wells)	For wells up to 2500' deep, intermediate ranges (26-31, 51-62) wells are subject to bond \$2500 per well. For wells 2500'-6000', intermediate ranges (76-78, 51-57) are

NEW YORK	<p><2500' → \$100000 (over 112 wells)</p> <p>2500'-6000' → \$40000 (8-25 wells)</p> <p>2500'-6000' → \$60000 (29-50 wells)</p> <p>2500'-6000' → \$100000 (58-100 wells)</p> <p>2500'-6000' → \$150000 (>109 wells)</p>	<p>intermediate ranges (20'-25, 31'-37) are subject to \$5000 bond per well on top of the base amount. Bonds for anything over 6000' deep are calculated individually.</p>
North Carolina	\$5000 + \$1/foot of depth	\$1000000 environmental damage bond per permit
Ohio	\$5,000	\$15,000
Oklahoma	\$25,000	A corporate surety bond in an amount for the estimated plugging and abandoning of each well in the plugging will be less than \$25000. Affidavit with economics will need to be provided to lower show plugging costs if operator is looking for lowering bond amount.
Oregon	<p><10000' → \$25000</p> <p>>10000' → \$50000</p>	\$150,000
Pennsylvania	<p><6000' → \$4000 (up to 50 wells)</p> <p><6000' → \$35000 (up to 51-150 wells)</p> <p><6000' → \$60000 (up to 151-250 wells)</p> <p><6000' → \$100000 (250 wells+)</p> <p>Additional \$4000 for every well over</p> <p>>6000' → \$10000 (up to 25 wells)</p> <p>>6000' → \$140000 (up to 26-50 wells)</p> <p>>6000' → \$290000 (up to 51-150 wells)</p> <p>>6000' → \$430000 (150 wells+)</p> <p>Additional \$10000 each well over 150</p>	Alternative payment of \$50 annula fee per well, or \$1000 annulay for more than 20 wells, may be paid for each year a bond is not filed. Under 200 well may also pay their bonds in annual deposits. Bond maximum of \$250,000 for well under 6000', \$600000 for thos over 6000'.
Puerto Rico		No proven reserves
Rhode Island		Insufficient reserves
South Carolina	<p><10000' → \$20000</p> <p>10000'-15000' → \$30000</p> <p>15000'-20000' → \$40000</p> <p>>20000 → \$50000</p>	\$100,000
Tennessee	<p><2500' → \$2000</p> <p>2500'-5000' → \$3000</p> <p>>5000' → \$3000 + \$1/foot over 5000'</p>	<p>If well is deeper than 10000', it is ineligible to be in blanket bond, reclamation bond of \$1500</p> <p>\$20000 up to 10 wells <5000'</p>

		\$30000 up to 10 wells <10000'	
	\$2/foot		
Texas		\$25000 (10 or fewer)	
		\$50000 (11-99 wells)	
		\$250000 (100+ wells)	
Vermont			No producing wells
	\$10,000 plus \$2000/acre		
Virginia		\$25000 (up to 10 wells)	\$2,000 per acre of disturbed land is assessed, up to 5 acres and calculated to the nearest .1 of an acre. Blanket bonds must give \$50 annually per permit to the Gas and Oil Plugging and Restoration Fund
		\$50000 (11-50 wells)	
		\$100000 (51-200 wells)	
		\$200000 (200+ wells)	
Washington	\$50000 minimum bond		
	\$20000 shallow well for geologic info only	\$250000 minimum for 2 or more wells	
West Virginia	\$5,000		
		\$50,000	
Wisconsin			No proven reserves

BLM has own bonding for well that include fed minerals

Shut-In Wells by Operator

EXHIBIT 2

6/12/2023
10:03:21 AM

849	A		Wells	SI	%
Midway Energy, LLC			/ Well	15	11
				73%	

T2	UIC Single Well Bond	\$10,000	\$10,000.00	1	0	0%
T1	UIC Single Well Bond	\$10,000	\$10,000.00	1	1	100%
M1	Multiple Well Bond	\$50,000	\$5,000.00	10	9	90%
F1	Federal			3	1	33%

SI Two to Five Years	SI Five to Ten Years	SI Greater than Ten Years	Total
1	2	8	11

849/F1	Federal								<i>Last Non-Zero</i>
849 F1	095-21280	ECA Federal 3-H	6S-17E-14	SW SE	268 FSL, 2469 FEL	SI	OIL	5/31/2013	
849/M1	Multiple Well Bond								<i>Last Non-Zero</i>
849 M1	065-21091	Burlington Northern 4-3	10N-28E-3	SW SW SE	340 FSL, 2310 FEL	C	WS	-----	
849 M1	095-21141	Bar B 1	5S-16E-12	NW SE SE	707 FSL, 1158 FEL	SI	OIL	4/30/1986	
849 M1	009-21299	ECA Foothills 2-H	6S-17E-13	NW SW	1489 FSL, 586 FWL	SI	OIL	10/31/2019	
849 M1	009-21297	ECA Foothills 1-H	6S-17E-13	NW SW	1484 FSL, 613 FWL	SI	OIL	11/30/2014	
849 M1	095-21170	Rickman 1	5S-16E-13	NW NE NW	602 FNL, 1936 FWL	SI	GAS	-----	
849 M1	095-05010	Tyler Orr 2	5S-17E-17	SW SW	505 FSL, 815 FWL	SI	GAS	8/31/2008	
849 M1	095-05015	Kennedy-Bahr 1	5S-17E-18	NW SW	1905 FSL, 669 FWL	SI	GAS	-----	
849 M1	095-05012	J. Orr 1	5S-17E-18	SW NW SE	1650 FSL, 2310 FEL	SI	GAS	8/31/2008	
849 M1	009-21301	Hunt Creek 1-H	8S-23E-7	SW SW	741 FSL, 805 FWL	TA	DH	-----	
849/T1	UIC Single Well Bond								<i>Last Non-Zero</i>
849 T1	095-21150	Keller 3	5S-17E-17	NW NW SW	2310 FSL, 330 FWL	TA	EOR	4/30/1989	

1 Operator(s) Included in Report

Colin Moody

Wyoming Professional Geologist PG-3746

Texas Professional Geoscientist 12284

1245 Hayes Ave

Meeteetse, WY 82433

cmoody@midwayenergyllc.com

Introduction

Highly qualified and motivated Professional Geologist specializing in oil and gas exploration and production. Co-Founder of independent Oil and Gas production company exploiting mature, under-developed oil and gas fields utilizing well efficiency increases, downspace drilling, cutting edge well stimulation, and utilizing technology.

Summary of Qualifications

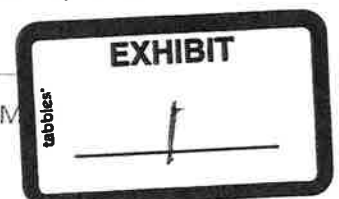
- ✓ **Professional Geologist;** Texas & Wyoming
- ✓ Multi Basin experience working as a prospect generating and operations geologist.
- ✓ Reserve report generation under SEC/SPE guidelines.

Professional Experience

Midway Energy, LLC. Meeteetse, WY (December 2018-Present)

Co-Founder/Managing Member

- Co-developed and participated in drilling of successful wildcat well in Ochiltree Co, TX
- Identified and partnered with a local Illinois Basin operator to purchase a producing lease in White County, IL in which we recompleted and fracture stimulated the existing producing well and washed down and recompleted a SWD well in Oct. 2019. Adding 2 PUD locations to 60 acre leasehold and \$50,000 net monthly CF.
 - Pioneered fracture design incorporating proprietary chemical blend and utilizing newly tested sand concentrations and mesh size in successful treatment of recompleted well.
- Drilled and frac'd 2 additional wells in White County, IL Dec 2019. Expected to be online and producing Feb 2020.
- Co-founded Midway Energy, LLC in December 2018 as an E&P Company with emphasis on mature oil fields in the Rockies and Mid-Continent basins.
- Purchased 20% working interest in producing oil well in San Juan County, Utah increasing Midway's monthly net CF \$5,000/mo.
- Evaluated, pursued, purchased Mackay Dome field, Carbon County, MT in Feb 2018.
- Returned Mackay Dome to production after being shut-in for 3.5 years, increasing Midway's production by **110 BOPD** and adding **\$1.47MM PV10** of reserves to portfolio.



- Designed and performed retrofit of tank battery which incorporates steam lines to oil tanks which heats the heavy oil produced at Mackay Dome.
- Leased additional 340 acres adding 14.8 Net drilling locations to Illinois portfolio with intention of drilling the additional locations and stimulating wells utilizing the aforementioned frac design.

Dome Energy AB, Houston TX (October 2014-February 2019)
Head Geologist and Workover Supervisor

- Worked with drilling team to pick 6 new locations to begin Q1 2018 drilling program in Illinois Basin, with 6 out of 6 performing at projected production curve and within \$100,000 of budgeted AFE of entire 6 well drilling and completion program. Company's latest 12 wells drilled in Illinois Basin have exceeded or matched production projection.
- Lead company into 2017 acquisition of 1500 acres in Illinois with 33 newly confirmed drilling locations, initial success rate is 100% with 4 of 4 wells proving economic and behaving right on predicted production rate decline.
- Responsible for additional acreage acquisition and reserve increase of **129 Net** drilling locations and **5.32 MMBO** of which **34 are PUD** and **1.402 MMBO** of proven reserves.
- Maintain company's corporate reserve drilling database and update as necessary to fulfill SEC regulatory guidelines, recommend which wells to drill to maximize reserves.
- Plan and provide geologic guidance and budget for Dome Energy's annual budgets.
- Provide all geological, geophysical, and petrophysical data to 3rd Party engineers for all company's corporate reserve reports, both quarterly and annually.
- Initiate recompletion program for Orangefield resulting in 100MMBO increase to reserves.
- Began well test program for all producing wells; utilizing fluid levels shots, well head cuts, and projected down-hole pump output in to optimize well production.
- Integrate 3-D seismic, sub surface mapping, well log correlation to plan and coordinate Dome Energy's 2015 drilling program at Orange Field, in Orange County, TX.
- Work with drilling and completions engineers to drill and complete 2 development wells in Orange Field, January 2015 which added 400 BOEPD to Dome Energy.
- Perform well-site geology and mud logging for development wells at Zimmerman Butte, Hot Springs County, WY and supervise directional and MWD to ensure ideal bottom-hole well path placement and bottom-hole locations.
- Work with Asset Management Team to streamline multi well pad drilling plan designed to minimize cost, increase efficiency, and minimize environmental impact of drilling plan.

GAS Ventures LLC, Thermopolis WY (June 2008-October 2014)
Geologist

- Work with contractors to design and shoot 14 square mile 3-D over Zimmerman Butte field, Hot Springs County, WY facilitating a drilling program adding 200 MBO of reserves.

- Work with Asset team to budget and plan drilling development program at Zimmerman Butte utilizing seismic data and subsurface mapping.
- Initiate company's entrance into the Trenton/Black River play in southern Michigan through a JV which we jointly developed a grassroots prospect that was drill ready when company was purchased in fall of 2014 in Jackson County, MI.
- Managed purchase of 2-D seismic to define Trenton prospect in Washtenaw County, MI which lead to leasing of 1000+ acres and the permitting of a 3-D seismic survey prospect is drill ready and held by former owners of GAS Ventures LLC.
- Provide geological information to WOGCC, EPA, and DEQ for disposal of water in Phosphoria and Tensleep formations in Hot Springs County, WY.
- Recommended and completed 5 well EOR polymer injection program which added over 100MBO in reserves and resulted in an increase \$1.5 million in cash flow in 2014 Hot Springs County, WY.
- Led leasing campaign, planned, and successfully executed 3-D seismic program in Grand Traverse County, MI resulting in company's initial drilling prospect in Northern Reef Trend in the Michigan Basin.
- Contacted and collaborated with partner to drill and complete company's initial wells in Trenton Oil play in Lenawee, County Michigan.
- Supervise MWD, open-hole logging, and directional drilling of all GAS Ventures wells.
- Oversee and supervise landman, contract geophysicist, and accounting departments for all of Michigan Basin activities.
- Provide well-site geology on drilling wells in Bighorn and Wind River Basin of Wyoming.
- Work closely with engineering, land, and management to ensure safe, successful, and cost-effective implementation of yearly budgetary and development drilling programs.

Uranium One, Casper WY (August 2007-June 2008)
Geologist

- Supervise 6 drilling rigs performing test drilling of uranium deposits in Powder River Basin, WY.
- Maintain budget and give guidance to management regarding drilling costs and personnel requirements for continuous drilling program in Powder River Basin WY.
- Provide well site geology and sample logging for test drill holes at Moore Ranch Project, Campbell County, WY.

Energy Metals, Casper WY (February 2007-August 2007)
Staff Geologist

- Provide Well Site work and planning for exploratory uranium deposits in Converse County WY.

- Work closely with field personnel to streamline and safely implement aggressive drilling plan to develop mine sites in Campbell and Converse County WY.
- Supervise Coring and open hole logging of test holes for exploratory uranium deposits.

High Plains Uranium, Casper WY (January 2006-February 2007)
Geologist and Drilling Supervisor

- Supervise drilling rigs to develop Allemand-Ross Uranium Mine Converse County, WY.
- Plan and implement baseline water quality monitor ring at Allemand-Ross Mine.
- Spearhead leasing and claim staking for development of Ludeman Ranch uranium pilot project at Converse County, WY.

Skills and Expertise

- Excellent communication and personal skills.
- High level of technical experience in complex subsurface geological environments.
- Proficient in Microsoft Office Suite, Petra, IHS Energdeq, ArcGIS, AutoCAD.
- Trained to use Echometer Fluid Level Gas Gun, Dynamometer, and supporting software.

Education/Certifications

- Bachelor of Science, Geology, December 2005 University of Wyoming
- Wyoming Registered Professional Geologist, PG-3746
- Texas Registered Professional Geologist, PG 12284
- PetroSkills Oil and Gas Reserves Evaluation Training Course

API #	CoName	Well_Nm	WI_Status	Well_Type	County	Field
25-095-21141-0000	Midway Energy, LLC	Bar B 1	Shut In	Oil	Stillwater	Dean Dome
25-065-21091-0000	Midway Energy, LLC	Burlington Northern 4-3	Completed	Water Source	Musselshell	Willow Creek, North
25-095-21275-0000	Midway Energy, LLC	ECA Federal 1-H	Producing	Oil	Stillwater	Mackay Dome
25-095-21279-0000	Midway Energy, LLC	ECA Federal 2-H	Producing	Oil	Stillwater	Mackay Dome
25-095-21280-0000	Midway Energy, LLC	ECA Federal 3-H	Shut In	Oil	Stillwater	Wildcat Stillwater
25-009-21297-0000	Midway Energy, LLC	ECA Foothills 1-H	Shut In	Oil	Carbon	Mackay Dome
25-009-21299-0000	Midway Energy, LLC	ECA Foothills 2-H	Shut In	Oil	Carbon	Mackay Dome
25-009-21300-0000	Midway Energy, LLC	Foothills 6D	Active Injection	Injection - Disposal	Carbon	Wildcat Carbon
25-095-21283-0000	Midway Energy, LLC	Foothills 9-H	Producing	Oil	Stillwater	Mackay Dome
25-009-21301-0000	Midway Energy, LLC	Hunt Creek 1-H	Temporarily Abandoned	Dry Hole	Carbon	Wildcat Carbon
25-095-05012-0000	Midway Energy, LLC	J. Orr 1	Shut In	Gas	Stillwater	Dean Dome
25-095-21150-0000	Midway Energy, LLC	Keller 3	Temporarily Abandoned	Injection, EOR	Stillwater	Dean Dome
25-095-05015-0000	Midway Energy, LLC	Kennedy-Bahr 1	Shut In	Gas	Stillwater	Dean Dome
25-095-21170-0000	Midway Energy, LLC	Rickman 1	Shut In	Gas	Stillwater	Dean Dome
25-095-05010-0000	Midway Energy, LLC	Tyler Orr 2	Shut In	Gas	Stillwater	Dean Dome
	Wells to be assigned or sold					
	Well to be assigned to surface owner as water supply well					
	Well currently being P&A'd					
	Wells to be RTP'd in June 2023					
	Well to be P&A'd in June 2024					



Midway Energy LLC

Plan of Action

Company Foundation and History

- Formed in December 2018 by Colin Moody with goal of growing an oil and gas company from grassroots. Funded internally with no debt.
 - See attached CV for full work history.
- Staff consists of 5 people. Mr. Moody as Managing Member, 1 salaried Field Supervisor/Pumper, 1 full time contract Controller/CFO, 1 part time contract Production Accountant also handles production reporting, and 1 part time contract AP/AR Office Manager.
 - Majority of staff worked together at GAS Ventures (oil and gas operator) in Thermopolis WY
- Total well population in Montana 15 operated wells
- Non-op WI in 3 other states, dominantly TX

Plan Forward

Mackay Dome:

It is Midway's goal to continue as a responsible and prudent operator and to increase the company presence and production through well reactivations and enhanced oil recovery techniques. The company plans to return the Foothills 1H/2H to production in June or July of 2023 which will add an additional 27mbo of reserves at \$35/bbl oil price run.

With the Foothills 1H/2H reactivated and active, and the Federal 3H well P&A'd, which is ongoing, all wells in the field will be 100% active and will continue to be viable and economic for years to come, expected daily production is around 110bopd for the field.

Midway committed to plugging the Federal 3h well in 2022, but the contractor continuously delayed mobilization citing abundance of work plugging local wells due to the Federal Grant to plug orphan wells on Federal lands located in Wyoming. Midway worked diligently to find another contractor to complete the plugging work, but all cited the same scenario with respect to the guaranteed P&A work versus a one off single well. Rig/cementing services/and wireline services have all be secured for the P&A of the Federal 3H and are slated to commence plugging operations mid-June.

Dean Dome:

Dean Dome is a gas field which was shut-in 2009 due to low commodity pricing. Midway has 6 wells in the field. When shut-in, the field was producing around 500mcfpd. All wells are completed in the Greybull formation, but only the Orr 1 and 2 are completed in the gas leg of the Greybull formation, the others are completed in the heavy oil portion of the structure and could be perforated in the gas leg to add additional gas production to the field.

The plan is to market this field, as it still has significant gas reserves. 2 companies have expressed interest in utilizing the gas as a source feed for cryptocurrency mining operations.



Burlington Northern 4-3

This well is currently permitted as a water source well. When Midway acquired the well package, the previous operator indicated the surface owner expressed interest in taking ownership in the well to provide agricultural water. Midway will track down the surface owner and assign over the wellbore.

Hunt Creek 1H

Well is currently under consideration for plugging, it is Midway's goal to begin plugging operations in spring of 2024. Midway is working with Ren Gardner of Welter Consulting to prepare a plugging procedure which will be submitted to the MBOG when complete.

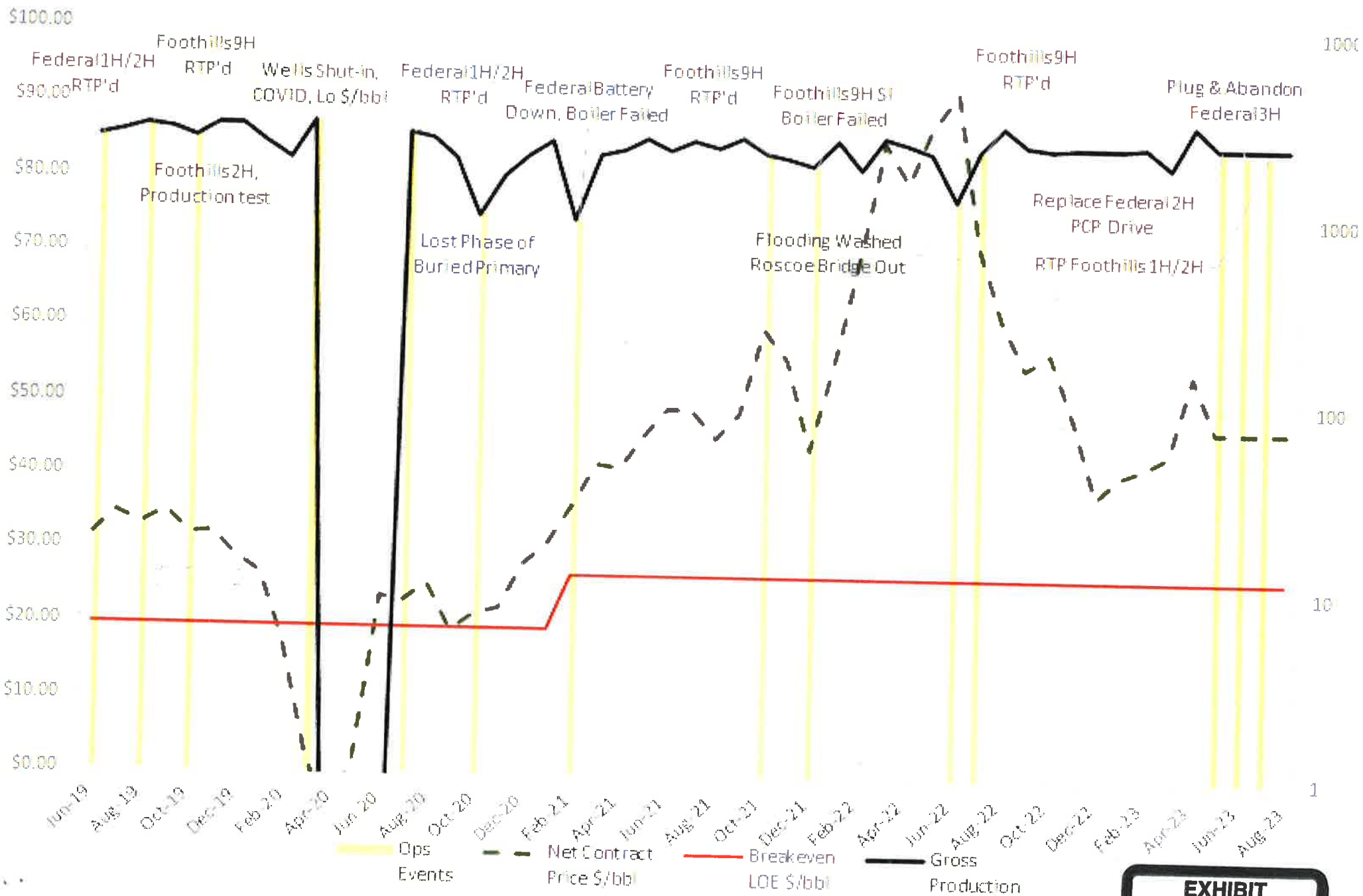
Significant Event History

Midway Energy Timeline of Operations

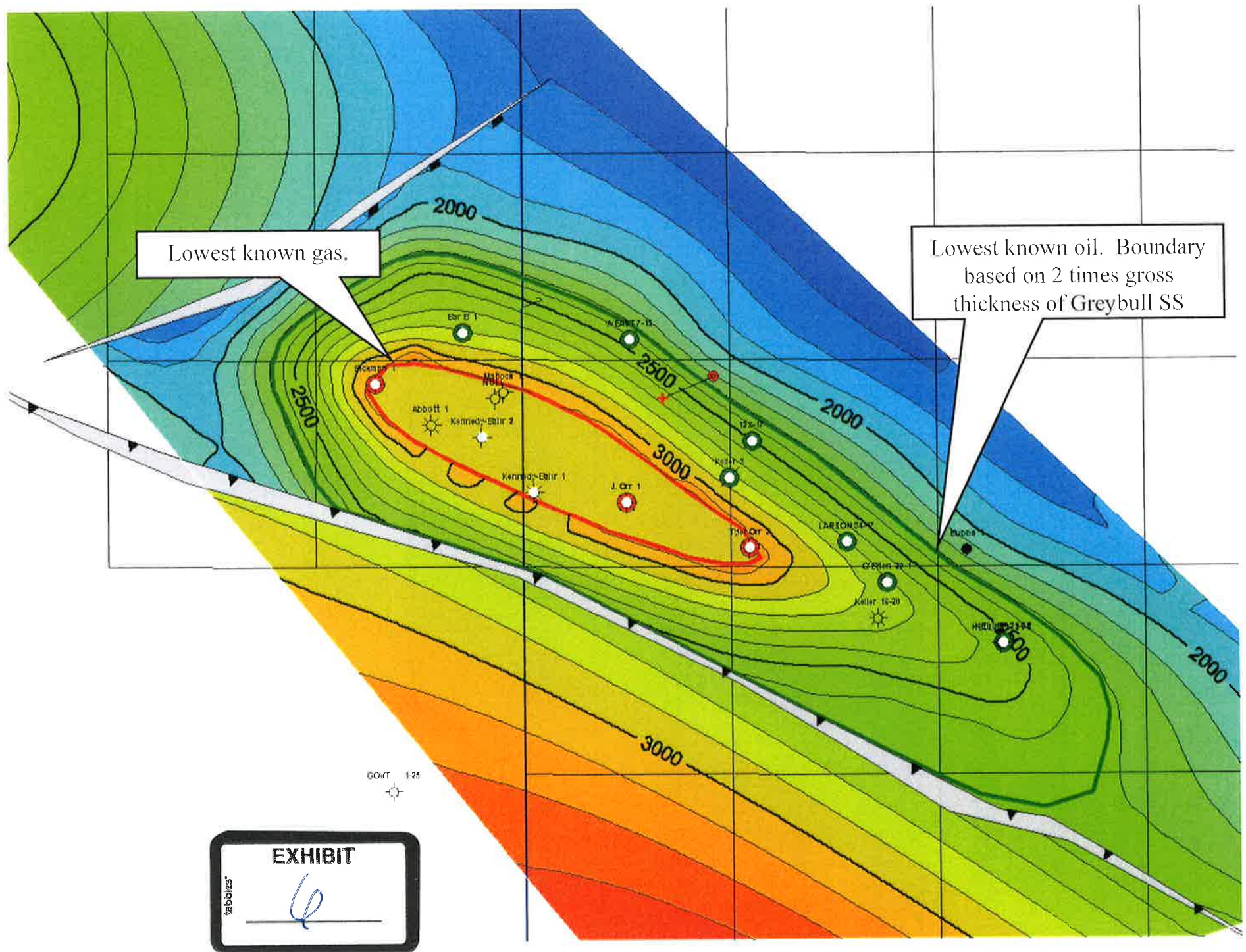
- December 2018-Formed Midway Energy LLC, purpose of acquiring oil and gas production
- February 2019-Signed PSA to acquire 15 well package located in Montana from Greylock Energy
- April 2019-Acquired cash bonds to allow for operatorship of purchased well package \$95,000 in bonds
 - 2x Single well bonds \$10,000/well, total \$20,0000
 - Montana blanket bond of \$50,000
 - Federal well bond of \$25,000
- May 2019- Began work to return Mackay Dome to production, multiple facility/well work required after production had been shut-in for 3+ years
- May 2019- Secure oil purchase contract with Phillips66 in Billings, MT.
- Late May 2019- Returned Federal 1H/2H wells to production
 - Utilizing the Foothills 6D (state of Montana bond) as disposal well
- June 2019- First Sales and consistent operations from Mackay Dome
- August 2019- Returned Foothills 9H to production
- October 2019- RTP Foothills 1H/2H to test, treater issues report 52bbls of production to 2H
- February 2020-Beginning to see significant decrease in oil prices, net contract purchase price for Feb 2020=\$17.28/bbl. Running economics to determine breakeven costs.
- March-June 2020-All wells shut-in due to extremely low commodity prices. Laid field staff off.
 - March net contract price/bbl=\$2.8/bbl
 - April net contract price/bbl= **-\$6.50/bbl**
 - May net contract price/bbl= \$1.67/bbl
 - June net contract price/bbl= \$23.97/bbl
- July 2020- RTP Federal 1H/2H
- October/November 2020-Lost a phase of buried primary power, required to plow in new primary power leg, \$24,000 capital required. 30 days of downtime with 0 production
- February 2021-Boiler at Federal well battery failed, waiting on parts which were delayed by covid related supply chain issues. 12 days of downtime with 0 production
- October 2021- RTP Foothills 9H
- December 2021 – Shut-in Foothills 9H due to boiler failure, wait on parts to fix (3-6mo out due to supply chain issues)
- June 2022- Heavy rainstorms create flooding in Roscoe/Red Lodge area, washing away bridges to and from the Mackay Dome field. 7 days of downtime with 0 production.
- June 2022- Submitted plugging notice to BLM to P&A Federal 3H, signed contract with Continental Well Service (Casper, WY) to commence well plugging in August 2022. Continental delayed mobilization continuously citing abundance of work plugging local wells due to the Federal Grant to plug orphan wells on Federal lands located in Wyoming.
 - Federal Grant also applied to Montana having the same net effect of committing service companies to consistent P&A work, and neglecting other operator's plugging obligations.
- July 2022- RTP Foothills 9H, Boiler parts sourced and installed



- May 2023- Drive Head on Federal 2H failed, replaced with Drive Head stacked in yard, 4 days of downtime 0 production
- June/July 2023-Plan to RTP Foothills 1H/2H having sourced new treater parts and installing new VFD and water transfer pump.



Dean Dome Structure (Top of Greybull Sandstone)



Rate/Time Graph

Modern Bank Base Case Prices

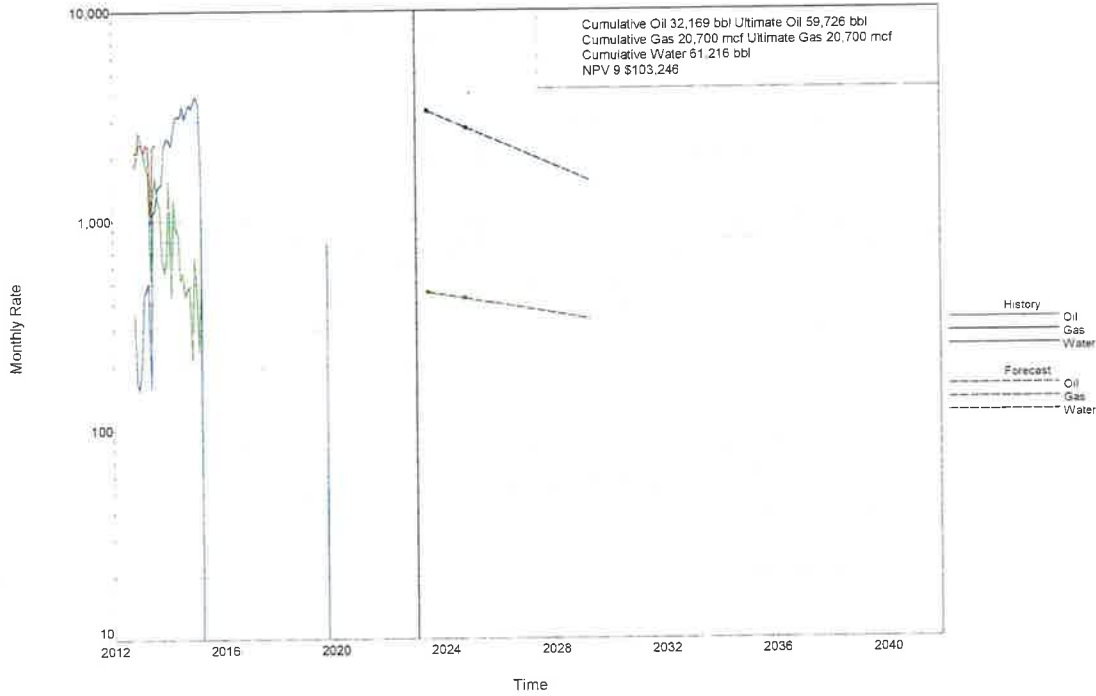
Project: C:\Users\Rick\Documents\IHS\PowerTools\Projects v9.3\Midway 012023 MBC.mdb

Date: 2/28/2023
Time: 2:23 PM

Lease Name: ECA FOOTHILLS 2-H PDNP ()
County: ST: CARBON, MT
Location: 13 6S 17E NW SW

Operator: MIDWAY ENERGY LLC
Field Name: MACKAY DOME

MIDWAY ENERGY LLC ECA FOOTHILLS 2-H PDNP MACKAY DOME GREYBULL 13 6S 17E NW SW 25009212990000



Annual CashFlow Report

Date: 2/28/2023
Time: 2:20 PM

Project: C:\Users\Rick\Documents\IHS\PowerTools\Projects v9.3\Midway 012023 MBC.mdb

Lease Name: ECA FOOTHILLS 2-H PDNP ()
County: ST: CARBON, MT

Operator: MIDWAY ENERGY LLC
Field Name: MACKAY DOME

Reserve Type/Class: Proved/Developed, Shutin
Location: 13 6S 17E NW SW

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/Mcf)	
12/2023	1	3,103	0	2,287	0	38.22	0.00	87,404
12/2024	1	5,109	0	3,765	0	38.22	0.00	143,883
12/2025	1	4,853	0	3,576	0	36.22	0.00	129,536
12/2026	1	4,611	0	3,398	0	34.22	0.00	116,264
12/2027	1	4,380	0	3,228	0	32.22	0.00	103,995
12/2028	1	4,161	0	3,066	0	32.22	0.00	98,796
04/2029	1	1,340	0	988	0	32.22	0.00	31,822
Grand Total:		27,557	0	20,307	0	35.05	0.00	711,699

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	9% Cash Flow (\$)
12/2023	51,243	6,210	29,950	15,149	14,802	14,802	13,474
12/2024	87,846	10,222	45,814	0	45,814	60,616	40,170
12/2025	87,846	9,203	32,487	0	32,487	93,103	26,140
12/2026	87,846	8,260	20,158	0	20,158	113,261	14,889
12/2027	87,846	7,388	7,761	0	8,761	122,022	5,949
12/2028	87,846	7,019	3,931	0	3,931	125,953	2,460
04/2029	29,282	2,261	279	0	279	126,232	164
Grand Total:	519,755	50,563	141,380	15,149	126,232	126,232	103,246

Discounted Values:

Rate	Value	%	Oil	%	Gas	%
0%	126,232	15%	91,541	75%	39,305	90%
9%	103,246	20%	83,395	90%	33,822	90%
10%	101,126	35%	65,076	100%	30,853	100%
12%	97,098	50%	52,700			

Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	59,726	20,700
Historic Gross	32,169	20,700
Gross at Eff Date	32,169	20,700
Remaining Gross	27,557	0
Remaining Net	20,307	0

Economic Dates:

Effective Date	01/2023
Calculated Limit	04/2029
Economic Life	76 Months
6 Years 4 Months	
Net Payout Date:	09/2023
Rate of Return:	>100%
Return on Investment:	9.33
Disc Return on Invest:	8.06
BTU Content:	1,000 mmbtu/mcf
Gravity:	Oil: 28.00 Gas: 0.800

Initial Division of Interest:

	WI:	Oil:	Gas:	Injection:	NRI	ORI
	97.606600	73.690100	73.690100	0.000000	0.000000	0.000000
Reversion Date:	None	0.000000	0.000000	0.000000	0.000000	0.000000



BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANAIN THE MATTER OF MIDWAY ENERGY, LLC INACTIVE
WELLS IN CARBON, MUSSELSHELL, AND STILLWATER
COUNTIES, MONTANA.

ADMINISTRATIVE ORDER 7-A-2023

On November 16, 2022, staff received an email and a phone call from a landowner requesting that the locations of the J. Orr 1, Tyler Orr 2, and Keller 3 wells, operated by Midway Energy, LLC (Midway), be plugged and abandoned and the locations restored. The wells had not had production in over two years. A subsequent review determined that eleven of Midway's fifteen wells it operates in Carbon, Musselshell, and Stillwater Counties, Montana, have been inactive for more than two years.

On December 20, 2022, a certified letter was mailed to Midway requesting a plan and schedule of abandonment for the inactive wells or justification with supporting documentation for leaving the inactive wells unplugged. This request was made in accordance with ARM 36.22.1307. No response was received.

On March 9, 2023, a follow up email was sent. Midway responded with a review of each well. No reduction of plugging liability had been included in Midway's response.

Scotti Gray, attorney, and Colin Moody, geologist and co-owner, appeared on behalf of Midway to provide an update. Midway testified it planned to: 1) reactive the ECA Foothills 1-H and ECA Foothills 2-H wells in June or July 2023; 2) plug and abandon the ECA Federal 3-H well in mid-June 2023; 3) sell the six wells in the Dean Dome Field and if Midway is unable to sell the wells it will plug and abandon the wells; 4) transfer the Burlington Northern 4-3 well to the surface owner; and 5) plug and abandon the Hunt Creek 1-H well in the spring of 2024.

Mr. Moody requested additional time to complete the above work due to limited contractor availability.

Staff expressed concerned about the Hunt Creek 1-H well. At the October 9, 2019, business meeting, Midway stated it planned to plug the Hunt Creek 1-H well and was waiting on bid proposals. Since 2019, no intent to abandon the Hunt Creek 1-H well has been received and the well remains unplugged.

As of the June 14, 2023, business meeting, Midway has reactivated one of its of its shut-in wells since taking over the wells four years ago.

IT IS THEREFORE ORDERED by the Board that Midway must provide staff a detailed well plan with a timeline and benchmarks for reactivating, transferring, or plugging its inactive wells prior to July 26, 2023. Staff will provide the Board an update at the August 9, 2023, business meeting of Midway's report and its progress to reduce its plugging liability.

IT IS FURTHER ORDERED that Midway appear at the December 7, 2023, public hearing to provide an update of its activities to reduce its plugging liability by either plugging wells or returning wells to production.

Dated this 14th day of June, 2023

Montana Board of Oil and Gas Conservation

Benjamin Jones, Administrator

**MONTANA BOARD OF OIL AND GAS CONSERVATION
FINANCIAL STATEMENT
As of 6/7/23
Fiscal Year 2023: Percent of Year Elapsed - 94%**

		Budget	Expends	%	Remaining
Regulatory	Personal Services	1,254,273	983,002	78	271,271
UIC	Personal Services	274,198	266,450	97	7,748
	Total	1,528,471	1,249,452	82	279,019
Regulatory	Equipment & Assets	46,371	71,282	154	(24,911)
UIC	Equipment & Assets	10,179	15,647	154	(5,468)
	Total	56,550	86,929	154	(30,379)
Regulatory	Operating Expenses:				
	Contracted Services	165,870	66,230	40	99,640
	Supplies & Materials	49,938	38,480	77	11,458
	Communication	58,303	40,227	69	18,076
	Travel	34,276	11,635	34	22,641
	Rent	8,185	678	8	7,507
	Utilities	19,762	13,639	69	6,123
	Repair/Maintenance	33,292	34,140	103	(848)
	Other Expenses	23,979	20,789	87	3,190
	Total Operating Expenses	393,605	225,819	57	167,786
UIC	Operating Expenses:				
	Contracted Services	27,432	13,219	48	14,213
	Supplies & Materials	10,962	7,158	65	3,804
	Communication	12,798	8,056	63	4,742
	Travel	7,524	2,554	34	4,970
	Rent	1,797	149	8	1,648
	Utilities	4,338	2,645	61	1,693
	Repair/Maintenance	7,308	6,795	93	513
	Other Expenses	5,264	14,868	282	(9,604)
	Total Operating Expenses	77,423	55,444	72	21,979
	Total	471,028	281,263	60	189,765
Regulatory	Debt Services	15,163	15,163	100	-
UIC	Debt Services	3,329	3,329	100	-
	Total	18,492	18,492	100	-

	Budget	Expends	%	Remaining
Carryforward FY21				
Personal Services	55,270	-	0	55,270
Operating Expenses	55,270	-	0	55,270
Equipment & Assests	55,271	-	0	55,271
Total	165,811	-	0	165,811

Funding Breakout	2022 Total Budget	2022 Total Expends	%
State Special	2,074,541	1,636,136	79
Federal 2023 UIC (10-1-2022 to 9-30-2023)	107,879	-	0
Total	2,182,420	1,636,136	75

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT			
	FY 23	FY 22	
Oil & Gas Production Tax	\$ 2,369,333	\$ 4,378,844	
Oil Production Tax	2,098,618	3,920,682	
Gas Production Tax	270,715	458,163	
Drilling Permit Fees	11,425	14,250	
UIC Permit Fees	238,600	237,800	
Interest on Investments	155,019	11,240	
Copies of Documents	514	965	
Miscellaneous Reimbursements	-	16,375	
TOTAL	\$ 2,774,891	\$ 4,659,474	
Account Balance	\$ 6,419,009		

REVENUE INTO DAMAGE MITIGATION ACCOUNT			
	FY 23	FY 22	
RIT Investment Earnings:	-	\$ 318,467	
July	-	-	
August	-	27,126	
September	-	20,838	
October	-	23,519	
November	-	27,779	
December	-	20,564	
January	-	24,103	
February	-	28,189	
March	-	20,008	
April	-	26,853	
May	-	28,372	
June	-	71,115	
Bond Forfeitures:	75,116	150,251	
Interest on Investments	14,969	714	
TOTAL	\$ 90,085	\$ 469,431	
Account Balance	\$ 490,917		

REVENUE INTO GENERAL FUND FROM FINES			FY 23
GAS MANAGEMENT SERVICES LLC	7/12/2022		130
DANIEL WINE	7/14/2022		70
YELLOWSTONE PETROLEUMS INC	7/19/2022		75
BRAINSTORM ENERGY INC	7/21/2022		210
HAWLEY MERRILL	7/21/2022		60
RIM ROCK COLONY INC	7/21/2022		130
MISC OIL CO	7/21/2022		70
R AND A OIL INC	8/3/2022		120
R AND A OIL INC	8/3/2022		120
SONKAR INC	8/3/2022		60
BLACK GOLD ENERGY RICHLAND FACILITY INC	8/19/2022		120
BLACK GOLD ENERGY	8/19/2022		120
MANECKE ANDRIA	8/31/2022		200
BLACK GOLD ENERGY RICHLAND FACILITY INC	8/31/2022		2,000
HAWLEY OIL LLP	9/16/2022		250
HOFFLAND JAMES D	9/16/2022		70
BRANDON OIL / BRANDON BILL	10/19/2022		70
BRAINSTORM ENERGY INC	11/4/2022		210
D&A WATER DISPOSAL LLC / WYRICK DONALD	11/4/2022		180
HAWLEY HYDROCARBONS LLP	12/19/2022		70
SLOHCIN INC	12/22/2022		90
TOWN OF SACO	12/30/2022		60
BLACK GOLD ENERGY	1/4/2023		10,500
MONTANA OIL AND GAS LLC	1/6/2023		130
PAUGH, THEA AND JERRY	1/12/2023		70
BALLANTYNE VENTURES LLC	1/20/2023		140
BOOTSTRAP OIL LLC	1/20/2023		180
HAWLEY HYDROCARBONS LLP	1/20/2023		70
BLACK GOLD ENERGY RICHLAND FACILITY INC	1/25/2023		140
HAWLEY OIL LLP	1/25/2023		500
BLACK GOLD ENERGY	2/10/2023		10,500
ITTER LABER & ASSOCIATES INC	2/17/2023		60
SELECT ENERGY SERVICES	2/27/2023		1,340
FORZA OPERATING LLC	2/27/2023		1,500
WENIGER ARLI	3/3/2023		80
RELENTLESS OIL FIELD INNOVATION	3/8/2023		70
JUSTICE SWD LLC	3/8/2023		70
BLACK GOLD ENERGY INDIAN MOUND	3/8/2023		10,500
WESTERN MEADOWLARK RESOURCES LLC	3/22/2023		300
BIG SKY ENERGY LLC	3/24/2023		1,080
DIAMOND HALO GROUP LLC	3/31/2023		140
BLACK GOLD ENERGY INDIAN MOUND	4/7/2023		10,500
MCOIL MONTANA ONE LLC	4/14/2023		220
CREMER ENERGY INC	4/28/2023		60
COMANCHE DRILLING LLC	5/11/2023		130
BBX OPERATING LLC	5/12/2023		80
WHITE ROCK ENERGY LLC	5/19/2023		5,000
BLACK GOLD ENERGY INDIAN MOUND	5/19/2023		10,500
BOOTSTRAP OIL LLC	5/26/2023		100
RESERVE OPERATING CORP	5/26/2023		140
TOTAL			\$ 68,565

DAMAGE MITIGATION CONTRACTS

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
P&R TOI MT AG Station 28-41 PA Well	\$ 74,891	\$ 74,891	\$ -	Completed	1/31/2023
TOTAL	\$ 74,891	\$ 74,891	\$ -		

FEDERAL ORPHAN WELL PLUGGING CONTRACTS

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
CBM PLUG AND RECLAIM WELLS	\$ 253,000	\$ -	\$ 253,000	Under Contract	9/30/2025
GLENDIVE DISTRICT PLUG AND RECLAIM WELLS	791,250	723,742	67,508	Under Contract	9/30/2025
PLENTYWOOD PLUG AND RECLAIM WELLS	3,163,756	-	3,163,756	Under Contract	9/30/2025
PLENTYWOOD WEST PLUG AND RECLAIM WELLS	1,393,884	-	1,393,884	Under Contract	9/30/2025
ROUNDUP A PLUG AND RECLAIM WELL	3,408,954	1,655,771	1,753,184	Under Contract	9/30/2025
ROUNDUP B PLUG AND RECLAIM WELL	131,660	-	131,660	Under Contract	9/30/2025
ROUNDUP C PLUG AND RECLAIM WELLS	241,275	-	241,275	Under Contract	9/30/2025
SHELBY 1 PLUG AND RECLAIM WELLS	561,406	-	561,406	Under Contract	9/30/2025
SHELBY 2 PLUG AND RECLAIM WELLS	508,911	-	508,911	Under Contract	9/30/2025
SHELBY 3 PLUG AND RECLAIM WELLS	303,156	-	303,156	Under Contract	9/30/2025
SHELBY 4 PLUG AND RECLAIM WELLS	209,000	-	209,000	Under Contract	9/30/2025
SHELBY H2S PLUG AND RECLAIM WELLS	182,025	-	182,025	Under Contract	9/30/2025
SIDNEY PLUG AND RECLAIM WELLS	1,796,634	-	1,796,634	Under Contract	9/30/2025
TOTAL	\$ 12,944,911	\$ 2,379,513	\$ 10,565,399		

OPERATING CONTRACTS

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
Agency Legal Services 2023	\$ 70,000	\$ 41,546	\$ 28,454	Under Contract	6/30/2023
Billings Janitorial	19,415	16,418	2,997	Under Contract	9/30/2023
Billings Lawn and Snow Removal	24,000	17,794	6,206	Under Contract	9/30/2023
Shelby O&G Lease	110,946	73,964	36,982	Under Contract	5/31/2025
TOTAL	\$ 224,361	\$ 149,723	\$ 74,639		

**Agency Legal Services
Expenditure Breakout**

<u>Case</u>	<u>Amt Spent</u>
BOGC Duties	\$ 18,928
Pheonix Capital	22,618
Total	\$ 41,546

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

4/12/2023 Through 6/13/2023

Approved

True Oil LLC		7840 T1	Approved	4/19/2023
Casper WY			Amount:	\$10,000.00
			Purpose:	UIC Single Well Bond
Surety Bond	\$10,000.00	Endurance Assurance Corporation		ACT

Canceled

Roland Oil and Gas		589 L1	Canceled	5/23/2023
Cut Bank MT			Amount:	\$10,000.00
			Purpose:	Limited Bond

Forfeiture Ordered

Mystique Resources Company		653 G1	Forfeiture Ordered	4/13/2023
Aurora CO			Amount:	\$10,000.00
			Purpose:	Single Well Bond
Certificate of Deposit	\$10,000.00	1ST BANK OF SIDNEY		ACT

Incident Report

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitude	County	T-R-S
Citation Oil & Gas Corp.	BOG	5/2/2023	Spill or Release		75 Barrels	Flow Line - Injection	No	48.45759	-109.22945	Blaine	31N-19E-11 NESW
Denbury Onshore, LLC	BOG	5/3/2023	Spill or Release		350 Barrels	Flow Line - Injection	Yes	46.69612	-104.51357	Wibaux	11N-57E-23 NENW
Denbury Onshore, LLC	BOG	5/18/2023	Spill or Release		60 Barrels	Flow Line - Injection	No	46.60257	-104.44744	Fallon	10N-58E-20 NWSE
Denbury Onshore, LLC	BOG	5/23/2023	Spill or Release	2 Barrels		Flow Line - Production	No			Wibaux	11N-57E-4 NWNW
Black Gold Energy Richland Facility, Inc.	BOG	5/24/2023	Spill or Release		50 Barrels	Tank or Tank Battery	No	47.77552	-104.26780	Richland	23N-58E-10 NWNW
Denbury Onshore, LLC	BOG	5/26/2023	Spill or Release	50 Barrels		Treater	No	46.29680	-104.14431	Fallon	6N-60E-1 SWSE
White Rock Oil & Gas, LLC	BOG	5/28/2023	Spill or Release		10 Barrels	Flow Line - Injection	No	47.89534	-104.28729	Richland	25N-58E-30 NWNW
Denbury Onshore, LLC	FED	5/30/2023	Spill or Release	220 Barrels		Tank or Tank Battery	No	46.11639	-104.05472	Fallon	4N-62E-8 NESW

Docket Summary

52-2023	Heritage Energy Operating, LLC	Temporary spacing unit, Bakken/Three Forks Formation, 28N-57E-3: all, 4: all, 200' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion.	Continued	Should have language that operations must commence from 1 year after date of order? Continued to August hearing, email received 6/13/23.	<input type="checkbox"/>
53-2023	Kraken Oil & Gas LLC	Permanent spacing unit, Bakken/Three Forks Formation, 25N-59E-23: all, 24: all, 25: all, 26: all, 35: all, and 36: all (Alligator 23-26-35 #1H, Alligator 23-26-35 #2H, Alligator 23-26-35 #3H, and Alligator 24-25-36 #4H).		OTSU, Order 79-2022 Additional wells, Order 80-2022 Related applications: 53-2023, 54-2023	<input type="checkbox"/>
54-2023	Kraken Oil & Gas LLC	Pool, permanent spacing unit, Bakken/Three Forks Formation, 25N-59E-23: all, 24: all, 25: all, 26: all, 35: all, and 36: all (Alligator 23-26-35 #1H, Alligator 23-26-35 #2H, Alligator 23-26-35 #3H, and Alligator 23-26-35 #4H). Non-consent penalties requested.		Related applications: 53-2023, 54-2023	<input type="checkbox"/>
55-2023	Kraken Oil & Gas LLC	Permanent spacing unit, Bakken/Three Forks Formation, 25N-59E-30: all, 31: all (Katrina 30-31 #1H, Katrina 30-31 #2H, Katrina 30-31 #3H, and Katrina 30-31 #4H).		OTSU, Order 104-2019 Additional wells, Order 22-2021 Related applications: 55-2023, 56-2023	<input type="checkbox"/>
56-2023	Kraken Oil & Gas LLC	Pool, permanent spacing unit, Bakken/Three Forks Formation, 25N-59E-30: all, 31: all (Katrina 30-31 #1H, Katrina 30-31 #2H, Katrina 30-31 #3H, and Katrina 30-31 #4H). Non-consent penalties requested.		Related applications: 55-2023, 56-2023	<input type="checkbox"/>
57-2023	Kraken Oil & Gas LLC	Permanent spacing unit, Bakken/Three Forks Formation, 25N-59E-29: all, 32: all (Leah 29-32 #1H, Leah 29-32 #2H, Leah 29-32 #3H, and Leah 29-32 #4H).	Continued	OTSU, Order 106-2019 Additional wells, Order 18-2022 Related applications: 57-2023, 58-2023 Continued to August hearing, email received 6/6/23.	<input type="checkbox"/>
58-2023	Kraken Oil & Gas LLC	Pool, permanent spacing unit, Bakken/Three Forks Formation, 25N-59E-29: all, 32: all (Leah 29-32 #1H, Leah 29-32 #2H, Leah 29-32 #3H, and Leah 29-32 #4H). Non-consent penalties requested.	Continued	Related applications: 57-2023, 58-2023 Continued to August hearing, email received 6/6/23.	<input type="checkbox"/>
59-2023	Kraken Oil & Gas LLC	Designate overlapping temporary spacing unit, Bakken/Three Forks Formation, 28N-58E-1: all, 2: all, 11: all, 12: all, 200' heel/toe setbacks, well at a location proximate to the common boundary between the temporary spacing unit 28N-58E-2, 11, and permanent spacing unit 28N-58E-1, 12. Apply for permanent spacing within 90 days of completion. Operations must commence within one year of date of order. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well.		28N-58E-1, 12: PSU, order 181-2012 28N-58E-2, 11: TSU, order 303-2010 - no current development plans	<input type="checkbox"/>

60-2023	Kraken Oil & Gas LLC	Temporary spacing unit, Bakken/Three Forks Formation, 26N-58E-31: all, 25N-58E-6: all, 7: all, 200' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Operations must commence within one year of date of order. Vacate Orders 205-2014 (Temporary spacing unit, Bakken/Three Forks Formation, 25N-58E-6: all, 7: all) and 325-2014 (Amend Order 205-2014 to authorize the drilling of up to 5 horizontal wells, 500' lateral, 200' heel/toe setbacks in temporary spacing unit, Bakken/Three Forks Formation, 25N-58E-6: all, 7: all.).	<i>Related applications: 60-2023, 61-2023</i>	<input type="checkbox"/>
61-2023	Kraken Oil & Gas LLC	Authorize the drilling of up to three additional horizontal wells, temporary spacing unit, Bakken/Three Forks Formation, 26N-58E-31: all, 25N-58E-6: all, 7: all, 200' heel/toe setbacks and 500' lateral setbacks.	<i>Related applications: 60-2023, 61-2023</i>	<input type="checkbox"/>
62-2023	Forza Operating, LLC	Authorize the drilling of three additional wells, permanent spacing unit, Nisku Formation, 35N-1E-20: all, 330' setbacks.	<i>PSU: Order 25-2023</i>	<input type="checkbox"/>
63-2023	Forza Operating, LLC	Authorize the drilling of three additional wells, proposed permanent spacing unit, Nisku Formation, 35N-1E-27: all, 330' setbacks.	<i>Related applications: 63-2023, 31-2023</i>	<input type="checkbox"/>
64-2023	Forza Operating, LLC	Authorize the drilling of three additional wells, proposed permanent spacing unit, Nisku Formation, 35N-1E-29: all, 330' setbacks.	<i>Related applications: 64-2023, 32-2023</i>	<input type="checkbox"/>
65-2023	Forza Operating, LLC	Authorize the drilling of three additional wells, permanent spacing unit, Nisku Formation, 35N-1E-34: all, 330' setbacks.	<i>PSU: Order 15-2023</i>	<input type="checkbox"/>
66-2023	White Rock Oil & Gas, LLC	Amend 80-2008 (Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 24N-56E-13: all and 24: all, 660' setback). Amend setbacks to 200' heel/toe, 500' lateral.		<input type="checkbox"/>
67-2023	White Rock Oil & Gas, LLC	Authorize the drilling of an additional horizontal well, permanent spacing unit, Bakken/Three Forks Formation, 24N-57E-18: all, 19: all, 200' heel/toe setbacks and 500' lateral setbacks.	<i>Really just asking for amended setbacks for well authorized by order 87-2008.</i>	<input type="checkbox"/>
68-2023	White Rock Oil & Gas, LLC	Amend Order 21-2009 (Overlapping temporary spacing unit, Bakken Formation, 24N-56E-13: all, 24: all and 24N-57E-18: all, 19: all; well oriented N-S between existing wells, 660' from exterior boundaries of overlapping temporary spacing unit). Modify setback to 200' heel/toe. Applicant will apply for permanent spacing within 90 days of successful well completion.		<input type="checkbox"/>
69-2023	White Rock Oil & Gas, LLC	Amend Order 60-2008 (Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 22N-59E-5: all and 8: all, 660' setback) Amend setbacks to 200' heel/toe, 500' lateral.		<input type="checkbox"/>
70-2023	White Rock Oil & Gas, LLC	Amend Order 67-2008 (Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 23N-57E-17: all and 18: all, 660' setback). Amend setbacks to 200' heel/toe, 500' lateral.		<input type="checkbox"/>

71-2023	White Rock Oil & Gas, LLC	Amend Order 90-2008 (Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 26N-53E-36: all and 25N-53E-1: all, 660' setback). Amend setbacks to 200' heel/toe, 500' lateral.		<input type="checkbox"/>
72-2023	White Rock Oil & Gas, LLC	Designate overlapping temporary spacing unit, Bakken/Three Forks Formation, 22N-59E-2: all, 3: all, 10: all, 11: all, 200' heel/toe setbacks, well at a location proximate to the common boundary between the permanent spacing unit 22N-59E-2, 3, and permanent spacing unit 22N-59E-10, 11. Apply for permanent spacing within 90 days of completion. Operations must commence within one year of date of order. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well.	Withdrawn	<input type="checkbox"/>
			<i>Application withdrawn, email received 6/9/23.</i>	
73-2023	White Rock Oil & Gas, LLC	Designate overlapping temporary spacing unit, Bakken/Three Forks Formation, 23N-58E -6: all, 7: all, 200' heel/toe setbacks and 500' lateral setbacks. Apply for permanent spacing within 90 days of completion. Operations must commence within one year of date of order. Amend Board Order 2-2002 to clarify that said order is limited to the Dynneson #11X-5H well. Amend Board Order 254-2005 to clarify that said order is limited to the Norgaard #12-6H well. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well.		<input type="checkbox"/>
74-2023	HB Oil, LLC	Change of operator of 16 wells from H&R Energy, LLC to HB Oil, LLC.		<input type="checkbox"/>
75-2023	Empire North Dakota LLC	Provide an update of its activities to reduce its plugging liability by either plugging wells or returning wells to production, per Board Order 13-2023.		<input type="checkbox"/>
31-2023	Forza Operating, LLC	Permanent spacing unit, Nisku Formation, 35N-1E-27: all (Turner 27-1H).		<input type="checkbox"/>
			<i>Statewide 160 acres TSU: E½W½ of Section 27, T35N-R1E Related applications: 63-2023, 31-2023</i>	
32-2023	Forza Operating, LLC	Permanent spacing unit, Nisku Formation, 35N-1E-29: all (Grinde 29-1H).		<input type="checkbox"/>
			<i>Statewide 160 acres TSU: E½E½ of Section 29, T35N-R1E Related applications: 64-2023, 32-2023</i>	
46-2023	Black Gold Energy Sheridan Facility, Inc.	Change of operator of a commercial disposal well (Sheridan Facility SWD, API # 091-21892) from Cypress Energy Partners - Sheridan SWD, LLC to Black Gold Energy Sheridan Facility, Inc.		<input type="checkbox"/>
76-2023	Brainstorm Energy, Inc.	Show Cause: failure to file production reports and pay administrative fees.	Dismissed	<input type="checkbox"/>
			<i>The delinquent reports/fee was received. Docket administratively dismissed in accordance with policy.</i>	
77-2023	Colossus Operating LLC	Show Cause: failure to pay administrative fees assessed for delinquent reporting.	Dismissed	<input type="checkbox"/>
			<i>The delinquent reports/fee was received. Docket administratively dismissed in accordance with policy.</i>	

78-2023	Hesla Oil, LLC	Show Cause: failure to file production and injection reports and pay administrative fees.	Dismissed	<i>The delinquent reports/fee was received. Docket administratively dismissed in accordance with policy.</i>	<input type="checkbox"/>
79-2023	Reserve Operating Corp.	Show Cause: failure to pay administrative fees assessed for delinquent reporting.	Dismissed	<i>The delinquent reports/fee was received. Docket administratively dismissed in accordance with policy.</i>	<input type="checkbox"/>
80-2023	Brandon Oil Company	Show Cause: why it should not immediately plug and abandon its wells in Toole County, Montana.			<input type="checkbox"/>
108-2021	Black Gold Energy Resource Development, LLC	Show Cause: why penalties should not be considered for failure to remedy violations at its Indian Mound 1 well, Section 15, T23N-R55E, Richland County, Montana.			<input type="checkbox"/>

ALL APPLICATIONS, 6/15/2023

(In Order of Publication)

Docket	Applicant / Respondent	Status	Request
52-2023	Heritage Energy Operating, LLC	Continued	Temp. Spacing
53-2023	Kraken Oil & Gas LLC		Spacing
54-2023	Kraken Oil & Gas LLC		Pooling
55-2023	Kraken Oil & Gas LLC		Spacing
56-2023	Kraken Oil & Gas LLC		Pooling
57-2023	Kraken Oil & Gas LLC	Continued	Spacing
58-2023	Kraken Oil & Gas LLC	Continued	Pooling
59-2023	Kraken Oil & Gas LLC		Temp. Spacing
60-2023	Kraken Oil & Gas LLC		Temp. Spacing; Vacate Order
61-2023	Kraken Oil & Gas LLC		Well Density
62-2023	Forza Operating, LLC		Well Density
63-2023	Forza Operating, LLC		Well Density
64-2023	Forza Operating, LLC		Well Density
65-2023	Forza Operating, LLC		Well Density
66-2023	White Rock Oil & Gas, LLC		Spacing Amendment
67-2023	White Rock Oil & Gas, LLC		Well Density
68-2023	White Rock Oil & Gas, LLC		Spacing Amendment
69-2023	White Rock Oil & Gas, LLC		Spacing Amendment
70-2023	White Rock Oil & Gas, LLC		Spacing Amendment
71-2023	White Rock Oil & Gas, LLC		Spacing Amendment
72-2023	White Rock Oil & Gas, LLC	Withdrawn	Temp. Spacing
73-2023	White Rock Oil & Gas, LLC		Temp. Spacing
74-2023	HB Oil, LLC		Change of Operator
75-2023	Empire North Dakota LLC		Other
31-2023	Forza Operating, LLC		Spacing
32-2023	Forza Operating, LLC		Spacing
46-2023	Black Gold Energy Sheridan Facility, Inc.		Change of Operator
76-2023	Brainstorm Energy, Inc.	Dismissed	Show-Cause
77-2023	Colossus Operating LLC	Dismissed	Show-Cause
78-2023	Hesla Oil, LLC	Dismissed	Show-Cause
79-2023	Reserve Operating Corp.	Dismissed	Show-Cause
80-2023	Brandon Oil Company		Show-Cause
108-2021	Black Gold Energy Resource Development, LLC		Show-Cause

APPLICATIONS TO HEAR, 6/15/2023

(In Order of Hearing)

Docket	Applicant	Status	Request
53-2023	Kraken Oil & Gas LLC		Spacing
54-2023	Kraken Oil & Gas LLC		Pooling
55-2023	Kraken Oil & Gas LLC		Spacing
56-2023	Kraken Oil & Gas LLC		Pooling
59-2023	Kraken Oil & Gas LLC		Temp. Spacing
60-2023	Kraken Oil & Gas LLC		Temp. Spacing; Vacate Order
61-2023	Kraken Oil & Gas LLC		Well Density
62-2023	Forza Operating, LLC		Well Density
31-2023	Forza Operating, LLC		Spacing
63-2023	Forza Operating, LLC		Well Density
32-2023	Forza Operating, LLC		Spacing
64-2023	Forza Operating, LLC		Well Density
65-2023	Forza Operating, LLC		Well Density
66-2023	White Rock Oil & Gas, LLC		Spacing Amendment
67-2023	White Rock Oil & Gas, LLC		Well Density
68-2023	White Rock Oil & Gas, LLC		Spacing Amendment
69-2023	White Rock Oil & Gas, LLC		Spacing Amendment
70-2023	White Rock Oil & Gas, LLC		Spacing Amendment
71-2023	White Rock Oil & Gas, LLC		Spacing Amendment
73-2023	White Rock Oil & Gas, LLC		Temp. Spacing
74-2023	HB Oil, LLC		Change of Operator
75-2023	Empire North Dakota LLC		Other
80-2023	Brandon Oil Company		Show-Cause
108-2021	Black Gold Energy Resource Development, LLC		Show-Cause
46-2023	Black Gold Energy Sheridan Facility, Inc.		Change of Operator

GAS FLARING

June 14, 2023

Flaring Requests

Summary

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

There are three exceptions requested at this time.

Petro-Hunt –

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

1. Flaring 116 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 116 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 111 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.

Inactive Wells, Phase 1 - From 6/14/2023 Current Actions

CoName	Total_Wells SI	Last_Inj-Prod	Actions	Recommendations
Grassy Butte LLC	2		Kesterson 5 need landowner water right and landowner agreement release. Kesterson 6 needs evaluation again with operations on pit and well.	email sent on 2/10/2023
Rimrock Oil Company	1	1/31/2003	Reporting caught up, bonded operator working on selling well in 2023	
Interstate Exploration, LLC	3	N/A	Monitoring 3 Spud wells up to the February 2023 Business Meeting. Waiting on contact from operator for plans of well. Certified letter sent 5/22/2022. Contact made on 10/7/2022, with no response since that time. Email sent 11/29/2022 Keith Atwood for intents to P/A by Feb 1, 2023. Certified letter to be sent on 1/6/2023 for plans. 1/29/2023 Letter in response to operations.	Emailed 5/26/2023 for status update no response.
Midway Energy, LLC	11	4/15 wells producing or injecting	Report during business meeting 6/14/2023	
Omimex	23	0 producing	Working Montalban on Plugging and Abandoning wells.	Monitor
Yellowstone Petroleums	14	9/38 producing	Letter sent to Operator in Canada on 2/28/2023. No response to ARM 36.22.1303(1) on explanation of operations or plugging.	Send second later asking for update within next 30 days, no update operator will be required to show up to next business meeting with update. No show will be pushed to Show Cause for October 2023 hearing.
Noah Energy, Inc.	5	1 Inj, 4 Oil	Nothing for injection well reported since 2018. All Oil wells Shut-In	Send certified mail per ARM 36.22.1303(1) on 6/19/2023
Delphi International	3	3	Operator response to wells, working on getting 1 operational, 2 working on plugging plans with Chief Field inspector.	Response received to Certified mail sent on 5/5/2023
Total Wells	62			

Operators responded with Updates as of 6/13/2023

CoName	Total Wells	Last Inj-Prod	
Beartooth Energy, LLC	4	9/30/2014	Certified Letter sent on 11/10/2022 regarding 2 wells. Response received. Plans to plug 2 wells, sell other 2. 1 Fed well bond, 2 single well bonds of \$10,000, and 1 single well bond of \$5,000. Contacted 6/12/2023 to see plans to plug this fall 2023.
Cypress Energy Partners	1	7/31/2013	Certified Letter sent on 11/10/2022. Response received. Request T/A status as operator has multiple parties interested in purchase. Single well bond of \$10,000.
Harvest Time Oil, Inc.	1		Family member wants to bond well domestically around January 2023.
Hofland, James D.	5	4 Wells Shut-in for more than 2 years	Certified letter sent on 9/12/2022 to P&A wells. Contact from Kym Hofland has limited intent to get wells up and running at this time. Email sent on 11/29/2022 asking for plans and timelines for well work to be done. Initiate contact week of 12/12/2022 with deadline of next business meeting to fulfill request. 1/16/2023 update given staff recommends continuous monitoring through May 2023 and ask for an update again on locations. 3-\$1500 individual well bonds and 1-\$3000 well bond covering 2 wells. Email dated 12/13/2022 indicating letter to be sent to BOGC on updated plans for wells
T.W.O. Operating (Taylor Well Operating)	11	2 oil wells producing at this time	11 Gas wells SI, 8/26/2020 received Intent to Abandon from Operator. No Followup at this time. Certified Letter sent 1/9/2023 for timeline of plugging wells. TWO phone conversation 1/25/2023 waiting on services.

Operators under Show Cause 6/13/2023

CoName	Total_Wells	Last_Inj-Prod	Actions
Brandon Oil Company	2	0 Producing	Certified Letter sent on 11/10/2022. Response received. Plan to plug wells in 2023. \$10,000 blanket bond covering the two wells. Letter received 2/13/2023 stating operator is not financially able to comply.

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION



GREG GIANFORTE, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

February 28, 2023

Yellowstone Petroleum, Inc.
30131 Rocky Butte Road
Calgary, Alberta T3R1K4

Re: Inactive Well Review-Well Plugging Requirement

To Whom It May Concern:

The Board of Oil and Gas Conservation ("BOGC") records indicate that 27 wells on the attached list have not produced in over 2 years.

When a well is no longer capable of production, the operator has the obligation to plug and abandon the well and to restore the location, as required by ARM 36.22.1303(1).

The owner shall not permit any well drilled for oil, gas, saltwater disposal, or any other purpose to remain unplugged after such well is no longer useful for the purpose for which it was drilled or converted. When a well is no longer capable of production because the underlying reservoir or reservoirs are depleted and there is no possible future use for the well in supplemental recovery operations or for disposal facilities, the operator shall within one year plug and abandon the well as set forth in this subchapter, unless otherwise authorized by the petroleum engineer or his authorized agent.

No later than June 13th, 2023, please submit to this office plans and timelines for plug and abandoning of wells on the attached list. If the well has the potential for future use, please provide a request for the inapplicability of the plugging requirement and well-specific documentation to support the request.

Sincerely,

Ben Davis
Technical Program Coordinator
Benjamin.Davis@mt.gov

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DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

Trust Land Management Division



GREG GIANFORTE, GOVERNOR

1539 ELEVENTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-2074
TELEFAX NUMBER (406) 444-2684

PO BOX 201601
HELENA, MONTANA 59620-1601

June 6, 2023

Registered Mail RR 878 052 974 US

Yellowstone Petroleum, Inc.
30131 Rocky Butte Ranch Road
Calgary, AB T3R 1K4
CANADA

RE: **Cancellation of State of Montana Oil and Gas Lease**
State of Montana Oil and Gas Lease OG-20659-79
Township 27 North, Range 2 West
Section 16: All
Pondera County – 640.00 Acres

Dear Lessee,

This letter shall inform you that the above referenced lease is cancelling due to non-production beyond the primary term. This lease has not produced oil or gas since March of 2020. The lease was held by shut-in application for the 2020, 2021 and 2022. As stated in my letter dated April 20, 2023, a fourth consecutive shut-in application will not be accepted and the lease must have returned to production prior to June 5, 2023, to avoid cancellation. According to our records, and Montana Board of Oil and Gas, the lease is still shut-in. This lease has been canceled for non-production beyond the primary term. You will have 10 days from the receipt of this letter to respond.

If you have any questions regarding the contents of this letter, please feel free to contact me at 406-444-9518 or zackary.winfield@mt.gov.

Sincerely,

A handwritten signature in cursive script that reads "Zack Winfield".

Zack Winfield
Petroleum Engineer
Minerals Management Bureau

CC: Trevor Taylor, MMB Chief
Theresa Hossfeld, MMB Mineral Leasing Specialist

Shut-In Wells by Operator

6/12/2023

10:50:20 AM

8620	A		Wells	SI	%
Yellowstone Petroleum, Inc.			/ Well	38	27
				27	71%

U1	UIC Limited Bond	\$13,000	\$6,500.00	2	1	50%
B1	Blanket Bond	\$25,000	\$694.44	36	26	72%

SI Two to Five Years	SI Five to Ten Years	SI Greater than Ten Years	Total
2	12	13	27

8620/B1	Blanket Bond								<i>Last Non-Zero</i>
8620 B1	073-21535	BANKA 6-7	27N-2W-7	SW SE NW	2310 FNL, 1575 FWL	SI	OIL	10/31/2017	
8620 B1	073-21552	BANKA 11-7	27N-2W-7	SW NE SW	1650 FSL, 1650 FWL	SI	OIL	10/31/2017	
8620 B1	073-21621	State 5-16	27N-2W-16	NE SW NW	1650 FNL, 990 FWL	TA	OIL	2/28/2007	
8620 B1	073-21624	State 11C-16	27N-2W-16	SW NE SW	1725 FSL, 1650 FWL	TA	OIL	9/30/2006	
8620 B1	073-21520	DENZER 7-21	27N-2W-21	SW SW NE	2310 FNL, 2310 FEL	SI	OIL	3/31/2007	
8620 B1	073-21521	DENZER 8-21	27N-2W-21	NW SE NE	1650 FNL, 990 FEL	SI	OIL	12/31/2006	
8620 B1	073-21522	Denzer 2-21	27N-2W-21	SW NW NE	990 FNL, 2310 FEL	SI	OIL	1/31/2020	
8620 B1	073-21544	OIEN 6-21-27-2W	27N-2W-21	NW SE NW	1650 FNL, 1650 FWL	SI	OIL	-----	
8620 B1	073-21622	Denzer 3-21	27N-2W-21	NE NE NW	330 FNL, 2310 FWL	TA	OIL	9/30/2006	
8620 B1	101-05407	George 2X	34N-2W-8	SW SW SE	243 FSL, 2420 FEL	SI	OIL	1/31/2015	
8620 B1	101-05384	George 4-X	34N-2W-8	E2 SW SE	650 FSL, 1540 FEL	SI	OIL	3/31/2015	
8620 B1	101-05390	George 1	34N-2W-8	SE SW SE	330 FSL, 1650 FEL	SI	OIL	9/30/2006	
8620 B1	101-22297	George 10-8	34N-2W-8	SE NW SE	1540 FSL, 1540 FEL	SI	OIL	3/31/2015	
8620 B1	101-60265	George 3	34N-2W-8	W2 SW SE	660 FSL, 2420 FEL	SI	OIL	3/31/2015	
8620 B1	101-05710	Blumberg 4	35N-3W-32	SE NE NE	1100 FNL, 220 FEL	SI	OIL	6/30/1998	
8620 B1	101-05715	Blumberg 5	35N-3W-32	W2 NW NE	660 FNL, 2420 FEL	SI	OIL	9/30/2006	
8620 B1	101-05728	Blumberg 3	35N-3W-32	NE NW NE	330 FNL, 1650 FEL	SI	OIL	2/29/2016	
8620 B1	101-05734	Blumberg 2	35N-3W-32	NW NW NE	220 FNL, 2420 FEL	SI	OIL	2/29/2016	
8620 B1	101-21922	Blumberg Cox 1	35N-3W-32	NE SE NE	1540 FNL, 220 FEL	SI	OIL	7/31/2016	
8620 B1	101-22298	Blumberg 8-32	35N-3W-32	NW SE NE	1650 FNL, 1100 FEL	SI	OIL	7/31/2016	
8620 B1	101-05712	Thumm 1	35N-3W-33	SW NW NW	1100 FNL, 220 FWL	SI	OIL	5/31/2007	
8620 B1	101-05732	Thumm 2	35N-3W-33	NW NW NW	220 FNL, 220 FWL	SI	OIL	8/31/2016	
8620 B1	101-05709	Thumm 3	35N-3W-33	NW NW	1100 FNL, 660 FWL	SI	OIL	9/30/2014	
8620 B1	035-07184	Essex-Thompson 1	37N-5W-11	SE SW	330 FSL, 2310 FWL	SI	OIL	10/31/1986	
8620 B1	101-21802	MYHRE 3-25	32N-3E-25	S2 NE NW	990 FNL, 1980 FWL	SI	GAS	12/31/1988	
8620 B1	009-21189	Pierce Harding 10-13R	4S-24E-13	NW SE	1570 FSL, 1990 FEL	AU	GAS	-----	
8620/U1	UIC Limited Bond								<i>Last Non-Zero</i>
8620 U1	073-21469	State 14-16	27N-2W-16	SE SW	660 FSL, 2310 FWL	IA	SWD	3/31/2020	

1 Operator(s) Included in Report

Shut-In Wells by Operator

6/12/2023
1:09:27 PM

830	A		Wells	SI	%
Noah Energy, Inc.			/ Well	5	4 80%

T1	UIC Single Well Bond	\$5,000	\$5,000.00	1	1	100%
M1	Multiple Well Bond	\$50,000	\$12,500.00	4	3	75%

SI Two to Five Years	SI Five to Ten Years	SI Greater than Ten Years	Total
0	0	4	4

830/M1	Multiple Well Bond							<i>Last Non-Zero</i>
830 M1	099-21320	Rockport 14-19-27-6HZ	27N-6W-19	SE SW	330 FSL, 2050 FWL	SI	OIL	-----
830 M1	099-21315	Rockport 16-19-27-6HZ	27N-6W-19	SE SE	340 FSL, 661 FEL	SI	OIL	-----
830 M1	099-21321	Spring Hill 13-34-27-6	27N-6W-34	SW SW	330 FSL, 660 FWL	SI	OIL	-----
830/T1	UIC Single Well Bond							<i>Last Non-Zero</i>
830 T1	099-21300	Bynum North 7-34	27N-6W-34	SW NE	1660 FNL, 1660 FEL	PI	OIL	-----

1 Operator(s) Included in Report

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION



GREG GIANFORTE, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

May 5, 2023

Delphi International Inc.
1924 South Utica
Suite 1201
Tulsa, OK 74104

Re: Inactive Well Review-Well Plugging Requirement

To Whom It May Concern:

The Board of Oil and Gas Conservation ("BOGC") records indicate that 3 wells on the attached list have not produced in over 2 years.

When a well is no longer capable of production, the operator has the obligation to plug and abandon the well and to restore the location, as required by ARM 36.22.1303(1).

The owner shall not permit any well drilled for oil, gas, saltwater disposal, or any other purpose to remain unplugged after such well is no longer useful for the purpose for which it was drilled or converted. When a well is no longer capable of production because the underlying reservoir or reservoirs are depleted and there is no possible future use for the well in supplemental recovery operations or for disposal facilities, the operator shall within one year plug and abandon the well as set forth in this subchapter, unless otherwise authorized by the petroleum engineer or his authorized agent.

No later than June 13th, 2023, please submit to this office plans and timelines for plug and abandoning of wells on the attached list. If the well has the potential for future use, please provide a request for the inapplicability of the plugging requirement and well-specific documentation to support the request.

Sincerely,

A handwritten signature in black ink that reads "Benjamin J. Davis".

Ben Davis
Technical Program Coordinator
Benjamin.Davis@mt.gov

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Shut-In Wells by Operator

5/4/2023
11:38:34 AM

1963	A		Wells	SI	%
Delphi International Inc.		/ Well	3	3	100%

B2	Blanket Bond	\$25,000	\$8,333.33	3	3	100%
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SI Two to Five Years	SI Five to Ten Years	SI Greater than Ten Years	Total
1	0	2	3

1963/B2	Blanket Bond			<i>Last Non-Zero</i>
1963 B2	065-21513 Goffena 1	9N-27E-25 NW SE NW	1912 FNL, 1835 FWL	SI OIL 8/31/1994
1963 B2	065-05030 P.M Goffena 1	9N-27E-25 SE SW	760 FSL, 1925 FWL	SI OIL 10/31/2019
1963 B2	065-21800 Goffena 1 (Horiz)	9N-27E-26 SE SE NE	2263 FNL, 377 FEL	SI OIL 3/31/2008

1 Operator(s) included in Report

RECEIVED

JUN 09 2023

**MONTANA BOARD OF OIL &
GAS CONSERVATION • BILLINGS**

Mr Davis,

I received your letter dated May 5, 2023.

I have been working on trying to get the Goffena 1 and the Goffena 1 (Horizontal) plugged. I understand they need plugged and I am working on it. Neither of these two wells have been pumped in several years. During the Covid event for the last two years and even currently it has been a real challenge to get a plugging company out there. I have been talking to Liquid Gold trying to get on their plugging list. They are so busy and have not been able to give me a date yet.

The Goffena 1 well just broke a few months ago and started making water. I have been working on plugging since that happened. I spoke with John Gizicki and he was extremely helpful in getting me the names of some other plugging companies. I am waiting on the plugging orders from him so I can send it out for bids and get this done.

I have cut down the trees that you suggested in your pictures. We have fenced and netted the pit that has the oil in it from your photograph. I am also working on getting that hauled away as soon as possible.

I am in the process of fixing the PM well. I have been trying to get an electrician out there for over a year. It just needs a simple fix to get it pumping again. With the boom in construction it is so hard to get an electrician out there. I think I have one lined up in June. I am really anxious to get this fixed and to start pumping it again.

Thank you for your letter,



Alex Athens
406 240-8361