



April 21, 2015

Linda Nelson, Chairperson  
Jim Halvorson, Administrator  
Montana Board of Oil and Gas Conservation  
2535 St. Johns Avenue  
Billings, MT 59102

Dear Board Members and Mr. Halvorson,

Northern Plains Resource Council (Northern Plains) appreciates the opportunity to serve as a working partner with the Montana Board of Oil and Gas Conservation (BOGC) in order to bring about the appropriate balance between landowner protections and the extraction of Montana's oil and gas reserves. Northern Plains formed in 1972 because of proposed plans to develop vast coal resources in eastern Montana. Those plans designated eastern Montana as a sacrifice zone. Northern Plains and its affiliates opposed that designation and for more than 42 years have advocated for responsible energy development that does not harm the land, air, water, and social and economic fabric of Montana.

Northern Plains and its affiliates are concerned about the irresponsible development of oil and gas resources on Montana's state and private lands. We oppose reckless development that will create long-term negative impacts to the land, air, wildlife, surface and underground water resources, the social and cultural resources of Montana, and our rural agricultural economy. As Northern Plains believes these sentiments are shared by the BOGC, our goal is to build upon that common ground.

Northern Plains is extremely excited at the prospect of the BOGC taking up rulemaking to establish statewide setback requirements for Montana. We would like to see the Board initiate the rulemaking process at the April meeting of the Board.

At the 2015 Montana Legislature Northern Plains supported Senate Bill 177. SB 177 would have required a 1,000 foot setback of oil or gas wells from water wells or habitable buildings. While SB 177 was tabled by the Senate, Natural Resources Committee, many citizens came out in support of the bill, citing health concerns, property value depreciation, and quality of life considerations for those living in close proximity to oil and gas wells. The 1,000 foot setback proposed in SB 177 would have put Montana in line with the most protective standards established in other oil and gas producing states, such as Colorado's 1,000 foot setback from high occupancy building units such as schools and health care facilities.

Moving forward, Northern Plains would like to see the BOGC seriously consider a quarter mile (1,320 foot) setback requirement from well pad perimeters to inhabited dwellings and water wells. Establishing a setback requirement of a quarter mile would ensure oil and gas development can occur in Montana without imperiling public health or property values.

Northern Plains encourages the Board members to take this opportunity to establish themselves as leaders in the nation for promoting long-term economic stability for oil and gas producing areas by promoting development while also protecting agricultural operations, public health, and property values.

Most importantly, Northern Plains encourages the BOGC to give citizens ample opportunity for meaningful public participation in the rulemaking process. In addition to a public comment period, Northern Plains encourages the Board to host at least four public hearings spread across the state, for instance in Sidney, Billings, Helena, and Lewistown.

Northern Plains would be very glad to meet with you to further discuss setback requirement rulemaking. We would also encourage the Board to invite other parties that have already shown interest in setback requirements, for instance the Northeast Montana Land and Mineral Owners Association, to participate in the Board's discussions during the initial drafting of the rule. We greatly appreciate the BOGC's time and attention on this matter, and we look forward to working with you to ensure oil and gas development occurs responsibly across the state.

Sincerely,

Cindy Webber

A handwritten signature in cursive script that reads "Cindy Webber".

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



**REVENUE INTO STATE SPECIAL REVENUE ACCOUNT (02432) 4/24/15**

	FY 15	FY 14
510414 Oil & Gas Production Tax	\$1,238,342.85	\$2,384,297.33
Oil Production Tax	\$0.00	\$2,207,095.94
Gas Production Tax	\$0.00	\$177,201.39
503601 Drilling Permit Fees	\$36,450.00	\$44,850.00
502302 UIC Permit Fees	\$231,890.00	\$227,200.00
530025 Interest on Investments	\$3,779.94	\$3,659.91
520921 Copies of Documents	\$3,692.55	\$4,529.13
<u>Miscellaneous Reimbursemts</u>	\$10,826.36	\$0.00
<b>TOTAL</b>	<b>\$1,524,981.70</b>	<b>\$2,664,536.37</b>

**REVENUE INTO DAMAGE MITIGATION ACCOUNT (02010) as of 4/24/15**

	FY 15	FY 14
Transfer in from Orphan Share	\$0.00	\$0.00
582716 RIT Interest	\$0.00	\$0.00
545031 Bond Forfeitures	\$35,128.21	\$50,000.00
<u>530025 Interest on Investments</u>	<u>\$394.02</u>	<u>\$544.03</u>
<b>TOTAL</b>	<b>\$35,522.23</b>	<b>\$50,544.03</b>

**Investment Account Balances (1613) - 4/24/15**

Regulatory Account (02432)	\$4,796,800.78
<u>Damage Mitigation Account (02010)</u>	<u>\$456,701.77</u>
<b>TOTAL</b>	<b>\$5,253,502.55</b>

**REVENUE INTO GENERAL FUND FROM FINES as of 4/24/15**

		FY 15
AMERICAN MIDWEST OIL AND GAS CORP	1/23/2015	\$5,000.00
BENSUN ENERGY	11/21/2014	\$130.00
BLACK BUTTE DRILLING LLC	1/21/2015	\$1,000.00
BOH INCORPORATED	3/27/2015	\$140.00
BUCKLEY PRODUCING CO	12/22/2015	\$60.00
CENTRAL MONTANA RESOURCES LLC	9/12/14	\$320.00
CGC LLC/GRYNBERG, JACK	1/30/2015	\$70.00
DANIELSON PATRICIA/DANIELSON, LLOYD	10/3/14	\$70.00
DELPHI INTERNATIONAL INC	1/30/2015	\$80.00
HAWLEY HYDROCARBONS	12/19/2015	\$2,500.00
HABETS GLEN	9/17/2014	\$90.00
JHR SPECIAL/RANKIN, PAUL	8/27/14	\$80.00
KENNETH KLANIKA - STATOIL OIL AND GAS	3/20/2015	\$140.00
KNAUP HARRY AND LUCILLE	2/6/2015	\$70.00
LONGSHOT OIL LLC	1/30/2015	\$80.00
MCOIL MONTANA ONE LLC	10/17/2014	\$80.00
MCOIL MONTANA ONE LLC	1/16/2015	\$80.00
MILLER CHRISTOPHER D/MILLER, CHRISTOPHER D	8/15/14	\$1,120.00
PRIMARY PETROLEUM COMPANY LLC	10/8/14	\$100.00
QUINQUE OIL	2/6/2015	\$80.00
SBG SHERIDAN FACILITY LLC	2/6/2015	\$60.00
SBG SHERIDAN FACILITY LLC	3/20/2015	\$500.00
SEYMOUR OIL AND GAS	4/21/2015	\$260.00
SOUTHWESTERN ENERGY COMPANY	9/5/14	\$90.00
STEALTH ENERGY USA INC	9/12/14	\$90.00
STEALTH ENERGY USA INC	2/9/2015	\$70.00
<u>WEXCO RESOURCES</u>	4/6/2015	<u>\$1,000.00</u>
<b>TOTAL</b>		<b>\$13,360.00</b>

**GRANT BALANCES - 4/24/2015**

<u>Name</u>	<u>Authorized Amt*</u>	<u>Expended</u>	<u>Balance</u>	
2009 Northern RIT 10-8697	\$322,236.00	\$203,065.68	\$119,170.32	combined into new project 2009 Northern-Southern
2009 Southern RIT 10-8698	\$315,219.00	\$170,632.44	\$144,586.56	grant expires 09-30-15
2011 Southern - Tank Battery2 RIT 12-8723	\$204,951.00	\$129,460.17	\$75,490.83	grant expires 09-30-15
2011 Northern/Eastern RIT 13-8753	\$332,642.00	\$75,691.80	\$256,950.20	grant expires 12-31-15
2011 Eastern RIT 13-8752	\$318,498.00	\$277,445.00	\$41,053.00	grant expires 12-31-15
* includes match requirement for grant				
<b>TOTALS</b>	<b>\$1,493,546.00</b>	<b>\$856,295.09</b>	<b>\$637,250.91</b>	

**CONTRACT BALANCES - 4/24/2015**

	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	
MT Tech - Elm Coulee EOR Study (MOU 127220)	\$863,905.00	\$419,155.11	\$444,749.89	exp 12-31-17
C-Brewer - Big Wall Tank Battery (OG-CB-155)	\$96,458.23	\$20,967.94	\$75,490.29	exp 9-30-15
Liquid Gold Well Service - 11 Eastern (OG-LG-147)	\$316,405.00	\$277,445.00	\$38,960.00	exp 9-30-15
MT Tech - Survey of Native Proppant (SNaP)	\$383,101.00	\$218,252.95	\$164,848.05	exp 9-30-15
Teachers Workshop 2014 and 2015	\$96,000.00	\$42,085.41	\$53,914.59	exp 7-31-15
Agency Legal Services (ALS - Legal) (ALS-2015)	\$50,000.00	\$44,943.29	\$5,056.71	exp 6-30-15
Automated Maintenance Services, Inc. (OG-AMS-149)	\$21,484.00	\$16,294.59	\$5,189.41	exp 6-30-15
Liquid Gold Well Service -- 11 Northern/Eastern	\$201,325.00	\$75,691.80	\$125,633.20	exp 6-30-15
Liquid Gold Well Service, Inc. - 09 Northern-Southern (OG-LG-154)	\$263,756.00	\$0.00	\$263,756.00	exp 6-30-15
Central Avenue Mall FY 14	\$400.00	\$400.00	\$0.00	exp 5-31-15
HydroSolutions - EPA Primacy Class VI Injection (DNR12-2558T)	\$57,156.00	\$53,499.11	\$3,656.89	exp 5-31-15
MT Tech - Procedures Manual/Field Inspection System	\$32,699.00	\$8,564.72	\$24,134.28	exp 8-30-14
ALL Consulting - Server System Migration	\$21,000.00	\$21,000.00	\$0.00	exp. 7-16-14
ALL Consulting - Update Data Mining	\$28,000.00	\$28,000.00	\$0.00	exp 7-16-14
	<b>\$2,431,689.23</b>	<b>\$1,226,299.92</b>	<b>\$1,205,389.31</b>	

**ALS Expenditures 7/1/15 thru 4/24/2015**

<u>Case</u>	<u>Amt Spent</u>	<u>Last Svc Date</u>
BOGC Duties	\$20,451.21	4/7/2015
Hekkel v BOGC	\$10,584.59	4/7/2015
CCRC vs. Board	\$13,907.49	4/7/2015
<b>Total</b>	<b>\$44,943.29</b>	

# FINANCIAL REPORT OVERVIEW

Legislative Action

**From:** Murphy, Gerry  
**Sent:** Monday, April 27, 2015 4:25 PM  
**To:** Schiltz, Tricia  
**Subject:** RE: question

These are the only transfers/expenditures( other than present law) that I am aware of.

- Transfer in SB 418 to Natural Resources Operations \$1,350,000
- Sage Grouse Operations \$590,744 in FY 2016 \$495,736 in FY 2017
- OCHE DP 209 Coal and Mine Data Records BMG (Restricted/OTO) \$300,000 per year
- St. Mary's Rehab Working Group \$150,000 (Restricted) per year
- **TOTAL FOR 2017 BIEN: \$3,316,480**

Maximum allowable L&P tax rate:	0.30% of value of oil and gas sold
Rate collected:	0.26%
Board current rate:	0.09%
Difference to cities and counties:	0.17%
Minimum city/county receipts:	0.08%

Increase in board rate will decrease amount received by cities and counties. If board rate were set at 0.18% the city/county share would be 0.08% without increasing the tax collected from producers. If the board rate were set above 0.18% the tax collected from producers would increase to maintain the 0.08% city/county minimum. Board rate in excess of 0.22% would drop the city/county share to less than 0.08% (0.3% minus board rate).

**15-36-304. Production tax rates imposed on oil and natural gas**

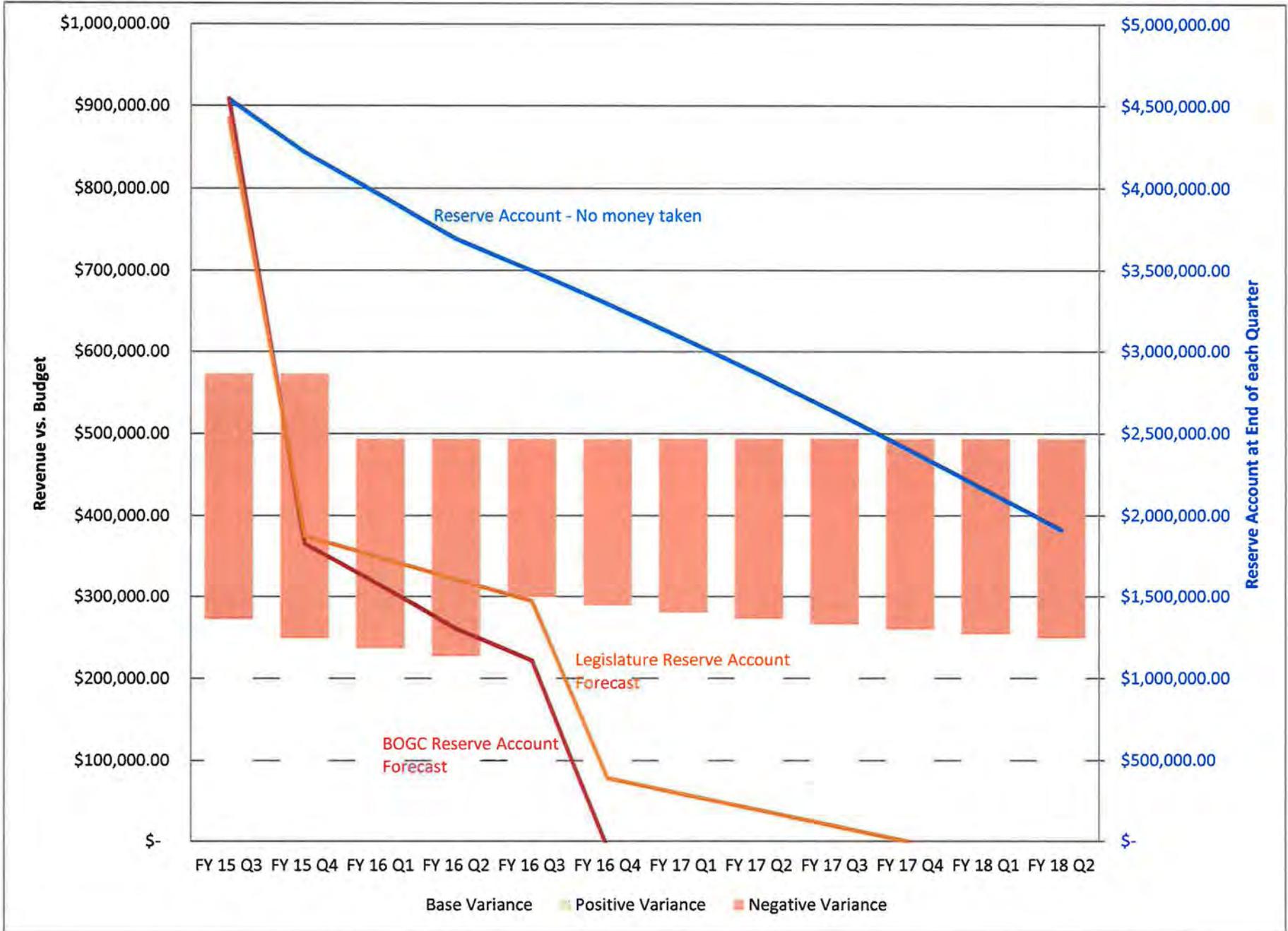
(7) (a) The tax rates imposed under subsections (2) and (5) on working interest owners and nonworking interest owners must be adjusted to include the total of the privilege and license tax adopted by the board of oil and gas conservation pursuant to 82-11-131 and the derived rate for the oil and gas natural resource distribution account as determined under subsection (7)(b).

(b) The total of the privilege and license tax and the tax for the oil and gas natural resource distribution account established in 90-6-1001(1) may not exceed 0.3%. The base rate for the tax for oil and gas natural resource distribution account funding is 0.08%, but when the rate adopted pursuant to 82-11-131 by the board of oil and gas conservation for the privilege and license tax:

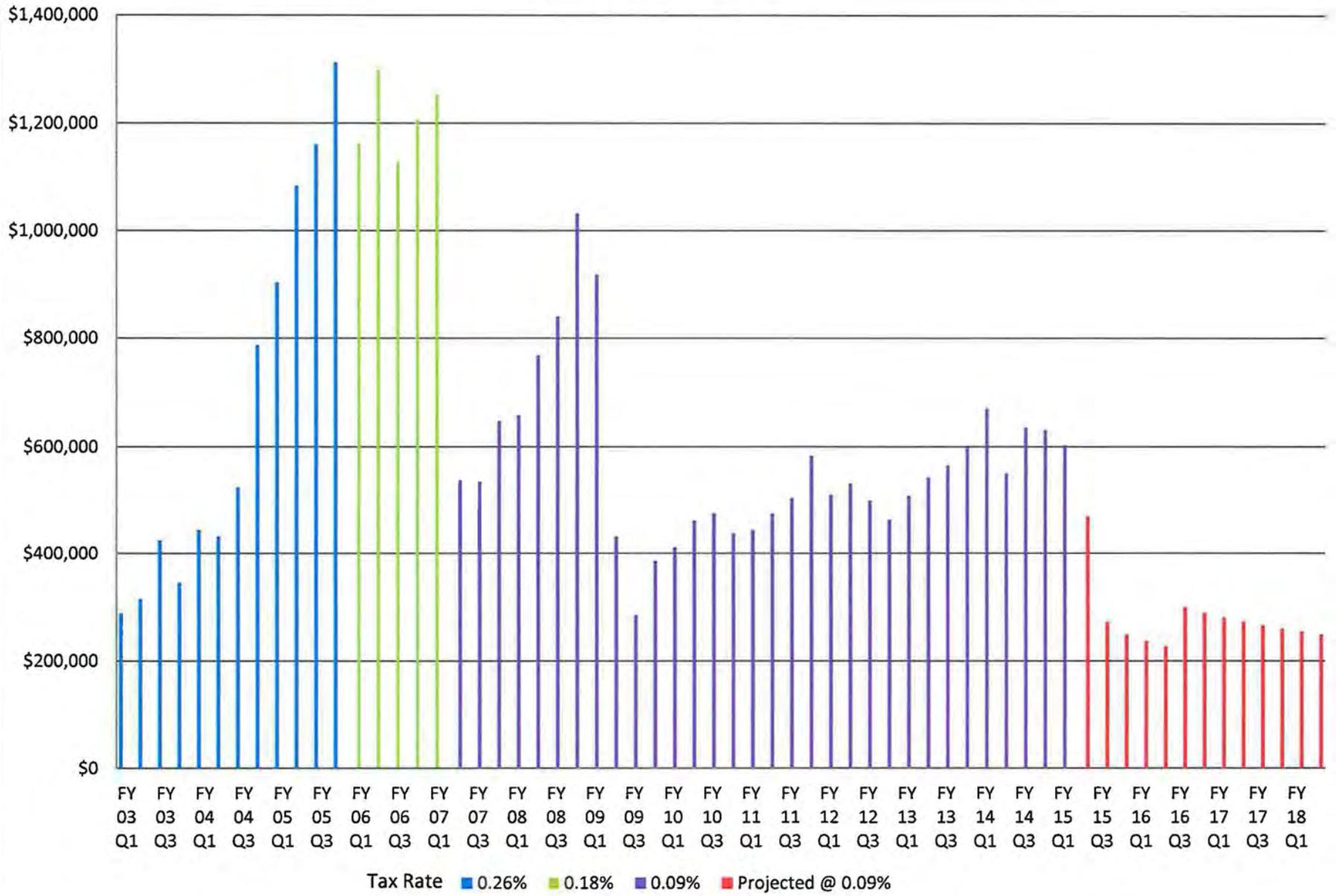
(i) exceeds 0.22%, the rate for the tax to fund the oil and gas natural resource distribution account is equal to the difference between the rate adopted by the board of oil and gas conservation and 0.3%; or

(ii) is less than 0.18%, the rate for the tax to fund the oil and gas natural resource distribution account is equal to the difference between the rate adopted by the board of oil and gas conservation and 0.26%.

(c) The board of oil and gas conservation shall give the department at least 90 days' notice of any change in the rate adopted by the board. Any rate change of the tax to fund the oil and gas natural resource distribution account is effective at the same time that the board of oil and gas conservation rate is effective.



# Historical Revenue



# BOND SUMMARY

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

2/25/2015 Through 4/29/2015

### Approved

Five-J.A.B. Inc. Tomball TX	777 G1	Approved Amount: Purpose:	3/23/2015 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00	FIRST INTERSTATE BANK	
Five-J.A.B. Inc. Tomball TX	777 T1	Approved Amount: Purpose:	4/21/2015 \$10,000.00 UIC Single Well Bond
Certificate of Deposit	\$10,000.00	FIRST INTERSTATE BANK	
Five-J.A.B. Inc. Tomball TX	777 G2	Approved Amount: Purpose:	3/12/2015 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00	FIRST INTERSTATE BANK	
White Rock Oil & Gas, LLC Dallas TX	779 M1	Approved Amount: Purpose:	4/7/2015 \$50,000.00 Multiple Well Bond
Surety Bond	\$50,000.00	Aspen American Insurance Company	
White Rock Oil & Gas, LLC Dallas TX	779 T5	Approved Amount: Purpose:	4/24/2015 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00	Aspen American Insurance Company	
White Rock Oil & Gas, LLC Dallas TX	779 T4	Approved Amount: Purpose:	4/24/2015 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00	Aspen American Insurance Company	
White Rock Oil & Gas, LLC Dallas TX	779 T3	Approved Amount: Purpose:	4/24/2015 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00	Aspen American Insurance Company	
White Rock Oil & Gas, LLC Dallas TX	779 T2	Approved Amount: Purpose:	4/24/2015 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00	Aspen American Insurance Company	
White Rock Oil & Gas, LLC Dallas TX	779 T1	Approved Amount: Purpose:	4/24/2015 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00	Aspen American Insurance Company	
White Rock Oil & Gas, LLC Dallas TX	779 T6	Approved Amount: Purpose:	4/24/2015 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00	Aspen American Insurance Company	

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

2/25/2015 Through 4/29/2015

### Approved

Young Sanders E&P, LLC Williston ND	778 G1	Approved	4/2/2015
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	FIRST STATE BANK OF SHELBY	

### Forfeiture Ordered

P&P Industries LLC 1 Lambert MT	747 T1	Forfeiture Ordered	2/27/2015
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond
Certificate of Deposit	\$10,000.00	STOCKMAN BANK, SIDNEY	

### Released

Capitan Operating, LLC Reno NV	546 G1	Released	3/25/2015
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	First Bank of Bozeman	

Devon Energy Production Co., LP Oklahoma City OK	286 T1	Released	3/13/2015
		Amount:	\$1,500.00
		Purpose:	UIC Single Well Bond
Surety Bond	\$1,500.00	TRAVELERS CASUALTY & SURETY CO. OF AMERICA	

Evolution Oil Group, LLC Vancouver BC	691 M1	Released	3/24/2015
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Certificate of Deposit	\$50,000.00	FIRST INTERSTATE BANK	

Hanna Oil & Gas Company Fort Smith AR	573 L1	Released	3/31/2015
		Amount:	\$30,000.00
		Purpose:	Limited Bond
Surety Bond	\$30,000.00	TRAVELERS CASUALTY & SURETY CO. OF AMERICA	

Kodiak Oil & Gas (USA) Inc. Denver CO	457 M1	Released	3/12/2015
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Surety Bond	\$50,000.00	U.S. Specialty Insurance Co.	

McRae & Henry Ltd Denver CO	4851 T1	Released	4/7/2015
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond
Surety Bond	\$10,000.00	U.S. Specialty Insurance Co.	
Surety Bond	\$10,000.00	Lexon Insurance Company	

McRae & Henry Ltd Denver CO	4851 M1	Released	4/7/2015
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Surety Bond	\$50,000.00	U.S. Specialty Insurance Co.	
Surety Bond	\$50,000.00	Lexon Insurance Company	

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

2/25/2015 Through 4/29/2015

**Released**

North Range Exploration, LLC Lake Placid NY	725 G5	Released Amount: Purpose:	4/23/2015 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00	Stockman Bank of Montana	
Tanglewood Oil & Gas, LLC Calgary AB	681 G2	Released Amount: Purpose:	4/16/2015 \$5,000.00 Single Well Bond
Certificate of Deposit	\$5,000.00	FIRST STATE BANK OF SHELBY	

# DOCKET SUMMARY

# ALL APPLICATIONS, 4/30/2015

(In Order of Publication)

Docket	Applicant	Status	Request
36-2015	Stephens Mineral Properties LLC	Protested	Protest
37-2015	SM Energy Company		Spacing
38-2015	SM Energy Company		Pooling
39-2015	SM Energy Company		Spacing
40-2015	SM Energy Company		Pooling
41-2015	Kraken Oil & Gas LLC		Spacing
42-2015	Kraken Oil & Gas LLC		Pooling
43-2015	Kraken Oil & Gas LLC		Spacing
44-2015	Kraken Oil & Gas LLC		Pooling
45-2015	Burlington Resources Oil & Gas Company LP	Default	Well Density
46-2015	Statoil Oil & Gas LP	Continued	Pooling
47-2015	Oasis Petroleum, Inc.		Spacing
48-2015	Oasis Petroleum, Inc.		Pooling
49-2015	Oasis Petroleum, Inc.		Well Density
50-2015	Oasis Petroleum, Inc.		Spacing
51-2015	Oasis Petroleum, Inc.		Pooling
52-2015	Oasis Petroleum, Inc.		Well Density
53-2015	Oasis Petroleum, Inc.		Spacing
54-2015	Oasis Petroleum, Inc.		Pooling
55-2015	Oasis Petroleum, Inc.		Well Density
56-2015	Oasis Petroleum, Inc.		Spacing
57-2015	Oasis Petroleum, Inc.		Pooling
58-2015	Oasis Petroleum, Inc.		Well Density
59-2015	Oasis Petroleum, Inc.		Pooling
60-2015	Oasis Petroleum, Inc.		Pooling
61-2015	Oasis Petroleum, Inc.		Pooling
62-2015	Oasis Petroleum, Inc.		Pooling
63-2015	Oasis Petroleum, Inc.		Pooling
64-2015	Oasis Petroleum, Inc.		Pooling
65-2015	Oasis Petroleum, Inc.		Pooling
66-2015	Oasis Petroleum, Inc.		Pooling
67-2015	Oasis Petroleum, Inc.		Pooling
68-2015	Oasis Petroleum, Inc.		Pooling
69-2015	Oasis Petroleum, Inc.		Pooling
70-2015	Oasis Petroleum, Inc.		Pooling
71-2015	Oasis Petroleum, Inc.		Pooling
72-2015	Oasis Petroleum, Inc.		Pooling
73-2015	Oasis Petroleum, Inc.		Pooling
74-2015	Oasis Petroleum, Inc.		Pooling
75-2015	Oasis Petroleum, Inc.		Pooling
76-2015	Oasis Petroleum, Inc.		Pooling
77-2015	Oasis Petroleum, Inc.		Pooling
78-2015	Oasis Petroleum, Inc.	Continued	Pooling

79-2015	Oasis Petroleum, Inc.		Pooling
80-2015	Oasis Petroleum, Inc.		Pooling
81-2015	Oasis Petroleum, Inc.		Pooling
82-2015	Oasis Petroleum, Inc.		Pooling
83-2015	Oasis Petroleum, Inc.		Pooling
84-2015	Oasis Petroleum, Inc.		Pooling
85-2015	Oasis Petroleum, Inc.		Pooling
86-2015	Oasis Petroleum, Inc.		Pooling
87-2015	Interstate Explorations, LLC	Default	Class II Permit
88-2015	Baldwin Lynch Energy Corp.		Enhanced Recovery
89-2015	Baldwin Lynch Energy Corp.		Class II Permit
90-2015	Fort Worth Operating Company, LLC		Temp. Spacing
91-2015	Fort Worth Operating Company, LLC	Default	Temp. Spacing
92-2015	Fort Worth Operating Company, LLC	Default	Temp. Spacing
93-2015	Fort Worth Operating Company, LLC	Default	Temp. Spacing
94-2015	Fort Worth Operating Company, LLC	Default	Temp. Spacing
300-2014	Anadarko E&P Onshore, LLC	Continued	Spacing
349-2014	Oasis Petroleum, Inc.		Temp. Spacing
352-2014	Oasis Petroleum, Inc.		Pooling
2-2015	Interstate Explorations, LLC	Continued	Spacing
3-2015	Interstate Explorations, LLC	Continued	Pooling
95-2015	Kelly Oil and Gas LLC		Show-Cause
96-2015	Alturas Energy LLC		Show-Cause
97-2015	Augusta Exploration, LLC		Show-Cause
98-2015	Seymour, James & Lorraine	Dismissed	Show-Cause
362-2014	Wexco Exploration, LLC	Continued	Show-Cause
338-2014	K2 America Corporation		Show-Cause
34-2015	Cavalier Petroleum		Show-Cause

# APPLICATIONS TO HEAR, 4/30/2015

(In Order of Hearing)

Docket	Applicant	Status	Request
36-2015	Stephens Mineral Properties LLC		Protest
37-2015	SM Energy Company		Spacing
38-2015	SM Energy Company		Pooling
39-2015	SM Energy Company		Spacing
40-2015	SM Energy Company		Pooling
41-2015	Kraken Oil & Gas LLC		Spacing
42-2015	Kraken Oil & Gas LLC		Pooling
43-2015	Kraken Oil & Gas LLC		Spacing
44-2015	Kraken Oil & Gas LLC		Pooling
47-2015	Oasis Petroleum, Inc.		Spacing
48-2015	Oasis Petroleum, Inc.		Pooling w/o penalty
49-2015	Oasis Petroleum, Inc.		Well Density
50-2015	Oasis Petroleum, Inc.		Spacing
51-2015	Oasis Petroleum, Inc.		Pooling w/o penalty
52-2015	Oasis Petroleum, Inc.		Well Density
53-2015	Oasis Petroleum, Inc.		Spacing
54-2015	Oasis Petroleum, Inc.		Pooling
55-2015	Oasis Petroleum, Inc.		Well Density
56-2015	Oasis Petroleum, Inc.		Spacing
57-2015	Oasis Petroleum, Inc.		Pooling
58-2015	Oasis Petroleum, Inc.		Well Density
59-2015	Oasis Petroleum, Inc.		Pooling w/o penalty
60-2015	Oasis Petroleum, Inc.		Pooling
61-2015	Oasis Petroleum, Inc.		Pooling
62-2015	Oasis Petroleum, Inc.		Pooling
63-2015	Oasis Petroleum, Inc.		Pooling w/o penalty
64-2015	Oasis Petroleum, Inc.		Pooling
65-2015	Oasis Petroleum, Inc.		Pooling
66-2015	Oasis Petroleum, Inc.		Pooling
67-2015	Oasis Petroleum, Inc.		Pooling

68-2015	Oasis Petroleum, Inc.	Pooling
69-2015	Oasis Petroleum, Inc.	Pooling
70-2015	Oasis Petroleum, Inc.	Pooling
71-2015	Oasis Petroleum, Inc.	Pooling
72-2015	Oasis Petroleum, Inc.	Pooling
73-2015	Oasis Petroleum, Inc.	Pooling
74-2015	Oasis Petroleum, Inc.	Pooling w/o penalty
75-2015	Oasis Petroleum, Inc.	Pooling w/o penalty
76-2015	Oasis Petroleum, Inc.	Pooling
77-2015	Oasis Petroleum, Inc.	Pooling w/o penalty
79-2015	Oasis Petroleum, Inc.	Pooling
80-2015	Oasis Petroleum, Inc.	Pooling w/o penalty
81-2015	Oasis Petroleum, Inc.	Pooling w/o penalty
82-2015	Oasis Petroleum, Inc.	Pooling w/o penalty
83-2015	Oasis Petroleum, Inc.	Pooling w/o penalty
84-2015	Oasis Petroleum, Inc.	Pooling w/o penalty
85-2015	Oasis Petroleum, Inc.	Pooling w/o penalty
86-2015	Oasis Petroleum, Inc.	Pooling w/o penalty
349-2014	Oasis Petroleum, Inc.	Temp. Spacing
352-2014	Oasis Petroleum, Inc.	Pooling
88-2015	Baldwin Lynch Energy Corp.	Enhanced Recovery
89-2015	Baldwin Lynch Energy Corp.	Class II Permit
90-2015	Fort Worth Operating Company, LLC	Temp. Spacing
95-2015	Kelly Oil and Gas LLC	Show-Cause
96-2015	Alturas Energy LLC	Show-Cause
97-2015	Augusta Explration, LLC	Show-Cause
338-2014	K2 America Corporation	Show-Cause
34-2015	Cavalier Petroleum	Show-Cause

## DEFAULT DOCKET, 4/30/2015

Docket	Applicant	Status	Request
45-2015	Burlington Resources Oil & Gas Company LP	Default	Well Density
87-2015	Interstate Explorations, LLC	Default	Class II Permit
91-2015	Fort Worth Operating Company, LLC	Default	Temp. Spacing
92-2015	Fort Worth Operating Company, LLC	Default	Temp. Spacing
93-2015	Fort Worth Operating Company, LLC	Default	Temp. Spacing
94-2015	Fort Worth Operating Company, LLC	Default	Temp. Spacing

**Docket Summary**

**4/30/2015 Hearing**

36-2015	Stephens Mineral Properties LLC	Order requiring Comanche Drilling Co. to suspend plugging and abandonment operations in the Hahn #1 well, 32N-5W-10: 2080' FNL/1980' FWL (S/2 SE/4 NW/4 - API #035-21266).	<b>Protested</b>	(May be resolved prior to hearing.)	<input type="checkbox"/>
37-2015	SM Energy Company	Permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-1: all, 2: all (Berwick #4-2HE).		TSU, Order 14-2011; 1320'/660' setbacks, amended by Order 55-2014, 500'/200' setbacks  Related applications: 37-2015, 38-2015	<input type="checkbox"/>
38-2015	SM Energy Company	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-1: all, 2: all (Berwick #4-2HE). Non-joinder penalties requested.		Related applications: 37-2015, 38-2015	<input type="checkbox"/>
39-2015	SM Energy Company	Permanent spacing unit, Bakken/Three Forks Formation, 28N-58E-26: all, 35: all (Berwick #4-2HN).		TSU, Order 18-2011; 1320'/660' setbacks, Order 83-2014, 500'/200' setbacks  Related applications: 39-2015, 40-2015	<input type="checkbox"/>
40-2015	SM Energy Company	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 28N-58E-26: all, 35: all (Berwick #4-2HN). Non-joinder penalties requested.		Related applications: 39-2015, 40-2015	<input type="checkbox"/>
41-2015	Kraken Oil & Gas LLC	Permanent spacing unit, Bakken/Three Forks Formation, 26N-51E-7: all (Three C 7 #1H).		Intermediate casing set 192' FNL (Heel). TSU, Order 503-2013; 200'/660' setbacks Related applications: 41-2015, 42-2015	<input checked="" type="checkbox"/>
42-2015	Kraken Oil & Gas LLC	Pool, permanent spacing unit, Bakken/Three Forks Formation, 26N-51E-7: all (Three C 7 #1H).		Related applications: 41-2015, 42-2015	<input type="checkbox"/>
43-2015	Kraken Oil & Gas LLC	Permanent spacing unit, Bakken/Three Forks Formation, 26N-51E-29: all (George 29 #1H).		TSU, Order 504-2013; 200'/660' setbacks  Related applications: 43-2015, 44-2015	<input type="checkbox"/>
44-2015	Kraken Oil & Gas LLC	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 26N-51E-29: all (George 29 #1H).		Related applications: 43-2015, 44-2015	<input type="checkbox"/>
45-2015	Burlington Resources Oil & Gas Company LP	Exception to drill an additional well, permanent spacing unit, Bakken/Three Forks Formation, 25N-52E-28: all, 33: all, 200' heel/toe, 660' lateral setbacks. Default request.	<b>Default</b>	PSU: Order 183-2006 Order 184-2006: Additional well, 660' setbacks.	<input type="checkbox"/>
46-2015	Statoil Oil & Gas LP	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 26N-59E-6: all, 7: all (Storvik 7-6 #2H). Non-joinder penalties requested.	<b>Continued</b>	PSU: Order 42-2012 Additional wells: Order 185-2012, 4 wells, 200'/500' setbacks Continued to June - email received 4/14/15.	<input type="checkbox"/>
47-2015	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-16: all, 21: all (Bowie #2958 42-21 1H).		TSU: Special statewide, Order 380-2011  Related applications: 47-2015, 48-2015, 49-2015	<input type="checkbox"/>

48-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-16: all, 21: all (Bowie #2958 42-21 1H). Non-joinder penalties requested.	NO RISK PENALTIES Related applications: 47-2015, 48-2015, 49-2015	<input type="checkbox"/>
49-2015	Oasis Petroleum, Inc.	Exception to drill up to four additional wells, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-16: all, 21: all, 200' heel/toe, 500' lateral setbacks.	Related applications: 47-2015, 48-2015, 49-2015	<input type="checkbox"/>
50-2015	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-28: all, 33: all (Crocket #2958 42-21 1H).	TSU: Special statewide, Order 380-2011 Related applications: 50-2015, 51-2015, 52-2015	<input type="checkbox"/>
51-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-28: all, 33: all (Crocket #2958 42-21 1H). Non-joinder penalties requested.	NO RISK PENALTIES Related applications: 50-2015, 51-2015, 52-2015	<input type="checkbox"/>
52-2015	Oasis Petroleum, Inc.	Exception to drill up to four additional wells, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-28: all, 33: all, 200' heel/toe, 500' lateral setbacks.	Related applications: 50-2015, 51-2015, 52-2015	<input type="checkbox"/>
53-2015	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-5: all, 8: all (Poppy Fed #2658 12-17H).	TSU: Order 22-2012, 200'/1320' setbacks Related applications: 53-2015, 54-2015, 55-2015	<input type="checkbox"/>
54-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-5: all, 8: all (Poppy Fed #2658 12-17H). Non-joinder penalties requested.	Related applications: 53-2015, 54-2015, 55-2015	<input type="checkbox"/>
55-2015	Oasis Petroleum, Inc.	Exception to drill up to four additional wells, permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-5: all, 8: all, 200' heel/toe, 500' lateral setbacks.	Related applications: 53-2015, 54-2015, 55-2015	<input type="checkbox"/>
56-2015	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-17: all, 20: all (Carson Fed #2658 13-17H).	TSU: Special statewide, order 380-2011 Related applications: 56-2015, 57-2015, 58-2015	<input type="checkbox"/>
57-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-17: all, 20: all (Carson Fed #2658 13-17H). Non-joinder penalties requested.	Related applications: 56-2015, 57-2015, 58-2015	<input type="checkbox"/>
58-2015	Oasis Petroleum, Inc.	Exception to drill up to four additional wells, permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-17: all, 20: all, 200' heel/toe, 500' lateral setbacks.	Related applications: 56-2015, 57-2015, 58-2015	<input type="checkbox"/>
59-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-14: all, 23: all (M & MT #2958 13-26H). Non-joinder penalties requested.	NO RISK PENALTIES PSU: Order 223-2013	<input type="checkbox"/>
60-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 29N-59E-30: all, 31: all (Disco #2959 13-30H). Non-joinder penalties requested.	PSU: Order 227-2013	<input type="checkbox"/>
61-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-15: all, 22: all (Dianne Fed #2658 42-22H). Non-joinder penalties requested.	PSU: Order 214-2013	<input type="checkbox"/>

62-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-59E-29: all, 32: all (Halvorson Fed #2759 13-29H). Non-joinder penalties requested.	PSU: Order 272-2013	<input type="checkbox"/>
63-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-59E-30: all, 31: all (Fannie Fed #2759 43-19H). Non-joinder penalties requested.	NO RISK PENALTIES PSU: Order 2-2013 Related applications: 63-2015, 64-2015	<input type="checkbox"/>
64-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-59E-30: all, 31: all (Faye Fed #2759 43-19H). Non-joinder penalties requested.	PSU: Order 2-2013 Additional wells: Order 3-2013, 4 additional wells, 200'/500' setbacks Related applications: 63-2015, 64-2015	<input type="checkbox"/>
65-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-24: all, 25: all (Luke Sweetman #24-25H). Non-joinder penalties requested.	PSU: Order 309-2010  Related applications: 65-2015, 66-2015, 67-2015	<input type="checkbox"/>
66-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-24: all, 25: all (Luke Sweetman #2758 14-24 2B). Non-joinder penalties requested.	PSU: Order 309-2010 Additional wells: Order 278-2012, 4 additional wells, 200'/500' setbacks Related applications: 65-2015, 66-2015, 67-2015	<input type="checkbox"/>
67-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-24: all, 25: all (Luke Sweetman #2758 14-24 3B). Non-joinder penalties requested.	PSU: Order 309-2010 Additional wells: Order 278-2012, 4 additional wells, 200'/500' setbacks Related applications: 65-2015, 66-2015, 67-2015	<input type="checkbox"/>
68-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-10: all, 11: all (McCracken #2758 21-10H). Non-joinder penalties requested.	PSU: Order 316-2011  Related applications: 68-2015 thru 73-2015.	<input type="checkbox"/>
69-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-10: all, 11: all (Chokecherry #2758 11-10B). Non-joinder penalties requested.	PSU: Order 316-2011 Additional wells: Order 82-2014, 6 additional wells, 200'/500' setbacks Related applications: 68-2015 thru 73-2015.	<input type="checkbox"/>
70-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-10: all, 11: all (McCracken #2758 34-9 3B). Non-joinder penalties requested.	PSU: Order 316-2011 Additional wells: Order 82-2014, 6 additional wells, 200'/500' setbacks Related applications: 68-2015 thru 73-2015.	<input type="checkbox"/>
71-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-10: all, 11: all (McCracken #2758 44-9 4B). Non-joinder penalties requested.	PSU: Order 316-2011 Additional wells: Order 82-2014, 6 additional wells, 200'/500' setbacks Related applications: 68-2015 thru 73-2015.	<input type="checkbox"/>
72-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-10: all, 11: all (McCracken #2758 21-10 5B). Non-joinder penalties requested.	PSU: Order 316-2011 Order 82-2014, 6 additional wells, 200'/500' setbacks Related applications: 68-2015 thru 73-2015.	<input type="checkbox"/>
73-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-10: all, 11: all (McCracken #2758 41-10 6B). Non-joinder penalties requested.	PSU: Order 316-2011 Order 82-2014, 6 additional wells, 200'/500' setbacks Related applications: 68-2015 thru 73-2015.	<input type="checkbox"/>

74-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-16: all, 21: all (Sage Brush #2758 43-9H). Non-joinder penalties requested.		NO RISK PENALTIES PSU: Order 219-2013 Related applications: 74-2015, 75-2015, 76-2015, 77-2015	<input type="checkbox"/>
75-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-16: all, 21: all (Sage Brush #2758 41-9 2B). Non-joinder penalties requested.		NO RISK PENALTIES PSU: Order 219-2013 Order 220-2013, 6 additional wells, 200'/500' setbacks Related applications: 74-2015, 75-2015, 76-2015, 77-2015	<input type="checkbox"/>
76-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-16: all, 21: all (Sage Brush #2758 41-9 3T). Non-joinder penalties requested.		PSU: Order 219-2013 Additional wells: Order 220-2013, 6 additional wells, 200'/500' setbacks Related applications: 74-2015, 75-2015, 76-2015, 77-2015	<input type="checkbox"/>
77-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-16: all, 21: all (Sage Brush #2758 41-9 4B). Non-joinder penalties requested.		NO RISK PENALTIES PSU: Order 219-2013 Additional wells: Order 220-2013, 6 additional wells, 200'/500' setbacks Related applications: 74-2015, 75-2015, 76-2015, 77-2015	<input type="checkbox"/>
78-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 28N-58E-33: all, 34: all (Ring Fed #2858 44-34H). Non-joinder penalties requested.	Continued	PSU: Order 351-2013  Continued to June - fax received 4/24/15	<input type="checkbox"/>
79-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 28N-58E-30: all, 31: all (Grindland #31-30H). Non-joinder penalties requested.		PSU: Order 4-2013	<input type="checkbox"/>
80-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 28N-58E-18: all, 19: all (Beulah Irene Fed #19-18H). Non-joinder penalties requested.		NO RISK PENALTIES PSU: Order 253-2011	<input type="checkbox"/>
81-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-27: all, 34: all (Krogedal Fed #2958 11-27H). No penalties requested.		NO RISK PENALTIES PSU: Order 356-2012	<input type="checkbox"/>
82-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-26: all, 35: all (Ray T. Fed #2958 13-26H). No penalties requested.		NO RISK PENALTIES PSU: Order 442-2012	<input type="checkbox"/>
83-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-25: all, 36: all (Dave T #2958 13-25H). No penalties requested.		NO RISK PENALTIES PSU: Order 225-213	<input type="checkbox"/>
84-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-59E-1: all, 2: all, 11: all, 12: all (Amazing Grace 11-2H). No penalties requested.		NO RISK PENALTIES PSU: 58-2011	<input type="checkbox"/>

85-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-59E-16: all, 21: all (Falcon Fed #2759 12-16H). No penalties requested.		NO RISK PENALTIES PSU: Order 271-2012	<input type="checkbox"/>
86-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-6: all, 7: all (Dixie Fed #2758 14-6H). No penalties requested.		NO RISK PENALTIES PSU: Order 270-2012	<input type="checkbox"/>
87-2015	Interstate Explorations, LLC	Convert the Lawrence "E" 16-29 (API #109-21039) to Class II Injection well, Dakota Formation, 14N-60E-29: 250' FNL/ 750' FEL (S/2SE/4SE/4). Aquifer exemption requested.	Default		<input type="checkbox"/>
88-2015	Baldwin Lynch Energy Corp.	Pilot Enhanced Recovery, Lakota Formation, 9S-22E-15: W/2NW/4, NW/4SW/4, 16: E/2NE/4, NE/4SE/4		Related applications 88, 89-2015.	<input type="checkbox"/>
89-2015	Baldwin Lynch Energy Corp.	Convert the State 1-16 well to Class II Injection well, Lakota Formation, 9S-22E-16: SENE			<input type="checkbox"/>
90-2015 5-2015 F	Fort Worth Operating Company, LLC	Temporary spacing unit, Nisku Formation test well, 29N-50E-22: E/2SE/4, 23:W/2SW/4. One well to be located approximately 2,508' FSL/ 407' FWL in Section 23. Apply for permanent spacing within 90 days of successful completion. Default requested.		Fort Peck Tribe support? Asking for 132' setback to tract with different owners.	<input checked="" type="checkbox"/>
91-2015 6-2015 F	Fort Worth Operating Company, LLC	Temporary spacing unit, Nisku Formation test well, 29N-50E-21: NE/4SW/4, NW/4SE/4, SW/4NE/4, SE/4NW/4. One well to be located approximately 2,389' FSL/ 2,420' FWL in Section 21. Apply for permanent spacing within 90 days of successful completion. Default request.	Default	Fort Peck Tribe support?	<input type="checkbox"/>
92-2015 7-2015 F	Fort Worth Operating Company, LLC	Temporary spacing unit, Nisku Formation test well, 28N-51E-22: S/2SW/4, 27: N/2NW/4. One well to be located approximately 505' FSL/ 935' FWL in Section 22. Apply for permanent spacing within 90 days of successful completion. Default requested.	Default	Fort Peck Tribe support?	<input type="checkbox"/>
93-2015 8-2015 F	Fort Worth Operating Company, LLC	Temporary spacing unit, Mission Canyon Formation test well, 29N-50E-5: E/2SW/4, W/2SE/4. One well to be located approximately 1,916' FSL/ 2,255' FWL in Section 5. Apply for permanent spacing within 90 days of successful completion. Default requested.	Default	Fort Peck Tribe support?	<input type="checkbox"/>
94-2015 9-2015 F	Fort Worth Operating Company, LLC	[FEDERAL ORDER ONLY] Temporary spacing unit, Nisku Formation test well, 29N-50E-26: SE/4. One well to be located approximately 590' FSL/ 1,744' FEL in Section 26. Apply for permanent spacing within 90 days of successful completion. Default requested.	Default	Fort Peck Tribe support? 590' from tract with same working interest owners. INDIAN TRUST MINERALS	<input type="checkbox"/>
257-2014	Kraken Oil & Gas LLC	Vacate Order 277-2010, TSU, 26N-59E-17, 18. Temporary spacing unit, Bakken/Three Forks Formation, 26N-59E-16: all, 17: 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. Default request.	Withdrawn	Orphan tract created - Section 18. [17 & 18 are TSU by Order 277-2010.] TLMD ltr of support, Withdrawn, faxed received 4/6/15	<input checked="" type="checkbox"/>

300-2014	Anadarko E&P Onshore, LLC	Permanent spacing unit, Bakken/Three Forks Formation, 37N-2W-5: Lot 7 & 8, SW/4, 8: NW/4 plus federal border tracts (Horgus Fee 3702-08-05-11H).	Continued	Well permit approved under ARM 36.22.607 Amended application includes border tracts lacking lot description. Continued to August - letter received 4/27/15	<input type="checkbox"/>
349-2014	Oasis Petroleum, Inc.	Overlapping temporary spacing unit, Bakken/Three Forks Formation, 29N-58E-26: all, 27: all, 34: all, 35: all, 200' heel/toe setback for 3 wells proximal to common boundary between existing spacing units. Default request.		27 & 34 - PSU, Order 356-2012; 26 & 35 - PSU, Order 442-2012	<input checked="" type="checkbox"/>
352-2014	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-59E-25: all, 26: all, 35: all, 36: all (Reveille Federal 2759 14-26H). Non-consent penalties requested.		PSU: Order 44-2014 Request for rehearing by Omimex Related applications 361-2014 (Omimex), 28-2015.	<input type="checkbox"/>
2-2015	Interstate Explorations, LLC	Permanent spacing unit, Red River Formation, 14N-60E-30: E/2 (Nelson #2-1).	Continued	Related applications: 2-2015, 3-2015  Continued to June - fax received 4/23/15	<input type="checkbox"/>
3-2015	Interstate Explorations, LLC	Pool, permanent spacing unit, Red River Formation, 14N-60E-30: E/2 (Nelson #2-1). Non-consent penalties requested.	Continued	Related applications: 2-2015, 3-2015 [Larry Morgen - Morgen Farm & Ranch] Continued to June - fax received 4/23/15	<input type="checkbox"/>
27-2015	Landtech Enterprises, LLC	Class II saltwater disposal permit, Dakota Formation, Gable #1 SWD, 24N-60E-20: 1563' FSL/ 250' FEL (New well)	Dismissed		<input type="checkbox"/>
95-2015	Kelly Oil and Gas LLC	Show Cause: failure to pay the annual injection well fee, failure to pay the late fee, failure to pay fines, failure to maintain mechanical integrity on the State #1, State #2, and Shelhamer 1A injection wells, and failure to maintain the wellsites of the Stensvad 2x-25 and Dybvik KV-1 oil wells.		As of 4/28/15 certified mail not picked up	<input type="checkbox"/>
96-2015	Alturas Energy LLC	Show Cause: why it should not provide a plan and timeline for plugging its wells, failure to meet compliance deadline for field violations.		As of 4/28/15 certified mail not picked up	<input type="checkbox"/>
97-2015	Augusta Exploration, LLC	Show Cause: why it shouldn't P&A Krone-Augusta 31-32 well - 18N-5W-32: 599 FNL, 2082 FEL.		As of 4/28/15 certified mail not picked up	<input type="checkbox"/>
98-2015	Seymour, James & Lorraine	Show Cause: failure to pay the administrative penalty assessed for delinquent reporting.	Dismissed	Dismissed - \$260.00 fine paid 4/21/15	<input type="checkbox"/>
338-2014	K2 America Corporation	Show Cause: why its bond should not be forfeited for failure to provide a plan and timeline for plugging its wells, why additional penalties should not be assessed for failure to file production reports, failure to pay existing penalties, and failure to appear at February 26, 2015 hearing.		Canadian address undeliverable, Cut Bank address delivered	<input type="checkbox"/>
362-2014	Wexco Exploration, LLC	Show Cause: why shouldn't P&A Guenther 2-8 well, failure to file correct production reports, failure to appear at December 4, 2014 hearing. Order amended to consider bond forfeiture for failure to plug and reclaim.	Continued	Continued, no publication - Shendan County	<input type="checkbox"/>

34-2015 Cavalier Petroleum

Show Cause: why it should not provide a plan and timeline for plugging its wells, why additional penalties should not be assessed for failure to pay the administrative penalty for delinquent reporting, and the fine for not appearing at the February 26, 2015 hearing.

*February certified mail undelivered. April certified mail delivered. Same address was used.  
4/28/15 promised to send in reports and pay fine.*

# **GAS FLARING**

**April 29, 2015**

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	6	2	4	2	4
Denbury	3	2	1	2	0
EOG Resources	2	0	2	0	1
Kraken	1	1	0	1	0
Oasis Petroleum	4	1	3	1	0
Petro-Hunt	4	0	4	0	0
Statoil	1	0	1	0	0
Whiting	17	0	17	0	4
Totals	38	6	32	6	9

# Flaring Request

## *Summary*

There are 38 wells flaring over 100 MCF/D based on current production numbers. This is down from 46 wells at the last business meeting. It is expected that this number will continue to drop based on the reduced number of completions expected this year.

32 of the 38 wells have approved exceptions due to distance, pipeline access issues, or time to connection.

There are 6 exceptions requested at this time. Of the 6, 2 are due to pipeline/gas plant capacity issues, 3 are due to gas composition, and 1 has been deemed uneconomic to connect due to distance from gathering system.

## *Continental*

### **Manush 1-12H – API # 25-085-21927, 29N-58E-12**

1. Flaring 175 MCF/D. Second exception request. First expired 4/15/15.
2. Completed: 6/2014.
3. Connected to pipeline: Yes.
4. Estimated gas reserves: 66 MMcf.
5. Flaring alternatives: None.
6. Amount of gas used in lease operations: 20.5 Mcf/d
7. Justification to flare: Connected to pipeline, however, Gas plant and capacity issues preventing sales. Hoping new plant will come on in 2015/2016 and alleviate issues.

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

1. Flaring 121 MCF/D. Second exception request. First expired 2/13/15.
2. Completed: 3/2013.
3. Connected to pipeline: Yes, 3/2013.
4. Estimated gas reserves: 293 MMcf
5. Flaring alternatives: None.
6. Amount of gas used in lease operations: 8 Mcf/d
7. Justification to flare: Very sour gas that cannot pass through current Highland pipeline. H2S scrubbing would cost more than gas is worth. Looking into ONEOK pipeline that may be able to take the sour gas.

## *Denbury*

### **Unit 11-12H – API # 25-025-21284, 8N-59E-12**

1. Flaring 345 MCF/D. First exception request.
2. Completed: 8/1984.
3. Proximity to market: N/A.

5. Estimated cost of marketing the gas: N/A.
6. Flaring alternatives: None.
7. Justification to flare: Well is in Pennel EOR Unit. The gas being produced is mostly made up of nitrogen and carbon dioxide and this therefore unmarketable.

### **Pennel Unit 24-11H – API # 25-025-05726, 8N-59E-11**

1. Flaring 140 MCF/D. First exception request.
2. Completed: 4/1962.
3. Proximity to market: N/A.
4. Estimated gas price at market: N/A
5. Estimated cost of marketing the gas: N/A.
6. Flaring alternatives: None.
7. Justification to flare: Well is in Pennel EOR Unit. The gas being produced is mostly made up of nitrogen and carbon dioxide and this therefore unmarketable.

### ***Kraken***

### **Lysemose 33-34 #1H – API # 25-083-23303, 26N-59E-32**

1. Flaring 286 MCF/D. First exception request.
2. Completed: 1/2015.
3. Estimated gas reserves: 250-350 MMCF.
4. Proximity to market: <1 mile.
5. Estimated discounted payout: Would require 67 MMCF recoverable gas to payout.
6. Estimated cost of marketing the gas: \$200,000.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 10 MCFD.
9. Justification to flare: Have contract with ONEOK and a ROW agreement to connect to gathering system. ONEOK repairs to gathering line downstream of well delaying the connection.

### ***Oasis***

### **Freesia Federal 2658 13-11H – API # 25-083-23097, 26N-58E-11**

8. Flaring 115 MCF/D. Second exception request. First expired 4/15/15.
9. Completed: 11/2013.
10. Estimated gas reserves: 368 MMCF.
11. Proximity to market: Across river with no known gathering line in vicinity.
12. Estimated gas price at market: ~\$5,00/MCF at the wellhead.
13. Estimated cost of marketing the gas: Unknown.
14. Flaring alternatives: None.
15. Justification to flare: Well is contracted to ONEOK. ONEOK has indicated they would have to install a 20 mile loop to gather the gas and are unwilling to do so unless further drilling in area improves economics.

# MEMO

To: Ben Jones  
Montana Board of Oil and Gas

From: Bob Sandbo  
Regulatory Compliance Supervisor  
Continental Resources Inc.  
Phone: (405) 234-9020

Date: August 13, 2014

Re: Additional Justification for Flaring Exception

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Currently, there are 5 wells not connected to sales of which 2 are currently flaring or we anticipate will flare more than 100 MCFPD on average (Revere 1-31H and Mabel 1-14H). The Langdon 1-19H, Mifflin 1-30H, and Mulholland Federal 1-32H are currently flaring under 100 MCFPD on average. The Rognas-Barbara HSU and Gehringer 1-13H are now connected to a sales pipeline.

Economics for the Langdon, Mable, and Mulholland Federal wells show that it is currently uneconomical to connect these wells to the nearest pipeline. We have submitted the economics for the Langdon and Mabel wells with the sundries dated 8/8/2014. ONEOK has given us initial cost estimations of over \$3.1 million to bring a pipeline in the area in order to connect the Mulholland Federal well making it also uneconomical to connect. We continue to work with ONEOK regarding the costs to get a pipeline to this area.

The Mifflin well has a right of way issue and Continental staff continues to negotiate with the landowner to resolve the issues. At this point in time, we do not hold a right of way that will allow for a pipeline to be connected to the Mifflin 1-30H.

The Revere well contains very sour gas and requires H<sub>2</sub>S scrubbing prior to entering the nearest pipeline owned by Hiland. It currently costs more to clean the gas than the gas is worth. Our Gas Marketing Department is looking into selling the gas produced by the Revere to ONEOK who has a pipeline that may be able to

take the sour gas. We would need to flare the Revere 1-31H gas until we can make arrangements to sell it to ONEOK.

## Request for Show-Cause

# Custom Carbon Processing

Board Business Meeting April 29<sup>th</sup>, 2015

### Field Violations at the Michels A 8-3, and Wojahn A 5-2, Wibaux County, Montana

- There is garbage blowing from location into an adjacent grain field at the Michels A 8-3
- The well signs on both locations are incorrect. They contain the wrong operator name
- There is no vegetation control on both locations
- Dikes are inadequate

1. A letter was sent on March 12<sup>th</sup>, 2015 addressing the violations
2. A letter was sent on April 21<sup>st</sup>, 2015 informing Custom Carbon Processing that they would be discussed at the board meeting on April 29<sup>th</sup>, 2015

Page 1: Inspection Status Report  
Page 2: Enforcement Status Report  
Page 3: Bond Summary

**Inspection Status Report****Glendive***Run Date: 4/24/2015**Page 1 of 1*

Operator Name	Well Name and Number	API Well No.	Location			UIC Permit
Custom Carbon Processng, Inc.	Wojahn "A" 5-2	25-109-21041-00-00	PI	OIL	13 N 60 E 2 S2 SW NW	MT5314
<input checked="" type="checkbox"/> Failure <input checked="" type="checkbox"/> Violation    iUNK0004597		<b>Inspector:</b> RU	<b>Inspection Date:</b>	10/8/2014	<b>Compl. Required:</b>	
Well ID sign wrong. No berm around tank battery, junk on wellsite. No vegetation control.		-1180 Fire Hazards, Weeds			<b>Extended To:</b>	
		-1240 Housekeeping			<b>Dt_Referral:</b>	
					<b>Compl. Reported:</b>	
Custom Carbon Processng, Inc.	Michels "A" 8-3	25-109-21048-00-00	IA	SWD	13 N 60 E 3 S2 SE NE	MT5053
<input checked="" type="checkbox"/> Failure <input checked="" type="checkbox"/> Violation    iUNK0004596		<b>Inspector:</b> RU	<b>Inspection Date:</b>	10/8/2014	<b>Compl. Required:</b>	
Follow up on landowner complaint. Garbage blowing into grain field, possible soil contamination. No weed control. Storage of unrelated equipment on site. No gauges on wellhead.		-1180 Fire Hazards, Weeds			<b>Extended To:</b>	
		-1240 Housekeeping			<b>Dt_Referral:</b>	
					<b>Compl. Reported:</b>	
3/4/2015 CLM	Not injecting. Garbage sacks/debris on location. Insuffient diking, incorrect signage - needs correct operator's name. No casing or tbg gauges.					

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**Enforcement Status Report**

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*Run Date: 4/23/2015**Page 1 of 1***Custom Carbon Processng, Inc.****Action Date:** 3/11/2015**Closed:****Enforcement Items:**

Well Identification / Signage

Michels A 8-3 and the Wojahn A 5-2 needs correct operator name on sign.

**Action:**

Letter

3/12/2015 Letter sent to operator.

Housekeeping

Michels A 8-3 has garbage on location. Landowner complaint. Weeds on Wojahn, berm needs built around tanks. Michels berm insufficient.

**Comment:**

### Plugging and Reclamation Bonds With Well List

<b>CUSTOM CARBON PROCESSNG, INC.</b>		<b>652</b>	<b>Bond: T1</b>	<b>\$10,000.00</b>	<b>UIC Single Well Bond</b>	<b>Active</b>	<b>Wells: 1</b>	<b>Allowed: 1</b>	
Letter of Credit	Active	BANK OF BAKER		\$10,000.00			Approved	8/31/2010	
API #	Operator	Well		Location		Field	TD	PBTD	Status
109-21048	Custom Carbon Processng, Inc.	Michels "A" 8-3		13 N 60 E 3 S2 SE NE 2041N 660E		Black Diamond	11390	11211	IA SWD
Comment:	To cover the Michels A-8-3								

<b>CUSTOM CARBON PROCESSNG, INC.</b>		<b>652</b>	<b>Bond: T2</b>	<b>\$10,000.00</b>	<b>UIC Single Well Bond</b>	<b>Active</b>	<b>Wells: 1</b>	<b>Allowed: 1</b>	
Letter of Credit	Active	BANK OF BAKER		\$10,000.00			Approved	6/19/2013	
API #	Operator	Well		Location		Field	TD	PBTD	Status
109-21041	Custom Carbon Processng, Inc.	Wojahn "A" 5-2		13 N 60 E 2 S2 SW NW 2576N 660W		Black Diamond	11334	10180	PI OIL
Comment:	To cover the Wojahn A 5-2 well								





## Request for Show-Cause

### Coastal Petroleum Company Board Business Meeting April 29<sup>th</sup>, 2015

#### Field Violation at the State 7-16, Valley County, Montana

- This well is overdue for site reclamation following the plugging and abandoning operations on 10/18/2012.
  1. A certified letter was sent on March 30<sup>th</sup>, 2015 addressing the violation
  2. A letter was sent on April 21<sup>st</sup>, 2015 informing Coastal Petroleum Company that they would be discussed at the board meeting on April 29<sup>th</sup>, 2015

Page 1: Inspection Status Report

Page 2: Enforcement Status Report

Page 3: Bond Summary

Page 4: Copy of returned Certified Letter

# Inspection Status Report

## Plentywood

Run Date: 4/24/2015

Page 1 of 1

Operator Name	Well Name and Number	API Well No.	Location	UIC Permit
Coastal Petroleum Company	State 7-16	25-105-21497-00-00	AU OIL 36 N 36 E 16 SW NE	
<input checked="" type="checkbox"/> Failure <input checked="" type="checkbox"/> Violation    iNL00018901		Inspector: RS	Inspection Date: 4/12/2013	Compl. Required: 8/1/2014
Abandoned oil well. 4 anchors need to be removed. Junk wood and wire, need to reclaim sfc and seed.				Extended To:
12/4/2014 RS    Need to remove junk (wire-wood), need to remove 4 anchors, need to restore location.				Dt_Referral:
				Compl. Reported:

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**Enforcement Status Report**

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*Run Date: 4/28/2015**Page 1 of 1***Coastal Petroleum Company****Action Date:** 3/30/2015**Closed:****Enforcement Items:**

Non-UIC - Site Restoration

State 7-16. Site needs restored. SRA AU

**Action:**Other  
Letter, Certified4/28/2015 Certified letter returned unclaimed  
3/30/2015 Letter sent to operator regarding  
reclamation.**Comment:**

### Plugging and Reclamation Bonds With Well List

COASTAL PETROLEUM COMPANY		471	Bond:	FI	Federal			Active	Wells:	2	Allowed:
Other Bond		FEDERAL BOND						Approved	3/23/2006		
API #	Operator	Well	Location			Field			TD	PBTD	Status
105-21494	Coastal Petroleum Company	Elmer 31-18	30 N	45 E	18	NW NE	744N	1815E	Wildcat Valley, E		PD OIL
105-21570	Coastal Petroleum Company	Federal 1-19A	36 N	38 E	19	SE SE	1135S	1156E	Wildcat Valley, E	2400	SI GAS

Comment:

COASTAL PETROLEUM COMPANY		471	Bond:	M1	\$50,000.00	Multiple Well Bond	Active	Wells:	1	Allowed:	
Certificate of Deposit		Active	U.S. BANK, BILLINGS			\$50,000.00	Approved			9/1/2005	
API #	Operator	Well	Location			Field			TD	PBTD	Status
105-21497	Coastal Petroleum Company	State 7-16	36 N	36 E	16	SW NE	1861N	2416E	Wildcat Valley, E	4863	AU OIL

Comment: 11/17/2005 - Added \$40,000 CD to create blanket bond.



DEPARTMENT OF NATURAL  
RESOURCES AND CONSERVATION  
OIL & GAS CONSERVATION DIVISION

STATE OF MONTANA

2535 ST. JOHNS AVENUE  
BILLINGS, MONTANA 59102-4693

**CERTIFIED MAIL™**



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Hasler

FIRST CLASS MAIL

03/30/2015

**US POSTAGE \$006.48**

*John*

Coastal Petroleum Company  
PO Box 609  
Apalachicola FL 32220

4-2-15  
4-8  
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**RECEIVED**

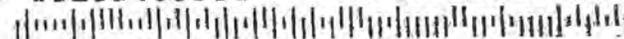
APR 27 2015

NIXIE 322 DE 1 0004/22/15

RETURN TO SENDER  
UNCLAIMED  
UNABLE TO FORWARD

MONTANA BOARD OF OIL &  
GAS CONSERVATION • BILLINGS 59102 4693

BC: 59102469399 \*2787-00486-22-17



RECEIVED

MAR 27 2015

MONTANA BOARD OF OIL &  
GAS CONSERVATION • BILLINGS

March 25, 2015

Mr. Jim Halvorson  
DNRC Montana Board of Oil & Gas  
2535 St. Johns Avenue  
Billings, MT 59102

RE: Blanket Bond No. B003941

Dear Mr. Halvorson,

Quicksilver Resources Inc. (QRI) hereby requests that the Board re-evaluate the referenced bond. QRI has reduced our well count to two wells and would like to be considered for a lower bond amount. A copy of the bond is attached for your convenience.

Please contact me if you have any questions or need further information

Sincerely,



Cindy Keister  
Director Regulatory Affairs

Attachment

QUICKSILVER RESOURCES

801 CHERRY ST. SUITE 3700 UNIT 19, FORT WORTH, TX 76102  
WWW.QRINC.COM • 817.665.5000 • 817.665.5005

## Plugging and Reclamation Bonds With Well List

<b>QUICKSILVER RESOURCES, INC.</b>			<b>313</b>	<b>Bond: E1</b>	Federal	Released	<b>Wells: 0</b>	<b>Allowed:</b>
Other Bond	Released	FEDERAL					Approved	1/16/2001
							Released	4/3/2014

Comment:

<b>QUICKSILVER RESOURCES, INC.</b>			<b>313</b>	<b>Bond: F1</b>	Federal	Released	<b>Wells: 0</b>	<b>Allowed:</b>
Other Bond	Released	FEDERAL BOND					Approved	1/16/2001
							Released	4/3/2014

Comment:

<b>QUICKSILVER RESOURCES, INC.</b>			<b>313</b>	<b>Bond: M1</b>	\$125,000.00	Multiple Well Bond	Released	<b>Wells: 0</b>	<b>Allowed:</b>
Other Bond	Released	MARQUETTE BANK, CONRAD			\$125,000.00			Approved	1/16/2001
								Released	11/1/2007

Comment: 01/16/2001 - 4 Unique Companies secure this bond.

<b>QUICKSILVER RESOURCES, INC.</b>			<b>313</b>	<b>Bond: M2</b>	\$125,000.00	Multiple Well Bond	Active	<b>Wells: 2</b>	<b>Allowed:</b>	
Surety Bond	Active	U.S. Specialty Insurance Co.			\$125,000.00			Approved	12/6/2007	
API#	Operator	Well		Location		Field		TD	PBSD	Status
097-21059	Quicksilver Resources, Inc.	American Fork C2-6X		5 N 13 E 6 NE SW 1953S 1459W		Wildcat Sweet Grass		3607		TA GAS
095-21159	Quicksilver Resources, Inc.	Stevens 7-1		1 S 18 E 7 NE NE NE 330N 330E		Wildcat Stillwater		4200		TA GAS

Comment: Replaced 9 separate documents making up a \$125,000 bond

<b>QUICKSILVER RESOURCES, INC.</b>			<b>313</b>	<b>Bond: V1</b>	\$314,375.00	UIC Blanket Bond	Released	<b>Wells: 0</b>	<b>Allowed:</b>
Surety Bond	Released	RLI INSURANCE COMPANY			\$314,375.00			Approved	1/16/2001
								Released	4/3/2014

Comment: 01/16/2001 - 2 unique companies secure this bond. 9/26/2003 - Surety bond #B6893 replaced by #RLB0005746 (\$250,000). Amended by rider 11/14/2006 - surety bond covers total amount of bond.

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

**RECEIVED**

APR 13 2015

MONTANA BOARD OF OIL &  
GAS CONSERVATION • BILLINGS

In re:	)	Chapter 11
	)	
Quicksilver Resources Inc., et al., <sup>1</sup>	)	Case No. 15-10585 (LSS)
	)	
Debtors.	)	Jointly Administered
	)	

**NOTICE OF COMMENCEMENT OF CHAPTER 11 BANKRUPTCY  
CASES, MEETING OF CREDITORS, AND FIXING OF CERTAIN DATES**

On **March 17, 2015** (the "Petition Date") Quicksilver Resources Inc. ("Quicksilver") and certain of its subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors"),<sup>2</sup> each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Debtors, their respective addresses, case numbers, and the last four digits of the Debtors' federal tax identification numbers are as follows:

<b>DEBTOR</b> (Other names, if any, used by the Debtor in the last 8 years appear in brackets)	<b>ADDRESS</b>	<b>CASE NO.</b>	<b>EIN #</b>
Quicksilver Resources Inc. [Wellflex Energy Solutions]	801 Cherry Street Suite 3700, Unit 19 Fort Worth, TX 76102	15-10585 (LSS)	6163
Barnett Shale Operating LLC [Barnett Operating LLC]	801 Cherry Street Suite 3700, Unit 19 Fort Worth, TX 76102	15-10586 (LSS)	0257
Cowtown Drilling, Inc.	801 Cherry Street Suite 3700, Unit 19 Fort Worth, TX 76102	15-10587 (LSS)	8899

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Quicksilver Resources Inc. [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors' address is 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102.

<sup>2</sup> A detailed description of the Debtors and their businesses, and the facts and circumstances regarding the Debtors' restructuring, are set forth in greater detail in the Declaration of Vanessa Gomez LaGatta in Support of First Day Pleadings (the "First Day Declaration"), filed contemporaneously with the Debtors' voluntary petitions for relief on the Petition Date.



AN ACT REVISING LAWS RELATED TO FUNDING OF OIL AND GAS RECLAMATION PROJECTS; DECREASING FUNDS FOR RECLAMATION AND DEVELOPMENT GRANTS; INCREASING FUNDS FOR OIL AND GAS DAMAGE MITIGATION; AMENDING SECTIONS 15-38-202, 82-11-161, AND 90-2-1113, MCA; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 15-38-202, MCA, is amended to read:

**"15-38-202. Investment of resource indemnity trust fund -- expenditure -- minimum balance. (1)**

All money paid into the resource indemnity trust fund must be invested at the discretion of the board of investments. Only the net earnings, excluding unrealized gains and losses, may be appropriated and expended until the fund balance, excluding unrealized gains and losses, reaches \$100 million. After the fund balance reaches \$100 million, all net earnings, excluding unrealized gains and losses, and all receipts may be appropriated by the legislature and expended, provided that the fund balance, excluding unrealized gains and losses, may never be less than \$100 million.

(2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the resource indemnity trust fund:

(i) ~~\$3.5 million~~ \$3.2 million to be deposited in the natural resources projects state special revenue account, established in 15-38-302, for the purpose of making grants;

(ii) \$300,000 to be deposited in the ground water assessment account established in 85-2-905;

(iii) \$500,000 to the department of fish, wildlife, and parks for the purposes of 87-1-283. The future fisheries review panel shall approve and fund qualified mineral reclamation projects before other types of qualified projects.

(b) At the beginning of each biennium, there is allocated from the interest income of the resource indemnity trust fund:

(i) ~~an amount not to exceed \$50,000~~ \$650,000 to be deposited in the oil and gas production damage

mitigation account pursuant to the conditions of 82-11-161;

(ii) \$500,000 to be deposited in the water storage state special revenue account created by 85-1-631;  
and

(iii) \$175,000 to be deposited in the environmental contingency account established in 75-1-1101.

(c) The remainder of the interest income is allocated as follows:

(i) Sixty-five percent of the interest income of the resource indemnity trust fund must be allocated to the natural resources operations state special revenue account established in 15-38-301.

(ii) Twenty-six percent of the interest income of the resource indemnity trust fund must be allocated to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

(iii) Nine percent of the interest income of the resource indemnity trust fund must be allocated to the environmental quality protection fund provided for in 75-10-704.

(3) Any formal budget document prepared by the legislature or the executive branch that proposes to appropriate funds other than as provided for by the allocations in subsection (2) must specify the amount of money from each allocation that is proposed to be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the legislative appropriation process or otherwise during a legislative session."

**Section 2.** Section 82-11-161, MCA, is amended to read:

**"82-11-161. (Temporary) Oil and gas production damage mitigation account -- statutory appropriation.** (1) There is an oil and gas production damage mitigation account within the state special revenue fund established in 17-2-102. The oil and gas production damage mitigation account is controlled by the board.

(2) (a) At the beginning of each biennium, there must be allocated to the oil and gas production damage mitigation account ~~\$50,000~~ \$650,000 from the interest income of the resource indemnity trust fund, except that if at the beginning of a biennium the unobligated cash balance in the oil and gas production damage mitigation account:

~~(a)(i)~~ (i) equals or exceeds ~~\$200,000~~ \$1 million, no allocation will be made; or

~~(b)(ii)~~ (ii) is less than ~~\$200,000~~ \$1 million, then an amount less than or equal to the difference between the unobligated cash balance and ~~\$200,000~~ \$1 million, but not more than ~~\$50,000~~ \$650,000, must be allocated to the oil and gas production damage mitigation account from the interest income of the resource indemnity trust

fund.

(b) If \$650,000 is not allocated pursuant to subsection (2)(a), the remainder must be deposited in the natural resources projects state special revenue account established in 15-38-302 for the purpose of making grants.

(3) In addition to the allocation provided in subsection (2), there must be deposited in the oil and gas production damage mitigation account all funds received by the board pursuant to 82-11-136.

(4) If a sufficient balance exists in the account, funds are statutorily appropriated, as provided in 17-7-502, from the oil and gas production damage mitigation account, upon the authorization of the board, to pay the reasonable costs of properly plugging a well and either reclaiming or restoring, or both, a drill site or other drilling or producing area damaged by oil and gas operations if the board determines that the well, sump, hole, drill site, or drilling or producing area has been abandoned and the responsible person cannot be identified or located or if the responsible person fails or refuses to properly plug, reclaim, or restore the well, sump, hole, drill site, or drilling or producing area within a reasonable time after demand by the board. The responsible person shall, however, pay costs to the extent of that person's available resources and is subsequently liable to fully reimburse the account or is subject to a lien on property as provided in 82-11-164 for costs expended from the account to properly plug, reclaim, or restore the well, sump, hole, drill site, or drilling or producing area and to mitigate any damage for which the person is responsible.

(5) Interest from funds in the oil and gas production damage mitigation account accrues to that account.

**82-11-161. (Effective on occurrence of contingency) Oil and gas production damage mitigation account -- statutory appropriation.** (1) There is an oil and gas production damage mitigation account within the state special revenue fund established in 17-2-102. The oil and gas production damage mitigation account is controlled by the board.

(2) (a) At the beginning of each biennium, there must be allocated to the oil and gas production damage mitigation account ~~\$50,000~~ \$650,000 from the interest income of the resource indemnity trust fund, except that if at the beginning of a biennium the unobligated cash balance in the oil and gas production damage mitigation account:

~~(a)(i)~~ (i) equals or exceeds ~~\$200,000~~ \$1 million, no allocation will be made; or

~~(b)(ii)~~ (ii) is less than ~~\$200,000~~ \$1 million, then an amount less than or equal to the difference between the unobligated cash balance and ~~\$200,000~~ \$1 million, but not more than ~~\$50,000~~ \$650,000, must be allocated to

the oil and gas production damage mitigation account from the interest income of the resource indemnity trust fund.

(b) If \$650,000 is not allocated pursuant to subsection (2)(a), the remainder must be deposited in the natural resources projects state special revenue account established in 15-38-302 for the purpose of making grants.

(3) In addition to the allocation provided in subsection (2), there must be deposited in the oil and gas production damage mitigation account all funds received by the board pursuant to 82-11-136(1).

(4) If a sufficient balance exists in the account, funds are statutorily appropriated, as provided in 17-7-502, from the oil and gas production damage mitigation account, upon the authorization of the board, to pay the reasonable costs of properly plugging a well and either reclaiming or restoring, or both, a drill site or other drilling or producing area damaged by oil and gas operations if the board determines that the well, sump, hole, drill site, or drilling or producing area has been abandoned and the responsible person cannot be identified or located or if the responsible person fails or refuses to properly plug, reclaim, or restore the well, sump, hole, drill site, or drilling or producing area within a reasonable time after demand by the board. However, the responsible person shall pay costs to the extent of that person's available resources and is subsequently liable to fully reimburse the account or is subject to a lien on property as provided in 82-11-164 for costs expended from the account to properly plug, reclaim, or restore the well, sump, hole, drill site, or drilling or producing area and to mitigate any damage for which the person is responsible.

(5) Interest from funds in the oil and gas production damage mitigation account accrues to that account."

**Section 3.** Section 90-2-1113, MCA, is amended to read:

**"90-2-1113. Evaluation criteria -- priority.** (1) Except as provided in ~~subsections~~ subsection (2) ~~and~~ (3), the department shall consider the following criteria in evaluating eligible applications and in selecting projects to be recommended to the governor for funding:

- (a) the degree to which the project will provide benefits in its eligibility category or categories;
- (b) the degree to which the project will provide public benefits;
- (c) the degree to which the project will promote, enhance, or advance the policies and purposes of the reclamation and development grants program;
- (d) the degree to which the project will provide for the conservation of natural resources;

- (e) the degree of need and urgency for the project;
- (f) the extent to which the project sponsor or local entity is contributing to the costs of the project or is generating additional nonstate funds;
- (g) the degree to which jobs are created for persons who need job training, receive public assistance, or are chronically unemployed; and
- (h) any other criteria that the department considers necessary to carry out the policies and purposes of the reclamation and development grants program.

~~(2)(a) Subject to the conditions of this part, the department shall give priority to grant requests, not to exceed a total of \$600,000 for the biennium, from the board of oil and gas conservation beginning on July 1, 2015. The board of oil and gas conservation shall use a grant that received priority under this subsection (2)(a) for oil and gas reclamation projects. The board may use a maximum of 2.5% of the amount of a grant for administrative costs associated with implementing the projects covered in the grant.~~

~~————(b) Any unobligated fund balance of a grant that received priority under subsection (2)(a) remaining at the end of the current biennium must be included as part of the \$600,000 limitation for the next biennium.~~

~~————(c) The priority given to the board of oil and gas conservation under subsection (2)(a) does not preclude the board of oil and gas conservation from submitting additional grant requests. The department shall evaluate additional grant requests from the board of oil and gas conservation in accordance with the provisions of subsection (1).~~

~~(2)~~ Subject to the conditions of this part, the department shall give priority to grant requests not to exceed a total of \$800,000 for the biennium for abandoned mine reclamation projects. A grant may not be used for personnel costs or general operating expenses."

**Section 4. Effective date.** [This act] is effective July 1, 2015.

- END -

I hereby certify that the within bill,  
HB 0226, originated in the House.

---

Chief Clerk of the House

---

Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2015.

---

President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2015.

HOUSE BILL NO. 226  
INTRODUCED BY T. RICHMOND

AN ACT REVISING LAWS RELATED TO FUNDING OF OIL AND GAS RECLAMATION PROJECTS; DECREASING FUNDS FOR RECLAMATION AND DEVELOPMENT GRANTS; INCREASING FUNDS FOR OIL AND GAS DAMAGE MITIGATION; AMENDING SECTIONS 15-38-202, 82-11-161, AND 90-2-1113, MCA; AND PROVIDING AN EFFECTIVE DATE.



AN ACT EXEMPTING CERTAIN AIR AND WATER POLLUTION CONTROL AND CARBON CAPTURE EQUIPMENT FROM PROPERTY TAXATION AND REDUCING PROPERTY TAXES FOR CARBON TRANSPORTATION AND SEQUESTRATION EQUIPMENT; PROVIDING FOR THE CERTIFICATION OF CARBON SEQUESTRATION EQUIPMENT; ALLOWING A CARRYFORWARD OF AN EXEMPTION OR RATE REDUCTION AFTER TAX YEAR 2025 FOR CERTAIN QUALIFYING PROPERTY; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 15-6-135, 15-6-158, AND 15-6-219, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE.

WHEREAS, Montana industries are required to install certain air and water pollution control and carbon capture equipment to comply with state and federal standards as a result of recent and anticipated regulatory action, including but not limited to:

- (1) the Utility Mercury and Air Toxics Rule;
- (2) the Regional Haze Rule;
- (3) the Clean Power Plan Rule;
- (4) the Nitrogen Oxide Primary National Ambient Air Quality Standards;
- (5) the Sulfur Dioxide Primary National Ambient Air Quality Standards;
- (6) the Cooling Water Intakes 316(b) Rule;
- (7) the Particulate Matter 2.5 National Ambient Air Quality Standards;
- (8) the Effluent Guidelines for Coal-Fired Electrical Generating Units;
- (9) the Maximum Achievable Control Technology Standards for industrial boilers;
- (10) the Numeric Nutrient Criteria;
- (11) the Portland Cement Maximum Achievable Control Technology Standards;
- (12) Total Maximum Daily Loads;
- (13) National Pollutant Discharge Elimination System, including stormwater discharge; and
- (14) Additional new or future regulatory actions requiring the control of air or water pollution.

WHEREAS, compliance with these regulations requires investments of hundreds of millions of dollars

and ultimately impacts consumers; and

WHEREAS, technologies to comply with these regulations are often unproven or not commercially or economically available; and

WHEREAS, these regulations address important protections for public health; and

WHEREAS, many of these regulations require installation of pollution control technologies that decrease the efficiency of existing equipment at industrial facilities; and

WHEREAS, reduced tax rates for pollution control equipment will improve public health by providing an incentive for early compliance when possible and ultimately making regulatory compliance more affordable; and

WHEREAS, incentivizing advancements and investments in carbon sequestration is important to the future of Montana's economy and consistent with the goals in Montana's state energy policy, including expanded technological innovation through enhanced oil recovery; and

WHEREAS, the Legislature of the State of Montana finds that it is appropriate to exempt certain air and water pollution control and carbon capture equipment from property taxation and reduce property taxes for carbon transportation and sequestration equipment.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 15-6-135, MCA, is amended to read:

**"15-6-135. Class five property -- description -- taxable percentage.** (1) Class five property includes:

(a) all property used and owned by cooperative rural electrical and cooperative rural telephone associations organized under the laws of Montana, except property owned by cooperative organizations described in 15-6-137(1)(a);

(b) air and water pollution control and carbon capture equipment as defined in this section;

(c) new industrial property as defined in this section;

(d) any personal or real property used primarily in the production of ethanol-blended gasoline during construction and for the first 3 years of its operation;

(e) all land and improvements and all personal property owned by a research and development firm, provided that the property is actively devoted to research and development;

(f) machinery and equipment used in electrolytic reduction facilities;

(g) all property used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telecommunications services exclusively to rural areas or to rural areas and cities and towns of 1,200 permanent residents or less.

(2) (a) "Air and water pollution control and carbon capture equipment" means that portion of identifiable property, facilities, machinery, devices, or equipment certified as provided in subsections (2)(b) and (2)(c) and designed, constructed, under construction, or operated for removing, disposing, abating, treating, eliminating, destroying, neutralizing, stabilizing, rendering inert, storing, or preventing the creation of air or water pollutants that, except for the use of the item, would be released to the environment. This includes machinery, devices, or equipment used to capture carbon dioxide or other greenhouse gases. Reduction in pollutants obtained through operational techniques without specific facilities, machinery, devices, or equipment is not eligible for certification under this section.

(b) Requests for certification must be made on forms available from the department of revenue. Certification may not be granted unless the applicant is in substantial compliance with all applicable rules, laws, orders, or permit conditions. Certification remains in effect only as long as substantial compliance continues.

(c) The department of environmental quality shall promulgate rules specifying procedures, including timeframes for certification application, and definitions necessary to identify air and water pollution control and carbon capture equipment for certification and compliance. The department of revenue shall promulgate rules pertaining to the valuation of qualifying air and water pollution control and carbon capture equipment. The department of environmental quality shall identify and track compliance in the use of certified air and water pollution control and carbon capture equipment and report continuous acts or patterns of noncompliance at a facility to the department of revenue. Casual or isolated incidents of noncompliance at a facility do not affect certification.

(d) To qualify for the exemption under subsection (5)(b), the air and water pollution control and carbon capture equipment must be placed into service after January 1, 2014, for the purposes of environmental benefit or to comply with state or federal pollution control regulations. If the air or water pollution control and carbon capture equipment enhances the performance of existing air and water pollution control and carbon capture equipment, only the market value of the enhancement is subject to the exemption under subsection (5)(b).

(e) Except as provided in subsection (2)(d), equipment that does not qualify for the exemption under subsection (5)(b) includes but is not limited to equipment placed into service to maintain, replace, or repair

equipment installed on or before January 1, 2014.

~~(d)~~(f) A person may appeal the certification, classification, and valuation of the property to the state tax appeal board. Appeals on the property certification must name the department of environmental quality as the respondent, and appeals on the classification or valuation of the equipment must name the department of revenue as the respondent.

(3) (a) "New industrial property" means any new industrial plant, including land, buildings, machinery, and fixtures, used by new industries during the first 3 years of their operation. The property may not have been assessed within the state of Montana prior to July 1, 1961.

(b) New industrial property does not include:

(i) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions unless the business or profession meets the requirements of subsection (4)(b)(v);

(ii) a plant that will create adverse impact on existing state, county, or municipal services; or

(iii) property used or employed in an industrial plant that has been in operation in this state for 3 years or longer.

(4) (a) "New industry" means any person, corporation, firm, partnership, association, or other group that establishes a new plant in Montana for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry.

(b) New industry includes only those industries that:

(i) manufacture, mill, mine, produce, process, or fabricate materials;

(ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial products or materials;

(iii) engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the North American Industry Classification System Manual prepared by the United States office of management and budget;

(iv) engage in the transportation, warehousing, or distribution of commercial products or materials if 50% or more of an industry's gross sales or receipts are earned from outside the state; or

(v) earn 50% or more of their annual gross income from out-of-state sales.

(5) ~~Class~~ (a) Except as provided in subsection (5)(b), class five property is taxed at 3% of its market

value.

(b) Air and water pollution control and carbon capture equipment placed in service after January 1, 2014, and that satisfies the criteria in subsection (2)(d) is exempt from taxation for a period of 10 years from the date of certification, after which the property is assessed at 100% of its taxable value."

**Section 2.** Section 15-6-158, MCA, is amended to read:

**"15-6-158. Class fifteen property -- description -- taxable percentage.** (1) Class fifteen property includes:

(a) carbon dioxide pipelines certified by the department of environmental quality under 15-24-3112 for the transportation of carbon dioxide for the purposes of sequestration or for use in closed-loop enhanced oil recovery operations;

(b) qualified liquid pipelines certified by the department of environmental quality under 15-24-3112;

(c) carbon sequestration equipment;

(d) equipment used in closed-loop enhanced oil recovery operations; and

(e) all property of pipelines, including pumping and compression equipment, carrying products other than carbon dioxide, that originate at facilities specified in 15-6-157(1), with at least 90% of the product carried by the pipeline originating at facilities specified in 15-6-157(1) and terminating at an existing pipeline or facility.

(2) For the purposes of this section, the following definitions apply:

(a) "Carbon dioxide pipeline" means a pipeline that transports carbon dioxide from a plant or facility that produces or captures carbon dioxide to a carbon sequestration point, including a closed-loop enhanced oil recovery operation.

(b) "Carbon sequestration" means the long-term storage of carbon dioxide from a carbon dioxide pipeline in geologic formations, including but not limited to deep saline formations, basalt or oil shale formations, depleted oil and gas reservoirs, unminable coal beds, and closed-loop enhanced oil recovery operations.

(c) "Carbon sequestration equipment" means the equipment used for carbon sequestration, including equipment used to inject carbon dioxide at the carbon sequestration point and equipment used to retain carbon dioxide in the sequestration location.

(d) "Carbon sequestration point" means the location where the carbon dioxide is to be confined for sequestration.

(e) "Closed-loop enhanced oil recovery operation" means all oil production equipment, as described in 15-6-138(1)(c), owned by an entity that owns or operates an operation that, after construction, installation, and testing has been completed and the full enhanced oil recovery process has been commenced, injects carbon dioxide to increase the amount of crude oil that can be recovered from a well and retains as much of the injected carbon dioxide as practicable, but not less than 85% of the carbon dioxide injected each year absent catastrophic or unforeseen occurrences.

(f) "Liquid pipeline" means a pipeline that is dedicated to using 90% of its pipeline capacity for transporting fuel or methane gas from a coal gasification facility, biodiesel production facility, biogas production facility, or ethanol production facility.

(g) "Plant or facility that produces or captures carbon dioxide" means a facility that produces a flow of carbon dioxide that can be sequestered or used in a closed-loop enhanced oil recovery operation. This does not include wells from which the primary product is carbon dioxide.

(3) Class fifteen property does not include a carbon dioxide pipeline, liquid pipeline, or closed-loop enhanced oil recovery operation for which, during construction, the standard prevailing wages for heavy construction, as provided in 18-2-414, were not paid during the construction phase.

(4) ~~Class~~ (a) Except as provided in subsection (4)(b), class fifteen property is taxed at 3% of its market value.

(b) Carbon sequestration equipment placed in service after January 1, 2014, that is certified as provided in subsection (5) and that has a current granted tax abatement under 15-24-3111 is taxed at 1.5% of its reduced market value during the qualifying period provided for in 15-24-3111(7).

(5) (a) Requests for certification must be made on forms available from the department of revenue. Certification may not be granted unless the applicant is in substantial compliance with all applicable rules, laws, orders, or permit conditions. Certification remains in effect only as long as substantial compliance continues.

(b) The board of oil and gas conservation shall promulgate rules specifying procedures, including timeframes for certification application, and definitions necessary to identify carbon sequestration equipment for certification and compliance. The department of revenue shall promulgate rules pertaining to the valuation of carbon sequestration equipment. The board of oil and gas conservation shall identify and track compliance in the use of carbon sequestration equipment and report continuous acts or patterns of noncompliance at a facility to the department of revenue. Casual or isolated incidents of noncompliance at a facility do not affect certification.

(c) A person may appeal the certification, classification, and valuation of the property to the state tax appeal board. Appeals on the property certification must name the board of oil and gas conservation as the respondent, and appeals on the classification or valuation of the equipment must name the department of revenue as the respondent."

**Section 3.** Section 15-6-219, MCA, is amended to read:

**"15-6-219. Personal and other property exemptions.** The following categories of property are exempt from taxation:

- (1) harness, saddlery, and other tack equipment;
- (2) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:
  - (a) construct, repair, and maintain improvements to real property; or
  - (b) repair and maintain machinery, equipment, appliances, or other personal property;
- (3) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;
- (4) a bicycle, as defined in 61-8-102, used by the owner for personal transportation purposes;
- (5) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:
  - (a) the acquired cost of the personal property is less than \$15,000;
  - (b) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and
  - (c) the lease of the personal property is generally on an hourly, daily, weekly, semimonthly, or monthly basis;
- (6) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance; ~~and~~

(7) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105; and

(8) air and water pollution control and carbon capture equipment, as defined in 15-6-135, placed in service after January 1, 2014."

**Section 4. Transition after termination -- carryover of abatement.** (1) (a) An exemption or property tax rate reduction that a taxpayer receives under the provisions of law in effect in 15-6-135, 15-6-158, or 15-6-219, prior to the termination date in [section 7]:

- (i) may be carried forward for the remaining number of years left under the certification; and
- (ii) is not impaired by [this act].

(b) A taxpayer is entitled to the exemption or property tax rate reduction for the period of time established in the section at the time the exemption or property tax rate reduction was first allowed.

(2) This section applies to all exemptions and property tax rate reductions that are removed or repealed by [section 7], including 15-6-135 for pollution control equipment and 15-6-158 for carbon sequestration.

**Section 5. Effective date.** [This act] is effective on passage and approval.

**Section 6. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to air and water pollution control and carbon capture equipment and carbon sequestration equipment placed in service after January 1, 2014.

**Section 7. Termination.** [Sections 1 through 3] terminate December 31, 2025.

- END -

I hereby certify that the within bill,  
HB 0156, originated in the House.

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Chief Clerk of the House

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2015.

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President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2015.

HOUSE BILL NO. 156  
INTRODUCED BY M. MILLER

AN ACT EXEMPTING CERTAIN AIR AND WATER POLLUTION CONTROL AND CARBON CAPTURE EQUIPMENT FROM PROPERTY TAXATION AND REDUCING PROPERTY TAXES FOR CARBON TRANSPORTATION AND SEQUESTRATION EQUIPMENT; PROVIDING FOR THE CERTIFICATION OF CARBON SEQUESTRATION EQUIPMENT; ALLOWING A CARRYFORWARD OF AN EXEMPTION OR RATE REDUCTION AFTER TAX YEAR 2025 FOR CERTAIN QUALIFYING PROPERTY; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 15-6-135, 15-6-158, AND 15-6-219, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE.

**36.22.601 NOTICE OF INTENTION AND PERMIT TO DRILL**

(1) No person shall commence the drilling of an oil or gas well or stratigraphic test well or core hole without filing an application for permit to drill on Form No. 22 and obtaining a drilling permit from the board. If the proposed well or hole is not located within the boundaries of a delineated field for which, after public hearing, an order has been entered by the board that drilling permits may issue for locations within that field without further public hearing, the applicant must:

- (a) At its own expense, cause publication of notice in a format prescribed by the board in one issue of a newspaper in general circulation in Helena and a newspaper of general circulation in the county where the proposed well or hole is located; and
- (b) File proof of such publication in the form of a copy of the page on which the ad appears showing the ad and the date of publication or an affidavit of the publisher.

(2) Prior to the commencement of recompletion operations on any oil or gas well, notice shall be delivered to the board of such intention on Form No. 2, and approval shall be obtained.

(3) When a permit is sought for a 320 acre drilling or spacing unit, Form No. 22 as filed with the board shall include a description of the lands to be included.

(4) The staff of the board shall refer an application for permit to drill to the board for notice and public hearing if:

- (a) An interested person shall, as to any application for permit to drill for which published notice is required, file in the form hereinafter set forth a written demand for an opportunity to be heard concerning such application; or
- (b) The staff determines that a person applying for a drilling permit or approval of recompletion operations is not in substantial compliance with the board's rules governing the applicant's operations in Montana; or
- (c) The planned drilling operations require further environmental review.

(5) In those instances where such requests for a permit to drill have been the subject of notice and public hearing, the board shall, after such hearing, either:

- (a) Enter its order granting such permit under such conditions as the board shall find proper and necessary; or
- (b) Enter its order denying the application for the permit.

(6) A demand for opportunity to be heard concerning any application for permit to drill for which published notice is required must:

- (a) Be in writing; and
- (b) Set forth the name, address, and telephone number of each party making the demand, and their ownership interest, if any, in the lands surrounding the drill site; and
- (c) Set forth the specific reasons why the party requests a hearing regarding the issuance of the proposed drilling permit; and
- (d) Be received by the board no later than ten (10) days after the date of the publication of the notice. Where the notice is not published on the same day in the newspapers specified in paragraph (1) (a) of this rule, the deadline for receiving demands for hearing will be measured by the later publication date. Service of such demand may be made on the board personally, by mail, or by FAX transmission; and
- (e) Be simultaneously served upon the applicant for the permit by written copy

mailed or FAX transmitted to the address or number set forth in the published notice. A certificate of such service must accompany the demand as filed with the board.

(7) Surface owner concerns which are subject to the provision of 82-10-504 , MCA (Surface Damage and Disruption Payments) will not be the subject of a public hearing before the board.

History: Sec. 82-11-111, MCA; IMP, Sec. 82-11-122, MCA; Eff. 12/31/72; AMD, Eff. 6/4/77; AMD, 1982 MAR p. 1398, Eff. 7/16/82; AMD, 1983 MAR p. 82, Eff. 1/28/83; AMD, 1990 MAR. p. 305, Eff. 2/9/90.

# Incident Report

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitude	County	T-R-S
Continental Resources Inc	BOG	1/1/2015	Spill or Release	4 Gallons		Flare Pit	No	47.88306	-104.62286	Richland	25N-55E-28 SESW
Denbury Onshore, LLC	FED	1/2/2015	Spill or Release		8 Barrels	Tank or Tank Battery	Yes	46.11315	-104.05363	Fallon	4N-62E-8 SWSW
Denbury Onshore, LLC	BOG	1/2/2015	Spill or Release	2 Barrels	5 Barrels	Well Head	Yes	46.44434	-104.31494	Fallon	8N-59E-14 NESW
EOG Resources, Inc.	BOG	1/5/2015	Spill or Release		20 Barrels	Tank or Tank Battery	No	48.21738	-104.30575	Roosevelt	29N-57E-33 SESE
Continental Resources Inc	BOG	1/7/2015	Spill or Release		154 Barrels	Tank or Tank Battery	Yes	47.73170	-104.50499	Richland	23N-56E-26 NWNW
Anadarko Minerals, Inc.	FED	1/8/2015	Spill or Release		110 Barrels	Tank or Tank Battery	Yes	48.41997	-106.04504	Valley	31N-44E-30 NENE
Continental Resources Inc	BOG	1/10/2015	Spill or Release		174 Barrels	Tank or Tank Battery	Yes	47.73170	-104.50499	Richland	23N-56E-26 NWNW
True Oil LLC	BOG	1/12/2015	Fire	20 Barrels		Tank or Tank Battery	Yes	46.84148	-107.52696	Rosebud	13N-33E-34 NWSW
Hofland, James D.	BOG	1/12/2015	Spill or Release	8 Barrels		Flow Line - Production	No	48.81061	-111.95565	Toole	35N-3W-11 NWNE
Denbury Onshore, LLC	BOG	1/14/2015	Spill or Release	3 Barrels	110 Barrels	Flow Line - Production	No	46.33791	-104.24707	Fallon	7N-60E-30 NWNE
Poor Boy Oil, LLP	BOG	1/14/2015	Spill or Release		25 Gallons	Tank or Tank Battery	Yes	47.81771	-104.18282	Richland	24N-59E-29 NWNW
Bad Water Disposal, LLP	BOG	1/15/2015	Spill or Release		1 Barrels	Tank or Tank Battery	Yes	47.67583	-104.05933	Richland	22N-60E-7 SESE
SDOCO, LLC	BOG	1/18/2015	Spill or Release	1 Barrels	35 Barrels	Tank or Tank Battery	Yes	46.67190	-107.65522	Rosebud	11N-32E-26 SESE
XTO Energy Inc.	BOG	1/20/2015	Spill or Release		3 Barrels	Tank or Tank Battery	Yes	47.82069	-104.71284	Richland	24N-55E-19 SESW
Continental Resources Inc	BOG	1/21/2015	Spill or Release	2 Barrels		Tank or Tank Battery	Yes	48.15639	-104.36545	Roosevelt	28N-57E-28 NENW
XTO Energy Inc.	BOG	1/23/2015	Spill or Release	6 Barrels		Tank or Tank Battery	Yes	47.70747	-104.37739	Richland	23N-57E-35 SWSW
Bad Water Disposal, LLP	BOG	1/26/2015	Spill or Release	10 Barrels	10 Barrels	Tank or Tank Battery	Yes	47.67583	-104.05933	Richland	22N-60E-7 SESE
Continental Resources Inc	BOG	1/27/2015	Spill or Release	3 Barrels	Barrels	Flow Line - Production	No	47.80408	-104.88285	Richland	24N-53E-35 NENW
Continental Resources Inc	BOG	1/28/2015	Spill or Release	1 Barrels		Flow Line - Production	No	47.81180	-104.88209	Richland	24N-53E-26
Denbury Onshore, LLC	BOG	2/2/2015	Spill or Release		21 Gallons	Vessel/Container	Yes	46.98581	-104.78775	Dawson	14N-55E-8 SENW
Denbury Onshore, LLC	BOG	2/7/2015	Spill or Release	15 Barrels	5 Barrels	Tank or Tank Battery	No	46.41723	-104.30816	Fallon	8N-59E-26 SWNE
Encore Energy Partners Operating LLC	BOG	2/12/2015	Fire	1 Barrels		Tank or Tank Battery	Yes	47.80360	-104.10871	Richland	24N-59E-35 NWNE
Denbury Onshore, LLC	FED	2/18/2015	Spill or Release		15 Barrels	Well Head	Yes	46.73386	-104.54694	Wibaux	11N-57E-4 NESE
XTO Energy Inc.	BOG	2/24/2015	Spill or Release		38 Barrels	Tank or Tank Battery	Yes	47.66266	-104.04578	Richland	22N-60E-17 SESW
Shadwell Resources Group, LLC	BOG	2/24/2015	Spill or Release	100 Barrels	1000 Barrels	Tank or Tank Battery	No	47.77552	-104.26780	Richland	23N-58E-10 NWNW
Denbury Onshore, LLC	BOG	2/26/2015	Spill or Release		400 Barrels	Well Head	Yes	46.37025	-104.24297	Fallon	7N-60E-7 SESE
Bad Water Disposal, LLP	BOG	3/4/2015	Spill or Release		10 Gallons	Well Head	Yes	47.67583	-104.05933	Richland	22N-60E-7 SESE
Denbury Onshore, LLC	BOG	3/5/2015	Spill or Release	50 Barrels		Tank or Tank Battery	Yes	47.04868	-104.86599	Dawson	15N-54E-22 NWNE
Denbury Onshore, LLC	FED	3/15/2015	Spill or Release		8 Barrels	Pump Failure	No	46.41723	-104.30816	Fallon	4N-62E-8 SWSW
Anadarko Minerals, Inc.	BOG	3/15/2015	Spill or Release		65 Barrels	Tank or Tank Battery	Yes	48.40195	-106.03544	Valley	31N-44E-32 SENW
Whiting Oil and Gas Corporation	BOG	3/19/2015	Spill or Release	8 Gallons	12 Gallons	Flow Line - Production	No	48.06848	-104.24688	Roosevelt	27N-58E-29 NENE
Denbury Onshore, LLC	BOG	3/22/2015	Spill or Release		200 Barrels	Flow Line - Injection	No	46.37796	-104.17441	Fallon	7N-60E-11 SWNW
Encore Energy Partners Operating LLC	BOG	3/27/2015	Spill or Release	1 Barrels		Flow Line - Production	Yes	47.86003	-104.40236	Richland	24N-57E-9 NENE
Denbury Onshore, LLC	FED	3/29/2015	Fire			Other	No	46.68306	-104.51985	Fallon	11N-57E-26 NWNW
Encore Energy Partners Operating LLC	BOG	3/30/2015	Spill or Release	50 Barrels		Tank or Tank Battery	Yes	47.60360	-104.24249	Richland	21N-58E-2 SESW
Denbury Onshore, LLC	BOG	3/31/2015	Spill or Release		50 Barrels	Flow Line - Injection	Yes	46.38702	-104.19578	Fallon	7N-60E-3 NWSW
Somont Oil Company, Inc.	BOG	4/1/2015	Spill or Release	10 Barrels		Tank or Tank Battery	Yes	48.83512	-111.84455	Toole	36N-2W-34 SENE
Slawson Exploration Company Inc		4/2/2015	Spill or Release	10 Gallons		Trucking/Transportation	Yes	47.83445	-104.87855	Richland	24N-53E-14 SWSE
Somont Oil Company, Inc.	BOG	4/3/2015	Spill or Release	75 Barrels		Tank or Tank Battery	Yes	48.70129	-111.76615	Toole	34N-1W-17 NESW
Denbury Onshore, LLC	BOG	4/10/2015	Spill or Release		3500 Barrels	Flow Line - Injection	No	46.35190	-104.22890	Fallon	7N-60E-20 NWNE
Encore Energy Partners Operating LLC	BOG	4/13/2015		37 Barrels	38 Barrels	Treater	Yes	47.68672	-104.18216	Richland	22N-59E-8 NWNW
Continental Resources Inc	BOG	4/15/2015	Spill or Release	2 Barrels		Flare Pit	No	47.88306	-104.62286	Richland	25N-55E-28 SESW
XTO Energy Inc.	BOG	4/17/2015		2 Gallons		Flare Pit	No	47.81775	-104.71284	Richland	24N-55E-30 NENW