



Don Lee &lt;don.leelaw@gmail.com&gt;

---

**FW: Old Wells**

---

Somont Oil <somontoil@gmail.com>  
To: "Halvorson, Jim" <jhalvorson@mt.gov>

Tue, Dec 8, 2015 at 8:33 AM

Jim,

This is prompted by a recent email I got the other day from Brian Lee. He forwarded to me a list of wells currently under Cavalier Petroleum's plugging bond that he had gotten from you and said that the Cavalier cash bond had already been forfeited and a demand had also been made by the Board on Cavalier's surety. Brian indicated he was looking for us or any other operators who might be interested in taking over the well bores before they are left with the Board to plug.

In my response to him, I noted two leases (a State lease in Section 16 of T34NR1W with three wells and a Habets lease in Section 17 of T34NR2W with two wells) that did not have anything to do with us. For the remainder of the wells, I noted that all of them were on tracts on which Somont either owned the mineral estate or had producing leases held by production. I have attached a marked up list of Cavalier's wells with the two leases identified.

This brought back to mind our history with the old C-W empire and the Board and so I thought I'd summarize the history and conclude with a proposal that might now make some sense:

You are certainly generally aware of the ten years of litigation that started back in 1998 when we got new leases on multiple dead leases on which C-W was the operator, with bonds in the name of A.G. Walls and Cavalier.

**Following the first trial in 1999**, the District Court awarded us a large number of leases along with the right to evaluate the idle well bores on the leases and assume the liability for those well bores which we found commercially viable, leaving the balance for C-W to plug. Following the first trial it was also held that a number of leases were still validly owned by C-W and we appealed that portion of the ruling.

While the ruling was on appeal, C-W submitted plugging applications to the Board for essentially all of the "easy" wells on the properties they had lost. These "easy" wells were those with no rods or tubing in them and an open hole to the bottom (no parted or collapsed casing). The reason they submitted plugging applications was because they could get grant money (paid for by RITT taxes) to plug these wells under a grant program that then existed and they could make money plugging the easy wells. Our attorney protested vigorously at a Board hearing, noting that C-W plugging the wells would be a violation of the District Court order and would most certainly be a waste of natural resources but the ruling by the Board was that they would not question the judgment of the operator as to when it was appropriate to plug a well and the ruling by the District Court was really not their concern. It was known by all that we could not get timely relief in the District Court because the case was on appeal (the file was out of the District Court for the period of the appeal and the Supreme Court would not get involved because the right to evaluate the idle well bores was not the matter being appealed). So to make a long story short, 72 commercially viable wells were plugged using taxpayer dollars before the case was remanded by the Supreme Court and sent back to the District Court for further handling.

**When all of the litigation was finally concluded in 2008**, the Supreme Court had awarded Somont all of the contested leases. That resulted in all of the remaining unplugged wells on the contested leases remaining under the bonds of Cavalier Petroleum or A.G. Walls, with Somont evaluating each of the well bores and assuming the plugging liability for those wells it deemed commercially viable, leaving the remainder for Cavalier and/or A.G. Walls to plug. In the meantime, C-W sold their remaining productive properties to Enclave.

Over the next several years Somont commenced its evaluation of the idle well bores, returning those viable to production and informing Cavalier of those which it did not find viable. Because most of the "easy" wells had already been plugged, it was pretty slow going as many of the remaining wells had stuck rods and tubing or had collapsed or parted casing.

**By early 2011** it was long apparent to me, if nobody else, that C-W was never going to plug the non-viable wells since all of the players were either deceased or out of the business. We were having a very difficult time even getting our change of operator notices signed off by Cavalier and, in fact, it appears that a number of the wells we took over and are currently operating are still under the bond of Cavalier since they, apparently, never did sign off on the change of operator. In any case, I spoke to you in early February of 2011 and ran an idea by you that I thought would be sensible for everybody – basically, we proposed that during our evaluation of the well bores if it became apparent that they were not commercially viable, we would at that time plug them for the State at some sort of discount to the going rate. It seemed to me that this would make lots of sense as it would get a lot of the otherwise orphan wells off the books at a discount to the State and we could make a few bucks as well. Following our discussion, you suggested I put the idea in writing which I did (3 February 2011 email attached).

When I followed this email up, my recollection is that you thought the idea was pretty much doomed to failure because it was too logical and not at all politically correct. I'm sure those weren't the words you used, but I left the conversation believing that the time was not then ripe for such an idea to resonate with the Board although I do recall you saying that perhaps someday such an idea might be more favorably received. In any case, I went on to other things which included eventually taking over the Enclave properties and working their idle wells along with the idle C-W wells.

**And then in the last 15 months** the energy markets have taken a terrible financial hit and so our operation is largely in a maintenance mode. Because we have no debt or whining shareholders and I heeded the official oilfield prayer back in 1986 (Please, Lord, let there be one more oil boom and I promise to not piss it all away this time), we are well situated to ride out the storm but will be limiting our expenditures to holding on to what we have. Other than unexpected surprises, we have no drilling obligations for the next ten years and so have stacked our drilling rig and will be substantially limiting any efforts to evaluate idle well bores since we will be concentrating pretty much exclusively on maintaining the production that we currently have.

So that is a synopsis of our circumstances when I got Brian's email.

It occurs to me that now might be a good time to see if the gist of my 2011 proposal might be better received and that is what has prompted this email to you. So long as the Board will allow us to use our judgment as to when it is time to quit trying to save a well and go ahead and plug it, we can use this downturn in the industry to not only get all remaining wells evaluated but also make a few bucks while doing so, with the State benefitting from getting a large number of orphan wells off the books at a discount.

[Quoted text hidden]

---

**2 attachments**



**Cavalier's wells.pdf**

115K



**3 Feb 2011 email to Jim Halverson.pdf**

58K

## **Somont**

---

**From:** Somont [somont@comcast.net]  
**Sent:** Thursday, February 03, 2011 10:40 AM  
**To:** jhalvorson@mt.gov  
**Subject:** Plugging proposal for MBOG

Jim,

This is a follow-up to our recent telephone conversation.

### **Background:**

The litigation between Somont and C-W, which started back in 1998, finally concluded several years ago with Somont being judicially awarded all of the 40+ challenged C-W leases in the Kevin-Sunburst Field. As part of the final settlement, Somont agreed to evaluate all unplugged well bores on the leases and assume the plugging liability for any we found viable, with C-W retaining the plugging liability for the balance. Our evaluation process has been ongoing for the past several years, with over 125 former C-W wells returned to production to date, but with the acquisition of additional service rigs and the recent addition of our own cementing equipment, the pace is going to accelerate.

At the present time we still have in excess of 100 ex C-W wells to evaluate. We are making every effort to return all possible well bores to commercial production and are utilizing a variety of company owned equipment including our several service rigs, drilling rig, fishing tools, and a down hole camera run on a wire line to diagnose and fix problems. But there are clearly going to be a significant number of well bores that just cannot be salvaged. In general, our evaluation started with the better prospects first and so we do expect to have less success with the last 100 wells than we did with the first 100.

Now that we have our own cementing equipment, our procedure for evaluating well bores for their viability will be to put a rig on them and do everything we can reasonably do to get down to bottom. If we can get down to bottom we are confident that we can salvage the well bore. But if we are unable to get to bottom, we will want to set a cement plug as low as we can while the rig is still on the well; fill the hole up with mud; and then put a surface plug on top and cut off the casing below plow depth. This is the procedure we will be following for wells currently on our bond.

If the MBOG is comfortable that C-W will in fact assume all of their eventual plugging liabilities, our procedure on wells for which C-W retains the plugging liability will be the same going forward as it has been in the past: When we conclude that we can't get to

bottom on a well, we will pull off it, go on to the next well, and inform C-W that we will not be assuming the plugging liability for the particular well.

**Proposal if the MBOG believes it will wind up having to assume the plugging and surface restoration liabilities of C-W in excess of their plugging bonds:**

We will want to have a discussion with the MBOG and learn what its average cost for plugging orphan wells in the Kevin-Sunburst Field has been over the past decade – the good, the bad, and the ugly. If the number is anywhere near what I expect it to be, we propose to negotiate a flat per well plugging/surface restoration rate with the MBOG that will be in the neighborhood of 50% of the historical average rate paid to contractors.

As we attempt to return additional C-W bonded wells to production, we will make every effort to do so but if there comes a time when we elect to abandon our effort, we will offer to P&A the well for the negotiated per well flat rate. The State will save considerable money and we should be able to make a few bucks plugging at the discounted rate since we will have our rig on the well already and will be using our own equipment. If the Field Inspector agrees it is appropriate to plug the well, then we shall do so; but if the Field Inspector feels that further efforts are warranted we shall pull off the well (as we now do) and leave the future disposition to be resolved between the MBOG and C-W.

I look forward to hearing back if this is a proposal that the MBOG wishes to further consider. If I do not hear back, I will assume that our proposal is not of interest and we shall maintain the status quo with our operations.

Charlie Jansky



## Plugging and Reclamation Bonds With Well List

101-06198	Cavalier Petroleum	Zachor 21	35 N	1 W	20	E2 SE NW	1980N 2420W	Kevin-Sunburst	1551		SI	OIL
101-06204	Cavalier Petroleum	Zachor 18	35 N	1 W	20	E2 SW NE	1980N 1540E	Kevin-Sunburst	1530		SI	OIL
101-10109	Cavalier Petroleum	Rico Blahm 7	35 N	1 W	29	SE NW SE	1540S 1540E	Kevin-Sunburst	1532		SI	OIL
101-09985	Cavalier Petroleum	Miles 7A	35 N	1 W	29	NE NE NW	220N 2420W	Kevin-Sunburst	1570		SI	OIL
101-10002	Cavalier Petroleum	Rico Blahm 2	35 N	1 W	29	NW NW SE	2420S 2420E	Kevin-Sunburst	1538		SI	OIL
101-10241	Cavalier Petroleum	Rico Blahm 14	35 N	1 W	29	NE NE SE	2420S 220E	Kevin-Sunburst	1500	1531	SI	OIL
101-10150	Cavalier Petroleum	Big West Anderson 1	35 N	1 W	29	SE NW SW	1540S 1100W	Kevin-Sunburst	1522	1514	SI	OIL
101-10151	Cavalier Petroleum	Big West Anderson 2	35 N	1 W	29	S2 NW SW	1540S 660W	Kevin-Sunburst	1596		SI	OIL
101-10152	Cavalier Petroleum	Big West Anderson 3	35 N	1 W	29	NW NW SW	2420S 220W	Kevin-Sunburst	1532		SI	OIL
101-10153	Cavalier Petroleum	Big West Anderson 4	35 N	1 W	29	NE NW SW	2420S 1100W	Kevin-Sunburst	1524		SI	OIL
101-10154	Cavalier Petroleum	Big West Anderson 5	35 N	1 W	29	N2 NW SW	2420S 660W	Kevin-Sunburst	1526		SI	OIL
101-10155	Cavalier Petroleum	Big West Anderson 7	35 N	1 W	29	W2 NW SW	1980S 220W	Kevin-Sunburst	1530	1590	SI	OIL
101-09890	Cavalier Petroleum	Anderson 1	35 N	1 W	30	NE NE SE	2420S 220E	Kevin-Sunburst	1545		SI	OIL
101-09891	Cavalier Petroleum	Anderson 2	35 N	1 W	30	SE NE SE	1540S 220E	Kevin-Sunburst	1505		SI	OIL
101-09892	Cavalier Petroleum	Anderson 3	35 N	1 W	30	SW NE SE	1540S 1100E	Kevin-Sunburst	1485		SI	OIL
101-09893	Cavalier Petroleum	Anderson 4	35 N	1 W	30	NW NE SE	2420S 1100E	Kevin-Sunburst	1506		SI	OIL
101-09894	Cavalier Petroleum	Anderson 5	35 N	1 W	30	NE SE	1980S 220E	Kevin-Sunburst	1530		SI	OIL
101-09895	Cavalier Petroleum	Anderson 6	35 N	1 W	30	NE SE	1540S 660E	Kevin-Sunburst	1509		SI	OIL
101-09896	Cavalier Petroleum	Anderson 7	35 N	1 W	30	NE SE	2420S 660E	Kevin-Sunburst	1560		SI	OIL
101-09897	Cavalier Petroleum	Anderson 8	35 N	1 W	30	NE SE	1980S 1100E	Kevin-Sunburst	1548		SI	OIL
101-09898	Cavalier Petroleum	Anderson 9	35 N	1 W	30	C NE SE	1980S 660E	Kevin-Sunburst	1527		SI	OIL
101-10071	Cavalier Petroleum	Allen 31	35 N	1 W	31	SE NE	1980N 1100E	Kevin-Sunburst	1460		SI	OIL
101-09883	Cavalier Petroleum	Allen 13	35 N	1 W	31	NW SE NE	1540N 1100E	Kevin-Sunburst	1458		SI	OIL
101-09884	Cavalier Petroleum	Allen 33	35 N	1 W	31	NW SW NE	1650N 2310E	Kevin-Sunburst	1454		SI	OIL
101-09885	Cavalier Petroleum	Allen 35	35 N	1 W	31	E2 SW NE	1960N 1586E	Kevin-Sunburst	1413		SI	OIL
101-09886	Cavalier Petroleum	Allen 36	35 N	1 W	31	NE SW NE	1540N 1590E	Kevin-Sunburst	1416		PR	OIL
101-05886	Cavalier Petroleum	Allen 34	35 N	1 W	31	NE SE NE	1560N 266E	Kevin-Sunburst	1435	1450	SI	OIL
101-10156	Cavalier Petroleum	Allen 7(-)	35 N	1 W	31	N2 SE SW	1100S 1980W	Kevin-Sunburst	1443		SI	OIL
101-10189	Cavalier Petroleum	Allen 6(-)	35 N	1 W	31	SE SW	1100S 3740E	Kevin-Sunburst	1439		SI	OIL
101-10125	Cavalier Petroleum	Ruby Allen 3	35 N	1 W	31	SE SE NE	2420N 220E	Kevin-Sunburst		1448	SI	OIL
101-10126	Cavalier Petroleum	Ruby Allen 5	35 N	1 W	31	NE NW SE	2420S 1540E	Kevin-Sunburst	1442	1444	SI	OIL
101-10127	Cavalier Petroleum	Ruby Allen 8	35 N	1 W	31	NE NE SE	2420S 220E	Kevin-Sunburst	1462		SI	OIL
101-10128	Cavalier Petroleum	Allen 11	35 N	1 W	31	N2 SE NE	1540N 660E	Kevin-Sunburst	1443		PR	OIL
101-10129	Cavalier Petroleum	Ruby Allen 17	35 N	1 W	31	W2 SW NE	1980N 2420E	Kevin-Sunburst	1480		SI	OIL
101-10130	Cavalier Petroleum	Ruby Allen 18	35 N	1 W	31	SW SW NE	2420N 2420E	Kevin-Sunburst	1468		SI	OIL
101-10131	Cavalier Petroleum	Ruby Allen 19	35 N	1 W	31	NW NW SE	2420S 2420E	Kevin-Sunburst	1469		PR	OIL
101-10132	Cavalier Petroleum	Ruby Allen 20	35 N	1 W	31	E2 NE SE	1980S 220E	Kevin-Sunburst	1462		SI	OIL
101-10133	Cavalier Petroleum	Ruby Allen 21	35 N	1 W	31	C SE NE	1980N 660E	Kevin-Sunburst	1477	1445	SI	OIL
101-10134	Cavalier Petroleum	Allen 24	35 N	1 W	31	C NE SE	1980S 660E	Kevin-Sunburst	1465		SI	OIL
101-10135	Cavalier Petroleum	Allen 26	35 N	1 W	31	N2 NE SE	2420S 660E	Kevin-Sunburst		1484	SI	OIL
101-10136	Cavalier Petroleum	Allen 27	35 N	1 W	31	W2 NE SE	1980S 1100E	Kevin-Sunburst	1484		SI	OIL
101-10137	Cavalier Petroleum	Allen 29	35 N	1 W	31	S2 SE NE	2420N 660E	Kevin-Sunburst	1427		SI	OIL

## Plugging and Reclamation Bonds With Well List

101-10138	Cavalier Petroleum	Allen 30	35 N 1 W 31	S2 SW NE	2420N 1930E	Kevin-Sunburst	1446		SI	OIL
101-21206	Cavalier Petroleum	Allen 31-8	35 N 1 W 31	N8 SE NE	1760N 440E	Kevin-Sunburst	1745	1750	SI	OIL
101-10139	Cavalier Petroleum	CAINE 44	35 N 1 W 32	E2 SE NW	1980N 2420W	Kevin-Sunburst	1498	1698	SI	OIL
101-10140	Cavalier Petroleum	CAINE 8	35 N 1 W 32	SW SE NW	2420N 1540W	Kevin-Sunburst	1481		SI	OIL
101-10144	Cavalier Petroleum	Remington 3	35 N 1 W 32	W2 NW NW	660N 220W	Kevin-Sunburst	1496		SI	OIL
101-10149	Cavalier Petroleum	WARNER 6	35 N 1 W 32	S2 SW NW	2420N 660W	Kevin-Sunburst	1610		SI	OIL
101-09903	Cavalier Petroleum	CAINE 2	35 N 1 W 32	W2 NE NW	660N 1540W	Kevin-Sunburst	1500		SI	OIL
101-09906	Cavalier Petroleum	Caice 5	35 N 1 W 32	NW NW NE	220N 2420E	Kevin-Sunburst	1510		SI	OIL
101-09909	Cavalier Petroleum	CAINE 8	35 N 1 W 32	C NE NW	660N 1980W	Kevin-Sunburst	1484		SI	OIL
101-09911	Cavalier Petroleum	CAINE 13	35 N 1 W 32	SE SE NW	2420N 2420W	Kevin-Sunburst	1502		SI	OIL
101-09913	Cavalier Petroleum	CAINE 17	35 N 1 W 32	SE SW NE	2420N 1540E	Kevin-Sunburst	1487		SI	OIL
101-09917	Cavalier Petroleum	CAINE 23	35 N 1 W 32	N2 SW NE	1540N 1980E	Kevin-Sunburst	1484		SI	OIL
101-09931	Cavalier Petroleum	CAINE 39	35 N 1 W 32	SE NE NW	1100N 2420E	Kevin-Sunburst	1499		SI	OIL
101-06533	Cavalier Petroleum	Reeg 10	35 N 2 W 14	E2 NW SE	1980S 1540E	Kevin-Sunburst	1485		SI	OIL
101-10077	Cavalier Petroleum	A. Lorenzen 6	35 N 2 W 22	SW SE SW	220S 1540W	Kevin-Sunburst	1753		SI	OIL
101-10120	Cavalier Petroleum	Lorenzen 2	35 N 2 W 22	SW SW SW	220S 220W	Kevin-Sunburst	1425		SI	OIL
101-09964	Cavalier Petroleum	Lorenzen 1	35 N 2 W 22	NE NW SW	2420S 1100W	Kevin-Sunburst	1390		PR	OIL
101-09965	Cavalier Petroleum	Lorenzen 3	35 N 2 W 22	W2 SW SW	660S 220W	Kevin-Sunburst	1466		SI	OIL
101-09966	Cavalier Petroleum	Lorenzen 4	35 N 2 W 22	SE SW SW	220S 1100W	Kevin-Sunburst	1457		SI	OIL
101-09967	Cavalier Petroleum	Lorenzen 8	35 N 2 W 22	NW SE SW	990S 1650W	Kevin-Sunburst	1520	1518	SI	OIL
101-09969	Cavalier Petroleum	Lorenzen 16	35 N 2 W 22	C SE SW	660S 1980W	Kevin-Sunburst	1470	1496	SI	OIL
101-09970	Cavalier Petroleum	Lorenzen 19	35 N 2 W 22	C SW SE	660S 1980E	Kevin-Sunburst	1470		SI	OIL
101-22339	Cavalier Petroleum	A. Lorenzen 26-A	35 N 2 W 22	NW NW SW	2210S 480W	Kevin-Sunburst	1575		PR	OIL
101-22341	Cavalier Petroleum	A. Lorenzen 23-A	35 N 2 W 22	NW NW SW	2210S 260W	Kevin-Sunburst	1550		SI	OIL
101-22342	Cavalier Petroleum	Lorenzen 21-A	35 N 2 W 22	SW NW SW	1550S 245W	Kevin-Sunburst	1550	1536	SI	OIL
101-22343	Cavalier Petroleum	Lorenzen 25-A	35 N 2 W 22	NE NW SW	1990S 695W	Kevin-Sunburst	1550	1520	SI	OIL
101-22351	Cavalier Petroleum	A. Lorenzen 27-A	35 N 2 W 22	NW NW SW	2420S 220W	Kevin-Sunburst	1550		SI	OIL
101-22106	Cavalier Petroleum	A. Lorenzen 20-A	35 N 2 W 22	NW SW SW	1100S 220W	Kevin-Sunburst	1550		SI	OIL
101-22608	Cavalier Petroleum	Lorenzen 1A	35 N 2 W 22	NE NW SW	2200S 1100W	Kevin-Sunburst	1506		PR	OIL
101-10239	Cavalier Petroleum	A. Lorenzen 15	35 N 2 W 27	S2 SE NE	2420N 660E	Kevin-Sunburst	1555		SI	OIL
101-30122	Cavalier Petroleum	ZIMMERMAN 3	35 N 2 W 29	S2 SE NW	2395N 1980W	Kevin-Sunburst	1512		SI	OIL
101-10123	Cavalier Petroleum	Zimmerman 6	35 N 2 W 29	E2 SE NW	1980N 2420W	Kevin-Sunburst	1500	1501	SI	OIL
101-21048	Cavalier Petroleum	Haugen 3W	35 N 3 W 11	SE NE	1875N 100E	Kevin-Sunburst	1620	1583	SI	OIL
101-05899	Cavalier Petroleum	Thompson 9A	35 N 3 W 28	NW SE NW	1670N 1580W	Kevin-Sunburst	1811	1740	SI	OIL
101-05902	Cavalier Petroleum	Thompson 5A	35 N 3 W 28	NE SW NE	1540N 1540E	Kevin-Sunburst	1709		SI	OIL
101-05839	Cavalier Petroleum	Thompson 5B	35 N 3 W 28	N2 NW SE	2420S 1980E	Kevin-Sunburst	1731		SI	OIL
101-05843	Cavalier Petroleum	Thompson 3B	35 N 3 W 28	NW NW SE	2420S 2420E	Kevin-Sunburst	1760	1745	SI	OIL
101-05870	Cavalier Petroleum	Thompson 2A	35 N 3 W 28	SW SE NW	2420N 1540W	Kevin-Sunburst	1703		SI	OIL
101-05871	Cavalier Petroleum	Thompson 6A	35 N 3 W 28	SW SW NE	2310N 2283E	Kevin-Sunburst	1747		SI	OIL

Comment: 10/24/2000: Added \$15,000 CD #1914303318 from 1st Bank, Shelby to complete \$25,000 bond.

11/24/2015

### Plugging and Reclamation Bonds With Well List

Page 4 of 4

---

CAVALIER PETROLEUM	1342	Bonds	91	Federal	Active	Wells:	0	Allowed:
Other Bond	FEDERAL BOND					Approved		1/4/1983

---

Comment:

**MONTANA BOARD OF OIL AND GAS CONSERVATION  
FINANCIAL STATEMENT  
As of 12/1/2015  
Fiscal Year 2016: Percent of Year Elapsed - 44%**

		Budget	Expends	Remaining	%
Regulatory	Personal Services	1,288,795	391,143	897,652	0.30
UIC	Personal Services	191,043	71,124	119,919	0.37
	Total Expends	1,479,838	462,267	1,017,571	0.31
Regulatory	Equipment & Assets	39,477	-	39,477	0.00
UIC	Equipment & Assets	17,073	-	17,073	0.00
	Total Expends	56,550	-	56,550	0.00
Regulatory	Contracted Services	175,279	51,409	123,870	0.29
	Supplies & Materials	48,500	14,282	34,218	0.29
	Communication	71,819	16,864	54,955	0.23
	Travel	38,000	10,735	27,265	0.28
	Rent	33,000	13,105	19,895	0.40
	Utilities	15,000	7,458	7,543	0.50
	Repair/Maintenance	15,620	7,435	8,185	0.48
	Other Expenses	20,000	7,517	12,483	0.38
	Total Operating Expenses	417,218	128,805	288,413	0.31
UIC	Contracted Services	14,976	3,679	11,297	0.25
	Supplies & Materials	12,561	1,475	11,086	0.12
	Communication	12,000	1,544	10,456	0.13
	Travel	9,213	1,889	7,324	0.21
	Rent	3,000	1,073	1,927	0.36
	Utilities	7,000	1,062	5,938	0.15
	Repair/Maintenance	9,000	1,061	7,939	0.12
	Other Expenses	13,876	1,326	12,550	0.10
	Total Operating Expenses	81,626	13,109	68,517	0.16
	Total Expends	498,844	141,914	356,930	0.28

	Budget	Expends	Remaining	%
Carryforward FY14				
Personal Services	20,331	-	20,331	0.00
Operating Expenses	30,497	-	30,497	0.00
Equipment & Assests	50,828	-	50,828	0.00
Total	101,656	-	101,656	0.00

Funding Breakout	Regulatory Budget	Regulatory Expends	UIC Budget	UIC Expends	2016 Total Budget	2016 Total Expends	%
State Special	1,745,490	519,948	289,742	84,233	2,035,232	604,181	0.30
Federal 2016 UIC (10-1-2015 to 9-30-2016)			109,000		109,000	-	-
Total	1,745,490	519,948	398,742	84,233	2,144,232	604,181	0.28

<b>REVENUE INTO STATE SPECIAL REVENUE ACCOUNT as of 12/1/15</b>			
		FY 16	FY 15
Oil & Gas Production Tax	\$	331,696	\$ 1,340,402
*Oil Production Tax		19,902	101,210
*Gas Production Tax		311,794	1,239,192
Drilling Permit Fees		7,525	39,925
UIC Permit Fees		-	231,890
Interest on Investments		2,174	5,616
Copies of Documents		886	4,448
Miscellaneous Reimbursements		24,500	13,000
<b>TOTAL</b>	<b>\$</b>	<b>366,781</b>	<b>\$ 2,975,683</b>

<b>REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 12/1/15</b>			
		FY 16	FY 15
RIT Investment Earnings	\$	127,533	\$ -
Bond Forfeitures:			45,128
Cavalier Petroleum		15,000	
Interest on Investments		319	588
<b>TOTAL</b>	<b>\$</b>	<b>142,852</b>	<b>\$ 45,716</b>

<b>INVESTMENT ACCOUNT BALANCES as of 12/1/15</b>		
Regulatory Account	\$	2,963,980
Damage Mitigation Account	\$	616,627

<b>REVENUE INTO GENERAL FUND FROM FINES as of 12/1/15</b>		
		FY 16
BENSUN ENERGY	7/17/2015	\$ 120
CCG LLC / GRYNBERG, JACK	7/17/2015	70
HOFLAND JAMES D. / J. H OIL COMPANY	7/17/2015	210
ALTURAS ENERGY LLC	7/24/2015	1,000
GRAY WOLF PRODUCTION COMPANY INC	7/24/2015	100
ROARK, DANIEL/TINA / DANIELSON, PATRICIA	7/31/2015	140
STATOIL OIL AND GAS LP	7/31/2015	70
SONKAR INC	8/5/2015	70
RIMROCK COLONY INC.	8/14/2015	130
KLANIKA KENNETH / STATOIL OIL AND GAS LP	8/14/2015	70
MONTANA OIL FIELD ADQUISITION	8/21/2015	360
MONTANA OIL FIELD ADQUISITION	8/21/2015	360
MONTANA OIL FIELD ADQUISITION	8/24/2015	360
J BURNS BROWN OPERATING COMPANY	9/4/2015	400
MONTANA LAND AND MINERAL COMPANY	10/2/2015	60
BALKO INC	10/2/2015	530
WINDY BUTTE RECLAMATION FACILITY LLC	10/30/2015	120
HINTO ENERGY / HERICK, GARY J.	11/13/2015	1360
<b>TOTAL</b>		<b>\$ 5,530</b>

**GRANT BALANCES - 12/1/15**

<u>Name</u>	<u>Authorized Amt*</u>	<u>Expended</u>	<u>Balance</u>	<u>Expiration Date</u>
2011 Southern - Tank Battery2 RIT 12-8723	\$ 204,951	\$ 166,548	\$ 38,403	9/30/2016
2011 Northern/Eastern RIT 13-8753	332,642	203,004	129,638	9/30/2016
<b>TOTAL</b>	<b>\$ 537,593</b>	<b>\$ 369,552</b>	<b>\$ 168,041</b>	

\* includes match requirement for grant

**CONTRACT BALANCES - 12/1/15**

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
MT Tech - Elm Coulee EOR Study (MOU 127220)	\$ 863,905	\$ 476,611	\$ 387,294	Under Contract	12/31/2017
MT Tech - Survey of Native Proppant (SNaP)	383,101	360,783	22,318	Under Contract	12/31/2015
Agency Legal Services (ALS - Legal) (ALS-2016)	25,000	13,812	11,188	Under Contract	6/30/2016
Automated Maintenance Services, Inc. (OG-AMS-149)	24,197	8,220	15,977	Under Contract	6/30/2016
Central Avenue Mall FY '16 (9/1/15 - 8/31/16)	400	400	-	Completed	8/31/2016
Central Avenue Mall FY '17 (9/1/16 - 8/31/17)	400	-	400	Under Contract	8/31/2017
HydroSolutions - EPA Primacy Class VI Injection (DNR12-2558T)	57,156	56,392	764	Under Contract	5/31/2016
<b>TOTAL</b>	<b>\$ 1,354,159</b>	<b>\$ 916,218</b>	<b>\$ 437,941</b>		

**Agency Legal Services  
Expenditures in FY16**

<u>Case</u>	<u>Amt Spent</u>
BOGC Duties	\$ 11,809
Hekkel	203
CCRC	559
Omimex	1,050
Ostby	191
<b>Total</b>	<b>\$ 13,812</b>

# FORECAST BASED UPON OCTOBER EIA PRICING

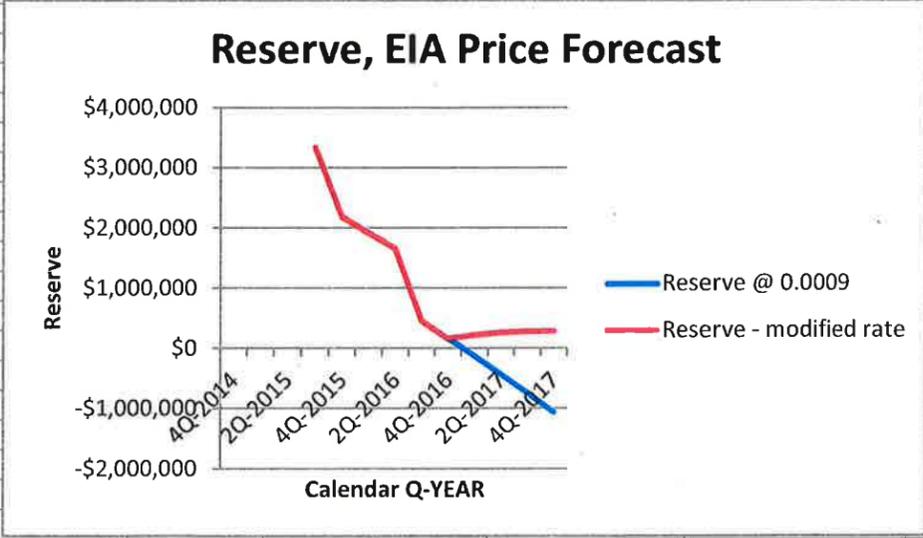
CY	FY	ERA Balance	Budgeted Expenditures	Legislative Transfers	Forecast Oil Production	Forecast Gas Production	Tax Rate	EIA Oil Price - \$10.00	Gas Price	Base EIA Value	Income - 0.0009	Reserve @ 0.0009	Tax Rate 2	Income - modified	Reserve - modified rate
4Q-2014	FY 15 Q2				7,766,356	12,222,543	0.0009								
1Q-2015	FY 15 Q3	\$4,922,575.00		\$ 1,350,000.00	7,585,555	11,733,243	0.0009								
2Q-2015	FY 15 Q4	\$3,990,170.00			7,388,010	12,072,775	0.0009								
3Q-2015	FY 16 Q1	\$3,548,576.21	\$369,955.65	\$ 164,602.41	6,979,255	11,895,774	0.0009	\$36.56	\$2.00	\$278,953,101.09	\$331,696.00	\$3,345,714.15	0.0009	\$331,696.00	\$3,345,714.15
4Q-2015	FY 16 Q2		\$508,808.00	\$ 876,141.60	6,566,003	11,690,215	0.0009	\$35.34	\$2.00	\$255,422,973.37	\$229,880.68	\$2,190,645.23	0.0009	\$229,880.68	\$2,190,645.23
1Q-2016	FY 16 Q3		\$508,808.00		6,221,760	11,488,209	0.0009	\$39.04	\$2.00	\$265,873,916.54	\$239,286.52	\$1,921,123.75	0.0009	\$239,286.52	\$1,921,123.75
2Q-2016	FY 16 Q4		\$508,808.00		5,928,119	11,289,693	0.0009	\$44.38	\$2.00	\$285,669,314.24	\$257,102.38	\$1,669,418.13	0.0009	\$257,102.38	\$1,669,418.13
3Q-2016	FY 17 Q1		\$525,255.75	\$ 945,736.00	5,673,056	11,094,609	0.0009	\$46.31	\$2.00	\$284,908,433.90	\$256,417.59	\$454,843.97	0.0009	\$256,417.59	\$454,843.97
4Q-2016	FY 17 Q2		\$525,255.75		5,448,303	10,902,895	0.0009	\$44.33	\$2.00	\$263,329,083.95	\$236,996.18	\$166,584.40	0.0009	\$236,996.18	\$166,584.40
1Q-2017	FY 17 Q3		\$525,255.75		5,247,946	10,714,495	0.0009	\$44.33	\$2.00	\$254,070,441.74	\$228,663.40	-\$130,007.95	0.0023	\$584,362.02	\$225,690.67 <span style="color: red;">increase</span>
2Q-2017	FY 17 Q4		\$525,255.75		5,067,610	10,529,351	0.0009	\$44.33	\$2.00	\$245,705,848.35	\$221,135.26	-\$434,128.44	0.0023	\$565,123.45	\$265,558.37
3Q-2017	FY 18 Q1		\$525,255.75		4,903,973	10,347,406	0.0009	\$44.33	\$2.00	\$238,087,949.29	\$214,279.15	-\$745,105.03	0.0023	\$547,602.28	\$287,904.90
4Q-2017	FY 18 Q2		\$525,255.75		4,754,457	10,168,606	0.0009	\$44.33	\$2.00	\$231,102,295.42	\$207,992.07	-\$1,062,368.72	0.0023	\$531,535.28	\$294,184.43
			\$5,047,914.15	\$1,986,480.01						Income	\$2,423,449.23			\$3,780,002.38	
		Total Expend:	\$7,034,394.16							Necessary rate to meet expenditures CY 4Q 2017:	0.00227				

\$1,350,000 - Transfer, SB 418, occurred May 2015.

\$590,744 (Sage Grouse) + \$300,000 (MBMG Coal) + \$150,000 (St. Mary's) during FY 16

\$495,736 (Sage Grouse) + \$300,000 (MBMG Coal) + \$150,000 (St. Mary's) during FY 17

Total Transfers for FY 16 & FY 17: \$3,336,480



Legislative Transfers		
	FY 16	FY 17
Sage Grouse	\$590,744.00	\$495,736.00
MBMG Coal Data	\$300,000.00	\$300,000.00
St. Mary's	\$150,000.00	\$150,000.00
	\$1,040,744.00	\$945,736.00
	\$1,350,000.00	
Total:		\$3,336,480.00

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

10/28/2015 Through 12/8/2015

**Approved**

Scout Energy Management LLC Dallas TX	795 M1	Approved	11/2/2015
		Amount:	\$200,000.00
		Purpose:	Multiple Well Bond
Surety Bond	\$200,000.00	U.S. Specialty Insurance Co.	ACT
Swanson Oilfield Services Inc. Clarinda IA	796 T2	Approved	11/3/2015
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond
Certificate of Deposit	\$10,000.00	FIRST INTERSTATE BANK	ACT
Swanson Oilfield Services Inc. Clarinda IA	796 T1	Approved	11/3/2015
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond
Certificate of Deposit	\$10,000.00	FIRST INTERSTATE BANK	ACT

**Forfeited**

Cavalier Petroleum Helena MT	1342 B1	Forfeited	11/3/2015
		Amount:	\$25,000.00
		Purpose:	Blanket Bond
Coastal Petroleum Company Apalachicola FL	471 M1	Forfeited	11/3/2015
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond

**Released**

Energy Equity Company Meadow Vista CA	59 G1	Released	11/9/2015
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
HRC Operating, LLC Denver CO	561 T2	Released	10/29/2015
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond

# Incident Report

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitud	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 SES
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 NWN
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 NWN
True Oil LLC	BOG	1/12/2015	Fire	20 Barrels		Tank or Tank Battery	Yes	46.84148	-107.52696	Rosebud	13N-33E-34 NWS
Hofland, James D.	BOG	1/12/2015	Spill or Release	8 Barrels		Flow Line - Production	No	48.81061	-111.95565	Toole	35N-3W-11 NWN
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 NWN
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 SES
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 NEN
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 SWS
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 NEN
Continental Resources Inc	BOG	1/28/2015	Spill or Release	1 Barrels		Flow Line - Production	No	47.81180	-104.88209	Richland	24N-53E-26 NWS
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 NWN
Denbury Onshore, LLC	FED	2/18/2015	Spill or Release		15 Barrels	Well Head	Yes	46.73386	-104.54694	Wibaux	11N-57E-4 NESE
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 NWN
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 SES
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 NWN
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 SEN
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 NWN
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	BOG	4/2/2015	Spill or Release	10 Gallons		Trucking/Transportati	Yes	47.83445	-104.87855	Richland	24N-53E-14 SWS
Somont Oil Company, Inc.	BOG	4/3/2015	Spill or Release	75 Barrels		Tank or Tank Battery	Yes	48.79016	-111.90165	Toole	35N-2W-17 NWS
Glen Habets	OTR	4/9/2015	Spill or Release			Vessel/Container	No	48.71425	-111.90926	Toole	34N-2W-7 SESE
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	Spill or Release	37 Barrels	38 Barrels	Treater	Yes	47.68672	-104.18216	Richland	22N-59E-8 NWN
Continental Resources Inc	BOG	4/15/2015	Spill or Release	2 Barrels		Flare Pit	No	47.88306	-104.62286	Richland	25N-55E-28 SES

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitude	County	T-R-S
XTO Energy Inc.	BOG	4/17/2015	Spill or Release	2 Gallons		Flare Pit	No	47.81775	-104.71284	Richland	24N-55E-30 NEN
Denbury Onshore, LLC	BOG	4/20/2015	Spill or Release		10 Barrels	Flow Line - Production	Yes	46.32443	-104.13510	Fallon	7N-60E-36 NENE
XTO Energy Inc.	BOG	4/22/2015	Spill or Release	3 Gallons		Flare Pit	No	47.94160	-104.83488	Richland	25N-53E-2 SWSE
Petro-Hunt, LLC	BOG	4/23/2015	Spill or Release		5 Barrels	Flow Line - Production	No	48.55041	-104.25409	Sheridan	32N-57E-1 S2SW
Denbury Onshore, LLC	BOG	4/23/2015	Spill or Release		45 Barrels	Pump Failure	Yes	46.59033	-104.43075	Fallon	10N-58E-28 NES
SM Energy Company	BOG	4/23/2015	Fire			Flare Pit	No	47.90586	-104.70054	Richland	25N-54E-23 SENE
Denbury Onshore, LLC	BOG	4/28/2015	Spill or Release	2 Barrels	28 Barrels	Flow Line - Production	No	46.73346	-104.73346	Fallon	7N-60E-11 NWSW
Denbury Onshore, LLC	BOG	4/28/2015	Spill or Release	15 Barrels		Tank or Tank Battery	Yes	46.60752	-104.43795	Fallon	10N-58E-21 SWN
Poor Boy Oil, LLP	BOG	4/30/2015	Spill or Release	1 Barrels		Tank or Tank Battery	Yes	47.81771	-104.18282	Richland	24N-59E-29 NWN
Oasis Petroleum North America LLC	FED	5/4/2015	Spill or Release	15 Barrels		Well Head	No	48.02523	-104.17338	Richland	26N-58E-12 NEN
XTO Energy Inc.	BOG	5/8/2015	Spill or Release	1 Barrels		Flare Pit	No	47.78003	-104.30862	Richland	23N-58E-5 E2SW
Denbury Onshore, LLC	BOG	5/8/2015	Spill or Release	8 Gallons		Treater	No	47.02508	-104.84303	Dawson	15N-54E-26 NWS
Whiting Oil and Gas Corporation	BOG	5/14/2015	Spill or Release		28 Barrels	Tank or Tank Battery	Yes	47.89594	-104.19515	Richland	25N-58E-26 NEN
Vanguard Operating, LLC	BOG	5/15/2015	Fire			Flare Pit	No	47.93835	-104.61526	Richland	25N-55E-9 NENE
Bayswater Exploration & Production, LLC	BOG	5/17/2015	Spill or Release		300 Barrels	Flow Line - Production	No	46.62017	-108.36726	Musselshell	10N-27E-19 NENE
Legacy Reserves Operating LP	BOG	5/19/2015	Spill or Release	10 Barrels	40 Barrels	Flow Line - Production	No	48.63085	-104.08340	Sheridan	33N-58E-11 SENE
Bad Water Disposal, LLP	BOG	5/20/2015	Spill or Release	3 Barrels		Flow Line - Injection	No	47.67583	-104.05933	Richland	22N-60E-7 SESE
Poor Boy Oil, LLP	BOG	5/22/2015	Spill or Release	21 Gallons	21 Gallons	Tank or Tank Battery	Yes	47.81771	-104.18282	Richland	24N-59E-29 NWN
Continental Resources Inc	BOG	5/23/2015	Fire			Flare Pit	No	48.00385	-104.14668	Richland	26N-59E-18 NWS
Denbury Onshore, LLC	BOG	5/23/2015	Spill or Release	4 Barrels	20 Barrels	Flow Line - Production	No	46.31841	-104.09630	Fallon	7N-61E-32 SENE
Denbury Onshore, LLC	BOG	5/26/2015	Spill or Release	10 Gallons	2	Flow Line - Production	No	46.65071	-104.47277	Fallon	10N-58E-6 SENW
Shakespeare Oil Co Inc	BOG	5/27/2015	Fire			Treater	Yes	48.85799	-104.92107	Sheridan	36N-52E-21 NES
Somont Oil Company, Inc.	BOG	5/27/2015	Spill or Release	1 Barrels	500 Barrels	Flow Line - Injection	No	48.74507	-111.81200	Toole	35N-2W-36 NESW
Rim Operating, Inc.	BOG	5/29/2015	Spill or Release	25 Barrels		Treater	Yes	47.91336	-104.13393	Richland	25N-59E-17 SWS
Continental Resources Inc	BOG	5/30/2015	Fire			Flare Pit	No	47.74782	-104.57636	Richland	23N-56E-18 SESE
Denbury Onshore, LLC	BOG	6/3/2015	Spill or Release			Vessel/Container	No	46.32658	-104.15885	Fallon	7N-60E-26 SESE
Denbury Onshore, LLC	BOG	6/6/2015	Spill or Release		100 Barrels	Flow Line - Injection	No	46.62522	-104.45260	Fallon	10N-58E-17 NEN
Enerplus Resources USA Corporation	BOG	6/8/2015	Spill or Release		100 Barrels	Tank or Tank Battery	Yes	47.86664	-104.39707	Richland	24N-57E-3 NWN
Citation Oil & Gas Corp.	BOG	6/12/2015	Spill or Release	100 Barrels	25 Barrels	Tank or Tank Battery	No	48.48350	-109.21076	Blaine	32N-19E-36 SWS
Denbury Onshore, LLC	BOG	6/13/2015	Spill or Release			Flow Line - Production	No	46.31198	-104.22274	Fallon	7N-60E-31 SWNE
Denbury Onshore, LLC	OTR	6/13/2015	Spill or Release		1050 Barrels	Flow Line - Production	No	46.31216	-104.22255	Fallon	7N-60E-31 SWNE
Wesco Operating, Inc.	BOG	6/16/2015	Spill or Release	10 Barrels	40 Barrels	Tank or Tank Battery	Yes	47.14153	-104.91719	Dawson	16N-54E-17 NES
Denbury Onshore, LLC	BOG	6/17/2015	Spill or Release		10 Barrels	Flow Line - Production	No	46.33005	-104.22794	Fallon	7N-60E-29 NWSE
True Oil LLC	BOG	6/20/2015	Spill or Release	20 Barrels		Treater	No	48.16556	-104.50776	Roosevelt	28N-56E-20 SENE
Anadarko Minerals, Inc.	BOG	6/20/2015	Spill or Release	5 Barrels	15 Barrels	Tank or Tank Battery	No	48.38003	-105.98634	Valley	30N-44E-3 SWSE
EOG Resources, Inc.	BOG	6/22/2015	Spill or Release	25 Barrels		Treater	No	47.96870	-104.92109	Richland	26N-53E-31 NWN
Consolidated Oil & Gas, Inc.	BOG	6/24/2015	Spill or Release		5 Barrels	Tank or Tank Battery	Yes	48.32606	-104.42496	Roosevelt	30N-56E-27 SEN
Continental Resources Inc	BOG	6/27/2015	Fire			Flare Pit	No	47.96842	-104.73720	Richland	26N-54E-34 NWN
Continental Resources Inc	BOG	6/29/2015	Spill or Release	2 Barrels		Treater	No	47.98321	-104.99176	Richland	26N-52E-27 NEN
Denbury Onshore, LLC	FED	6/29/2015	Spill or Release	5 Barrels	3 Barrels	Flow Line - Production	No	46.46005	-104.30806	Fallon	8N-59E-11 NWSE
Denbury Onshore, LLC	FED	7/1/2015	Spill or Release		80 Barrels	Flow Line - Injection	No	46.42074	-104.29198	Fallon	8N-59E-25 SENW
Continental Resources Inc	BOG	7/1/2015	Spill or Release	21 Gallons	2 Barrels	Well Head	No	47.60497	-104.32827	Richland	21N-58E-6 SESW
SM Energy Company	BOG	7/3/2015	Spill or Release	3 Barrels	3 Barrels	Treater	Yes	48.14113	-104.16328	Roosevelt	28N-58E-36 NENE
Denbury Onshore, LLC	BOG	7/4/2015	Fire			Other	No	46.43245	-104.27159	Fallon	8N-60E-19 SENW
Denbury Onshore, LLC	BOG	7/5/2015	Spill or Release		85 Barrels	Flow Line - Injection	No	46.31648	-104.11590	Fallon	7N-61E-31 NESE

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitud	County	T-R-S
Denbury Onshore, LLC	FED	7/5/2015	Spill or Release	2 Barrels	4 Barrels	Flow Line - Production	No	46.79500	-104.30940	Fallon	8N-59E-11 NWSE
Whiting Oil and Gas Corporation	BOG	7/8/2015	Spill or Release		7 Barrels	Tank or Tank Battery	Yes	47.89594	-104.19460	Richland	25N-58E-26 NEN
Denbury Onshore, LLC	BOG	7/9/2015	Spill or Release		150 Barrels	Flow Line - Production	No	46.39363	-104.25555	Fallon	7N-60E-6 NENW
Denbury Onshore, LLC	BOG	7/11/2015	Fire			Other	No	46.38462	-104.21126	Fallon	7N-60E-4 SESW
Denbury Onshore, LLC	BOG	7/12/2015	Spill or Release	2 Barrels	3 Barrels	Flow Line - Production	No	46.28302	-104.13021	Fallon	6N-61E-7 SWSW
Poor Boy Oil, LLP	BOG	7/15/2015	Spill or Release	5 Barrels		Tank or Tank Battery	Yes	47.81771	-104.18282	Richland	24N-59E-29 NWN
Denbury Onshore, LLC	BOG	7/15/2015	Spill or Release	5 Barrels	100 Barrels	Flow Line - Production	No	46.69771	-104.50991	Wibaux	11N-57E-23 NWN
Denbury Onshore, LLC	FED	7/16/2015	Fire			Well Head	Yes	46.74445	-104.56344	Wibaux	12N-57E-33 SWS
Denbury Onshore, LLC	BOG	7/21/2015	Spill or Release	1 Barrels	4 Barrels	Well Head	Yes	46.49562	-104.37681	Fallon	9N-58E-35 NENE
Wesco Operating, Inc.	BOG	7/25/2015	Spill or Release	3 Barrels	3 Barrels	Well Head	No	46.52725	-104.38358	Fallon	9N-58E-14 SWSE
Vanguard Operating, LLC	BOG	7/26/2015	Spill or Release	21 Gallons		Flare Pit	No	47.61455	-104.24969	Richland	21N-58E-2 NWN
Continental Resources Inc	BOG	7/26/2015	Fire			Flare Pit	No	47.73278	-104.56923	Richland	23N-56E-20 SWS
Denbury Onshore, LLC	BOG	7/28/2015	Spill or Release	3 Barrels	50 Barrels	Treater	No	46.86130	-104.67561	Prairie	13N-56E-19 SWS
Denbury Onshore, LLC	BOG	7/28/2015	Spill or Release			Vessel/Container	No	46.42847	-104.26434	Fallon	8N-60E-19 NESE
Denbury Onshore, LLC	FED	7/30/2015	Spill or Release	50 Barrels		Treater	Yes	46.91810	-104.73190	Dawson	13N-55E-3 NENE
Denbury Onshore, LLC	FED	7/31/2015	Spill or Release		20 Barrels	Well Head	Yes	46.69404	-104.53090	Wibaux	11N-57E-22 SWN
Oasis Petroleum North America LLC	BOG	8/2/2015	Spill or Release	8 Barrels		Tank or Tank Battery	No	48.10042	-104.25362	Roosevelt	27N-58E-8 SWSE
XTO Energy Inc.	BOG	8/5/2015	Spill or Release	7 Barrels		Treater	Yes	47.73219	-104.40299	Richland	23N-57E-28 NENE
XTO Energy Inc.	BOG	8/7/2015	Spill or Release	30 Barrels		Treater	No	47.73194	-104.15413	Richland	23N-59E-28 NEN
XTO Energy Inc.	BOG	8/8/2015	Spill or Release		100 Barrels	Other	Yes	47.67335	-104.20422	Richland	22N-59E-18 NWN
Continental Resources Inc	BOG	8/11/2015	Spill or Release		80 Barrels	Tank or Tank Battery	Yes	48.04186	-104.47385	Richland	27N-56E-34 SES
XTO Energy Inc.	BOG	8/15/2015	Spill or Release		20 Barrels	Flow Line - Production	Yes	47.66293	-104.04769	Richland	22N-60E-17 SES
Headington Oil Company LLC	BOG	8/15/2015	Spill or Release		20 Barrels	Tank or Tank Battery	Yes	47.66927	-104.04836	Richland	22N-60E-17 SEN
Denbury Onshore, LLC	FED	8/15/2015	Spill or Release	4 Barrels	19 Barrels	Flow Line - Production	No	46.70491	-104.49491	Wibaux	11N-57E-13 NES
Rim Operating, Inc.	BOG	8/16/2015	Spill or Release		300 Barrels	Tank or Tank Battery	No	48.57084	-104.46323	Sheridan	33N-55E-36 SEN
Wesco Operating, Inc.	BOG	8/18/2015	Spill or Release		35 Barrels	Flow Line - Injection	No	46.63819	-104.42585	Fallon	10N-58E-9 NWNE
Vanguard Operating, LLC	BOG	8/20/2015	Spill or Release	35 Barrels		Tank or Tank Battery	Yes	47.85461	-104.41857	Richland	24N-57E-9 NWSW
Bad Water Disposal, LLP	BOG	8/24/2015	Spill or Release	30 Barrels		Tank or Tank Battery	No	47.67583	-104.05933	Richland	22N-60E-7 SESE
Denbury Onshore, LLC	BOG	8/25/2015	Spill or Release	1 Barrels	1 Barrels	Flow Line - Production	Yes	46.55624	-104.38233	Fallon	9N-58E-2 SWSE
R & A Oil, Inc.	BOG	9/1/2015	Spill or Release	3 Barrels	600 Barrels	Tank or Tank Battery	Yes	46.86739	-108.16331	Petroleum	13N-28E-22 SWS
Oasis Petroleum North America LLC	BOG	9/1/2015	Spill or Release	20 Barrels	25 Barrels	Well Head	Yes	48.08432	-104.16498	Roosevelt	27N-58E-24 NENE
SM Energy Company	BOG	9/6/2015	Spill or Release		30 Barrels	Flow Line - Injection	Yes	47.97442	-104.07161	Richland	26N-59E-26 NWS
Avery Bakken Disposals, LLC	BOG	9/8/2015	Spill or Release		30 Barrels	Flow Line - Injection	No	47.83108	-104.11878	Richland	24N-59E-23 NWN
Denbury Onshore, LLC	BOG	9/10/2015	Spill or Release	1 Barrels		Tank or Tank Battery	Yes	46.60725	-104.43804	Fallon	10N-58E-21 SWS
Denbury Onshore, LLC	BOG	9/14/2015	Spill or Release	10 Gallons		Well Head	Yes	46.63788	-104.47558	Fallon	10N-58E-7 NENW
Vanguard Operating, LLC	BOG	9/15/2015	Spill or Release	15 Barrels	15 Barrels	Flare Pit	Yes	48.29043	-104.15504	Roosevelt	29N-58E-3 SESE
Continental Resources Inc	BOG	9/15/2015	Fire			Flare Pit	No	47.77455	-104.79666	Richland	23N-54E-9 NWNE
Petro-Hunt, LLC	BOG	9/17/2015	Spill or Release	100 Barrels		Flow Line - Production	No	48.52815	-104.25600	Sheridan	32N-57E-13 SWN
Continental Resources Inc	BOG	9/19/2015	Fire			Flare Pit	No	47.93800	-104.63676	Richland	25N-55E-8 NENE
Wesco Operating, Inc.	BOG	9/21/2015	Spill or Release	15 Barrels	650 Barrels	Tank or Tank Battery	No	46.65830	-104.46265	Fallon	11N-58E-31 SESE
Denbury Onshore, LLC	BOG	9/21/2015	Spill or Release	2 Barrels	38 Barrels	Flow Line - Production	No	46.94396	-104.75550	Dawson	14N-55E-28 SENE
Denbury Onshore, LLC	BOG	9/22/2015	Spill or Release		5 Barrels	Pump Failure	Yes	46.40118	-104.23560	Fallon	8N-60E-31 SENW
Petro-Hunt, LLC	BOG	9/23/2015	Spill or Release		70 Barrels	Tank or Tank Battery	Yes	48.53522	-104.25790	Sheridan	32N-57E-12 SWS
Poor Boy Oil, LLP	BOG	9/27/2015	Spill or Release		1 Barrels	Tank or Tank Battery	Yes	47.81771	-104.18282	Richland	24N-59E-29 NWN
Denbury Onshore, LLC	BOG	9/27/2015	Spill or Release	5 Barrels	10 Barrels	Flow Line - Production	No	46.37295	-104.26627	Fallon	7N-59E-12 NWSE

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitud	County	T-R-S
Citation Oil & Gas Corp.	BOG	10/2/2015	Spill or Release	30 Barrels	200 Barrels	Flow Line - Production	No	48.49505	-109.19265	Blaine	32N-20E-31 NWN
True Oil LLC	BOG	10/3/2015	Spill or Release		150 Barrels	Flow Line - Injection	No	46.84965	-107.52024	Rosebud	13N-33E-34 NEN
Denbury Onshore, LLC	FED	10/5/2015	Spill or Release		50 Barrels	Flow Line - Production	No	46.72270	-104.54540	Fallon	11N-57E-9 SWNW
Denbury Onshore, LLC	FED	10/10/2015	Spill or Release		3500 Barrels	Flow Line - Injection	No	46.29433	-104.19487	Fallon	6N-60E-10 NWN
Vanguard Operating, LLC	BOG	10/10/2015	Fire			Treater	No	48.33503	-104.28602	Roosevelt	30N-57E-22 E2SE
Synergy Offshore LLC	BOG	10/11/2015	Spill or Release	50 Gallons		Well Head	No	48.61904	-112.29525	Glacier	33N-5W-17 SWN
Shell Western E & P Inc.	BOG	10/14/2015	Spill or Release		20 Barrels	Flow Line - Production	No	46.65047	-104.47304	Fallon	10N-58E-6 SENW
Denbury Onshore, LLC	BOG	10/17/2015	Spill or Release		75 Barrels	Flow Line - Injection	No	46.33386	-104.23182	Fallon	7N-60E-29 SENW
XTO Energy Inc.	BOG	10/18/2015	Spill or Release	14 Barrels		Treater	No	47.73557	-104.38410	Richland	23N-57E-22 SWS
Anadarko Minerals, Inc.	BOG	10/19/2015	Spill or Release		90 Barrels	Tank or Tank Battery	Yes	48.38003	-105.98634	Valley	30N-44E-3 SWSE
Caliber North Dakota LLC	BOG	10/24/2015	Spill or Release		800 Barrels	Tank or Tank Battery	No	47.73797	-104.84681	Richland	23N-54E-19 NWS
TAQA North USA, Inc.	BOG	11/4/2015	Spill or Release	1 Barrels		Flow Line - Production	No	48.96268	-104.13244	Sheridan	37N-58E-18 SWN
Denbury Onshore, LLC	BOG	11/12/2015	Spill or Release	1 Barrels	33 Barrels	Well Head	No	46.29620	-104.13888	Fallon	6N-60E-1 SESE
Denbury Onshore, LLC	BOG	11/14/2015	Spill or Release		10 Barrels	Flow Line - Injection	No	46.37830	-104.17429	Fallon	7N-60E-11 SWNW
Legacy Reserves Operating LP	BOG	11/15/2015	Spill or Release		200 Barrels	Tank or Tank Battery	Yes	48.68836	-104.07583	Sheridan	34N-58E-24 SWN
Lowrance-Tyner Operating	BOG	11/15/2015	Spill or Release		49	Tank or Tank Battery	No	48.09113	-112.04890	Pondera	27N-4W-13 NESE
Denbury Onshore, LLC	BOG	11/16/2015	Spill or Release	27 Barrels		Tank or Tank Battery	Yes	46.30362	-104.07352	Fallon	6N-60E-4 NESE
Lowrance-Tyner Operating	BOG	11/17/2015	Spill or Release		49 Barrels	Tank or Tank Battery	No	48.09113	-112.04890	Pondera	27N-4W-13 NESE
Vanguard Operating, LLC	BOG	11/17/2015	Fire	3 Gallons	3 Gallons	Treater	Yes	47.86003	-104.40236	Richland	24N-57E-9 NENE
Statoil Oil & Gas LP	BOG	11/25/2015	Spill or Release	1 Barrels		Well Head	Yes	48.01505	-104.14152	Richland	26N-59E-7 SESE
True Oil LLC	BOG	11/27/2015	Spill or Release	10 Gallons		Treater	Yes	46.65990	-108.03179	Musselshell	10N-29E-14 SESE
Continental Resources Inc	BOG	11/28/2015	Spill or Release	20 Barrels		Tank or Tank Battery	Yes	47.79156	-104.78130	Richland	24N-54E-34 SWS

## ALL APPLICATIONS, 12/10/2015

(In Order of Publication)

Docket	Applicant / Respondent	Status	Request
161-2015	SM Energy Company	Default	Temp. Spacing
162-2015	Oasis Petroleum, Inc.		Spacing
163-2015	Oasis Petroleum, Inc.		Spacing
164-2015	Oasis Petroleum, Inc.		Spacing
165-2015	Oasis Petroleum, Inc.		Spacing
166-2015	Oasis Petroleum, Inc.		Pooling
167-2015	Denbury Onshore, LLC	Default	Class II Permit
168-2015	Denbury Onshore, LLC	Default	Class II Permit
169-2015	Denbury Onshore, LLC	Default	Class II Permit
170-2015	Board of Oil and Gas Conservation	Default	Class II (Other)
78-2015	Oasis Petroleum, Inc.		Pooling
136-2015	Horton B. Koessler & James H. Koessler	Withdrawn	Vacate Field/Rule
137-2015	Horton B. Koessler & James H. Koessler	Withdrawn	Vacate Field/Rule
138-2015	Horton B. Koessler & James H. Koessler	Withdrawn	Vacate Field/Rule
147-2015	Oasis Petroleum, Inc.		Pooling
148-2015	Oasis Petroleum, Inc.		Pooling
149-2015	Oasis Petroleum, Inc.		Pooling
150-2015	Oasis Petroleum, Inc.		Spacing
151-2015	Oasis Petroleum, Inc.		Pooling
152-2015	Oasis Petroleum, Inc.		Well Density
156-2015	Bensun Energy, LLC		Other
171-2015	Stealth Energy USA, Inc.		Show-Cause
172-2015	Hinto Energy, LLC		Show-Cause
173-2015	Miocene Oil & Gas Ltd		Show-Cause
174-2015	Kelly Oil and Gas LLC		Show-Cause
97-2015	Augusta Exploration, LLC		Show-Cause
159-2015	Kykuit Resources, LLC		Show-Cause
160-2015	Custom Carbon Processng, Inc.		Show-Cause

# APPLICATIONS TO HEAR, 12/10/2015

(In Order of Hearing)

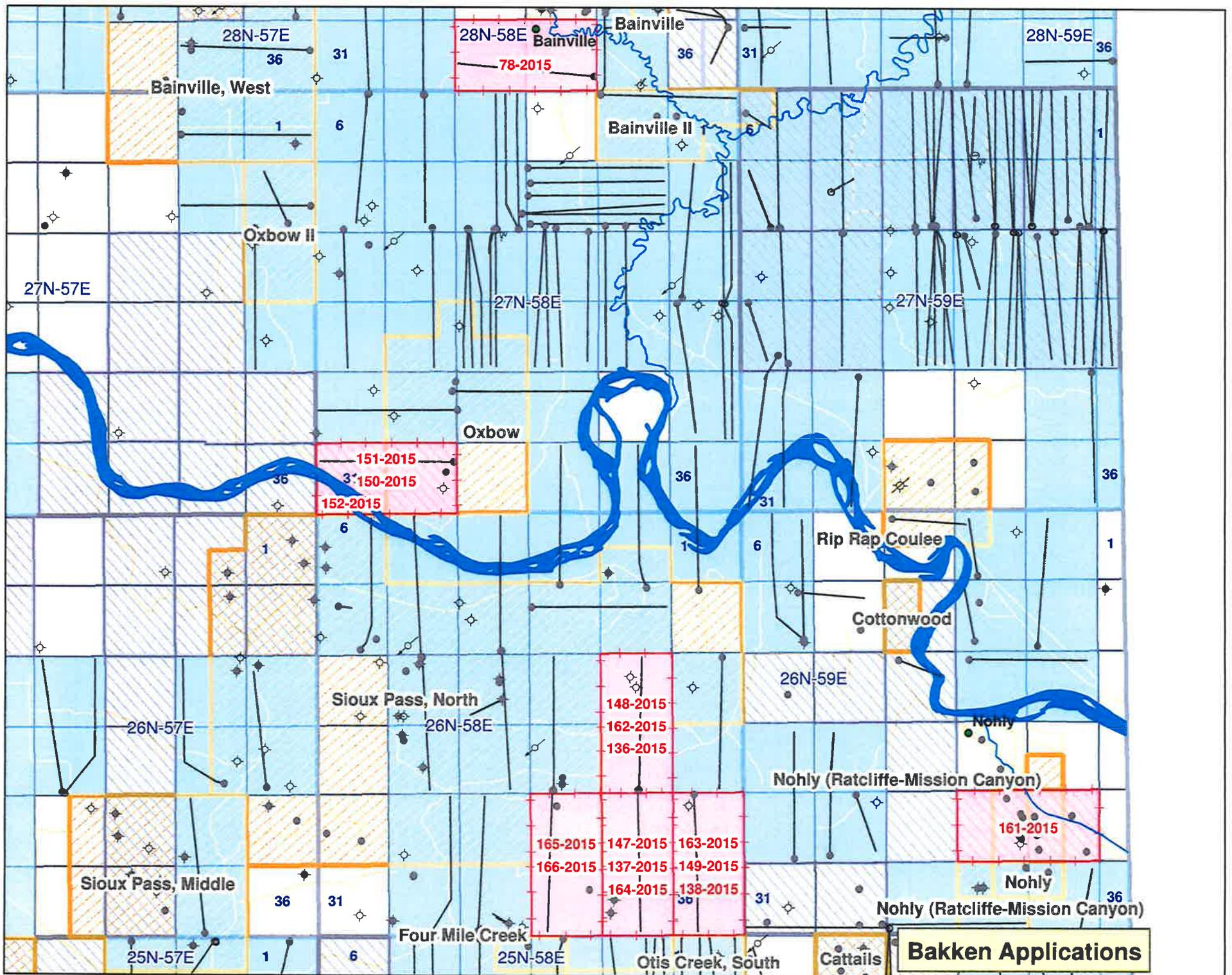
Docket	Applicant / Respondent	Status	Request
162-2015	Oasis Petroleum, Inc.		Spacing
148-2015	Oasis Petroleum, Inc.		Pooling
164-2015	Oasis Petroleum, Inc.		Spacing
147-2015	Oasis Petroleum, Inc.		Pooling
163-2015	Oasis Petroleum, Inc.		Spacing
149-2015	Oasis Petroleum, Inc.		Pooling
165-2015	Oasis Petroleum, Inc.		Spacing
166-2015	Oasis Petroleum, Inc.		Pooling
150-2015	Oasis Petroleum, Inc.		Spacing
151-2015	Oasis Petroleum, Inc.		Pooling
152-2015	Oasis Petroleum, Inc.		Well Density
78-2015	Oasis Petroleum, Inc.		Pooling
156-2015	Bensun Energy, LLC		Other
171-2015	Stealth Energy USA, Inc.		Show-Cause
172-2015	Hinto Energy, LLC		Show-Cause
173-2015	Miocene Oil & Gas Ltd		Show-Cause
174-2015	Kelly Oil and Gas LLC		Show-Cause
97-2015	Augusta Exploration, LLC		Show-Cause
159-2015	Kykuit Resources, LLC		Show-Cause
160-2015	Custom Carbon Processng, Inc.		Show-Cause

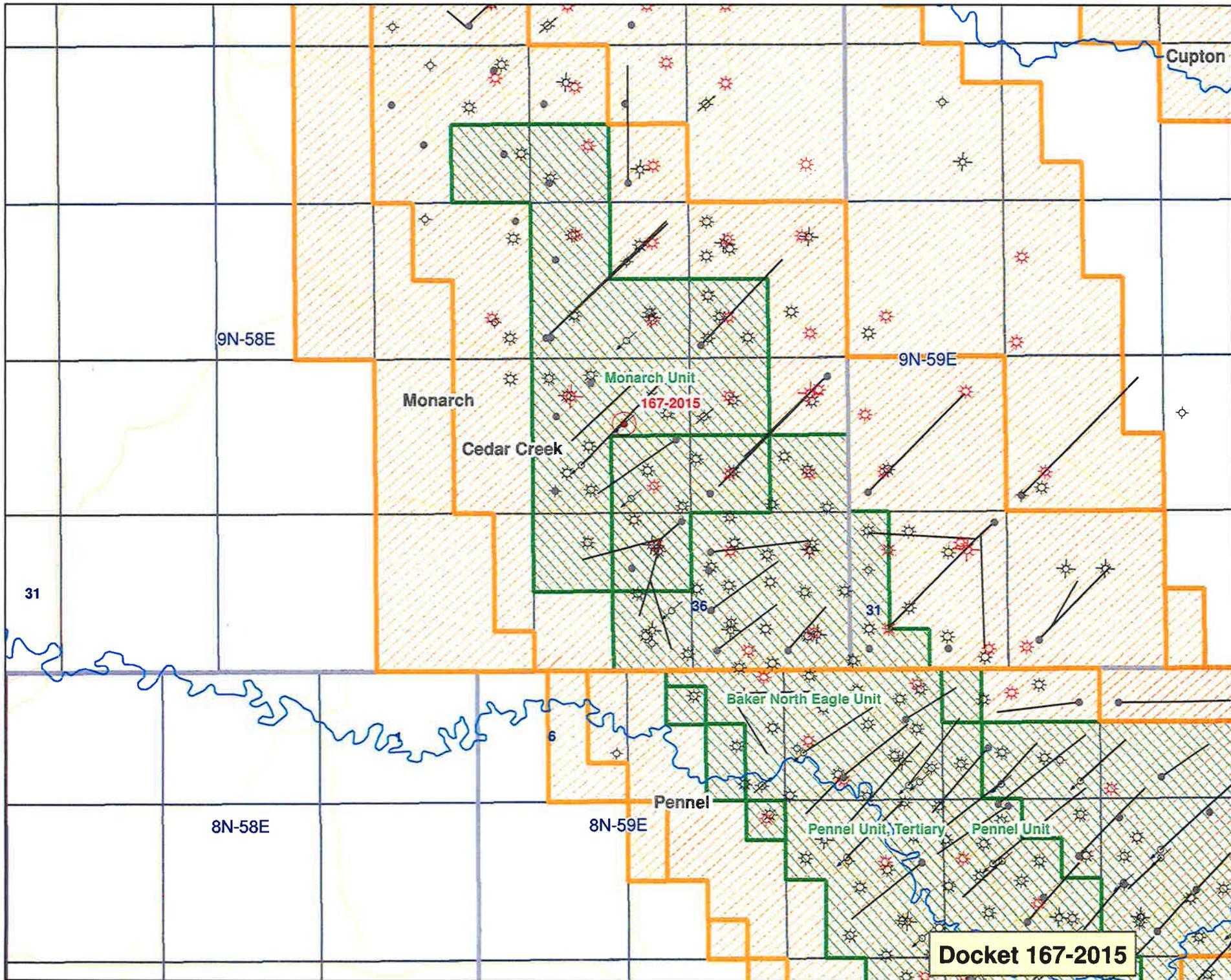


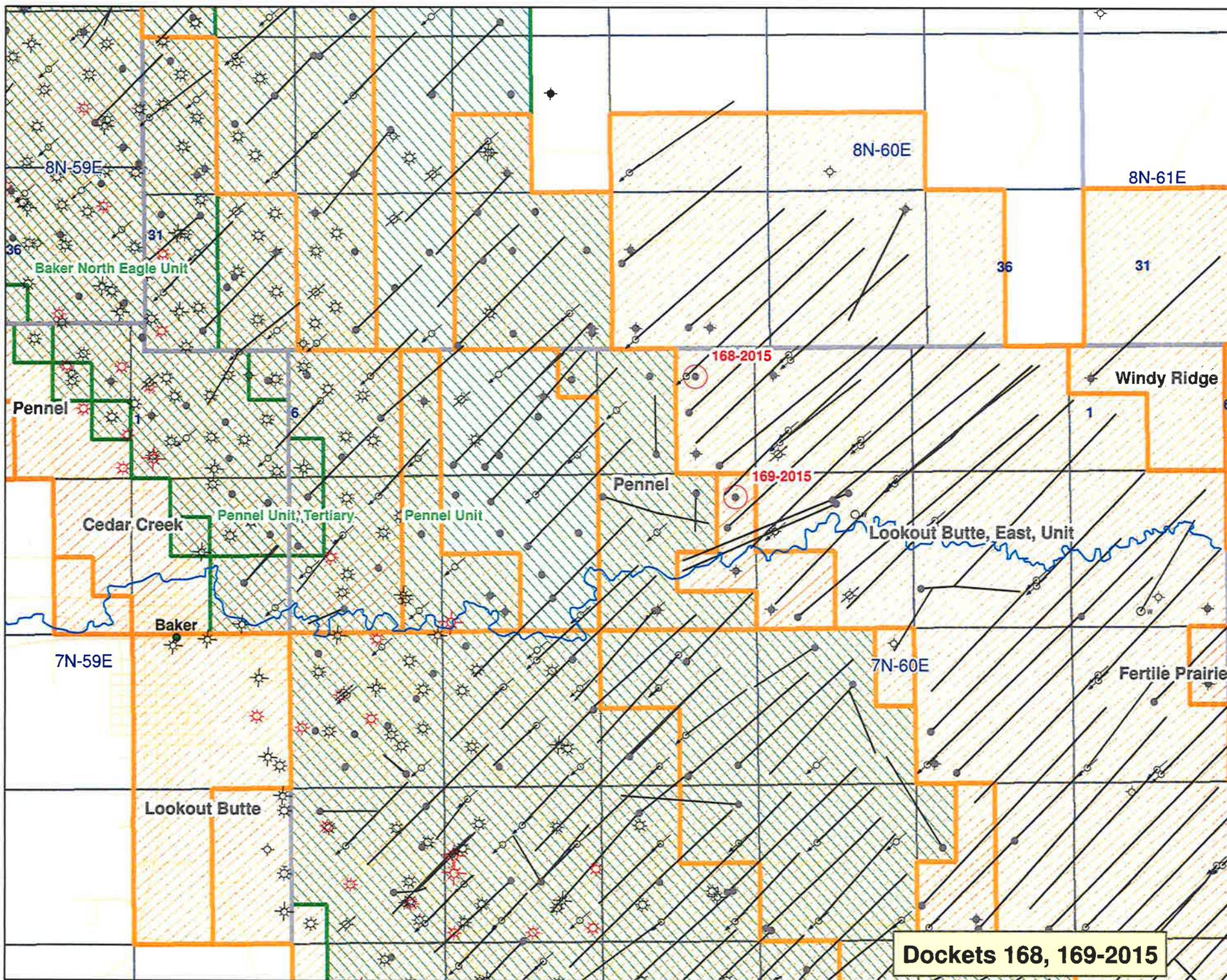
**Docket Summary**

**12/10/2015 Hearing**

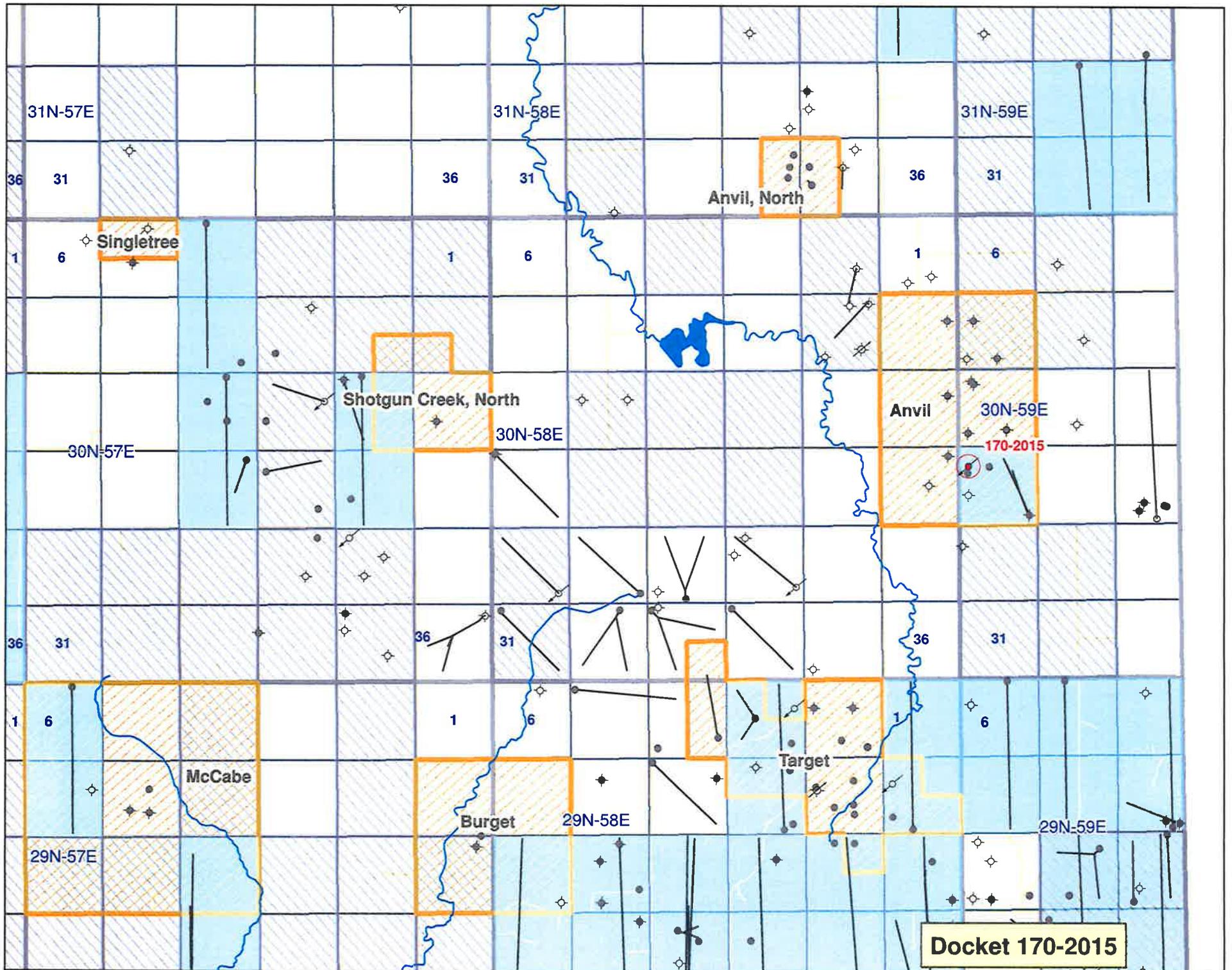
161-2015	SM Energy Company	Amend Order 25-2015 to extend the application deadline for permanent spacing to 2/26/2017. Default docket requested.	<b>Default</b>	<i>Order 25-2015: TSU, 3 authorized wells, 200'/500' setbacks, authorization to drill expires 2/26/2016.</i>	<input type="checkbox"/>
162-2015	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-14: all, 23: all (Carl Federal # 2658 43-23H).		<i>Related Dockets: 148, 162-2015 Contested Docket: 136-2015 Order 229-2013: PSU - 26N-58E-14: all, 23: all Order 353-2013: Pooling w/non-consent penalties Order 230-2013: Additional wells</i>	<input type="checkbox"/>
163-2015	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-25: all, 36: all (Loki # 2658 12-25H).		<i>Related Dockets: 149, 163-2015 Contested Docket: 138-2015 Order 593-2012: PSU - 26N-58E-25: all, 36: all Order 594-2012: Pooling w/non-consent penalties Order 595-2012: Additional wells</i>	<input type="checkbox"/>
164-2015	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-26: all, 35: all (Otis # 2658 43-23H).		<i>Related Dockets: 147, 164-2015 Contested Dockets: 137-2015 Order 15-2013: PSU - 26N-58E-26: all, 35: all Order 16-2013: Pooling w/non-consent penalties Order 17-2013: Additional wells</i>	<input type="checkbox"/>
165-2015	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-27: all, 34: all (Stilt Federal # 2658 42-22H).		<i>Related Dockets: 165, 166-2015 Order 216-2013: PSU - 26N-58E-27: all, 34: all Order 217-2013: Pooling w/non-consent penalties Order 218-2013: Additional wells</i>	<input type="checkbox"/>
166-2015	Oasis Petroleum, Inc.	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-27: all, 34: all (Stilt Federal # 2658 42-22H). Non-consent penalties requested.		<i>Related Dockets: 165, 166-2015 Order 216-2013: PSU - 26N-58E-27: all, 34: all Order 217-2013: Pooling w/non-consent penalties Order 218-2013: Additional wells</i>	<input type="checkbox"/>
167-2015	Denbury Onshore, LLC	Convert the Unit 32-26 (API # 025-05401) to Class II Injection well, Charles B and Mission Canyon Formation, 9N-58E-26: 2241' FNL/ 2199' FEL (SW NE).	<b>Default</b>		<input type="checkbox"/>
168-2015	Denbury Onshore, LLC	Convert the ELOB Unit 32-4 (API # 025-21353) to Class II Injection well, Dakota and Mission Canyon Formation, 7N-60E-4: 971' FNL/ 1971' FEL (SW NE).	<b>Default</b>		<input type="checkbox"/>
169-2015	Denbury Onshore, LLC	Convert the ELOB Unit 41-9 (API # 025-21340) to Class II Injection well, Dakota Formation, 7N-60E-9: 810' FNL/ 660' FEL (NE NE).	<b>Default</b>		<input type="checkbox"/>
170-2015	Board of Oil and Gas Conservation	Expand aquifer exemption area for the Picard 1-19 saltwater disposal well (API #25-085-21230), T30N-R59E-19: SW NW, Dawson County, Montana (Anvil Field), from the currently-permitted radius of 1,320 ft. to 1,980 ft., in the Dakota Formation at a depth of 5504-5655 ft. Default docket requested.	<b>Default</b>		<input type="checkbox"/>



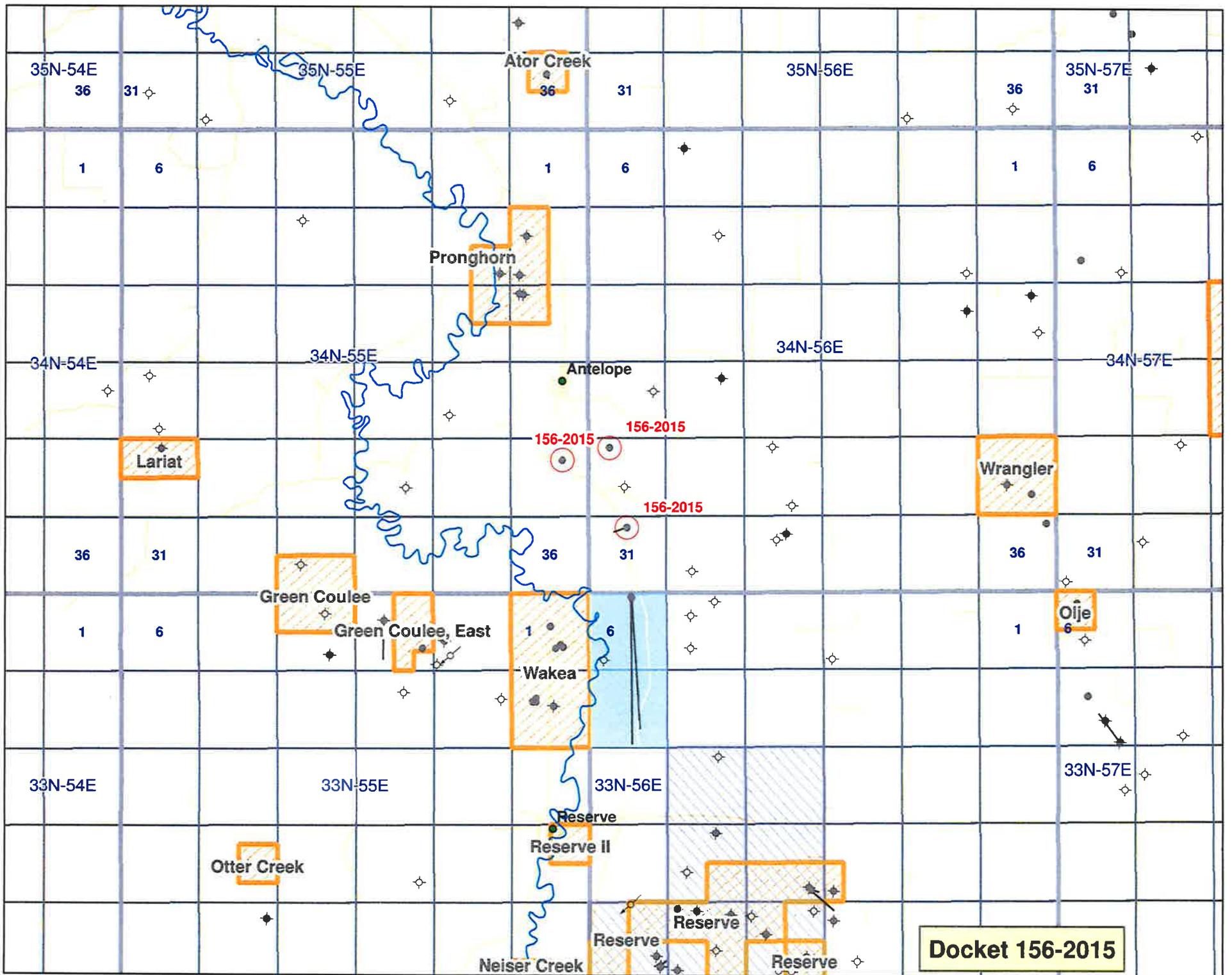




**Dockets 168, 169-2015**



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.		PSU: Order 351-2013	<input type="checkbox"/>
136-2015	Horton B. Koessler & James H. Koessler	Vacate and rescind order 353-2013, pooling with penalties, 26N-58E-14, 23.	<b>Withdrawn</b>	Application withdrawn, email received 12/8/15 Contested Docket: 148, 162-2015 Order 229-2013: PSU - 26N-58E-14: all, 23: all Order 230-2013: Additional wells Order 353-2013: Pooling w/non-consent penalties	<input type="checkbox"/>
137-2015	Horton B. Koessler & James H. Koessler	Vacate and rescind order 16-2013, Pooling with penalties, 26N-58E-26, 35.	<b>Withdrawn</b>	Application withdrawn, email received 12/8/15 Contested Docket: 147, 164-2015 Order 15-2013: PSU - 26N-58E-26: all, 35: all Order 16-2013: Pooling w/non-consent penalties Order 17-2013: Additional wells	<input type="checkbox"/>
138-2015	Horton B. Koessler & James H. Koessler	Vacate and rescind order 594-2012, Pooling with penalties, 26N-58E-25, 36.	<b>Withdrawn</b>	Application withdrawn, email received 12/8/15 Contested Docket: 149, 163-2015 Order 593-2012: PSU - 26N-58E-25: all, 36: all Order 594-2012: Pooling w/non-consent penalties Order 595-2012: Additional wells	<input type="checkbox"/>
147-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-26: all, 35: all (Otis #2658 43-23H). Non-consent penalties requested.		Related Docket: 164-2015 Contested Dockets: 137-2015 Order 15-2013: PSU - 26N-58E-25: all, 36: all Order 16-2013: Pooling w/non-consent penalties	<input type="checkbox"/>
148-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-14: all, 23: all (Carl Federal #2658 42-23H). Non-consent penalties requested.		Related Docket: 162-2015 Contested Docket: 136-2015 Order 229-2013: PSU - 26N-58E-14: all, 23: all Order 353-2013: Pooling w/non-consent penalties	<input type="checkbox"/>
149-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 26N-58E-25: all, 36: all (Loki #2658 12-25H). Non-consent penalties being requested.		Related Docket: 163-2015 Contested Docket: 138-2015 Order 593-2012: PSU - 26N-58E-25: all, 36: all Order 594-2012: Pooling w/non-consent penalties	<input type="checkbox"/>
150-2015	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-31: all, 32: all (Dad Frye #2758 24-32B).		Related applications: 150-2015, 151-2015, 152-2015	<input type="checkbox"/>
151-2015	Oasis Petroleum, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-31: all, 32: all (Dad Frye #2758 24-32B). Non-consent penalties requested.		Related applications: 150-2015, 151-2015, 152-2015	<input type="checkbox"/>
152-2015	Oasis Petroleum, Inc.	Exception to drill up to four additional wells, permanent spacing unit, Bakken/Three Forks Formation, 27N-58E-31: all, 32: all, 200' heel/toe, 500' lateral setbacks.		Related applications: 150-2015, 151-2015, 152-2015	<input type="checkbox"/>
156-2015	Bensun Energy, LLC	Change of Operator for the Richardson 25-1 (34N-55E-25: SW NE, API #091-21852), Richardson 30-1 (34N-56E-30: NE NW, API #091-21856), and Friedrich Trust 31-1 (34N-56E-31: NW NE, API #091-21859) from Statoil Oil and Gas LP to Bensun Energy, LLC		Contingent upon bond, change of operator form.	<input type="checkbox"/>



171-2015	Stealth Energy USA, Inc.	Show Cause: failure to file production reports and pay administrative fees	<input type="checkbox"/>
172-2015	Hinto Energy, LLC	Show Cause: why it should not provide a plan and timeline for plugging its wells and why additional penalties should not be assessed for failure to pay the administrative penalty assessed for delinquent reporting and the fine assessed for not appearing at the Board's October 29, 2015 public hearing.	<input type="checkbox"/>
173-2015	Miocene Oil & Gas Ltd	Show Cause: why it should not provide a plan and timeline for plugging its Summer Night 21-1 well located in T33N-R48E, Section 21, Daniels County, Montana and why additional penalties should not be assessed for failure to pay the administrative penalty assessed for delinquent reporting.	<input type="checkbox"/>
174-2015	Kelly Oil and Gas LLC	Show Cause: why the plugging and reclamation bonds for its injection wells should not be forfeited for failure to plug the State #1, State E-2, and Shelhamer 1A injection wells and why it should not provide a plan and timeline for the plugging and abandonment of its producing wells for failure to initiate a remedy for the field violations prior to the May 21, 2015 hearing deadline for the Stensvad 2x-25 and Dybvik KV-1 wellsites.	<input type="checkbox"/>
97-2015	Augusta Exploration, LLC	Show Cause: why its plugging and reclamation bond should not be forfeited for failure to provide a plan and timeline of its Krone-Augusta 31-32 well, API # 25-049-21111, located in Section 32, T18N-R5W, Lewis and Clark County, Montana.	<input type="checkbox"/>
159-2015	Kykuit Resources, LLC	Show Cause: why it should not provide a plan and timeline for plugging its wells and 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 Board's August 13, 2015 public hearing.	<input type="checkbox"/>
160-2015	Custom Carbon Processng, Inc.	Show Cause: why its plugging and reclamation bond should not be forfeited for failure to maintain the wellsites of the Wojahn A 5-2 well located in Section 2, T13N-R60E, and the Michels A 8-3 well located in Section 3, T13N-R60E, Wibaux County, Montana.	<input type="checkbox"/>

# **GAS FLARING**

**December 9, 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	1	0	1	0	1
EOG Resources	2	0	2	0	0
Kraken	2	0	2	0	0
Oasis Petroleum	1	1	0	1	0
Petro-Hunt	3	0	3	0	0
Whiting	14	0	14	0	0
XTO	1	0	1	0	0
Totals	24	1	23	1	1

# Flaring Requests

## *Summary*

There are 24 wells flaring over 100 MCFG per day based on current production numbers.

23 of the 24 wells have approved exceptions due to distance, pipeline access issues, or time to connection.

There is one exceptions requested at this time.

## *Oasis*

### **Dad Frye 2758 24-32B – API #25-085-21965, 27N-58E-32**

1. Flaring 170 MCF/D. First exception request.
2. Completed: 5/2015.
3. Estimated gas reserves: 4.12 BCF.
4. Proximity to market: 4 miles to Hiland, <1 mile to Oneok (Currently dedicated to Hiland).
5. Estimated gas price at market: ~\$2.20/MCF.
6. Estimated cost of marketing the gas: Over \$1 million to connect to Hiland.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 51 MCF/D.
9. Justification to flare: Currently dedicated to Hiland, however, to date Hiland has refused to connect this well. Oneok is currently reviewing their gathering and processing capacities. If they have sufficient capacity to gather gas, Oneok will submit a commercial proposal to Oasis for consideration.

**Hudak, George**

---

**From:** Tommy Yates <Tommy.Yates@denbury.com>  
**Sent:** Monday, November 30, 2015 6:21 AM  
**To:** Hudak, George  
**Cc:** Naomi Johnson  
**Subject:** RE: Bell Creek Injection wells

George,

I was not aware that we had begun injection prior to getting MITs performed, but Howard Miller confirmed that it did occur.

Says the recent shift in plans and new field and Plano staff is at the root of this, plus he did not remember to remind them in time.

I will sic Naomi on them to remind them about this need.

We will try to do a better job of reminding our folks regarding MIT requirements.

Tommy

**From:** "Hudak, George" <[ghudak@mt.gov](mailto:ghudak@mt.gov)>  
**Date:** November 27, 2015 at 12:24:12 PM CST  
**To:** Tommy Yates <[Tommy.Yates@denbury.com](mailto:Tommy.Yates@denbury.com)>  
**Subject:** Bell Creek Injection wells

Tom, as you may be aware, Denbury began injecting into 3 injection wells in Bell Creek before an MIT was done and approved. The three wells are the 3302 (075-21099), the 34-08 (075-21299), and the 302 (075-21451).

Injection began on all three wells on Nov. 11, but the MITs weren't done until Nov. 20, and I didn't receive the MITs for review until Nov. 23. All 3 MITs passed, so I informed Denbury on Nov. 23 that the wells could inject.

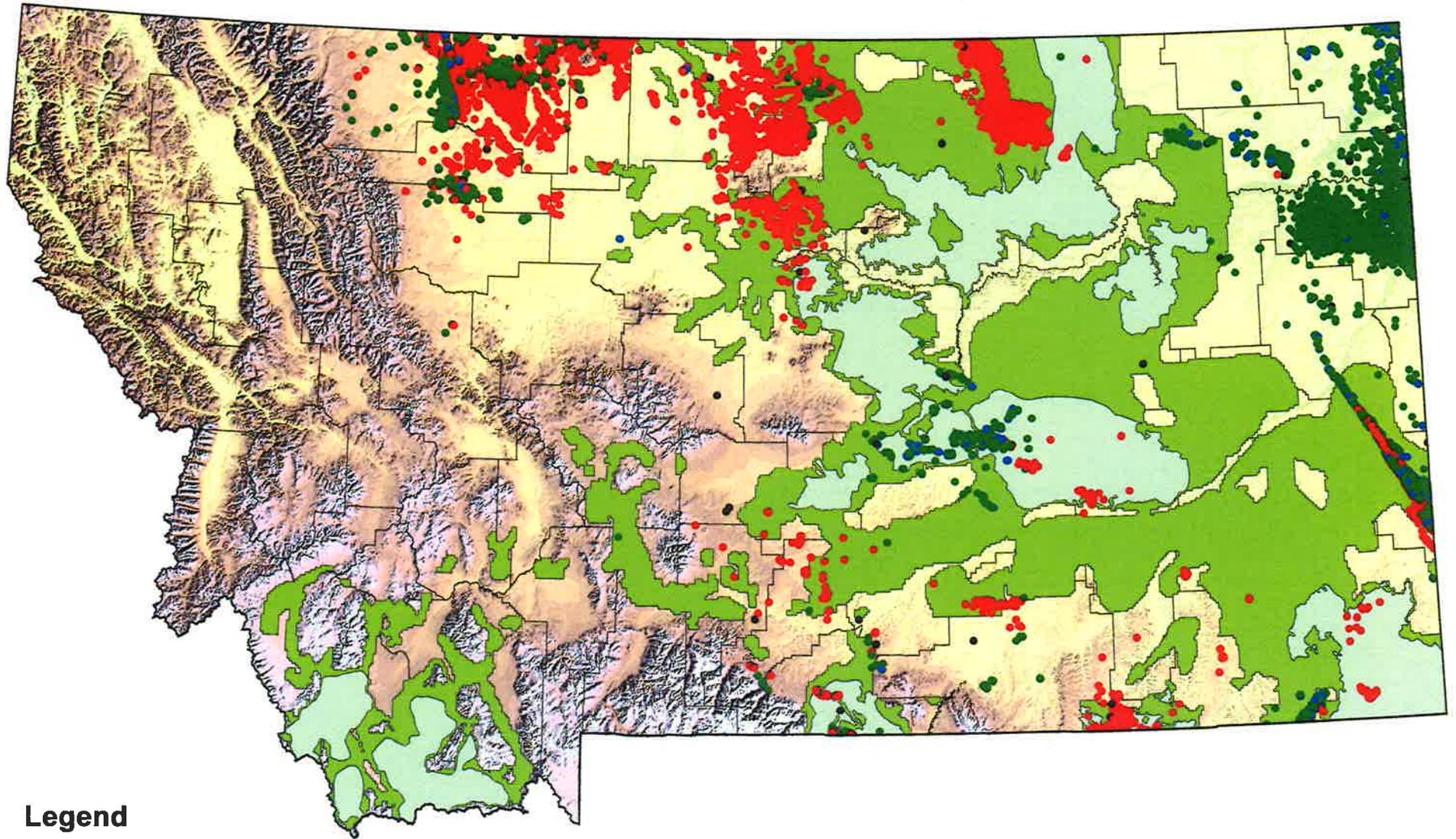
However, this situation will be brought before the Board at their next meeting on December 9.

Let me know if you have any questions.

Thank you -gh

**Sage Grouse**

# Sage Grouse Habitat with Active Well Overlay



## Legend

### EOAREA

-  Core Area
-  Habitat

## WELL REVIEW

- 16,738 Pre- and post-regulatory wells within general and core habitat (12,000 – 4,700)
- 6,769 Active wells, including 4,052 gas wells and 1,498 oil wells
- 27% core
- Approximately 110 operators

## ACTIVITY

- Review of rules and statutes to establish required permits
- 24 permitted activities, primarily limited to discretionary maintenance and drilling.
- 600 – 700 Permitted activities per year (10-year average)
- 300 – 400 Permitted activities per year other than drilling

## PROCESS

- Historically low levels of activity
- Existing wells have been identified with habitat type
- Incoming new well applications reviewed for general / core determination
- Notification will be sent to all operators this week.

**DEPARTMENT OF NATURAL RESOURCES  
AND CONSERVATION**

**Board of Oil & Gas Conservation**



STEVE BULLOCK, GOVERNOR

STATE OF MONTANA

PHONE: (406) 656-0040  
FAX: (406) 655-6015

2535 ST. JOHNS AVENUE  
BILLINGS, MT 59102

November 20, 2015

Address  
Address  
Address

Dear :

On September 22, 2015, the U.S. Fish and Wildlife Service announced that the greater sage grouse does not warrant listing under the federal Endangered Species Act. Montana has developed a comprehensive strategy to conserve viable sage grouse populations and maintain sage grouse habitat so that a listing will not be warranted in the future.

The state strategy and requirements were adopted in Executive Order 12-2015 issued by Governor Bullock on September 8, 2015, and may be accessed through the Montana Sage Grouse Habitat Conservation Program web page (<http://dnrc.mt.gov/divisions/cardd/sage-grouse>). State agencies must be in full compliance with the Executive Order on January 1, 2016.

The Order designates affected areas with differing requirements based upon habitat type. The Board of Oil and Gas Conservation is in the process of reviewing existing wells within the areas subject to the Executive Order. An analysis has determined that your company operates wells that fall within either a General Habitat or a Core Habitat Area. A list of wells that fall within those areas is attached. This list is preliminary and wells may be added or dropped as boundaries become better defined.

The requirements of the Executive Order are summarized in the attached 'Notice to Operators'. Please refer to the complete text of the Executive Order for details. Final procedures for the processing of applications will be developed prior to January 1, 2016.

If you have any questions please contact Jim Halvorson at 406-656-0040.

Sincerely,

James W. Halvorson  
Administrator / Petroleum Geologist

Enclosures (3)

## NOTICE TO OPERATORS

Executive Order 12-2015 issued by Governor Bullock on September 8, 2015 and the Montana Sage Grouse Stewardship Act passed during the 2015 Legislative Session apply to permitted activities occurring within defined areas of sage grouse habitat. A generalized map with the Core and General Habitat Areas is attached.

Proposed activities within a defined Core, General Habitat, or Connectivity Area are subject to specific requirements established in Executive Order 12-2015 and consultation with the Montana Sage Grouse Habitat Conservation Program (Program) to facilitate compliance with the Executive Order.

Production and maintenance at existing well sites will not be affected. New applications for permits to drill or proposed activities at existing sites that disturb habitat will require review by the Program and analysis under the Density/Disturbance Calculation Tool as outlined in the executive order. This analysis can assist the operator in minimizing impacts from access roads and well locations and is required prior to permit approval.

Discretionary maintenance may be subject to timing or other restrictions determined on a case-by-case basis. These requirements will be outlined as stipulations attached to the approved and returned copies of Sundry Notices (Notice of Intent to Do Work).

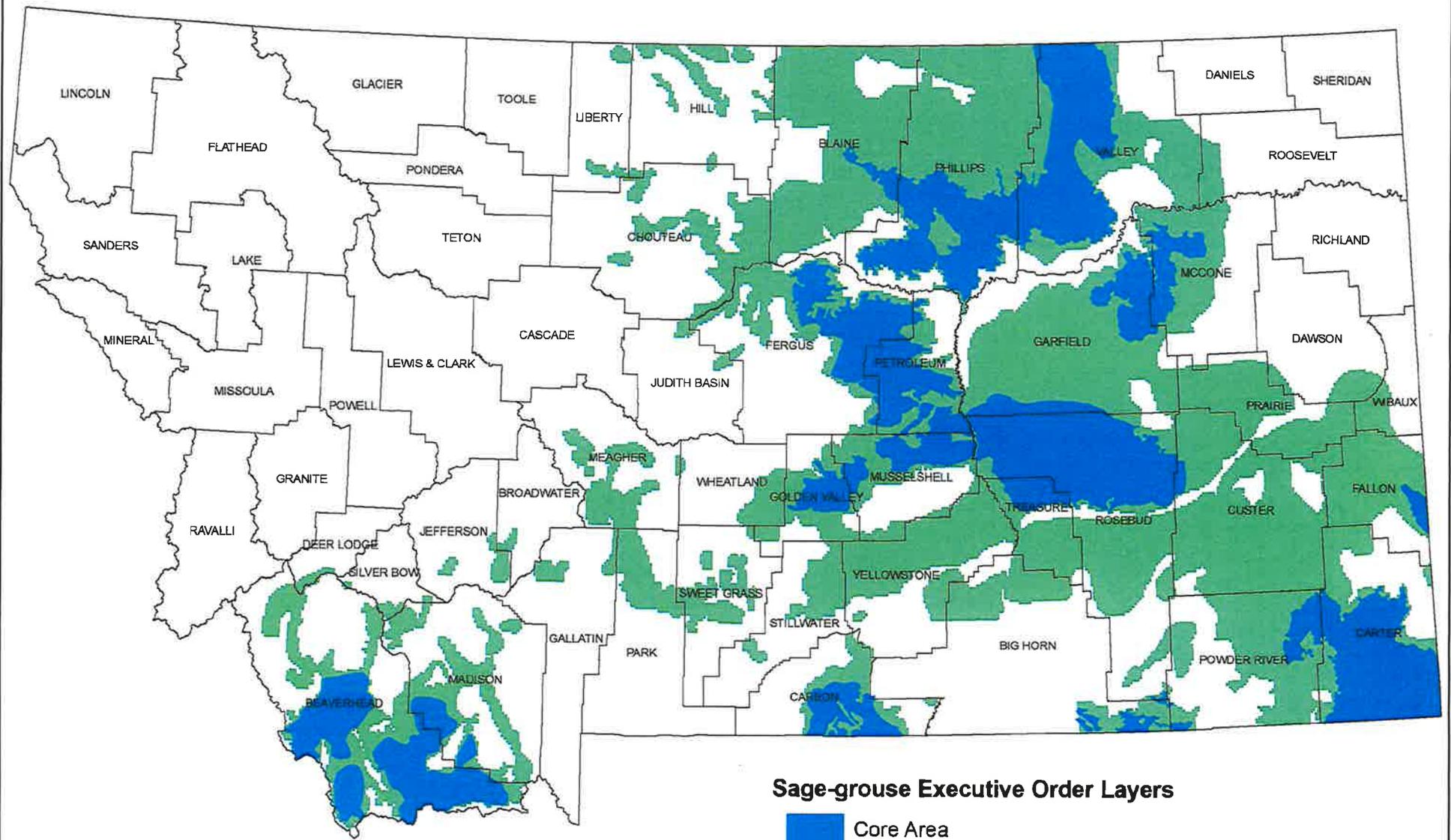
An overview of requirements is included below; however, the Executive Order should be reviewed to determine specific restrictions.

**Core Area Stipulations:** Requirements include no surface occupancy within 0.6 miles of the perimeter of an active lek, a surface disturbance limitation of 5% of the suitable sage grouse habitat within the project area, noise limitations at lek boundaries, and timing restrictions for discretionary maintenance and vegetation removal. Well pad densities are not to exceed 1 per 640 acres.

**General Habitat Stipulations:** Requirements include no surface occupancy within 0.25 miles of an active lek, minimized disturbance of habitat, noise limitations at lek boundaries, and timing restrictions for discretionary maintenance.

**Connectivity Area Stipulations:** At the present time there is one defined Connectivity Habitat Area located in Valley County. Additional connectivity areas and stipulations may be added in the future; however, General Habitat stipulations currently apply.

If you have any questions please contact Jim Halvorson at the Billings office of the Board of Oil and Gas Conservation at 406-656-0040.



**Sage-grouse Executive Order Layers**

- Core Area
- General Habitat

Note: Distribution within Indian Reservations and National Parks is not complete.

**Preliminary Well List - Sage Grouse Habitat**

**XXXXXXXXXXXXXXXXXX, INC.**

**Number of Wells = 9**

**Core Area**

065-21860	THOMAS-STERLING 10-7	10 N	25 E	10	SW SE	649 FSL, 1855 FEL	2550	SI	OIL
065-21875	RICKEY 14-1	10 N	25 E	14	NW NE	742 FNL, 2244 FEL	2906	SI	OIL
065-21872	THOMAS-STERLING 15-1	10 N	25 E	15	NW NE	646 FNL, 1651 FEL	2600	SI	OIL
065-21859	OSET BOLERO 23-1	10 N	25 E	23	NE NE	1065 FNL, 330 FEL	2930	SI	OIL
065-21192	BECKMAN 11-24	10 N	25 E	24	NW NW	860 FNL, 400 FWL WAGON BOX	2960	SI	OIL
065-21889	BAILEE 2	11 N	28 E	18	SE SE	660 FSL, 660 FEL		SP	OIL
065-21344	HEARTLY 1	11 N	28 E	20	E2 SW NW	1980 FNL, 662 FWL HOWARD COULEE	3610	SI	OIL
065-21888	LIDA KLUZEK 2	11 N	28 E	20	NW NW	616 FNL, 659 FWL HOWARD COULEE	3304	PR	OIL

**General Habitat**

065-21871	BECKMAN-CONNER 24-2	10 N	25 E	24	SW SW	617 FSL, 580 FWL	1850	SI	OIL
-----------	---------------------	------	------	----	-------	------------------	------	----	-----

SAMPLE

	CORE	GENERAL	CONNECTIVITY
Basic Requirements	Well pad densities not to exceed an average of 1 per square mile and habitat disturbance not to exceed 5%. (11 well pads within a 2.0 mile radius of active lek perimeter distributed preferably in a clumped pattern in one general direction from the lek).	Encourage development in incremental stages and design schedules that include long-term strategies to localize disturbance ... over a staggered time frame.	Valley County only at present time; subject to General Area Stipulations.
Existing Activities	May not initiate activities resulting in new surface occupancy within 0.6 miles of active leks. Existing disturbance counted in calculation of disturbance cap for new proposed activities.		
Disturbance	5% of Suitable Habitat	Minimized; no specific disturbance limits.	
Lek Setback	No surface occupancy within 0.6 miles of perimeter of active lek.	No surface occupancy within 0.25 miles of the perimeter of an active lek.	
Seasonal Use	Activities prohibited from March 15 - July 15 where breeding, nesting, and early brood-rearing habitat is present.	Activities prohibited from March 15 - July 15 within 2.0 miles of an active lek where breeding, nesting, and early brood-rearing habitat is present.	
	Discretionary maintenance and production activity will not occur between 4:00 - 8:00 am and 7:00 - 10:00 pm between March 15 - July 15.	Discretionary maintenance and production activities will not occur between 4:00 - 8:00 am and 7:00 - 10:00 pm between March 15 - July 15.	
	In winter concentration areas, exploration and development activities prohibited December 1- March 15.	In winter concentration areas, exploration and development activities prohibited December 1- March 15.	

	Activities in unsuitable habitat also may be approved year round on a case-by-case basis.	Activities in unsuitable habitat also may be approved year round on a case-by-case basis.	
	Activities may be allowed during seasonal closure periods as determined on a case-by-case basis.	Activities may be allowed during seasonal closure periods as determined on a case-by-case basis.	
Transportation	Locate main roads 2 miles from perimeter of active leks. Locate other roads for site access and maintenance >0.6 miles from perimeter of active lek.		
Noise	Not exceed 10 dBA above baseline noise at perimeter of active lek from 6:00 pm to 8:00 am March 1 - July 15.	Not exceed 10 dBA above baseline noise at perimeter of active lek from 6:00 pm to 8:00 am March 1 - July 15.	
Vegetation Removal	Topsoil stripping and vegetation removal in suitable habitat will occur between July 16 and March 14 in areas within 4 miles of an active lek. (exceptions approved on case-by-case basis.)	Limited to the minimum required disturbance.	
Reclamation	Two native forbs, two native grasses with at least one bunchgrass species; landowner to be consulted on private land. Noxious and invasive weed control required.	Should re-establish native grasses, forbs, and shrubs during interim and final reclamation; landowner should be consulted on private land. Noxious and invasive weed control required.	

### OPERATIONAL EXCLUSIONS

Core Area	January	February	March	April	May	June	July	August	September	October	November	December
	1st 15th	1st 15th	1st 15th	1st 15th	1st 15th	1st 15th	1st 15th	1st 15th	1st 15th	1st 15th	1st 15th	1st 15th
No activities where breeding, nesting, early brood-rearing habitat present			March 15th - July 15th									
No discretionary maintenance/production between 4:00 - 8:00 am and 7:00 - 10:00 pm			March 15th - July 15th 4:00 - 8:00 am and 7:00 - 10:00 pm									
No Exploration & production in winter concentration areas.			-----> March 15th									Dec. 1st -->
Can't exceed 10 dBA above baseline noise at perimeter of active lek from 6:00 pm to 8:00 am			March 1st - July 15th 6:00 pm - 8:00 am									
No topsoil stripping and vegetation removal in suitable habitat within 4 miles of active lek.			March 15th - July 15th; within 4 miles of active lek.									

### General Habitat

No activities where breeding, nesting, early brood-rearing habitat present			March 15th - July 15th; within 2 miles of active lek									
No discretionary maintenance/production between 4:00 - 8:00 am and 7:00 - 10:00 pm			March 15th - July 15th 4:00 - 8:00 am and 7:00 - 10:00 pm									
No Exploration & production in winter concentration areas.			-----> March 15th									Dec. 1st -->
Can't exceed 10 dBA above baseline noise at perimeter of active lek from 6:00 pm to 8:00 am			March 1st - July 15th 6:00 pm - 8:00 am									

Note:

Activities in unsuitable habitat also may be approved year round on a case-by-case basis. (Core & General)

Activities may be allowed during seasonal closure periods as determined on a case-by-case basis. (Core & General)

# Plugging and Reclamation Bonds

## (An Introduction)

- **Statutes**
- **Rules**
- **RIT Funding**
- **Well Overview**
- **Prior Efforts (1996 – 1998) and Conclusions**
  - **Committee Summary**
  - **Overview, meeting with Governor Racicot**
    - **Orphan Well Status**
      - **Damage Mitigation Account Funding**
      - **HB 226**
- **2015**

**82-11-111. (Temporary) Powers and duties of board.** (1) The board shall make investigations that it considers proper to determine whether waste exists or is imminent or whether other facts exist that justify any action by the board under the authority granted by this chapter.

(2) Subject to the administrative control of the department under 2-15-121, the board shall:

(a) require measures to be taken to prevent contamination of or damage to surrounding land or underground strata caused by drilling operations and production, including but not limited to regulating the disposal or injection of water and disposal of oil field wastes;

(b) classify wells as oil or gas wells or class II injection wells for purposes material to the interpretation or enforcement of this chapter;

(c) adopt and enforce rules and orders to implement this chapter.

(3) The board shall determine and prescribe which producing wells are defined as "stripper wells" and which wells are defined as "wildcat wells" and make orders that in its judgment are required to protect those wells and provide that stripper wells may be produced to capacity if that is considered necessary in the interest of conservation.

(4) With respect to any pool from which gas was being produced by a gas well on or prior to April 1, 1953, this chapter does not authorize the board to limit or restrain the rate, daily or otherwise, of production of gas from that pool by any existing well or a well drilled after that date and producing from that pool to less than the rate at which the well can be produced without adversely affecting the quantity of gas ultimately recoverable by the well.

(5) The board has exclusive jurisdiction over all class II injection wells and all pits and ponds in relation to those injection wells. The board may:

(a) issue, suspend, revoke, modify, or deny permits to operate class II injection wells consistent with rules made by it;

(b) examine plans and other information needed to determine whether a permit should be issued or require changes in plans as a condition to the issuance of a permit;

(c) clearly specify in a permit any limitations imposed as to the volume and characteristics of the fluids to be injected and the operation of the well;

(d) authorize its staff to enter upon any public or private property at reasonable times to:

(i) investigate conditions relating to violations of permit conditions;

(ii) have access to and copy records required under this chapter;

(iii) inspect monitoring equipment or methods; and

(iv) sample fluids that the operator is required to sample; and

(e) adopt standards for the design, construction, testing, and operation of class II injection wells.

**(6) The board shall determine, for the purposes of using the oil and gas production damage mitigation account established in 82-11-161:**

**(a) when the person responsible for an abandoned well, sump, or hole cannot be identified or located or, if the person is identified or located, when the person does not have sufficient financial resources to properly plug the well, sump, or hole; or**

**(b) when a previously abandoned well, sump, or hole is the cause of potential environmental problems and no responsible party can be identified or located or, if a responsible party can be identified and located, when the person does not have sufficient financial resources to correct the problems.**

(7) The board may take measures to demonstrate to the general public the importance of the state's oil and gas exploration and production industry, to encourage and promote the wise and efficient use of energy, to promote environmentally sound exploration and production methods and technologies, to develop the state's oil and gas resources, and to support research and educational activities concerning the oil and natural gas exploration and production industry. The board may:

(a) make grants or loans and provide other forms of financial assistance as necessary or appropriate

from available funds to qualified persons for research, development, marketing, educational projects, and processes or activities directly related to the state's oil and gas exploration and production industry;

(b) enter into contracts or agreements to carry out the purposes of this subsection (7), including the authority to contract for the administration of an oil and gas research, development, marketing, and educational program;

(c) cooperate with any private, local, state, or national commission, organization, agent, or group and enter into contracts and agreements for programs benefiting the oil and gas exploration and production industry;

(d) coordinate with the Montana university system, including Montana tech of the university of Montana or any of its affiliated research programs;

(e) accept donations, grants, contributions, and gifts from any public or private source for deposit in the oil and gas education and research account established in 82-11-110;

(f) distribute funds from the oil and gas education and research account to carry out the provisions of this subsection (7); and

(g) make orders and rules to implement the provisions of this subsection (7).

**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 \$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:

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

(ii) is less than \$1 million, then an amount less than or equal to the difference between the unobligated cash balance and \$1 million, but not more than \$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.

**82-11-123. (Temporary) Requirements for oil and gas operations. Subject to the administrative control of the department under 2-15-121, the board shall require:**

(1) identification of ownership of oil or gas wells, producing properties, and tanks;

(2) the making and filing of acceptable well logs, including bottom-hole temperatures (in order to facilitate the discovery of potential geothermal energy sources), the making and filing of reports on well locations, and the filing of directional surveys, geological sample logs, mud logs, core descriptions, and ordinary core analysis, if made; however, logs of exploratory or wildcat wells need not be filed for a period of 6 months following completion of those wells;

(3) the drilling, casing, producing, and plugging of wells and class II injection wells in a manner that prevents the escape of oil or gas out of one stratum into another, the intrusion of water into oil or gas strata, blowouts, cave-ins, seepages, and fires and the pollution of fresh water supplies by oil, gas, salt, or brackish water;

(4) the restoration of surface lands to their previous grade and productive capability after a well is plugged or a seismographic shot hole has been utilized and necessary measures to prevent adverse hydrological effects from the well or hole, unless the surface owner agrees in writing, with the approval of the board or its representatives, to a different plan of restoration;

**(5) the furnishing of a reasonable bond with good and sufficient surety, conditioned for performance of the duty to properly plug each dry or abandoned well. The bond may be forfeited in its entirety by the board for failure to perform the duty to properly plug each dry or abandoned well and may not be canceled or absolved if the well fails to produce oil or gas in commercial quantities, until:**

**(a) the board determines the well is properly plugged and abandoned as provided in the board's rules; or**

**(b) the requirements of 82-11-163 are met.**

(6) proper gauging or other measuring of oil and gas produced and saved to determine the quantity and quality of oil and gas;

(7) that every person who produces, transports, or stores oil or gas or injects or disposes of water in this state shall make available within this state for a period of 5 years complete and accurate records of the quantities. The records must be available for examination by the board or its employees at all reasonable times. The person shall file with the board reports as it may prescribe with respect to quantities, transportations, and storages of the oil, gas, or water.

(8) the installation, use, and maintenance of monitoring equipment or methods in the operation of class II injection wells.

**82-11-136. (Temporary) Expenditure of funds from bonds for plugging wells. The board may accept and expend all funds received by it from bonds for properly plugging dry or abandoned wells as authorized in 82-11-123(5).**

### **36.22.1308 PLUGGING AND RESTORATION BOND**

(1) Except as otherwise provided in these rules, the following bonds are required for wells within the board's jurisdiction:

(a) the owner or operator of a single well to be drilled, or of a single existing oil, gas, or Class II injection well to be acquired, must provide a one well bond:

(i) in the sum of \$1500, where the permitted total depth of a drilling well, or the actual, or plugged-back, total depth of an existing well, is 2000 feet or less; or

(ii) in the sum of \$5000, where the permitted total depth of drilling well, or the actual, or plugged-back, total depth of an existing well, is greater than 2000 feet and less than 3501 feet; or

(iii) in the sum of \$10,000 where the permitted total depth of a drilling well, or the actual, or plugged-back, total depth of an existing well, is 3501 feet or more.

(b) the owner or operator of multiple wells to be drilled, of existing wells to be acquired, or any combination thereof, must provide a multiple well bond in the sum of \$50,000. A one-time consolidation of companies will not be considered an acquisition requiring a \$50,000 bond if the consolidation does not change the party or parties responsible for the ultimate plugging of the wells and the resulting consolidated company provides a bond not less than the aggregate amount of the existing bonds covering wells prior to consolidation;

(c) the owner or operator of existing wells covered by a multiple well bond in an amount less than \$25,000 must provide a new bond, or a supplemental bond, or rider to an existing bond to increase coverage to \$25,000.

(2) All bonds must be executed on board Form No. 3 or board Form No. 14, must be payable to the state of Montana, and must be conditioned for the performance of the duty to properly plug each dry or abandoned well, and to restore the surface of the location as required by board rules.

**(3) The board may require an increase by appropriate rider of any bond from \$1500 to \$3000, \$5000 to \$10,000, or from \$10,000 to \$20,000 for a single well bond, and from \$50,000 to \$100,000 for a multiple well bond, when in the opinion of the board the factual situation warrants such an increase in order for any owner or operator to be in compliance with this rule. In addition to, or in lieu of, an increase in the bond amount as provided above, the board may limit the number of wells that may be covered by any multiple well bond.**

(4) No new or additional wells shall be added or substituted to any bond existing prior to the effective date of this rule.

**(5) The staff may refer approval of any proposed bond to the board for consideration at its next regularly scheduled business meeting. The staff will promptly notify the applicant of the reason(s) approval has been deferred to the board and will advise the applicant of the time and place for the business meeting. The board may approve, require modification, or reject a proposed bond.**

(6) The bond referred to in this rule must be in one of the following forms:

(a) a good and sufficient surety bond secured from a bonding company licensed to do business in the state of Montana;

(b) a federally insured certificate of deposit issued and held by a Montana bank; or

(c) a letter of credit issued by an FDIC-insured, Montana commercial bank.

(7) Out-of-state bank bonds previously approved by the board remain in effect.

(8) A well must remain covered by a bond, and such bond must remain in full force and effect until:

(a) the plugging and restoration of the surface of the well is approved by the board; or

(b) a new bond is filed by a successor in interest and such bond is approved by the board.

**(9) A notice of intent to change operator must be filed on Form No. 20 by a proposed new owner or operator of a well within 30 days of the acquisition of the well. Said notice shall include all information required thereon and must contain the endorsement of both the transferor and the transferee. The board administrator may delay or deny any change of operator request if he determines that either the transferor or the transferee is not in substantial compliance with the board's statutes, rules, or orders. The board may require an increase in any bond up to the maximum amount specified in (3) as a condition of approval for any change of operator request. The transferor of a well is released from the responsibility of plugging and restoring the surface of the well under board rules after the transfer is approved by the board.**

(10) Where the owner of the surface of the land upon which one or more noncommercial wells have been drilled wishes to acquire a well for domestic purposes, the bond provided by the person who drilled or operated the well will be released if the surface of the location is restored as required by board rules, and if said surface owner furnishes:

(a) proof of ownership of the surface of the land on which the well is located; and

(b) for actual beneficial water uses of 35 gallons or less per minute, not to exceed ten acre-feet per year, a copy of the Notice of Completion of Groundwater Development (Water Rights Form 602) filed with the Department of Natural Resources and Conservation (DNRC); or

(c) for actual beneficial water uses of more than 35 gallons per minute, or in excess of ten acre-feet per year, a copy of the Beneficial Water Use Permit (Water Rights Bureau Form 600) received from the DNRC; or

(d) for a domestic gas well, a written and signed inspection report from one of the board's field inspectors stating that the well is presently being beneficially used as a source of domestic natural gas; and

(e) for a domestic gas well:

(i) a federally insured certificate of deposit in the amount of \$5000 for a single well or in the amount of \$10,000 for more than one well; or

(ii) a real property bond in the amount of two times the amount of the required federally insured certificate of deposit.

(11) The real property bond required in (10)(e)(ii) must be:

(a) provided on a board-approved form; and

(b) accompanied by a certified real property appraisal and abstract of title which evidence unencumbered owner equity in an amount equal to or greater than the amount of the bond required.

(12) A domestic well must be plugged, abandoned, and restored in accordance with ARM [36.22.1301](#) through [36.22.1304](#), [36.22.1306](#), [36.22.1307](#), and [36.22.1309](#), or

transferred to a bonded operator in accordance with (9), after the well ceases to be used for domestic purposes.

History: [82-11-111](#), MCA; [IMP](#), [82-11-123](#), MCA; Eff. 12/31/72; [AMD](#), 1977 MAR p. 549, Eff. 9/24/77; [AMD](#), 1982, MAR p. 855, Eff. 4/30/82; [AMD](#), 1982 MAR p. 1398, Eff. 7/16/82; [AMD](#), 1990 MAR p. 305, Eff. 2/9/90; [AMD](#), 1993 MAR p. 152, Eff. 7/1/93; [AMD](#), 1998 MAR p. 482, Eff. 2/13/98; [AMD](#), 1998 MAR p. 1745, Eff. 6/26/98; [AMD](#), 2000 MAR p. 3542, Eff. 12/22/00; [AMD](#), 2007 MAR p. 350, Eff. 3/23/07.

### **36.22.1303 WELL PLUGGING REQUIREMENT**

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

History: [82-11-111](#), MCA; [IMP](#), [82-11-123](#), [82-11-124](#), MCA; Eff. 12/31/72; [AMD](#), 1998 MAR p. 482, Eff. 2/13/98.

**Constitution of Montana -- Article IX -- ENVIRONMENT AND NATURAL RESOURCES**

**Section 2. Reclamation.** (1) All lands disturbed by the taking of natural resources shall be reclaimed. The legislature shall provide effective requirements and standards for the reclamation of lands disturbed.

(2) The legislature shall provide for a fund, to be known as the resource indemnity trust of the state of Montana, to be funded by such taxes on the extraction of natural resources as the legislature may from time to time impose for that purpose.

(3) The principal of the resource indemnity trust shall forever remain inviolate in an amount of one hundred million dollars (\$100,000,000), guaranteed by the state against loss or diversion.

**History:** Amd. Const. Amend. No. 1, approved Nov. 5, 1974

**15-38-102. Legislative policy.** It is the policy of the state of Montana to indemnify its citizens for the loss of long-term value resulting from the depletion of its mineral resource base and for environmental damage caused by mineral development. This policy of indemnification is achieved by establishing a permanent resource indemnity trust, as required by Article IX, section 2, of the Montana constitution, by supporting ground water assessment programs from the proceeds of a tax levied on mineral extraction, and by allocating spendable revenues:

- (1) to protect and restore the environment from damages resulting from mineral development;
- (2) to support a variety of development programs that benefit the economy of the state and the lives of Montana citizens; and
- (3) to assess the state's ground water resources.

**History:** En. 84-7002 by Sec. 2, Ch. 497, L. 1973; R.C.M. 1947, 84-7002; amd. Sec. 11, Ch. 418, L. 1987; amd. Sec. 15, Ch. 769, L. 1991.

## Summary of Committee Discussions (1996-1998)

### Bonding:

1. A \$10,000 or \$25,000 multiple well bond for an unlimited number of wells is a small surety amount compared to the potential plugging liability of a large number of non-productive wells.
2. 100% coverage of plugging and restoration liability by multiple well bonds was not intended in the statute and is unreasonable when plugging liability is offset by the value of producing wells and equipment and the opportunity for new operators to assume the risk and operate the wells.
3. Higher bonding may be necessary if an operator's plugging liability exceeds asset value.
4. Some states limit the number of shut-in or non-productive wells on a multiple well bond.
5. Single well bonds that approximate actual plugging and restoration costs are justified due to the limited asset value of a single well.

### Shut-in Wells:

1. A significant number of wells with no remaining potential as producing wells or injection or disposal wells currently exist on bonds.
2. A large number of non-producing wells associated with a property represents a greater potential plugging liability to the state because the likelihood of a successor operator assuming the responsibility of the property and plugging the wells is lessened.
3. Operators with a relatively small number of producing wells and a large number of non-producing wells may not have the money available to plug their wells.
4. Reducing the number of non-productive wells covered by bonds may reduce the need for a large increase in bond amounts

### Considered Solutions and Issues or Committee Comments:

1. Increasing all bond coverage:
  - Ties up capital that could be used to drill new wells.
  - Penalizes all operators regardless of their specific situation.
2. Requiring separate bond coverage for non-productive wells or limit the number of non-producing wells that could be carried on one bond;
  - Ties up capital that could be used to plug wells.
3. Get money from an outside source (RIGWAT) to assist operators in plugging wells.
  - Board doesn't control fund and it is up to the operators to propose a program such as this;

- Competition exists for available funds;
  - Does not represent a quick solution to the problem and the idea may or may not be accepted at the legislative level;
  - The legislature's view has been that funds should be used for "orphan" wells, not those currently operated and bonded;
  - Historically there has been a problem acquiring funds even for orphan wells;
  - Inequity may exist since the larger operators with the financial ability to plug their wells contribute most to taxes. They may not support using their money to offset other peoples' plugging liability;
  - Any attempt to promote a plan such as this would first require a demonstration that steps are being taken to reduce the potential for an increase in the number of orphan wells.
4. Establish a new fund from production to assist in plugging wells.
- Lack of industry support for a new "tax";
  - Fear that the money would be re-directed;
  - Low-volume producing or non-producing wells could not be taxed enough to create an adequate single-well plugging account;
5. Reducing the number of non-producing wells by working with the operators to get the wells with no future value plugged.
- If wells without value were plugged, the potential liability would be lessened and the need for additional bonding would diminish.
  - Would allow operators to work with the Board and staff to develop a plugging schedule.
  - Bureau of Land Management uses a similar approach;
  - Would require a change in the rule that allows all of the wells on a lease to remain unplugged while only one well remains productive;
  - Would require additional guidelines or regulations to assure that operators submit valid reports of well condition and value;
  - May require regulations to assist the Board and staff in setting reasonable plugging schedules and to give operators the incentive to meet the agreed upon plugging requirements;
  - Process must be flexible enough to accommodate changes in oil or gas price but leave operators with the some incentive to comply.

## **Tentative Bonding Committee Proposal (1996-1998)**

The committee has opted to propose an increase the bond amounts for newly drilled wells and for transfers of existing properties, and replacing the existing \$10,000 grandfathered multiple well bond with a \$25,000 bond. They are also proposing a method by which the Board and staff could work with individual operators to reduce the number of non-productive wells through identification of wells without future value and the negotiation of a plugging schedule.

The proposal the committee is currently considering is:

### For Wells Drilled After Adoption of Rule(s):

- Single well bond:

0-2000 feet	\$1,500
2001-3500'	\$5,000
3,501' and deeper	\$10,000
- New multiple well or "blanket" bond:

\$50,000 for an unlimited number of wells; wells are considered temporarily abandoned rather than shut-in if the lower-most plug is set, and a demonstration of mechanical integrity in temporarily abandoned wells is required every five years.

### For Existing Wells:

- Current single-well bond requirements remain in force.
- Minimum of \$25,000 for multiple-well bond covering existing wells.

### For transfer of ownership of existing wells:

- Transfers of ownership of existing wells must meet the bonding requirements set forth for newly drilled wells, either as a \$50,000 blanket bond or as single well bonds.

### Reporting Requirements for non-producing wells:

- Annual reporting of non-producing wells and justification of continued shut-in or temporarily abandoned status. Proof of economic value of non-productive wells will be required, and the Board and staff will work with operators to develop a plugging schedule for wells found to have no future value.
- Proof of economic value" is generally defined as information that would indicate the potential for future beneficial use to a reasonable and prudent operator.

The Board has proposed the following changes to Board Rule 36.22.1303 to give the Board authority to require that wells without future value be plugged even when a producing well may remain on the same lease.

36.22.1303 WELL PLUGGING REQUIREMENT The owner shall not permit any well drilled for oil, gas, salt water disposal, or any other purpose to remain unplugged after such well is no longer ~~used~~ useful for the purpose for which it was drilled or converted. ~~, except that as long as the owner has other producing wells on the lease he may hold idle a well on the same lease for possible future use, unless the board shall find that such idle well or wells are causing damage to oil or gas reservoirs or fresh water supplies.~~ When the last a well on a lease is no longer capable of production because the underlying reservoir or reservoirs are depleted and there is no possible future use for the wells ~~on the lease~~ in supplemental recovery operations or for disposal facilities, the operator shall within ~~90 days~~ one year thereof ~~commence operations to plug and abandon all the wells on the lease as set forth in this sub-chapter, unless otherwise authorized by the petroleum engineer or his authorized agent.~~

# Governor's Meeting with Board of Oil and Gas Conservation

## RE: Funding Proposal for the Orphan Well Reclamation Program

January 26, 1998

### OVERVIEW

- ☐ Board efforts in studying orphan well plugging liability and related Board policy
- ☐ Current estimates of orphan wells and plugging liability
- ☐ Budget proposal and oversight plan for orphan well reclamation program

### BOARD EFFORTS OVER THE PAST TWO YEARS

#### Shut-in Well Committee

- ☐ Purpose - study State's liability for abandoned wells and recommend action which would reduce present and future liability
- ☐ Primary Recommendation - long term reclamation program for orphan wells which is capable of plugging known orphans over a period of approximately ten years.

#### Bonding Committee

- ☐ Purpose - re-evaluate bonding requirements and recommend changes that give an appropriate level of guarantee that operators will operate prudently and not default on plugging responsibility.
- ☐ First Recommendation - rule change regarding the ability of an operator to have large numbers of idle wells on a lease so long as one well on the lease is producing. Passed by the Board after a public hearing in December.
- ☐ Upcoming Recommendations - upward revision of bonding levels. Minimum of \$25,000 for a statewide bond.

#### Reclamation Activity

- ☐ Grants awarded: Four totaling \$1,089,184
- ☐ Expenditures to date: \$720,967 reclaiming 37 wells.

### ORPHAN WELL RECLAMATION LIABILITY

- ☐ New estimates of the State's reclamation liability for orphan wells

	<u>Wells</u>	<u>Cost/Well</u>	<u>Plugging Cost</u>	<u>Years @ \$600M/yr</u>
Known orphans	251	\$15,000	\$3,765,000	6.3
Estimated additional orphans	560	\$15,000	\$8,400,000	14.0
Est.high risk bonded idle wells	400	\$13,000	\$5,200,000	8.7

## **PROPOSED BUDGET AND OVERSIGHT PLAN**

⊖ \$1,200,000 per biennium allocated directly to the Board's Damage Mitigation Account. Account cap would be amended to \$1,200,000.

⊖ Oversight on expenditures :

Staff would prioritize orphans to plug. Limit on usage of funds same as current statutory limits on DMA account Program review or progress reports as needed by Governor's Budget Office and/or DNRC.

⊖ Key points of the proposal:

1. Limits annual expenditures to staff capabilities for reclamation activity.
2. Allows far greater efficiency in planning and implementing program over current grant-based funding method.
3. Minimal fiscal impact on current usage of RIT funds while assuring industry that sufficient RIT funds are committed to their intended use.
4. Funding method assures long term commitment to program. Priority of funding more constant than for the current grant-based method.
5. Long-term commitment is the missing link to promoting the co-operative effort between Montana and the petroleum industry as a leading model for environmental reclamation of sites created before the industry was regulated.

**(HB 226 at 2015 Session)**

## 2015 Overview

### Damage Mitigation Account

- Used for plugging orphaned wells (pre-regulatory and newly orphaned)
- Funds derived from bond forfeitures and interest on RIGWAT
- Oil and gas industry is largest contributor to RIGWAT (+royalty)

### Orphan Wells (Statistics from 2015 Session)

- Over 650 wells reviewed through orphan well program.
- 419 wells plugged and locations restored. (pre-regulatory + newly orphaned)
- 34 surface restoration only.
- Over 126 wells transferred to new operator. (primarily newly orphaned)
  - 20-25% of newly orphaned wells under new bond.
- Approximately 50 orphan wells on list.

### Status

- A number of long-term shut-in wells plugged with county grants. This program was suspended.
- Orphan well numbers have been significantly reduced from 1998.
- Funding first proposed in 1998 now available.

Board Authority with respect to bonding is fairly broad. Requirements can be based upon risk (compliance) under existing rules.

Funding and an established orphan well program are in place. Orphan well numbers fluctuate with time but considerations have to be made based upon long-term issues. Statutes limit the Board's ability to plug wells with remaining economic life.

Change of operator requests for existing wells will probably be the norm in the foreseeable future as opposed to newly drilled wells. These requests may involve new operators with no compliance record in Montana.

If changes in bonding are proposed, the impacts to existing wells must be considered since a large portion of the potential future plugging liability is attributable to stripper wells and operators with a significant number of wells.

Proposed federal regulations such as the methane rule can have a significant impact on existing wells.

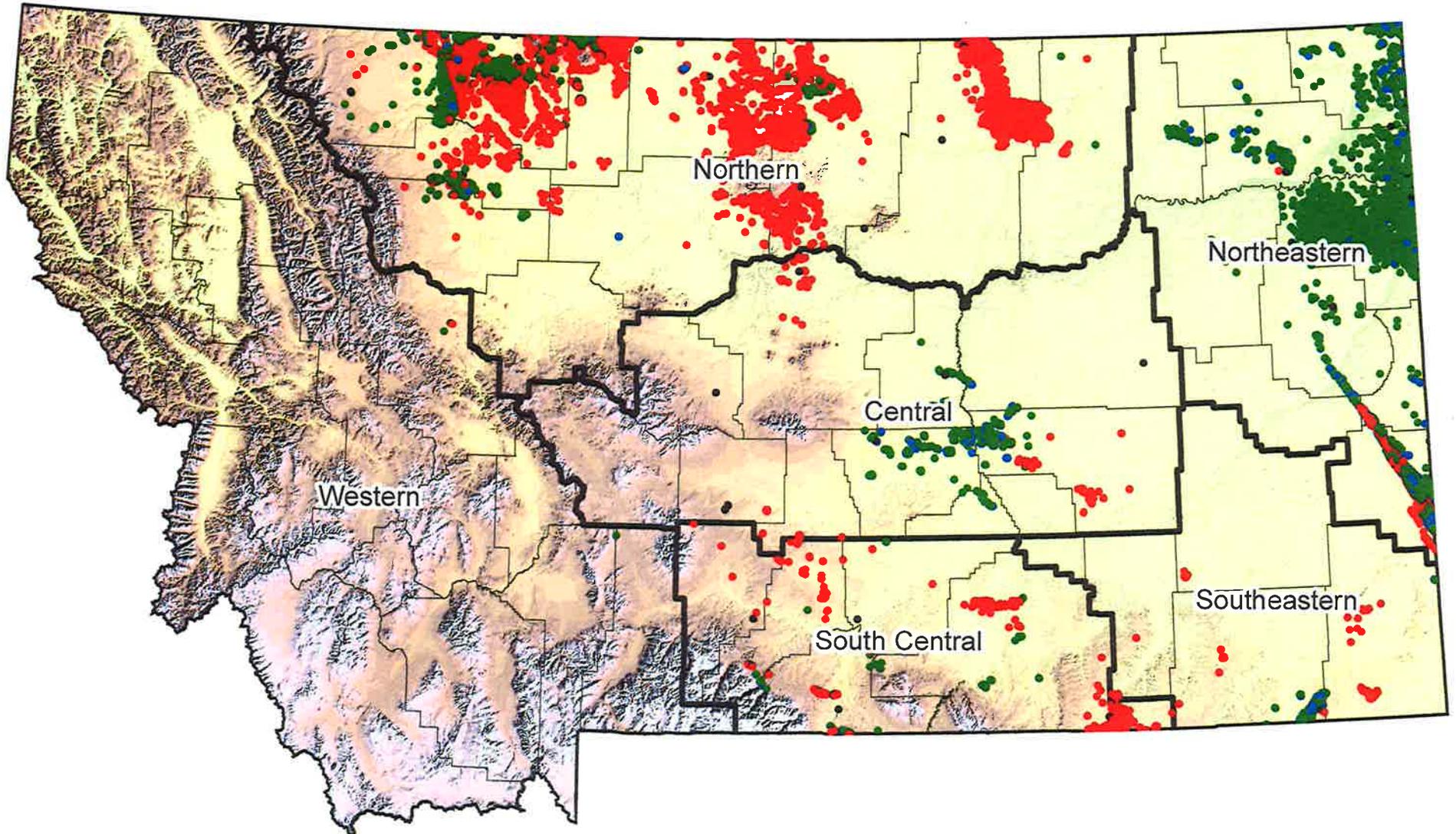
Increased bonding would primarily be in place for new wells. Well depth is always a good tool to use, and depth is generally proportional to location restoration costs.

Shallower wells have lower plugging costs and are also drilled and operated under different economics. Increased bonding requirements for transfers of stripper wells would likely result in more orphan wells.

A policy providing incentive to abandon existing wells with no remaining future use appears essential, as it was during the 1990's. The number of wells in this category would require a systematic approach and a long-term solution.

Policies pertaining to change of operator requests could also be considered.

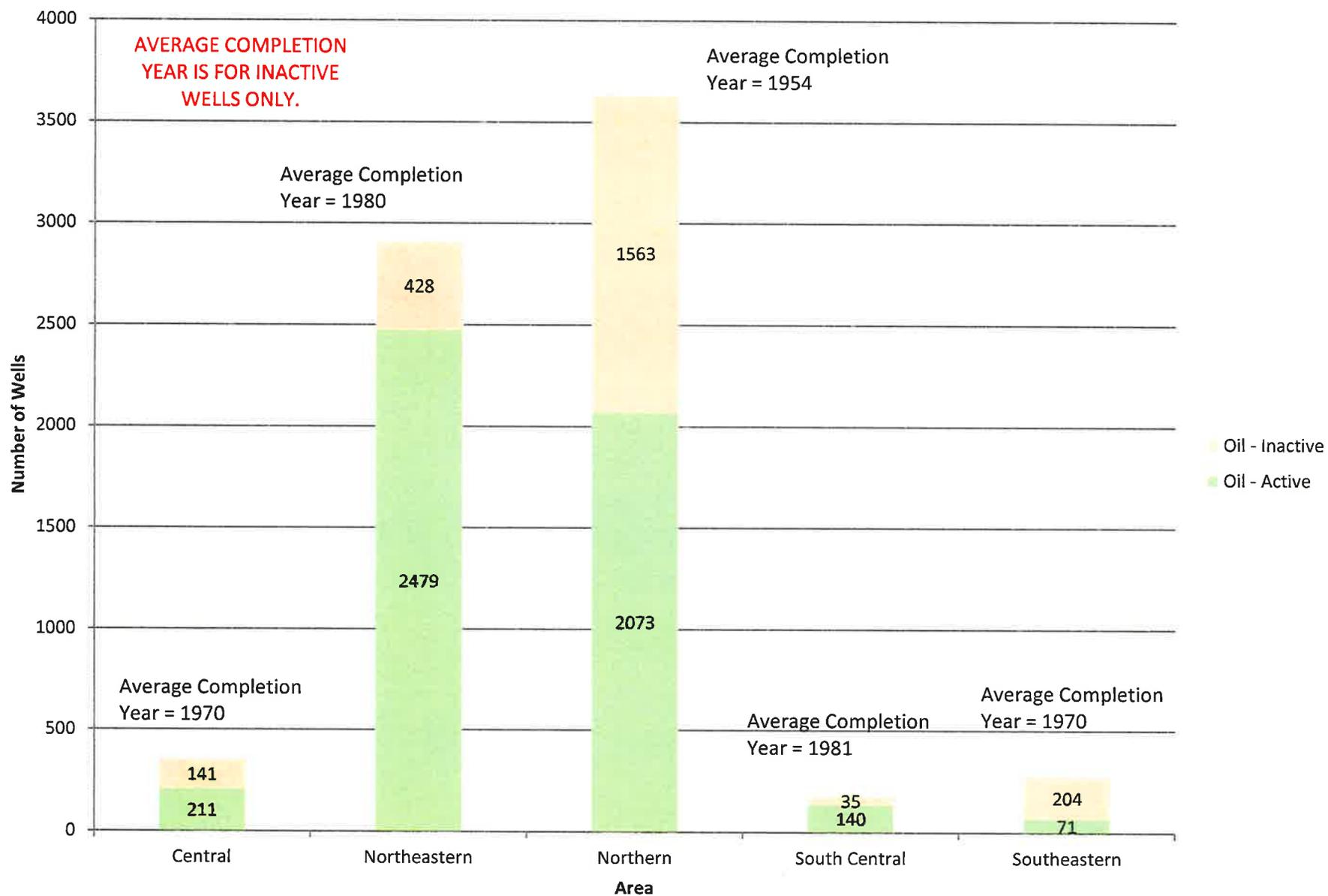
# Active Wells and Region Boundaries



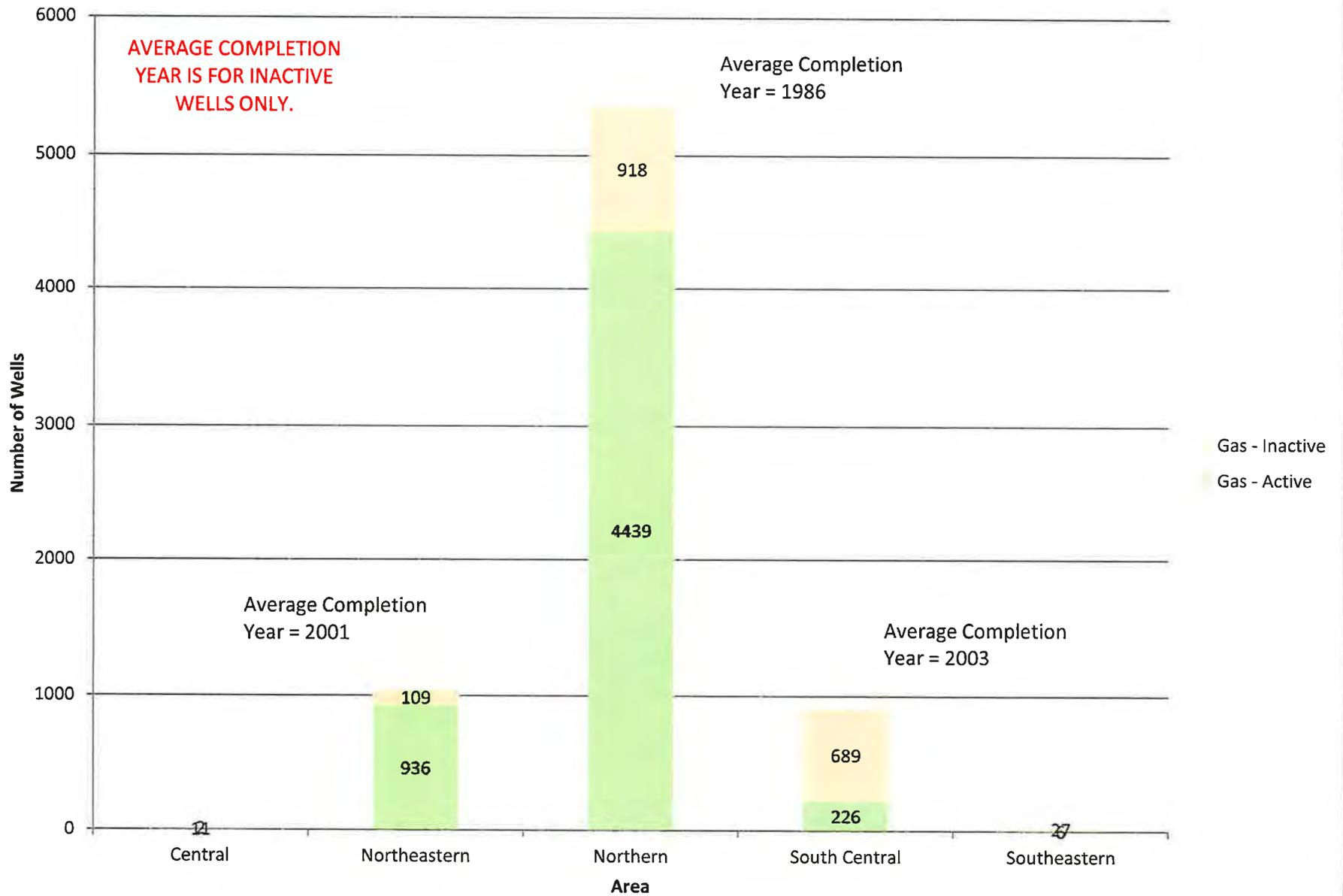
## Legend

-  ab41
-  regions

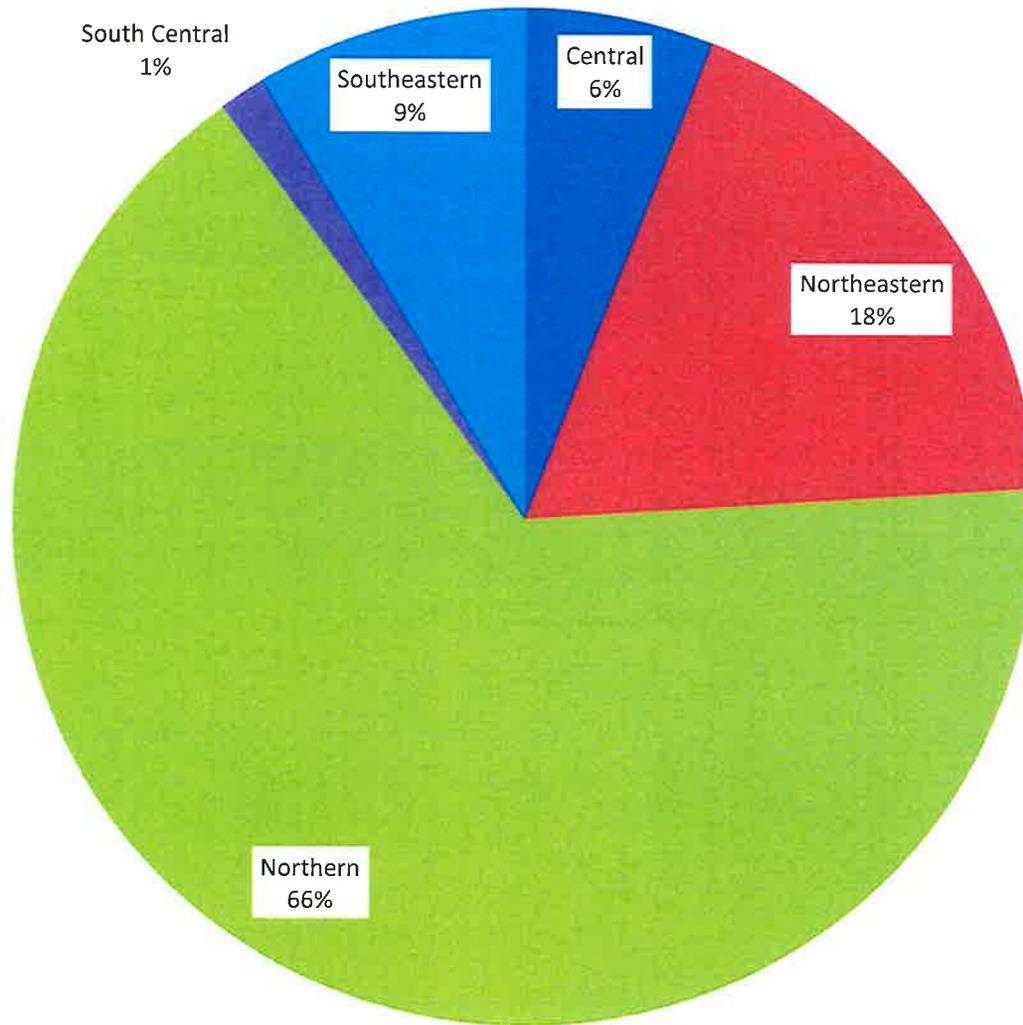
## 2014 Active and Inactive Oil Wells



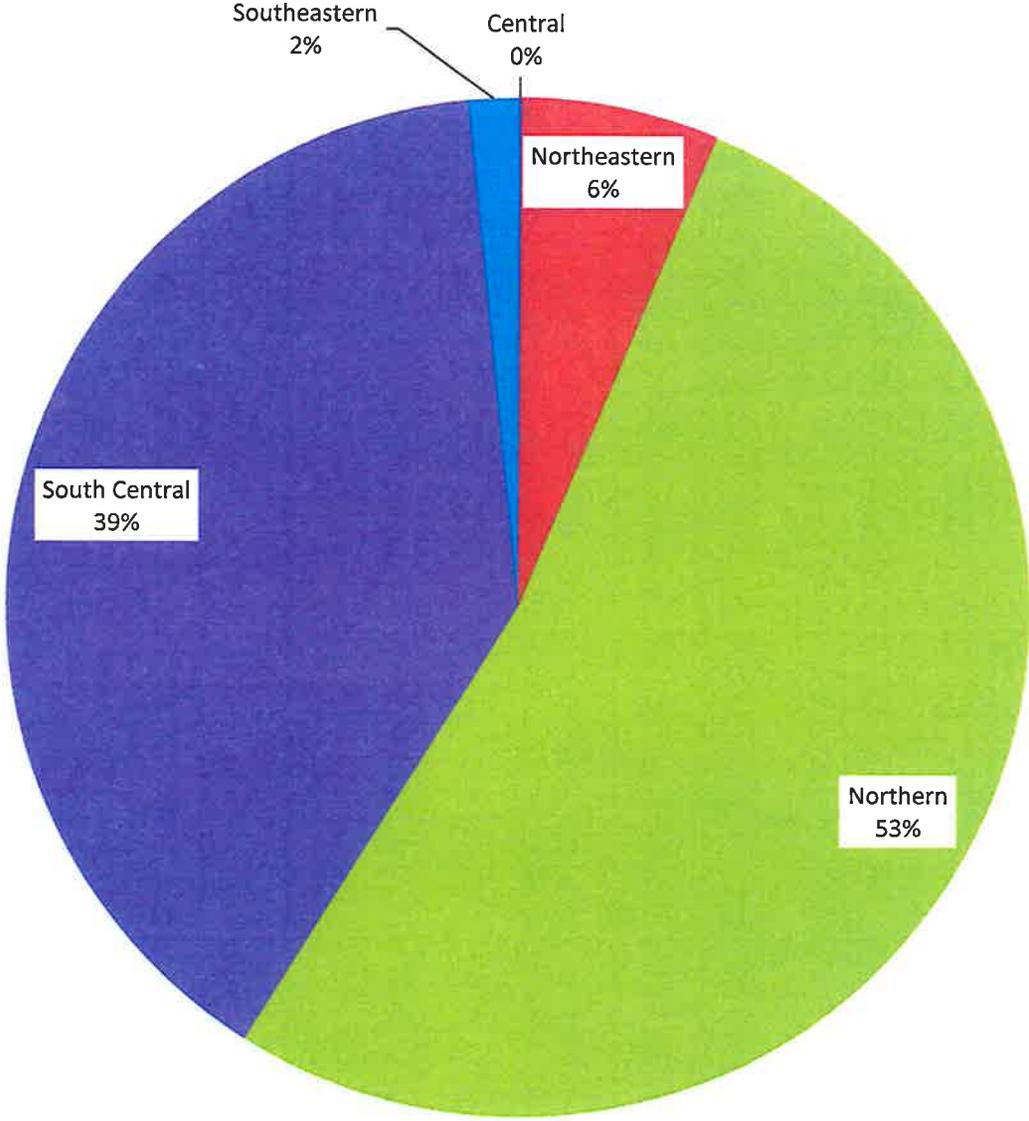
# 2014 Active and Inactive Gas Wells



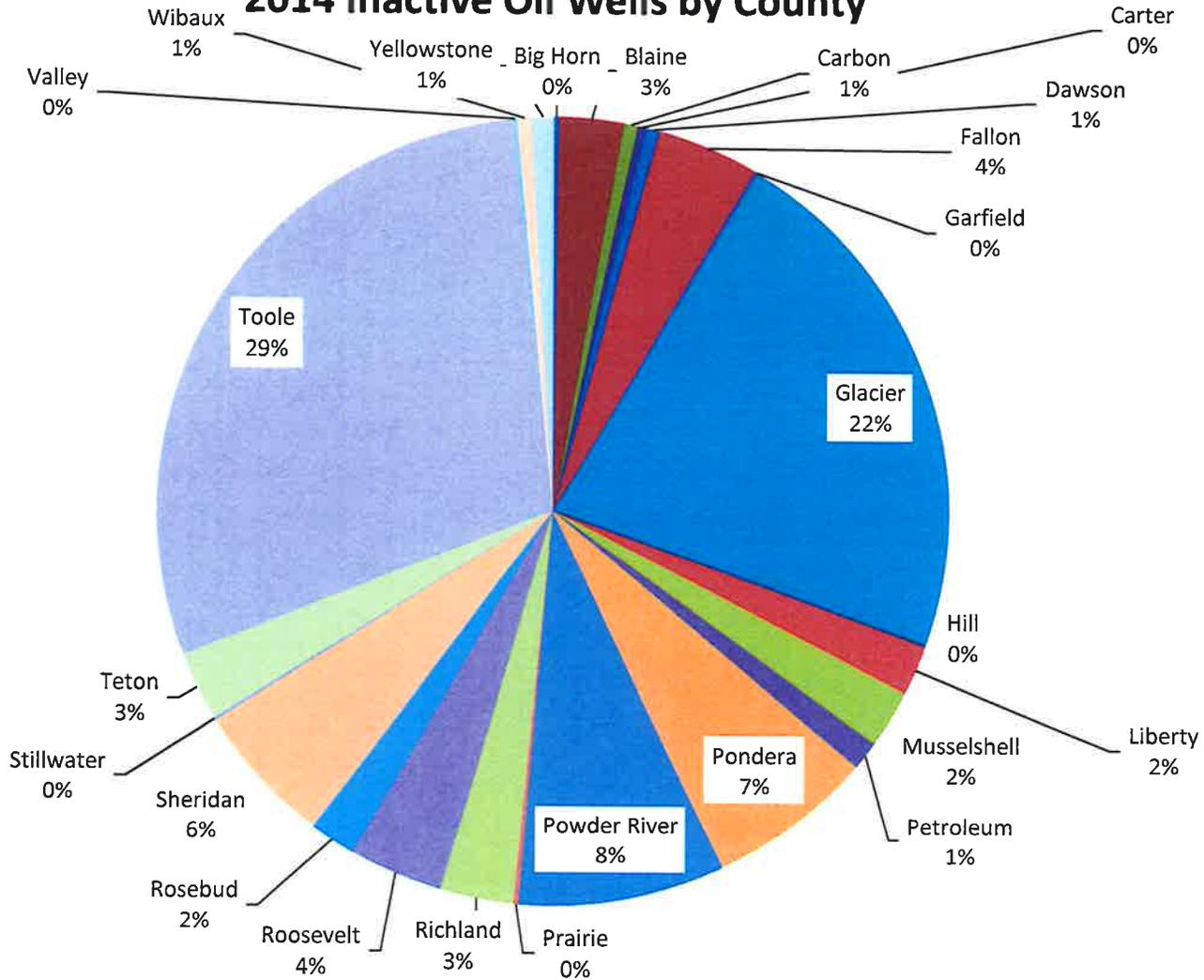
## 2014 Inactive Oil Wells by Area



# 2014 Inactive Gas Wells by Area



# 2014 Inactive Oil Wells by County



- |              |              |                |                 |            |             |               |             |
|--------------|--------------|----------------|-----------------|------------|-------------|---------------|-------------|
| ■ Big Horn   | ■ Blaine     | ■ Carbon       | ■ Carter        | ■ Chouteau | ■ Custer    | ■ Dawson      | ■ Fallon    |
| ■ Fergus     | ■ Garfield   | ■ Glacier      | ■ Golden Valley | ■ Hill     | ■ Liberty   | ■ Musselshell | ■ Petroleum |
| ■ Phillips   | ■ Pondera    | ■ Powder River | ■ Prairie       | ■ Richland | ■ Roosevelt | ■ Rosebud     | ■ Sheridan  |
| ■ Stillwater | ■ Sweetgrass | ■ Teton        | ■ Toole         | ■ Valley   | ■ Wibaux    | ■ Yellowstone |             |

## 2014 Inactive Gas Wells by County

