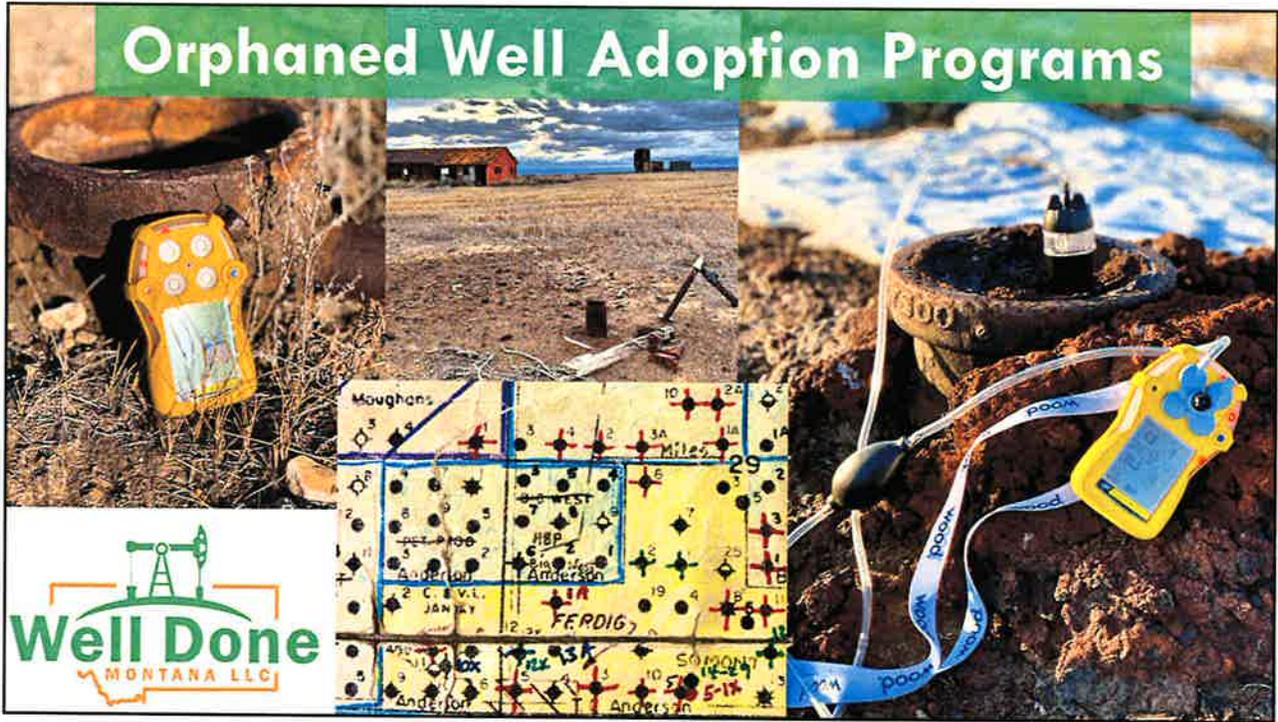


EXHIBIT 1



1



2



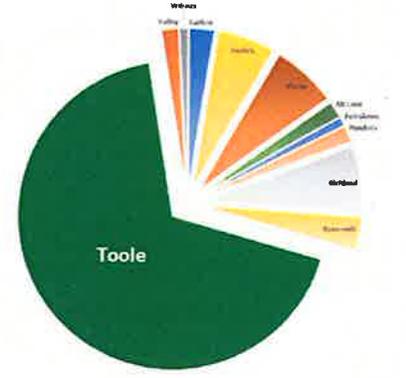
In April 2018 the United States Environmental Protection Agency (EPA) estimated that there are as many as 2.3 (Townsend-Small et al. 2016) to 3.0 (Brandt et al. 2014) million Orphaned Oil & Gas Wells in the USA dating back to the 1800's and that number is continuing to grow!

### Montana's Orphaned Oil & Gas Wells

Updated: 9.2.2019

County	Wells			Percentage	
	Oil	Gas	Other	Oil	Gas
Carbon	3			2.5%	
Custer			6		
Chouteau		9			11.1%
Daniels	7		2	5.9%	
Dawson		1			1.2%
Fallon		2			2.5%
Fergus		1			1.2%
Glacier	8		1	6.7%	11.1%
Golden		1			1.2%
Hill		1			1.2%
Liberty		1			1.2%
McLane	2			1.7%	
Petroleum	1	1		0.8%	1.2%
Pondera	2	8	1	1.7%	9.9%
Richland		8			6.7%
Roosevelt	4	2		3.4%	2.5%
Stillwater		13			16.0%
Sweetgrass		4			4.9%
<b>Toole</b>	<b>81</b>	<b>28</b>	<b>109</b>	<b>68.1%</b>	<b>34.6%</b>
Valley		2			1.7%
Wibaux		1			0.8%
<b>Total</b>	<b>119</b>	<b>81</b>	<b>10</b>	<b>210</b>	

### Montana's Orphaned Oil & Gas Wells

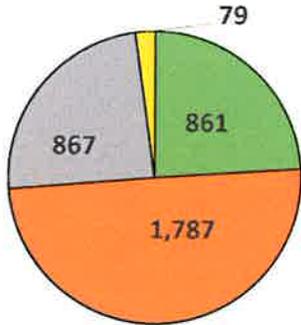




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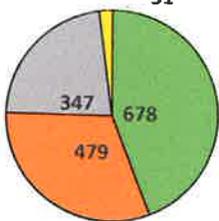
### Oil Wells - Toole County

3,594



### Gas Wells - Toole County

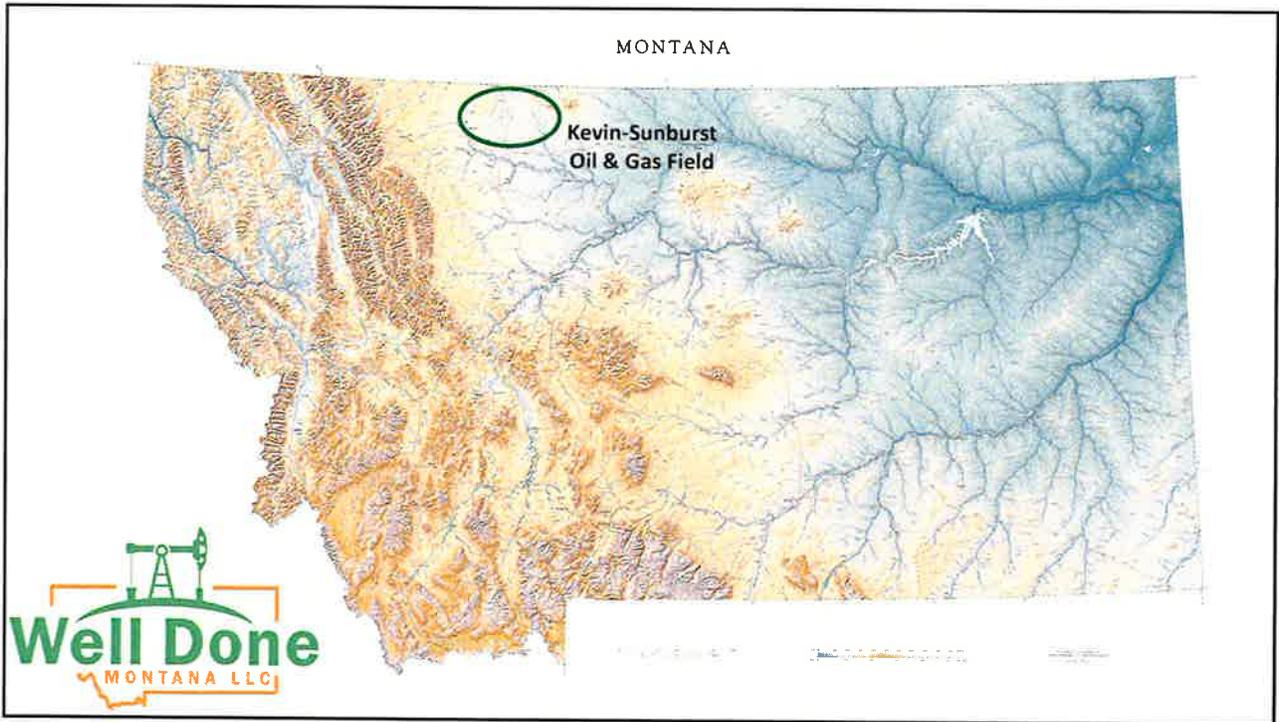
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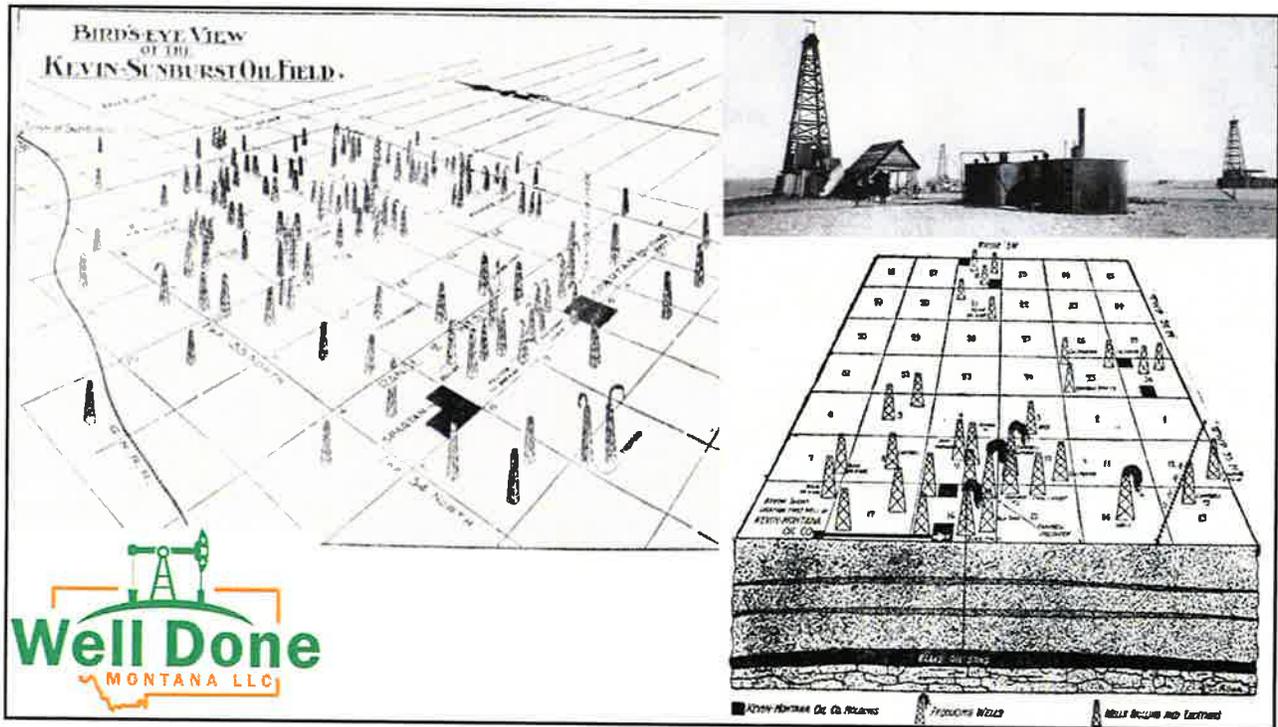
■ Producing   
 ■ P&A Approved   
 ■ Shut In   
 ■ Orphaned



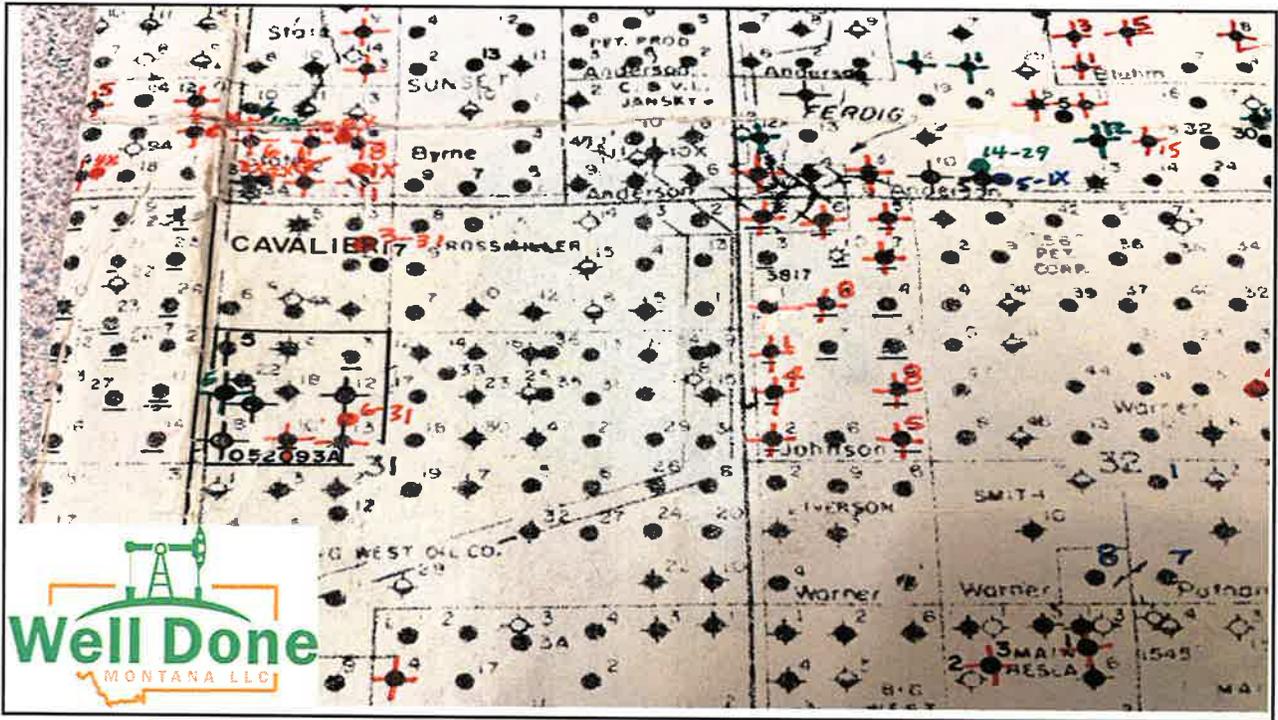
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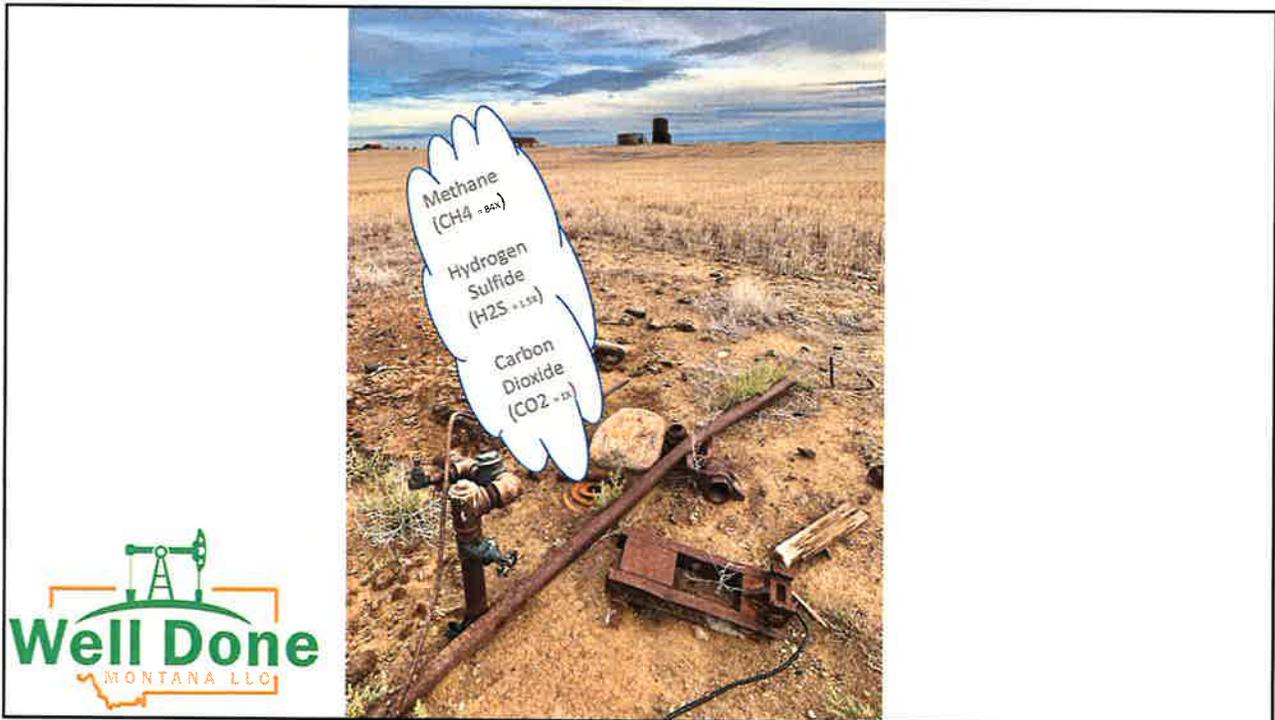
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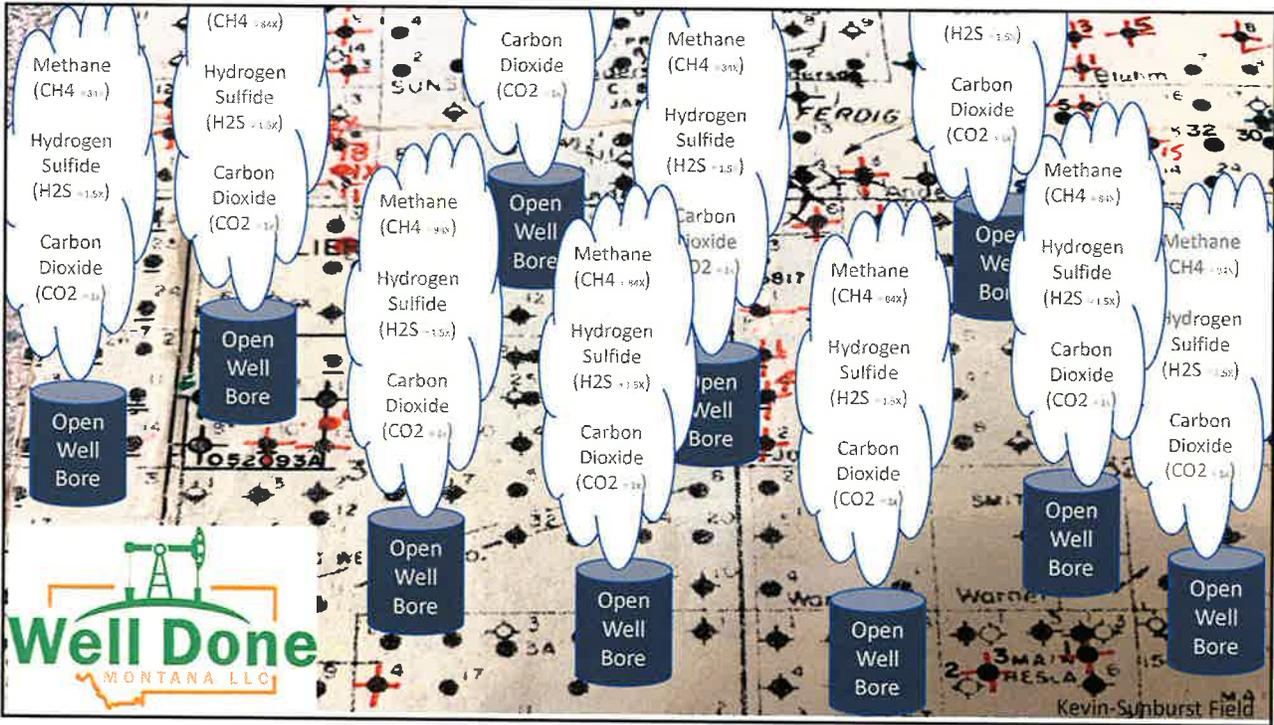
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10



11



12

Science of the Total Environment

Measuring methane emissions from abandoned and active oil and gas wells in West Virginia

Stuart N. Reddy<sup>1\*</sup>, Denise L. Mazer<sup>2,3\*</sup>, Michael A. Celis<sup>4</sup>, Mary Kang<sup>5</sup>, Kara Bresler<sup>6</sup>, Christopher Chen<sup>7</sup>, Caleb D. Coon<sup>8</sup>

<sup>1</sup>Department of Geological Engineering and Sciences, Princeton University, Princeton, NJ, USA  
<sup>2</sup>Department of Geological Engineering and Sciences, Princeton University, Princeton, NJ, USA  
<sup>3</sup>Department of Earth and Atmospheric Sciences, Princeton University, Princeton, NJ, USA  
<sup>4</sup>Department of Earth and Atmospheric Sciences, Princeton University, Princeton, NJ, USA  
<sup>5</sup>Department of Earth and Atmospheric Sciences, Princeton University, Princeton, NJ, USA  
<sup>6</sup>Department of Earth and Atmospheric Sciences, Princeton University, Princeton, NJ, USA  
<sup>7</sup>Department of Earth and Atmospheric Sciences, Princeton University, Princeton, NJ, USA  
<sup>8</sup>Department of Earth and Atmospheric Sciences, Princeton University, Princeton, NJ, USA

### WDM Dynamic Flux Chamber (DFC)

Kevin-Sunburst Field

13

#### How it works:

- The DFC captures the unmitigated emissions of Methane(CH<sub>4</sub>), Hydrogen Sulfide (H<sub>2</sub>S) and Carbon Dioxide (CO<sub>2</sub>) gasses escaping freely from the Open Well Bores at our WDM Control Well locations.
- The DFC creates a “Controlled Environment” that Measures the % of Methane (CH<sub>4</sub>), Hydrogen Sulfide (H<sub>2</sub>S) and Carbon Dioxide (CO<sub>2</sub>) from the Open Well Bores using Honeywell 4 Gas Meters (BW GasAlert Quattro) at our WDM Control Well Locations.
- The DFC allows for standard calculation of the volume of organic and stimulated emissions (EF) from the Open Well Bores at the WDM Control Well locations.
- The WDM Control Well Data becomes relevant and standardized across other Plays and Fields.

### WDM Dynamic Flux Chamber (DFC)

Kevin-Sunburst Field

14

**How we measure:**

- o **Static Test:** Measures the volume and percentage of Methane (CH<sub>4</sub>), Hydrogen Sulfide (H<sub>2</sub>S) and Carbon Dioxide (CO<sub>2</sub>) emissions from the Open Well Bores using Honeywell 4 Gas Meter (BW GasAlert Quattro) in a static DFC.
- o **Flush Test:** Measures volume of emissions (EF) from the Open Well Bore by flushing the gasses from the chamber using a Black & Decker Blower for 5:00 Minutes to completely clear the DFC of gasses and measures the time, in 15:00 Second intervals, for the DFC to refill with Methane (CH<sub>4</sub>), Hydrogen Sulfide (H<sub>2</sub>S) and Carbon Dioxide (CO<sub>2</sub>) gasses to Alarm Levels.
- o **Flow Test:** Measures organic and stimulated CFMs of emissions using a TSI 9535 Flow Meter.




15



**Anderson #1**

Hydrogen Sulfide Gas emissions from the Open Well Bore (measured in a static DFC) using Honeywell 4 Gas Meter (BW GasAlert Quattro) in a static DFC.

Month	CH <sub>4</sub> (Tons)	H <sub>2</sub> S (Tons)	CO <sub>2</sub> (Tons)
September	95.8	0.0	0.0
October	80.5	0.0	0.0
November	75.3	29.1	0.0
December	92.1	0.0	0.0
January	94.9	0.0	0.0
February	71.0	6.5	0.0

**What we're finding:**

- Each Orphan Control Well has unique and similar characteristics and markers.
- Significant Tonnes per annum being generated of Methane (CH<sub>4</sub>) at a 25:1 Global Warming Potential (GWP) Emission Factor (EF) per Well.
- Significant Tonnes per annum Hydrogen Sulfide (H<sub>2</sub>S) at a 1.5:1 Global Warming Potential (GWP) Emission Factor (EF) per Well.





**Big West Anderson #3**

Hydrogen Sulfide Gas emissions from the Open Well Bore (measured in a static DFC) using Honeywell 4 Gas Meter (BW GasAlert Quattro) in a static DFC.

Month	CH <sub>4</sub> (Tons)	H <sub>2</sub> S (Tons)	CO <sub>2</sub> (Tons)
September	200.3	20.5	0.0
October	294.1	16.1	0.0
November	357.9	45.3	0.0
December	354.2	91.3	0.0
January	302.1	99.6	0.0
February	361.3	66.0	0.0

16

Qualifying WDM Orphaned Wells – Weird Science



Well Done  
MONTANA LLC

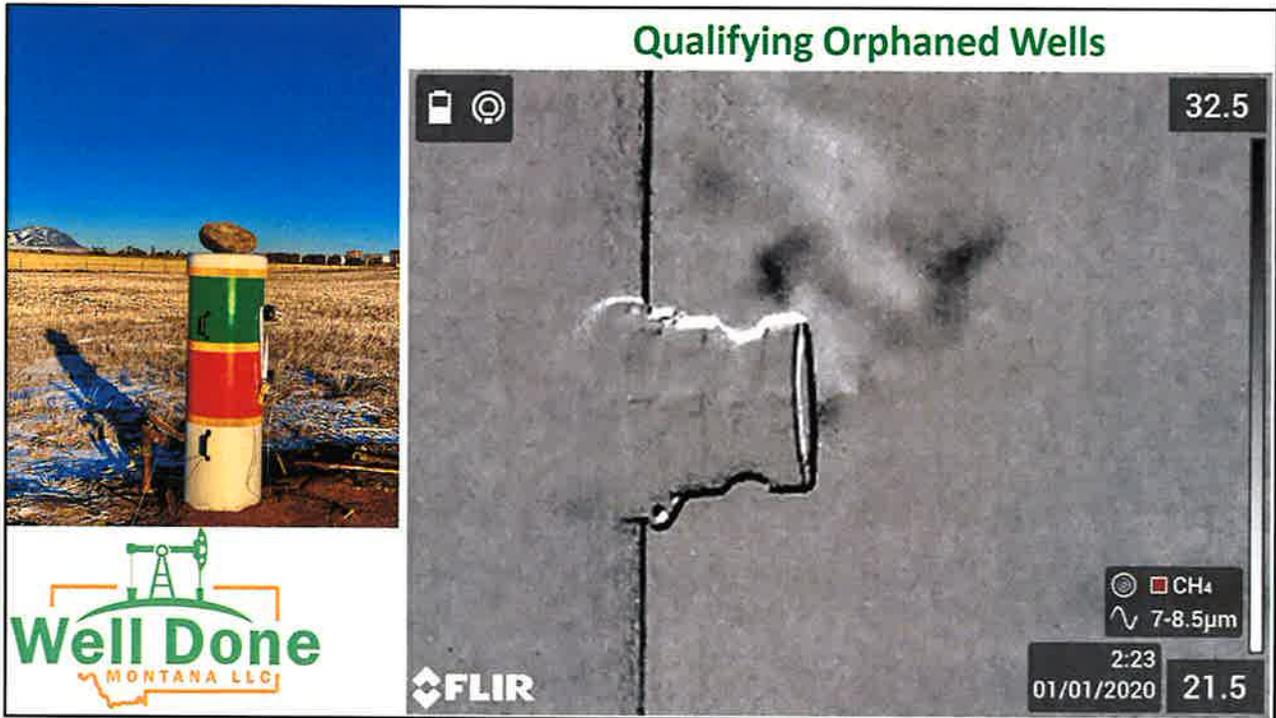
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Qualifying Orphaned Wells

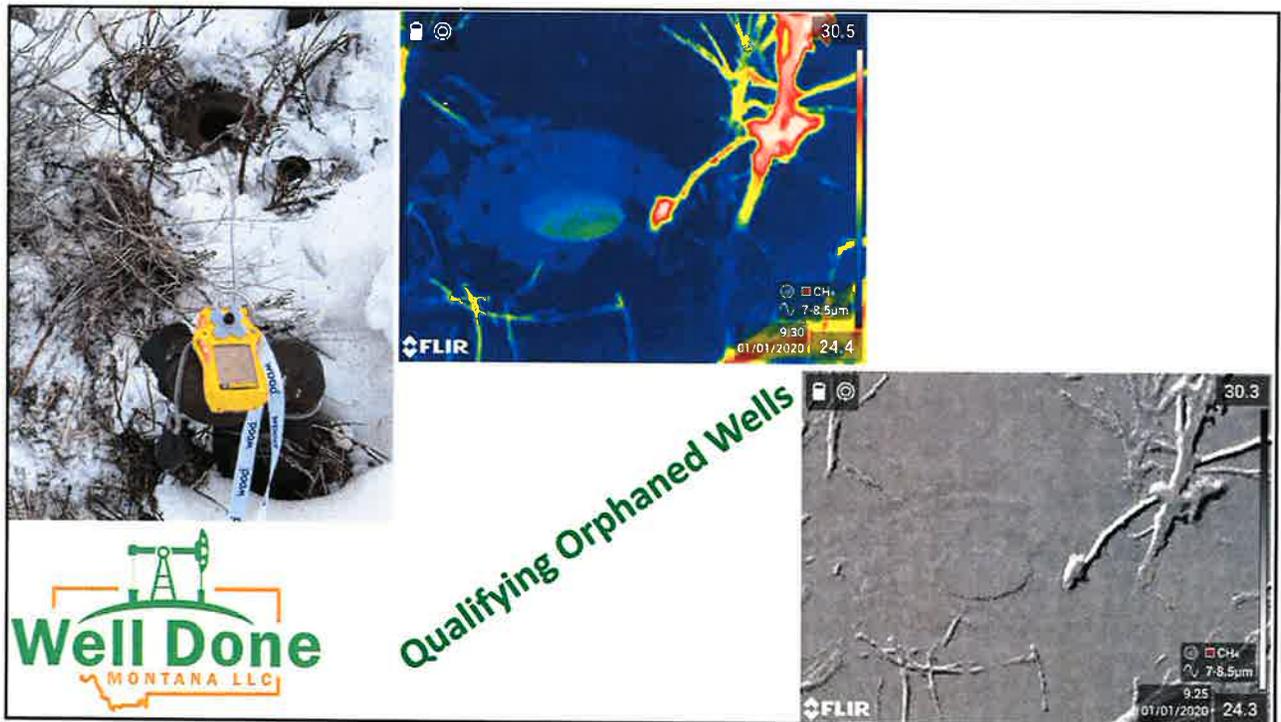


Well Done  
MONTANA LLC

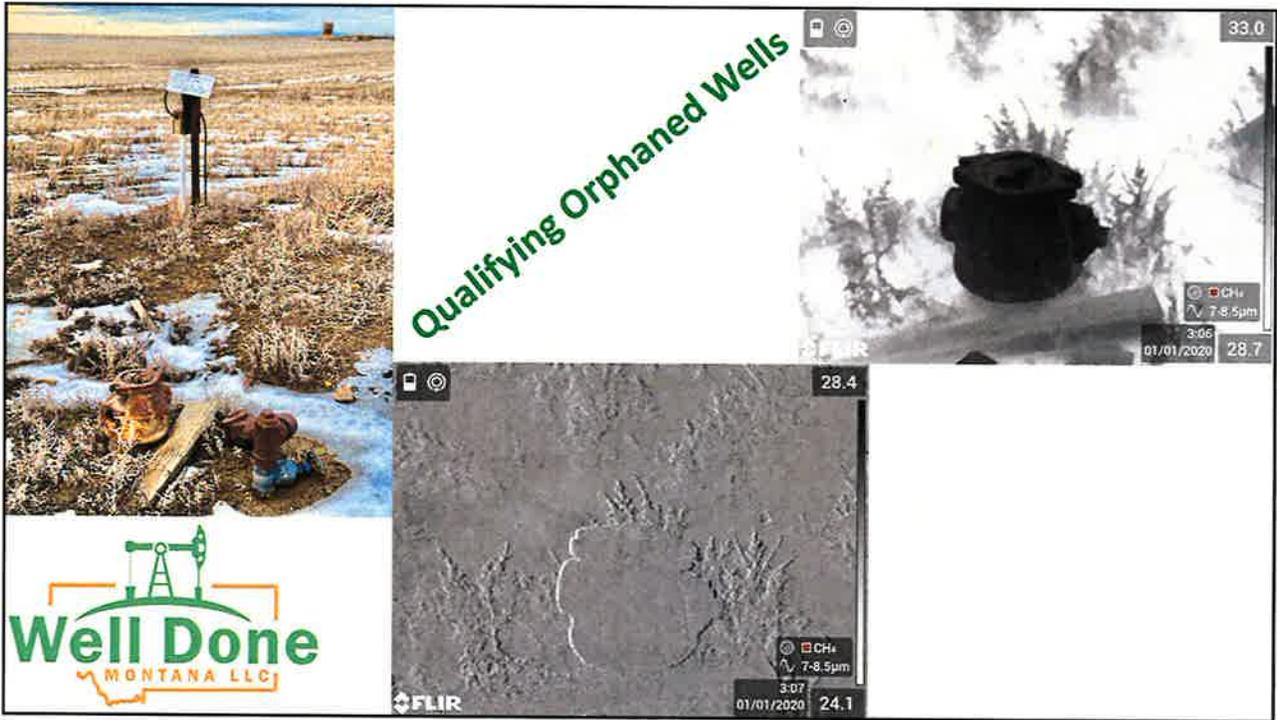
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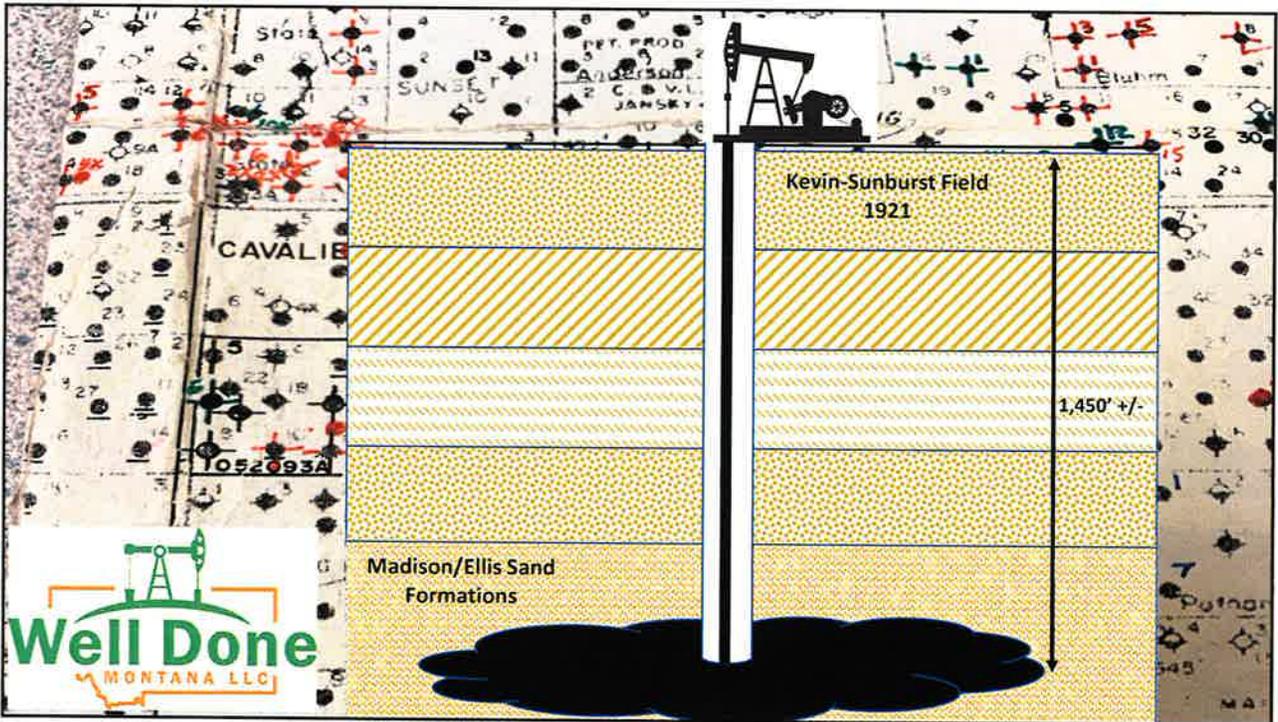
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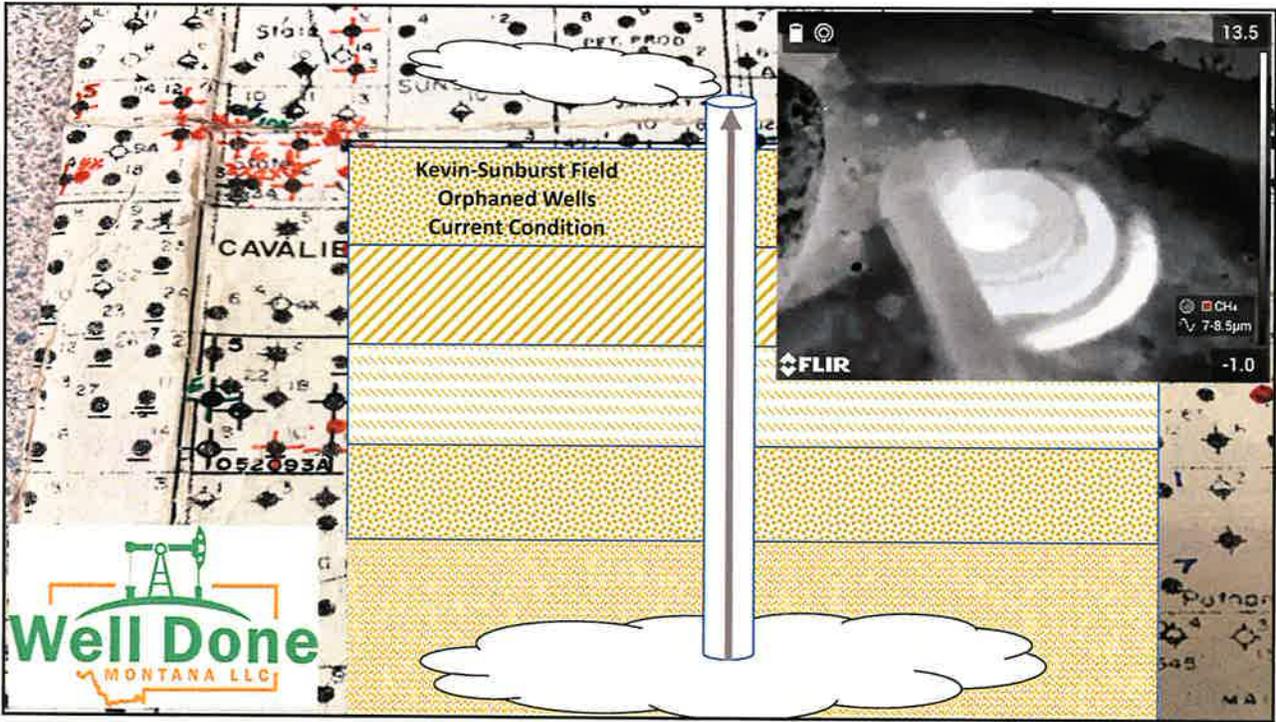
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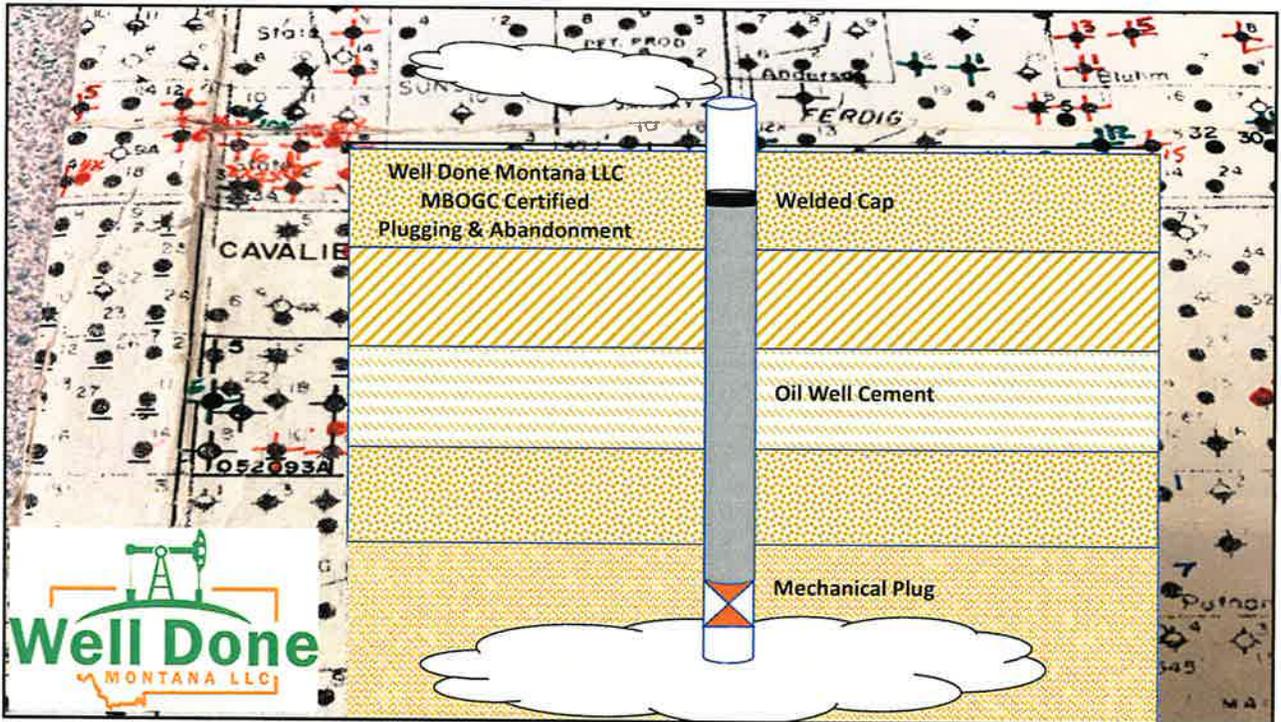
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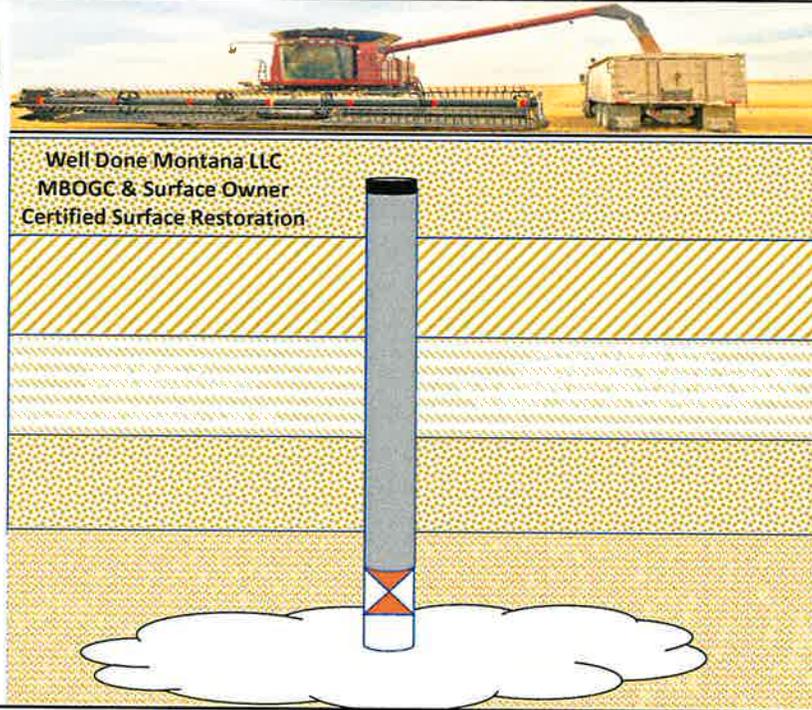
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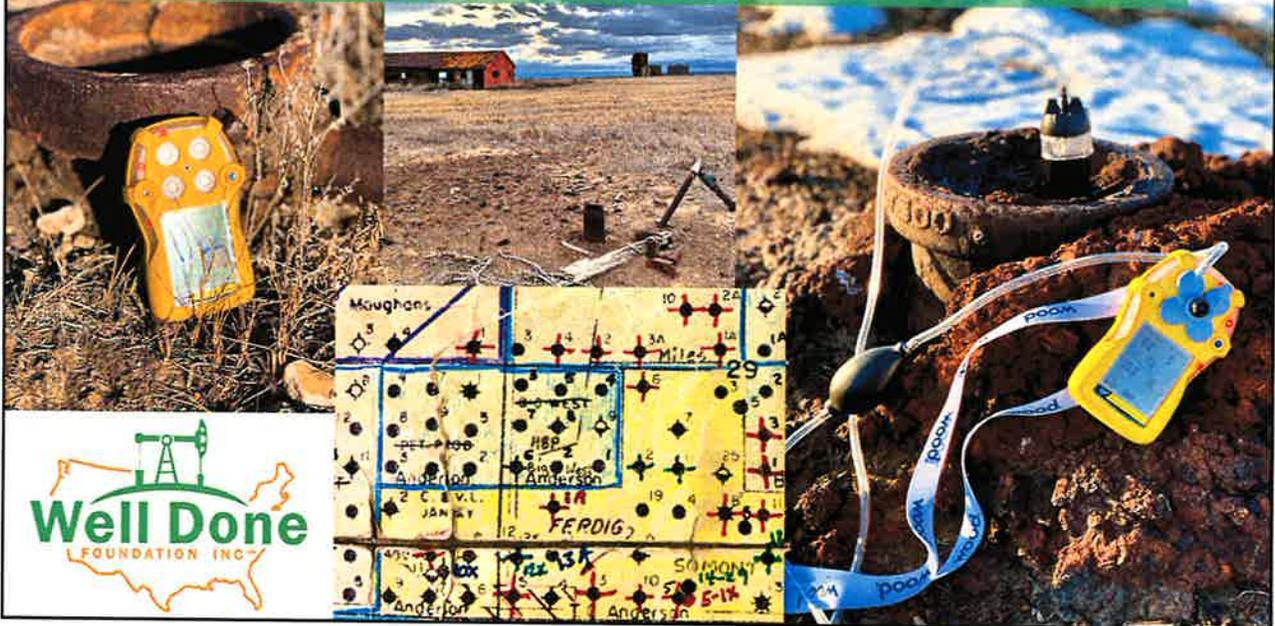
# Doing Good!

#onewellatatime



25

# Orphaned Well Adoption Programs



26



# Thank You!



[www.welldonefoundation.com/](http://www.welldonefoundation.com/)

EXHIBIT 2

MONTANA BOARD OF OIL AND GAS CONSERVATION  
FINANCIAL STATEMENT

As of 2/5/2020

Fiscal Year 2020: Percent of Year Elapsed - 59%

		Budget	Expends	%	Remaining
Regulatory	Personal Services	1,263,751	631,714	50	632,037
UIC	Personal Services	277,410	121,966	44	155,444
	<b>Total Expended</b>	<b>1,541,161</b>	<b>753,681</b>	<b>49</b>	<b>787,480</b>
Regulatory	Equipment & Assets	46,371	-	-	46,371
UIC	Equipment & Assets	10,179	-	-	10,179
	<b>Total Expended</b>	<b>56,550</b>	<b>-</b>	<b>-</b>	<b>56,550</b>
Regulatory	Operating Expenses:				
	Contracted Services	135,211	45,230	33	89,981
	Supplies & Materials	54,903	36,178	66	18,725
	Communication	77,777	19,309	25	58,468
	Travel	34,276	9,094	27	25,182
	Rent	29,602	12,667	43	16,935
	Utilities	19,762	6,858	35	12,904
	Repair/Maintenance	33,292	19,366	58	13,926
	Other Expenses	25,092	11,178	45	13,915
	<b>Total Operating Expenses</b>	<b>409,915</b>	<b>159,879</b>	<b>39</b>	<b>250,036</b>
UIC	Operating Expenses:				
	Contracted Services	29,679	7,780	26	21,899
	Supplies & Materials	12,052	7,634	63	4,418
	Communication	17,114	4,376	26	12,738
	Travel	7,524	3,238	43	4,286
	Rent	6,498	2,781	43	3,717
	Utilities	4,338	1,505	35	2,833
	Repair/Maintenance	7,308	3,740	51	3,568
	Other Expenses	5,508	2,096	38	3,412
	<b>Total Operating Expenses</b>	<b>90,021</b>	<b>33,151</b>	<b>37</b>	<b>56,870</b>
	<b>Total Expended</b>	<b>499,936</b>	<b>193,030</b>	<b>39</b>	<b>306,906</b>

	Budget	Expends	%	Remaining
Carryforward FY18				
Personal Services	40,472	-	0.0	40,472
Operating Expenses	40,471	-	0.0	40,471
Equipment & Assests	30,000	-	0.0	30,000
<b>Total</b>	<b>110,943</b>	<b>-</b>	<b>0.0</b>	<b>110,943</b>
Carryforward FY19				
Personal Services	20,180	-	0.0	20,180
Operating Expenses	60,540	-	0.0	60,540
Equipment & Assests	-	-	0.0	-
<b>Total</b>	<b>80,720</b>	<b>-</b>	<b>0.0</b>	<b>80,720</b>

Funding Breakout	Regulatory Budget	Regulatory Expends	UIC Budget	UIC Expends	2020 Total Budget	2020 Total Expends	%
State Special	1,720,037	791,593	377,610	155,117	2,097,647	946,710	45.1
Federal 2019 UIC (10-1-2018 to 9-30-2019)			107,000	107,000	107,000	107,000	100.0
Federal 2020 UIC (10-1-2019 to 9-30-2020)	-	-	106,692	-	106,692	-	0.0
<b>Total</b>	<b>1,720,037</b>	<b>791,593</b>	<b>591,302</b>	<b>262,117</b>	<b>2,311,339</b>	<b>1,053,710</b>	<b>45.6</b>

**REVENUE INTO STATE SPECIAL REVENUE ACCOUNT**

	FY 20	FY 19
Oil & Gas Production Tax	\$ 817,200	\$ 3,862,817
Oil Production Tax	784,512	3,607,367
Gas Production Tax	32,688	255,450
Drilling Permit Fees	8,150	13,375
UIC Permit Fees	236,700	241,300
Interest on Investments	28,547	41,955
Copies of Documents	137	526
Miscellaneous Reimbursements	-	15,200
<b>TOTAL</b>	<b>\$ 1,090,735</b>	<b>\$ 4,175,173</b>

**REVENUE INTO DAMAGE MITIGATION ACCOUNT**

	FY 20	FY 19
RIT Investment Earnings:	\$ 193,416	\$ -
July	-	-
August	61	-
September	34,760	-
October	63,320	-
November	35,618	-
December	28,735	-
January	30,921	-
February	-	-
March	-	-
April	-	-
May	-	-
June	-	-
Bond Forfeitures:	14,878	80,310
Interest on Investments	4,525	9,337
<b>TOTAL</b>	<b>\$ 212,818</b>	<b>\$ 89,647</b>

**INVESTMENT ACCOUNT BALANCES**

Regulatory Account	\$ 3,972,647
Damage Mitigation Account	\$ 653,920

**REVENUE INTO GENERAL FUND FROM FINES**

		FY 20
HAWLEY OIL LLP	7/12/2019	250
QUINQUE OIL	7/12/2019	80
KNAUP HARRY AND LUCILLE	7/19/2019	70
HOFLAND JAMES D / J H OIL COMPANY	8/9/2019	180
DRAWINGS LLC	8/19/2019	1,160
GREAT PLAINS ENERGY INC	8/19/2019	70
BENSUN ENERGY	8/22/2019	1,000
BAD WATER DISPOSAL, LLP	9/12/2019	70
BENSUN ENERGY	10/10/2019	7,820
WHITING OIL AND GAS CORP	11/26/2019	5,000
CLINE PRODUCTION CO	12/9/2019	1,000
<b>TOTAL</b>		<b>\$ 16,700</b>

**DAMAGE MITIGATION CONTRACTS**

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
Beery 2 and Beery 22-24 Wells Plug and Reclaim	\$ 176,500	\$ 155,704	\$ 20,796	Under Contract	12/31/2019
Alturas Plug, Abandon, and Reclaim Wells	249,677	-	\$ 249,677	Under Contract	6/30/2021
<b>TOTAL</b>	<b>\$ 426,177</b>	<b>\$ 155,704</b>	<b>\$ 270,473</b>		

**CONTRACTS**

<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	\$ 717,168	\$ 146,737	Under Contract	12/31/2019
Agency Legal Services 2020	70,000	7,996	62,004	Under Contract	6/30/2020
COR Enterprises - Billings Janitorial	30,000	12,290	17,710	Under Contract	6/30/2020
Production and Injection Form Data Entry	66,000	46,544	19,456	Under Contract	2/28/2020
<b>TOTAL</b>	<b>\$ 1,029,905</b>	<b>\$ 783,997</b>	<b>\$ 245,908</b>		

**Agency Legal Services  
Expenditures in FY20**

<u>Case</u>	<u>Amt Spent</u>
BOGC Duties	\$ 7,996

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

**EXHIBIT 3**

12/3/2019 Through 2/10/2020

**Approved**

ANG Holding (USA) Corp. Calgary AB	857 L1	Approved	12/20/2019
		Amount:	\$50,000.00
		Purpose:	Limited Bond
Certificate of Deposit	\$50,000.00	FIRST STATE BANK OF SHELBY	ACT
Kite Cattle Company Roundup MT	859 G1	Approved	12/3/2019
		Amount:	\$5,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$5,000.00	FIRST INTERSTATE BANK	ACT
Montalban Oil & Gas Operations, Inc. Cut Bank MT	111 T2	Approved	1/15/2020
		Amount:	\$5,000.00
		Purpose:	UIC Single Well Bond
Letter of Credit	\$5,000.00	Freedom Bank	ACT
Montalban Oil & Gas Operations, Inc. Cut Bank MT	111 T6	Approved	1/15/2020
		Amount:	\$5,000.00
		Purpose:	UIC Single Well Bond
Letter of Credit	\$5,000.00	Freedom Bank	ACT
Montalban Oil & Gas Operations, Inc. Cut Bank MT	111 T5	Approved	1/15/2020
		Amount:	\$5,000.00
		Purpose:	UIC Single Well Bond
Letter of Credit	\$5,000.00	Freedom Bank	ACT
Montalban Oil & Gas Operations, Inc. Cut Bank MT	111 T4	Approved	1/15/2020
		Amount:	\$5,000.00
		Purpose:	UIC Single Well Bond
Letter of Credit	\$5,000.00	Freedom Bank	ACT
Montalban Oil & Gas Operations, Inc. Cut Bank MT	111 T3	Approved	1/15/2020
		Amount:	\$5,000.00
		Purpose:	UIC Single Well Bond
Letter of Credit	\$5,000.00	Freedom Bank	ACT
Montalban Oil & Gas Operations, Inc. Cut Bank MT	111 T7	Approved	1/22/2020
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond
Letter of Credit	\$10,000.00	Freedom Bank	ACT
Rockin D Farms Inc. Havre MT	862 D1	Approved	12/18/2019
		Amount:	\$5,000.00
		Purpose:	Domestic Well Bond
Certificate of Deposit	\$5,000.00	Independence Bank	ACT
Weil Done Montana LLC Bozeman MT	854 G4	Approved	1/7/2020
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	FIRST STATE BANK OF SHELBY	ACT

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

12/3/2019 Through 2/10/2020

### Canceled

Montana Land & Exploration, Inc. Calgary AB	377 M1	Canceled Amount: Purpose:	12/23/2019 \$50,000.00 Multiple Well Bond
Rankin, Paul Bridgeville PA	157 G1	Canceled Amount: Purpose:	1/24/2020 \$10,000.00 Single Well Bond
Rim Operating, Inc. Englewood CO	212 T3	Canceled Amount: Purpose:	12/13/2019 \$10,000.00 UIC Single Well Bond
Rim Operating, Inc. Englewood CO	212 T4	Canceled Amount: Purpose:	12/13/2019 \$10,000.00 UIC Single Well Bond
Rock Creek Oil, Inc. Dallas TX	822 T1	Canceled Amount: Purpose:	1/3/2020 \$5,000.00 UIC Single Well Bond

### Forfeited

UnionTown Energy Montana LLC Billings MT	670 G1	Forfeited Amount: Purpose:	12/9/2019 \$10,000.00 Single Well Bond
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# Incident Report

EXHIBIT 4

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitude	County	T-R-S
Denbury Onshore, LLC	BOG	12/4/2019	Spill or Release		300 Barrels	Flow Line - Injection	No	46.44315	-104.28404	Fallon	8N-59E-13 SE
Denbury Onshore, LLC	BOG	12/8/2019	Spill or Release	20 Barrels		Tank or Tank Battery	Yes	46.55965	-104.38764	Fallon	9N-58E-2 NESW
Wesco Operating, Inc.	BOG	12/9/2019	Spill or Release		180 Barrels	Pump Failure	Yes	46.63584	-104.43152	Fallon	10N-58E-9 SENW
Denbury Onshore, LLC	BOG	12/12/2019	Spill or Release		100 Barrels	Tank or Tank Battery	No	46.39861	-104.26640	Fallon	8N-60E-32 SWSW
Bayswater Exploration & Production, LLC	BOG	12/20/2019	Spill or Release	1 Barrels	100 Barrels	Flow Line - Injection	No	46.71537	-107.70077	Rosebud	11N-32E-9 SWSE
Denbury Onshore, LLC	BOG	12/24/2019	Spill or Release		300 Barrels	Flow Line - Injection	No	46.42074	-104.29198	Fallon	8N-59E-25 SENW
Denbury Onshore, LLC	BOG	12/25/2019	Spill or Release	25 Barrels	1500 Barrels	Flow Line - Production	No	46.38451	-104.26816	Fallon	7N-59E-1 SWSE
Denbury Onshore, LLC	BOG	12/28/2019	Spill or Release	2 Barrels	75 Barrels	Flow Line - Production	No	46.62507	-104.44201	Fallon	10N-58E-17 NENE
Anadarko Minerals, Inc.	FED	12/30/2019	Spill or Release		300 Barrels	Flow Line - Injection	Yes	48.35890	-105.85992	Valley	30N-45E-15 SENW
Denbury Onshore, LLC	BOG	12/30/2019	Spill or Release		112 Barrels	Well Head	Yes	46.68992	-104.51008	Wibaux	11N-57E-23 NWSE
Denbury Onshore, LLC	BOG	1/2/2020	Spill or Release		1 Barrels	Flow Line - Injection	No	46.70222	-104.50440	Wibaux	11N-57E-14 SESE
Anadarko Minerals, Inc.	BOG	1/2/2020	Spill or Release	15 Barrels		Flare Pit	Yes	48.39086	-105.99179	Valley	30N-44E-3 NENW
Anadarko Minerals, Inc.	BOG	1/3/2020	Spill or Release		10 Barrels	Well Head	Yes	48.40532	-106.04609	Valley	31N-44E-31 NENE
Bayswater Exploration & Production, LLC	BOG	1/8/2020	Spill or Release		70 Barrels	Well Head	No	46.61965	-108.37834	Musselshell	10N-27E-19 NENW
Denbury Onshore, LLC	BOG	1/9/2020	Spill or Release		1000 Barrels	Flow Line - Injection	No	46.44239	-104.30297	Fallon	8N-59E-14 SESE
Anadarko Minerals, Inc.	BOG	1/10/2020	Spill or Release	15 Barrels		Flare Pit	Yes	48.39086	-105.99179	Valley	30N-44E-3 NENW
Samson Oil and Gas USA, Inc.	FED	1/14/2020	Spill or Release	20 Barrels	30 Barrels	Flow Line - Production	No	48.00913	-104.26254	Richland	26N-58E-17 NENW
Oasis Petroleum North America LLC	BOG	1/15/2020	Spill or Release		100 Barrels	Tank or Tank Battery	Yes	48.24493	-104.07644	Roosevelt	29N-59E-20 SESW
Denbury Onshore, LLC	BOG	1/15/2020	Spill or Release	5 Barrels	200 Barrels	Tank or Tank Battery	No	46.70194	-104.53190	Wibaux	11N-57E-15 SE
Anadarko Minerals, Inc.	FED	1/16/2020	Spill or Release		75	Tank or Tank Battery	Yes	48.39446	-106.04066	Valley	31N-44E-32 SWSW
Denbury Onshore, LLC	BOG	1/18/2020	Fire			Flare Pit	No	46.56556	-104.41330	Fallon	10N-58E-3 NWSW
Citation Oil & Gas Corp.	BOG	1/20/2020	Spill or Release	20 Barrels	105 Barrels	Tank or Tank Battery	Yes	48.49516	-109.22811	Blaine	32N-19E-35 NENW
Anadarko Minerals, Inc.	BOG	1/24/2020	Spill or Release		50 Barrels	Tank or Tank Battery	Yes	48.39086	-105.99179	Valley	30N-44E-3 NENW
Denbury Onshore, LLC	BOG	1/30/2020	Spill or Release	10 Barrels		Tank or Tank Battery	Yes	46.60833	-104.43610	Fallon	10N-58E-21 SWNW

**Docket Summary**

1-2020	Lonewolf Operating, LLC	Temporary spacing unit, Sawtooth Formation test well, 35N-21E-32: E $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ , 330 setbacks.	<b>Continued</b>	<i>Application continued to the April hearing, email received 1/21/20.</i>	<input type="checkbox"/>
2-2020	Lonewolf Operating, LLC	Temporary spacing unit, Sawtooth Formation test well, 35N-21E-31: SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ and 34N-21E-6: NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ , 330 setbacks.	<b>Continued</b>	<i>Application continued to the April hearing, email received 1/21/20.</i>	<input type="checkbox"/>
3-2020	White Rock Oil & Gas, LLC	Convert the Vaira 2-35X well, T25N-R54E-35: NW NE (API # 083-22499) to Class II Injection well, Red River Formation.			<input type="checkbox"/>
4-2020	Western Meadowlark Resources LLC	Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for certain wells identified in the application from Rim Operating, Inc. to Western Meadowlark Resources LLC, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.	<b>Dismissed</b>		<input type="checkbox"/>
124-2019	Scout Energy Management LLC	Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfers of plugging and reclamation responsibilities for certain wells identified in the applications from Omimex Canada, LTD and Topaz Oil & Gas, Inc. to Scout Energy Management LLC, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.		<i>Application continued, email received 12/2/19.</i>  <i>Topaz was added to the docket language.</i>	<input type="checkbox"/>
5-2020	Zeiders Bros. Oil & Gas Company, L.L.C.	Show Cause: why it should not have an approved plan to plug and abandon or begin the process to plug and abandon its Rudolph Haynie 1-5 well, API # 25-055-21207, located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5, T22N-R47E, McCone County, Montana by the January 9, 2020, hearing application deadline.			<input type="checkbox"/>
6-2020	PARMT LLC	Show Cause: why it should not have an approved plan to plug and abandon or begin the process to plug and abandon its Guenther 2-8 well, API # 25-091-21565, located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8, T33N-R58E, Sheridan County, Montana by January 9, 2020, hearing application deadline.			<input type="checkbox"/>
7-2020	Grassy Butte LLC	Show Cause: why it should not have an approved plan to plug and abandon or begin the process to plug and abandon its Kesterson #5 well, API # 25-087-21488, located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 34, T10N-R33E, Rosebud County, Montana by January 9, 2020, hearing application deadline.			<input type="checkbox"/>
8-2020	TOI Operating	Show Cause: why it should not begin the process to plug and abandon the Moerman 14-30 well, API # 25-109-21053, Status of the MT Ag. Sta. 28-41 well, API # 25-083-21384, and the Theil 14-23 well, API # 25-083-21193, by the February 13, 2020, public hearing. Failure to begin to plug and abandon its wells may result in additional penalties or the forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA			<input type="checkbox"/>

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113-2019	Bensun Energy, LLC	Show Cause: why it should not begin to plug and abandon or transfer its wells. The failure to do so, as required by Board Order 77-2019, may result in forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.	<input type="checkbox"/>
131-2019	Black Gold Energy Resource Development, LLC	Show Cause: why field violations remain at its Indian Mound 1 SWD (API # 25-083-21377) well located in the NE¼SW¼SW¼ of Section 15, T23N-R55E, Richland County, Montana.	<input type="checkbox"/>

---

# **GAS FLARING**

**February 12, 2020**

Company	Wells Flaring over 100	Wells Flaring over 100 w/o Exception	Current Exceptions (over 100)	Exception Requests	Wells over 100 Hooked to Pipeline
Kraken	20	7	13	0	15
Petro-Hunt	3	3	0	3	0
Whiting	1	1	0	1	0
Totals	24	11	13	4	15

# Flaring Requests

## *Summary*

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

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

There are 4 exceptions requested at this time.

## *Petro-Hunt*

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

1. Flaring 116 MCF/D.
2. Completed: 9/2012.
3. Proximity to market: >25 miles pipeline.
4. Estimated gas price at market: ~\$2/MCF.
5. Estimated cost of marketing the gas: ~\$3.2 million.
6. Flaring alternatives: None.
7. Amount of gas used in lease operations: 25-30 MCF/D.
8. Justification to flare: Uneconomic to connect due to lack of infrastructure in the area.

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

1. Flaring 120 MCF/D.
2. Completed: 8/2012.
3. Proximity to market: >25 miles pipeline.
4. Estimated gas price at market: ~\$2/MCF.
5. Estimated cost of marketing the gas: ~\$3.2 million.
6. Flaring alternatives: None.
7. Amount of gas used in lease operations: 25-30 MCF/D.
8. Justification to flare: Uneconomic to connect due to lack of infrastructure in the area.

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

1. Flaring 115 MCF/D.
2. Completed: 2/2011.
3. Proximity to market: >25 miles pipeline.
4. Estimated gas price at market: ~\$2/MCF.
5. Estimated cost of marketing the gas: ~\$3.2 million.
6. Flaring alternatives: None.
7. Amount of gas used in lease operations: 25-30 MCF/D.
8. Justification to flare: Uneconomic to connect due to lack of infrastructure in the area.

## ***Whiting Oil & Gas***

### **Buxbaum 21-5-2H – API #25-083-23316, 24N-60E-5**

1. Flaring 120 MCF/D.
2. Completed: 2/2015.
3. Estimated gas reserves: 783 MMCF.
4. Proximity to market: 11,000 ft to pipeline.
5. Estimated gas price at market: <\$0.30/MCF after fees.
6. Estimated cost of marketing the gas: ~\$500,000.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 2 MCF/D.
9. Justification to flare: Insufficient compression capacity on Oneok's system in this area. Oneok has stated that the infrastructure that they currently have in MT would not support growth production in the area and that they would need to install all new lines. For Whiting the economics do not support pipeline connections with insufficient capacity if they did.

## Domestic Gas Wells

The only direct reference to domestic gas wells in statute is in § 82-11-163, MCA:

§ 82-11-163. (Temporary) Landowner's bond on noncommercial well. If the owner of the surface land upon which has been drilled a well that fails to produce oil or gas in commercial quantities acquires the well for domestic purposes, the board may cancel and absolve the bond required in 82-11-123 upon its acceptance of surety in the form of a certificate of deposit or a surety bond in the amount of \$5,000 for a single well or in the amount of \$10,000 for more than one well or in the form of a property bond of two times the value of the required certificate of deposit or surety bond. The release of the certificate of deposit, surety bond, or property bond must be conditioned on proof provided by the landowner that the well has been properly plugged.

§ 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:

...

(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.

...

The statute came from the 1989 legislative session where changes to statutes for bonding were addressed. There is no record of discussion specific to domestic wells.

### Rules

"Gas well" is defined by rule:

#### ARM 36.22.302 DEFINITIONS

...

(35) "Gas well" means:

(a) a well that produces natural gas only;

(b) any well capable of producing at least 10,000 standard cubic feet of gas per stock tank barrel of oil per day for any calendar month; and

(c) any well classed as a gas well by the board for any reason.

...

**ARM 36.22.1308 PLUGGING AND RESTORATION BOND**

...

(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.

## Historical Regulatory Actions

- Spacing regulations have been applied to domestic wells, and a few new domestic gas wells have been drilled under drilling regulations for gas wells (spacing, permitting, etc.).
- Production reports have not been required for domestic wells, however there is no exemption provided in either rule or statute.

### 36.22.1242 REPORTS BY PRODUCERS – TAX REPORT – TAX RATE

(1) Each owner or operator of an oil or gas well or any other well (except an injection well reported on Form No. 5) shall file or cause to be filed with the board on or before the last day of each month following the month being reported on Form No. 6 containing all information required by said form and accurately reporting the status of each well thereon as of the last day of the month reported.

- The revenue department does not collect production taxes for domestic gas wells.
- The requirement for metering of gas wells in rule addresses only gas that is sold.

### ARM 36.22.1218 GAS TO BE METERED

All gas when produced and sold shall be metered and reported to the board at 14.73 PSIA at 60° Fahrenheit, unless otherwise permitted by the board.

## Miscellaneous

Domestic gas wells have not been a major issue. It's likely that most domestic gas hookups were pre-regulatory, and subsequent to that it was simply the surface owner taking over a well near the end of its life for "domestic purposes".

Acquisition of domestic gas wells on a larger scale has only happened recently, primarily involving Hutterite colonies that are trying to replace propane usage for barns and colony facilities.

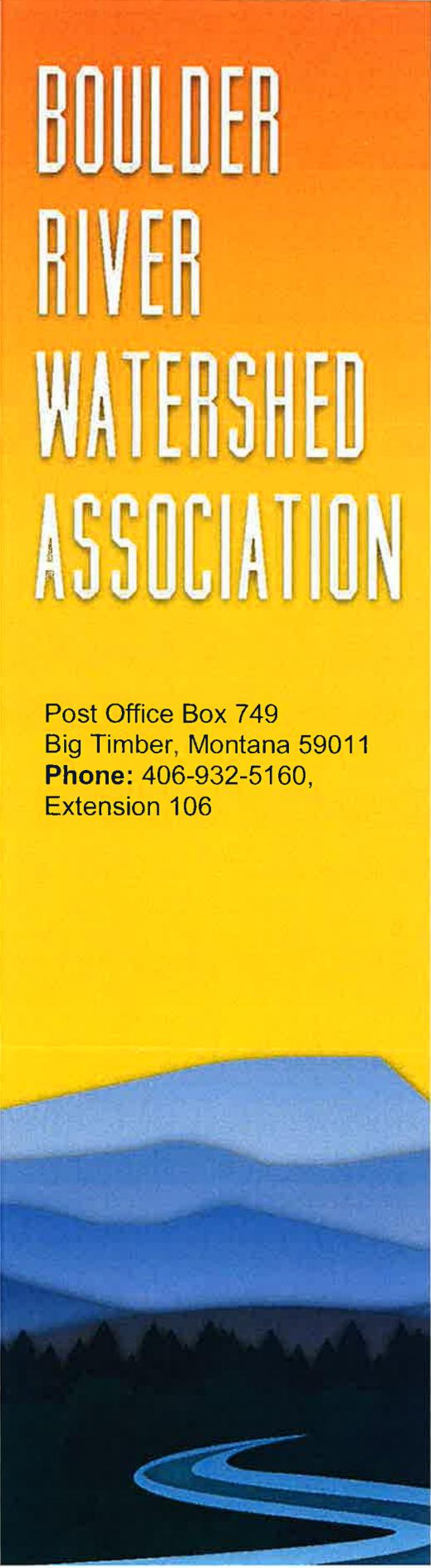
We have now seen wells being acquired for domestic use where the user is not the surface owner. Under statute these do not qualify as "domestic" wells, and should be subject to all regulatory requirements, including monthly reporting.

Any required compensation to the mineral owner is not addressed in statute.

The term "non-commercial" or statement "fails to produce ... in commercial quantities" seem subjective, and there is not a definition of "domestic use".

Historically it has been interpreted that the Board's ability to require more than \$10,000 of bonding for multiple wells is limited by statute.

FEB 10 2020

MONTANA BOARD OF OIL &  
GAS CONSERVATION • BILLINGS

BOULDER  
RIVER  
WATERSHED  
ASSOCIATION

Post Office Box 749  
Big Timber, Montana 59011  
**Phone:** 406-932-5160,  
Extension 106

February 6, 2020

Montana Board of Oil & Gas Conservation  
2535 Saint John's Avenue  
Billings, MT 59102

Dear Members of the Board,

I am writing on behalf of the Boulder River Watershed Association to formally support a statewide rule to require mandatory water testing prior to and following any new oil and gas development projects in Montana.

The Boulder River Watershed Association is a group of landowners that reside within the drainage basin of the Boulder River working to maintain and/or improve the health of their land and water resources.

The Boulder River Watershed Association is committed to addressing the resource issues and concerns that are important to its members and the watershed. The group has formed committees within its organizational structure to further study these issues with the end goal of developing and implementing effective management strategies.

One such committee is the Water Quality & Quantity Committee. The purpose of the Water Committee is to enhance and protect water quantity and quality for all beneficial uses. To that end, we see this new water testing proposal as a necessary tool that will set a baseline standard to monitor any potential impact to water quality caused by oil & gas development in the Boulder River watershed and across Montana.

Contamination of either surface or ground water in areas such as the Boulder River watershed, could have devastating impacts that would affect cropland, livestock grazing and wildlife habitat, not to mention all the people who call the Boulder River basin their home.

We urge your support for this essential monitoring tool to ensure and protect water quality and ensure the continued viability of the oil & gas development industry.

Sincerely,



Bill Brownlee, Chairman



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SEP 06 2019

MONTANA BOARD OF OIL &  
GAS CONSERVATION • BILLINGS

12 Third St. NW, Ste 300  
Great Falls, MT 59404

Tel 406-727-3603 ext 125

Fax 406-727-4810

Email info@cascaedcd.com

Web cascaedcd.com

August 27, 2019

Montana Board of Oil and Gas Conservation  
2535 St. Johns Ave  
Billings, MT 59102

Dear Montana Board of Oil & Gas Conservation,

The Cascade Conservation District is writing to express our formal support for a statewide rule from the Montana Board of Oil & Gas Conservation to require mandatory water testing prior to, and after, new oil and gas development.

In Cascade County and across Montana, groundwater is an invaluable resource. The operation and sustainability of farms and ranches and many other aspects of life in our state depend on it. The Cascade Conservation District is charged with working locally to fulfill the state's policy to conserve soil, water, and other natural resources of the state; we see the water testing proposal as a prudent and appropriate way to fulfill that charge.

Baseline groundwater sampling prior to the development of new oil and gas wells serves to establish a point-in-time water quality analysis, and creates a way for our state to monitor for and properly identify potential future groundwater contamination. Sampling of this kind protects Montana property owners by establishing clarity around the groundwater conditions prior to development. It also protects the industry from alleged and unverified accusations of contamination.

The Conservation District's concern is not specific to hydraulic fracturing, but to oil and gas development more broadly. Spills at the surface during oil and gas development are not uncommon, and pose the highest risk of contaminating shallow aquifers. Surface spills around the wellhead can enter the water table and contaminate groundwater. Well casing failures, while less common, still occur and can contaminate the water table directly.

Montana has documented cases of contamination of this kind, contamination that is not disputed in existence or source. The U.S. Geological Survey (USGS), Montana Bureau of Mines and Geology, and the U.S. Fish and Wildlife Service have identified contamination of shallow groundwater from spilled or absorbed brine at multiple locations throughout the Medicine Lake National Wildlife Refuge. The USGS has also found brine contamination resulting from oil and gas development in the shallow aquifers of Poplar, which contaminated the city of Poplar's public water supply and required the community to seek a new water source for all 2,900 residents.

*Local leadership in conservation stewardship..*



Pavillion's Wind River Formation, an aquifer used for drinking water and private wells, is contaminated to such extent that it's unlikely to ever be used for drinking water again, according to some scientists. Many attribute the groundwater pollution to inadequately lined wells as well as the dumping of chemical effluent into unlined pits. However, scientists, state officials, and residents of Pavillion lacked the necessary baseline data to directly pinpoint the exact source of contamination.

Thirteen other states around the country require pre-drilling sampling of water sources in areas of oil and gas development. Among them are Wyoming, Colorado, Alaska, Pennsylvania, and Ohio—each a major oil and gas producing state that faces unique geological and economic landscapes and challenges.

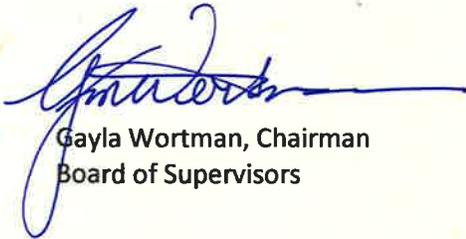
Regarding the contents of a water sampling rule, we believe that current ambient conditions should be established in a radius of 1 mile around a proposed oil and gas well, and follow-up testing should be conducted up until five years after the development of said oil or gas well.

While baseline tests themselves are neither preventative nor protective, they can play a critical role in detection of developing problems. Such detection will have great value, but only if followed up by timely management and regulatory responses.

We urge the Montana Board of Oil & Gas Conservation to take up rulemaking and adopt a rule of this kind.

Sincerely,

**CASCADE CONSERVATION DISTRICT**



Gayla Wortman, Chairman  
Board of Supervisors

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**SEP 06 2019**

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JAN 22 2020

MONTANA BOARD OF OIL &  
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January 14, 2020

Montana Board of Oil and Gas Conservation  
2535 St. Johns Ave.  
Billings, MT 59102

Dear Montana Board of Oil and Gas Conservation,

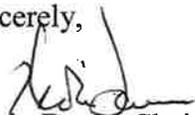
Sweet Grass Conservation District is writing to express our support for a statewide rule to require mandatory water testing conducted by an independent, third-part consultant prior to, and after, new oil and gas development.

Ground water is an invaluable resource across Montana. The operating and sustainability of farms and ranches and local domestic well use depend on clean, reliable water sources. The Conservation District works locally to conserve our natural resources. We see this type of water testing as a practical, sensible and wise way to help fulfill the duties entrusted to us by the State of Montana.

Groundwater sampling prior to the development of new oil and gas wells establishes a baseline water quality analysis creating the possibility of monitoring for any future groundwater contamination. It would also serve to protect the industry from unfounded allegations of contamination. The detection of any contamination must be followed up by timely management and regulatory responses.

We support the proposal for the Board of Oil and Gas to establish a rule for baseline groundwater sampling prior to the development of new oil and gas wells in a radius of 1 mile around a proposed oil and gas well, and for follow-up testing to be conducted up until five years after the development of said oil or gas well.

Sincerely,

  
Kevin Dawe, Chairman  
Sweet Grass Conservation District

# At-risk wells near oil fields tested

Karl Puckett, [kpuckett@greatfallstribune.com](mailto:kpuckett@greatfallstribune.com) Published 6:28 p.m. MT Nov. 19, 2014 | Updated 9:35 a.m. MT Nov. 21, 2014



(Photo: Photo courtesy of Laurie Lohrer)

Rural wells at risk from oil-field activities are being sampled in Montana through a program in which the state is funding tests to gather baseline data on quality and quantity in advance of potential problems.

The 2013 Legislature approved \$300,000 for two years of testing.

Bud Barta, who lives outside of Lewistown, is taking advantage of the funding to have his water tested this winter or the spring, depending on the weather.

Without baseline data, Barta said, landowners have no recourse if energy development pollutes water.

"For me, that's really the main purpose of doing this," Barta said. "It will be nice to have a water-quality test done."

He gets his water from a spring that runs out of a hill, which is then piped to the house.

"Great water," said Barta, a farmer and general contractor who builds custom homes.

Funding for the testing was requested by the state Department of Natural Resources and Conservation after residents, through county conservation districts, raised concerns about groundwater, stock water and domestic wells being affected by hydraulic fracturing, waste management problems, spills and large withdrawals of water associated with oil development, said Alice Stanley, chief of the DNRC's Resource Development Bureau.

About 70 wells have been tested since sampling began in the spring of 2014.

About 200 wells will be tested by the time funding runs out June 30, Stanley said.

The purpose of this monitoring program is to establish baseline groundwater quality and availability in advance of oil and gas activity, not contamination, and none of the wells sampled to date show evidence of pollution from oil field activity, she said.

"It does show some of the water people have isn't very good water," Stanley said.

But that's the result of the natural water quality in the aquifer, not contamination, she said.

Through the program, residents can ask to have their wells tested through conservation districts based in their counties. Montana Salinity Control Association is conducting the testing for participating conservation districts.

Funding initially was made available to residents in Roosevelt, Sheridan, Richland, Valley, Dawson, Phillips, Wibaux and Daniels counties, where water is at higher risk for contamination because of oil field activity, Stanley said.

Testing was then opened up to residents in areas where production or waste injection wells had been drilled in the past, or where land has been leased for future exploration. Additional testing followed in Carbon, Stillwater, Glacier and Pondera counties.

Most of the wells that have been tested are not located within a mile of a production or injection well, Stanley said.

Last week, the U.S. Geological Survey said a study of 30 randomly distributed domestic wells tested in the Williston Basin oil production area of Montana and North Dakota, which includes the Bakken and Three Forks Formations, showed shallow groundwater quality had not been affected by energy development. USGS officials cautioned that the tests could have missed contamination that occurred at the surface. That study was the first comprehensive regional assessment of shallow groundwater quality and age in the Williston Basin production area.

The purpose of the state DNRC program isn't necessarily to target the highest risk wells, but rather to respond to concerns any resident with a domestic or stock water well have about water quality or water being depleted as a result of oil development, Stanley said.

The sampling serves as a snapshot of water quality and quantity in time, she said.

"So the point of it was to try to get the quality and availability of those wells before a (oil) well went in next door to them," she said.

"We really shouldn't be finding contamination," she added.

The results will serve as protection of sorts for landowners, should contamination show up in the future, she said.

Recently, the DNRC approved funding for water testing for 20 residents in Fergus County that was requested by the Fergus County Conservation District. Barta's water was among those chosen for testing.

Funding was approved on the basis of proximity to oil and gas-related activity, said Shonny Nordlund, the Fergus County Conservation District administrator.

Nordlund called the testing an important first step to assure continued water quality for rural landowners.

It will cost about \$25,000 to complete the testing for the 20 landowners, said Laurie Lohrer, vice chairwoman of the Central Montana Resources Council. The grassroots conservation organization partnered with the Fergus Conservation District to apply for funding on behalf of landowners.

Participating Fergus County landowners will end up paying about \$125, or 10 percent, of the total cost of the tests, which are \$1,250, Lohrer said.

"That's \$25,000 of funding to protect local area landowners," Lohrer said.

Montana is the only state in the country that's paying for testing of private wells at risk from energy development, Stanley said.

"I've not seen a program like this in any other state," she said.

Montana does not require oil companies to conduct testing of water around production facilities, as some states require, Stanley said. Those companies may be doing it on their own, she said.

Initial concerns that prompted the testing focused on hydraulic fracturing, Stanley said. That's the process of injecting large amounts of water, sand and chemicals into the ground to fracture rock and stimulate the flow of oil or natural gas.

Waste injection wells also are a concern, Stanley said. When oil is produced, natural and hydraulic fracturing waste water also is pulled up from the well. The waste water is injected into waste injection wells, stored in waste pits or hauled away.

"There's a lot of injection wells out there," Stanley said.

She's been surprised more residents haven't sought the funding.

"If I had a well at risk from oil field activities, I'd be grateful," Stanley said.

Stanley chalks up the low interest to several factors.

One is residents might not have known about the funding. Another is they are just not that concerned, and comfortable with the steps oil companies have taken to protect water. More and more residents are not relying on wells because they are hooking onto large regional water systems, she added.

The Montana Bureau of Mines and Geology is better suited to administer the program, Stanley said, and she'll recommend that if the 2015 Legislature chooses to appropriate additional funds.

Reach Tribune Staff Writer Karl Puckett at 406-791-1471, 1-800-438-6600 or [kpuckett@greatfallstribune.com](mailto:kpuckett@greatfallstribune.com).

### **Testing information**

For more information about future test availability in Fergus County, contact Laurie Lohrer of the Central Montana Resources Council at 406-538-5187.

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**SUMMARY PAGE**

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**Board Business Meeting February 12, 2020**

**APEX ENERGY LLC**  
**Field compliance issues at the Engen 1-A and FLB Spokane 4**

- Certified letter dated December 17, 2019 was sent addressing the following issues:
  - **The Engen 1-A location contains contaminated soil inside the tank battery, junk iron, a tank, and an ajax shed. The FLB Spokane 4 contains a junk pumpjack, tubing, buckets, a treater shed, and wind-blown tin on and off the location.**
  
- A follow up inspection found that some work had been done. Remaining issues include:
  - FLB Spokane 4 still has a junk ajax pumping unit
  - Engen 1-A still contains contaminated soil, junk iron, a tank, and an ajax shed

Recommendation: Give Apex a deadline of March 26, 2020 to address the remaining issues or order Apex to show-cause at the April 30, 2020 hearing for why penalties should not be imposed for failure to remedy field violations.

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**Enforcement Status Report***Run Date: 2/12/2020**Page 1 of 1*

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**Apex Energy LLC****1st Action: 12/17/2019****Action Required: 2/12/2020****Closed:****Enforcement Items:**

Housekeeping

Engen 1-A, FLB Spokane 4.

**Action:**

Other

1/7/2020 Return receipt received.

Letter, Certified

12/17/2019 Feb 12, 2020 deadline.

**Comment:** Engen 1-A API: 2508321696. FLB Spokane 4 API: 2508321700. Both locations contain solid waste needing to be addressed and are as follows: The Engen 1-A location contains contaminated soil inside the tank battery, junk iron, a tank, and an ajax shed. The FLB Spokane 4 contains a junk pumpjack, tubing, buckets, a treater shed, and wind-blown tin on and off the location.

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## Plugging and Reclamation Bonds With Well List

APEX ENERGY LLC		820	Bond: M1	\$50,000.00	Multiple Well Bond	Active	Wells: 11	Allowed:		
Surety Bond	Active	Lexon Insurance Company		\$50,000.00			Approved	6/21/2017		
API #	Operator	Well	Location			Field	TD	PBTD	Status	
021-21069	Apex Energy LLC	Buxaum #1	19 N	56 E	27	C SE NE 1980N 660E	Burns Creek, South	11892	11540	SI OIL
083-21700	Apex Energy LLC	FLB Spokane 4	22 N	59 E	12	SE NE 1525N 875E	Mon Dak, West	9280		SI OIL
083-21188	Apex Energy LLC	FLB Spokane 1	22 N	60 E	7	C NE SE 1980S 660E	Mon Dak, West	12565	12530	SI OIL
083-21598	Apex Energy LLC	Propp 10-41X	23 N	59 E	10	SW NE NE 790N 990E	Sidney	9407	9300	PR OIL
083-21521	Apex Energy LLC	Iverson 1-13	23 N	59 E	13	NE NE 510N 810E	Ridgelawn	9363		PR OIL
083-21573	Apex Energy LLC	Fort Gilbert 8	24 N	59 E	32	NE SW 1980S 1980W	Fort Gilbert	9662	9620	PR OIL
083-21561	Apex Energy LLC	Sundheim 29-1	25 N	58 E	29	C SE SW 660S 1980W	Sioux Pass, South	12837	12738	SI OIL
083-21660	Apex Energy LLC	Lois Roberta Bailey 32-2	25 N	58 E	32	NW SE NW 1650N 1350W	Sioux Pass, South	12710	12708	SI OIL
083-21673	Apex Energy LLC	Vanderhoof 1-20	25 N	59 E	20	SW SW 660S 975W	Fairview	12850	12741	SI OIL
083-21060	Apex Energy LLC	A. Engen 1	25 N	59 E	29	NW NW 1000N 660W	Fairview	12875	12748	SI OIL
083-21696	Apex Energy LLC	Engen 1-A	25 N	59 E	29	NW NW 990N 900W	Fairview	12852	12725	PR OIL

Comment:

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***SUMMARY PAGE***

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**Board Business Meeting February 12, 2020**

**BNV ENERGY COMPANY LLC**

**The BNV Eagle 1 well was deepened on May 10, 2018 and no subsequent report has been received, which is required under ARM 36.22.1010**

- There have been three attempts to reach BNV about this issue.
- On January 14, 2020 a certified letter was sent with a February 12, 2020 deadline.

Recommendation: Give BNV a deadline of March 26, 2020 to submit the subsequent report of deepening or order BNV to show-cause at the April 30, 2020 hearing for why penalties should not be imposed for failure to provide the required report.

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**Enforcement Status Report***Run Date: 2/12/2020**Page 1 of 1*

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**BNV Energy Company LLC****1st Action: 1/14/2020****Action Required: 2/12/2020****Closed:****Enforcement Items:**

Order / Permit Violation

Need subsequent report of deepening well.

**Action:**

Telephone Call - Unanswere

2/12/2020 Called Ben Chu. Mailbox is full.

Other

1/24/2020 Return receipt received.

Letter, Certified

1/14/2020 Feb 12 deadline.

Letter

11/7/2019 Third attempt.

Letter

9/3/2019 Second attempt.

Letter

1/14/2019 First attempt to get required subsequent report of deepening.

**Comment:** BNV Eagle 1, API: 2504921110. Lewis & Clark County. Deepened on May 10, 2018. No subsequent received.

## Plugging and Reclamation Bonds With Well List

<b>BNV ENERGY COMPANY LLC</b>		<b>776</b>	<b>Bond: G1</b>	\$5,000.00	Single Well Bond	Active	<b>Wells: 1</b>	<b>Allowed: 1</b>
Certificate of Deposit	Active	FIRST INTERSTATE BANK		\$5,000.00			Approved	11/17/2014
<b>API #</b>	<b>Operator</b>	<b>Well</b>		<b>Location</b>			<b>Field</b>	<b>TD</b> <b>PBTD</b> <b>Status</b>
049-21110	BNV Energy Company LLC	BNV Eagle 1	18 N	5 W	14	NE NE 1005N 1163E	Wildcat Lewis & Clark	3134 3068 C GAS

Comment: To cover the BNV Eagle #1 well

<b>BNV ENERGY COMPANY LLC</b>		<b>776</b>	<b>Bond: G2</b>	\$10,000.00	Single Well Bond	Active	<b>Wells: 1</b>	<b>Allowed: 1</b>
Certificate of Deposit	Active	FIRST INTERSTATE BANK		\$10,000.00			Approved	10/22/2018
<b>API #</b>	<b>Operator</b>	<b>Well</b>		<b>Location</b>			<b>Field</b>	<b>TD</b> <b>PBTD</b> <b>Status</b>
049-21109	BNV Energy Company LLC	Milford Colony 13-11	18 N	5 W	11	SW SW 1262S 213W	Wildcat Lewis & Clark	SP OIL

Comment:

**Stutz, Rob**

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**From:** Stutz, Rob  
**Sent:** Tuesday, February 11, 2020 4:56 PM  
**To:** Halvorson, James  
**Subject:** FW: Molen Drilling Co, Inc, Claim T1916554

Response from Travelers for us to discuss tomorrow.

**Robert Stutz**

Assistant Attorney General  
 Agency Legal Services Bureau  
 State of Montana Department of Justice  
 1712 Ninth Ave  
 PO Box 201440  
 Helena, MT 59620-1440  
 406-444-2071

**From:** Brown, Marc <MBROWN6@travelers.com>  
**Sent:** Tuesday, February 11, 2020 3:44 PM  
**To:** Stutz, Rob <RStutz@mt.gov>  
**Cc:** Hecht, Landen S <LHECHT@travelers.com>  
**Subject:** [EXTERNAL] Molen Drilling Co, Inc, Claim T1916554

Mr Stutz,

I am following up on the recent calls we have had regarding the referenced claim on the \$10,000 bond that we issued on behalf of Molen Drilling back in 1971, some 49 years ago and which the State of Montana recently declared a forfeiture of and made demand on Travelers for payment of the penal sum of the bond. Landen Hecht in my office is the primary claim handler and has previously communicated with you and your client. The documentation we have seen from your client indicates that Molen likely drilled the well in 1971 and did nothing further relative to the well afterwards. Although I specifically asked you why your client has waited 49 years to take action under the bond, no response has been provided (other than your position that Montana Code 82-11-123 allows the board to take action against the bond in perpetuity, without regard to any applicable statute of limitations-which Travelers disagrees with). I am unaware of any Montana case law that supports your position and you have confirmed that none exists.

It is Travelers position that the 8 year Statute of Limitations for contracts in writing is applicable and has long expired. Additionally, the 2016 Montana State Supreme Court decision in Algee v Hren, 2016 MT 166, reconfirmed that the affirmative defense of Laches is alive and well and enforced in Montana, holding that a court may deny relief to a claimant who has unreasonably delayed or been negligent in asserting a claim, when the delay or negligence has prejudiced the party against whom relief is sought.

It is clear that the Board's inexplicable failure to take action against the bond for 49 years is an "unreasonable delay" or "negligence" on its part. The significant passage of time has prejudiced Travelers' ability to enforce its indemnity rights against Molen Drilling, since Molen has been out of business for many years, and is nowhere to be found. This is the very scenario for which the equitable doctrine of Laches exists.

Without acknowledging any obligations under the bond, due to the small sum of the bond, Travelers is willing to offer a "nuisance" value payment to the State of Montana in the amount of \$2,500 to settle the claim and have the bond released and exonerated.

**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.

**82-11-123. (Effective on occurrence of contingency) Requirements for oil and gas and carbon dioxide injection operations.** (1) Subject to the administrative control of the department under 2-15-121, the board shall require:

- (a) identification of ownership of carbon dioxide injection wells, carbon dioxide, geologic storage reservoirs, and oil or gas wells, producing properties, and tanks;
- (b) 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.
- (c) the drilling, casing, producing, and plugging of wells, carbon dioxide injection wells, and class II injection wells in a manner that prevents the escape of carbon dioxide, oil, or gas out of one stratum into another, the intrusion of water into carbon dioxide, oil, or gas strata, blowouts, cave-ins, seepages, and fires and the pollution of fresh water supplies by carbon dioxide, oil, gas, salt, or brackish water;
- (d) 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;