

EXHIBIT 1

**MONTANA BOARD OF OIL AND GAS CONSERVATION
FINANCIAL STATEMENT
As of 6/11/2020
Fiscal Year 2020: Percent of Year Elapsed - 95%**

		Budget	Expends	%	Remaining
Regulatory	Personal Services	1,263,751	997,370	79	266,381
UIC	Personal Services	277,410	164,598	59	112,812
	Total	1,541,161	1,161,968	75	379,193
Regulatory	Equipment & Assets	46,371	-	-	46,371
UIC	Equipment & Assets	10,179	-	-	10,179
	Total	56,550	-	-	56,550
Regulatory	Operating Expenses:				
	Contracted Services	135,211	66,164	49	69,047
	Supplies & Materials	54,903	47,218	86	7,685
	Communication	77,777	31,115	40	46,662
	Travel	34,276	12,884	38	21,392
	Rent	29,602	21,831	74	7,771
	Utilities	19,762	11,975	61	7,787
	Repair/Maintenance	33,292	23,546	71	9,746
	Other Expenses	25,092	18,858	75	6,235
	Total Operating Expenses	409,915	233,590	57	176,325
UIC	Operating Expenses:				
	Contracted Services	29,679	7,627	26	22,052
	Supplies & Materials	12,052	3,087	26	8,965
	Communication	17,114	4,280	25	12,834
	Travel	7,524	3,066	41	4,458
	Rent	6,498	4,792	74	1,706
	Utilities	4,338	2,629	61	1,709
	Repair/Maintenance	7,308	4,658	64	2,650
	Other Expenses	5,508	8,096	147	(2,588)
	Total Operating Expenses	90,021	38,235	42	51,786
	Total	499,936	271,825	54	228,111

	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
Total	110,943	-	0.0	110,943
Carryforward FY19				
Personal Services	20,180	-	0.0	20,180
Operating Expenses	60,540	-	0.0	60,540
Equipment & Assests	-	-	0.0	-
Total	80,720	-	0.0	80,720

Funding Breakout	Regulatory Budget	Regulatory Expends	UIC Budget	UIC Expends	2020 Total Budget	2020 Total Expends	%
State Special	1,720,037	1,230,960	377,610	202,833	2,097,647	1,433,793	68.4
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)	-	-	107,000	80,250	107,000	80,250	75.0
Total	1,720,037	1,230,960	591,610	390,083	2,311,647	1,621,043	70.1

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT

	FY 20	FY 19
Oil & Gas Production Tax	\$ 1,736,590	\$ 3,862,817
Oil Production Tax	1,652,692	3,607,367
Gas Production Tax	83,898	255,450
Drilling Permit Fees	10,925	13,375
UIC Permit Fees	240,900	241,300
Interest on Investments	40,688	41,955
Copies of Documents	752	526
Miscellaneous Reimbursements	8,788	15,200
TOTAL	\$ 2,038,642	\$ 4,175,173

REVENUE INTO DAMAGE MITIGATION ACCOUNT

	FY 20	FY 19
RIT Investment Earnings:	\$ 323,204	\$ -
July	-	-
August	61	-
September	34,760	-
October	63,320	-
November	35,618	-
December	28,735	-
January	30,921	-
February	33,319	-
March	28,212	-
April	35,433	-
May	32,824	-
June	-	-
Bond Forfeitures:	19,878	80,310
Interest on Investments	6,679	9,337
TOTAL	\$ 349,760	\$ 89,647

INVESTMENT ACCOUNT BALANCES

Regulatory Account	\$ 4,332,900
Damage Mitigation Account	\$ 529,293

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
YOUNG BROS LLC / GRASSY BUTTE LLC	2/14/2020	2,000
BAKKEN WATER LLC	3/13/2020	60
HAWLEY OIL LLP	3/23/2020	110
BLACK GOLD ENERGY RESOURCES DEVELOPMEN	3/26/2020	6,060
MONTANA OIL AND GAS LLC	4/17/2020	610
TOTAL		\$ 25,540

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	\$ 213,500	\$ 211,444	\$ 2,056	Under Contract	12/31/2019
Alturas Plug, Abandon, and Reclaim Wells	249,677	207,049	\$ 42,628	Under Contract	6/30/2021
TOTAL	\$ 463,177	\$ 418,493	\$ 44,684		

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	Completed	12/31/2019
Agency Legal Services 2020	70,000	21,341	48,659	Under Contract	6/30/2020
COR Enterprises - Billings Janitorial	30,000	21,495	8,505	Under Contract	6/30/2020
Production and Injection Form Data Entry	66,000	46,544	19,456	Completed	2/28/2020
TOTAL	\$ 1,029,905	\$ 806,548	\$ 223,357		

**Agency Legal Services
Expenditures in FY20**

<u>Case</u>	<u>Amt Spent</u>
BOGC Duties	\$ 19,613
TOI	\$ 1,728
Total	\$ 21,341

PATTESON LLP

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Denver, Colorado 80210
303-351-5072

John H. Patteson, Jr., Esq.
jpatteson@pattesonllp.com

June 12, 2020

Via email to jhalvorson@mt.gov

Jim Halvorson
Compliance Specialist
State of Montana
Department of Natural Resources
Board of Oil and Gas Conservation
Technical and Southern Field Office
2535 St. Johns Avenue
Billings, MT 59102-4693

Re: Western Meadowlark Resources update

Dear Mr. Halvorson:

As you know, I am outside corporate counsel for Western Meadowlark Resources, LLC d/b/a Western Meadowlark Energy (“WME”). I am writing to update the Board on WME’s operations in Montana.

Mossier Dome

WME’s first acquisition in Montana was the Mossier Dome Field. In late February 2019, WME bought the Mossier Dome assets from the seller, Gold Rock Minerals, LLC, and took over operatorship of the field from Big Snowy Resources. Both Gold Rock and Big Snowy are entities controlled by Randy Sealy.

After taking over the field, and through trial and error, WME has managed to improve and streamline operations at Mossier, in addition to improving the overall appearance of the field. WME has also made meaningful personnel changes that we believe have helped the company in all of its Montana projects.

Without disclosing the financial particulars of our Mossier Dome acquisition, the PSA in general provided for two payments to the seller, one at closing and a second payment a year later. Under the PSA, if the second payment is not made, the seller has the right to a complete return of the asset and operatorship of the entire field. In early February 2020, as the one-year anniversary approached, WME made the decision that it was in the company’s best interest to

allow the seller to retake the field and allow Big Snowy to reassume operations thereon. WME notified Mr. Sealy, and he has expressed interest in taking back the field. Mr. Sealy and WME have been in discussions regarding this, but these discussions have been slowed somewhat by the Covid-19 outbreak. In the meantime, WME continues to discharge its duties as operator of the field and will continue to do so until such time as a formal change in operatorship takes place. WME will inform the Board of any developments on this front as they occur.

Sheridan County

In November 2019, WME acquired ownership of a small number of wells in Sheridan County from RIM Operating, Inc. After WME obtained a separate blanket bond to cover these wells, Operatorship was granted to WME in February of this year.

WME has worked diligently to improve operations in Sheridan County. For instance, it has recently conducted workovers on the Tronson 4 and Neiser Creek wells.

WME is also currently looking for synergistic acquisitions in Sheridan County and the surrounding area, and WME will inform the Board of any developments.

Please let me know if I can provide any additional information prior to the June business meeting.

Best regards,

John H. Patteson, Jr.

John H. Patteson, Jr.

JHP

cc: Chad Brownstein
Mark Taylor

SUMMARY PAGE

Board Business Meeting June 24, 2020

GRASSY BUTTE, LLC – ROSEBUD COUNTY, MONTANA

- The \$250.00 daily fine for failure to submit approved plug plan or begin plugging the Kesterson #5 well was stopped at \$8,500 and is to be held in abeyance until the August 6, 2020 hearing pending plugging or transferring the well.
- \$2,200 of fines not relating to daily fine were paid on 2/13/2020.
- As of 6/15/2020 an intent to plug the Kesterson #5 has not been received.
- The pit that services the Kesterson #6 had a net installed over the pit by April 1, 2020.
- As of 6/11/2020 oil is still in the pit. Joel Young stated in an email that they have someone lined up to clean the pit and that they are waiting for warmer temperatures.

The attachments contain the Enforcement Status Report, Bond Summary Report, and the Board Order from the February 13, 2020 hearing.

Enforcement Status Report

Run Date: 6/15/2020

Page 1 of 1

Grassy Butte LLC

1st Action: 8/15/2019

Action Required: 10/9/2019

Closed:

Enforcement Items:

UIC - Mechanical Integrity
Pit Violation

KESTERSON #5 API: 2508721488. Needs plugged.
KESTERSON #6 API: 2508721498.

Action:

E-Mail	6/11/2020	Joel Young said have a guy lined up to clean pit, waiting for warm weather.
E-Mail	6/10/2020	Emailed Joel Young and asked about progress cleaning oil.
Other	4/15/2020	Inspection confirmed new net over pit.
E-Mail	3/20/2020	Joel Young indicated COVID19 caused net delay. 30-60 day set back.
Letter	2/25/2020	Order 5-2020 mailed.
Hearing	2/13/2020	Apr 1 net, oil cleanup as weather permits, \$8.5K abeyance-plug by Aug 6.
Other	2/13/2020	Daily fine up to \$8,500.
Other	1/27/2020	No authorized recipient for show-cause notice.
Other	1/23/2020	Pit contains oil and netting needs to be installed.
Letter, Certified	1/21/2020	Show-cause letter mailed for Feb 13, 2020 hearing.
Other	1/10/2020	\$250 daily fine started.
Letter	12/16/2019	Order 123-2019 mailed.
Hearing	12/5/2019	Jan 9 approved plug plan or have plug plan or \$250/day.
Other	11/29/2019	Dec show-cause letter delivered.
Letter, Certified	11/14/2019	Show-cause letter sent.
Hearing	10/10/2019	Revoke UIC permit. Approved plug plan by Dec hearing.
Hearing	8/15/2019	Return Kesterson #5 well to compliance by October 10 hearing.
Other	6/27/2019	Return receipt received for 6/17/19 letter.
Letter, Certified	6/17/2019	Letter addressing June business meeting and 8/15 hearing.
Administrative Order	6/12/2019	5-A-2019-return well to compliance by 7/11.
Business Meeting	6/12/2019	KESTERSON #5 failed MI, 7/11 compliance or show-cause 8/15.

Comment: KESTERSON #5 Violation of ARM 36.22.1416. The pit that is currently servicing the KESTERSON #6 well contains oil and is not netted and is a violation of ARM 36.22.1223 and 36.22.1227.

Penalty Type	\$ Assessed	Date	\$ Collected	Dt_Coll	Vacated	Comment:
Injection Well Fee	\$200.00	2/13/2020	\$200.00	2/13/2020	<input type="checkbox"/>	
Failure to Appear	\$1,000.00	8/15/2019	\$1,000.00	2/13/2020	<input type="checkbox"/>	
Mechanical Integrity	\$1,000.00	8/15/2019	\$1,000.00	2/13/2020	<input type="checkbox"/>	

Plugging and Reclamation Bonds With Well List

GRASSY BUTTE LLC		788	Bond: T1	\$10,000.00	UIC Single Well Bond	Active	Wells: 1	Allowed: 1	
Certificate of Deposit	Active	FIRST INTERSTATE BANK		\$10,000.00			Approved	5/27/2015	
API #	Operator	Well	Location			Field	TD	PBTD	Status
087-21488	Grassy Butte LLC	Kesterson 5	10 N 33 E 34	C SW NW	1980N 660W	Hibbard	4922	4881	RV SWD

Comment: To cover the Kesterson #5 well, SWNW, Sec. 34, T10N, R33E, Rosebud County.

GRASSY BUTTE LLC		788	Bond: T2	\$10,000.00	UIC Single Well Bond	Active	Wells: 1	Allowed: 1	
Certificate of Deposit	Active	FIRST INTERSTATE BANK		\$10,000.00			Approved	5/27/2015	
API #	Operator	Well	Location			Field	TD	PBTD	Status
087-21498	Grassy Butte LLC	Kesterson 6	10 N 33 E 34	NE SW NE	1952N 1846E	Hibbard	5028	4974	IA SWD

Comment: To cover the Kesterson #6, SWNE, Sec. 34, T10N, R33E, Rosebud County.

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE BOARD'S OWN MOTION TO REQUIRE GRASSY BUTTE, LLC TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, 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 SW¼NW¼ OF SECTION 34, T10N-R33E, ROSEBUD COUNTY, MONTANA BY JANUARY 9, 2020, HEARING APPLICATION DEADLINE.

ORDER 5-2020

Docket No. 7-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 13, 2020, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Chairman Steven Durrett was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded an opportunity to present evidence, oral and documentary.
2. Joel Young, owner, appeared on behalf of Grassy Butte, LLC (Grassy Butte).
3. Grassy Butte has outstanding fines of \$1,000 for failure to appear at the August 15, 2019, public hearing, \$1,000 fine for failure to maintain mechanical integrity at its Kesterson #5 well, and is delinquent on its \$200 annual injection well fee.
4. Board Order 123-2019 established a \$250 per day fine beginning on January 9, 2020, for each day that Grassy Butte failed to submit an abandonment plan for its Kesterson #5 well. At the time of hearing the daily fine had reached \$8,500.
5. The total outstanding fines amounts to \$10,700. Mr. Young agreed to a payment of \$2,200 today.
6. During an inspection prior to this hearing, the pit associated with the Kesterson #5 well was found to contain oil and was not netted as required under ARM 36.22.1223.
7. Mr. Young stated that he was working with engineers to establish a design for the netting and will remove the oil from the pit once weather allows.
8. Mr. Young also stated that he is working with a consultant to either plug the Kesterson # 5 well or transfer the well to the landowner for conversion to a stock water well.
9. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

BOARD ORDER NO. 5-2020

Conclusions of Law

The Board concludes that taking the following action is appropriate.

Order

IT IS THEREFORE ORDERED by the Board that the \$2,200 payment proposed by Joel Young be accepted.

IT IS FURTHER ORDERED that the \$250 daily fine is stopped as of February 13, 2020.

IT IS FURTHER ORDERED that the outstanding fine in the amount of \$8,500 will be dismissed if Grassy Butte either plugs and abandons or converts to a stock water well its Kesterson #5 well, API # 25-087-21488, located in the SW¼NW¼ of Section 34, T10N-R33E, Rosebud County, Montana before the August 6, 2020, public hearing.

IT IS FURTHER ORDERED that a net be placed over its pit by April 1, 2020, and the oil must be skimmed from the pit as weather allows.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 13th day of February, 2020.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Paul Gatzemeier, Vice-Chairman

Mac McDermott, Board Member

Linda Nelson, Board Member

Dennis Trudell, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist

Request for Authority to Add 5 Wells to the Approved Plugging List**June 24, 2020**

105-21573	Wind River Hydrocarbons, Inc.	Cornwell 1-14	Valley County	30N-38E-14
Bond forfeited 10/4/2018; proposed 5425' Duperow Formation test, plugged back and perforated in the Dakota Formation.				
Casing valves leaking fresh water at last inspection.				
035-21167	K2 America	CBSU 10-11	Glacier County	32N-6W-10
Bond forfeited 10/26/2017; shut-in oil well				
Located near previously approved CBSU 15-15 well; pressured, with past wellhead leaks.				
065-21627	Kelly Oil and Gas LLC	Dybvik KV 1	Musselshell County	10N-27E-18
Bond forfeited 2/11/2016; shut-in oil well				
Location previously cleaned up under Board contract; well does flow.				
083-21378	Mountain Pacific General Inc.	Pruet-BNRR 29-1	Richland County	24N-54E-29
Bond forfeited 6/15/2017; shut-in oil well, currently completed in the Bakken Formation, previously a sour Duperow Formation completion.				
065-21879	Union Town Energy Montana	Little Montana 1	Musselshell County	10N-28E-35
Bond forfeited 8/15/2019; completed as horizontal Bakken/Three Forks Formation well; never produced.				

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

EXHIBIT 5

4/20/2020 Through 6/15/2020

Approved

D90 Energy, LLC Houston TX	871 U1	Approved Amount: Purpose:	5/8/2020 \$369,750.00 UIC Limited Bond
Surety Bond	\$369,750.00 U.S. Specialty Insurance Co.		ACT
D90 Energy, LLC Houston TX	871 M1	Approved Amount: Purpose:	5/8/2020 \$100,000.00 Multiple Well Bond
Surety Bond	\$100,000.00 U.S. Specialty Insurance Co.		ACT
Hammond Valley Colony, Inc. Harlowton MT	872 G1	Approved Amount: Purpose:	5/28/2020 \$5,000.00 Single Well Bond
Certificate of Deposit	\$5,000.00 Citizens Bank and Trust Co.		ACT
Hammond Valley Colony, Inc. Harlowton MT	872 D1	Approved Amount: Purpose:	5/28/2020 \$10,000.00 Domestic Well Bond
Certificate of Deposit	\$10,000.00 Citizens Bank and Trust Co.		ACT
TSOVOIL, LLC Fort Worth TX	869 M1	Approved Amount: Purpose:	5/8/2020 \$50,000.00 Multiple Well Bond
Certificate of Deposit	\$50,000.00 FIRST INTERSTATE BANK		ACT

Canceled

Macum Energy Inc. Billings MT	4550 W2	Canceled Amount: Purpose:	6/9/2020 \$10,000.00 Single Well Bond
NorthWestern Corporation Butte MT	369 T3	Canceled Amount: Purpose:	6/4/2020 \$5,000.00 UIC Single Well Bond
Remuda Energy Development, LLC Billings MT	585 G1	Canceled Amount: Purpose:	4/27/2020 \$1,500.00 Single Well Bond
Remuda Energy Development, LLC Billings MT	585 G2	Canceled Amount: Purpose:	4/27/2020 \$1,500.00 Single Well Bond
Remuda Energy Development, LLC Billings MT	585 G3	Canceled Amount: Purpose:	4/27/2020 \$1,500.00 Single Well Bond
Remuda Energy Development, LLC Billings MT	585 G4	Canceled Amount: Purpose:	4/27/2020 \$1,500.00 Single Well Bond

Montana Board of Oil and Gas Conservation Summary of Bond Activity

4/20/2020 Through 6/15/2020

Canceled

SM Energy Company Denver CO	649 M1	Canceled Amount: Purpose:	5/21/2020 \$50,000.00 Multiple Well Bond
SM Energy Company Denver CO	649 U1	Canceled Amount: Purpose:	5/21/2020 \$50,000.00 UIC Limited Bond
TAQA North USA, Inc. Centennial CO	814 U1	Canceled Amount: Purpose:	5/21/2020 \$369,750.00 UIC Limited Bond
TAQA North USA, Inc. Centennial CO	814 M1	Canceled Amount: Purpose:	5/21/2020 \$50,000.00 Multiple Well Bond
TAQA USA, Inc. Centennial CO	599 M1	Canceled Amount: Purpose:	5/21/2020 \$50,000.00 Multiple Well Bond
TAQA USA, Inc. Centennial CO	599 U1	Canceled Amount: Purpose:	5/21/2020 \$369,750.00 UIC Limited Bond

Rider Approved

D90 Energy, LLC Houston TX	871 M1	Rider Approved Amount: Purpose:	5/8/2020 \$100,000.00 Multiple Well Bond
Surety Bond	\$100,000.00	U.S. Specialty Insurance Co.	ACT

Incident Report

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitude	County	T-R-S
Cardinal Oil, LLC	OTR	4/21/2020	Spill or Release	100 Barrels		Tank or Tank Battery	No	46.64959	-108.25235	Musselshell	10N-28E-7 NENW
Denbury Onshore, LLC	BOG	5/5/2020	Fire	3 Barrels		Flare Pit	Yes	46.06111	-104.38500	Fallon	9N-58E-2 NWSE
Anadarko Minerals, Inc.	FED	5/12/2020	Spill or Release		20 Barrels	Tank or Tank Battery	Yes	48.40115	-106.06215	Valley	31N-44E-31 SWNW
Denbury Onshore, LLC	BOG	5/15/2020	Spill or Release		1000 Barrels	Tank or Tank Battery	Yes	46.62139	104.45472	Fallon	10N-57E- SWNW
Denbury Onshore, LLC	BOG	5/17/2020	Spill or Release	15 Gallons		Pump Failure	No	46.56500	-104.41333	Fallon	9N-58E-3 NWNW
Montalban Oil & Gas Operations, Inc.	OTR	5/18/2020	Spill or Release	1 Barrels	12 Barrels	Well Head	No	48.99082	-112.20853	Glacier	37N-5W-1 NESW
Anadarko Minerals, Inc.	BOG	5/21/2020	Spill or Release		560 Barrels	Tank or Tank Battery	No	48.38003	-105.98634	Valley	30N-44E-3 SWSE
Denbury Onshore, LLC	BOG	5/21/2020	Spill or Release		50 Barrels	Flow Line - Injection	No	46.39666	-104.26166	Fallon	8N-59E-31 SESE
Denbury Onshore, LLC	BOG	5/24/2020	Spill or Release		2 Barrels	Flow Line - Injection	No	46.28639	-104.12861	Fallon	6N-61E-7 NWSW
Denbury Onshore, LLC	BOG	6/4/2020	Spill or Release		8 Barrels	Tank or Tank Battery	Yes	46.37194	-104.17500	Fallon	7N-60E-11 NWSW
Denbury Onshore, LLC	BOG	6/5/2020	Spill or Release	2 Barrels		Flow Line - Production	No	46.75216	-104.58349	Wibaux	12N-57E-32 SWNW
Shadwell Resources Group, LLC	BOG	6/11/2020	Spill or Release		10 Barrels	Tank or Tank Battery	No	47.77552	-104.26780	Richland	23N-58E-10 NWNW

Docket Summary

1-2020	Lonewolf Operating, LLC	Temporary spacing unit, Sawtooth Formation test well, 35N-21E-32: E½NE½SW¼, W½NW¼SE¼, 330 setbacks.	Withdrawn	<p><i>Application withdrawn, email received 5/19/20.</i></p> <p><i>Application continued to the June hearing, email received 3/31/20.</i></p> <p><i>Application continued to the April hearing, email received 1/21/20.</i></p>	<input type="checkbox"/>
2-2020	Lonewolf Operating, LLC	Temporary spacing unit, Sawtooth Formation test well, 35N-21E-31: SW¼SW¼SE¼, SE¼SE¼SW¼ and 34N-21E-6: NW¼NW¼NE¼, NE¼NE¼NW¼, 330 setbacks.	Withdrawn	<p><i>Application withdrawn, email received 5/19/20.</i></p> <p><i>Application continued to the June hearing, email received 3/31/20.</i></p> <p><i>Application continued to the April hearing, email received 1/21/20.</i></p>	<input type="checkbox"/>
32-2020	Crazy Mountain Oil & Gas 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 Bayswater Exploration & Production, LLC to Crazy Mountain Oil & Gas LLC and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.	Continued	<p><i>Call received 2/27/20 for applicant to be placed on docket.</i></p> <p><i>Application continued to the June hearing, email received 4/2/20.</i></p> <p><i>Application continued to the August hearing, email received 6/1/20.</i></p>	<input type="checkbox"/>
36-2020	Hesla Oil, LLC	Show Cause: failure to file production reports and pay administrative fees.	Dismissed	<i>Reports and fine received: 6/11/20</i>	<input type="checkbox"/>
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.		<i>Continued to the June hearing.</i>	<input type="checkbox"/>
128-2019	Carrell Oil Company Dbaco	Show Cause: why penalties should not be imposed for failure to maintain mechanical integrity for the Fifer 3 (API # 25-069-05141) and the Govt. 4 (API # 25-033-05028) enhanced oil recovery wells.			<input type="checkbox"/>
33-2020	PARMT LLC	Show Cause: why its plugging and reclamation bond should not be forfeited for failure to plug and abandon its Guenther 2-8 well, located in the SW¼NE¼ of Section 8, T33N-R58E, Sheridan County, Montana as required by Board Order 120-2019, in accordance with § 82-11-123(5), MCA.		<i>Continued to the June hearing.</i>	<input type="checkbox"/>
34-2020	Apex Energy LLC	Show Cause: why penalties should not be imposed for failure to remedy the field violations.	Dismissed	<p><i>In compliance, dismissed prior to publication.</i></p> <p><i>Continued to the June hearing.</i></p>	<input type="checkbox"/>
35-2020	BNV Energy Company LLC	Show Cause: why penalties should not be imposed for failure to provide the required report.	Dismissed	<p><i>In compliance, dismissed prior to publication.</i></p> <p><i>Continued to the June hearing.</i></p>	<input type="checkbox"/>

GAS FLARING

June 24, 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	16	4	12	12	0
Petro-Hunt	3	0	3	0	0
Totals	19	4	15	12	0

Flaring Requests

Summary

There are 19 wells flaring over 100 MCFG per day based on current production numbers.

15 of the 19 wells have approved exceptions due to distance, pipeline capacity issues, or time to connection.

There are 12 exceptions requested at this time.

Kraken

Fletch 5-8 #1H – API #25-083-23347, 26N-59E-33

1. Flaring 188 MCF/D.
2. Completed: 1/2018.
3. Estimated gas reserves: 257 MMCF.
4. Flaring alternatives: Installed mobile NGL recovery units (MRU) on this well in 2018 until production declined to uneconomic limits for MRU.
5. Amount of gas used in lease operations: 13 MCF/D.
6. Justification to flare: Connected to ONEOK gas pipeline. Kraken has been unable sell anything into the line in the past several months.

Eagle 4-9 #2H – API #25-083-23345, 26N-59E-33

1. Flaring 263 MCF/D.
2. Completed: 1/2018.
3. Estimated gas reserves: 359 MMCF.
4. Flaring alternatives: Installed mobile NGL recovery units (MRU) on this well in 2018 until production declined to uneconomic limits for MRU.
5. Amount of gas used in lease operations: 13 MCF/D.
6. Justification to flare: Connected to ONEOK gas pipeline. Kraken has been unable sell anything into the line in the past several months.

Mulder 22-15 #1H – API #25-085-22003, 28N-58E-27

1. Flaring 621 MCF/D.
2. Completed: 11/2019.
3. Estimated gas reserves: 508 MMCF.
4. Flaring alternatives: None.
5. Amount of gas used in lease operations: 14.5 MCF/D.
6. Justification to flare: Connected to ONEOK gas pipeline. Kraken has been limited to 80 MCF/day sold through ORM Bainville compressor station. Station is at maximum capacity, but they do anticipate increased gas sales in coming months.

Mulder 22-15 #2H – API #25-085-22004, 28N-58E-27

1. Flaring 676 MCF/D.
2. Completed: 11/2019.

3. Estimated gas reserves: 511 MMCF.
4. Flaring alternatives: None.
5. Amount of gas used in lease operations: 14.5 MCF/D.
6. Justification to flare: Connected to ONEOK gas pipeline. Kraken has been limited to 113 MCF/day sold through ORM Bainville compressor station. Station is at maximum capacity, but they do anticipate increased gas sales in coming months.

Mulder 22-15 #3H – API #25-085-22005, 28N-58E-27

1. Flaring 709 MCF/D.
2. Completed: 11/2019.
3. Estimated gas reserves: 508 MMCF.
4. Flaring alternatives: None.
5. Amount of gas used in lease operations: 14.5 MCF/D.
6. Justification to flare: Connected to ONEOK gas pipeline. Kraken has been limited to 106 MCF/day sold through ORM Bainville compressor station. Station is at maximum capacity, but they do anticipate increased gas sales in coming months.

Mulder 22-15 #4H – API #25-085-22006, 28N-58E-27

1. Flaring 466 MCF/D.
2. Completed: 11/2019.
3. Estimated gas reserves: 508 MMCF.
4. Flaring alternatives: None.
5. Amount of gas used in lease operations: 14.5 MCF/D.
6. Justification to flare: Connected to ONEOK gas pipeline. Kraken has been limited to 48 MCF/day sold through ORM Bainville compressor station. Station is at maximum capacity, but they do anticipate increased gas sales in coming months.

Lonestar 12-13 #1H – API #25-083-23365, 25N-59E-12

1. Flaring 752 MCF/D.
2. Completed: 10/2019.
3. Estimated gas reserves: 605 MMCF.
4. Flaring alternatives: None.
5. Amount of gas used in lease operations: 14 MCF/D.
6. Justification to flare: Connected to ONEOK gas pipeline to Yellowstone compressor station. Station is at maximum capacity, but they do anticipate increased gas sales in coming months.

Lonestar 12-13 #2H – API #25-083-23366, 25N-59E-12

1. Flaring 639 MCF/D.
2. Completed: 10/2019.
3. Estimated gas reserves: 605 MMCF.
4. Flaring alternatives: None.
5. Amount of gas used in lease operations: 14 MCF/D.
6. Justification to flare: Connected to ONEOK gas pipeline to Yellowstone compressor station. Station is at maximum capacity, but they do anticipate increased gas sales in coming months.

Higgins 13-24 #2H – API #25-085-22000, 27N-57E-13

1. Flaring 847 MCF/D.
2. Completed: 8/2019.
3. Estimated gas reserves: 425 MMCF.
4. Flaring alternatives: None.
5. Amount of gas used in lease operations: 13 MCF/D.
6. Justification to flare: Connected to Hiland gas pipeline on Watford City System. With average sales line pressure of 76 psi, Kraken has not been able to sell enough gas.

Higgins 13-24 #3H – API #25-085-22001, 27N-57E-13

1. Flaring 773 MCF/D.
2. Completed: 8/2019.
3. Estimated gas reserves: 446 MMCF.
4. Flaring alternatives: None.
5. Amount of gas used in lease operations: 13 MCF/D.
6. Justification to flare: Connected to Hiland gas pipeline on Watford City System. With average sales line pressure of 76 psi, Kraken has not been able to sell enough gas.

Higgins 13-24 #4H – API #25-085-22002, 27N-57E-13

1. Flaring 817 MCF/D.
2. Completed: 8/2019.
3. Estimated gas reserves: 446 MMCF.
4. Flaring alternatives: None.
5. Amount of gas used in lease operations: 13 MCF/D.
6. Justification to flare: Connected to Hiland gas pipeline on Watford City System. With average sales line pressure of 76 psi, Kraken has not been able to sell enough gas.

Elroy 32-31 #1H – API #25-083-23346, 26N-59E-33

1. Flaring 142 MCF/D.
2. Completed: 2/2018.
3. Estimated gas reserves: 310 MMCF.
4. Flaring alternatives: None.
5. Amount of gas used in lease operations: 13 MCF/D.
6. Justification to flare: Contracted/connected with ONEOK Rockies Midstream, Kraken has had very limited success selling gas into the line due to sales line pressure.

SUMMARY PAGE

Board Business Meeting June 24, 2020

SHADWELL RESOURCES GROUP, LLC – RICHLAND COUNTY, MONTANA

- 05/01/2020, Chris Blount reportedly acquired the Velma SWD 1-10H from Shadwell.
 - Change of operator was to be submitted within 30 days of transfer per ARM 36.22.1308.
- 05/04/2020, approximate date of spill of over 50 bbls salt water / oil.
 - No immediate notification or written report was received as required under ARM 36.22.1103.
- 06/04/2020, certified letter sent to Shadwell addressing the spill from 5/04/2020 and field compliance issues.
- 06/11/2020, a spill under 10 bbls salt water / oil reported by landowner. Salt water / oil misted into landowner's field.
- 06/12/2020, Kevin Leland was contacted via telephone and was informed of the 6/11/2020 spill and I verified he received the 06/04/2020 letters regarding compliance issues.
- 06/17/2020, field visit by Compliance Specialist confirmed that all compliance issues remain.
 - Field compliance issues include: Spill cleanup from both spills, a dumpster overflowing with used filter socks, vegetation, open containers with oily fluid, and a leaking tank.

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

Enforcement Status Report**Run Date:** 6/23/2020Page 1 of 1

Shadwell Resources Group, LLC**1st Action:** 6/4/2020**Action Required:****Closed:****Enforcement Items:**Well Identification / Signage
HousekeepingVelma SWD 1-10H
Velma SWD 1-10H**Action:**

E-Mail	6/18/2020	Emailed Kevin regarding June 24th business meeting, copy of June 17 inspection.
Telephone Call	6/18/2020	Chris Blount called, Kevin forwarded my email to him. Chris is working on cleaning location.
Other	6/17/2020	Field visit by the Compliance Specialist - leaking tank, open containers, weeds, filter socks, contaminated soil off location, no well sign.
Telephone Call - Unanswere	6/12/2020	Left VM for Kevin regarding two spills/housekeeping.
E-Mail	6/12/2020	Russ Utter was notified by landowner of 6/11 spill.
Telephone Call	6/12/2020	Kevin Leland called, will be getting everything taken care of & C/O.
Other	6/11/2020	Spill of 10 bbls oil/saltwater, not fully contained.
Letter, Certified	6/4/2020	Addressing unreported spill, weeds, filter socks.
Letter, Certified	6/4/2020	Addressing installing a well sign/clean up spill.
Other	5/4/2020	Approximate date of 50 bbl + spill, unreported.
Other	5/1/2020	Chris Blount reportedly acquired well from Shadwell.

Comment: A recent report indicated that a spill of greater than 50 bbls occurred on approximately May 4, 2020 at the well location referenced above and no report received and cleanup still required. It was also discovered that a bin is full of used filter socks. Weeds on location. 6/11/2020 another spill occurred, 10 bbls not fully contained.

Plugging and Reclamation Bonds With Well List

SHADWELL RESOURCES GROUP, LLC		687	Bond: T3	\$10,000.00	UTC Single Well Bond	Active	Wells: 1	Allowed: 1	
Certificate of Deposit	Active	Wells Fargo Bank, NA		\$10,000.00			Approved	9/4/2012	
API #	Operator	Well	Location			Field	TD	PBTD	Status
083-22531	Shadwell Resources Group, LLC	Velma SWD 1-10H	23 N	58 E	10	NW NW 350N 750W	Wildcat Richland	6000	IA SWD

Comment: To cover the Thelma 1-10H, API#25-083-22531

