Comments from the June Sidney meeting:

It was mentioned the mineral owners should have a lawyer look at the leases etc. We have done that, but when we initially signed the lease, the spacing units had been 640 acres. Then after that, the Board started allowing the larger spacing units. I always thought the spacing units were set up to accommodate what the wells could drain, which is determined by the Board. If there can be 200ft setbacks, then how can the company need the 1280 acre spacing units. The 640 acre spacing units need to be set up in a rectangular shape so the horizontal well can run 9000 to 10,000 feet. According to testimony at the June meeting (I think it was a Mr. Moss for Continental) the wells drain 720 feet on each side of the lateral for a total of 1440 feet.

Mr. Richmond said the mineral owners have to be here in person to object or they don't care. If a person has not been involved with this previously, it is hard to know exactly what to do. I vigorously object to 200 foot setbacks and the 1280 acre spacing units. **However, I am not always able to attend the meetings due to job and family responsibilities/emergencies. We are unable to object through a written letter in these instances**. Sometimes when we attend the meeting to object to a docket, there is a continuation. Now, we have taken time off work and incurred the expense of travel and maybe lodging. This is the job of those working for the oil companies and part of your responsibilities as board members. There is a perception, no offense intended but, there is some feeling among folks I know that it really doesn't matter what the little guy wants, the oil company will get their way.

Mr. Efta said the mineral owners should bring their own attorney and experts. I don't know where to find an expert and **cannot afford** to have an expert or attorney come and sit for hours waiting for a docket which may be continued anyway.

I seems to me from the above Board duties it is responsible for the protection of the rights of mineral owners.

From the Montana Gas and Oil Board's website.

The board's regulatory action serves three primary purposes:

(1) to prevent waste of oil & gas resources,

(2) to conserve oil & gas by encouraging maximum efficient recovery of the resource, and

(3) to protect the correlative rights of the mineral owners, i.e., the right of each owner to recover its fair share of the oil & gas underlying its lands.

The board also seeks to prevent oil and gas operations from harming nearby land or underground resources. It accomplishes these goals by establishing spacing units, issuing drilling permits, administering bonds (required to guarantee the eventual proper plugging of wells and restoration of the surface), classifying wells, and adopting rules.

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

Since 1993, the board has performed the certification required for companies to receive tax incentives available for horizontal wells and enhanced recovery projects. The MBOGC has primary regulatory jurisdiction over the Underground Injection Control (UIC) Program for Class II injection or disposal wells. The purpose of this program is to protect underground sources of drinking water (USDWs). Board rules generally define a USDW a those aquifers containing less than 10,000 mg/L of total dissolved solids.

EXHIBIT 2

BEFORE THE BOARD OF OIL AND GAS CONSERVATION AND
THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION OF THE STATE OF MONTANA

In the matter of the adoption of New Rules I through V regarding oil and gas well stimulation	)))	NOTICE OF ADOPTION

To: All Concerned Persons

1. On May 26, 2011, the Department of Natural Resources and Conservation published MAR Notice No. 36-22-157 regarding a notice of public hearing on the proposed adoption of the above-stated rules at page 819 of the 2011 Montana Administrative Register, Issue No. 10.

2. The department has adopted New Rules I (36.22.608), II (36.22.1015), III (36.22.1016), IV (36.22.1106), and V (36.22.1010) as proposed, but with the following changes from the original proposal, new matter underlined, deleted matter interlined:

NEW RULE I (36.22.608) WELL STIMULATION ACTIVITIES COVERED BY DRILLING PERMIT

(1) remains as proposed.

(2) For wildcat or exploratory wells or when the operator is unable to determine that hydraulic fracturing, acidizing, or other chemical treatment will be done to complete the well, the operator must submit a notice of intent to stimulate or chemically treat a well on Form No. 2 ~~obtain prior written approval of such activities from the board's staff at any time~~ prior to commencing such activities provided that:

(a) the written information describing the fracturing, acidizing, or other chemical treatment must be provided to the board's staff at least ~~24~~ 48 hours before commencement of well stimulation activities.

(3)(a) remains as proposed.

(b) the trade name or generic name of the principle components or chemicals;

(c) the estimated amount or volume of the principle components such as viscosifiers, acids, or gelling agents;

(d) the estimated weight or volume of inert substances such as proppants and other substances injected to aid in well cleanup, either for each stage of a multistage job or for the total job; and

(e) the ~~anticipated surface treating pressure and the~~ maximum anticipated treating pressure or a written description of the well construction specifications which demonstrate that the well is appropriately constructed for the proposed fracture stimulation.

(4) In lieu of a well specific design the ~~The~~ owner, operator, or service company may provide:

(i) remains as proposed.

(ii) a pre-filed generic design submitted for specific geologic formations, geographic areas, or well types likely to be used in a particular well.

NEW RULE II (36.22.1015) DISCLOSURE OF WELL STIMULATION FLUIDS (1) The owner or operator of a well shall, upon completion of the well, provide the board, on its Form No. 4 for a new well or Form No. 2 for an existing well:

(a) through (c) remain as proposed.

(2) For hydraulic fracturing treatments the description of the amount and type of material used must include:

(a) remains as proposed.

(b) the chemical ~~compound~~ ingredient name and the Chemical Abstracts Service (CAS) Registry number, as published by the Chemical Abstracts Service, a division of the American Chemical Society (www.cas.org), for each ~~constituent~~ ingredient of the additive used. The rate or concentration for each additive shall be provided in appropriate measurement units (pounds per gallon, gallons per thousand gallons, percent by weight or percent by volume, or parts per million).

(3) To comply with the requirements of this section, the ~~The~~ owner or operator may submit:

(a) the service contractor's job log;~~,~~

(b) the service company's final treatment report (without any cost/pricing data);~~, or~~

(c) an owner or operator's ~~representative's~~ well treatment job log; or

(d) other report providing the above required information.

(4) The administrator may waive all or a portion of the requirements in subsections (2) or (3) of this rule if:

(a) the owner or operator demonstrates that it has ~~provided~~ posted the required information to the Interstate Oil and Gas Compact Commission/Groundwater Protection Council hydraulic fracturing web site (FracFocus.org); or

(b) a successor website to FracFocus.org or other publically accessible Internet information repositories that the board may choose to accept ~~can be accessed by the public~~.

NEW RULE III (36.22.1016) PROPRIETARY CHEMICALS AND TRADE SECRETS (1) As provided in 30-14-402 ~~82-11-117~~, MCA, where the ~~use~~ formula, pattern, compilation, program, device, method, technique, process, or composition of a chemical product is unique to the owner or operator or service contractor and would, if disclosed, reveal methods or processes entitled to protection as trade secrets such a chemical need not be disclosed to the board or staff. The owner, operator, or service contractor may identify the trade secret chemical or product by trade name, inventory name, chemical family name, or other unique name and the quantity of such constituent(s) used.

(2) If necessary to respond to a spill or release of a trade secret product the owner, operator, or service contractor must provide to the board or staff, upon request, a list of the chemical constituents contained in a trade secret product. The administrator may request information be provided orally or be provided directly to a

laboratory or other third party performing analysis for the board. Board members, board staff, and any third parties receiving trade secret information on behalf of the board may be required to execute a nondisclosure agreement.

(3) and (4) remain as proposed.

NEW RULE IV (36.22.1106) SAFETY AND WELL CONTROL REQUIREMENTS – HYDRAULIC FRACTURING (1) New and existing wells which will be stimulated by hydraulic fracturing must demonstrate suitable and safe mechanical ~~integrity~~ configuration for the stimulation treatment proposed.

(2) Prior to initiation of fracture stimulation the operator must evaluate the well. If the operator proposes hydraulic fracturing through~~,~~ production casing or through intermediate casing, the casing must be tested to the maximum anticipated treating pressure ~~in the unsupported (uncemented) portion of the casing exposed to treating pressure~~. If the casing fails the pressure test it must be repaired or the operator must use a temporary casing string (fracturing string).

(a) If the operator proposes hydraulic fracturing though a A fracturing string, it must be stung into a liner or run on a packer set not less than 100 feet below the cement top of the production or intermediate casing and must be tested to not less than maximum anticipated treating pressure minus the annulus pressure applied between the fracturing string and the production or immediate casing.

(3) A casing pressure test will be considered successful if the pressure applied has been held for ~~15~~ 30 minutes with no more than ~~five~~ ten percent pressure loss.

(4) A pressure relief valve(s) must be installed on the treating lines between pumps and wellhead to limit the line pressure to the test pressure determined above; the well must be equipped with a remotely controlled shut-in device unless waived by the board administrator should the factual situation warrant.

(5) remains as proposed.

NEW RULE V (36.22.1010) WORK-OVER, RECOMPLETION, WELL STIMULATION – NOTICE AND APPROVAL

(1) remains as proposed.

(2) Well repairs, including tubing, pump, sucker rod replacement or repair, repairs and reconfiguration of well equipment which do not substantially change the mechanical configuration of the well bore or casing, and hot oil treatments do not require prior approval or a subsequent report. Acid and chemical treatments of less than ~~5000~~ 10,000 gallons~~, hot oil treatments,~~ and similar treatments intended to clean perforations, remove scale or paraffin, or remedy near-well bore damage do not require prior approval but do require a subsequent report of the actual work performed submitted on Form No. 2 within 30 days following completion of the work.

3. The department has thoroughly considered the comments and testimony received. The comments and responses have been divided into a general comment/response section and a rule specific comment/response section. The following is a summary of the public comments received and the department's response to those comments:

GENERAL COMMENTS/RESPONSES

GENERAL COMMENT 1: Disclosure

A number of commenters support chemical disclosure, "full disclosure", or similar expressions of support for public availability of the composition of fracturing fluids. Northern Plains Resource Council (NPRC) stated that they supported disclosure of all chemicals used in oil and gas drilling, not just those used in the hydraulic fracturing process. Some commenters suggest that the board should ban hydraulic fracturing or not permit its use altogether.

GENERAL RESPONSE 1: Disclosure

The rules as drafted do require all of the components used in hydraulic fracturing, including fluids which are non-hazardous, to be listed. However, NPRC's request that all chemicals used in drilling be identified is beyond the scope of the current rulingmaking, which is specific to hydraulic fracturing and similar treatments of drilled and cased wells.

Hundreds of Montana oil and gas wells have been hydraulically fractured over the past sixty years. Over 700 modern horizontal oil wells have been fracture stimulated using current techniques without any incident of groundwater contamination either observed by the board or reported to it by any other regulatory agency in Montana. The practice of hydraulic fracturing allows recovery of oil and gas resources which could not be recovered economically in any other way. To prohibit fracturing as a completion practice is to prohibit drilling. That is an administrative action the board does not have the authority to perform, and which is not justified based upon Montana experiences with the technique.

GENERAL COMMENT 2: Notice and Baseline Water Sampling

Many commenters suggested that notice of hydraulic fracturing be given to landowners in advance of the well treatment to allow background water samples to be taken from an area within a specific radius of the well (some commenters suggested one or two miles, and one commenter suggested five miles).

Some commenter also tied chemical disclosure back to ground samples, indicating knowledge of the fracturing chemicals would be needed to perform the analysis. One commenter suggested notice been given one year in advance, while others suggest seven days; 30 to 60 days advance notice; and other suggested no specific timeline.

GENERAL RESPONSE 2: Notice and Baseline Water Sampling

Drilling permits outside of board delineated fields are only issued after notice has been published in a general circulation newspaper for the county where the land is located and in the Helena *Independent Record*. There is a ten-day waiting period after the notice is published before the permit is issued. This notice is in addition to the 20-day (minimum) actual written notice to the surface owner where drilling is proposed. The well site surveyor must also give notice prior to entering the land for well site location and boundary identification.

Hydraulic fracturing occurs after a well has been drilled and production casing set and cemented. There would be no particular advantage to delaying the taking of a background water sample until the drilling operation is finished, and the board believes the mandatory notices, plus the presence of a drilling rig on the site, give an adequate opportunity to sample water sources before any fracturing stimulation might occur.

The board also considers requiring detailed chemical disclosure prior to performing a fracture stimulation to facilitate background water analysis as unlikely to accomplish the result desired by the commenters. There is no potential for groundwater contamination from hydraulic fracturing if a well has not been hydraulically fractured. Testing water for specific chemicals which have not been used is likely to be both fruitless and prohibitively expensive. The board does support disclosure of substances used in fracture stimulation after the work has been completed and the actual substances used are known with certainty.

GENERAL COMMENT 3: Trade Secrets and Confidential Business Information
Commenters asked the board to: (1) not protect proprietary or trade secret components used in fracturing fluid: (2) require disclosure of all chemicals; (3) and/or establish a process for the board to review and approve trade secrets. Several commenters added that the board "...must have access to this information in case of water well/spring contamination". Trout Unlimited (TU) and other commenters said that the need for public disclosure and the public's right to know far outweighs industry trade secrets.

GENERAL RESPONSE 3: Trade Secrets and Confidential Business Information
The board believes New Rule III (ARM 36.22.1016) adequately frames the trade secret issue for spills and other releases of fracturing components. As to the need for full disclosure (including proprietary chemicals) to determine the presence of contamination due to a fracture stimulation process, the board notes that it is not necessary to analyze a water sample for every chemical in fracturing fluid to determine a possible source of contamination. It would only be necessary to identify one or two constituents that are persistent and not naturally occurring in the groundwater to establish a premise for investigation of fracturing fluids as a potential source of contamination. As to the the issue of trade secrets, New Rule III(2) (ARM 36.22.1016(2)) states: "If necessary to respond to a spill or release of a trade secret product the owner... must provide to the board ... a list of the chemical constituents contained in a trade secret product".

The board recognizes the concern over proprietary chemicals and techniques and confidential business information; however, the Montana has a Uniform Trade Secrets Act (30-14-401 MCA) that provides for substantial sanctions for misappropriation of intellectual property or trade secrets. Industry must comply with Occupational Safety and Health Agency (OSHA) requirements as well as U.S. EPA's Emergency Planning and Community Right-to-Know Act (EPCRA); both OSHA and EPA recognize trade secrets and have procedures to justify the claim of trade secrets. The board may, under existing authority, request copies of either the

OSHA required Material Safety Data Sheets (MSDS) or a copy of the EPA's trade secret justification form if it questions the validity of a trade secret claim. The board believes it has insufficient statutory support in current law to re-invent procedures to deal with trade secrets that have already been addressed by current state and federal law. The only clear exception is in responding to spills, discharges, or medical emergencies which the board believes are adequately addressed in proposed Rule III (ARM 36.22.1016).

GENERAL COMMENT 4: Non-disclosure Agreements

Commenters also addressed the use of non-disclosure agreements in New Rule III (36.22.1016). For example Mark Mackin comments that health information is confidential and protected and he does not see the need for a physician to sign a non-disclosure agreement. Mr. Makin further states that health officials should be obligated to disclose public health threats implying that proposed Rule III (ARM 36.22.1016) would stop physicians from reporting potential public health problems and that the nature of any toxic, flammable, or explosive chemicals and materials as stored or mixed at or near the surface should be known to emergency services, particularly first responders.

GENERAL RESPONSE 4: Non-disclosure Agreements

New Rule III (ARM 36.22.1016) is only intended to address emergency treatment of individuals exposed to certain chemicals under limited circumstances (likely to be workers in immediate proximity to the worksite) where the board's regulatory authority may provide a process to expedite appropriate response. The board asserts no jurisdiction over the process of determining public health risks and does not believe the limited applicability of Rule III impedes the process. The board also believes that a proper non-disclosure agreement protects both the recipient of protected information as well as the owner of the information. EPA's EPCRA requirements already include providing chemical inventories to the State Emergency Response Commission (in Montana that is Disaster and Emergency Services and Montana Department of Environmental Quality), Local Emergency Planning Committees (LEPC), and local fire departments.

GENERAL COMMENT 5: FracFocus Website and Data Availability

Commenters suggested that the board avoid use of a national hydraulic fracturing information website in favor of a site hosted and maintained by the board and/or state government in general. The Montana Environmental Information Center (MEIC) and other commenters said that the board's website is the central repository and the rules should require operators to submit electronically to the website. One commenter also suggested use of name location and permit number.

GENERAL RESPONSE 5: FracFocus Website and Data Availability

The board's technical staff maintains the board website. Data is received in many formats and the permanent official records are the paper records maintained in Billings and Helena. Those records are open for public inspection and copying. The oil and gas data system captures well information, production filings, board orders and other key elements of well and regulatory data and makes them available

without charge to the public. The staff has recommended the use the FracFocus website, which is unique in the secure gathering of state specific hydraulic fracturing data, putting data in a logical format, and through use of a data template, insuring the data is consistent and timely. Website hosting is transparent to the user and whether the site is hosted in Helena, Billings, or elsewhere is immaterial.

FracFocus is hosted at a commercial web facility in central Oklahoma with secure virtual servers, back-up software and hardware, and back-up power and communications network. The site is at least as secure and reliable as any state owned site and the board does not incur any cost in using FracFocus. Additionally, this site is managed by the Ground Water Protection Council (GWPC) and two of the board's staff are active in GPWC data management projects and have direct influence over the design and use of the system. There would be significant unbudgeted costs to design and develop a site as comprehensive as FracFocus solely with board funding.

Staff will continue to work with the Interstate Oil and Gas Compact Commission (IOGCC) and GWPC to both to improve the data template as well as making fracturing information more user friendly; to make available on the board's website information from those operators not using FracFocus (or to develop a procedure for the board staff to submit the data on behalf of less active operators); and to plan for an alternative system if FracFocus does not meet long term needs.

Regarding the use of name location and permit number, the board uses the American Petroleum Association (API) well number as the unique well identifier, not the sequential permit number. FracFocus allows searches by state, county, operator name, well name, or well API number. The search function works even if the only available data is the name of the state in which a hydraulically fractured well is located. The other criteria are used to narrow the search results. API well numbers can be found on the board's Webmapper application, from the on-line data portion of the board's website, and from the weekly letter posted on the website that lists all new permits.

GENERAL COMMENT 6: Other States and Issues

Several commenters discussed Pennsylvania and New York shale gas issues, Wyoming's Pavilion and Clark area issues and similar issues portrayed in the "Gaslands" movie. Concerns were also expressed by some about coal bed methane. The Coal Bed Methane Protection Act Committee suggested the board include special provisions for chemical disclosure for these seeking compensation under 76-15-902(5). Some commenters also suggested the board factor in consideration of other state fracturing rules, recently passed Texas statute, and the possibility of future federal rules.

GENERAL RESPONSE 6: Other States and Issues

Montana has had no incidents of hydraulic fracturing contaminating underground sources of drinking water either discovered by or reported to the board. Biogenic natural gas, which is composed almost entirely of methane, occurs naturally in coal

seams and organic rich shale. Many aquifers in coal country are either composed partially or entirely of coal, or are in intimate contact with coal or organic rich coal. The presence of methane in water is likely in those areas and its presence is generally not associated with natural gas or oil development. There have been allegations of harm from exposure to hydraulic fracturing chemicals, yet there is no state or federal confirmation available to the board.

Groundwater contamination in the Clark, Wyoming, area was the result of an underground blowout at a well during drilling operations and was not associated with fracture stimulation technology. The Wyoming Department of Environmental Quality includes the following statement on its website: "...There is no evidence that fracking has caused any water quality problems in Wyoming...", and "...In Pavillion, oil and gas development has been on-going for about 50 years. It should be noted that in both Pavillion and Pinedale, domestic water wells have been drilled into shallow intervals containing natural gas...".

Regarding the comments from the Coal Bed Methane Act Protection Committee, hydraulic fracturing of coal seams has proved unnecessary to produce CBM in Montana. Coal seams currently producing in the state have very high natural permeability, which does not need artificial enhancement. The board is not inclined to make rules for specialized circumstances unlikely to occur. See General Response 2.

Board staff has met with officials of the Texas Rail Road Commission, Oklahoma Corporation Commission, Michigan Office of Geologic Survey, and the Nebraska Oil and Gas Commission about proposed hydraulic fracturing rules. Montana's rules and Texas statute are currently at least as comprehensive as any other state disclosure approaches. U.S. EPA is conducting a study of hydraulic fracturing and regulatory approaches as are the Bureau of Land Management, and the U.S. Department of Energy. The board cannot predict the outcome of these efforts nor the timetable for any proposed rulemaking by others. Importantly, the board cannot predict the regulatory program(s) which the federal government might choose to use to implement any rules it proposes. The board is proposing rules which it believes adequately address the issues which can be addressed at this point in time.

GENERAL COMMENT 7: Additional Hearings and Affected Communities
Commenters suggested that the Board should also hold a hearing in Park or Sweet Grass counties in addition to the one held in Sidney.

GENERAL RESPONSE 7: Additional Hearings and Affected Communities
The board has a statutory obligation to hold a public hearing in the community likely to be impacted the most by its proposed rules. Since 2007, Richland County has had 260 oil wells completed and hydraulically fractured as part of the well completion process. That averages out to one fracture stimulation job performed every week for the past five years. From 2007 to date, eleven total wells were permitted by the board in Park County: six were dry holes; four had the permits expire; and one was completed, but does not produce. Seven wells have been permitted in Sweet Grass

County: four permits have expired with the wells never drilled; one well was a dry hole; one well was completed as shallow gas well in an existing (conventional) gas field ; and one was completed as a shale well that has never produced. There have been no new drilling permits issued in either county in the last year.

Park and Sweet Grass counties are well represented in the comments received. The board has considered all of the comments and does not consider written comments less valuable than those presented at a hearing. The board chose to hold a public hearing in Sidney because it predict with certainty that hydraulic fracturing well stimulation would occur regularly and often in the northeastern counties of the state; a prediction it could not make for any other part of the state with the same certainty.

GENERAL COMMENT 8: Future Rulemaking

Several commenters suggested amendments to cover other subjects related to hydraulic fracturing, but which were not originally proposed by the board as part of this rulemaking. For example, Bradly Shepard, and Peter Fox suggested the board review requirements for closed system drilling. Rep. Kathleen Williams (HD 65) commented on requiring that the source of water used in fracturing be disclosed as well as the entity that might treat the wastewater. Rep. Williams suggested disclosure of depth and thickness of permeable/water zones be disclosed under the proposed rules.

Potential federal rules, EPA regulation of the use of diesel fuel in fracturing fluids, bonding requirements, transportation of fracturing fluids to the well and spill preparedness were also mentioned by several commenters.

GENERAL RESPONSE 8: Future Rulemaking

While these issues may have merit for future rulemaking, the board's current effort is to appropriately regulate the chemical disclosure, well integrity, and operational safety issues related to hydraulic fracturing and to clarify how those activities are permitted. While outside the scope of this rulemaking, the board's existing rules do not allow long-term storage of waste fluid in pits, and do require either closed systems or total removal of pits contents in irrigated farmlands, areas of high groundwater and in floodplains.

The board has no regulatory authority over water use and the subject of the board regulating or requiring water sources is well beyond current rulemaking. Since most produced water in the Williston Basin—including flow back water—is highly mineralized, virtually all of the water is re-injected through permitted injection wells.

Current board rules require the owner or operator to run an electrical, radioactivity, or similar petrophysical log or combination of logs sufficient to determine formation tops from total depth to the base of the surface casing unless waived by the board administrator. "Electric" logs are a permanent part of the board's well files which are not confidential and are open for public use.

The board has bond rules that apply to all wells, regardless of type of well completion, in existing rules. Transportation is not under the board's jurisdiction, and the effect of any federal rulemaking is unknown at this time, and involves a time schedule beyond the board's ability to predict.

The board is taking a specific direction with its rules that is unlikely to conflict with other jurisdictions; it has chosen to limit the scope of the rules to those necessary to address chemical disclosure, well integrity and safety, and to clarify hydraulic fracturing permitting process.

RULE SPECIFIC COMMENTS/RESPONSES

NEW RULE I (36.22.608)
COMMENT 1:
A number of commenters, including Devon, Newfield, and the Montana Petroleum Association (MPA) suggested that some fracturing design data requested as part of the drilling permit is difficult to determine ahead of the job being proposed.

Newfield, MPA and others comment that the anticipated and the maximum treating pressure in New Rule I(3)(e) (ARM 36.22.608(3)(e)) would be difficult to estimate at the permit stage of a well. TAQA commented that there should be casing design requirements for fracture stimulated wells and the maximum treating pressure should not exceed 80 percent of the maximum casing pressure rating. TU and Park County Environmental Council suggest Rule I(3)(b) (ARM 36.22.608(3)(b) be reworded to require the trade name or generic name "...of the components or chemicals to be used in the...process". One commenter (Welter) suggested that disclosing procedures and products on the board's Form 2 should be sufficient and this could be done in a timely manner prior to the fracturing procedure. MEIC, NPRC, and several others suggested that 24 hours is too short a timeframe for the process of modifying the drilling permit to include fracture stimulation. Finally, comments from MPA, Devon, Western Energy and others suggest the requirements in Rule I (e)(i) and (ii) apply to the entire rule, not just to paragraph (3). NPRC also suggested that chemical abstract numbers be associated with the pre-frac chemicals.

RESPONSE 1:
Where actual formation parameters are needed to determine the design, the well may need to be drilled, logged, and evaluated before a fracture can be designed. The board and staff understand that stimulation treatments are customized designs and the final design of the treatment may not be known at permitting. The request for basic information at the time a well is permitted is to assist staff's analysis of impacts anticipated from drilling.

The board agrees that the apparent specificity required in New Rule I (ARM 36.22.608) may be problematic. Requiring CAS numbers for components would exacerbate the problem. At the same time, the board believes certain information about proposed well completion and anticipated stimulation activities must be

available to the operator sufficiently ahead of time to request contractor bids, inform partners of anticipated costs and to prepare wellsite locations and ancillary facilities for potential stimulation operations. The board agrees that Form No.2, Sundry Notice, is the appropriate written notification of a change in plans, including well stimulation requests. The board also agrees that 24 hours, which was originally proposed to allow an opportunity to have a field inspector present during well treatment operations, is too short for processing a written notice and has increased the time to 48 hours.

The request for requesting treating pressure and maximum treating pressure data is to review well construction and potential pressure limitations of the design. The board appreciates TAQA's comment about pressure ratings and XTO's comment about requesting design specifications that provide confidence the well will be properly constructed for hydraulic fracturing stimulation.

During formatting of proposed Rule I (ARM 36.22.608), the sections (3)(e)((i) and (ii) were placed under (3) but were intended to apply to the entire New Rule I. The rule has been amended to reflect the original intent and to read that operators may file analog fracture designs from previously stimulated wells in the area or pre-filed generic designs, which form the basis for pre-frac design for a particular well.

NEW RULE II (36.22.1015)
COMMENT 2:
Comments were received from MPA, Halliburton Energy Services, Inc.(HESI), Devon, Samson, Newfield and others regarding the language in proposed New Rule II (ARM 36.22.1015), which appears to require additive level disclosure, but requires the Chemical Abstract Number (CAS) which is only appropriate at the component level. MPA and Newfield suggested dropping the requirement for CAS numbers and require disclosure at the additive level. Devon and Samson suggested retaining CAS numbers and clarifying the substances they refer to (the chemical components of the additives). HESI suggest retaining CAS number but requiring disclosure of those constituents listed on an additive product Material Safety Data Sheet (MSDS). HESI correctly interprets the proposed rule as requiring disclosure of all chemicals, including non-hazardous ingredients.

Commenters also addressed use of the FracFocus.org website and suggested the Rule require the board administrator to waive reporting to the board if the FracFocus.org site (or a successor site) is used. Other commenters suggested that the board not use FracFocus.org, but use its own site.

RESPONSE 2:
The board thanks the commenters for their input. However, the board and its staff believe the board has an obligation under existing law to know the composition of all materials injected to enhance the recovery of oil or natural gas, including non-hazardous substances.

The board believes it must retain the authority over its reporting requirements. While it supports FracFocus, it must also develop rules which remain in effect whether or not there is a desirable reporting alternative. If no website meets, or one only partially meets the disclosure needs, the board must continue the direct requirement. The board appreciates Samson's comment about successor websites, and has clarified the rule to recognize that it may accept other sites if they meet the board's disclosure needs.

The board may use its own website to deliver electronic images of information submitted by companies; however, the board staff would not recommend developing a database of chemical disclosure data as was suggested because of the expense in both development and maintenance and the limited value such data represents to the regulatory program. Staff is participating in the ongoing design and management of FracFocus, and is confident the site will continue to grow more useful to the public. Also, see General Response 5.

NEW RULE III (36.22.1016)
COMMENT 3:
In addition to the general comments received about this proposed rule (see "General Comments/Responses"), HESI provided extensive comments about trade secrets and the statutes and case law in Montana. Devon offered clarifying language. While Park County Environmental Council objects to medical personnel being required to execute non-disclosure agreements, MPA, and Western Energy Alliance suggest such agreements be signed by any party receiving trade secret information.

HESI suggested the dependence of New Rule III (ARM 36.22.1016) on 82-11-117, MCA, may be seen to narrow the trade secret definition established in 30-14-402, MCA, and that Montana courts have already adopted the later standard.

RESPONSE 3:
Section 82-11-117, MCA, was adopted several years ago in support of the Underground Injection Control Program and may have limited applicability to hydraulic fracturing. Because 82-11-117, MCA, addresses injection into state waters and the purpose of the proposed hydraulic fracturing regulations is to prevent contamination of state waters, the board agrees that this code cite may be misleading. The rule's exemption for board or staff or third parties working for the board from executing a non-disclosure agreement was inadvertent. The rule has been amended to cite 30-14-402, MCA.

NEW RULE IV (36.22.1106)
COMMENT 4:
Continental Resources (Aman) commented at the hearing that the proposed rule appeared to limit pre-fracturing testing by means other than the pressure test and requiring the casing pressure test be run even if the operator determined the use of a fracturing string was necessary. Newfield interprets New Rule IV(2) (ARM 36.22.1106(2)) as ignoring the contribution of cement to the pressure integrity of the casing. HESI commented that the concept of mechanical integrity in the context of

section 1 of Rule IV is ambiguous. MPA, Western Energy Alliance, and others comment that 15 minute/5 percent pressure loss is too stringent. Northern Plains suggest the casing pressure test should be 110 to 150 percent of the anticipated treating pressure. TAQA expressed concerns that wells can continue to be fracture treated down production casing, if appropriately configured, without the use of a fracturing string. Other commenters expressed concerns regarding the use of remotely controlled valves, and one comment was received about automatic pressure shut-downs on pump trucks as well as the use of pressure relief valves.

RESPONSE 4:
The board does not wish to preclude the operator from running other tests or tools to evaluate the need for a fracturing string, and does not intend the rule preclude the use of properly cemented production casing as the conduit for stimulation treatments. The board agrees that the broad requirement to demonstrate mechanical integrity may be ambiguous, and also generally agrees with the concept of requiring remotely controlled shut-down valves. Since these rules apply statewide, automatic shut-in valves may serve little purpose in those parts of the state with predominately low-pressure and limited deliverability wells. The 15 minute/5 percent loss test was taken from the board's mechanical integrity requirement for injection wells and is more stringent than many other states. The board appreciates that testing casing-tubing-packer mechanical integrity in an injection well that may operate continuously for five years without further testing is different from testing the casing of a well that will see treating pressure for a few hours or days. The purpose of the casing pressure test is to determine if there are leaks in the system being tested. A 30 minute/10 percent loss test is adequate to determine if significant leaks exist. There is risk of weakening the cement-casing bond by testing significantly above the pressure need to determine significant leakage. The board's staff does not support testing production or intermediate casing above the maximum anticipated treating pressure.

NEW RULE V (36.22.1010)
COMMENT 5:
Devon suggests modifying New Rule V (ARM 36.22.1010) to allow a 48-hour notice of activities covered by rule V and allowing work to proceed at the expiration of the 48 hour notice. NPRC suggests requiring a subsequent report of the activities in (2) within 30 days. MPA, Western Energy Alliance, and others suggested increasing the amount of treatment materials that do not require notice in (20 from 5000 gallons to 10,000 gallons.

RESPONSE 5:
The essential difference between the activities covered in New Rule V (ARM 36.22.1010) and those covered under New Rule I (ARM 36.22.608) is that all of the New Rule V (ARM 36.22.1010) actions are performed on existing wells and are not part of a drilling permit. The re-perforating, recompletion, and reworking activities in (1) trigger a review of well spacing/setback requirements that may take more than 48 hours to complete. The staff ordinarily processes these items quickly, but would not

want an operator committed to well work that would result in the well being in violation of other board rules.

The board agrees with MPA that one twin trailer-truck load of material is a reasonable limitation, and with Northern Plains on the issue of requiring a subsequent report. The board has moved the hot oil treatment exemption into the first sentence of section 2, as hot oil treatments customarily involve small volumes oil from the lease being treated, but will require a subsequent report for acid and chemical treatments.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

/s/
MARY SEXTON
Director
Natural Resources and Conservation

/s/
TOMMY BUTLER
Rule Reviewer

Certified to the Secretary of State August 15, 2011.

DRAFT

General Comments

Disclosure

A number of comments support chemical disclosure, "full disclosure" or similar expressions of support for public availability of the composition of fracturing fluids. The Rules as drafted do require all of the components used in hydraulic fracturing, including fluids which are non-hazardous, to be listed. Northern Plains commented that they supported disclosure of all chemicals used in oil and gas drilling, not just those used in the hydraulic fracturing process; however this is beyond the scope of the current ruling making which is specific to hydraulic fracturing and similar treatments of drilled and cased wells. Some comments suggest that the Board should ban hydraulic fracturing or not permit its use altogether. Hundreds of Montana oil and gas wells have been hydraulically fractured over the past sixty years; over 700 modern horizontal oil wells have been fracture stimulated using current techniques without any incident of groundwater contamination either observed by the Board or reported to it by any other regulatory agency in Montana. The practice of hydraulic fracturing allows recovery of oil and gas resources which could not be recovered economically in any other way. To prohibit fracturing as a completion practice is to prohibit drilling; an administrative action the Board has not the authority to perform, and which is not justified based upon Montana experiences with the technique.

Notice and Baseline Water Sampling

Many comments suggest a notice of hydraulic fracturing be given to landowners in advance of the well treatment to allow background water samples to be taken from an area within a specific radius of the well (some comments suggest one mile, two miles and one comment suggested 5 miles); some comments also tie chemical disclosure to back ground samples, indicating knowledge of the fracturing chemicals would be needed to perform the analysis. One comment suggests notice been given one year in advance, others suggest from seven days to 30 to 60 days advance notice, most comments do not specify a time line.

Drilling permits outside of Board delineated fields are only issued after notice has been published in a general circulation newspaper for the county where the land is located and in the Helena paper. There is a 10 day waiting period after this notice before the permit is issued. This notice is in addition to the 20 day (minimum) actual written notice to the surface owner where drilling is proposed. The well site surveyor must also give notice prior to entering the land for well site location and boundary identification. Hydraulic fracturing occurs after a well has been drilled and production casing set and cemented. There would be no particular advantage to delaying the taking of a background water sample until the drilling operation is finished, and the Board believes the mandatory notices, plus the presence of a drilling rig on the site, give an adequate opportunity to sample water sources before any fracturing stimulation might occur.

The Board also considers requiring detailed chemical disclosure prior to performing a fracture stimulation to facilitate background water analysis unlikely to accomplish the result desired. There is no potential for groundwater contamination from hydraulic fracturing if a well has not been hydraulically fractured. Testing water for specific chemicals which have not been used is likely to be both fruitless and prohibitively expensive. The Board does support disclosure of substances used in fracture stimulation after the work has been completed and the actual substances used are known with certainty.

Trade Secrets and Confidential Business Information

Many of the comments asked to Board to not protect proprietary or trade secret components used in fracturing fluid, to require disclosure of all chemicals, and/or to establish a process for the Board to review and approve trade secrets. Several of the comments added that the Board "must have access to this information in case of water well/spring contamination". As to the latter comment New Rule III states in paragraph 2 "If necessary to respond to a spill or release of a trade secret product the owner... must provide to the board ... a list of the chemical constituents contained in a trade secret product." The Board believes New Rule III adequately frames the trade secret issue for spills and other releases of fracturing components. As to the need for full disclosure (including proprietary chemicals) to determine the presence of contamination due to a fracture stimulation process, the Board notes that it is not necessary to analyze a water sample for EVERY chemical in fracturing fluid to determine a possible source of contamination. It would only be necessary to identify one or two constituents that are persistent and not naturally occurring in the groundwater to establish a premise for investigation of fracturing fluids as a potential source of contamination.

Trout Unlimited (and others) comment that the need for public disclosure and the public's right to know far outweighs industry trade secrets. The Board recognizes the concern over proprietary chemicals and techniques and confidential business information; however, the Montana has a Uniform Trade Secrets Act (30-14-401 MCA) that provides for substantial sanctions for misappropriation of intellectual property or trade secrets. Industry must comply with Occupational Safety and Health Agency (OSHA) requirements as well as U.S. EPA's Emergency Planning & Community Right-to-Know Act (EPCRA); both OSHA and EPA recognize trade secrets and have procedures to justify the claim of trade secrets. The Board may, under existing authority, request copies of either the OSHA required Material Safety Data Sheets (MSDS) or a copy of the EPA's trade secret justification form if it questions the validity of a trade secret claim. The Board believes it has insufficient statutory support in current law to re-invent procedures to deal with trade secrets that have already been addressed by current state and federal law. The only clear exception is in responding to spills, discharges, or medical emergencies which the Board believes are adequately addressed in proposed Rule III.

Non-disclosure Agreements

Comments also address the use of non disclosure agreements in proposed Rule III. For example Mark Mackin comments that health information is confidential and protected and he does not see the need for a physician to sign a non-disclosure agreement. Makin further comments that Health officials should be obligated to disclose public health threats implying that proposed Rule III would stop physicians from reporting potential public health problems and that the nature of any toxic, flammable, or explosive chemicals and materials as stored or mixed at or near the surface should be known to emergency services, particularly first responders. Proposed Rule III is only intended to address emergency treatment of individuals exposed to certain chemicals under limited circumstances (likely to be workers in immediate proximity to the worksite) where the Board's regulatory authority may provide a process to expedite appropriate response. The Board asserts no jurisdiction over the process of determining public health risks and does not believe the limited applicability of Rule III impedes the process. The Board also believes that a proper non-disclosure agreement protects both the recipient of protected information as well as the owner of the

information. EPA's EPCRA requirements already include providing chemical inventories to the State Emergency Response Commission (in Montana – Disaster and Emergency Services and MT DEQ), Local Emergency Planning Committees (LEPC) and local fire departments.

FracFocus Website and Data Availability

Several commenters suggest the Board avoid use of a national hydraulic fracturing information website in favor of a site hosted and maintained by the Board and /or state government in general. MEIC and others comment that the Board's website is the central repository and the rules should require operators to submit electronically to the website. The Board's technical staff maintain the Board website; data is received in many formats and the permanent official records are the paper records maintained in Billings and Helena. Those records are open for public inspection and copying. The oil and gas data system captures well information, production filings, Board orders and other key elements of well and regulatory data and makes them available without charge to the public. The staff has recommended the use the FracFocus website, which is unique in the secure gathering of state specific hydraulic fracturing data, putting data in a logical format, and through use of a data template, insuring the data is consistent and timely. Website hosting is transparent to the user, whether the site is hosted in Helena or Billings or elsewhere is immaterial. FracFocus is hosted at a commercial web facility in central Oklahoma with secure virtual servers, back-up software and hardware, and back-up power and communications network; the site is at least as secure and reliable as any state owned site. The Board does not incur any cost in using FracFocus. Additionally, this site is managed by the GWPC and two of the Board's staff are active in GPWC data management projects and have direct influence over the design and use of the system. There would be significant (unbudgeted) cost to design and develop a site as comprehensive as FracFocus solely with Board funding. Staff will continue to work with IOGCC and GWPC to both to improve the data template as well as making fracturing information more user friendly, to make available on the Board's website information from those operators not using FracFocus (or to develop a procedure for the Board staff to submit the data on behalf of less active operators), and to plan for an alternative system if FracFocus does not meet long term needs. One comment suggests use of name location and permit number, however the Board uses the API well number as the unique well identifier and not the sequential permit number. FracFocus allows searches by state, county, operator name, well name, or well API number. The search function works even if the only available data is the name of the state in which a fraced well is located; the other criteria are used to narrow the search results. API well numbers can be found on the Board's Webmapper application, from the on-line data portion of the Board's site, and from the weekly letter posted on the website that lists all new permits.

Other States and Issues

Several comments include discussion of Pennsylvania and New York shale gas issues, Wyoming's Pavilion and Clark area issues and similar issues portrayed in the "Gaslands" movie. Montana has had no incidents of hydraulic fracturing contaminating underground sources of drinking water either discovered by or reported to the Board. Biogenic natural gas, composed almost entirely of methane occurs naturally in coal seams and organic rich shale. Many aquifers in coal country are either composed partially or entirely of coal or are in intimate contact with coal or organic rich coal. The presence of

methane in water is likely in those areas; its presence is generally not associated with natural gas or oil development. There have been allegations of harm from exposure to hydraulic fracturing chemicals, yet there is no state or federal confirmation available to the Board.

Ground water contamination in the Clark, Wyoming area was the result of an underground blowout at a well during drilling operations and was not associated with fracture stimulation technology. The Wyoming Department of Environmental Quality includes the following statement on its website: "There is no evidence that fracking has caused any water quality problems in Wyoming "and "In Pavillion, oil and gas development has been on-going for about 50 years. It should be noted that in both Pavillion and Pinedale, domestic water wells have been drilled into shallow intervals containing natural gas."

Concerns were expressed by some about coal bed methane, and comments were received from the Coal Bed Methane Protection Act Committee. Hydraulic Fracturing of coal seams has proved unnecessary to produce CBM in Montana. Coal seams currently producing in the state have very high natural permeability, which does not need artificial enhancement. The Coal Bed Methane Protection Act Committee suggests the Board include special provisions for chemical disclosure for these seeking compensation under 76-15-902(5); however, the Board is not inclined to make rules for specialized circumstances unlikely to occur, and refers the commentators to the response under "Notice and Baseline Sampling" above.

Some comments suggest the Board consider other state fracturing rules, and the Texas statute recently passed and the possibility of future federal rules. Board staff has met with officials of the Texas Rail Road Commission, Oklahoma Corporation Commission, Michigan Office of Geologic Survey, and the Nebraska Oil and Gas Commission about proposed hydraulic fracturing rules. Montana's proposed Rules and the Texas Statute are currently at least as comprehensive as any other state disclosure approaches. U.S. EPA is conducting a study of hydraulic fracturing and regulatory approaches as are the Bureau of Land Management, and the U.S. Dept Energy. The Board cannot predict the outcome of these efforts nor the timetable for any proposed rulemaking by others. Importantly, the Board cannot predict the regulatory program(s) which the federal government might choose to use to implement any rules it proposes. The Board is proposing rules which it believe adequately address the issues which can be addressed at this point in time.

Additional Hearings and Affected Communities

A number of comments have suggested that the Board hold a hearing in Park or Sweetgrass counties besides the one that was held in Sidney. The Board has a statutory obligation to hold a public hearing in the community likely to be impacted the most by its proposed rules. Since 2007 Richland County has had 260 oil wells completed and hydraulically fractured as part of the well completion process. That averages out to one fracture stimulation job performed every week for the past five years. From 2007 to date, eleven total wells were permitted by the Board in Park County, six of which were dry holes, four others had the permits expire, and the one was completed but does not produce. Seven wells have been permitted in Sweetgrass County; four permits have expired with the wells never drilled, one well was a dry hole, and two wells were completed –one as a shallow gas well in an existing (conventional) gas field and the shale well has never produced. There have been no new drilling permits issued in either county in the last year.

Park and Sweetgrass Counties are well represented in the comments received; the Board has considered all of the comments and does not consider written comments less valuable than those

presented at a hearing. The Board chose to hold a public hearing in Sidney because the Board could predict with certainty that hydraulic fracturing well stimulation would occur regularly and often in the Northeast counties of the state; a prediction it could not make for any other part of the state with the same certainty.

Future Rulemaking

Several comments suggest changes to the proposed rules to cover other subjects related to hydraulic fracturing, but not proposed by the Board. While these issues may have merit for future rules, the Board's current effort is to appropriately regulate the chemical disclosure, well integrity, and operational safety issues related to hydraulic fracturing and to clarify how those activities are permitted.

For example, Bradly Shepard, and Peter Fox suggested the Board review requirements for closed system drilling. While outside the scope of current rulemaking, the Board's current rules do not allow long-term storage of waste fluid in pits, and do require either closed systems or total removal of pit contents in irrigated farmlands, areas of high groundwater and in floodplains. Rep Williams commented on the requiring the source of water used in fracturing be disclosed as well as the entity that might treat the wastewater. The Board has no regulatory authority over water use and the subject of the Board regulating or requiring water sources is beyond the scope of current rulemaking. Since most produced water in the Williston Basin, including flow back water is highly mineralized; virtually all of the water is re-injected through permitted injection wells.

Rep. Williams suggested disclosure of depth and thickness of permeable/water zones under the proposed rules. Current Board rules require the owner or operator to run an electrical, radioactivity, or similar petrophysical log or combination of logs sufficient to determine formation tops from total depth to the base of the surface casing unless waived by the board administrator. "Electric" logs are a permanent part of the Board's well files which are not confidential and are open for public use.

Potential federal rules, EPA regulation of the use of Diesel fuel in frac fluids, bonding requirements, transportation of frac fluids to the well and spill preparedness were mentioned by in several comments. The Board has bond rules that apply to all wells, regardless of type of well completion, in existing rules. Transportation is not under the Board's jurisdiction, and the effect of any federal rulemaking is unknown at this time, and involves a time schedule beyond the Board's ability to predict.

The Board is taking a specific direction with its rules that are unlikely conflict with other jurisdictions; it has chosen to limit the scope of the rules to those necessary to address chemical disclosure, well integrity and safety, and to clarify hydraulic fracturing permitting process.

Rule Specific Comments

New Rule I

A number of comments (Devon, Newfield, MPA, etc.) suggest that some fracturing design data requested as part of the drilling permit is difficult to determine ahead of the job being proposed. Where actual formation parameters are needed to determine the design, the well may need to be drilled, logged, and evaluated before a frac can be designed. The Board and staff understand that stimulation treatments are customized designs and the final design of the treatment may not be known at permitting. The request for basic information at the time a well is permitted is to assist staff's analysis

of impacts anticipated from drilling. Northern Plains suggests that chemical abstract numbers be associated with the pre-frac chemicals. Newfield, MPA and others comment that the anticipated and the maximum treating pressure in Rule I (3) (e) would be difficult to estimate at the permit stage of a well. TAQA comments that there should be casing design requirements for fracture stimulated wells and the maximum treating pressure should not exceed 80% of the maximum casing pressure rating. Trout Unlimited and Park County Environmental Council suggest Rule I(3)(b) be reworded to require the trade name or generic name "of the components or chemicals to be used in the...process." One commenter (Welter) suggested that disclosing procedures and products on the Board's Form 2 should be sufficient and this could be done in a timely manner prior to the fracturing procedure. MEIC, Northern Plains and several others suggest that 24 hours is too short a time frame for the process of modifying the drilling permit to include fracture stimulation. Finally, comments from MPA, Devon, Western Energy and others suggest the requirements in Rule I (e) (i and ii) apply to the entire rule, not just to paragraph (3).

The Board agrees that the apparent specificity required in New Rule I may be problematic. Requiring CAS numbers for components would exacerbate the problem. At the same time, the Board believes certain information about proposed well completion and anticipated stimulation activities must be available to the operator sufficiently ahead of time to request contractor bids, inform partners of anticipated costs and to prepare wellsite locations and ancillary facilities for potential stimulation operations. The Board agrees that the Sundry Notice (Form 2) is the appropriate written notification of a change in plans, including well stimulation requests and agrees that 24 hours, which was originally proposed to allow an opportunity to have a field inspector present during well treatment operations, is too short for processing a written notice. The request for treating pressure and maximum treating pressure data is to review well construction and potential pressure limitations of the design. The Board appreciates TAQA's comment about pressure ratings and XTO's comment about requesting design specifications that provide confidence the well will be properly constructed for hydraulic fracturing stimulation.

During formatting of proposed Rule I, the two sections 3 (e) (i) and (ii) were placed under section (3) but were intended to apply to the entire New Rule I; the Rule will be changed to reflect that operators may file analog fracture designs from previously stimulated wells in the area or pre-filed generic designs, which form the basis for pre-frac design for a particular well. The following is New Rule I with changes discussed above:

<u>NEW RULE I WELL STIMULATION ACTIVITIES COVERED BY DRILLING PERMIT</u> (1) Well completions which include hydraulic fracturing, acidizing, or other chemical stimulation done to complete a well are considered permitted activities under the drilling permit for that well only if the processes, anticipated volumes, and types of materials planned for use are expressly described in the permit application for that well.

(2) For wildcat or exploratory wells or when the operator is unable to determine that hydraulic fracturing, acidizing, or other chemical treatment will be done to complete the well, the operator must <u>submit a notice of intent to stimulate or chemically treat a well on Form No.2</u> ~~of such activities from the board's staff at any time~~ prior to commencing such activities provided that:

(a) the written information describing the fracturing, acidizing, or other chemical treatment must be provided to the board's staff at least ~~24~~ <u>48</u> hours before commencement of well stimulation activities.

(3) For the purpose of this section, an adequate description of the proposed well stimulation includes:

(a) the estimated total volume of treatment to be used;

(b) the trade name or generic name of the principle components or chemicals;

(c) the estimated amount or volume of the principle components such as viscosifiers, acids, or gelling agents;

(d) the estimated weight or volume of inert substances such as proppants and other substances injected to aid in well cleanup, either for each stage of a multistage job or for the total job; and

(e) the ~~anticipated surface treating pressure and the~~ maximum anticipated treating pressure or a written description of the well construction specifications which demonstrate that the well is appropriately constructed for the proposed fracture stimulation .

(4) In lieu of a well specific design, t~~T~~he owner, operator, or service company may provide:

(i) a copy of a final design of well treatment actually used for similar wells and which reflects the likely design for the well to be permitted; or

(ii) a pre-filed generic design submitted for specific geologic formations, geographic areas, or well types likely to be used in a particular well.

New Rule II

Comments were received from MPA, Halliburton Energy Services, Inc.(HESI), Devon, Samson, Newfield and others regarding the language in proposed New Rule II which appears to require additive level disclosure, but requires the Chemical Abstract Number (CAS) which is only appropriate at the component level. MPA and Newfield suggest dropping the requirement for CAS numbers and require disclosure at the additive level. Devon and Samson suggest retaining CAS numbers and clarifying the substances they refer to (the chemical components of the additives). HESI suggest retaining CAS number but requiring disclosure of those constituents listed on an additive product Material Safety Data Sheet (MSDS). HESI's correctly interprets the proposed rule as requiring disclosure of all chemicals, including non-hazardous ingredients. However, the Board and staff believe the Board has an obligation under existing law to know the composition of all materials injected to enhance the recovery of oil or natural gas, including non-hazardous substances.

Comments also address use of the FracFocus.org website and suggest the Rule require the Board Administrator to waive reporting to the Board if the FracFocus.org site (or a successor site) is used. The Board believes it must retain the authority over its reporting requirements. While it supports FracFocus, it must also develop rules which remain in effect whether or not there is a desirable reporting alternative; if no site meets or only partially meets, the disclosure needs, the Board must continue the direct requirement. The Board appreciates Samson's comment about successor websites, and has clarified the rule to recognize the Board may accept other sites if they meet the Board's disclosure needs.

Other comments suggest that he Board not use FracFocus.org, but use its own site. The Board may use its own site to deliver electronic images of information submitted by companies; however, the Board staff would not recommend developing a database of chemical disclosure data as was suggested

because of the expense in both development and maintenance and the limited value such data represents to the regulatory program. Staff is participating in the ongoing design and management of FracFocus, and is confident the site will continue to grow more useful to the public.

The following is New Rule II with changes discussed above:

NEW RULE II DISCLOSURE OF WELL STIMULATION FLUIDS

(1) The owner or operator of a well shall, upon completion of the well, provide the board, on its Form No. 4 for a new well or Form No. 2 for an existing well:

(a) a description of the interval(s) or formation treated;

(b) the type of treatment pumped (acid, chemical, fracture stimulation); and

(c) the amount and type(s) of material pumped and the rates and maximum pressure during treatment.

(2) For hydraulic fracturing treatments the description of the amount and type of material used must include:

(a) a description of the stimulation fluid identified by additive type (e.g. acid, biocide, breaker, brine, corrosion inhibitor, crosslinker, demulsifier, friction reducer, gel, iron control, oxygen scavenger, pH adjusting agent, proppant, scale inhibitor, surfactant); and

(b) the chemical ~~compound~~ ingredient name and the Chemical Abstracts Service (CAS) Registry number, as published by the Chemical Abstracts Service, a division of the American Chemical Society (www.cas.org), for each ~~constituent~~ ingredient of the additive used. The rate or concentration for each additive shall be provided in appropriate measurement units (pounds per gallon, gallons per thousand gallons, percent by weight or percent by volume, or parts per million).

(3) To comply with the requirements of this section, ~~The~~ the owner or operator may submit:

(a) the service contractor's job log~~,~~;

(b) the service company's final treatment report (without any cost/pricing data)~~,~~;

(c) ~~or~~ an owner or operator's ~~representative's~~ well treatment job log; or

(d) other report providing the above required information.

(4) The administrator may waive all or a portion of the requirements in subsections (2) or (3) of this rule if:

(a) the owner or operator demonstrates that it has ~~provided~~ posted the required information to the Interstate Oil and Gas Compact Commission/Groundwater Protection Council hydraulic fracturing web site (FracFocus.org); or

(b) a successor website to FracFocus.org or other publicly assessable Internet information repositories that ~~can be accessed by the public~~the Board may choose to accept.

AUTH: 82-11-111, MCA
IMP: 82-11-111, MCA

New Rule III

In addition to the general comments received about this proposed rule (responses included under "General Comments") , HESI provided extensive comments about trade secrets and the statutes and case law in Montana. Devon offers clarifying language. While Park County Environmental Council

objects to medical personnel being required to execute non-disclosure agreements, MPA and Western Energy Alliance suggest such agreements be signed by any party receiving trade secret information.

HESI suggests Rule III's dependence on 82-11-117 (MCA) may be seen to narrow the trade secret definition established in 30-14-402 (MCA) and that Montana courts have already adopted the later standard. The code section 82-11-117 (MCA) was adopted several years ago in support of the Underground Injection Control Program and may have limited applicability to hydraulic fracturing. Because 82-11-117 (MCA) addresses injection into state waters and the purpose of the proposed hydraulic fracturing regulations is to prevent contamination of state waters, the Board agrees that this code cite may be misleading. The proposed rule's exemption for board or staff or third parties working for the board from executing a non-disclosure agreement was inadvertent. The following is New Rule III with changes discussed above:

NEW RULE III PROPRIETARY CHEMICALS AND TRADE SECRETS

(1) As provided in ~~82-11-117~~30-14-402, MCA, where the ~~use~~ formula, pattern, compilation, program, device, method, technique, process, or composition of a chemical product is unique to the owner or operator or service contractor and would, if disclosed, reveal methods or processes entitled to protection as trade secrets such a chemical need not be disclosed to the board or staff. The owner, operator, or service contractor may identify the trade secret chemical or product by trade name, inventory name, chemical family name, or other unique name and the quantity of such constituent(s) used.

(2) If necessary to respond to a spill or release of a trade secret product the owner, operator, or service contractor must provide to the board or staff, upon request, a list of the chemical constituents contained in a trade secret product. The administrator may request information be provided orally or be provided directly to a laboratory or other third party performing analysis for the board. Board members, board staff and any third parties receiving trade secret information on behalf of the board may be required to execute a nondisclosure agreement.

(3) The owner, operator, or service contractor must also provide the chemical constituents of a trade secret product to a health professional who provides a written statement that knowledge of the chemical constituents of such product is needed for purposes of diagnosis or treatment of an individual and the individual being diagnosed or treated may have been exposed to the chemical concerned. The health professional may not use the information for purposes other than the health needs asserted in the statement of need, and may be required to execute a nondisclosure agreement.

(4) Where a health professional determines that a medical emergency exists and the chemical constituents of a trade secret product are necessary for emergency treatment, the owner, operator, or service contractor shall immediately disclose the chemical constituents of a product to that health professional upon a verbal acknowledgement by the health professional that such information shall not be used for purposes other than the health needs asserted and that the health professional shall otherwise maintain the information as confidential. The owner or operator or service contractor may request a written statement of need, and a confidentiality agreement from a health professional as soon as circumstances permit.

AUTH: 82-11-111, MCA
IMP: 82-11-111, MCA

New Rule IV

Continental Resources (Aman) commented at the hearing that the proposed rule appeared to limit pre-frac testing by means other than the pressure test and requiring the casing pressure test be run even if the operator determined the use of a frac string was necessary. Newfield interprets paragraph 2 as ignoring the contribution of cement to the pressure integrity of the casing. HESI comments that the concept of mechanical integrity in the context of section 1 of Rule IV is ambiguous. MPA, Western Energy Alliance, and others comment that 15 minute/5% pressure loss is too stringent. Northern Plains suggest the casing pressure test should be 110 to 150% of the anticipated treating pressure. TAQA is concerned that wells can continue to be fracture treated down production casing, if appropriately configured, without the use of a frac string. Oral comments received at the hearing and in some written comments concern use of remotely controlled valves and one comment was received about automatic pressure shut-downs on pump trucks as well as the use of pressure relief valves.

The Board does not wish to preclude the operator from running other tests or tools to evaluate the need for a frac string, and does not intend the rule preclude the use of properly cemented production casing as the conduit for stimulation treatments. The Board agrees that the broad requirement to demonstrate mechanical integrity may be ambiguous and also generally agrees with the concept of requiring remotely controlled shut-down valves. Since these rules apply statewide, automatic shut-in valves may serve little purpose in those parts of the state with predominately low-pressure and limited deliverability wells. The 15 minute/5% loss test was taken from the Board's mechanical integrity requirement for injection wells and is more stringent than many other states. The Board appreciates that testing casing-tubing-packer mechanical integrity in an injection well that may operate continuously for 5 years without further testing is different from testing the casing of a well that will see treating pressure for a few hours or days. The purpose of the casing pressure test is to determine if there are leaks in the system being tested. A 30minte/10% loss test is adequate to determine if significant leaks exist. There is risk of weakening the cement-casing bond by testing significantly above the pressure needed to determine significant leakage. The Board's staff does not support testing production or intermediate casing above the maximum anticipated treating pressure.

The following is New Rule IV with changes discussed above:

NEW RULE IV SAFETY AND WELL CONTROL REQUIREMENTS – HYDRAULIC FRACTURING (1) New and existing wells which will be stimulated by hydraulic fracturing must demonstrate suitable and safe mechanical ~~integrity~~configuration for the stimulation treatment proposed.

(2) Prior to initiation of fracture stimulation the operator must evaluate the well. If the operator proposes hydraulic fracturing through production casing or through intermediate casing, the casing must be tested to the maximum anticipated treating pressure ~~in the unsupported (uncemented) portion of the casing exposed to treating pressure~~. If the casing fails the pressure test it must be repaired or the operator must use a temporary casing string (fracturing string).

(a) If the operator proposes hydraulic fracturing though a ~~A~~ fracturing string, it must be stung into a liner or run on a packer set not less than 100 feet below the cement top of the production or intermediate casing and must be tested to not less than maximum anticipated treating pressure minus the annulus pressure applied between the fracturing string and the production or immediate casing.

(3) A casing pressure test will be considered successful if the pressure applied has been held for ~~15~~ 30minutes with no more than ~~five~~ ten percent pressure loss.

(4) A pressure relief valve(s) must be installed on the treating lines between pumps and wellhead to limit the line pressure to the test pressure determined above; the well must be equipped

with a remotely controlled shut-in device unless waived by the board administrator should the factual situation warrant .

(5) The surface casing valve must remain open while hydraulic fracturing operations are in progress; the annular space between the fracturing string and the intermediate or production casing must be monitored and may be pressurized to a pressure not to exceed the pressure rating of the lowest rated component that would be exposed to pressure should the fracturing string fail.

AUTH: 82-11-111, MCA
IMP: 82-11-111, MCA

New Rule V

Devon suggests modifying Rule V to allow a 48 hour notice of activities covered by rule V and allowing work to proceed at the expiration of the 48 hour notice. Northern Plains suggests requiring a subsequent report of the activities in section 2 of the rule within 30 days. MPA, Western and others suggest increasing the amount of treatment materials that do not require notice in section 2 from 5,000 gallons to 10,000 gallons.

The essential difference between the activities covered in Rule V and those covered under Rule I is that all of the Rule V actions are performed on existing wells and are not part of a drilling permit. The re-perforating, recompletion, and reworking activities in section 1 of Rule V trigger a review of well spacing/setback requirements that may take more than 48 hours to complete; the staff ordinarily processes these items quickly, but would not want an operator committed to well work that would result in the well being in violation of other Board rules.

The Board agrees with MPA that one twin trailer-truck load of material is a reasonable limitation, and with Northern Plains on the issue of requiring a subsequent report. The Board has moved the hot oil treatment exemption into the first sentence of section 2, as hot oil treatments customarily involve small volumes oil from the lease being treated, but will require a subsequent report for acid and chemical treatments. The following is New Rule III with changes discussed above:
NEW RULE V WORK-OVER, RECOMPLETION, WELL STIMULATION – NOTICE AND APPROVAL (1) No well may be reperforated, recompleted, reworked, chemically stimulated, or hydraulically fractured without first notifying the board on Form No. 2 and receiving approval from the administrator or other authorized representative of the board. Within 30 days following completion of the well work, a subsequent report of the actual work performed must be submitted on Form No. 2.

(2) Well repairs, including tubing, pump, sucker rod replacement or repair, repairs and reconfiguration of well equipment which do not substantially change the mechanical configuration of the well bore or casing and hot oil treatments, do not require prior approval or a subsequent report. Acid and chemical treatments of less than ~~5000 gallons~~10,000 gallons, ~~hot oil treatments,~~ and similar treatments intended to clean perforations, remove scale or paraffin, or remedy near-well bore damage do not require prior approval but do require a subsequent report of the actual work performed submitted on Form No. 2 within 30 days following completion of the work.

AUTH: 82-11-111, MCA
IMP: 82-11-111, MCA

EXHIBIT 4

BENSUN ENERGY

June 28, 2011

To: Montana Board of Oil and Gas

Subject: Appeal $5000 fine BN Lease to show cause
Location: Section 11, T9N, R58E Fallon County, MT

Bensun Energy has been diligently progressing to develop lease infrastructure on subject lands and is appealing the decision to fine Bensun Energy for lack of progress to show cause. To the contrary Bensun Energy has spend over $100,000 and continues to take action with MTBOG compliance. This project is not just a quick get a rig on the well and show it is producing. A great deal of work is needed to install infrastructure to put lease on line.

The BN wells were tied into a central tank battery that was separated and sold to Newfield in 2000. Since the central battery was sold to Newfield there was no tank battery facilities, pipeline or equipment that Bensun Energy could utilize and would have to start from scratch. The BN well sites are in a low lying area and it was necessary to construct a new tank battery so to allow better access to facilities. This location will also reduce future truck traffic and impact on lands.

Since the last December MTOG meeting new flow lines were installed to include ditching and laying pipeline to this location next to county road at a cost of $50,000. A pumping unit was purchased and installed on the BN 11-11 at a cost of $40,000. Production tanks, treater and walkway was purchased and is awaiting installation at a cost of $45,000. We are currently awaiting relief from wet weather conditions to finish construction and complete plumbing for facility. We have continued to be plagued with a rainy season. Once all surface conditions are reasonably dry we have plans to remediate dirt work and seed surface areas. With infrastructure in place, then workover to the wells can begin.

Some Members of the board have continued to comment that Bensun Energy is being associated with the Carvers and their compliance history. There is no connection, partnership or other history that should be associated here. In these public meetings the mention of this degrading correlation has continued to bring negative comment towards Bensun Energy. Bensun Energy wants to be seen as its own entity, not compared to or associated with the Carver experience. Please review pictures of work being done.

Respectfully yours,

Lance Benson & Frank Baxter

BENSUNENERGY.COM P.O. BOX 415 SIDNEY, MT 59270 CONTACT: 406-480-1344/406-488-2688FX

NABORS
WELL SERVICES CO.

August 9, 2011

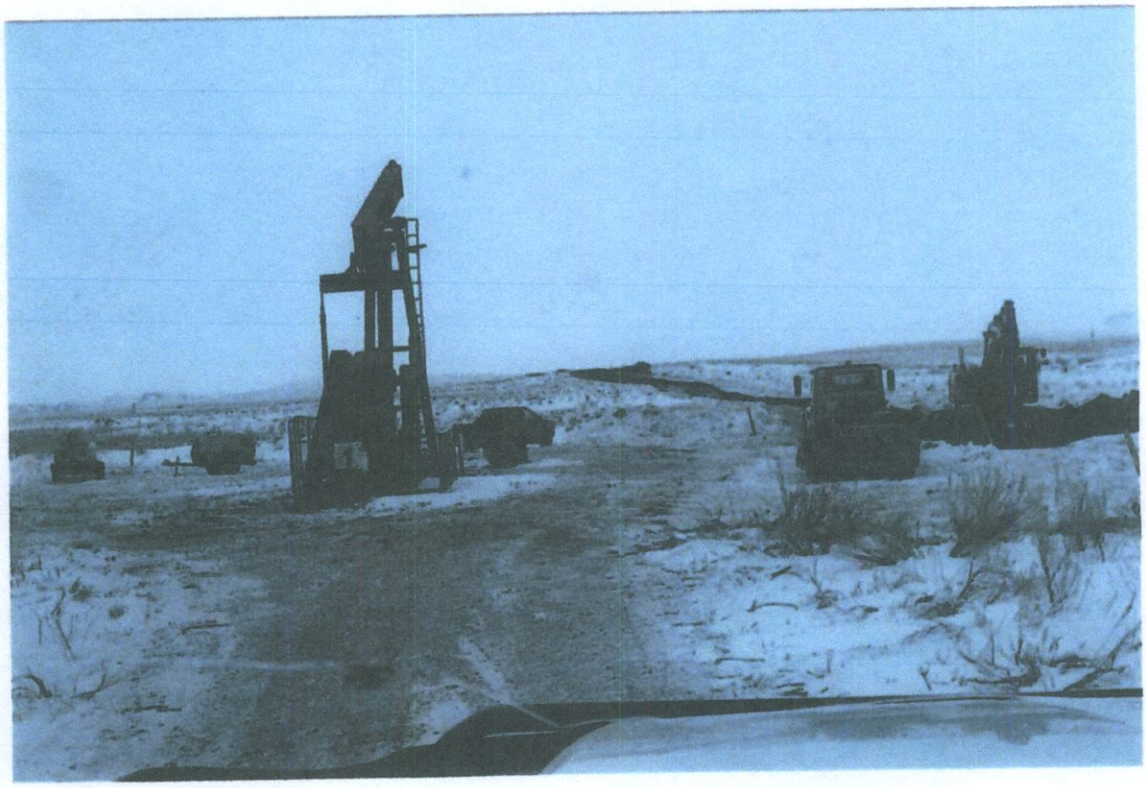
To: Montana Board Of Oil and Gas,

Bensun Energy has been on Nabors Well Services waiting list since May 2011 awaiting workover rig services on the BN wells in Fallon County, MT. Due to the late spring weather and amount of contracted work, Nabors Well Service has not had a rig available. We have been in regular contact with Bensun Energy and look forward to getting to their work when a rig has been released from current jobs.

Regards,

Brad Hjelm
Business Development Manager
Billings, Montana

Jan. 2011

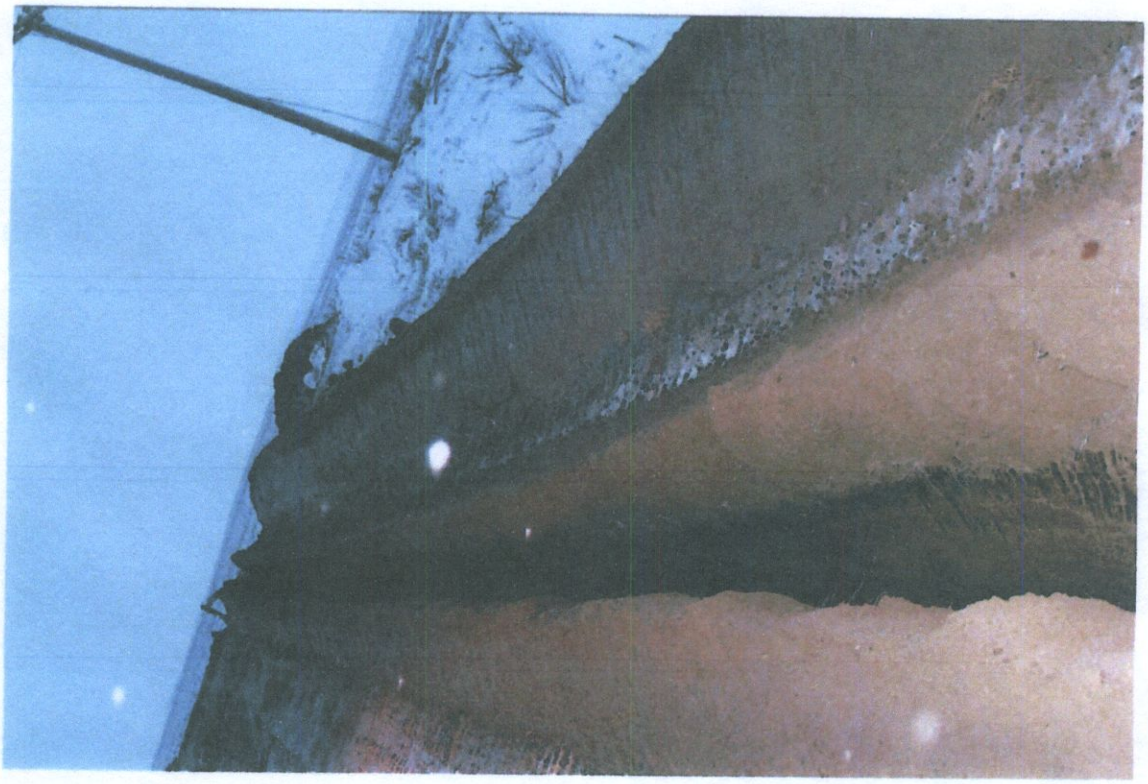


Installing flow line BN 11-11

Jan. 2011

Installing flow line BN 12-11

Jan. 2011



Flow line To Tank battery from BN11-11
Installed in January, 2011. Below zero when done

Reels of flow line at BN11-11

BN11-11 June 12, 2011
Everything under water

Tractor stuck trying to cover Slough.

BN12-11

wet & muddy conditions have hampered progress

July 2, 2011

BN11-11 Persistant rain has made progress very slow. Marshy conditions throughout area.

July 2, 2011

Installing line to BN11-11 from flow line

BN 11-11

Connected to flow line to well Head.

July, 2, 2011

BN11-11 July 2, 2011

Anchors completely underwater

EXHIBIT 5

Montana Board of Oil and Gas Conservation
Summary of Bond Activity

6/15/2011 Through 8/10/2011

Approved

Anschutz Exploration Corporation Denver CO		223 M3	Approved Amount: Purpose:	8/4/2011 $50,000.00 Multiple Well Bond
Surety Bond	$50,000.00	TRAVELERS CASUALTY & SURETY CO. OF AMERICA		
McPhillips, Bernice Shelby MT		12306 G1	Approved Amount: Purpose:	7/27/2011 $1,500.00 Single Well Bond
Certificate of Deposit	$1,500.00	FIRST STATE BANK OF SHELBY		
Plain Energy USA, LLC Calgary AB		656 M1	Approved Amount: Purpose:	7/25/2011 $50,000.00 Multiple Well Bond
Surety Bond	$50,000.00	RLI INSURANCE COMPANY		
Wind River Hydrocarbons, Inc. Englewood CO		682 G1	Approved Amount: Purpose:	8/9/2011 $10,000.00 Single Well Bond
Certificate of Deposit	$10,000.00	Wells Fargo Bank, NA		

Released

100805 Exploration USA, Inc. Calgary, Alberta		486 M1	Released Amount: Purpose:	6/20/2011 $50,000.00 Multiple Well Bond
Certificate of Deposit	$50,000.00	FIRST STATE BANK OF SHELBY		
Anschutz Exploration Corporation Denver CO		223 M2	Released Amount: Purpose:	8/4/2011 $50,000.00 Multiple Well Bond
Surety Bond	$50,000.00	Liberty Mutual Insurance Company		
Halek Operating MT LLC Billings MT		646 G1	Released Amount: Purpose:	6/20/2011 $10,000.00 Single Well Bond
Certificate of Deposit	$10,000.00	Yellowstone Bank		
Longshot Oil, LLC Spokane WA		590 G7	Released Amount: Purpose:	8/8/2011 $1,500.00 Single Well Bond
Certificate of Deposit	$1,500.00	Yellowstone Bank		
Longshot Oil, LLC Spokane WA		590 G6	Released Amount: Purpose:	8/8/2011 $1,500.00 Single Well Bond
Certificate of Deposit	$1,500.00	Yellowstone Bank		
Longshot Oil, LLC Spokane WA		590 G5	Released Amount: Purpose:	8/8/2011 $1,500.00 Single Well Bond
Certificate of Deposit	$1,500.00	Yellowstone Bank		

Montana Board of Oil and Gas Conservation
Summary of Bond Activity

6/15/2011 Through 8/10/2011

Released

Longshot Oil, LLC Spokane WA		590 G4	Released Amount: Purpose:	8/8/2011 $10,000.00 Single Well Bond
Certificate of Deposit	$10,000.00	Yellowstone Bank		
Longshot Oil, LLC Spokane WA		590 G3	Released Amount: Purpose:	8/8/2011 $10,000.00 Single Well Bond
Certificate of Deposit	$10,000.00	Yellowstone Bank		
Longshot Oil, LLC Spokane WA		590 G2	Released Amount: Purpose:	8/8/2011 $1,500.00 Single Well Bond
Certificate of Deposit	$1,500.00	Yellowstone Bank		
Longshot Oil, LLC Spokane WA		590 G1	Released Amount: Purpose:	8/8/2011 $1,500.00 Single Well Bond
Certificate of Deposit	$1,500.00	Yellowstone Bank		
North American Exploration LLC Denver CO		576 G1	Released Amount: Purpose:	7/8/2011 $10,000.00 Single Well Bond
Certificate of Deposit	$10,000.00	Independence Bank		

8/11/2011 DOCKET LIST

DocketC	Applicant	Status	Request
225-2011	TAQA North USA, Inc.	Continued	Spacing
226-2011	TAQA North USA, Inc.	Default	Class II Permit
227-2011	TAQA North USA, Inc.	Default	Class II Permit
228-2011	Landtech Enterprises, LLC	Default	Class II Permit
229-2011	Anadarko Minerals, Inc.		Temp. Spacing
230-2011	Anadarko Minerals, Inc.		Temp. Spacing
231-2011	Anadarko Minerals, Inc.		Well Density
232-2011	Brigham Oil & Gas LP		Temp. Spacing
233-2011	Brigham Oil & Gas LP		Temp. Spacing
234-2011	Brigham Oil & Gas LP		Temp. Spacing
235-2011	Brigham Oil & Gas LP		Spacing Amendment
236-2011	Brigham Oil & Gas LP		Spacing Amendment
237-2011	Brigham Oil & Gas LP		Spacing Amendment
238-2011	Brigham Oil & Gas LP		Spacing
239-2011	Brigham Oil & Gas LP		Spacing
240-2011	Brigham Oil & Gas LP	Continued	Pooling
241-2011	Brigham Oil & Gas LP		Pooling
242-2011	Brigham Oil & Gas LP	Continued	Pooling
243-2011	Whiting Oil and Gas Corporation	Default	Temp. Spacing
244-2011	Whiting Oil and Gas Corporation	Default	Temp. Spacing
245-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
246-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
247-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
248-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
249-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
250-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
251-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
252-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
253-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
254-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
255-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
256-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
257-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
258-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
259-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
260-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
261-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
262-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
263-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
264-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
265-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
266-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
267-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
268-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment

DocketC	Applicant	Status	Request
269-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
270-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
271-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
272-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
273-2011	Whiting Oil and Gas Corporation	Default	Spacing Amendment
274-2011	XTO Energy Inc.		Spacing
275-2011	XTO Energy Inc.		Pooling
276-2011	Fidelity Exploration & Production Co.		Delineation
277-2011	EOG Resources, Inc.		Spacing Amendment
278-2011	EOG Resources, Inc.		Spacing Amendment
279-2011	EOG Resources, Inc.		Spacing
280-2011	Oasis Petroleum, Inc.	Continued	Spacing Amendment
281-2011	Oasis Petroleum, Inc.	Continued	Spacing Amendment
282-2011	Oasis Petroleum, Inc.		Spacing Amendment
283-2011	Oasis Petroleum, Inc.		Temp. Spacing
284-2011	Oasis Petroleum, Inc.		Temp. Spacing
285-2011	Oasis Petroleum, Inc.		Spacing
286-2011	Oasis Petroleum, Inc.		Spacing
287-2011	Oasis Petroleum, Inc.		Temp. Spacing
288-2011	Oasis Petroleum, Inc.		Spacing Amendment
289-2011	Oasis Petroleum, Inc.	Continued	Spacing
290-2011	Oasis Petroleum, Inc.	Continued	Pooling
291-2011	Anschutz Exploration Corporation	Continued	Delineation
292-2011	Anschutz Exploration Corporation	Withdrawn	Temp. Spacing
293-2011	Mountain View Energy, Inc.	Withdrawn	Temp. Spacing
294-2011	Mountain View Energy, Inc.	Withdrawn	Temp. Spacing
295-2011	Mountain View Energy, Inc.	Default	Temp. Spacing
296-2011	Mountain View Energy, Inc.	Continued	Temp. Spacing
297-2011	Mountain View Energy, Inc.	Default	Temp. Spacing
298-2011	Mountain View Energy, Inc.	Default	Class II Permit
299-2011	Central Montana Resources, LLC	Continued	Spacing
300-2011	G3 Operating, LLC		Well Density
301-2011	G3 Operating, LLC		Well Density
302-2011	G3 Operating, LLC		Well Density
303-2011	Shadwell Resources, Inc.	Default	Class II Permit
304-2011	Shadwell Resources, LLC	Default	Class II Permit
305-2011	Northern Oil Production, Inc.	Default	Class II Permit
306-2011	Northern Oil Production, Inc.	Default	Class II Permit
314-2010	Slawson Exploration Company Inc	Continued	Temp. Spacing
5-2011	Slawson Exploration Company Inc	Continued	Spacing
6-2011	Slawson Exploration Company Inc	Continued	Pooling
7-2011	Slawson Exploration Company Inc		Spacing
8-2011	Slawson Exploration Company Inc		Pooling
9-2011	Slawson Exploration Company Inc		Spacing
10-2011	Slawson Exploration Company Inc		Pooling

DocketC	Applicant	Status	Request
11-2011	Slawson Exploration Company Inc	Continued	Spacing
63-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
64-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
65-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
67-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
68-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
69-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
70-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
72-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
73-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
74-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
77-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
78-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
79-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
80-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
81-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
82-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
83-2011	Brigham Oil & Gas LP	Continued	Temp. Spacing
88-2011	Brigham Oil & Gas LP	Continued	Well Density
117-2011	Enerplus Resources USA Corporation	Withdrawn	Class II Permit
118-2011	Enerplus Resources USA Corporation	Withdrawn	Class II Permit
137-2011	Oasis Petroleum, Inc.	Withdrawn	Temp. Spacing
138-2011	Oasis Petroleum, Inc.	Withdrawn	Temp. Spacing
141-2011	Oasis Petroleum, Inc.		Spacing
155-2011	Abraxas Petroleum Corporation	Continued	Temp. Spacing
156-2011	Abraxas Petroleum Corporation	Continued	Temp. Spacing
157-2011	Abraxas Petroleum Corporation	Continued	Temp. Spacing
182-2011	Newfield RMI LLC	Continued	Spacing
224-2011	SBG Disposal LLC	Default	Class II Permit
172-2010	North American Technical Trading Company, Inc.		Show-Cause
239-2010	Bensun Energy, LLC		Show-Cause
240-2010	Mountain Pacific General Inc.		Show-Cause
165-2011	Zimmerman, Brent		Show-Cause
307-2011	MSC Exploration LP		Show-Cause
308-2011	McOil Montana One LLC	Dismissed	Show-Cause
309-2011	Southside Oil & Gas Ltd.		Show-Cause
310-2011	Hofland, James D.	Dismissed	Show-Cause
311-2011	J H Oil Company (James Hofland)	Dismissed	Show-Cause

EXHIBIT 7

Docket Summary

8/11/2011 Hearing

225-2011	TAQA North USA, Inc.	Permanent spacing unit, Bakken Formation, 37N-57E-12: all (Ward 12-5H).	**Continued**	*Continued, fax recd 8/1/2011*	☐
226-2011	TAQA North USA, Inc.	Class II saltwater disposal permit, Dakota Formation, Negaard #3 (API #091-21162), 37N-57E-22: 130' FNL/ 1833' FEL (NW/4NE/4).	**Default**		☐
227-2011	TAQA North USA, Inc.	Class II EOR permit, Ratcliffe zone, Negaard #5 (API #091-21798), 37N-57E-22: 1980' FNL/1980' FEL (SW/4NE/4).	**Default**		☐
228-2011	Landtech Enterprises, LLC	Class II saltwater disposal permit, Dakota Formation, Romo 2 SWD to be drilled in 28N-58E-26: 2234' FSL/246' FWL (NE/4SW/4).	**Default**		☐
229-2011	Anadarko Minerals, Inc.	Temporary spacing unit, Nisku, Dakota, Piper, Mission Canyon, Lodgepole, Bakken, Three Forks, Duperow Formations, 30N-45E-16: W/2, 330' setback. Apply for permanent spacing within 90 days of completion. Default request.		*?? no proposed locations provided - locations could be legal under statewide rules;* *- 330' setback requested - will hear.*	☑
230-2011	Anadarko Minerals, Inc.	Temporary spacing unit, Nisku, Dakota, Piper, Mission Canyon, Lodgepole, Bakken, Three Forks, Duperow Formations, 30N-45E-16: E/2, 330' setback. Apply for permanent spacing within 90 days of completion. Default request.		*?? no proposed locations provided - locations could be legal under statewide rules;* *- 330' setback requested - will hear.*	☑
231-2011	Anadarko Minerals, Inc.	Exception to recomplete the Dahl 1-16 well in the Nisku Formation as an additional producing well in the spacing unit comprised of 30N-45E-16: N/2. Default request.		*Will hear; locations of wells in Dockets 229 & 230-2011 could change necessary order.*	☐
232-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 25N-58E-15: all, 22: all, 1320' lateral, 200' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.		*200' heel/toe setback requested.*	☑
233-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 25N-59E-25: all, 26: all, 35: all, 36: all, 1320' lateral, 200' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.		*200' heel/toe setback requested.*	☑
234-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 26N-59E-35: all, 36: all and 25N-59E-1: all, 2: all, 1320' lateral, 200' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.		*Duplicate of Docket 70-2011. 200' toe/heel setback requested.* *- Order 007-2006, TSU Sections 35 and 2;* *- Order 138-2010, TSU Sections 1 and 12;* *- Order 172-2010, TSU Sections 13 and 24 (partial Section 12 orphaned if 172-2010 not vacated).*	☑
235-2011 13-2011 F	Brigham Oil & Gas LP	Amend Order 34-2011 to allow 1320' lateral, 200' heel/toe setback, 28N-57E-22: all, 27: all. Default request.		*200' toe/heel setback requested.* *1320/660' setbacks in original order.*	☑
236-2011	Brigham Oil & Gas LP	Amend Order 179-2010 to allow 1320' lateral, 200' heel/toe setback, 28N-57E-29: all, 32: all. Default request.		*200' toe/heel setback requested.* *660' setback only in original order.*	☑

237-2011	Brigham Oil & Gas LP	Amend Order 66-2011 to allow 1320' lateral, 200' heel/toe setback, 25N-59E-11: all, 14: all. Default request.		*?? Permanent spacing unit by Order 338-2007; ?? Order 66-2011 authorized an additional well with 660' setback - no temporary spacing in that order.*	☑
238-2011	Brigham Oil & Gas LP	Permanent spacing unit, Bakken Formation, 28N-57E-8: all, 17: all (Gobbs 17-8 #1-H).			☐
239-2011	Brigham Oil & Gas LP	Permanent spacing unit, Bakken Formation, 28N-57E-10: all, 15: all (Charley 15-10 #1-H).			☐
240-2011	Brigham Oil & Gas LP	Pool, Bakken Formation, permanent spacing unit, 28N-57E-8: all, 17: all (Gobbs 17-8 #1-H). Non-joinder penalties requested.	**Continued**	*Permanent spacing requested under Docket 238-2011* *Request to continue, email of 8/9/2011*	☐
241-2011	Brigham Oil & Gas LP	Pool, Bakken Formation, permanent spacing unit, 28N-57E-10: all, 15: all (Charley 15-10 #1-H). Non-joinder penalties requested.		*Permanent spacing requested under Docket 239-2011*	☐
242-2011	Brigham Oil & Gas LP	Pool, Bakken Formation, permanent spacing unit, 26N-59E-19: all, 30: all (Johnson 30-19 #1H). Non-joinder penalties requested.	**Continued**	*Permanent spacing by Order 65-2011.* *Continued, email recd 8/8/2011.*	☐
243-2011 24-2011 F	Whiting Oil and Gas Corporation	Temporary spacing unit, Bakken/Three Forks Formation, 29N-54E-27: all, 34: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Default**		☐
244-2011 25-2011 F	Whiting Oil and Gas Corporation	Temporary spacing unit, Bakken/Three Forks Formation, 29N-54E-28: all, 33: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Default**		☐
245-2011	Whiting Oil and Gas Corporation	Amend Order 68-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-54E-25: all, 36: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
246-2011	Whiting Oil and Gas Corporation	Amend Order 69-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-54E-26: all, 35: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
247-2011	Whiting Oil and Gas Corporation	Amend Order 7-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-55E-5: all, 8: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
248-2011	Whiting Oil and Gas Corporation	Amend Order 8-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-55E-17: all, 20: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
249-2011	Whiting Oil and Gas Corporation	Amend Order 70-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-55E-18: all, 19: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐

250-2011	Whiting Oil and Gas Corporation	Amend Order 9-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-55E-26: all, 35: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
251-2011	Whiting Oil and Gas Corporation	Amend Order 10-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-55E-29: all, 32: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
252-2011	Whiting Oil and Gas Corporation	Amend Order 71-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-55E-30: all, 31: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
253-2011	Whiting Oil and Gas Corporation	Amend Order 11-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-56E-5: all, 8: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
254-2011	Whiting Oil and Gas Corporation	Amend Order 72-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-56E-6: all, 7: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
255-2011	Whiting Oil and Gas Corporation	Amend Order 257-2010 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-56E-30: all, 31: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
256-2011	Whiting Oil and Gas Corporation	Amend Order 258-2010 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 29N-57E-2: all, 11: all. Default request.	**Default**	*660' setbacks only in original order.*	☐
257-2011	Whiting Oil and Gas Corporation	Amend Order 73-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-1: all, 12: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
258-2011	Whiting Oil and Gas Corporation	Amend Order 74-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-2: all, 11: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
259-2011	Whiting Oil and Gas Corporation	Amend Order 75-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-3: all, 10: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
260-2011	Whiting Oil and Gas Corporation	Amend Order 76-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-4: all, 9: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
261-2011	Whiting Oil and Gas Corporation	Amend Order 259-2010 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-13: all, 24: all. Default request.	**Default**	*660' setbacks only in original order.*	☐
262-2011	Whiting Oil and Gas Corporation	Amend Order 12-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-14: all, 23: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
263-2011	Whiting Oil and Gas Corporation	Amend Order 77-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-16: all, 21: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐

264-2011	Whiting Oil and Gas Corporation	Amend Order 78-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-17: all, 20: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
265-2011	Whiting Oil and Gas Corporation	Amend Order 79-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-18: all, 19: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
266-2011	Whiting Oil and Gas Corporation	Amend Order 260-2010 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-25: all, 36: all. Default request.	**Default**	*660' setbacks only in original order.*	☐
267-2011	Whiting Oil and Gas Corporation	Amend Order 80-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-28: all, 33: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
268-2011	Whiting Oil and Gas Corporation	Amend Order 81-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-29: all, 32: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
269-2011	Whiting Oil and Gas Corporation	Amend Order 82-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-56E-30: all, 31: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
270-2011	Whiting Oil and Gas Corporation	Amend Order 261-2010 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-57E-4: all, 9: all. Default request.	**Default**	*660' setbacks only in original order.*	☐
271-2011	Whiting Oil and Gas Corporation	Amend Order 241-2010 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 30N-57E-28: all, 33: all. Default request.	**Default**	*660' setback only in original order.*	☐
272-2011	Whiting Oil and Gas Corporation	Amend Order 83-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 31N-56E-25: all, 36: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
273-2011	Whiting Oil and Gas Corporation	Amend Order 13-2011 to include Three Forks Formation and allow 1320' lateral, 660' heel/toe setback, 31N-57E-29: all, 32: all. Default request.	**Default**	*1320/660' setbacks in original order.*	☐
274-2011	XTO Energy Inc.	Permanent spacing unit, Bakken Formation, 23N-58E-25: all and 23N-59E-30: all (Witt 13X-25).		*Temporary spacing by Order 121-2010.*	☐
275-2011	XTO Energy Inc.	Pool, Bakken Formation, permanent spacing unit, 22N-59E-2: all, 3: all (Thiel #2 11X-12).). Non-consent penalties requested.		*Permanent spacing by Order 2-2010; additional wells by Orders 8 and 9-2010. Previously pooled by Order 162-2010 (Big Pheasant 12X-1 well).*	☐
276-2011	Fidelity Exploration & Production Co.	Approval of plan of development, coalbed methane gas, 8S-41E-34: W/2 E/2. Two wells: Rancholme Fed 31-3481 (spacing W/2NE/4) and Montana Royalty Fed 34 -3481 (spacing W/2SE/4).		*Federal wells.*	☐
277-2011	EOG Resources, Inc.	Amend Order 75-2010 to allow 660' setback from north, south and west boundaries, 200' setback from the east boundary, 28N-59E-1: all, 2: all.		*200' setback authorized on offsetting North Dakota spacing unit.* *- 660' lateral setback requested.*	☐

278-2011	EOG Resources, Inc.	Amend Order 82-2010 to allow 660' setback from north, south and west boundaries, 200' setback from the east boundary, 28N-59E-25: all, 26: all.		*200' setback authorized on offsetting North Dakota spacing unit.* *- 660' lateral setback requested.*	☐
279-2011	EOG Resources, Inc.	Permanent spacing unit, Bakken Formation, 25N-55E-6: all and 25N-54E-1: all (Calvin 2-01H).		*Elm Coulee area; overlapping TSU created under Order 125-2009.*	☐
280-2011	Oasis Petroleum, Inc.	Amend Order 305-2010 to allow 200' heel/toe, 1320' lateral setback, 26N-58E-27: all, 34: all.	**Continued**	*200' toe/heel setback requested. 660' setbacks only in original order.* *Continued to October, fax rec'd 8/3/2011.*	☑
281-2011	Oasis Petroleum, Inc.	Amend Order 97-2010 to allow 200' heel/toe, 1320' lateral setback, 27N-58E-12: all, 13: all.	**Continued**	*200' toe/heel setback requested. 660' setbacks only in original order.* *Continued to October, fax rec'd 8/3/2011.*	☑
282-2011	Oasis Petroleum, Inc.	Amend Order 156-2010 to allow 200' heel/toe, 1320' lateral setback, 27N-58-16: all, 21: all. Default request.		*200' toe/heel setback requested.* *660' setbacks only in original order.*	☑
283-2011	Oasis Petroleum, Inc.	Overlapping temporary spacing unit, Bakken/Three Forks Formation, 27N-59E-15: all, 22: all, 200' heel/toe, 660 lateral setback.		*200' toe/heel, 660' lateral setbacks requested.* *Section 15 is an existing 1-section permanent spacing unit created by Order 75-2009.*	☑
284-2011	Oasis Petroleum, Inc.	Temporary spacing unit, Bakken/Three Forks Formation, 29N-59E-29: all, 32: all, 200' heel & toe, 1320' lateral setbacks. Apply for permanent spacing within 90 days of completion.		*Temporary spacing for Sections 29 & 32 established by Order 165-2011 (1320/660').* *- 200' toe/heel setback requested.* *?? Amend Order 165-2011 to allow 200' toe & heel setback ??*	☑
285-2011	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken Formation, 27N-58E-15: all, 22: all (Susie 15-22H).		*Temporary spacing (660' setback) established by Order 98-2010.*	☐
286-2011	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken Formation, 27N-59E-3: all, 10: all (Mary Wilson 10-3H).		*Temporary spacing (660' setback) established by Order 100-2010.*	☐
287-2011	Oasis Petroleum, Inc.	Temporary spacing unit, Bakken/Three Forks Formation, 29N-58E-27: all, 34: all, 200' heel/toe, 1320' lateral setback.		*200' toe/heel setback requested.*	☑
288-2011	Oasis Petroleum, Inc.	Amend Order 158-2010 to allow 1320' lateral, 200' heel/toe setback, 28N-58E-29: all, 32: all.		*200' toe/heel setback requested.* *660' setback only in original order.*	☑
289-2011 26-2011 F	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken Formation, 27N-59E-13: all, 14: all, 23: all, 24: all (Wilson Federal 14-23H).	**Continued**	*Temporary spacing by Order 64-2010; 660' and 500' North Dakota (east boundary) setbacks.* *Continued to October, fax rec'd 8/3/2011.*	☐

290-2011	Oasis Petroleum, Inc.	Pool, Bakken Formation, permanent spacing unit, 27N-59E-13: all, 14: all, 23: all, 24: all (Wilson Federal 14-23H). Non-consent penalties requested.	**Continued**	*Permanent spacing requested in Docket 289-2011.* *Continued to October, fax rec'd 8/3/2011.*	☐
291-2011 27-2011 F	Anschutz Exploration Corporation	Pine Ridge Unit, request to waive spacing and setback requirement for all depths and formations except for a minimum setback of 660' from unit boundary. Lands located in 35N-13W, 36N-12W, 36N-13W, 37N-12W, 37N-13W, 37N-14W.	**Continued**	*?? Un-committed tracts within boundary ??* *(Could be all Tribal and/or allotted minerals?)* *Continued to October, fax rec'd 8/3/2011.*	☑
292-2011 28-2011 F	Anschutz Exploration Corporation	Temporary spacing unit, all zones to a depth of approximately 6,377', 31N-10W-30: W/2, 31: NW/4, 660' setback. Apply for permanent spacing within 90 days of completion. Default request.	**Withdrawn**	*?? Not necessary ?? legal location under statewide rule.* *Federal drilling permit issued.* *Withdrawn, email recd 8/2/2011.*	☑
293-2011	Mountain View Energy, Inc.	Temporary spacing unit, Bakken Formation, 31N-59E-7: all, 18: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Withdrawn**	*Section 18 already spaced - Bakken TSU comprised of Sections 18 & 19 by Order 60-2010.* *Would break established 1280 pattern within township. WITHDRAWN, telephone call 8/8/2011*	☑
294-2011	Mountain View Energy, Inc.	Temporary spacing unit, Bakken Formation, 33N-58E-27: all, 34: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Withdrawn**	*Contains Indian trust lands; BLM request to dismiss due to no Federal docket/notice.* *WITHDRAWN, telephone call, 8/8/2011.*	☑
295-2011	Mountain View Energy, Inc.	Temporary spacing unit, Bakken Formation, 33N-57E-2: all, 11: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Default**		☐
296-2011	Mountain View Energy, Inc.	Temporary spacing unit, Bakken Formation, 33N-58E-6: all, 7: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, telephone call, 8/8/2011.*	☐
297-2011 29-2011 F	Mountain View Energy, Inc.	Temporary spacing unit, Bakken Formation, 31N-58E-4: all, 9: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Default**		☐
298-2011	Mountain View Energy, Inc.	Class II saltwater disposal permit, Madison/Sun River Formation, Jody Field 34-1 (API #073-21830), 29N-6W-34: 330' FSL/2310' FWL (SE/4SW/4).	**Default**		☐
299-2011	Central Montana Resources, LLC	Permanent spacing, Heath Formation, 13N-28E-15: all (Shadowfax 1B).	**Continued**	*Temporary spacing by Order 167-2010.* *Continued, fax recd 8/8/2011*	☐
300-2011	G3 Operating, LLC	Exception to drill additional well, Madison Formation, 22N-59E-1: S/2, 660' setback. Well to be located in the SW/4.		*West Mon Dak Field; 320-acre spacing units, 660' setback, 1650' between wells.* *S/2 Section 1 is a designated spacing unit for Madison.*	☐

301-2011	G3 Operating, LLC	Exception to drill additional well, Madison Formation, 22N-59E-1: N/2, 660' setback. Well to be located in the NW/4.		*West Mon Dak Field; 320-acre spacing units, 660' setback, 1650' between wells.* *N/2 Section 1 is a designated spacing unit for Madison; pooled by Order 27-1985.*	☐
302-2011	G3 Operating, LLC	Exception to drill additional well, Duperow Formation, permanent spacing unit, 24N-58E-13: S/2NW/4, N/2SW/4. Well to be located 1980' FSL/1980' FWL.		*S/2 NW/4 and N/2 SW/4 designated a Duperow spacing unit by Order 72-1999.*	☐
303-2011	Shadwell Resources, Inc.	Class II saltwater disposal permit, Dakota Formation, Candee 29-2 (API #083-21849), 24N-59E-29: 1773' FNL/1500' FEL (SW/4NE/4).	**Default**		☐
304-2011	Shadwell Resources, LLC	Class II saltwater disposal permit, Dakota Formation, Fort Gilbert 3 (API #083-21074), 24N-59E-32: 1975' FNL/1730' FEL (SW/4NE/4).	**Default**		☐
305-2011	Northern Oil Production, Inc.	Class II saltwater disposal permit, Dakota Formation, Ruegsegger 24H-1 (API #091-21819), 36N-52E-24: 775' FNL/725' FEL (NE/4NE/4).	**Default**		☐
306-2011	Northern Oil Production, Inc.	Class II saltwater disposal permit, Dakota Formation, Ruegsegger 1 (API #091-05120), 36N-52E-24: 660' FNL/660' FEL (NE/4NE/4).	**Default**		☐
314-2010	Slawson Exploration Company Inc	Temporary spacing unit, Bakken Formation, 27N-59E-34: all, 35: all, 660' setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Requests lateral 660' setback.* *Continued to October, fax rec'd 8/3/2011.*	☑
5-2011	Slawson Exploration Company Inc	Permanent spacing unit, Bakken Formation, 23N-53E-8: all (Scoundrel 1-8H).	**Continued**	*Drilled under statewide rule with designated TSU of all of Section 8.* *Continued to October, fax rec'd 8/3/2011.*	☐
6-2011	Slawson Exploration Company Inc	Pool, Bakken Formation, permanent spacing unit, 23N-53E-8: all (Scoundrel 1-8H). Non-consent penalties requested.	**Continued**	*Permanent spacing requested in Docket 5-2011.* *Continued to October, fax rec'd 8/3/2011.*	☐
7-2011	Slawson Exploration Company Inc	Permanent spacing unit, Bakken Formation, 26N-59E-10: all (Renegade 1-10H).		*Drilled under statewide rule with designated spacing unit comprised of all of Section 10.*	☐
8-2011	Slawson Exploration Company Inc	Pool, Bakken Formation, permanent spacing unit, 26N-59E-10: all (Renegade 1-10H). Non-consent penalties requested.		*Permanent spacing requested under Docket 7-2011.*	☐
9-2011	Slawson Exploration Company Inc	Permanent spacing unit, Bakken Formation, 23N-53E-18: all (Rascal 1-18H).		*Drilled under statewide rule with designated spacing unit comprised of all of Section 18.*	☐
10-2011	Slawson Exploration Company Inc	Pool, Bakken Formation, permanent spacing unit, 23N-53E-18: all (Rascal 1-18H). Not seeking penalities.		*Permanent spacing requested under Docket 9-2011.*	☐

11-2011 4-2011 F	Slawson Exploration Company Inc	Permanent spacing unit, Bakken Formation, 30N-59E-19: all (Mayhem 1-19H).	**Continued**	*Drilled under statewide rule with designated spacing unit comprised of all of Section 19.* *Continued to October, fax rec'd 8/3/2011.*	☐
63-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 25N-58E-6: all, 7: all, 1320' east/west setback, 660' north/south setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
64-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 25N-58E-17: all, 20: all, 1320' east/west setback, 660' north/south setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
65-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 25N-58E-27: all, 34: all, 1320' east/west setback, 660' north/south setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
67-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 25N-59E-17: all, 20: all, 1320' east/west setback, 660' north/south setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*ORPHAN TRACT(s) POSSIBLE (with 68-2011)* *Continued, email rec'd 8/2/2011*	☑
68-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 25N-59E-19: all, 30: all, 1320' east/west setback, 660' north/south setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*ORPHAN TRACT(s) POSSIBLE (with 67-2011)* *Continued, email rec'd 8/2/2011*	☑
69-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 26N-57E-25: all, 36: all, 1320' east/west setback, 660' north/south setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
70-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 26N-59E-35: all, 36: all and 25N-59E-1: all, 2: all, 1320' lateral, 660' heel & toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*?? Replaced by Docket 234-2011 ??* *WITHDRAWN ??* *(See 234-2011 for discussion.)* *Continued, email rec'd 8/2/2011*	☑
72-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 26N-59E-31: all, 32: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
73-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 28N-56E-29: all, 32: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
74-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 28N-56E-30: all, 31: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
77-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 29N-55E-22: all, 27: all, 1320' lateral and 660' toe & heel setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
78-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 29N-55E-23: all, 24: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐

79-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 29N-55E-25: all, 36: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
80-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 29N-56E-17: all, 20: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
81-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 29N-56E-18: all, 19: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
82-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 30N-55E-33: all and 29N-55E-4: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
83-2011	Brigham Oil & Gas LP	Temporary spacing unit, Bakken Formation, 30N-55E-34: all and 29N-55E-3: all, 1320' lateral, 660' heel/toe setback. Apply for permanent spacing within 90 days of completion. Default request.	**Continued**	*Continued, email rec'd 8/2/2011*	☐
88-2011	Brigham Oil & Gas LP	Exception to drill additional well, Bakken Formation, permanent spacing unit, 26N-59E-20: all, 29: all, 660' setback (Meldahl 29-20 #2H). Default request.	**Continued**	*Permanently spaced by Order 337-2007.* *Continued, email rec'd 8/2/2011*	☐
117-2011	Enerplus Resources USA Corporation	Class II injection (EOR) permit, Bakken Formation Produced Gas, Bullwinkle 4J Ranch 3-4H (API #083-21896), 23N-57E-3: 740' FNL/660' FWL (NW/4NW/4).	**Withdrawn**	*Pilot injection project - requires board approval independent of Class II permit.* *Withdrawn, fax recd 8/1/2011*	☐
118-2011	Enerplus Resources USA Corporation	Class II injection (EOR) permit, Bakken Formation Produced Gas, Bullwinkle-Bertrand 4-2H (API #083-22291), 23N-57E-4: 375' FNL/2053' FEL (NW/4NE/4).	**Withdrawn**	*Pilot injection project - requires board approval independent of Class II permit.* *Withdrawn, fax recd 8/1/2011*	☐
137-2011	Oasis Petroleum, Inc.	Temporary spacing unit, Bakken/Three Forks Formation, 26N-57E-5: all, 8: all, 660' heel/toe setback, 1320' lateral setback. Apply for permanent spacing within 90 days of completion.	**Withdrawn**	*Withdrawn, fax rec'd 8/3/2011.*	☐
138-2011	Oasis Petroleum, Inc.	Temporary spacing unit, Bakken/Three Forks Formation, 26N-57E-6: all, 7: all, 660' heel/toe setback, 1320' lateral setback. Apply for permanent spacing within 90 days of completion.	**Withdrawn**	*Withdrawn, fax rec'd 8/3/2011.*	☐
141-2011 30-2011 F	Oasis Petroleum, Inc.	Permanent spacing unit, Bakken Formation, 28N-58E-18: all, 19: all (Beulah Irene 19-18H).		*Temporary spacing unit (660' setbacks) established by Order 99-2010.*	☐
155-2011	Abraxas Petroleum Corporation	Temporary spacing unit, two Bakken Formation wells with a common pad, 24N-59E-1: all, 12: all, 13: all, 660' setback. Apply for permanent spacing within 90 days of completion.	**Continued**	*660' setback requested.* *Continued to October, fax recd 8/1/2011*	☐
156-2011	Abraxas Petroleum Corporation	Temporary spacing unit, two Bakken Formation wells with a common pad, 24N-60E-6: all, 7: all, 18: all, 660' setback. Apply for permanent spacing within 90 days of completion.	**Continued**	*660' setback requested.* *Continued to October, fax recd 8/1/2011*	☐

157-2011	Abraxas Petroleum Corporation	Temporary spacing unit, two Bakken Formation wells with a common pad, 24N-60E-17: all, 20: all, 660' setback. Apply for permanent spacing within 90 days of completion.	**Continued**	*660' setback requested.* *Continued to October, fax recd 8/1/2011*	☐
182-2011	Newfield RMI LLC	Permanent spacing unit, all zones above a vertical depth of 6,000', 33N-7W-11: W/2 E/2 (Sheriff 1-11H).	**Continued**	*Statewide temporary spacing unit designated as W/2 E/2 -- CONTINUED TO OCTOBER, email of 8/2/2011* *?? No indicated formation, attempt to apply horizontal spacing to undrilled formations ??* *- Delinquent report discussion scheduled for business meeting.*	☑
224-2011	SBG Disposal LLC	Class II injection saltwater disposal permit, Dakota Formation, Sheridan Facility SWD, 33N-58E-18: 1030' FSL/ 320' FWL (SW/4 SW/4).	**Protested**	*MAY BE HEARD* *Protest possible.*	☐
172-2010	North American Technical Trading Company, Inc.	Show cause for failure plug 4 shut-in oil and 2 injection wells.			☐
239-2010	Bensun Energy, LLC	Show cause for failure to plug or produce BN 11-11 and clean-up the BN 12-11 well site.			☐
240-2010	Mountain Pacific General Inc.	Show cause, failure to provide plugging plan for the Fossum 10-8 well (35N-1E-8), either return to production or plug idle wells and plan to increase bond to $250,000..			☐
165-2011	Zimmerman, Brent	Show cause to present plan for future compliance.			☐
307-2011	MSC Exploration LP	Show cause, failure to provide plugging plan for JV-P Lockman 1 (API #085-21678; 28N-51E-19) and JV-P Clark 1 (API #085-21679; 29N-50E-29).			☐
308-2011	McOil Montana One LLC	Failure to file production reports and pay administrative penalty.	**Dismissed**	*Reports received; dismissed by staff in accordance with policy.*	☐
309-2011	Southside Oil & Gas Ltd.	Failure to file production reports and pay administrative penalty.			☐
310-2011	Hofland, James D.	Failure to file production reports - penalty paid.	**Dismissed**	*Reports received; dismissed by staff in accordance with policy.*	☐
311-2011	J H Oil Company (James Hofland)	Failure to file production reports - penalty paid.	**Dismissed**	*Reports received; dismissed by staff in accordance with policy.*	☐

EXHIBIT 8

FINANCIAL STATEMENT
As of 7/23/11 - Fiscal Year End FY 11
Percent of Year Elapsed: 100

OIL AND GAS DIVISION
FY11 Budget vs. Expenditures

		2011 Regulatory Budget	Expends	Expends % of Budget	2011 UIC Budget	Expends	Expends % of Budget	2011 Educ & Outreach Budget	Expends	Expends % of Budget	2011 NAPE Budget	Expends	Expends % of Budget	2011 Restore Env Coord	Expends	Expends % of Budget	2011 Equipment OTO	Expends	Expends % of Budget	2011 TOTAL BUDGET	2011 TOTAL EXPENDS	Expends % of Budget
FTE		17.0			3.5															20.5		
Obj.																						
1000	General PS	-												74,676						74,676		
1100	Salaries	909,793	645,574	0.95	302,124	171,460	0.75													1,211,917	817,034	0.90
1300	Other Comp		6,026	0.00		550	-													-	6,576	0.00
1400	Benefits/Ins	-	215,075			53,174														-	268,248	
1600	Vacancy Svgs	-	-			-														-	-	
2000	General Operating	-						59,500	23,788	0.40										59,500	-	0.00
2100	Contracted Svcs	603,129	387,809	0.64	55,211	15,332	0.28				7,500									665,840	403,141	0.61
2200	Supplies	61,819	61,366	0.99	4,801	12,652	2.64					-			-					66,620	74,018	1.11
2300	Communications	35,434	51,324	1.45	4,989	11,076	2.22													40,423	62,400	1.54
2400	Travel	39,377	31,112	0.79	533	3,909	7.33													39,910	35,021	0.88
2500	Rent	20,558	16,835	0.82	1,457	2,209	1.52													22,015	19,044	0.87
2600	Utilities	12,789	15,071	1.18	1,857	3,053	1.64													14,646	18,123	1.24
2700	Repair/Maint	18,615	10,949	0.59	3,126	2,600	0.83													21,741	13,549	0.62
2800	Other Expenses	40,379	34,274	0.85	2,819	12,768	4.53													43,198	47,042	1.09
3000	General Equip	-	-	0.00	12,500		-										50,000			62,500	-	0.00
3100	Equipment	77,221	-	0.00																77,221	-	
6000	Grants							3,000	3,000	1.00										6,001	-	
Total		1,819,114	1,475,416	0.81	389,417	288,782	0.74	62,500	26,788	0.43	7,500	-	-	74,676	-	-	50,000			2,406,208	1,764,199	0.73
FUNDING																						
	State Special	1,819,114	1,475,416		254,475	178,332		62,500	26,788		7,500			74,676	-		50,000			2,271,266	1,680,536	
	Federal				134,942	110,450														134,942	110,450	
Total Funds		1,819,114	1,475,416		389,417	288,782		62,500	26,788		7,500	-		74,676	-		50,000			2,406,208	1,790,987	

FY 09 Carryforward Org 2020		
250,943	42,611	208,332
190,943	76,295	114,648

FY10 Carryforward Org 2013		
122,991	-	122,991

red = last financial statement June

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT 7/23/11

	FY11	Total FY10	Percentage FY11:FY10
Oil Production Tax	1,562,946	1,296,500	1.21
Gas Production Tax	265,464	245,292	1.08
Drilling Permit Fees	54,300	39,608	1.37
UIC Permit Fees	208,650	214,500	0.97
Enhanced Recovery Filing Fee	-		
Interest on Investments	40,332	47,705	0.85
Insurance Proceeds	-	450	0.00
Accomodations Tax Rebate	491		
Copies of Documents	7,496	10,065	0.74
Miscellaneous Reimbursemts	25,300	18,907	1.34
TOTALS	$ 2,164,979	1,873,027	1.16

REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 7/23/11

	FY11
Transfer in from Orphan Share	0
RIT Interest	0
Bond Forfeitures	0
Interest on Investments	824
TOTAL	824

BOND FORFEITURES
Go into Damage Mitigation Account

0

REVENUE INTO GENERAL FUND FROM FINES as of 7/23/11

	FY11
Summer Night Oil Company LLC	20
McOil Montana One LLC	30
Carrell Oil Company	6400
United States Energy	10
Hawley Oil (July 30, 2010)	260
Hawley Oil (Aug 5, 2010)	260
Brandon Debbie	20
Constitution Petroleum Co., Inc.	280
Hofland James D (August 31, 2010)	100
Hofland James D (Sept 24, 2010)	160
JH Oil Company	40
Misc Oil Company	10
Phoenix Energy	80
King-Sherwood Oil Co	150
Grey Wolf Production Company Inc	50
Roland Oil & Gas LLC	20
Native American Energy Group	360
Carrell Oil Company	6400
Southside Oil & Gas LTD	30
Potlatch Oil & Refining	20
United States Energy	10
Brainstorm Energy/GS Producing	140
Dixie McHugh/Athena Energy	560
Primary Petroleum Company USA	10
Grey Wolf Production Company Inc	50
United States Energy	100
Denbury/ Encore Energy Partners	90
Prairie Rose Resources/BlackHawk	10
Sonkar Inc.	20
Columbia Petroleum	20
A&G Oil & Gas	10
Cavalier Petroleum	240
Somont	10
Ranch Oil Co	10
Ryan Zimmerman	580
TOTAL	16,560

INVESTMENT ACCOUNT BALANCES 8/09/11

Oil & Gas ERA	13,201,518
Damage Mitigation	195,295

GRANT BALANCES - 7/23/11

Name	*Authorized Amt*	*Expended*	*Balance*
2009 Northern	300,000	0	300,000
2009 Southern	300,000	0	300,000
2007 Tank Battery	304,847	166,048	138,799
TOTALS	$904,847	$166,048	$738,799

CONTRACT BALANCES - 7/2311

HydroSolutions - Tongue River Info Project	1,218,486	1,019,013	199,473
Automated Maintenance Services, Inc.	27,458	18,763	8,695
Agency Legal Services - Legal	60,000	30,242	29,758
Central Avenue Mall	400	400	0
ALL-LLC - FY11 Engineering & Database Maint.	20,000	0	20,000
Liquid Gold Well Service, Inc. - 09 Northern	165,000	0	165,000
Liquid Gold Well Service, Inc. - 09 Southern	165,000	0	165,000
C-Brewer - 07 Southern Tank Battery (og-cb-134)	215,000	166,048	48,952
TOTALS	1,871,344	1,234,466	636,878

Agency Legal Services Expenditures in FY11

Case	Amt Spent	Last Svc Date
BOGC Duties	27,767	6/11
Tongue & Ylwstone Irri	2,241	10/10
Diamond Cross vs. Sta	127	5/11
Diamond Cross 2	106	5/11
Total	30,242	