

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
MINUTES OF THE  
BOARD OF OIL AND GAS CONSERVATION MEETING AND PUBLIC HEARING  
August 7 and 8, 2013

CALL TO ORDER

The regular business meeting of the Montana Board of Oil and Gas Conservation was called to order by Chairman Linda Nelson at 2:00 p.m., Wednesday, August 8, 2013 in the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. Board members present were Chairman Nelson, Vice Chairman Wayne Smith, Ron Efta, John Evans and Jack King. Board member Bret Smelser was absent. New Board member Peggy Ames-Nerud was present and introduced. Staff present were Jim Halvorson, George Hudak, Gary Klotz, Terri Perrigo, Tom Richmond and Rob Stutz.

APPROVAL OF MINUTES

Chairman Nelson had correction to the June minutes. On the flaring motion add "for all the aforementioned wells". Motion made by Mr. Efta to make the change, seconded by Mr. King and unanimously passed.

PUBLIC COMMENT

John Almquist, a Richland County mineral owner in the lands included in docket 344-2013, was present representing himself. He grew up in Glendive but currently lives in California and is concerned about leaving sound aquifers for the post oil boom eras. He had four red flags he shared with the Board.

- 1) Number of inspectors. Can the Board really do inspections it needs?

Chairman Nelson said permits continue at a steady pace. There is usually one new well per month per rig. There are currently 9 rigs in Montana, so nine new wells to be inspected per month. There are about 6500 producing wells in the state. Most are gas wells which are less than 2000' deep. Most produce through casing with no water, so there is no reason to inspect those more than a few times in their life—after drilling and after plugging. Wells that need to be inspected regularly are the ones they produce oil and the new ones. So considering what we have to inspect, it is easily handled by existing staff. The Board is also working on a field inspection manual and a prioritization system to make sure inspections are properly prioritized.

- 2) Over 90 items on docket. Can The Board really review all these things?

Chairman Nelson said each hearing a number of applications go on the Default Docket and are extensively reviewed by staff prior to approval, which reduces the amount for the Board to hear. The remaining number of dockets is a manageable amount for the Board to hear and proper review is given.

- 3) Political influence. Overbearing oil and gas industry on MT politics, i.e. firing of Austin Knudsen from his lawyer job. Chairman Nelson said this is not an issue the Board has any control over.
- 4) Public perception. Recent articles about administrator emails gives perception that administrator is working for oil and gas interests. The administrator should either reassign, retire, be reassigned or be removed. Chairman Nelson said the matter of administrator emails is not an issue. The Board will not participate in gossip. This is a Board issue and the Board will manage it.

Mr. Almquist recently toured the Sidney/Williston area. Most well locations look good and he applauds that. He does see the strain on the infrastructure though and wonders if the Board could manage permitting so that infrastructure could keep up with development. He is also concerned that frac water is being procured from unlicensed water depots.

Mr. Richmond said permitting of water depots is done by DNRC Water Resources Division. There are currently two permitted water depots, one on the Yellowstone River and one on the Missouri River. He believes there is another Missouri River one in the permitting phase. Mr. Almquist asked if the Board could put something in permits saying non-permitted water is not allowed. Mr. Richmond said it already is in the permit. If the Board found frac water came from an unpermitted source, it would inform DNRC Water Resources and they would take further action as necessary.

#### Mountain Pacific General

Ms. Joni Stewart and Mr. Danny Murphy were present from Mountain Pacific General (Mountain Pacific). As per Board Order 364-2012, Mountain Pacific was required to plug four wells by this date. Field Supervisor Gary Klotz said they have complied.

Mr. Murphy said they have plugged the Boland 14-28 well, the Grant 6-33 well and the Demert 5-8 well. Another well, the Tomeyer #43-29, was transferred to a domestic gas well bond, and the Board agreed at its June 2013 business meeting to allow that to count as one of the four plugged wells. Mr. Murphy said they have contracted to have another well plugged after the farmer's crop is harvested this fall.

Ms. Mitchell said there are 61 wells left on Mountain Pacific's bond that have to be plugged. The company's financial situation is getting better and they hope next year to plug double the amount of wells that they plugged this year. She hopes by seeing their progress so far, the Board will not increase their bond to \$250,000 as required in Board Order 1-A-2010 today, and will instead give them another year to make more progress.

Mr. Smith thanked Mountain Pacific for being responsive to the Board and for their work this year.

Chairman Nelson asked what the Board wanted to do about the bond increase. Mr. Halvorson suggested the board continue the decision for another year.

**MOTION:** Mr. Smith made a motion, seconded by Mr. King and unanimously passed, to extend the Mountain Pacific bond increase decision until the Board's August 2014 public hearing.

### Montana Salinity Control Association

Mr. Dan Villa from the Governor's budget office was present to request a one-time only grant from the Board for \$120,000 to retrofit a Montana Salinity Control Association 30 year old drilling rig. He also requested an ongoing \$40,000 grant for annual operating costs. He feels this falls under statutory authority for Board funds because the drilling rig helps landowners monitor salinity from oil and gas exploration. He said DNRC Director John Tubbs wrote the Board a letter regarding this request.

Chairman Nelson said the Board did not receive any letters. She asked why these funds were being requested from the Board, as she was under the impression the legislature approved the funding through other sources and then the Governor line-item vetoed that appropriation. Mr. Villa said the retrofit funds were approved in a line item funded from the state orphan share account. The Governor felt that was an illegal appropriation because it was not an appropriate use of orphan share funds.

Chairman Nelson asked how the Governor feels use of Board funds would be appropriate, since statute clearly states Board funds shall be used for Board expenses only. Mr. Villa said the use of Board funds for this purpose is directly tied to the Board because helping facilitate oil and gas development is a main mission of the Board.

Chairman Nelson asked how the Montana Salinity Control Association is tied to Montana government. Mr. Villa said its board is made up of the chairs of the 33 conservation districts, and the conservation districts are attached to the DNRC Conservation and Resources Development Bureau.

Mr. Smith asked why the budget office did not use RIT funds for this retrofit. Mr. Villa said the RIT account is upside-down, and to use those funds would require a legislative appropriation which did not happen last session.

Mr. Efta asked if the drilling rig is a state or privately owned rig. Mr. Villa said it is owned and operated by the Montana Salinity Control Association.

Chairman Nelson said she is reluctant to grant them funds because it will set a precedent for other entities to come to the Board for future needs. Mr. King said he is ready to make a decision today. Mr. Smith said he needs more information before he makes a decision. Mr. Evans wants to see more information on what the drilling is used for.

It was the consensus of the Board that this request be continued to the October business meeting. Mr. Villa said he would be sure the Board received a letter from the Montana Salinity Control Association before the next meeting.

### Financial Report

Ms. Perrigo presented the Financial Report attached as Exhibit 1.

Chairman Nelson questioned if the Board could spend damage mitigation funds on orphaned well plugging programs, now that the 2013 Legislature chose not to give the Board its statutorily-authorized

priority RDG grants for the next two years. Mr. Richmond said the damage mitigation constitutes the Board's emergency account, and is used as match for the RDG grants. The priority grant status for the Board was established many sessions ago. There was an effort to set up a permanent plugging appropriation from the Legislature. The compromise was a priority in the RDG program.

#### Bond Summary

Mr. Halvorson presented the Bond Summary presented as Exhibit 2. Ballantyne Ventures LLC has a lot of new bonds. They acquired old shallow Kevin-Sunburst wells and chose to bond them individually.

#### Docket Summary

Mr. Halvorson presented the Docket Summary attached as Exhibit 3 and the Hearing Summary attached as Exhibit 4.

#### Staff Reports

Mr. Klotz presented the Grant Project Summary, attached as Exhibit 5.

Mr. Halvorson said the rough draft of the field inspection manual is being written. Plans are for the draft to be completed by the end of September.

Mr. Stutz said there have been numerous legal issues recently. In regard to the question of using Board funds for Mr. Villa's request, he distributed Exhibit 6 which is a copy of the statute governing the Board's state special revenue account. There is litigation currently pending in the Ostby case, which was filed in early 2012. The issue has been fully briefed for over one year. Finally, a case management conference was ordered for later this month.

Mr. Richmond has more excess gas flaring requests for wells in Richland County: 7 from Whiting and 3 from Statoil.

For Whiting he recommends the Board grant them a six month extension. He suspects their need to flare excess gas will go away by then.

For Statoil, he doesn't have current production, but says there are problems with connecting these three wells to sales. The gas purchaser cannot obtain right-of-way to do pipeline. Mr. Richmond's concern with the Statoil request, and whether or not to require an update in six months, is that there is no eminent domain for upstream oil gas. All eminent domain issues are covered by the lease, so these right-of-ways have to be negotiated.

Statoil landman Heath Thompson was present and said he would let the Board know tomorrow at the public hearing the status on the right-of-way acquisitions for the three wells included in Statoil's excess flaring request

**MOTION:** A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to approve a six (6) month flaring extension for all the aforementioned wells; but to wait and hear from

Mr. Thompson in regard to the right-of-way status before deciding if Statoil needs to come back in six months for an update.

*At the next day's public hearing, Heath Thompson of Statoil reported that right -of -way has been acquired for the Shannon and Christopher wells. For the Breaks well, there is another operator in the area that has deemed it not economically feasible to connect and the wells are not producing a lot of gas.*

Mr. Richmond said the Chief Field Inspector and Compliance Specialist positions should be filled by the end of September.

Mr. Richmond suggested the Board consider hiring a petroleum engineer for the fourth exempt position in order to build some depth into the staff.

Ms. Perrigo reminded the Board that XTO Energy is hosting a reception for the Board after its business meeting on October 9, 2013 at Briarwood Country Club in Billings.

With no further business, the meeting adjourned at 3:45 pm

#### PUBLIC HEARING.

The Board reconvened on Thursday, August 8, 2013 at 8:00 a.m. at the Board's hearing room at its office at the 2535 St. Johns Avenue in Billings Montana, to hear the matters docketed for public hearing. Member, Bret Smelser, was absent. As a result of the discussion, testimony and technical data placed before the Board, the following action was taken in each matter.

Docket No. 340-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Statoil Oil and Gas LP was approved as set forth in Board Order 378-2013.

Docket No. 341-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Statoil Oil and Gas LP was approved as set forth in Board Order 379-2013.

Docket No. 342-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Statoil Oil and Gas LP was approved as set forth in Board Order 380-2013.

Docket No. 343-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Statoil Oil and Gas LP was approved as set forth in Board Order 381-2013.

Docket No. 344-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Statoil Oil and Gas LP as set forth in Board Order 321-2013.

Docket No. 345-2013– The application of Statoil Oil and Gas LP was continued to the October 2013 hearing.

Docket No. 346-2013– The application of Statoil Oil and Gas LP was continued to the October 2013 hearing.

Docket No. 347-2013– The application of Statoil Oil and Gas LP was continued to the October 2013 hearing.

Docket No. 348-2013– The application of Statoil Oil and Gas LP was continued to the October 2013 hearing.

Docket No. 349-2013 – A motion was made by Mr. King, seconded by Mr. Efta and unanimously passed, to approve the application of Statoil Oil and Gas LP as set forth in Board Order 322-2013.

Docket No. 350-2013 – A motion was made by Mr. Smith, seconded by Mr. Evans and unanimously passed, to approve the application of Statoil Oil and Gas LP as set forth in Board Order 323-2013.

Docket No. 351-2013 – A motion was made by Mr. King, seconded by Mr. Efta and unanimously passed, to approve the application of Statoil Oil and Gas LP as set forth in Board Order 324-2013.

Docket No. 352-2013 – A motion was made by Mr. Smith, seconded by Mr. Efta and passed, to approve the application for permit to drill (APD) of Oasis Petroleum North America LLC as set forth in Board Order 328-2013. Chairman Linda Nelson and Board member Peggy Ames-Nerud voted nay.

Docket No. 353-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 382-2013.

Docket No. 354-2013 – A motion was made by Mr. King, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 329-2013.

Docket No. 355-2013 – A motion was made by Mr. King, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 330-2013.

Docket No. 356-2013 – A motion was made by Mr. King, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 331-2013.

Docket No. 357-2013 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 332-2013.

Docket No. 358-2013 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 333-2013.

Docket No. 359-2013 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 334-2013.

Docket No. 360-2013 – A motion was made by Mr. Evans, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 335-2013. Vice-Chairman Wayne Smith recused himself.

Docket No. 361-2013 – A motion was made by Mr. Evans, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 336-2013. Vice-Chairman Wayne Smith recused himself.

Docket No. 362-2013 – A motion was made by Mr. Evans, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 337-2013. Vice-Chairman, Wayne Smith, recused himself.

Docket No. 363-2013 – A motion was made by Mr. King, seconded by Mr. Efta and unanimously passed, to approve the application of Weil Group Resources LLC as set forth in Board Order 338-2013.

Docket No. 364-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of A.B. Energy as set forth in Board Order 339-2013.

Docket No. 365-2013 – A motion was made by Mr. Evans, seconded by Mr. King and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 340-2013.

Docket No. 366-2013 – The protest to the Application for Permit to Drill (APD) submitted by Whiting Oil and Gas Corporation was withdrawn.

Docket No. 367-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Slawson Exploration Company, Inc. was approved as set forth in Board Order 383-2013.

Docket No. 368-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Slawson Exploration Company, Inc. was approved as set forth in Board Order 384-2013.

Docket No. 369-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Slawson Exploration Company, Inc. was approved as set forth in Board Order 385-2013.

Docket No. 370-2013 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 341-2013.

Docket No. 371-2013 – A motion was made by Mr. King, seconded by Mr. Efta and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 342-2013.

Docket No. 372-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 343-2013.

Docket No. 373-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of XTO Energy Inc. was approved as set forth in Board Order 386-2013.

Docket No. 374-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of XTO Energy Inc. was approved as set forth in Board Order 387-2013.

Docket No. 375-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 345-2013.

Docket No. 376-2013 – A motion was made by Mr. Smith, seconded by Mr. Evans and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 346-2013.

Docket No. 377-2013 – A motion was made by Mr. Evans, seconded by Mr. King and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 347-2013.

Docket No. 378-2013 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 348-2013.

Docket No. 379-2013 – A motion was made by Mr. King, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 349-2013.

Docket No. 380-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 350-2013.

Docket No. 381-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Oasis Petroleum, Inc. was approved as set forth in Board Order 388-2013.

Docket No. 382-2013 – A motion was made by Mr. King, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 354-2013.

Docket No. 383-2013 – A motion was made by Mr. King, seconded by Mr. Smith and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 355-2013.

Docket No. 384-2013 – A motion was made by Mr. Evans, seconded by Mr. Smith and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 356-2013.

Docket No. 385-2013 – A motion was made by Mr. Efta, seconded by Mr. King and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 357-2013.

Docket No. 386-2013 – A motion was made by Mr. Evans, seconded by Mr. King and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 358-2013.

Docket No. 387-2013 – The application of Continental Resources, Inc. was withdrawn.

Docket No. 388-2013 – A motion was made by Mr. Evans, seconded by Mr. Smith and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 359-2013.

Docket No. 389-2013 – A motion was made by Mr. Evans, seconded by Mr. Smith and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 360-2013.

Docket No. 390-2013 – A motion was made by Mr. Efta, seconded by Mr. Evans and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 361-2013.

Docket No. 391-2013 – A motion was made by Mr. Efta, seconded by Mr. Evans and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 362-2013.

Docket No. 392-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 363-2013.

Docket No. 393-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 364-2013.

Docket No. 394-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 365-2013.

Docket No. 395-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 366-2013.

Docket No. 396-2013– The application of Continental Resources, Inc. was continued to the October 2013 hearing.

Docket No. 397-2013– The application of Continental Resources, Inc. was continued to the October 2013 hearing.

Docket No. 398-2013 – A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 367-2013.

Docket No. 399-2013 – A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 368-2013.

Docket No. 400-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 389-2013.

Docket No. 401-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 390-2013.

Docket No. 402-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 391-2013.

Docket No. 403-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 392-2013.

Docket No. 404-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 393-2013.

Docket No. 405-2013 – A motion was made by Mr. King, seconded by Mr. Smith and unanimously passed, to approve the application of Summit Gas Resources, Inc. as set forth in Board Order 369-2013.

Docket No. 406-2013 – A motion was made by Mr. King, seconded by Mr. Smith and unanimously passed, to approve the application of Summit Gas Resources, Inc. as set forth in Board Order 370-2013.

Docket No. 407-2013 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of Summit Gas Resources, Inc. as set forth in Board Order 371-2013.

Docket No. 408-2013 – A motion was made by Mr. King, seconded by Mr. Smith and unanimously passed, to approve the application of Summit Gas Resources, Inc. as set forth in Board Order 372-2013.

Docket No. 409-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Vecta Oil & Gas, LTD was approved as set forth in Board Order 394-2013.

Docket No. 410-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Vecta Oil & Gas, LTD was approved as set forth in Board Order 395-2013.

Docket No. 411-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Vecta Oil & Gas, LTD was approved as set forth in Board Order 396-2013.

Docket No. 412-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Vecta Oil & Gas, LTD was approved as set forth in Board Order 397-2013.

Docket No. 413-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Vecta Oil & Gas, LTD was approved as set forth in Board Order 398-2013.

Docket No. 414-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Vecta Oil & Gas, LTD was approved as set forth in Board Order 399-2013.

Docket No. 415-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Vecta Oil & Gas, LTD was approved as set forth in Board Order 400-2013.

Docket No. 416-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Vecta Oil & Gas, LTD as set forth in Board Order 373-2013.

Docket No. 417-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Synergy Offshore, LLC was approved as set forth in Board Order 401-2013.

Docket No. 418-2013 – The application of Denbury Resources, Inc. was continued to the October 2013 hearing.

Docket No. 419-2013 & 12-2013 FED – A motion was made by Ms. Ames-Nerud, seconded by Mr. Efta and passed, to deny the application of EOG Resources, Inc. as set forth in Board Order 374-2013. Vice-Chairman Wayne Smith abstained. Board member Jack King recused himself.

Docket No. 420-2013 & 8-2007 FED Amendment #1 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Omimex Canada, LTD was approved as set forth in Board Order 402-2013.

Docket No. 421-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Omimex Canada, LTD was approved as set forth in Board Order 403-2013.

Docket No. 422-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Omimex Canada, LTD was approved as set forth in Board Order 404-2013.

Docket No. 423-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of TAQA North USA, Inc. was approved as set forth in Board Order 405-2013.

Docket No. 424-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of TAQA North USA, Inc. was approved as set forth in Board Order 406-2013.

Docket No. 476-2012– The application of Oasis Petroleum, Inc. was continued to the October 2013 hearing.

Docket No. 536-2012– The application of Marathon Oil Corporation was withdrawn.

Docket No. 736-2012– The application of Oasis Petroleum, Inc. was continued to the October 2013 hearing.

Docket No. 737-2012– The application of Oasis Petroleum, Inc. was continued to the October 2013 hearing.

Docket No. 738-2012– The application of Oasis Petroleum, Inc. was continued to the October 2013 hearing.

Docket No. 746-2012– The application of Oasis Petroleum, Inc. was continued to the October 2013 hearing.

Docket No. 174-2013– The application of XTO Energy Inc. was continued to the October 2013 hearing.

Docket No. 176-2013 – A motion was made by Mr. Smith, seconded by Mr. Evans and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 344-2013.

Docket No. 224-2013 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of Denbury Resources Inc. as set forth in Board Order 375-2013.

Docket No. 225-2013 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of Denbury Resources Inc. as set forth in Board Order 376-2013.

Docket No. 226-2013 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Denbury Resources Inc. was approved as set forth in Board Order 407-2013.

Docket No. 229-2013 – A motion was made by Mr. King, seconded by Mr. Evans and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 351-2013.

Docket No. 230-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 352-2013.

Docket No. 245-2013 – A motion was made by Mr. Evans, seconded by Mr. Smith and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 353-2013.

Docket No. 249-2013– The application of Slawson Exploration Company, Inc. was withdrawn.

Docket No. 252-2013– The application of Slawson Exploration Company, Inc. was withdrawn.

Docket No. 283-2013– The application of Wesco Operating, Inc. was withdrawn.

Docket No. 286-2013 – A motion was made by Mr. Smith, seconded by Mr. Efta and unanimously passed, to approve the application of Statoil Oil & Gas LP as set forth in Board Order 325-2013.

Docket No. 287-2013 – A motion was made by Mr. Evans, seconded by Mr. King and unanimously passed, to approve the application of Statoil Oil & Gas LP as set forth in Board Order 326-2013.

Docket No. 288-2013 – A motion was made by Mr. Efta, seconded by Mr. King and unanimously passed, to approve the application of Statoil Oil & Gas LP as set forth in Board Order 327-2013.

Docket No. 304-2013– The application of Continental Resources, Inc. was continued to the October 2013 hearing.

Docket No. 305-2013– The application of Continental Resources, Inc. was continued to the October 2013 hearing.

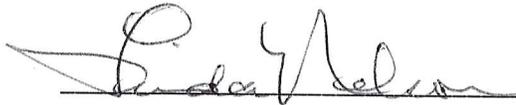
Docket No. 306-2013– The application of Continental Resources, Inc. was continued to the October 2013 hearing.

Docket No. 330-2013 – A motion was made by Mr. Smith, seconded by Mr. King and unanimously passed, to approve the application of ECA Holding, L.P. as set forth in Board Order 377-2013.

NEXT MEETING

The next business meeting of the Board will be Wednesday, October 9, 2013 at 2:00 p.m. at the Board's hearing room at its office at the 2535 St. Johns Avenue in Billings Montana. The next regular public hearing will be Thursday, October 10, 2013, beginning at 8:00 a.m. at the Board's hearing room at its office at the 2535 St. Johns Avenue in Billings Montana. The filing deadline for the October 10, 2013, public hearing is September 12, 2013.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA



Linda Nelson, Chairman

Wayne Smith, Vice-Chairman

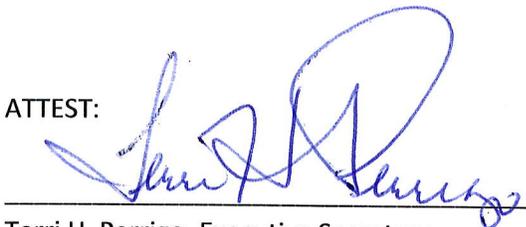
Ronald S. Efta

John Evans

Jack King

Peggy Ames-Nerud

ATTEST:

  
Terri H. Perrigo, Executive Secretary

FINANCIAL STATEMENT  
Percent of Year Elapsed: 100  
As of 7/29/13

OIL AND GAS DIVISION  
FY13 Budget vs. Expenditures

FTE Obj:	2011 Regulatory Budget	Expend Budget	Expend % of Budget	2012 UIC Budget	Expend Budget	Expend % of Budget	2027 Education Outreach	Expend Budget	Expend % of Budget	2028 EPA CO2 Primacy	Expend & of Budget	2013 TOTAL BUDGET	2013 TOTAL EXPENDS	Expend % of Budget
1000	(2,133)	665,185	0.82	185,181	161,366	1.14						(2,133)	822,349	0.82
1100	1,075,334	5,263	0.00	322	535	-						1,322,275	267,927	
1300		219,204		61,438	48,723							(9,884)	1,115,785	0.48
1400				(9,884)	22,779	0.34	1,500,000	919,665	0.613	250,000	53,608	2,347,560	62,345	1.40
1600				66,135	14,762	1.55						62,345	87,984	1.31
2200	531,225	119,734	0.23	9,526	7,619	1.05						46,710	61,024	1.31
2300	53,019	72,622	1.37	7,228	6,180	0.83						38,704	39,188	1.01
2400	32,092	33,007	1.03	6,612	2,433	0.33						20,122	20,333	1.01
2500	17,769	17,900	1.01	2,353	2,433	1.03						14,372	21,689	1.51
2600	11,908	17,913	1.50	2,464	3,775	1.53						12,618	22,939	1.82
2700	9,722	18,931	1.95	2,886	4,008	1.38						45,766	34,531	0.75
2800	28,957	21,334	0.74	16,909	13,197	0.78						48,075	5,393	
3100	35,575	5,393	0.15	12,500	-									
6000														
Total	1,832,850	1,239,891	0.68	363,680	285,379	0.78	1,500,000	919,665	0.613	250,000	53,608	3,946,530	2,498,543	0.63

FY 11 Carryforward

start balance	1,500,000
exp	919,665
avail balance	580,335

FY 12 Carryforward

start balance	250,000
exp	53,608
avail balance	196,392

285378.08

FUNDING	2011 Regulatory Budget	Expend Budget	Expend % of Budget	2012 UIC Budget	Expend Budget	Expend % of Budget	2027 Education Outreach	Expend Budget	Expend % of Budget	2028 EPA CO2 Primacy	Expend & of Budget	2013 TOTAL BUDGET	2013 TOTAL EXPENDS	Expend % of Budget
State Special	1,392,850	1,239,891	0.68	296,209	201,529	0.79	1,500,000	919,665	0.61	250,000	53,608	3,839,059	2,415,093	0.63
Federal	440,000	0		107,471	83,449	0.78						107,471	83,449	
Total Funds	1,832,850	1,239,891	0.68	363,680	285,379	0.78	1,500,000	919,665	0.613	250,000	53,608	3,946,530	2,498,543	0.63