

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
MINUTES OF THE
BOARD OF OIL AND GAS CONSERVATION MEETING AND PUBLIC HEARING
June 15 and 16, 2011

BUSINESS MEETING

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, June 15, 2011, at the Fairgrounds Commercial Center at the Fairgrounds in Sidney, Montana. Board members present were Chairman Nelson, Vice-Chairman Wayne Smith, Don Bradshaw, Ronald S. Efta, Jay Gunderson, Jack King and Bret Smelser. Staff present was Jim Halvorson, George Hudak, Terri Perrigo, Clyde Peterson, Tom Richmond, and Steve Sasaki.

APPROVAL OF MINUTES

Board members and staff submitted written changes to the minutes prior to the business meeting. Those changes were made by Ms. Perrigo. A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the minutes of the April 27, 2011 business meeting as corrected.

PUBLIC COMMENT

Brigham Oil & Gas L.P. Attorney Scotti Gray and Heath Thompson of Brigham Oil & Gas, L.P. (Brigham) were present to discuss spacing and setbacks. They will be requesting amendments to a lot of already approved dockets to reflect the 1320' lateral and 200' heel/toe setbacks on horizontal Bakken wells. They are requesting the Board consider a more streamlined process because the current one is tedious and inefficient. Plus there is no certainty the amendments will be approved. They would like some assurance that the Board will continue to vote in one direction or the other instead of having to wonder each time.

Mr. Richmond said he thought the real issue here was that Brigham wanted to put all those amended application requests on the Default Docket. He would like one application that amends the whole group of previously approved applications. He said he is against the 200' heel/toe setback but if notice has been given to offset interest owners it is a little more palatable.

Ms. Gray would like to see a policy established whereby she could have some level of comfort in advising clients that if they do give notice to offset interest owners and there are no protests with merit they would have some certainty that 1280's with 200' heel/toe setbacks would be approved.

Mr. King said it would be hard to put them on the Default Docket because if there are mirror locations it could be difficult. He reminded Brigham that the Default Docket was created for the convenience of the Board – not the convenience of the applicant.

Mr. Halvorson does not see any solution to the problem of those applications being heard. The direction of the Default Docket has to come from the board. Currently those amended applications, if they are asking for 200' heel/toe setbacks, are not eligible for the Default Docket.

Susan Zimmerman. Ms. Zimmerman is a mineral interest owner in a farm in Roosevelt County. She objected to the 1280-acre spacing units last year. Now she is hearing that the Board is considering 200' setbacks. She thinks the Board is allowing companies to circumvent the Pugh clauses in their leases by holding onto large acreage. They get much more of their money from leasing than they do from royalties. She is concerned the children will not share this experience if leases are all held by one well. She does not understand why companies need 1280 acre spacing units when the oil being recovered is only 200 feet from the wellbore.

Larry Tveit. He said he talks to a lot of oil companies. They cannot afford to drill just one section. With a 660' setback requirement, that leaves ¼ mile (both ends) that will not be drilled. The 200' setbacks free up a lot more minerals, which benefits the oil companies, the mineral owners and the state of Montana.

Board member Ron Efta said he has voiced his disapproval of the 1280's in the past, especially when it is obvious they are not draining the other half of the two sections. But landowners who object to those probably need to come before the board with their own attorneys and experts to provide evidence for the board to consider why a 1280 should not be granted.

Mr. Smelser said when he first got on the Board it cost approximately \$14 million to drill a well. Today it costs about \$8-10 million and half that cost is the hydraulic frac'ing. When the majority of the Board moved to accept 1280' spacing units and 200' heel/toe setbacks, staff's advice was taken whereby the first well be in the center. In the past when the Board authorized two-section spacing, the first well could go in one corner and would hold production. Now that the Board requires the first well in the center, if that well it is productive the oil companies will come back and drill more.

Mr. John Mercer asked if the Board has considered putting a time limit on getting the second well on a 1280 drilled.

Mr. Richmond said ultimately it is an operator's decision whether to drill additional wells; and he does not think it would be a good idea for the Board to put time limits on drilling additional wells because of the economics of drilling.

Attorney Dick Beatty said establishing a time limit may be a jurisdictional issue because lease contracts typically say "in perpetuity." If a time limit for drilling additional wells is included in the lease that is one thing, but he does not think the Board can go that far. Board member Wayne Smith agrees with Mr. Beatty. The legal contract (lease) determines everything, and the majority of leases have no stipulations regarding the timeframe in which wells will be drilled.

Chairman Nelson said that is why it is so important for mineral owners to get professional advice before signing a lease.

Dwight Vanatta of Bainville said numerous people contacted him about 1280 acre spacing. The length of the lateral and continuity of it makes a lot of sense. He suggests the Board consider a long, narrower lateral in a spacing unit two sections in length but only one-half the distance in width. That way one well would not tie up additional acreage. Right now it may be a long time before an oil company comes in and drills a second well. Most of them are too busy drilling the first well to hold their lease to come back in and drill another.

Mr. Vanatta also wanted to know how companies dispose of materials that are left after frac jobs. For example, a reserve pit disposal site across the river. The pit got flooded due to rain. Some of the substances went over the top. He wanted to know how long it takes this white foamy stuff to deteriorate and whether it is harmful or not. He wanted to know if there are any controls in place to prevent problems. Mr. Richmond said there are rules regarding this in A.R.M. 36.22.1005. He thinks most of what was left in the pit was probably salt. Mr. Larry Tveit said frac water comes out clean.

Mr. John Mercer said the only reoccurring problem regarding site clean-up is that inspectors are too lenient to continual abusers of the situation.

BOND REPORT AND DEFAULT DOCKET

Mr. Halvorson presented the bond report attached as Exhibit 1. The Bell Creek Field change of operator from Encore to Denbury has been approved. He also distributed the Default Docket report, which has a new format. The intent is to hear dockets in the order they appear on the Default Docket sheet.

Mr. Halvorson said Ryan Zimmerman came into the Billings office and filed production reports, paid the delinquent production report fine, and paid the additional \$500 fine for Brent Zimmerman which is a show-cause hearing (165-2011) scheduled for tomorrow (Thursday, June 16, 2011).

FINANCIAL REPORT

Ms. Perrigo discussed the financial report attached as Exhibit 2. She discussed the financial report and briefly explained how the transfer of \$12 million of oil and gas funds to schools (HB 604) could affect the privilege and license tax rate the Board needs to collect in the upcoming biennium. Mr. Smelser said if the Board is proposing an increase, cities and towns would need to know as soon as possible so they can adjust their budgets. Mr. King said it was very important to be forward-looking so if an increase is on the horizon the Board is able to give ample notice to cities and towns that would be affected.

SLAWSON EXPLORATION COMPANY, INC.

Chief Field Inspector Steve Sasaki distributed Exhibit 3, a letter sent to Slawson Exploration Company, Inc. (Slawson) regarding violation of Board rules. Slawson drilled the Squadron 1-15-14H well in Section 15, T26N-R59E, Roosevelt County without a valid permit and without supplying affidavit's of publication for the notice. Mr. Sasaki recommends a \$5000 fine. Attorney John Lee was present on behalf of Slawson. He said Slawson is not denying the well was spudded without permit. This was not done to save a lease. This is first instance of non-compliance from Slawson since at least 1979 that Mr. Lee knows about. It is serious, but Mr. Lee has witnessed much leniency on continual offenders. He asks some leniency in the level of fine imposed. Mr. Lee has no knowledge that lack of notice was a problem for the landowner. Board member Wayne Smith asked Mr. Sasaki why he recommended a \$5000 fine. Mr. Sasaki said because of the violation of 36.22.601, there was no 10-day waiting period, and the well was spudded May 14, but not advertised until May 19 and June 5. He was going to try to do fine on daily basis but that method did not seem right. Mr. Sasaki said he was trying to make the fine relevant to the level of non-compliance. Mr. Lee said the engineering department thought there was an approved permit. Mr. Smith agrees with Mr. Sasaki. He said there is a clear process established in rule, and Slawson did not follow it.

MOTION: Mr. King made a motion to fine Slawson Exploration Company, Inc. \$5000. The motion passed with four members voting aye (Nelson, Smith, Efta, and King) and three members voting nay (Smelser, Gunderson, Bradshaw).

STAFF REPORTS

Jake Oil, LLC - Mr. Hudak said Jake Oil, LLC has not yet paid the \$200 annual injection well fee for two wells, nor has it paid the additional \$100 per well late penalty assessed at the Board's April 2011 business meeting. He recommends an additional \$500 fine be assessed (for a total outstanding fees and fines of \$1100) and Jake Oil, LLC's authority to use the wells be suspended until the fees and fines are paid. Mr. Hudak said an MIT is due on one well the fall, if it does not pass or it is not done, then a 6-month process begins where either the well gains mechanical integrity or it is plugged.

MOTION: Mr. Smelser made a motion, seconded by Mr. Gunderson and unanimously passed, to fine Jake Oil and additional \$500 and suspend its authority to use the wells until the total fees and fines (\$1100) are paid.

MSC Exploration LP – Mr. Sasaki distributed Exhibit 4, a copy of correspondence sent to MSC Exploration. A change of operator from BTA Oil Producers to MSC Exploration (which was submitted in 2008) was utilized to locate the former administrator of MSC Exploration, Lynn Faust. She told Mr. Sasaki that the owner of MSC cannot be found. In April 2011, Mr. Sasaki sent MSC a letter stating two of MSC's wells no longer have a valid lease and a plugging program needs to be provided within 90 days. He has gotten no response. He recommends a show/cause hearing for bond forfeiture be scheduled for the August public hearing.

MOTION: Mr. Smelser made a motion, seconded by Mr. Gunderson and unanimously passed, to Show-Cause MSC Exploration LP for bond forfeiture in August for failure to provide a plugging plan for the JV-P Lockman 1 and the JV-P Clark wells in Roosevelt County, Montana.

Mr. Sasaki reported on the progress of DL Inc. in plugging wells in Devils Basin. DL Inc. wells were all plugged last fall. The area is very wet this spring. DL Inc. was not able to start its surface restoration on these well sites and no one has been able to work in the field so there is no report to give. Mr. Sasaki advised DL Inc. to get in there and complete the work as soon as possible.

Board member Wayne Smith thanked Mr. Sasaki for all the hard work he has done putting training together for the field inspectors. Mr. Smith would also like to see a cementing school. Mr. Sasaki said Leo Heath of Montana Tech said they can do it, and he is thinking of having it toward the end of December. It would be one class and all would attend at the same time.

Legislative Audit – Mr. Richmond, Mr. Halvorson, Mr. Hudak and Mr. King met with the audit team and Chairman Nelson joined by conference call. The Board and staff took issue with their draft report on almost every page. The auditors want to come to the August Board meeting to discuss their findings, which will be presented to the Legislative Audit Committee in October. Chairman Nelson said the Board's choices will be concur, not concur or partially concur with the recommendations presented to the Audit Committee. Chairman Nelson said it seemed the audit had difficulty separating staff from the Board itself. Mr. Richmond said some of the things they recommended were ok: prioritization of inspections, longer passwords, staff meetings, and a disaster contingency plan; but there are some recommendations they made that are a bit troubling. He and the chairman will work on the board's response when the final audit is released.

Mr. Richmond said the Billings office parking lot will be repaved this summer.

OTHER BUSINESS

Another Rules Hearing - Chairman asked if the Board wanted to have another hearing on proposed hydraulic fracturing rules. Mr. King thought there were two things to consider: either have another hearing and/or extend the comment period. Mr. Peterson said the Board could make that decision at the August business meeting, or it could decide today. Another notice would have to be done to extend the comment period. He is not sure if the entire rule notice would have to be re-published. There is a six-month period to adopt. If not done by the end of that time you have to re-file the entire notice. Mr. Richmond said there were eight people/companies testify today. He does not know what more the Board would learn through another hearing. He thinks the Board should continue with the original plan which was to adopt the rules at the August public hearing. Mr. Smith does not know what the Board would gain by extending the comment period. He also thinks we need to stay with the schedule. He does not see what we would accomplish by having another hearing. Mr. Smelser agreed with Mr. Smith's thoughts. He wants to stick to the schedule. He does not want to prolong it and he does not think we need another hearing. Mr. Gunderson asked how many other requests for another meeting have been received. Mr. Richmond said three: from Senator Hawks, his brother Paul, and Representative Kathleen Williams. He has received 99 comments on the frac email site and no one requested another hearing. He also said one-third of the comments received on the frac email site were from MEIC/NPRC canned form letters, and 98 of the 99

comments came from the western part of the state. Chairman Nelson would like to see the actual comments. Mr. Richmond said he will scan all of them into a .pdf and send to the Board members.

MOTION: Mr. Smelser made a motion, seconded by Mr. Bradshaw and unanimously passed, not to have another hearing on the proposed hydraulic fracturing rules and to stick to the original schedule which includes adoption of the rules at the August public hearing.

Hotel Accommodations Next Meeting – The majority of Board members want to stay on the west end of Billings, and Chairman Nelson suggested we try the Comfort Inn. She said we have to be careful to watch the cancellation and/or early check-out policies wherever we stay.

With no further discussion or business the meeting adjourned at 4:30 pm

PUBLIC HEARING.

The Board reconvened at the Fairgrounds Commercial Building in Sidney, Montana, at 8:00 a.m. on Thursday, June 16, 2011, to hear the matters docketed for public hearing. As a result of the discussion, testimony and technical data placed before the Board, the following action was taken in each matter.

Docket No. 166-2011– The application of Continental Resources, Inc. was continued to the August 2011 hearing.

Docket No. 167-2011– The application of Continental Resources, Inc. was continued to the August 2011 hearing.

Docket No. 168-2011 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 125-2011.

Docket No. 169-2011 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 126-2011.

Docket No. 170-2011 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 127-2011.

Docket No. 171-2011– The application of Continental Resources, Inc. was continued to the August 2011 hearing.

Docket No. 172-2011 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 128-2011.

Docket No. 173-2011– The application of Continental Resources, Inc. was continued to the August 2011 hearing.

Docket No. 174-2011– The application of Continental Resources, Inc. was continued to the August 2011 hearing.

Docket No. 175-2011 – A motion was made by Mr. Efta, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 129-2011.

Docket No. 176-2011 – A motion was made by Mr. Efta, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 130-2011.

Docket No. 177-2011 – A motion was made by Mr. Efta, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 131-2011.

Docket No. 178-2011– The application of Continental Resources, Inc. was continued at the hearing to the August 2011 hearing.

Docket No. 179-2011– The application of Continental Resources, Inc. was continued at the hearing to the August 2011 hearing.

Docket No. 180-2011– The application of Continental Resources, Inc. was continued at the hearing to the August 2011 hearing.

Docket No. 181-2011 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 132-2011.

Docket No. 182-2011– The application of Newfield RMI LLC was continued at the hearing to the August 2011 hearing.

Docket No. 183-2011 – 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 Citation Oil & Gas Corp. was approved as set forth in Board Order 133-2011.

Docket No. 184-2011 – 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 Citation Oil & Gas Corp. was approved as set forth in Board Order 134-2011.

Docket No. 185-2011 – 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 Citation Oil & Gas Corp. was approved as set forth in Board Order 135-2011.

Docket No. 186-2011 – 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 Energy Corporation of America was approved as set forth in Board Order 136-2011.

Docket No. 187-2011 – A motion was made by Mr. King, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Energy Equity Company as set forth in Board Order 137-2011.

Docket No. 188-2011 – 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 URSA Resources Group LLC was approved as set forth in Board Order 138-2011.

Docket No. 189-2011 – 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 URSA Resources Group LLC was approved as set forth in Board Order 139-2011.

Docket No. 190-2011 – 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 URSA Resources Group LLC was approved as set forth in Board Order 140-2011.

Docket No. 191-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of URSA Resources Group LLC as set forth in Board Order 141-2011.

Docket No. 192-2011 – A motion was made by Mr. Smith, seconded by Mr. Smelser and unanimously passed, to approve the application of URSA Resources Group LLC as set forth in Board Order 142-2011.

Docket No. 193-2011 – The application of True Oil LLC was withdrawn at the hearing.

Docket No. 194-2011 – A motion was made by Mr. Smith, seconded by Mr. Bradshaw and unanimously passed, to approve the application of True Oil LLC as set forth in Board Order 143-2011.

Docket No. 195-2011 – The application of True Oil LLC was withdrawn at the hearing.

Docket No. 196-2011 – The application of True Oil LLC was withdrawn at the hearing.

Docket No. 197-2011 – A motion was made by Mr. Smith, seconded by Mr. Bradshaw and unanimously passed, to approve the application of True Oil LLC as set forth in Board Order 144-2011.

Docket No. 198-2011 – A motion was made by Mr. Smith, seconded by Mr. Bradshaw and unanimously passed, to approve the application of True Oil LLC as set forth in Board Order 145-2011.

Docket No. 199-2011 – A motion was made by Mr. King, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 147-2011.

Docket No. 200-2011 – A motion was made by Mr. King, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 148-2011.

Docket No. 201-2011 – 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 148-2011.

Docket No. 202-2011– The application of XTO Energy Inc. was continued to the August 2011 hearing.

Docket No. 203-2011– The application of XTO Energy Inc. was continued to the August 2011 hearing.

Docket No. 204-2011 – 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 MCR, LLC was approved as set forth in Board Order 149-2011.

Docket No. 205-2011 – 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 MCR, LLC was approved as set forth in Board Order 150-2011.

Docket No. 206-2011 – 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 MCR, LLC was approved as set forth in Board Order 151-2011.

Docket No. 207-2011 – 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 MCR, LLC was approved as set forth in Board Order 152-2011.

Docket No. 208-2011 – 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 MCR, LLC was approved as set forth in Board Order 153-2011.

Docket No. 209-2011 – 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 MCR, LLC was approved as set forth in Board Order 154-2011.

Docket No. 210-2011 – 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 155-2011.

Docket No. 211-2011 – 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 156-2011.

Docket No. 212-2011– The application of Whiting Oil and Gas Corporation was continued to the August 2011 hearing.

Docket No. 213-2011– The application of Whiting Oil and Gas Corporation was continued to the August 2011 hearing.

Docket No. 214-2011 – A motion was made by Mr. Gunderson, seconded by Mr. King and unanimously passed, to approve the application of Longshot Oil, LLC as set forth in Board Order 157-2011.

Docket No. 215-2011 – A motion was made by Mr. Gunderson, seconded by Mr. King and unanimously passed, to approve the application of Longshot Oil, LLC as set forth in Board Order 158-2011.

Docket No. 216-2011 – 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 Cowry Enterprises, LTD was approved as set forth in Board Order 159-2011.

Docket No. 217-2011 – 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 Plain Energy USA, LLC was approved as set forth in Board Order 160-2011.

Docket No. 218-2011 – 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 Plain Energy USA, LLC was approved as set forth in Board Order 161-2011.

Docket No. 219-2011 – 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 SM Energy Company was approved as set forth in Board Order 162-2011.

Docket No. 220-2011 & 22-2011 FED – 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 Shakespeare Oil Company, Inc. was approved as set forth in Board Order 163-2011.

Docket No. 221-2011 – A motion was made by Mr. King, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Central Montana Resources, LLC as set forth in Board Order 164-2011.

Docket No. 222-2011 – The application of Central Montana Resources, LLC was withdrawn.

Docket No. 223-2011 – 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 165-2011.

Docket No. 224-2011– The application of SBG Disposal LLC was continued to the August 2011 hearing.

Docket No. 314-2010– The application of Slawson Exploration Company, Inc. was continued to the August 2011 hearing.

Docket No. 383-2010– The application of Brigham Oil & Gas, LP was continued to the August 2011 hearing.

Docket No. 384-2010– The application of Brigham Oil & Gas, LP was withdrawn.

Docket No. 399-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 166-2011.

Docket No. 400-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 167-2011.

Docket No. 401-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 168-2011.

Docket No. 402-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 169-2011.

Docket No. 404-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 170-2011.

Docket No. 416-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 171-2011.

Docket No. 417-2010 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 172-2011.

Docket No. 5-2011– The application of Slawson Exploration Company, Inc. was continued to the August 2011 hearing.

Docket No. 6-2011– The application of Slawson Exploration Company, Inc. was continued to the August 2011 hearing.

Docket No. 7-2011– The application of Slawson Exploration Company, Inc. was continued to the August 2011 hearing.

Docket No. 8-2011– The application of Slawson Exploration Company, Inc. was continued to the August 2011 hearing.

Docket No. 9-2011– The application of Slawson Exploration Company, Inc. was continued to the August 2011 hearing.

Docket No. 10-2011– The application of Slawson Exploration Company, Inc. was continued to the August 2011 hearing.

Docket No. 11-2011 & 4-2011 FED– The application of Slawson Exploration Company, Inc. was continued to the August 2011 hearing.

Docket No. 63-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 64-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 65-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 67-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 68-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 69-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 70-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 72-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 73-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 74-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 77-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 78-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 79-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 80-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 81-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 82-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 83-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 88-2011– The application of Brigham Oil & Gas, LP was continued at the hearing to the August 2011 hearing.

Docket No. 94-2011 – The application of Whiting Oil and Gas Corporation was withdrawn.

Docket No. 97-2011 – The application of Whiting Oil and Gas Corporation was withdrawn.

Docket No. 98-2011 – The application of Whiting Oil and Gas Corporation was withdrawn.

Docket No. 117-2011– The application of Enerplus Resources USA Corporation was continued to the August 2011 hearing.

Docket No. 118-2011– The application of Enerplus Resources USA Corporation was continued to the August 2011 hearing.

Docket No. 123-2011 – A motion was made by Mr. King, seconded by Mr. Smelser and unanimously passed, to approve the application of Central Montana Resources LLC as set forth in Board Order 173-2011.

Docket No. 124-2011 – 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 True Oil LLC was approved as set forth in Board Order 174-2011.

Docket No. 125-2011 – 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 True Oil LLC was approved as set forth in Board Order 175-2011.

Docket No. 137-2011– The application of Oasis Petroleum, Inc. was continued to the August 2011 hearing.

Docket No. 138-2011– The application of Oasis Petroleum, Inc. was continued to the August 2011 hearing.

Docket No. 155-2011– The application of Abraxas Petroleum Corporation was continued to the August 2011 hearing.

Docket No. 156-2011– The application of Abraxas Petroleum Corporation was continued to the August 2011 hearing.

Docket No. 157-2011– The application of Abraxas Petroleum Corporation was continued to the August 2011 hearing.

Docket No. 172-2010– A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to require that that North American Technical Trading Company, Inc. have the following four wells plugged by the August 11, 2011 public hearing:

The Fugere 4-19 well located in the SWSW of Section 19, T34N-R48E;
The Fugere 1 well located the NWNW of Section 30, T34N-R48E;
The Gendreau 1-24 well located in the SWNE of Section 24, T34N-R47E; and
The Saturn state 1 well located in the NWNW of Section 24, T34N-R47E.

The motion further stated that if the four above wells are not plugged by the August 11, 2011 public hearing a Show-Cause hearing for bond forfeiture for those wells and the two injection wells overdue for mechanical integrity tests (the Fisher 1-24 well in Section 24, T34N-R47E, Daniels County, Montana; and the Fugere 3-30 well in Cabaret Coulee in Section 30, T34N-R48E, Daniels County, Montana.) will be scheduled for the October 13, 2011 hearing. This is set forth in Board Order 176-2011.

Docket No. 239-2010– A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to require that the \$5000 fine ordered on Bensun Energy, LLC in Board Order 2-A-2010 be collected; that the BN 11-11 be plugged or producing by the Board's August 11, 2011 public hearing and that the BN 12-11 be cleaned up by that same date. If this is not done a Show-Cause hearing for bond forfeiture will be scheduled for the Board's October 13, 2011 public hearing.

The motion further included that that a new \$5000 fine is imposed against Bensun Energy, LLC, to be collected at the Board's October 13, 2011 public hearing if the above stated work is not completed. This is set forth in Board Order 177-2011.

Docket No. 240-2010– A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to require Mountain Pacific General, Inc. to appear at the Board's August 11, 2011 public hearing to present a plan for plugging the Fossum #10-8 well, a plan for returning idle wells to production or plugging them, and a plan for increasing its bond to \$250,000.

The motion further included that this matter is continued to the Board's August 11, 2011 public hearing, and, if the above-mentioned items are not addressed, a Show-Cause hearing will be scheduled for October 2011 to shut-in production for failure to perform any or all of the following: plug the Fossum 10-8 well, present a plan for idle wells, and/or increase the bond to \$250,000. This is set forth in Board Order 178-2011.

Docket No. 421-2010– A motion was made by Mr. Smith, seconded by Mr. Gunderson and unanimously passed, to dismiss the show-cause hearing of K2 America Corporation in Board Order 179-2011.

Docket No. 165-2011– A motion was made by Mr. Gunderson, seconded by Mr. Efta and unanimously passed, to continue this matter until the next public hearing and to have staff write a letter to Brent Zimmerman and request he be present at the Board's August 11, 2011 public hearing to present a plan for future compliance. This is set forth in Board Order 180-2011.

NEXT MEETING

The next business meeting of the Board will be Wednesday, August 11, 2011 at 2:00 p.m. at 2535 St. Johns Avenue in Billings, Montana. The next regular public hearing will be Thursday, June 16, 2011, beginning at 8:00 a.m. at 2535 St. Johns Avenue in Billings, Montana. The filing deadline for the August 11, 2011 public hearing is July 14, 2011.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman
Wayne Smith, Vice-Chairman
Don Bradshaw
Ronald S. Efta
Jay Gunderson
Jack King
Bret Smelser

ATTEST:

Terri H. Perrigo, Executive Secretary