



Brian Schweitzer, Governor

P.O. Box 200901 • Helena, MT 59620-0901 • (406) 444-2544 • [www.deq.mt.gov](http://www.deq.mt.gov)

February 9, 2007

Linda Nelson  
Chair  
Board of Oil and Gas Conservation  
469 Griffin Road  
Medicine Lake, MT 59247

Dear Ms. Nelson:

In a letter dated December 8, 2006, I notified you of the ongoing efforts of the Department of Montana Environmental Quality (Department) to investigate a complaint regarding hydrogen sulfide (H<sub>2</sub>S) emissions from Somont Oil Company (Somont). The following is a summary of our activities to date and our conclusions.

The potential emissions from the Somont facility were not found to be large enough to trigger the Department's air quality permitting threshold of 25 tons per year of any single regulated pollutant. In addition, the Department did not find Somont to be in violation of any of the applicable Administrative Rules of Montana (ARM).

Of particular interest in our investigation was the Ambient Air Quality Standard for H<sub>2</sub>S (ARM 17.8.214). On December 8, 2006, Department staff, with assistance from staff from the Montana Board of Oil and Gas (MBOG), gathered additional information concerning the ambient air concentrations of H<sub>2</sub>S near the Somont facility. While the hand-held H<sub>2</sub>S monitors registered a few instantaneous readings of H<sub>2</sub>S at the location of the initial water discharge, the measurements were not long lasting and were not comparable to the 1-hour Ambient Air Quality Standard identified in ARM 17.8.214. Even with the instantaneous readings available from the hand-held monitors, the only location where H<sub>2</sub>S concentrations could be detected was the area immediately surrounding the initial water discharge.

In addition to the hand-held monitors used by the MBOG staff, the Department set-up three passive H<sub>2</sub>S monitors on the day of our site visit. The passive monitors are designed to provide a measurement of H<sub>2</sub>S over the course of a longer averaging time than the hand-held monitors. None of the passive monitors registered H<sub>2</sub>S concentrations. Correspondence from the local sanitarian indicated that she set out one of the passive monitors but did not register any H<sub>2</sub>S concentrations on the monitor. Although the original complainant was also sent a passive H<sub>2</sub>S monitor, the Department never did get a response from that individual regarding measured H<sub>2</sub>S concentrations.

The Department has been unable to substantiate a violation of the Montana Clean Air Act and has concluded it's investigation into this complaint. If we can provide additional information or answer questions regarding this specific case or other related matters, the Department's contact is Dan Walsh (406-444-9786). Thanks again for your interest in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Don Vidrine".

Don Vidrine  
Chief, Air Resources Management Bureau

# MONTANA BOARD OF OIL & GAS CONSERVATION BOND ACTIVITY SUMMARY

December 12, 2006 through February 14, 2007

## APPROVED BONDS

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Brighton Energy, LLC Tulsa, OK	Westchester Fire Insurance Co. Surety No. K07177525	Amount . . . . . \$10,000 Type . . . . . Single-well Effective . . . . . 01/12/07
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Lance & Helen McDowell Chester, MT	First State Bank of Shelby CD No. 567381	Amount . . . . . \$5,000 Type . . . . . Domestic Effective . . . . . 11/22/06
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Lance Oil & Gas Company Denver, CO	Liberty Mutual Insurance Co. Surety No. 22020075	Amount . . . . . \$50,000 Type . . . . . Multi-well Effective . . . . . 11/30/06
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Lonewolf Energy, Inc. Billings, MT	Western Bank of Chinook CD No. 13157	Amount . . . . . \$50,000 Type . . . . . Multi-well Effective . . . . . 02/06/07
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McMinn Operating Company Tomball, TX	Encore Bank, Houston, TX CD No. 240100784	Amount . . . . . \$5,000 Type . . . . . Single-well Effective . . . . . 12/21/06
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## CANCELLED BONDS

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Michael Letson & Charles Taylor West Yellowstone, MT	Western Surety Company Surety No. 58014231	Amount . . . . . \$10,000 Type . . . . . Blanket Effective . . . . . 01/22/07
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## FORFEITED BONDS

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lihc Company Long Beach, CA ( \$25,000 received )	Montana State Bank, Plentywood CD No. 71040	Amount . . . . \$25,000 Type . . . . Multi-well Effective . . . . . 12/14/06
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Nerdlilh Company Long Beach, CA ( \$40,194.75 received. )	First Bank Helena CD Nos. 458487, 13767, 25002	Amount . . . . \$25,000 Type . . . . Multi-well Effective . . . . . 12/14/06
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Pioneer Energy Corp. Dallas TX (Comptroller will not intervene. We must approach bankruptcy court.)	Bank of America, Dallas CD No. 091000040965952	Amount . . . . \$3,000 Type . . . . Limited Effective . . . . . 07/21/05
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Pioneer Energy Corp. Dallas TX (Comptroller will not intervene. We must approach bankruptcy court.)	Bank of America, Dallas CD No. 091000034242267	Amount . . . . \$10,000 Type . . . . Limited Effective . . . . . 07/21/05
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## REPLACEMENT BONDS

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King-Sherwood Oil Co. Great Falls, MT ( Wells Fargo Bank CD No. 900-0008480 released. )	First Interstate Bank, Great Falls CD No. 2200044551	Amount . . . . \$10,000 Type . . . . Limited Effective . . . . . 01/23/07
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420 South Main P.O. Box 727 • Conrad, MT 59425-0727  
406•278-5513 FAX 406•278-7977

RECEIVED

January 16th, 2007

JAN 18 2007

Montana Board of Oil & Gas Conservation  
2535 Saint Johns Avenue  
Billings, MT 59102

MONTANA BOARD OF OIL  
& GAS CONSERVATION BILLINGS

Re: **Hawley Oil**  
**Irrevocable Standby Letter of Credit No. 0028**

Dear Montana Board of Oil & Gas Conservation,

We have not received requested financial information from Hawley Oil that was required for the continued renewal of the above referenced Letter of Credit. If they provide that information in the upcoming months, we will consider continuing to renew it.

The terms of the Letter of Credit make it automatically renewable unless we notify you 120 days prior to the current expiration date of our decision not to extend this letter of credit beyond the expiration date. The current expiration date is May 31, 2007.

This letter is to serve as your formal notification that we are not prepared to renew this Letter of Credit on May 31, 2007 at this time.

Sincerely,

Stockman Bank (fka Farmers State Bank of Montana)

Roland D. Lee  
Vice President

Cc: Hawley Oil  
Attn: Kim Hawley  
84 Conrad Dupuyer Road  
Conrad, MT 59425

Enclosure

**FINANCIAL STATEMENT**  
As of 2/1/07

OIL AND GAS DIVISION  
FY 2007 Budget vs. Expenditures  
Percent of Year Elapsed = 58

FTE Obj.	2006 Regulatory Budget			2006 UIC Budget			2006 Educ & Outreach Budget*			2006 NAPE Budget*			2006 Pub Acc Data Budget*			TOTAL BUDGET	TOTAL EXPENDS	Expend % of Budget
	Expend	Expend % of Budget	Expend % of Budget	Expend	Expend % of Budget	Expend % of Budget	Expend	Expend % of Budget	Expend % of Budget	Expend	Expend % of Budget	Expend	Expend % of Budget					
1000 Pay Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1100 Salaries	670,448	352,861	0.53	157,119	72,391	0.46	-	-	-	25,000	11,909	0.48	1,277,820	437,161	0.34			
1300 Other Comp	4,880	3,107	0.64	1,220	295	0.24	-	-	-	-	-	-	9,504	3,403	0.36			
1400 Benefits/Ins	206,823	106,352	0.51	45,983	20,441	0.44	-	-	-	10,520	4,556	0.43	390,120	131,348	0.34			
1600 Vacancy Svcs	(33,983)	-	0.00	(7,383)	-	-	-	-	-	(1,421)	-	-	(42,787)	-	0.00			
2100 Contracted Svcs	119,655	55,345	0.46	69,773	6,961	0.10	79,956	-	-	172,492	-	-	504,181	62,305	0.12			
2200 Supplies	37,641	24,367	0.65	7,346	3,718	0.51	-	-	4,000	-	-	3,500	825	0.24	80,573	28,910	0.36	
2300 Communications	37,942	22,849	0.60	7,134	4,819	0.68	-	-	-	1,500	-	-	74,245	27,668	0.37			
2400 Travel	28,995	19,394	0.67	7,830	3,226	0.41	-	-	4,442	-	-	-	63,887	22,619	0.35			
2500 Rent	13,442	10,654	0.79	2,882	1,360	0.47	-	-	-	-	-	-	28,339	12,014	0.42			
2600 Utilities	11,221	5,689	0.51	2,407	1,260	0.52	-	-	-	-	-	-	20,578	6,949	0.34			
2700 Repair/Maint	19,025	10,127	0.53	4,256	2,223	0.52	-	-	-	-	-	-	35,632	12,350	0.35			
2800 Other Svcs	15,767	12,961	0.82	10,136	2,864	0.28	-	-	5,000	-	-	-	46,729	15,825	0.34			
3000 Equipment	50,000	23,255	0.47	-	-	-	-	-	-	-	-	-	50,000	23,255	0.00			
6000 Grants	-	-	-	-	-	-	10,000	-	-	-	-	-	-	-	-	-		
<b>Total</b>	<b>1,181,856</b>	<b>646,961</b>	<b>0.55</b>	<b>308,703</b>	<b>119,557</b>	<b>0.39</b>	<b>89,956</b>	<b>-</b>	<b>-</b>	<b>13,442</b>	<b>-</b>	<b>-</b>	<b>211,591</b>	<b>17,289</b>	<b>0.08</b>	<b>1,805,548</b>	<b>783,807</b>	<b>0.43</b>

\* includes unspent funds from fy06 (biennial approp) Ed & Outreach = 14955.63; NAPE = 5,942; Pub Access Data = 2,492 (? - more unspent than that - ?)

FUNDING	2006 Regulatory Budget	2006 UIC Budget	2006 Educ & Outreach Budget*	2006 NAPE Budget*	2006 Pub Acc Data Budget*	TOTAL BUDGET	TOTAL EXPENDS
State Special	1,181,856	198,703	89,956	13,442	211,591	1,695,548	724,362
Federal	646,961	110,000	-	-	17,289	110,000	59,446
<b>Total Funds</b>	<b>1,181,856</b>	<b>308,703</b>	<b>89,956</b>	<b>13,442</b>	<b>211,591</b>	<b>1,805,548</b>	<b>783,807</b>

FINANCIAL STATEMENT  
As of 2/1/07

OIL AND GAS DIVISION  
FY 2007 Budget vs. Expenditures  
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	Regulatory Budget	Expend	% of Budget	UIC Budget	Expend	% of Budget	Educ & Outreach Budget*	Expend	% of Budget	NAPE Budget*	Expend	% of Budget	Pub Acc Data Budget*	Expend	% of Budget			
	17.0			3.5									1.0			21.5		
1000 Pay Plan	-			-									-			-		
1100 Salaries	670,448	352,861	0.53	157,119	72,391	0.46							25,000	11,909	0.48	1,277,820	437,161	0.34
1300 Other Comp	4,880	3,107	0.64	1,220	295	0.24							-			9,504	3,403	0.36
1400 Benefits/Ins	206,823	106,352	0.51	45,983	20,441	0.44							10,520	4,556	0.43	390,120	131,348	0.34
1600 Vacancy Svgs	(33,983)	-	0.00	(7,383)	-	-							(1,421)	-	-	(42,787)	-	0.00
2100 Contracted Svcs	119,655	55,345	0.46	69,773	6,961	0.10	79,956	-	-				172,492	-	-	504,181	62,305	0.12
2200 Supplies	37,641	24,367	0.65	7,346	3,718	0.51				4,000	-	-	3,500	825	0.24	80,573	28,910	0.36
2300 Communications	37,942	22,849	0.60	7,134	4,819	0.68							1,500	-	-	74,245	27,668	0.37
2400 Travel	28,995	19,394	0.67	7,830	3,226	0.41				4,442	-	-				63,887	22,619	0.35
2500 Rent	13,442	10,654	0.79	2,882	1,360	0.47										28,339	12,014	0.42
2600 Utilities	11,221	5,689	0.51	2,407	1,260	0.52										20,578	6,949	0.34
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2800 Other Svcs	15,767	12,961	0.82	10,136	2,864	0.28				5,000	-	-				46,729	15,825	0.34
3000 Equipment	50,000	23,255	0.47	-	-	-										50,000	23,255	0.00
6000 Grants							10,000	-	-									
<b>Total</b>	<b>1,181,856</b>	<b>646,961</b>	<b>0.55</b>	<b>308,703</b>	<b>119,557</b>	<b>0.39</b>	<b>89,956</b>	<b>-</b>	<b>-</b>	<b>13,442</b>	<b>-</b>	<b>-</b>	<b>211,591</b>	<b>17,289</b>	<b>0.08</b>	<b>1,805,548</b>	<b>783,807</b>	<b>0.43</b>

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State Special	1,181,856	646,961	198,703	60,110	89,956	-	13,442	-	211,591	17,289	1,695,548	724,362
Federal			110,000	59,446							110,000	59,446
<b>Total Funds</b>	<b>1,181,856</b>	<b>646,961</b>	<b>308,703</b>	<b>119,557</b>	<b>89,956</b>	<b>-</b>	<b>13,442</b>	<b>-</b>	<b>211,591</b>	<b>17,289</b>	<b>1,805,548</b>	<b>783,807</b>

<b>REVENUE INTO STATE SPECIAL REVENUE ACCOUNT as of 2/1/07</b>			
	FY 07	Total FY 06	Percentage FY07 to FY06
Oil Production Tax	2,745,394	3,424,490	0.80
Gas Production Tax	842,559	1,508,204	0.56
Penalty & Interest	-	-	
Drilling Permit Fees	41,830	86,850	0.48
UIC Permit Fees	178,600	190,350	0.94
Enhanced Recovery Filing Fee	-	-	
Interest on Investments	258,911	299,860	0.86
Copies of Documents	7,469	13,351	0.56
Miscellaneous Reimbursemts	-	2,859	0.00
<b>TOTALS</b>	<b>\$4,074,763</b>	<b>\$5,525,964</b>	<b>0.74</b>

<b>REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 2/1/07</b>	
	FY07
Transfer in from RIT	0
Bond Forfeitures	0
Interest on Investments	4,684
<b>TOTAL</b>	<b>4,684</b>

<b>BOND FORFEITURES</b>
None prior to 2/1/07 for FY 07

<b>REVENUE INTO GENERAL FUND FROM FINES as of 2/1/07</b>	
	FY07
Nerdlihc	2500
Yellowstone Petroleums	500
Cowry Enterprises	500
Brandon Oil	40
Delphi - William Athens	90
Nerdlihc	1500
DL Inc.	180
<b>TOTAL</b>	<b>5310</b>

<b>INVESTMENT ACCOUNT BALANCES as of 2/1/07</b>	
Damage Mitigation	210,020
Regulatory	11,384,153

**GRANT BALANCES - 2/1/07**

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>
EPA Exchange Network Grant	750,000	162,764	587,236
2005 Northern	300,000	0	300,000
2005 Eastern	300,000	87,830	212,170
2003 Northern	300,000	300,000	0
2003 Plug & Abandon	<u>200,000</u>	<u>200,000</u>	0
<b>TOTALS</b>	<b>\$1,850,000</b>	<b>\$750,594</b>	<b>\$1,099,406</b>

bal to 05 Northern  
bal to 05 Eastern

**CONTRACT BALANCES - 2/1/07**

GWPC - Mgmt - Exchange Node	131,450	0	131,450
ALL Consulting - IT - Exchange Node	577,825	158,991	418,834
DNRC Centralized Services Indirect - EPA	40,725	9,635	31,090
COR Enterprises - Janitorial	17,700	4,268	13,432
Agency Legal Services - Legal*	50,000	14,608	35,392
Liquid Gold - 05 Northern	210,000	0	210,000
C-Brewer - 05 Eastern	<u>250,000</u>	<u>123,362</u>	<u>126,638</u>
<b>TOTALS</b>	<b>1,277,700</b>	<b>310,865</b>	<b>966,835</b>

\*Authorized Amount is Estimate - Open End Contract

**Agency Legal Services Expenditures to Date in FY07**

Case	Amt Spent	Last Svc Date
Diamond Cross	185	8/06
Diamond Cross 2	5,076	11/06
Tongue & Yellowstone	126	11/06
Hugh Gwynn	1,325	11/06
MEIC	3,658	11/06
BOGC Duties	4,238	11/06
<b>Total</b>	<b>14,608</b>	

Docket Summary

2/15/2007 Hearing

EXHIBIT 4

1-2007	Board of Oil & Gas Conservation	Bonding: proposed rule change.	
2-2007	Headington Oil LP	Temporary spacing unit, Bakken Formation, 25N-51E-25: all and 36: all, 660' setback. Apply for permanent spacing within 90 days of successful completion.	Default
3-2007	Headington Oil LP	Permanent spacing unit, Bakken Formation, 26N-53E-36: all and 25N-53E-1: all (Snedigar-State 44X-36).	
4-2007	Headington Oil LP	Permanent spacing unit, Bakken Formation, 26N-52E-28: all and 29: all (Fisher 14X-28).	
5-2007	Headington Oil LP	Permanent spacing unit, Bakken Formation, 22N-58E-13: all and 24: all (O'Brien 11X-18).	
6-2007	Headington Oil LP	Permanent spacing unit, Madison/Mission Canyon Formations, 23N-58E-5: W/2 (Dyngneson 21X-5).	
7-2007	Headington Oil LP	Pool, Bakken Formation, 22N-58E-1: all and 12: all (Steinbeisser 11X-18)	
8-2007	Enerplus Resources USA Corporation	Permanent spacing unit, Bakken Formation, 24N-57E-14: all (Peanut East-Kilen 14-2H).	
9-2007	Enerplus Resources USA Corporation	Permanent spacing unit, Bakken Formation, 24N-57E-4: all and 9: all (Brutus East-Izetta 9-14H). [Ltr of protest by FAX rec'd 2/13/2007.]	Protested
10-2007	Enerplus Resources USA Corporation	Exception to drill additional Bakken Formation well in the temporary spacing unit comprised of 24N-57E-13: all, 660' setback.	Default
11-2007	Enerplus Resources USA Corporation	Exception to drill additional Bakken Formation well in the temporary spacing unit comprised of 24N-57E-2: all and 11: all, 660' setback.	Default
12-2007	Enerplus Resources USA Corporation	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 24N-55E-22: all and 27: all, 660' setback.	Default
13-2007	Enerplus Resources USA Corporation	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 24N-55E-13: all, 660' setback.	Default
14-2007	Enerplus Resources USA Corporation	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 24N-57E-35: all, 660' setback.	Default

15-2007	Noble Energy, Inc.	Field rule amendment to include Niobrara Formation, commingle request (Bowdoin, Greenhorn, Phillips, Niobrara). East Loring Field: 37N-30E-1 and 12; 37N-31E-1 through 36; 36N-31E-1 through 3, 10 through 13 and 24; 36N-32E-4 through 9, 16 through 21, 28 through 33; 35N-32E-4 through 9, 16 through 21, 28, 29 and 33. West Loring Field: 37N-29E-25 and 36; 36N-30E-6, 7, 18, 21, 29 and 35; 35N-31E-7 and 20.	
16-2007	Continental Resources Inc	Exception to drill additional dual lateral Bakken Formation well in the permanent spacing unit comprised of 24N-53E-1: all and 12: all, 660' setback.	Default
17-2007	Continental Resources Inc	Vacate Board Order 351-2005 which established a temporary spacing unit for the Bakken Formation comprised of 25N-55E-4: all and 9: all. [Existing permitted well.]	Default
18-2007	Continental Resources Inc	Vacate Board Order 67-2006 which established a temporary spacing unit for the Bakken Formation comprised of 25N-55E-24: all and 25: all.	Default
19-2007	Continental Resources Inc	Vacate Board Order 287-2004 which established a temporary spacing unit for the Bakken Formation comprised of 26N-52E-27: all and 34: all.	Default
20-2007	Continental Resources Inc	Vacate Board Order 47-2005 which established a temporary spacing unit for the Bakken Formation comprised of 26N-54E-27: all and 34: all. [Existing permitted well.]	Default
21-2007	Continental Resources Inc	Vacate Board Order 347-2006 which established a temporary spacing unit for the Bakken Formation comprised of 26N-55E-22: all and 27: all.	Default
22-2007	Continental Resources Inc	Vacate Board Order 346-2006 which established a temporary spacing unit for the Bakken Formation comprised of 26N-55E-23: all and 26: all.	Default
23-2007	Continental Resources Inc	Vacate Board Order 120-2006 which established a temporary spacing unit for the Bakken Formation comprised of 23N-55E-21: all and 28: all.	Default
24-2007	Kirkwood Oil & Gas LLC	Vacate Board Order 47-1962; designate temporary spacing unit, Interlake Formation, 16N-54E-8: SW/4 and 17: NW/4, 660' setback .	
25-2007	Saco, Town Of	Exception to drill additional Colorado Group well, 31N-34E-8: SW/4 at a location 2155' FSL/362' FWL.	Default
26-2007	Carl Johnson Family, LLC	Vacate Gold Butte Field rules. Temporary spacing unit, 35N-3E-7: SW/4, one well to be drilled 871' FSL/ 915' FWL.	
27-2007	Nance Petroleum Corporation	Request for a 160' tolerance from the 660' setback requirement for the initial entry point of the horizontal Ratcliffe lateral in the Nelson 1-6, temporary spacing unit 27N-59E-6: all (Order 366-2006).	Default

28-2007	Nance Petroleum Corporation	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 23N-57E-25: all, 660' setback.	Default
29-2007	Nance Petroleum Corporation	Permanent spacing unit, Ratcliffe Formation, 27N-57E-12: all (Dethman 1-12HR).	
30-2007	Nance Petroleum Corporation	Pool, Ratcliffe Formation, 27N-57E-12: all (Dethman 1-12HR). Non-joinder penalties.	
31-2007	Nance Petroleum Corporation	Permanent spacing unit, Ratcliffe Formation, 28N-58E-35: N/2 (Simard Farms 4-36H).	
32-2007	Nance Petroleum Corporation	Pool, Ratcliffe Formation, 28N-58E-35: N/2 (Simard Farms 4-36H). Non-joinder penalties.	
33-2007	Bill Barrett Corporation	Class II injection permit to convert the Sampsen 44-27H (API #085-21698) to an Dakota Group water disposal well, 30N-58E-27: 1032' FSL/441' FEL (SE/4SE/4).	Default
34-2007	Bill Barrett Corporation	Class II injection permit to convert the Crusch 16-2 (API #085-21372) to an Dakota Group water disposal well, 29N-58E-2: 660' FSL/1000' FEL (SE/4SE/4).	Default
35-2007	Devon Energy Production Co., LP	Temporary spacing unit, 27N-19E-25: E/2 and 27N-20E-19: SW/4 and 30: W/2NW/4, 600' setback. Apply for permanent spacing within 90 days of successful completion.	Default
36-2007	Devon Energy Production Co., LP	Exception to drill additional Eagle Formation well, 31N-18E-11: 1449' FSL/1203 FWL, 100' topographic tolerance.	Default
37-2007	Devon Energy Production Co., LP	Exception to drill additional Eagle Formation well, 27N-19E-22: 1530' FSL/725 FWL, 100' topographic tolerance.	Default
38-2007	Devon Energy Production Co., LP	Permanent spacing unit, Eagle Formation, 27N-19E-5: NW/4 and 6: NE/4 (Dunbar 5-4-27-19). [Continued by itr rec'd 2/1/2007.]	Continued
39-2007	Helis Oil and Gas Company, LLC	Permanent spacing unit, Charles Formation, 30N-45E-16: SE/4 (Dahl 9-16).	
40-2007	Burlington Resources Oil & Gas Company LP	Vacate Board Order 201-2005 which established a temporary spacing unit for the Bakken Formation comprised of 25N-54E-9: and 10: all.	Default
41-2007	Burlington Resources Oil & Gas Company LP	Permanent spacing unit, Bakken Formation, 25N-52E-17: all and 20: all (BR 44-17H 52). [Continued by email rec'd 2/8/2007.]	Continued

42-2007	Burlington Resources Oil & Gas Company LP	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 25N-52E-17: all and 20: all, 660' setback. [Continued by email rec'd 2/8/2007.]	Continued
43-2007	Nadel and Gussman Rockies, LLC	Temporary spacing unit, Red River Formation, 1S-62E-4: Lots 1-3, 6-8, 9-11, 14-16, 660' setback. Apply for permanent spacing within 90 days of successful completion.	Default
44-2007	Klabzuba Oil & Gas, Inc.	Waive notice requirements of 36.22.601 for wells drilled within St. Joe Road Field.	Default
45-2007	Montana Land & Exploration, Inc.	Temporary spacing unit, "pop-up" Eagle Formation, 33N-21E-30: NE/4, one well to be located 767' FNL/ 855' FEL (SW Cherry Patch 1-30).	Default
46-2007	Montana Land & Exploration, Inc.	Exception to drill additional Eagle Formation well in the permanent spacing unit comprised of 33N-21E-10: all, well to be located 832' FSL/ 866' FWL, 990' setback, 75' topographic/geologic reasons (SW Cherry Patch 15-10).	Default w/ Cont.
47-2007	Petro-Hunt, LLC	Horizontal tax certification, Thiessen 28B-3-1H, 22N-55E-28: SW/4NW/4 (API #083-21945)	Default
392-2006	Sinclair Oil Corporation	Temporary spacing unit, Bakken, 27N-53E-15: all and 22: all, 660' setback. Will apply for permanent spacing within 90 days of successful completion. [Continued to February by ltr rec'd 12/8/2006.]	Default
468-2006	Marathon Oil Company	Temporary spacing unit, Bakken Formation, 25N-59E-11: all and 14: all, 660' setback. Will apply for permanent spacing within 90 days of successful completion. [Continued to Feb. by ltr rec'd 11/21/2006.]	Default
469-2006	Marathon Oil Company	Temporary spacing unit, Bakken Formation, 25N-59E-15: all and 22: all, 660' setback. Will apply for permanent spacing within 90 days of successful completion. [Continued to Feb. by ltr rec'd 11/21/2006.]	Default
492-2006	AltaMont Oil & Gas Inc.	Enlargement, add 29N-5W-17: all and 18: all, 28N-5W-1: all and 2: all, 28N-4W-6: all and 29N-4W-31: all. [Continued to February by fax rec'd 12/12/2006.]	

## 2005 GRANT PROJECT STATUS

February 14, 2007

### 2005 NORTHERN

2005 Northern RFP for well plugging and restoration issued.

Contract awarded to Liquid Gold Well Service.

7 Southeast Cut Bank Sand Unit (SECBSU), wells plugged and restored on State Section 16 T32N R5W  
December 2006 and January 2007

Cost: \$138,284 to date.

### 2005 EASTERN

2005 Eastern RFP for well plugging reissued.

Contract awarded to C-Brewer, Inc.

Started October 3, 2006 - Plugged & Restored 11 wells Phillips & Valley Counties

Second part surface restoration on orphaned wellsites RFP issued.

Contract awarded to C-Brewer, Inc.

Anticipated Start: Spring 2007

Emergency Orphan Well repair and Cleanup done on the Charoil Co., Creighton Memorial Hospital #1,  
Section 1 T7N R31E, Yellowstone County, MT.

Cost: \$2721.74

### 2007 GRANT APPLICATIONS

2007 Northern and 2007 Southern applications completed.

2007 Southern Restoration completed.

All grant submitted to RDGP/DNRC May 15, 2006.

2007 Northern and Southern applications accepted for grant

2007 Southern Restoration not accepted for grant.