

MONTANA BOARD OF OIL AND GAS CONSERVATION BOND ACTIVITY SUMMARY

February 14, 2007 through April 11, 2007

APPROVED BONDS

Carl Johnson Family, LLC Butte MT	Granite Mountain Bank, Butte CD No. 300007624	Amount Type Effective	\$5,000 Single-well 03/28/07
Encore Energy Partners Operating Fort Worth TX	Travelers Casualty & Surety of Am. Surety No. 104632064	Amount Type Effective	\$50,000 Multi-well 02/22/07
Encore Energy Partners Operating Fort Worth, TX (Operator notified that the Board would classify this bond.)	Travelers Casualty & Surety of Am. Surety No. 104632065	Amount Type Effective	\$200,000 UIC Limited 02/22/07
Harvest Time Oil, Inc. Galata MT	First State Bank of Shelby CD No. 418689-1695	Amount Type Effective	\$5,000 Single-well 03/21/07
Luff Exploration Company Denver CO	Fidelity & Deposit Co. of Maryland Surety No. LPM8874776	Amount Type Effective	\$10,000 UIC Single 03/09/07
Simon and Associates Ignacio CA	Wells Fargo Bank, Shelby CD No. 9422018797	Amount Type Effective	\$5,000 Single-well 02/16/07
Stewart Geological, Inc. Billings MT	First Interstate Bank, Billings CD No. 1101000187	Amount Type Effective	\$10,000 Single-well 03/23/07

Zavanna, LLC Denver CO	First Interstate Bank, Billings CD No. 1101000173	Amount Type . . . Effective . . .	\$10,000 Single-well 03/2
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CANCELLED BONDS

Compass Energy, Inc. Shelby MT	Wells Fargo Bank, Shelby CD No. 6080070037	Amount Type . . . Effective . . .	\$5,000 Single-well 03/28/07
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Dominion Oklahoma Texas E&P Inc. Richmond VA	Travelers Casualty & Surety Co. Surety No. 76S63050710	Amount Type . . . Effective . . .	\$25,000 Multi-well 04/06/07
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Single Tree Desposal, Inc. Billings MT	First Interstate Bank, Billings CD No. 1100990520	Amount Type . . . Effective . . .	\$10,000 Single-well 03/27/07
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Wapiti Operating LLC Houston TX	RLI Insurance Co. Surety No. RLB0009241	Amount Type . . . Effective . . .	\$5 Single-well 02/22/07
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FORFEITED BONDS

Pioneer Energy Corp. Dallas TX (Comptroller will not intervene. We must approach bankruptcy court.)	Bank of America, Dallas CD No. 091000040965952	Amount Type . . . Effective . . .	\$3,000 Limited 07/21/05
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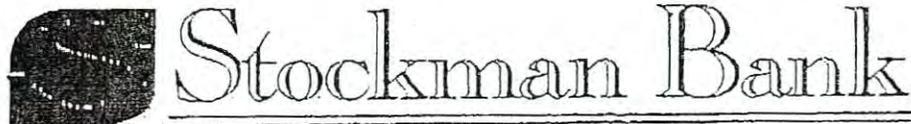
Pioneer Energy Corp. Dallas TX (Comptroller will not intervene. We must approach bankruptcy court.)	Bank of America, Dallas CD No. 091000034242267	Amount Type . . . Effective . . .	\$10,000 Limited 07/21/05
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REPLACEMENT BONDS

Enerplus Resources (USA) Corp. Denver CO (US Specialty Ins. Co. bond no. B000745 released.)	RLI Insurance Company Surety No. RLB0010043	Amount Type . . . Effective . . .	\$50,000 Multi-well 02/1
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Hawley Oil Company	First State Bank of Shelby	Amount	\$18,000
Conrad MT	CD No. 422866-1698	Type . . .	UIC Limited
Letter of Credit No. 98-214 (\$26,000) released.)		Effective . . .	03/23/07

Ptarmigan Lands LP	First State Bank of Shelby	Amount	\$50,000
Calgary Alberta Canada	CD No. 1677	Type . . .	Multi-well
(CD No. 1532 (\$10,000) released.)		Effective . . .	02/14/07



420 South Main P.O. Box 727 • Conrad, MT 59425-0727
406•278-5513 FAX 406•278-7977

April 10th, 2007

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

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

Dear Montana Board of Oil & Gas Conservation,

We have made arrangements with Hawley Oil that will allow us to renew and continue in full force the above referenced letter of credit. That letter of credit expiration date of May 31, 2007 is now extended to May 31, 2008.

In an effort to expedite your receipt of this notification I will fax it today as well as mail the original for your files. If you have any questions regarding this matter, you may call me directly at (406) 278-8218.

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

Operations Group
Northern California
One Front Street, 21st Floor
San Francisco, CA 94111



RECEIVED

APR 10 2007

MONTANA BOARD OF OIL
& GAS CONSERVATION

NOTICE OF NON-EXTENSION

DATE: APRIL 9, 2007

BENEFICIARY: MONTANA BOARD OF OIL & GAS CONSERVATION
2535 ST. JOHNS AVENUE
BILLINGS, MT 59102

RE: OUR STANDBY LETTER OF CREDIT NUMBER: NTS552083

PLEASE BE INFORMED THAT OUR LETTER OF CREDIT NO. NTS552083
ISSUED IN YOUR FAVOR IN THE AMOUNT OF USD50,000.00
FOR THE ACCOUNT OF B.W.O.C., INC.
CURRENTLY EXPIRING AUGUST 26, 2007
WILL NOT BE AUTOMATICALLY EXTENDED FOR ANY ADDITIONAL PERIOD.

PLEASE NOTE OF OUR NEW ADDRESS ABOVE.

SINCERELY,
WELLS FARGO BANK N.A.


ROBERT S. RUBIO
(AUTHORIZED SIGNATURE)

CC: B.W.O.C. INC.
1009 N. EARL RUDDER FREEWAY
BRYAN, TX 77802-2959

ANY QUESTIONS, PLEASE CONTACT OUR HELPLINE AT 1800-798-2815 OPTION 1

Original

473/1/11
2 wells

REGIONS BANK

RECEIVED

MAR 26 2007

MONTANA BOARD OF OIL
& GAS CONS. BILLINGS

DATE: MARCH 20, 2007

BENEFICIARY:

✓ MONTANA BOARD OF OIL AND GAS
CONSERVATION
2535 ST. JOHNS AVENUE
BILLINGS, MT 59102

APPLICANT:

HIGHLINE EXPLORATION COMPANY, INC.
ATTN: MIKE FARRENS
2330 UNIVERSITY BLVD., SUITE 803
TUSCALOOSA, AL 35401

L/C NUMBER: 78317205

DEAR SIRs,

AS YOU MAY BE AWARE, EFFECTIVE AS OF NOVEMBER 4, 2006, AMSOUTH BANCORPORATION HAS MERGED WITH AND INTO REGIONS FINANCIAL CORPORATION. IN CONNECTION WITH THE MERGER, AMSOUTH BANK (THE BANKING SUBSIDIARY OF AMSOUTH BANCORPORATION) MERGED WITH AND INTO REGIONS BANK (THE BANKING SUBSIDIARY OF REGIONS FINANCIAL CORPORATION). AS A RESULT, REGIONS BANK IS THE SUCCESSOR BY MERGER TO AMSOUTH BANK.

IN CONNECTION WITH THE MERGER OF AMSOUTH BANK AND REGIONS BANK, REGIONS BANK WAS REQUIRED, PURSUANT TO ORDERS BY AND AGREEMENTS WITH THE U.S. DEPARTMENT OF JUSTICE AND THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, TO DIVEST ITSELF OF CERTAIN BANK OPERATIONS IN ALABAMA. RBC CENTURA BANK, A BANK ORGANIZED UNDER THE LAWS OF NORTH CAROLINA ("RBC") HAS PURCHASED THESE ALABAMA ASSETS EFFECTIVE MARCH 9, 2007. PURSUANT TO THE TERMS OF THE TRANSACTION, REGIONS BANK AGREED TO FACILITATE THE TRANSFER AND SUBSTITUTION THE LETTER(S) OF CREDIT REFERENCED ABOVE ISSUED BY AMSOUTH BANK TO LETTER(S) OF CREDIT ISSUED BY RBC. THE EXISTING LETTER OF CREDIT REMAINS IN EFFECT IN ACCORDANCE WITH ITS TERMS, UNLESS AND UNTIL A SUBSTITUTE LETTER OF CREDIT IS ISSUED OR THE EXISTING LETTER OF CREDIT EXPIRES AND IS NOT RENEWED OR SUBSTITUTED. THE ISSUANCE BY RBC OF ITS SUBSTITUTE LETTERS OF CREDIT WILL BE AT NO ADDITIONAL COST TO YOU. IF THE RBC LETTER OF CREDIT IS EXTENDED BEYOND THE EXPIRATION DATE OF THE CURRENT LETTER OF CREDIT, ADDITIONAL LETTER OF CREDIT FEES MAY BE APPLICABLE.

PLEASE EXPECT TO BE CONTACTED BY RBC IN THE NEAR FUTURE WITH RESPECT TO THE SUBSTITUTION PROCESS. IF YOU HAVE ANY QUESTIONS OF RBC IN THE INTERIM, PLEASE CALL KENNETH BENDER, INTERNATIONAL TRADE SENIOR MANAGER, AT (704) 686-1489. WE WANT TO THANK YOU FOR YOUR BUSINESS AND PATIENCE DURING THE TRANSITION RESULTING FROM THE VARIOUS TRANSACTIONS.

CC: KENNETH BENDER

FINANCIAL STATEMENT
As of 3/31/07

OIL AND GAS DIVISION
FY 2007 Budget vs. Expenditures
Percent of Year Elapsed = 75

FTE Obj.	2006 Regulatory Budget	2006 Expenditures	2006 % of Budget	2006 UIC Budget	2006 Expenditures	2006 % of Budget	2006			2006			2006			TOTAL BUDGET	TOTAL EXPENDS	Expenditures % of Budget
							2006 Educ & Outreach Budget*	2006 Expenditures	2006 % of Budget	2006 NAPE Budget*	2006 Expenditures	2006 % of Budget	2006 Pub Acc Data Budget*	2006 Expenditures	2006 % of Budget			
	17.0			3.5								1.0			21.5			
1000																		
1100																		
1300																		
1400																		
1600																		
2100																		
2200																		
2300																		
2400																		
2500																		
2600																		
2700																		
2800																		
3000																		
6000																		
Total	1,481,856	833,727	0.56	308,703	159,115	0.52	89,956	-	-	13,442	-	-	209,099	22,550	0.11	2,103,056	1,015,393	0.48

* Includes unspent funds from fy06 (biennial approp) Ed & Outreach = 27455.63 and NAPE = 5,942.

FUNDING	2006 Regulatory Budget	2006 Expenditures	2006 % of Budget	2006 UIC Budget	2006 Expenditures	2006 % of Budget	2006 Educ & Outreach Budget*	2006 Expenditures	2006 % of Budget	2006 NAPE Budget*	2006 Expenditures	2006 % of Budget	2006 Pub Acc Data Budget*	2006 Expenditures	2006 % of Budget	TOTAL BUDGET	TOTAL EXPENDS	Expenditures % of Budget
State Special	1,481,856	833,727		198,703	86,312		89,956	-		13,442	-		209,099	22,550		1,993,056	942,589	
Federal				110,000	72,804											110,000	72,804	
Total Funds	1,481,856	833,727		308,703	159,115		89,956	-		13,442	-		209,099	22,550		2,103,056	1,015,393	

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT as of 3/31/07

	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	53,855	86,850	0.62
UIC Permit Fees	185,300	190,350	0.97
Enhanced Recovery Filing Fee	-	-	
Interest on Investments	354,230	299,860	1.18
Copies of Documents	9,114	13,351	0.68
Miscellaneous Reimbursemts	<u>1,926</u>	<u>2,859</u>	<u>0.67</u>
TOTALS	\$4,192,378	\$5,525,964	0.76

REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 3/31/07

	FY07
Transfer in from RIT	0
Bond Forfeitures	0
Interest on Investments	<u>6,508</u>
TOTAL	6,508

BOND FORFEITURES as of 3/31/07

Nerdlihc Company	65,194.75
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REVENUE INTO GENERAL FUND FROM FINES as of 3/31/07

	FY07
Nerdlihc	2500
Yellowstone Petroleums	500
Cowry Enterprises	500
Brandon Oil	40
Delphi - William Athens	90
Nerdlihc	1500
DL Inc.	<u>180</u>
TOTAL	5310

INVESTMENT ACCOUNT BALANCES as of 3/31/07

Damage Mitigation	202,950
Regulatory	12,472,578

GRANT BALANCES - 3/31/07

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>
EPA Exchange Network Grant	750,000	248,302	501,698
2005 Northern	300,000	111,272	188,728
2005 Eastern	<u>300,000</u>	<u>87,830</u>	<u>212,170</u>
TOTALS	\$1,350,000	\$447,405	\$902,595

CONTRACT BALANCES - 3/31/07

HydroSolutions - Tongue River Info Project	150,000	47,337	102,663
HydroSolutions - Groundwater Vulnerability	49,924	6,078	43,846
Sylvan Petroleum LLC	36,750	-	36,750
GWPC - Mgmt - Exchange Node	131,450	0	131,450
ALL Consulting - IT - Exchange Node	577,825	238,667	339,158
DNRC Centralized Services Indirect - EPA	40,725	9,635	31,090
COR Enterprises - Janitorial	17,700	5,461	12,239
Agency Legal Services - Legal*	50,000	18,916	31,084
Liquid Gold - 05 Northern	210,000	138,284	71,716
C-Brewer - 05 Eastern (og-cb-120)	110,000	0	110,000
C-Brewer - 05 Eastern (og-cb-119)	<u>250,000</u>	<u>126,084</u>	<u>123,916</u>
TOTALS	1,624,374	590,462	1,033,912

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	1,473	12/06
MEIC	3,813	2/07
BOGC Duties	8,243	2/07
Total	18,916	

GRANT BALANCES NOTES

2005 Northern
exp only part of total contractor pmt of 138284
27012 was paid from dam-mit to meet match req.

2005 Eastern
exp only part of total contractor pmts of 126084
03 P&A used 30,056.61
03 Northern used 5475.33

2005 GRANT PROJECT STATUS

April 11, 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

4/10/07 Starting on KSB well P&A

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.

CONSTITUTION GAS TRANSPORT COMPANY
Burlington Resources 1-25PC
NE NW Section 25 T1S R49E
API 25-075-22265

Bond: Single well CD \$5,000
Well: Drilled and completed in March 2004
Produced Gas: February 2005 until October 2005
Current Status: Shut in

5/24/06 Letter sent to Constitution Gas Transport Company, concerning Board Order 207-2001, permanent spacing after 60 days of commercial production. To docket for permanent spacing hearing or plug and abandoned well.

11/1/06 Second letter, sent certified, concerning permanent spacing hearing or plug and abandonment.

1/26/07 Called Constitution Gas Transport Company and spoke to Mr. Warren Blakemore. He stated at the time he would docket for permanent spacing at the April 12, 2007 hearing.

3/15/07 Docket deadline for April 12, 2007 hearing. No docket posted for hearing.

4/4/07 Called and left message at Constitution Gas Transport Company office to have Mr. Blakemore call. No return call.

4/11/07 Called and left message at Constitution Gas Transport Company office to have Mr. Blakemore call.

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION

BRIAN SCHWEITZER, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA



November 1, 2006

Constitution Gas Transport Co.
1005 E. 3900 S.
Salt Lake City, UT 84124
Attention: Mr. Warren Blakemore

RE: Constitution Gas Transport - Burlington Resources 1-25-PC
Permanent Spacing Hearing under Board Order, 207-2001, Docket 187-2001

Dear Mr. Blakemore,

Under Order 207-2001, you had 60 days after commercial production was established to come in for permanent spacing. (SEE ATTACHED) It appears that you've produced it more than 60 day.

Since, you have not docketed this well for permanent spacing as of the July hearing date and the well is not currently producing. I am directing you to plug and abandoned this well. File a sundry "Notice Intention to Abandoned". Have the well plugged by December 12, 2006.

Respectfully,

Steven Sasaki
Chief Field Inspector

7005 0390 0003 6703 8481

U.S. Postal Service	
CERTIFIED MAIL, RECEIPT	
(Domestic Mail Only, No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 39
Certified Fee	240
Return Receipt Fee (Endorsement Required)	185
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 464
Sent To	Constitution Gas Transport
Street, Apt. No., or PO Box No.	1005 E. 3900 S.
City, State, ZIP+4	Salt Lake City, UT 84124

PS Form 3800, June 2002 See Reverse for Instructions

DIVISION OFFICE
1625 ELEVENTH AVENUE
PO BOX 201601
HELENA, MONTANA 59620-1601
(406) 444-6675

TECHNICAL AND
SOUTHERN FIELD OFFICE
2535 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102-3693
(406) 656-0040

NORTHERN FIELD OFFICE
201 MAIN STREET
PO BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422

Bonded Wells

CONSTITUTION GAS TRANSPORT CO., INC.

152

Bond: F1 \$25,000.00 Federal Surety Bond FED 60207 F1 - 152
Effective: 1/1/1997 **Canceled:** **Forfeited:** **Comment:** FEDERAL
Released: **Limited:**

Number of Wells: 1

API #	Operator	Well	Location	Field	TD	PBTD	Status
017-05019	Constitution Gas Transport Co., Inc.	44-34 (GOVT 1)	2 N 45 E 34 SE SE 860S 660E	Liscom Creek	2892		PR GAS

CONSTITUTION GAS TRANSPORT CO., INC.

152

Bond: G1 \$5,000.00 Single Well Bond Certificate of Deposit STOCKMAN BANK, MILES CITY 60320 103-006-9859
Effective: 3/13/2002 **Canceled:** **Forfeited:** **Comment:** Burlington Resources 1-25-PC.
Released: **Limited:**

Number of Wells: 1

API #	Operator	Well	Location	Field	TD	PBTD	Status
075-22265	Constitution Gas Transport Co., Inc.	B.R. 1-25-PC	1 S 49 E 25 NE NW 978N 1875W	Pumpkin Creek	3294		SI GAS

CONSTITUTION GAS TRANSPORT CO., INC.

152

Bond: G2 \$5,000.00 Single Well Bond Certificate of Deposit STOCKMAN BANK, MILES CITY 60320 106-006-9840
Effective: 3/13/2002 **Canceled:** **Forfeited:** **Comment:** Allen Bros. #1-12-PC.
Released: **Limited:**

Number of Wells: 1

API #	Operator	Well	Location	Field	TD	PBTD	Status
075-22264	Constitution Gas Transport Co., Inc.	BR Allen Bros. 1-12-PC	1 S 49 E 12 SW SW 75S 1050W	Pumpkin Creek	3228	3053	SI GAS

CONSTITUTION GAS TRANSPORT CO., INC.

152

Bond: M1 \$25,000.00 Multiple Well Bond Certificate of Deposit 1ST SECURITY BANK & TRUST 60260 M1 - 152
Effective: 3/25/1997 **Canceled:** **Forfeited:** **Comment:** 103-002-309-3
Released: **Limited:**

Number of Wells: 4

API #	Operator	Well	Location	Field	TD	PBTD	Status
017-05120	Constitution Gas Transport Co., Inc.	22-3 (1-3)	1 N 45 E 3 SE NW 2310N 2310W	Liscom Creek	2855		PR GAS
017-21112	Constitution Gas Transport Co., Inc.	23-27 NEFSY	2 N 45 E 27 SW NE SW 1650S 1740W	Liscom Creek	2779		PR GAS
017-05117	Constitution Gas Transport Co., Inc.	44-33 (1-33)	2 N 45 E 33 SE SE 660S 660E	Liscom Creek	2766		SI GAS
017-21124	Constitution Gas Transport Co., Inc.	NEFSY 11X-35	2 N 45 E 35 SE NW NW 1275N 1200W	Liscom Creek	2882		SI GAS

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION

BRIAN SCHWEITZER, GOVERNOR

OIL AND GAS CONSERVATION DIVISION



STATE OF MONTANA

May 24, 2006

Constitution Gas Transport Co.
1005 E. 3900 S.
Salt Lake City, UT 84124
Attention: Mr. Warren Blakemore

RE: Constitution Gas Transport – Burlington Resources 1-25-PC
Permanent Spacing Hearing under Board Order, 207-2001, Docket 187-2001

Dear Mr. Blakemore,

Under Order 207-2001, you had 60 days after commercial production was established to come in for permanent spacing. (SEE ATTACHED) It appears that you've produced it more than 60 days to date.

Please schedule a permanent spacing hearing docket by June 29, 2006, docket deadline date, for the July 27, 2006 hearing date.

If you have any questions, I can be reached at the Billings office at 406-656-0040.

Respectfully,

A handwritten signature in cursive script that reads "Steven Sasaki".

Steven Sasaki
Chief Field Inspector

DIVISION OFFICE
1625 ELEVENTH AVENUE
PO BOX 201601
HELENA, MONTANA 59620-1601
(406) 444-6675

TECHNICAL AND
SOUTHERN FIELD OFFICE
2535 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102-4693
(406) 656-0040

NORTHERN FIELD OFFICE
201 MAIN STREET
PO BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422

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

IN THE MATTER OF THE APPLICATION OF
CONSTITUTION GAS TRANSPORT CO., INC.
TO AMEND THE PUMPKIN CREEK FIELD RULES
TO DRILL ITS ALLEN BROTHERS, INC. #1-12-PC
WELL AND ITS BURLINGTON RESOURCES #1-25-PC
WELL IN SECTIONS 12 AND 25 RESPECTIVELY OF
T1S-R49E, POWDER RIVER COUNTY, MONTANA,
WITH SPECIAL SPACING UNITS FOR EACH WELL.

ORDER NO. 207-2001

Docket No. 187-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board members David Ballard and Allen Kolstad were absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that applicant is authorized to drill its Allen Brothers, Inc. #1-12-PC well 1050' FWL and 75' FSL of Section 12, T1S-R49E, Powder River County, Montana. The temporary spacing unit is designated as the SE $\frac{1}{4}$ of Section 11, the SW $\frac{1}{4}$ of Section 12, the NW $\frac{1}{4}$ of Section 13 and the NE $\frac{1}{4}$ of Section 14, all in T1S-R49E.

IT IS FURTHER ORDERED that applicant is authorized to drill its Burlington Resources #1-25-PC well 978' FNL and 1875' FWL of Section 25, T1S-R49E, Powder River County, Montana. The temporary spacing unit for said well consists of a 560 acre tract consisting of the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 23, the SW $\frac{1}{4}$ of Section 24, the W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24, the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 25 and the NW $\frac{1}{4}$ of Section 25, all in T1S-R49E.

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

IN THE MATTER OF THE APPLICATION OF
CONSTITUTION GAS TRANSPORT CO., INC.
TO AMEND THE PUMPKIN CREEK FIELD RULES
TO DRILL ITS ALLEN BROTHERS, INC. #1-12-PC
WELL AND ITS BURLINGTON RESOURCES #1-25-PC
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Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that applicant is authorized to drill its Allen Brothers, Inc. #1-12-PC well 1050' FWL and 75' FSL of Section 12, T1S-R49E, Powder River County, Montana. The temporary spacing unit is designated as the SE $\frac{1}{4}$ of Section 11, the SW $\frac{1}{4}$ of Section 12, the NW $\frac{1}{4}$ of Section 13 and the NE $\frac{1}{4}$ of Section 14, all in T1S-R49E.

IT IS FURTHER ORDERED that applicant is authorized to drill its Burlington Resources #1-25-PC well 978' FNL and 1875' FWL of Section 25, T1S-R49E, Powder River County, Montana. The temporary spacing unit for said well consists of a 560 acre tract consisting of the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 23, the SW $\frac{1}{4}$ of Section 24, the W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24, the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 25 and the NW $\frac{1}{4}$ of Section 25, all in T1S-R49E.

BOARD ORDER 207-2001

IT IS FURTHER ORDERED that applicant must apply for permanent spacing within sixty (60) days of completion of a commercial well.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jack King, Board Member

Elaine Mitchell, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

I dissent. By excluding the 80 acre tract from the spacing unit, this application effectively prevents that tract from ever getting drilled, adversely affecting the correlative rights of those mineral owners.

Jerry Kennedy, Board Member

Well Production

Institution Gas Transport Co., Inc.

25-075-22265-00-00 E.R. 1-25-PC

1 S 40 E 25 NE KW 078N 1875W

Field Name: Pumping Creel

mo/yr	in	days	oil	gas	water
02/2005	SHA	28	0	698	0
03/2005	SHA	31	0	1364	0
04/2005	SHA	30	0	3105	0
05/2005	SHA	31	0	720	0
06/2005	SHA	30	0	545	0
07/2005	SHA	31	0	505	0
08/2005	SHA	31	0	389	0
09/2005	SHA	30	0	411	0
10/2005	SHA	31	0	342	0
11/2005	SHA	30	0	0	0
12/2005	SHA	31	0	0	0
01/2006	SHA	31	0	0	0

Violations and Penalties

BOGC

82-11-147. Violations. (1) Notwithstanding any other provisions of this chapter, if the board finds upon receipt of evidence:

(a) that a person is violating or threatening to violate this chapter or a rule or order of the board, the board may bring suit against that person in the district court of any county where the violation occurs or is threatened to restrain the person from continuing the violation or from carrying out the threat of violation; or

(b) that a person is violating this chapter or a rule or order of the board in a manner for which the board is authorized to institute proceedings pursuant to 82-11-149, the board may issue an order either assessing a civil penalty in the amount prescribed in 82-11-149, up to a maximum administrative penalty of \$125,000, or requiring compliance with this chapter or a rule or order, or both.

(2) In a suit under subsection (1)(a), the court may grant to the board, without bond or other undertaking, such prohibitory and mandatory injunctions as the facts may warrant, including temporary restraining orders.

History: En. Sec. 13, Ch. 238, L. 1953; amd. Sec. 75, Ch. 253, L. 1974; R.C.M. 1947, 60-136; amd. Sec. 10, Ch. 503, L. 1987.

82-11-149. Civil penalties. (1) A person is guilty of a misdemeanor and is subject to a civil penalty of at least \$75 and not more than \$10,000 a day for each violation if that person violates any rule or order of the board or a provision of this chapter. Each day of violation constitutes a separate violation.

(2) Action under this section does not bar enforcement of this chapter or of rules or orders issued under it by injunction or other appropriate remedy.

(3) The board, or the attorney general upon request of the board, shall institute and maintain any enforcement proceedings in the name of the state.

(4) Civil penalties collected pursuant to this section must be deposited in the state general fund.

History: En. Sec. 11, Ch. 503, L. 1987; amd. Sec. 2, Ch. 363, L. 1991; amd. Sec. 73, Ch. 509, L. 1995.

82-11-148. Criminal penalties. A person is guilty of a misdemeanor and shall be subject to a fine of not more than \$10,000 per day of violation or imprisonment in a county jail for a term not exceeding 6 months or to both the fine and imprisonment if that person willfully violates any lawful rule or order of the board or if that person, for the purpose of evading this chapter or any rule or order of the board, knowingly and willfully:

(1) makes or causes to be made a false entry or statement in a report required by this chapter or by a rule or order of the board or a false entry in a record, account, or memorandum required by this chapter or by a rule or order;

(2) omits or causes to be omitted from the record, account, or memorandum full, true, and correct entries as required by this chapter or by a rule or order; or

(3) removes from this state or destroys, mutilates, alters, or falsifies the record, account, or memorandum.

History: En. Sec. 19, Ch. 238, L. 1953; amd. Sec. 78, Ch. 253, L. 1974; R.C.M. 1947, 60-142; amd. Sec. 12, Ch. 503, L. 1987.



Wyoming Senator
Henry H.R. "Hank" Coe
Chairman

March 29, 2007

New Mexico Senator
Shannon Robinson
Vice Chairman

Mr. Don Bradshaw
Member, Board of Oil & Gas Conservation
Dept. of Natural Resources & Conservation and
Official Representative to the IOGCC
2110 Main Street/P.O. Box 581
Fort Benton, MT 59442

Lori Cameron
Executive Director

Dear Mr. Bradshaw:

5400 LBJ Frwy.
Suite 985
Dallas, Texas 75240

It was a pleasure to meet you in Washington, D.C. earlier this month, and I appreciate your interest in the Energy Council. As we discussed, the Energy Council is a legislative organization of 10 energy producing states, four Canadian provinces and the nation of Venezuela.

email:
energy@theenergycouncil.org
Phone: (972) 243-7788
Fax: (972) 243-7722

Most of the Council's work is done at themed quarterly conferences. Enclosed is a Chairman's Strategic Plan for 2006-2007 which outlines topics, goals and conferences.

The Energy Council's Executive Committee is comprised of two senators and two representatives from each state appointed by legislative leadership. Each state may also appoint members "at-large" to the Energy Council. The Council's dues are \$32,000 a year, as detailed in the enclosed Bylaws. Each state has one vote on policy positions and policy positions require a unanimous vote.

It would be an honor to have you and any interested legislators from Montana attend our upcoming conferences. Such participation would give prospective members a better understanding of the work we do and the potential value of the Energy Council to the State of Montana. Moreover, the Chairman, Wyoming Senator Henry H.R. "Hank" Coe and I would be happy to visit Helena and discuss the Energy Council with interested officials.

We certainly look forward to welcoming you back to another Energy Council conference.

Sincerely,

Lori Cameron
Executive Director
The Energy Council

c: Wyoming Senator Henry H.R. "Hank" Coe