

Request for Board Order for Docket 446-2008 (Federal Docket 13-2009)

- Docket 446-2008 was heard at the December hearing at the request of Montana Land and Exploration, Inc.
- The application requested the designation of a permanent spacing unit for the production of gas from the Eagle Formation.
- Following the hearing the BLM ordered the establishment of a 640-acre permanent spacing unit comprised of the SE $\frac{1}{4}$ of Section 19, the SW $\frac{1}{4}$ of Section 20, the NW $\frac{1}{4}$ of Section 29, and the NE $\frac{1}{4}$ of Section 30, all in Township 31 North, Range 24 East.
- At the time of hearing lands were identified as allotted, and a specific 1.587302% interest was also indicated to be a fee interest but with the comment of "*certain documentation obtained from the BIA Title Plant in Billings, Montana, indicates this interest may be held in trust by the United States of America and therefore is not a fee interest*".
- Since the application was believed to involve only lands under the jurisdiction of the BLM no order was issued by the Board.

It has since been determined that the tract identified above is a fee tract and the tract is unleased.

Montana Land and Exploration through its attorney, Don Lee, has requested that the Board issue an order to facilitate the issuance of the federally-required communitization agreement.

Notice was given as required by statute and the Board's hearing notice was published with both state and federal docket numbers.

MONTANA BOARD OF OIL AND GAS CONSERVATION

POLICY: COMPLIANCE WITH BOARD ORDERS ON PRODUCTION AND INJECTION REPORTING

The Montana Board of Oil and Gas Conservation (BOGC) collects production and injection information from oil and gas producers and injection well operators. Such information, in the form specified by the BOGC, is to be supplied by the operator to the BOGC on a regular basis pursuant to BOGC administrative rules 36.22.1242 and 36.22.1415.

If the reports are more than 4 months delinquent an immediate administrative penalty of \$10.00 per delinquent lease-month and \$10.00 per delinquent injection well-month will be assessed. A notice of the assessment will be served by mail on the operator, and the operator will be given 30 days from the date of the penalty assessment to comply with the administrative rules of the BOGC.

If at the end of the above 30 day period, the operator still remains delinquent, the penalty will double, and the matter will be placed on the next Board docket as a show cause hearing. A notice of the hearing will be sent to the operator. At the specified time the operator must appear and show cause as to why the operator has not complied with the BOGC administrative rules.

If compliance issues beyond delinquent reporting are discovered the automatic scheduling of a show cause hearing may be waived by the staff and the matter discussed with the Board at its next scheduled meeting.

If, prior to the show cause hearing scheduled under this policy, the staff of the BOGC has received the required reports, and the operator has paid the penalties owed, the show cause hearing will be vacated and the operator so notified.

If a show cause hearing is convened and the operator does not appear, the BOGC will impose additional penalties as authorized under §82-11-147 (1) (b). Penalties may include the suspension of authorization to produce until compliance is achieved.

This policy is adopted by the BOGC pursuant to the authority given to the BOGC in §82-11-147 (1) (b); §82-11-149; and as prescribed in Hawley v. BOGC, 2000 MT 2, 297 Mont. 467, 993 P.2s 677 (2000).

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MAR - 9 2009

MONTANA BOARD OF OIL
& GAS CONSERVATION BILLINGS

TOI Operating
PO. Box 967
Sidney Montana 59270
Phone (406)433-1498 office, (406)480-2897 cell
(406)433-1535 fax, email servicespl@midrivers.com

February 10, 2009

Mr. Steve Sasaki
Montana Board of Oil and Gas Conservation
2535 St. John's Ave
Billings Montana 59102

RE: Order No. 27-2009

Dear Steve:

This letter is written to address TOI's non-producing oil wells which reside in Montana.

The **BN 11-11** and the **BN 12-11** wells located in Fallon County will be permitted to disposal well status and converted this spring and have application into the BOGC no later than April 30, 2009. A sundry notice for Intention to Plugback to the injection zone, a MIT performed and passed by June 30, 2009 and have a UIC bond posted prior to any injection.

The **Morman Fee 14-30** well located in Wibaux County will be producing to a tank battery or an Intention of Abandonment filed, well plugged, surface owner release and a Subsequent Report of Abandonment filed with the Billings office by October 30, 2010.

The **Labonte 32-33** well located in Richland county will be plugged and abandoned, surface owner release and a Subsequent Report of Abandonment filed with the Billings office by September 30, 2009.

The **Watts 34-15** and the **Dore #1** wells located in Richland County are contingent on a deal that has been on-going with Newfield Exploration. A dead line date of December 31, 2009 to have these two wells producing to tank batteries, or file Intention to Abandoned, plug wells, surface owner release and Subsequent Report of Abandonment supplied to the billings office by December 31, 2009.

Thank you for your consideration and know this is respectfully submitted,

Clarence Keith Carver
Clarence Keith Carver

TOI WELLS BOARD ORDER 121-2004

Halmans 42-20	P&A
Moerman Fee 14-30	Worked Over Nonproducing
BN 11-11	Nonproducing
BN 12-11	Nonproducing
Labonte 32-23	Nonproducing/Not converted to SWD
Schweigert 14-30	Change of Operator to Armstrong
Dore #1	Nonproducing/Not converted to SWD

36.22.1303 WELL PLUGGING REQUIREMENT

(1) The owner shall not permit any well drilled for oil, gas, saltwater disposal, or any other purpose to remain unplugged after such well is no longer useful for the purpose for which it was drilled or converted. When a well is no longer capable of production because the underlying reservoir or reservoirs are depleted and there is no possible future use for the well in supplemental recovery operations or for disposal facilities, the operator shall within one year plug and abandon the well as set forth in this subchapter, unless otherwise authorized by the petroleum engineer or his authorized agent.

History: 82-11-111, MCA; IMP, 82-11-123, 82-11-124, MCA; Eff. 12/31/72; AMD, 1998 MAR p. 482, Eff. 2/13/98.

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
MINUTES OF THE
BOARD OF OIL AND GAS CONSERVATION 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 December 7, 2005 in the conference room of the Board's office at 2535 St. Johns Avenue in Billings, Montana. Board members present were Chairman Nelson, Don Bradshaw, Jack King, Elaine Mitchell, Wayne Smith and Joan Stahl. Staff present were Don Garrity, Jim Halvorson, George Hudak, Rich Jacobson, Terri Perrigo, Tom Richmond and Steve Sasaki.

APPROVAL OF MINUTES

Mr. Bradshaw moved to approve the minutes of the October 26, 2005 business meeting. Ms. Mitchell seconded the motion and it passed unanimously.

OPPORTUNITY FOR PUBLIC COMMENT

Ms. Mitchell requested that Docket 448-2005 be removed from the Default Docket.

BOND REPORT

Mr. Rich Jacobson presented the bond report, attached as Exhibit 1. Two operators have requested that their injection well bonds be considered blanket bonds. Citation Oil & Gas Corp. currently has a \$105,000 UIC limited bond and MCR, L.L.C. currently has a \$90,000 UIC limited bond. Mr. Hudak recommended approval of the requests.

MOTION: Ms. Stahl made a motion to approve UIC limited blanket bonds for Citation Oil & Gas Corp. in the amount of \$105,000 for 17 wells and for MCR, L.L.C. in the amount of \$90,000 for 43 wells. Ms. Mitchell seconded the motion and it passed unanimously.

Mr. Jacobson gave updates on two other bonding matters. Summer Night Oil Company, LLC has increased its bond to \$10,000 to cover the Anderson 27-1 well in Daniels County, Montana.

Regarding the Board's order to forfeit the bonds of Pioneer Energy Corporation, the bank holding the Certificates of Deposit (the Bank of America in Dallas, Texas) gave the entire \$13,000 to the bankruptcy court (United States Bankruptcy Court for the Northern District of Texas, Dallas Division) and told Mr. Jacobson to deal with the court to try and get those funds. Only an attorney licensed to practice in Texas can file a claim with the bankruptcy court, and neither Mr. Garrity and nor any DNRC attorneys are licensed in Texas. Mr. Garrity said these bond proceeds should never have been part of the bankruptcy proceedings and that he would write a letter to the bankruptcy court judge. The Board used to only accept bonds and letters of credit from Montana banks. He thinks the Board should return to that policy. Mr. Jim Halvorson said the Board would have to give operators with current out-of-state bank bonds or letters of credit some time to comply. Mr. Jack King said it would be possible to grandfather these operators in. Ms. Mitchell also felt some time should be given to find another bonding agent. Mr. Richmond said some of the bonds or letters of credit on out-of-state banks could probably be transferred to national banks in Montana such as U.S. Bank and Wells Fargo.

MOTION: Mr. Bradshaw made a motion to change Board rules to limit Certificates of Deposit and letters of credit to Montana banks effective sixty days from the date of adoption. Ms. Mitchell seconded the motion and it passed unanimously.

FINANCIAL REPORT

Ms. Perrigo discussed the Financial Report, attached as Exhibit 2.

TOI OPERATING

Mr. Sasaki distributed Exhibit 3, a fax memo from Mr. Keith Carver summarizing his progress to date and his proposed 2006 work plan. Mr. Sasaki said Mr. Carver has now completed his 2005 plugging schedule as presented to the Board in December 2004. Mr. Sasaki thinks the 2006 work plan presented today is reasonable.

MOTION: Mr. Bradshaw made a motion requiring TOI to have at least two wells off the 2006 work plan plugged or converted, with surface restored and surface releases, by the November 1, 2006 business meeting; and for Mr. Carver to appear at the May 3, 2006 business meeting and give a progress report on acquisition of leases and intentions to produce. The motion was seconded by Mr. King and passed unanimously.

Mr. Sasaki said the Board needed to take action on the \$7200 of outstanding fines levied against TOI.

MOTION: Mr. Smith made a motion to forgive the \$3,000 fine because the Halman's well is plugged and because of the other progress TOI has made, and hold the remaining \$4200 fine in effect until the Board's November 1, 2006 business meeting when the Board can decide whether to collect the fine or forgive it depending on progress associated with TOI's 2006 work plan. Ms. Mitchell seconded the motion and it passed unanimously.

DEFAULT DOCKET

Mr. Halvorson discussed the Default Docket. Docket 592-2005 has been continued, but may need Board action to require General Well Service, Inc. appear. Mr. Garrity said the application submitted for Docket 592-2005 tells why Board action is needed, so no order or further Board action is necessary.

STAFF REPORTS

Pit Testing

Mr. Hudak reported on the pit sampling and distributed Exhibit 4, a summary of the pit sample results. High barium levels everywhere except the topsoil sample were anticipated since barium is used in drilling operations. In the "total metals" test, chromium and lead are showing up in the pit samples and the topsoil sample, so Mr. Hudak feels they probably occur naturally in that area. He also said lead can come from leaded gasoline if the sample is taken close to a road.

Mr. Richmond said none of the metals are mobile. They won't be leached out of the soil into groundwater because they stay bound to soil particles. That is why they were not detected (ND) in the TLCP (toxicity characteristic leaching procedure) metals test, which simulates natural leaching.

Mr. Tom Ruffato asked where the topsoil sample was taken. Mr. Hudak wasn't sure, but said he'd directed the field inspector to do an undisturbed sample. Open pits were where the other samples were taken.

Mr. Hudak said after reviewing the data from Exhibit 4 along with the 1990 pit sampling done by the Board, he doesn't think the board needs to continue pit testing. The recent data falls in line with what was seen before.

Exhibi RECEIVED

DEC - 7 2005

TOI OPERATING
P.O.Box 967 Sidney Montana 59270

MONTANA BOARD OF OIL
& GAS CONS. BILLINGS

October 26, 2005

Montana Board of Oil and Gas
2535 St John's Ave
Billings MT 59102

RE: Business meeting

Dear Board Members:

This is a letter letting you know that I will not be attending the meeting today. This letter is to give you up date to as where we are in regards to the plugging on the Halmans 42-20, a progress report on taking care of our noncompliance's and to outline a plan for taking two of our inactive wells off the inactive list for the year of 2006. The Halmans 42-20: This well as of yesterday has been plugged and reclaimed but due to the dirt work that has been done we will have to do a final dress up of the dirt work in the spring, and at that time it will be reseeded and a land owner release will be obtained.

In regards to our noncompliance's we are taking care of them as quick as possible in order of the most serious first and working at the list when possible. Working with your field man and him working with our pumper, things are proceeding along but not as quickly as we would like but we are making progress. The plan for 2006: By Oct. 2006 we will have two of the wells that are on the inactive list off the list by plugging, converting to disposal, or returning them back to a productive status. We intend to remove more than two wells from the inactive list but we will remove at least two. Listed below are the wells and what we intend to do to each in the next year:

BN 11-11 Convert to a disposal or plug
BN 12-11 TA for latter disposal or plug
Moreman fee 14-30 Retain new lease and return to production
Dore #1 Retain new lease and return to production
Watts 34-15 Retain new lease and return to production
LaBonte 32-33 Convert to a disposal or plug

Sincerely,



Keith Carver

25-025-21133-00-00 TOI OPERATING

HALMANS 42-20

8N-60E-20 N2 SE NE

1980 FNL 660 FEL

Latitude: 46.43278 Longitude: -104.24076

P&A - Approved Oil

KB Elev:

Vertical

Regulatory Field: Pennel

Depth: 9145

Fee State

Producing Field/Unit: Pennel

2/7/1979

Federal Indian

Formation Tops:

Well History:

Formation	Measured Depth	Action	Date
Greenhorn	3252	Date Well Permit Approved	6/21/1978
Newcastle Sandstone	4030	Date Well Spudded	11/14/1978
Dakota	4274	Date Well Completed	2/7/1979
Rierdon	5212	Change of Reporting Operator	8/10/1983 Alpha Petroleum to Nielco
Piper Formation	5323	Intent to Temporarily Abandon	9/18/1984
Spearfish Formation	5576	Subsequent, Temporary Abandonment	10/14/1992
Minnekahta Limestone	6118	Change of Reporting Operator	5/1/1996 Nielco to Crown
Opeche	6158	Change of Bonded Operator	5/17/2000 Crown Oil, Inc., 89, Bond M1 to TOI Operating, 278, Bond L1
Minnelusa Formation	6450		
Charles A	7043	Date SRA Received	12/5/2005
Charles B	7166	SRA Approved	8/2/2006
Mission Canyon	7440		
Lodgepole	7987		
Siluro-Ordovician	8597		
Stony Mountain	8901		
Red River	9058		

Well Zones:

Formation	Type Zone	Status	Interval
Red River	Production Zone	SUSP	9105 9107

25 021-00-00 TOI OPERATING

BN 12-11

9N-58E-11 SW NW

1980 FNL 770 FWL

Latitude: 46.54901 Longitude: -104.39372

Shut In Oil

KB Elev: Vertical

Regulatory Field: Monarch

Depth: 8613

Producing Field/Unit: Monarch

2/14/1969

Fee State
 Federal Indian

Formation Tops:

Well History:

Formation	Measured Depth	Action	Date
Silurian Undifferentiated	8400	Date Well Permit Approved	9/25/1968
		Date Well Spudded	11/13/1968
		Supplementary Well History	11/19/1968 Drilling update
		Supplementary Well History	12/31/1968 Drilling update
		Supplementary Well History	1/22/1969 Drilling update
		Date Well Completed	2/14/1969
		Change of Reporting Operator	7/30/1985 Milestone to Meridian
		Intent to Abandon	2/20/1990
		Change of Reporting Operator	8/24/1990 Meridian to Serra
		Change of Reporting Operator	6/6/1996 Serra to Crown
		Change of Reporting Operator	5/25/1999 Operator changed from 89, Crown Oil, Inc. to 243, Prairie Energy, Inc.
		Change of Bonded Operator	2/12/2001 Prairie Energy, Inc., 243, Bond M1 to TOI Operating, 278, Bond LJ
		Other, Intent	12/9/2005 Pull rods and tubing

Well Zones:

Formation	Type Zone	Status	Interval
Red River	Production Zone	ACT	8404 8541

25-025-21273-00-00 TOI OPERATING

BN 11-11

9N-58E-11

NW NW

555 FNL

555 FWL

Latitude: 46.55292 Longitude: -104.39459

KB Elev:

Vertical

Depth: 9308

Fee State

Federal Indian

Producing Oil
Regulatory Field: Monarch
Producing Field/Unit: Monarch

2/25/1984

Formation Tops:

Formation	Measured Depth
Eagle	1315
Niobrara	2388
Carlile Shale	2505
Greenhorn	2985
Muddy	3770
Skull Creek	3845
Dakota	4052
Swift	4605
Rierdon	4984
Piper Formation	5162
Spearfish Formation	5360
Pine Salt	5485
Minnelusa Formation	6166
Kibbey	6686
Kibby Limestone	6842
Charles	6974
Ratcliffe	7205
Mission Canyon	7365
Lodgepole	7817
Interlake	8432
Stonewall	8790
Red River	8958
Red River A	8984
Red River B	9006
Red River C	9064
Red River D	9124

Well History:

Action	Date
Date Well Permit Approved	11/30/1983
Date Well Spudded	12/29/1983
Date Well Completed	2/25/1984
Change of Reporting Operator	7/30/1985 Milestone to Meridan
Intent to Recomplete	7/2/1986
Subsequent, Recompletion	7/31/1986 Interlake
Change of Reporting Operator	8/24/1990 Meridian to Serra
Change of Reporting Operator	6/6/1996 Serra to Crown
Change of Reporting Operator	5/25/1999 Operator changed from 89, Crown Oil, Inc. to 243, Prairie Energy, Inc.
Change of Bonded Operator	2/12/2001 Prairie Energy, Inc., 243, Bond M1 to TOI Operating, 278, Bond L1
Other, Intent	12/9/2005 Pull rods and tubing

Well Zones:

Formation	Type Zone	Status	Interval
Red River, Interlake	Production Zone	ACT	8442 8556
Red River	Production Zone	SUSP	8988 9073

25-053-00-00 TOI OPERATING

MOERMAN 14-30

18N-59E-30

SW SW

1000 FSL

850 FWL

Latitude: 47.28430 Longitude: -104.25325

KB Elev: 2556

Vertical

Depth: 12300

Fee State

Federal Indian

Shut in Oil
 Regulatory Field: Blue Mountain
 Producing Field/Unit: Blue Mountain

3/25/1984

Formation Tops:

Formation	Measured Depth
Greenhorn	4328
Dakota	5262
Piper Formation	6497
Pine Salt	6910
Minnekahta Limestone	7128
Opeche	7154
Minnelusa, Amsden	7256
Amsden	7418
Tyler	7651
Kibbey	8023
Charles	8295
Midale Zone	8778
Missouri Canyon	8958
Lo...	9464
Three Forks Formation	10167
Nisku	10246
Duperow	10303
Souris River Formation	10620
Dawson Bay	10750
Prairie Evaporite	10800
Winnipegosis	10890
Ashern Formation	10926
Interlake	10956
Stony Mountain	11439
Red River	11600
Winnipeg Shale	12098

Action

Well History:

Date

Action	Date
Date Well Permit Approved	11/30/1983
Date Well Spudded	1/10/1984
Date Well Completed	3/25/1984
Subsequent, Acidize or Treat	5/28/1984
Change of Reporting Operator	10/20/1988 Maxus to Westburne
Change of Reporting Operator	10/11/1989 Westburne to Ramco
Change of Reporting Operator	2/13/1996 Ramco to Lindemuth
Change of Reporting Operator	6/6/1996 Lindemuth to Crown
Change of Bonded Operator	5/17/2000 Crown Oil, Inc., 89, Bond M1 to TOI Operating, 278, Bond L1
Intent to Recomplete	6/20/2006 Red River, Stony Mountain, Interlake, Duperow, & Mission Canyon
Subsequent, Recompletion	6/27/2008 Stony Mountain (unsuccessful); Red River; IP 35 BO/60 BW

Well Zones:

Formation	Type Zone	Status	Interval
Red River	Production Zone	ACT	11680 11823

25-083-21281-00-00 TOI OPERATING

DORE 1

24N-59E-29

NW NW

805 FNL

955 FWL

Latitude: 47.81771 Longitude: -104.18282

KB Elev:

Vertical

Depth: 9643

Fee

State

Federal

Indian

Shut In Oil
Regulatory Field: Fort Gilbert
Producing Field/Unit: Fort Gilbert

3/21/1981

Formation Tops:

Formation	Measured Depth
Greenhorn	4445
Dakota	5263
Rierdon	6460
Spearfish Formation	6810
Pine Salt	7088
Minnelusa Formation	7326
Otter Formation	7797
Kibbey	8052
Charles	8306
Mission Canyon	9150
Lodgepole	9629

Well History:

Action	Date
Date Well Permit Approved	11/30/1978
Re-permit, Intent to Drill or Re-enter	12/23/1980
Date Well Spudded	1/9/1981
Date Well Completed	3/21/1981
Change of Reporting Operator	1/30/1990 Petroleum to Yellowstone Oil
Change of Reporting Operator	10/8/1996 Klein to Crown
Change of Reporting Operator	5/25/1999 Operator changed from 89, Crown Oil, Inc. to 243, Prairie Energy, Inc.
Change of Bonded Operator	3/9/2000 Prairie Energy, Inc., 243, Bond M1 to TOI Operating, 278, Bond L1

Well Zones:

Formation	Type Zone	Status	Interval
Madison	Production Zone	ACT	
Mission Canyon	Production Zone	SUSP	

21535-00-00 TOI OPERATING

WATTS 34-15

24N-59E-15 C SW SE

660 FSL 1980 FEL

Shut In Oil

Latitude: 47.83630 Longitude: -104.13037

KB Elev: 2051

Vertical

Regulatory Field: North Fork

Depth: 9594

Fee State

Producing Field/Unit: North Fork 10/27/1981

Federal Indian

Formation Tops:

Formation	Measured Depth
Ratcliffe	8952
Mission Canyon	9091
Lodgepole	9596

Well History:

Action	Date
Date Well Permit Approved	6/16/1981
Date Well Spudded	7/10/1981
Date Well Completed	10/27/1981
Change of Reporting Operator	5/9/1985 Texas International Oil Co, Inc.
Intent to Fracture	10/7/1985
Change of Reporting Operator	4/6/1989 Enterprise Energy, Inc.
Intent to Abandon	8/25/1994
Change of Bonded Operator	5/9/2002 From Bond B1, Enterprise Energy, Inc. to Bond L1, TOI Operating (QB)

Well Zones:

Formation	Type Zone	Status	Interval
Madison	Production Zone	ACT	8939 9549

25-083-21748-00-00 TOI OPERATING

LABONTE 32-23

25N-57E-32

NE SW

1650 FSL

1980 FWL

Latitude: 47.87237 Longitude: -104.38883

Shut In Oil

KB Elev: 2416

Vertical

Regulatory Field: Lonetree Creek

Depth: 12608

Fee

State

Producing Field/Unit: Lonetree Creek

2/3/1990

Federal

Indian

Formation Tops:

Well History:

Formation	Measured Depth	Action	Date
Greenhorn	4598	Date Well Permit Approved	12/6/1985
Dakota	5400	SRA Approved	10/27/1988
Piper Formation	6654	Intent to Re-enter Abandoned Well	10/26/1989
Spearfish Formation	6951	Intent to Redrill or Repair	10/26/1989
Pine Salt	7220	Supplementary Well History	1/9/1990
Minnelusa Formation	7431	Subsequent, Perforation	1/22/1990
Kibby Limestone	8152	Date Well Completed	2/3/1990
Ratcliffe	8982	Intent to Recomplete	6/4/1990 Gunton
Mission Canyon	9120	Subsequent, Recompletion	7/23/1990 Gunton
Lodgepole	9646	Change of Reporting Operator	1/31/1992 Ronald M. & Margaret Ann Sannes
Bakken	10376	Supplementary Well History	2/4/1992
Three Forks Formation	10420	Intent to Commingle	4/30/1992 Red River & Gunton
Nisku	10564	Intent to Redrill or Repair	11/3/1995
Duperow	10648	Intent to Abandon	6/28/2000
Souris River Formation	11082	Intent to Recomplete	7/14/2000 Interlake & Nisku
Dawson Bay	11286	Plans Changed	7/17/2000 canceled plans to plug
Winnipegosis	11395	Change of Bonded Operator	8/11/2000 Sannes, Ronald M. Or Margaret Ann, 6695, Bond M1 to TOI Operating, 278, Bond L1
Ashern Formation	11512		
Interlake	11541	Subsequent, Recompletion	8/22/2000 Ratcliffe; IP .5 BOD & 9.5 BOWD
Stonewall	12064	Intent to Recomplete	4/20/2001 Interlake or Putnam
Gunton	12152	Subsequent, Recompletion	1/8/2002 Interlake (IP 100% water)
Stony Mountain Shale	12240	Intent to Abandon	10/31/2002
Red River	12276		

Well Zones:

Formation	Type Zone	Status	Interval
Madison	Production Zone	ACT	8995 9060
Interlake	Production Zone	SUSP	11560 11574
Gunton	Production Zone	SUSP	12192 12216
Red River	Production Zone	SUSP	12444 12474

Date: April 1, 2009
To: BOGC
From: N. Clyde Peterson
Re: Draft Policy, Change to BOGC Policy on Default Docket with Automatic Continuance

In September of 2008, there was an application placed on the "Default Docket with Automatic Continuance." At the meeting, a protest was lodged. The BOGC automatically continued it to the next scheduled BOGC hearing date.

At that next date, the applicant appeared with witnesses, prepared to present the application. The protestor did not appear, nor did the protestor give notice to the BOGC or the applicant of withdrawal of the protest. The applicant claimed this led to needless expense in terms of preparation cost and witness travel.

The BOGC wished to consider potential policy changes that would address the need to avoid unnecessary expense by any party, be it the applicant or the protestor.

There are two types of default dockets.

- Regular Default Docket – According to existing policy the applicant is to be present & ready if a protest or request to hear should arise. In the past, it had been suggested that denial was appropriate if the applicant wasn't ready for the hearing – that has not been done. The applicant & protestor could agree to continue if they wanted to as would be the case in any regular application, but the applicant can't use the status of "Default Docket" as an excuse for continuance.
- Default With Automatic Continuance – up-front everybody knows that the applicant does not intend to be present and if anything comes up – such as a protest or request to hear the application – it will automatically be continued to the next hearing. It is designed with known risk for the applicant, but it is the only type of application that they wouldn't have to have representatives present. The inherent and known danger in this type of application being requested is that if, during staff review of the applications, it is decided the application should be heard, it will need to be continued as well.

Again, the application in September of 2008 that led to this discussion was for "Default with Automatic Continuance" and that's why the BOGC continued it. It was not necessarily that the notice of protest was late. The discussion to reconsider present default policy started after the protestor did not show up at the next hearing.

*****DRAFT POLICY*****

PROTESTING MATTERS PLACED ON THE DEFAULT DOCKET WITH
AUTOMATIC CONTINUANCE

The use of a Default Docket is explained in BOGC POLICY []. In addition to the convenience of the BOGC, the party having filed the matter now entered on the Default Docket would potentially avoid travel and witness expense normally incurred by an appearance before the BOGC.

The BOGC also regularly accepts applications for the Default Docket with Automatic Continuance.

Occasionally at the time of hearing a protest of an application included on the Default Docket with Automatic Continuance may be raised by a person attending the hearing. The BOGC recognizes that not all protests can be lodged prior to the day the matter was placed on the Default Docket, or be lodged at a reasonable time prior to the day of the BOGC hearing. Therefore, if a Default Docket matter is protested as noted above, the protest will be heard.

If, however, as a result of the protest, the applicant is not prepared to present its position or to properly address the protest, the BOGC, either at the request of the applicant or by BOGC motion, may continue the matter and place it on the next scheduled BOGC hearing docket.

In that event, the protesting party must either: (a) appear at that next scheduled hearing and be prepared to present its protest; or it must (b) file at least 14 days prior to that next scheduled hearing, notice of the withdrawal of the protest.

Further, the applicant must either: (a) appear at the next scheduled hearing and be prepared to present its application; or it must (b) file notice of the withdrawal of the application with the BOGC at least 14 days prior to the next scheduled hearing; or it must (c) file a request for a continuance with the BOGC at least 14 days prior to the next scheduled hearing.

These requirements are to ensure that the above parties, who have an interest in the matter and are prepared to present their position at hearing, are not unreasonably inconvenienced by needless expense. In the event the protestor or the applicant fails, without good cause, to comply with these requirements, the BOGC, upon its own motion, may impose a penalty of up to \$500.

Proposed BOGC Travel Guidelines for Board Members....2009

- The Montana Department of Administration (DOA) Employees' Travel Policy, found in 1-0300 of the Montana Operations Manual, applies to all Board travel. The following guidelines are in addition to DOA Travel Policy.
- Out of state travel must be approved by the Administrator and/or Board Chairperson if the member plans to submit a voucher for travel costs and compensation.
- Short in-state trips to attend meetings related to the BOGC issues that don't involve overnight lodging may be compensated without prior approval.
- Meals and lodging will be compensated at in-state and out-of-state rates in accordance with state policy. Receipts are not necessary for meals or mileage. Meals that are provided or hosted should not be submitted for payment.
- Unless otherwise approved ahead of time by the Administrator or Board Chairperson as an exception to these policies, board compensation (\$50/day) will be paid for meeting/conference days and one day before and one day after for travel.
- Spouses/significant others are welcome to travel with board members but must cover their own expenses.
- Reasonable travel advances may be made to cover actual expenses that will be incurred.

- When using a personal car for board travel, mileage will be allowed on a per car basis when expenses are incurred. Mileage will only be paid on actual miles driven for board business. Mileage on out-of-state trips that exceeds the rate charged for a coach class airline fare will be compensated equivalent to the coach fare.
- Board members should be aware of conflict of interest issues when accepting or providing transportation to interested parties.
- The Executive Secretary will make hotel reservations for board members for regularly scheduled meetings. Members are responsible for letting her know if they are unable to attend so the BOGC won't be charged for the room.
- The Administrator, Chairperson, and Executive Secretary (when authorized) are responsible for ensuring all State Travel Policies are followed for those reimbursement claims submitted to them. They are also responsible for ensuring the State Travel Policies are followed when granting approval for in-state and out-of-state travel. Consideration will be given for extenuating circumstances; example: weather related delays.