

## Montana Board of Oil and Gas Conservation Summary of Bond Activity

5/26/2009 Through 7/8/2009

### Approved

Alme, Henry A. Cut Bank MT	611 L1	Approved	7/7/2009
		Amount:	\$3,000.00
		Purpose:	Limited Bond
Certificate of Deposit	\$3,000.00	FIRST STATE BANK OF SHELBY	
Black Hills Exploration and Production Rapid City SD	612 G1	Approved	7/7/2009
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Surety Bond	\$10,000.00	SAFECO INSURANCE CO. OF AMERICA	
Cirque Resources LP Denver CO	583 G2	Approved	6/5/2009
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Surety Bond	\$10,000.00	FIDELITY & DEPOSIT CO. OF MD	
Iofina Natural Gas, Inc. Greenwood Village CO	572 T4	Approved	6/29/2009
		Amount:	\$1,500.00
		Purpose:	UIC Single Well Bond
Certificate of Deposit	\$1,500.00	Wells Fargo Bank Montana	
Zimmerman, Brent Wolf Point MT	609 G1	Approved	6/4/2009
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$10,000.00	First Community Bank	

### Released

Carbon Energy Corporation (USA) Denver CO	331 L1	Released	6/2/2009
		Amount:	\$15,000.00
		Purpose:	Limited Bond
Certificate of Deposit	\$15,000.00	WELLS FARGO BANK, DENVER	
Prairie Dog Exploration, LLC Calgary, Alberta	332 G1	Released	6/8/2009
		Amount:	\$5,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$5,000.00	FIRST STATE BANK OF SHELBY	
Stone Energy Corporation Denver CO	446 U1	Released	6/17/2009
		Amount:	\$50,000.00
		Purpose:	UIC Limited Bond
Surety Bond	\$50,000.00	RLI INSURANCE COMPANY	
Targe Energy Exploration and Production, LLC Denver CO	541 G6	Released	6/16/2009
		Amount:	\$5,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$5,000.00	FIRST STATE BANK OF SHELBY	
Targe Energy Exploration and Production, LLC Denver CO	541 G5	Released	6/16/2009
		Amount:	\$5,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$5,000.00	FIRST STATE BANK OF SHELBY	

**Montana Board of Oil and Gas Conservation  
Summary of Bond Activity**

5/26/2009 Through 7/8/2009

**Released**

Targe Energy Exploration and Production, LLC Denver CO	541 G12	Released	6/16/2009
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	FIRST STATE BANK OF SHELBY	
Targe Energy Exploration and Production, LLC Denver CO	541 G1	Released	6/16/2009
		Amount:	\$5,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$5,000.00	FIRST STATE BANK OF SHELBY	
Targe Energy Exploration and Production, LLC Denver CO	541 G8	Released	6/16/2009
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	FIRST STATE BANK OF SHELBY	
Zimco (Robt A Zimmerman) Wolf Point MT	8630 W1	Released	7/6/2009
		Amount:	\$5,000.00
		Purpose:	One-Well Bond
Certificate of Deposit	\$5,000.00	WESTERN NAT'L BANK/WOLF POINT	

**Reviewed**

Doughty, Earl	2040 PR	Reviewed	6/1/2009
		Amount:	
		Purpose:	Pre-Regulatory Unbonded
Homestake Oil & Gas Co. Kevin MT	3540 PR	Reviewed	6/2/2009
		Amount:	
		Purpose:	Pre-Regulatory Unbonded
McPhillips, R D	4860 PR	Reviewed	6/1/2009
		Amount:	
		Purpose:	Pre-Regulatory Unbonded
Miller, Frank I. Cut Bank MT	5041 PR	Reviewed	6/1/2009
		Amount:	
		Purpose:	Pre-Regulatory Unbonded
Potlatch Oil & Refining Co Shelby MT	6180 PR	Reviewed	6/1/2009
		Amount:	
		Purpose:	Pre-Regulatory Unbonded

FINANCIAL STATEMENT  
As of 7/1/09  
Percent of Year Elapsed: 100

OIL AND GAS DIVISION  
FY 2009 Budget vs. Expenditures

	2009			2009			2009			2009			2009			TOTAL BUDGET	TOTAL EXPENSES	Expends % of Budget		
	Regulatory Budget	Expends	% of Budget	UIC Budget	Expends	% of Budget	Educ & Outreach Budget*	Expends	% of Budget	NAPE Budget*	Expends	% of Budget	Pub Acc Data Budget	Expends	% of Budget				Temp Relocate	Expends
FTE	17.0			3.5														21.5		
Obj.																				
1000 Pay Plan	-			-																
1100 Salaries	824,059	624,921	0.76	212,609	164,268	0.77							32,500	1,045	0.03	5,696.00		1,074,864	790,233	0.74
1300 Other Comp	6,890	7,298	1.06	1,510	580	0.38												8,400	7,878	0.94
1400 Benefits/Ins	231,614	202,033	0.87	56,087	49,367	0.88												287,701	251,400	0.87
1600 Vacancy Svcs	(37,963)	-	0.00	(9,324)	-	-												(47,287)	-	0.00
2100 Contracted Svcs	488,130	344,543	0.71	79,519	10,767	0.14	74,025	(12,941)					180,196	-	-	5,000		826,870	342,369	0.41
2200 Supplies	49,619	45,283	0.91	8,928	6,823	0.76												58,547	52,106	0.89
2300 Communications	45,607	35,346	0.78	8,148	6,782	0.83			1,000									54,755	42,129	0.77
2400 Travel	40,835	41,763	1.02	5,776	7,004	1.21			5,400									52,011	48,767	0.94
2500 Rent	29,098	17,948	0.62	3,223	2,321	0.72			1,000							54,304		87,625	20,270	0.23
2600 Utilities	13,062	11,133	0.85	387	2,269	5.86			4,680									18,129	13,402	0.74
2700 Repair/Maint	19,462	17,440	0.90	4,460	4,387	0.98												23,922	21,827	0.91
2800 Other Svcs	19,138	27,879	1.46	10,301	11,239	1.09												29,439	39,118	1.33
3000 Equipment	53,345	48,065	0.90	-	-	-												53,345	48,065	0.90
6000 Grants							7,000	-										7,000	-	0.00
<b>Total</b>	<b>1,782,896</b>	<b>1,423,651</b>	<b>0.80</b>	<b>381,624</b>	<b>265,808</b>	<b>0.70</b>	<b>81,025</b>	<b>(12,941)</b>		<b>12,080</b>			<b>212,669</b>	<b>1,045</b>	<b>0.00</b>	<b>65,000</b>		<b>2,535,321</b>	<b>1,677,563</b>	<b>0.66</b>

\*Includes unspent biennial authority from FY08.

FUNDING	2009 Budget	2009 Expends	2009 % of Budget	2009 UIC Budget	2009 UIC Expends	2009 UIC % of Budget	2009 Educ & Outreach Budget*	2009 Educ & Outreach Expends	2009 Educ & Outreach % of Budget	2009 NAPE Budget*	2009 NAPE Expends	2009 NAPE % of Budget	2009 Pub Acc Data Budget	2009 Pub Acc Data Expends	2009 Pub Acc Data % of Budget	2009 Temp Relocate	2009 Temp Relocate Expends	2009 Temp Relocate % of Budget	TOTAL BUDGET	TOTAL EXPENSES	Expends % of Budget
State Special	1,782,896	1,423,651		381,624	159,334		81,025	(12,941)		12,080	-		212,669	1,045		65,000			2,535,321	1,571,089	
Federal				-	106,474														-	106,474	
<b>Total Funds</b>	<b>1,782,896</b>	<b>1,423,651</b>		<b>381,624</b>	<b>265,808</b>		<b>81,025</b>	<b>(12,941)</b>		<b>12,080</b>	<b>-</b>		<b>212,669</b>	<b>1,045</b>		<b>65,000</b>			<b>2,535,321</b>	<b>1,677,563</b>	

**REVENUE INTO STATE SPECIAL REVENUE ACCOUNT as of 7/1/09**

	FY 09	Total FY 08	Percentage FY09:FY08
Oil Production Tax	2,587,811	2,066,786	1.25
Gas Production Tax	632,652	538,710	1.17
Penalty & Interest			
Drilling Permit Fees	42,925	55,570	0.77
UIC Permit Fees	208,400	204,825	1.02
Enhanced Recovery Filing Fee			
Interest on Investments	239,067	557,235	0.43
Copies of Documents	19,911	11,414	1.74
Miscellaneous Reimbursemts	10,000	17,489	0.57
<b>TOTALS</b>	<b>\$ 3,740,766</b>	<b>\$3,452,029</b>	<b>1.08</b>

**REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 7/1/09**

	FY09
Transfer in from Orphan Share	25,000
RIT Interest	0
Bond Forfeitures	25,000
Interest on Investments	5018
<b>TOTAL</b>	<b>55,018</b>

**BOND FORFEITURES**

**Go into Damage Mitigation Account**

B.C. Jam, Inc.	15,000
B.C. Jam, Inc.	10,000
<b>TOTAL</b>	<b>25,000</b>

**REVENUE INTO GENERAL FUND FROM FINES as of 7/1/09**

	FY 09
Hawley Oil	340
Utterbeck Accounting	60
Prairie Dog Exploration	10
Capitan Operating	20
S&L Energy	20
Topaz Oil & Gas	30
Valerie Wadman (Miller Fam Acct)	10
Devra Hofferber (Red Maple)	70
Yellow Queen Uranium	10
Columbia Petroleum	10
Mountain Pacific General, Inc.	10
Slochin Inc.	20
Valerie Wadman	10
Carrell Oil Company	1000
Iofna Natural Gas, Inc.	20
Columbia Petroleum	10
CCG LLC	20
James Hoffand	110
Sonkar, Inc.	20
Marian Irgans	20
Karie Frydenlund	60
Misc Oil Co	10
Phoenix Energy Inc.	100
Yellowstone Petroleums Inc.	1000
Herco Exploration, LLC	10
Jill Branch	50
Hawley Oil	170
Carrell Oil Company	5,400
Sands Oil Company	2,000
Knaup, Harry and Lucille	20
Quinque Oil	30
Delphi International Inc.	1000
JH Oil	220
Hawley Oil	170
Grey Wolf Production Co.	100
Cynthia Jorgensen	200
Rincon Oil & Gas LLC	20
North American Energy Group	30
<b>TOTAL</b>	<b>13,430</b>

**INVESTMENT ACCOUNT BALANCES as of 7/7/09**

Damage Mitigation	275,379
Regulatory	16,181,716

**GRANT BALANCES - 7/7/09**

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>
2007 Southern	322,228	230,448 ✓	91,780
2007 Northern	323,572	111,334	212,238
2005 Northern	<u>300,000</u>	<u>209,351</u>	<u>90,650</u>
<b>TOTALS</b>	<b>\$945,800</b>	<b>\$551,133</b>	<b>\$394,667</b>

**CONTRACT BALANCES - 7/7/09**

HydroSolutions - Tongue River Info Project	618,486	514,556 <sup>Sept</sup>	103,930
Sylvan Petroleum LLC	39,565	33,504	6,061
COR Enterprises - Janitorial	17,700	8,085	9,615
Agency Legal Services - Legal*	50,000	31,112	18,888
Liquid Gold Well Service, Inc. - 07 Northern	323,572	111,334	212,238
Liquid Gold Well Service, Inc. - 05 Northern Part 2	55,000	13,420	41,580
C-Brewer - 07 Southern (og-cb-129)	<u>322,228</u>	<u>230,448</u>	<u>91,780</u>
<b>TOTALS</b>	<b>1,426,551</b>	<b>942,459</b>	<b>484,092</b>

**Agency Legal Services Expenditures to Date in FY09**

Case	Amt Spent	Last Svc Date
Diamond Cross 2	916	10/08
BOGC Duties	23,930	6/09
Tongue & Ylwstone Irr	6,267	6/09
<b>Total</b>	<b>31,112</b>	

## Docket Summary

76-2009	XTO Energy Inc.	Pool, Bakken Formation, 22N-58E-25: all and 26: all, non-consent penalties requested (Hartland 14X-26).	
77-2009	XTO Energy Inc.	Pool, Bakken Formation, 22N-59E-31: all and 32: all, non-consent penalties requested (Joe G. 44X-25).	
78-2009	Zenergy, Inc.	Permanent spacing unit, Bakken Formation, 27N-59E-7: all (Larsen Farms 14-7H).	
79-2009	Zenergy, Inc.	Permanent spacing unit, Bakken Formation, 27N-59E-15: all (Wilson 4-15H).	
80-2009	Burlington Resources Oil & Gas Company LP	Protest by Continental Resources, Inc. of Burlington Resources Oil & Gas Company's permits to drill, Bakken Formation, Square Top 21-4H 43 (24N-53E-4: 325' FNL/1650' FWL), Red Giant 31-30H 53 (25N-53E-30: 540' FNL/340' FEL), Top Hand 41-25H 52 (25N-52E-36: 298' FSL/440' FEL), War Horse 41-29H 53 (25N-53E-29: 305' FNL/540' FEL).	
81-2009	Petro-Hunt, LLC	Horizontal tax certification, Rehbein 18B-2-1H (API #083-22481). [Notice omitted.]	Default w/ Cont.
82-2009	Petro-Hunt, LLC	Horizontal tax certification, C.D. Rockford 26A-2-1H (API #083-21940). [Notice omitted.]	Default w/ Cont.
83-2009	Enerplus Resources USA Corporation	Class II enhanced recovery injection permit, Muddy/Dakota Formations, RR Lonetree-Edna 1-13 (API #083-22695), 23N-56E-1: 190' FSL/816' FWL (SW/4SW/4).	Default
84-2009	Montana Land & Exploration, Inc.	Pool, Eagle Formation, 31N-24E-19: all, and 26: all (Stephens White Bear 10-19 and 10B-19).	
85-2009	Montana Land & Exploration, Inc.	Pool, Eagle Formation, 31N-24E-19: SE/4, 20: SW/4, 29: NW/4, 30: NE/4 (Stephens White Bear 1-30).	
86-2009	Pinnacle Gas Resources, Inc.	Hosford Plan of Development, all coalbed zones, 7S-41E-21: S/2, 22: W/2, 27: all, 28: all, 33: all.	
87-2009	Pinnacle Gas Resources, Inc.	Delineation, Hosford Field, surface to the base Fort Union Formation, 7S-41E-21: S/2, 22: W/2, 27: all, 28: all, 33: all.	
88-2009	Iofina Natural Gas, Inc.	Class II injection permit to drill the IOFINJ #34-12-27 as a Virgelle Formation disposal well, 34N-12E-27: CNE/4. [Continued - notice]	Continued

89-2009	Iofina Natural Gas, Inc.	Class II injection permit to drill the IOFINJ #34-12-34 as a Virgelle Formation disposal well, 34N-12E-34: CNE/4. [Continued - notice]	Continued
90-2009	Iofina Natural Gas, Inc.	Temporary 160 acre spacing units, Eagle/Virgelle/Telegraph Creek Formations, 34N-12E-22: all, 26: W/2, 27: all, 33: all, 34: all and 33N-12E-11: all. 660' setback from spacing unit boundaries. Default request. [Protest by Woeppel of all applications involving their 'land'.] [Protest & appear - Rodney Johnson, surface owner.]	
91-2009	Iofina Natural Gas, Inc.	Exception to drill up to one additional gas well per 160 acre quarter section, 34N-12E-28: all, Eagle/Virgelle /Telegraph Creek Formations, 660' setback. Request to vacate Board Order 270-2005. Default request	
92-2009	Iofina Natural Gas, Inc.	Exception to drill up to one additional gas well per 160 acre quarter section, 34N-12E-21: all, Eagle/Virgelle /Telegraph Creek Formations, 660' setback. Request to vacate Board Order 270-2005. Default request	
93-2009	Iofina Natural Gas, Inc.	Exception to drill up to one additional gas well per 160 acre quarter section, 34N-12E-16: all, Eagle/Virgelle /Telegraph Creek Formations, 660' setback. Default request	
94-2009	Iofina Natural Gas, Inc.	Exception to drill up to one additional gas well per 160 acre quarter section, 34N-12E-14: all, Eagle/Virgelle /Telegraph Creek Formations, 660' setback. Request to vacate Board Order 342-2004. Default request [Woeppel protest?]	
95-2009	Iofina Natural Gas, Inc.	Exception to drill up to one additional gas well per 160 acre quarter section, 34N-12E-15: all, Eagle/Virgelle /Telegraph Creek Formations, 660' setback. No well drilled in the S/2 to penetrate the Eagle Formation designated by Order 269-2005. Default request [Woeppel protest?] [Protest & appear - Rodney Johnson, mineral & WI owner.]	
96-2009	Iofina Natural Gas, Inc.	Exception to drill up to one additional gas well per 160 acre quarter section, 33N-12E-10: all, Eagle/Virgelle /Telegraph Creek Formations, 660' setback. Default request	
350-2008	Devon Energy Production Co., LP	Temporary spacing unit, Judith River/Eagle Formations, 27N-19E-25: S/2, 36: N/2. Well to be located in Sec. 25: 800' FSL/2500' FWL (State 25-14-27-19), 200' topographic tolerance. Will apply for permanent spacing within 90 days of successful completion. Default request. [Continued to December, fax rec'd 10/23.] [Continued to January, Fax rec'd 12/4/2008.] [Continued to April, ltr fax rec'd 1/16/2009.] [Continued to May, fax rec'd 3/18/2009.] [Continued to 7/9/09, ltr rec'd 4/21/2009] [Withdrawn, FAX rec'd 6/23.]	Withdrawn
425-2008	Crusader Energy Group Inc.	Pool, Bakken Formation, 21N-59E-4: all, non-joinder penalties requested (Flames 1H-4). [Continued to April, ltr rec'd 1/16/2009.] [Continued to May, email rec'd 3/27/2009.] [Continued to July, email rec'd 5/21/2009.] [Continued indefinitely - bankruptcy.]	Continued

26-2009	Chaparral Energy, LLC	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 25N-55E-34: all, 660' setback (McVay 3-34H). Default request. [Continued to July, ltr rec'd 3/23/2009.]	Default
27-2009	Chaparral Energy, LLC	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 25N-55E-34: all, 660' setback (McVay 4-34H). Default request. [Continued to July, ltr rec'd 3/23/2009.]	Default
31-2009	Crusader Energy Group Inc.	Permanent spacing unit, Bakken/Three Forks Formations, 21N-59E-10: all (Oilers 1H-10). [Continued to May, email rec'd 3/27/2009.] [Continued to July, email rec'd 5/21/2009.] [Continued indefinitely - bankruptcy.]	Continued
32-2009	Continental Resources Inc	Pool, Bakken Formation, 23N-55E-4: all and 24N-55E-33: all, non-joinder/non-consent penalties requested (Dorothy 2-4H). [Spaced by Order 246-2006; pooled by 247-2006.] [Continued to May, email rec'd 3/25/2009.]	
33-2009	Continental Resources Inc	Pool, Bakken Formation, 23N-55E-4: all and 24N-55E-33: all, non-joinder/non-consent penalties requested (Dorothy 3-33H). [See previous application.] [Continued to May, email rec'd 3/25/2009.]	
34-2009	Continental Resources Inc	Pool, Bakken Formation, 23N-56E-8: all and 17: all, non-joinder/non-consent penalties requested (Stoney Butte Farms 2-8H). [Spaced by Order 161-2005; pooled by 156-2005.] [Continued to May, email rec'd 3/25/2009.]	
35-2009	Continental Resources Inc	Pool, Bakken Formation, 23N-56E-8: all and 17: all, non-joinder/non-consent penalties requested (Stoney Butte Farms 3-17H). [See previous application.] [Continued to May, email rec'd 3/25/2009.]	
55-2009	Bayswater Exploration & Production, LLC	Exception to field rules to drill, Eagle and Virgelle Formations, 2N-20E-10: 1980' FSL/ 660' FWL (NW/4SW/4). Default request. [Will hear; two messages left w/ Steve Struna, 5/19 and 5/21.] [Continued to August, email rec'd 6/29/2009.]	Continued
57-2009	AltaMont Oil & Gas Inc.	Salt water disposal permit, Sawtooth/Madison Formations, Jody Field 34-2 (API #073-21838), 29N-6W-34: 2310' FSL/990' FWL (NW/4SW/4). [Continued to July - notice.]	Default
75-2009	Iofina Natural Gas, Inc.	Class II injection permit to drill the IOFINJ #34-12-15 as a Virgelle Formation disposal well, 34N-12E-15: CSE/4. [Continued to July - notice.] [Protest - Woeppel]	
97-2009	Native American Energy Group, Inc.	Show cause, failure to clean-up the S. Wright 5-35 (API #055-05204) and Sandvick 1-11 (API #105-21278).	
98-2009	Hawley Hydrocarbons, Merrill&Carol Hawley DbA	Show cause, Copley Haber lease water and oil spill, 27N-4W-9.	

## 2005, 2007 & 2009 GRANT PROJECT STATUS

July 8, 2009

### 2005 NORTHERN

2005 Northern District Orphan Well P&A/Restoration, Part II  
10/08 Added bond forfeiture well, BC JAM/Nadeau #15, NE SW SW Section 15 T31N R3W to 2005 Northern District Orphan Well P&A/Restoration, Part II. Well was plugged and location restored prior to MT Fish Wildlife and Parks acquiring the surface.

Remaining 2005 Grant money has been rolled into 2007 Northern to finish P&A last well in project.

### 2005 EASTERN

Finished.

### 2007 NORTHERN

Liquid Gold Well Service contract issued.  
Spent \$305,146.50 to date. Working on last well in project.

### 2007 SOUTHERN

C-Brewer Inc.  
Contract issued.  
Plugged 3 wells and in the process of finishing restoration. Spent \$300,677.54 to date.

### 2007 ORPHANED BATTERY

RFP advertised in May 2009.

### 2009 GRANT APPLICATIONS

2009 Northern and 2009 Southern applications completed.  
All grant submitted to RDGP/DNRC May 15, 2006.  
2009 Northern and Southern applications accepted for grant

7/09 RFP for 2009 Northern and Southern being constructed.

## SOMONT OIL COMPANY PIT PERMIT VIOLATION ON THE SMOKE EVAPORATION PIT

Location of Pit: NW NW Section 27 T35N R2W  
Kevin Sunburst Field  
Toole County, Montana

Pit Permit: 2 main pits originally permitted by Sunburst Exploration, Inc. 3/26/93, to comply with BOGC rule 36.22.1227, to evaporate Madison produced water from the production 12 wells on the Smoke Lease, Section 27 T35N R2W, Toole County, Montana.

*19065 L-28*

Somont Oil Company did purchase this property from Sunburst Exploration, Inc. about Pit #3 permit and constructed on this site by Somont Oil Company third pit was added to the above existing permit by a renew notice dated 11/10/98. Original Pit Permit had an expiration date of 1/12/99.

Pit number 3 is where Somont Oil Company disposed of the following fluids from the associated leases of Anschutz Exploration Corporation:

- |                                           |            |                                |
|-------------------------------------------|------------|--------------------------------|
| 1. Willow Creek 1-14H                     | 1060 Bbls. | Snow melt                      |
| 2. Two Medicine 1-11H drill pit pre frac. | 2669 Bbls. | Snow melt                      |
| 3. Two Medicine 1-11H Frac tank           | 1320 Bbls. | 300ppm biocide BE-1            |
| 4. Two Medicine 1-11H drill pit Post Frac | 1026 Bbls. | Linear Gel & broken X link gel |

Total 6075 Bbls. fluid hauled into the Smoke pit #3

Anschutz Exploration Corporation well locations:

Willow Creek 1-14H, NW NE Section 14 T37N R13W, Glacier County, Montana  
API 25-035-22095

Two Medicine 1-11H, SW NW Section 11 T30N R12W, Glacier County, Montana  
API 25-035-22089

Violations Noted: 36.22.1227  
36.22.1207

Request the Board:

1. Fine Somont Oil \$500 for violating pit permit and rules 36.22.1227 and 36.22.1207.
2. Order Somont Oil to remove fluids and dispose properly down operators Class II well.

**Sasaki, Steve**

**From:** Klotz, Gary  
**Sent:** Tuesday, June 23, 2009 1:49 PM  
**To:** Sasaki, Steve  
**Cc:** Richmond, Tom; Halvorson, Jim  
**Subject:** FW: SoMont Smoke Lease water

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**From:** Galen Brenize [mailto:Galen.Brenize@aec-denver.com]  
**Sent:** Tuesday, June 23, 2009 12:56 PM  
**To:** Klotz, Gary  
**Subject:** SoMont Smoke Lease water

inary:

don't have all the MSDS sheets yet, but do have some volumes.

see below a breakdown. I will add info to this email, such that you will have all documentation in one spot. I will also fax the final documentation.

here is a breakdown of volumes, as taken from truck/tank tickets.

1. 10 BBL of snow melt, from drill pit, Willow Creek 1-14H. No added chemicals
2. 1069 BBL snow melt, from drill pit, Two Medicine 1-11H. No added chemicals
3. 1320 BBL fresh water from frac tanks, Two Medicine 1-11H. 300 ppm biocide
4. 1026 BBL frac flowback water from drill pit, Two Medicine 1-11H. 300 ppm biocide + Chemical inventory and concentrations pending (working on this info)

quick look at the biocide: the total fluid to SoMont was 6075 BBL. A weighted biocide concentration, means that in the sum total of this 6075 bbl, should be @ 115.8 ppm biocide (= 0.0115 percent). As mentioned, I will break down the other chemicals when I get MSDS sheets.

of the water taken to Somont, 61.3% was snow melt. 21.7% was fresh water from frac tanks w/ biocide, and 16.9% was frac flowback.



6-19-09

Somont Oil Co. - Smoke Evap Pit

S27 35N 2W, NWNW

chutz Fluids put in this unlined pit

