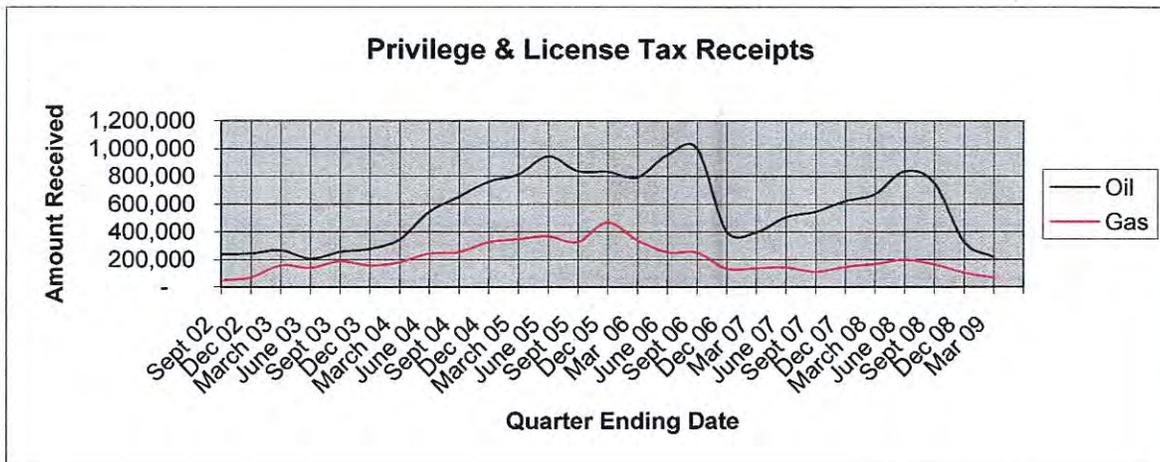


Historical P&L Tax Receipts
08/26/09

Privilege and License Tax Receipts			
Qtr End	Oil	Gas	Rate
Sept 02	239,752	48,227	0.026 of 1%
Dec 02	244,878	69,231	
March 03	266,315	158,091	
June 03	205,217	139,338	
Sept 03	256,076	187,576	
Dec 03	276,512	155,673	
March 04	343,307	180,346	
June 04	542,882	243,903	
Sept 04	650,332	252,907	
Dec 04	758,533	325,086	
March 05	812,080	348,034	
June 05	944,955	367,483	
Sept 05	836,676	325,374	0.018 of 1%
Dec 05	830,779	467,313	
Mar 06	790,349	338,721	
June 06	952,886	253,299	
Sept 06	1,002,159	250,539	
Dec 06	402,849	134,283	0.009 of 1%
Mar 07	395,539	138,973	
June 07	504,186	142,206	
Sept 07	545,403	111,709	
Dec 07	621,658	145,822	
March 08	671,660	167,915	
June 08	835,815	196,055	
Sept 08	752,794	165,248	
Dec 08	327,542	103,434	
Mar 09	216,104	68,243	



FINANCIAL STATEMENT
As of 7/30/09
Percent of Year Elapsed: 100

OIL AND GAS DIVISION
FY 2009 Budget vs. Expenditures

FTE Obj.	2009 Regulatory Budget	Expenditures	Expenditures % of Budget	2009 UIC Budget	Expenditures	Expenditures % of Budget	2009 Educ & Outreach Budget*	Expenditures	Expenditures % of Budget	2009 NAPE Budget*	Expenditures	Expenditures % of Budget	2009 Pub Acc Data Budget	Expenditures	Expenditures % of Budget	2009 Temp Relocate	Expenditures	Expenditures % of Budget	TOTAL BUDGET	TOTAL EXPENSES	Expenditures % of Budget
	17.0			3.5									1.0						21.5		
1000 Pay Plan																					
1100 Salaries	824,059	642,202	0.78	212,609	169,086	0.80							32,500	1,045	0.03	5,696.00			1,074,864	812,312	0.76
1300 Other Comp	8,890	7,433	0.08	1,510	595	0.39													8,400	8,028	0.96
1400 Benefits/Ins	231,614	204,919	0.88	56,087	50,161	0.89													287,701	255,080	0.89
1600 Vacancy Svcs	(37,963)	-	0.00	(9,324)	-	-													(47,287)	-	0.00
2100 Contracted Svcs	488,130	390,306	0.80	79,519	11,760	0.15	74,025	23,763					180,196			5,000			826,870	425,830	0.51
2200 Supplies	49,619	50,137	0.01	8,928	7,846	0.88													58,547	57,984	0.99
2300 Communications	45,607	31,968	0.70	8,148	7,172	0.88			1,000										54,755	39,140	0.71
2400 Travel	40,835	42,614	1.04	5,776	7,105	1.23			5,400										52,011	49,719	0.95
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	11,410	0.87	387	2,299	5.94			4,680										18,129	13,709	0.76
2700 Repair/Maint	19,462	21,535	1.11	4,460	5,232	1.17													23,922	28,767	1.12
2800 Other Svcs	19,138	27,933	1.46	10,301	11,250	1.09													29,439	39,183	1.33
3000 Equipment	53,345	53,754	1.01	-	-	-													53,345	53,754	0.00
6000 Grants							7,000												7,000		
Total	1,782,896	1,502,161	0.84	381,624	274,807	0.72	81,025	23,763	0.29	12,080	-	-	212,669	1,045	0.00	65,000	-	-	2,535,321	1,801,776	0.71

*Includes unspent biennial authority from fy08.

FUNDING	2009 Regulatory Budget	Expenditures	Expenditures % of Budget	2009 UIC Budget	Expenditures	Expenditures % of Budget	2009 Educ & Outreach Budget*	Expenditures	Expenditures % of Budget	2009 NAPE Budget*	Expenditures	Expenditures % of Budget	2009 Pub Acc Data Budget	Expenditures	Expenditures % of Budget	2009 Temp Relocate	Expenditures	Expenditures % of Budget	TOTAL BUDGET	TOTAL EXPENSES	Expenditures % of Budget	
State Special	1,782,896	1,502,161		381,624	168,333		81,025	23,763		12,080	-	-	212,669	1,045		65,000	-	-	2,535,321	1,695,302		
Federal					106,474															-	106,474	
Total Funds	1,782,896	1,502,161		381,624	274,807		81,025	23,763		12,080	-	-	212,669	1,045		65,000	-	-	2,535,321	1,801,776		

Jan 2009

Just go through of the recap

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT 7/30/09			
	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	249,164	557,235	0.45
Copies of Documents	19,940	11,414	1.75
Miscellaneous Reimbursemts	10,000	17,489	0.57
TOTALS	\$ 3,750,893	\$3,452,029	1.09

REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 7/30/09	
	FY09
Transfer in from Orphan Share	25,000
RIT Interest	0
Bond Forfeitures	25,000
Interest on Investments	5217
TOTAL	55,217

BOND FORFEITURES Go into Damage Mitigation Account	
B.C. Jam, Inc.	15,000
B.C. Jam, Inc.	10,000
TOTAL	25,000

REVENUE INTO GENERAL FUND FROM FINES as of 7/30/09	
	FY 09
Hawley Oil	340
Utterbeck Accounting	80
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
Iofina Natural Gas, Inc.	20
Columbia Petroleum	10
CCG LLC	20
James Hoffland	110
Sankar, Inc.	20
Marian Irgens	20
Karie Frydenlund	60
Misc Oil Co	10
Phoenix Energy Inc.	100
Yellowstone Petroleum Inc.	1000
Herco Exploration, LLC	10
Jill Branch	50
Hawley Oil	170
Carrell Oil Company	6,400
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
TOTAL	13,430

INVESTMENT ACCOUNT BALANCES as of 7/30/09	
Damage Mitigation	275,526
Regulatory	16,390,377

GRANT BALANCES - 7/30/09

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>
2007 Southern	322,228	276,102	46,126
2007 Northern	323,572	111,334	212,238
2005 Northern	<u>300,000</u>	<u>209,351</u>	<u>90,650</u>
TOTALS	\$945,800	\$596,786	\$349,014

CONTRACT BALANCES - 7/30/09

HydroSolutions - Tongue River Info Project	618,486	514,556	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>298,329</u>	<u>23,899</u>
TOTALS	1,426,551	1,010,340	416,211

Agency Legal Services Expenditures in FY09

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

Montana Board of Oil and Gas Conservation Summary of Bond Activity

7/8/2009 Through 8/26/2009

Approved

Diversified Operating Corporation Golden CO	569 G2	Approved	7/29/2009
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$10,000.00	MONTANA STATE BANK, PLENTYWOOD	
Enerplus Resources USA Corporation Denver CO	118 T1	Approved	7/29/2009
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond
Certificate of Deposit	\$10,000.00	Wells Fargo Bank Montana	
Fram Operating, LLC Colorado Springs CO	614 G1	Approved	7/14/2009
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Surety Bond	\$10,000.00	Minnesota Surety and Trust Company	
Johnson, Paul Conrad MT	613 D1	Approved	7/9/2009
		Amount:	\$5,000.00
		Purpose:	Domestic Well Bond
Certificate of Deposit	\$5,000.00	Stockman Bank, Conrad	
Stone Energy Corporation Denver CO	446 G1	Approved	7/28/2009
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Surety Bond	\$10,000.00	Argonaut Insurance Company	

Released

Barnhart Drilling Co., Inc. Riverton WY	309 G1	Released	7/15/2009
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	1ST Interstate Bank	
Lonewolf Energy, Inc. Billings MT	524 M1	Released	8/12/2009
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Certificate of Deposit	\$50,000.00	Western Bank	
Macum Energy Inc. Billings MT	4550 G7	Released	7/28/2009
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	1ST INTERSTATE BANK	
Macum Energy Inc. Billings MT	4550 G1	Released	7/28/2009
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	1ST INTERSTATE BANK OF BILLINGS	
Macum Energy Inc. Billings MT	4550 G6	Released	7/28/2009
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	1ST INTERSTATE BANK	

Montana Board of Oil and Gas Conservation Summary of Bond Activity

7/8/2009 Through 8/26/2009

Released

Macum Energy Inc. Billings MT	4550 G8	Released	7/28/2009
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	1ST INTERSTATE BANK	
Macum Energy Inc. Billings MT	4550 G5	Released	7/28/2009
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	1ST INTERSTATE BANK	
Reeder Operating, LLC Dallas TX	588 M1	Released	8/12/2009
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Surety Bond	\$50,000.00	Acstar Insurance Company	
Stone Energy Corporation Denver CO	446 M1	Released	7/28/2009
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Surety Bond	\$50,000.00	WESTCHESTER FIRE INSURANCE CO.	
Surety Bond	\$50,000.00	Argonaut Insurance Company	
Targe Energy Exploration and Production, LLC Denver CO	541 G9	Released	8/14/2009
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	FIRST STATE BANK OF SHELBY	
Three Forks Resources, LLC Denver CO	593 G1	Released	7/15/2009
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Surety Bond	\$10,000.00	RLI INSURANCE COMPANY	
Yeager, James C.	8592 W1	Released	7/9/2009
		Amount:	\$5,000.00
		Purpose:	One-Well Bond
Certificate of Deposit	\$5,000.00	MARQUETTE BANK, CONRAD	

BEFORE THE BOARD OF OIL AND GAS CONSERVATION AND
THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION OF THE STATE OF MONTANA

In the matter of the amendment ARM) NOTICE OF PUBLIC HEARING ON
36.22.302, 36.22.307, 36.22.1214,) PROPOSED AMENDMENT
36.22.1215, 36.22.1216, and)
36.22.1243 pertaining to oil and gas)
provisions and production)

To: All Concerned Persons

1. On October 15, 2009, at 8:00 a.m., the Department of Natural Resources and Conservation will hold a public hearing at the Petroleum Club Conference Room, Crowne Plaza Hotel, and 22nd Floor, North 27th Street, Billings, Montana, to consider the proposed amendment of the above-stated rules.

2. The department will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact the department no later than 5:00 p.m. on October 10, 2009, to advise us of the nature of the accommodation that you need. Please contact Terri Perrigo, Board of Oil and Gas Conservation, 1625 Eleventh Ave, Helena, MT 59620; telephone (406) 444-6675; fax (406) 444-2453; or e-mail to tperrigo@mt.gov.

3. The rules as proposed to be amended provide as follows, new matter underlined, deleted matter interlined:

36.22.302 DEFINITIONS Unless the context otherwise requires, the words defined shall have the following meaning when found in these rules:

(1) through (12) remain the same.

(13) "Completion report" means board report Form No. 4 which is to be submitted to the board in triplicate for all wells drilled as specified in ARM 36.22.1011 and 36.22.1013 and ARM 36.22.1011.

(14) "Common source of supply" is synonymous with pool, as defined in 82-11-101(12), MCA.

(15) "Condensate" means the liquid produced by the condensation of a vapor or gas either after it leaves the reservoir or while still in the reservoir. Condensate is often called distillate, drips, or white oil, etc.

(16) through (22) remain the same.

~~(23) "Drilling fluid" means any fluid used in the drilling of an oil or gas well to remove, hold, and carry cuttings to the surface; to cool or lubricate a drill bit; to line the bore hole; to control subsurface pressures; to support the weight of the drill pipe or casing; to protect formations; or to transmit hydraulic horsepower to the drill bit.~~

(23) "Drilling fluid" means any fluid used in the drilling of an oil or gas well to:

(a) remove, hold, and carry cuttings to the surface;

MAR Notice No. 36-22-135

- (b) cool or lubricate a drill bit;
- (c) line the bore hole;
- (d) control subsurface pressures;
- (e) support the weight of the drill pipe or casing;
- (f) protect formations; or
- (g) transmit hydraulic horsepower to the drill bit.

(24) "Dry gas" means natural gas obtained from pools that produce gas only, or natural gas obtained that does not contain the heavier fractions that may easily condense under normal atmospheric conditions and that is not casinghead gas.

(25) and (26) remain the same.

(27) "Flow line" means:

(a) means a pipeline used to transfer crude oil, gas, and produced water from the wellhead to production treatment, separation, or storage facilities; and

(b) also means a pipeline used to transfer produced water or other fluids from a production or injection facility to an injection or disposal well. Flow line does not mean a transmission pipeline. ;

(c) ~~does not mean a transmission pipeline.~~

(28) through (37) remain the same.

(38) "Hazardous waste" means any waste defined as a hazardous waste in ~~ARM 17.54.303 75-10-403~~ 75-10-403(8)(a), MCA. ✓

(39) through (47) remain the same.

(48) "Oil", as defined in 82-1-111(3), MCA, ✓ means crude petroleum oil and other hydrocarbons regardless of gravity that are produced at the wellhead in liquid form by ordinary production methods and that are not the result of condensation of gas before or after it leaves the reservoir. ~~(82-1-111, MCA.)~~

(49) through (52) remain the same.

(53) "Owner", as defined in 82-11-101(9), MCA, ✓ means the person who has the right to drill into and produce from a pool and to appropriate the oil or gas the person produced from a pool either for the person or others or for the person or for the person and others, and the term includes all persons holding that authority by or through the person with the right drill. ~~(82-11-101, MCA.)~~

(54) "Perennial watercourse" means a lake, stream, river, or other body of water that flows or retains water continuously throughout the year."

(55) remains the same.

(56) "Person", as defined in 82-11-101(10), MCA, ✓ means any natural person, corporation, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary, or other representative of any kind and includes any agency or instrumentality of the state or any governmental subdivision of the state. ~~(82-1-111, MCA.)~~

Deleted: 11

(57) through (77) remain the same.

(78) "Waste", as defined in 82-11-101(16), MCA, ✓ means:

(a) means physical waste, as the term is generally understood in the oil and gas industry;

(b) means the inefficient, excessive, or improper use of, or the unnecessary dissipation of reservoir energy;

(c) means the location, spacing, drilling, equipping, operating, or producing of any oil or gas well(s) ~~or wells~~ in a manner that causes or tends to cause reduction in

the quality of oil or gas ultimately recoverable from a pool under prudent and proper operations or that causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas; and

(d) means the inefficient storing of oil or gas; ~~but~~. Waste does not mean the production of oil or gas from any pool or by any well to the full extent that the well or pool can be produced in accordance with methods designed to result in maximum ultimate recovery, as determined by the board.

~~(e) does not mean the production of oil or gas from any pool or by any well to the full extent that the well or pool can be produced in accordance with methods designed to result in maximum ultimate recovery, as determined by the board. (82-11-101, MCA.)~~

(79) remains the same.

(80) "Well logs" means electrical, radiation, sonic, or other routine logs run by mechanical means in a well and all other logs, surveys, analyses, and reports run or made.

(81) "Well, wildcat or exploratory" means:

(a) means any well drilled for oil or gas outside of a delineated field; or

(b) means a well drilled to a stratum other than one then productive within a delineated field. Well does not mean a stratigraphic well or core hole. ; ~~but~~

~~(c) does not mean a stratigraphic well or core hole.~~

AUTH: 82-11-111, MCA

IMP: 82-11-111, MCA

36.22.307 ADOPTION OF FORMS (1) The forms hereinafter listed are hereby adopted and made a part of these rules for all purposes, and the same must be used as herein directed in giving notice and in making reports and requests to the board. Copies of printed forms will be supplied by the board on request. Address requests for forms to: Board of Oil and Gas Conservation, 1625 Eleventh Avenue, Helena, Montana, 59620-1601 or 2535 St. Johns Avenue, Billings, Montana, 59102.

(1)(a) through (f) remain the same.

~~(g) Form No. 7~~ Transportation Agency's Monthly Report of Receipts and Disposition of Crude Oil

(1)(h) through (k) remain the same but are renumbered (1)(g) through (j).

~~(l) Form No. 11~~ Reservoir Survey Report and Gas-Oil Ratio

(1)(m) and (n) remain the same but are renumbered (1)(k) and (l).

(m) Form. No. 14-2A Assignment Agreement

(n) Form No. 14-2B Letter of Credit

(1)(o) through (s) remain the same.

~~(t) Form No. 24~~ Irrevocable Standby Letter of Credit

AUTH: 82-11-111, MCA

IMP: 2-4-201, MCA

MAR Notice No. 36-22-135

36.22.1214 SUBSURFACE PRESSURE TESTS (1) If requested by the board, and under the terms and conditions specified, Within 30 days following the completion of each well in any pool whether such well produces oil or gas or both, the owner of such well shall make a subsurface pressure test on such well and shall report the results thereof to the board on Form No. 11 within 20 days after such test is made. Each such well shall remain completely shut in for at least 24 hours prior to the test. The subsurface determination shall be obtained as close as reasonably possible to the midpoint of the productive section of the reservoir. Further, the board will may require periodic subsurface pressure measurements on a sufficient number of wells in any pool to provide adequate data for establishing MER.

AUTH: 82-11-111, MCA
IMP: 82-11-123, 82-11-124, MCA

36.22.1215 STABILIZED PRODUCTION TEST (1) If requested by the board, and under the terms and conditions specified, Within 60 days following the completion or recompletion of an oil well, the operator shall file with the board's petroleum engineer at its Billings office the results of a stabilized production test of at least 72 hours duration showing the average daily oil production and average daily gas production during the test period.

AUTH: 82-11-111, MCA
IMP: 82-11-123, 82-11-124, MCA

36.22.1216 GAS-OIL RATIO TESTS (1) If requested by the board, and under the terms and conditions specified, Within 30 days following the completion and within 30 days following each recompletion of each well producing oil and either gas or casinghead gas or both, the owner of such well shall make a gas-oil ratio test of such well, and the results of such test shall be reported to the board on Form No. 11 within 20 days after the test is made. Also, thereafter Thereafter, each operator shall make a gas-oil ratio test at such other time or times as the board may hereafter designate, and similarly report the results of each such test within the time specified.

AUTH: 32-11-111, MCA
IMP: 82-11-123, 82-11-124, MCA

36.22.1243 REPORTS FROM TRANSPORTERS, REFINERS, PURCHASERS, AND GASOLINE OR EXTRACTION PLANTS (1) All transporters of crude oil shall make monthly reports to the board on Form No. 7. All refiners of crude oil shall make monthly reports to the board on Form No. 8. All purchasers of gas shall make monthly reports to the board on Form No. 9. All operators of gasoline or other extraction plants shall make monthly reports to the board on Form No. 10. Such forms shall contain all information required therein and shall be filed with the board on or before the last day of each month covering the preceding month.

AUTH: 82-11-111, MCA

MAR Notice No. 36-22-135

IMP: 82-11-123, MCA

REASONABLE NECESSITY: The amendments to ARM 36.22.302 and 36.22.307, are reasonably necessary to correct minor grammatical errors, and remove and update obsolete forms and references to the Administrative Rules of Montana and the Montana Code Annotated. The amendments to ARM 36.22.1214, 36.22.1215, 36.22.1216 are reasonably necessary to eliminate the submission of unnecessary reports, but to maintain the authority of the Board to require their submission where it deems it to be necessary. The amendment to ARM 36.22.1243 is reasonably necessary to eliminate the use of, and reference to, Form 7.

Deleted: these rules

Deleted: The amendments also correct minor grammatical errors.

4. Concerned persons may submit their data, views, or arguments either orally or in writing at the hearing. Written data, views, or arguments may also be submitted to: Terri Perrigo, Board of Oil and Gas Conservation, 1625 Eleventh Ave, Helena, MT 59620; telephone (406) 444-6675; fax (406) 444-2453; or e-mail to tperrigo@mt.gov., and must be received no later than 5:00 p.m., October 22, 2009.

5. *The Board's* Presiding Person, Board of Oil and Gas Conservation, has been designated to preside over and conduct this hearing.

6. The department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in (4) above or may be made by completing a request form at any rules hearing held by the department.

7. An electronic copy of this Proposal Notice is available through the Secretary of State's web site at <http://sos.mt.gov/ARM/Register>. The Secretary of State strives to make the electronic copy of the Notice conform to the official version of the Notice, as printed in the Montana Administrative Register, but advises all concerned persons that in the event of a discrepancy between the official printed text of the Notice and the electronic version of the Notice, only the official printed text will be considered. In addition, although the Secretary of State works to keep its web site accessible at all times, concerned persons should be aware that the web site may be unavailable during some periods, due to system maintenance or technical problems.

8. The bill sponsor notice requirements of 2-4-302, MCA, do not apply.

/s/ Mary Sexton
Mary Sexton
Director

/s/ Tommy Butler
Tommy Butler
Rule Reviewer

MAR Notice No. 36-22-135

Certified to the Secretary of State September 14, 2009.

DRAFT

MAR Notice No. 36-22-135

Docket Summary

8/27/2009 Hearing

EXHIBIT 5

99-2009	Oasis Petroleum LLC	Temporary spacing unit, Bakken Formation, 29N-58E-25: all and 29N-59E-30: all, 660' set back. Default request.	Default
100-2009	Panther Creek Company, LLC	Permanent spacing unit, Bakken Formation, 25N-59E-31: all (Chauncey 31-2H). [Continue to October - telephone 8/20/2009.]	Continued
101-2009	Zenergy Operating Company, LLC	Temporary spacing unit, Bakken Formation, 27N-58E-12: all and 13: all, 660' set back. Default request. [Protest possible, Dale and Leland Romo - Romo Brothers Partnership.] [Continued to December, fax rec'd 8/25/2009.]	Continued
102-2009	Zenergy Operating Company, LLC	Temporary spacing unit, Bakken Formation, 27N-58E-24: all and 25: all, 660' set back. Default request. [Protest likely, Dale and Leland Romo - Romo Brothers Partnership.]	Default
103-2009	NFR Bear Paw Basin, LLC	Temporary spacing unit, Eagle and Niobrara Formations, 34N-17E-4: N/2 and 35N-17E-33: S/2, well to be located in Sec. 33: 306' FSL/1668' FWL, 25' topographic tolerance (East End 33-14-35-17B). Default request.	Default
104-2009	NFR Bear Paw Basin, LLC	Permanent spacing unit, Eagle Formation, 34N-16E-4: W/2 and 5: E/2 (Pattison 5-9-34-16B).	
105-2009	NFR Bear Paw Basin, LLC	Permanent spacing unit, Eagle and Niobrara Formation, 35N-17E-19: E/2 and 20: W/2, not commingled (East End 19-8-35-17).	
106-2009	NFR Bear Paw Basin, LLC	Permanent spacing unit, Judith River Formation, 25N-18E-10: W/2, Eagle/Judith River commingle request (Reeves 10-12-25-18).	
107-2009	NFR Bear Paw Basin, LLC	Permanent spacing unit, Judith River Formation, 25N-19E-7: S/2, Eagle/Judith River commingle request (Reeves 7-11-25-19B).	
108-2009	XTO Energy Inc.	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 22N-59E-9: all and 16: all, 660' setback. Default requested. [Continued, ltr rec'd 8/12/2009.]	Continued
109-2009	Cardinal Oil, LLC	Permanent spacing unit, Ratcliffe Formation, 30N-57E-21: E/2 (Johnson 7-21H).	
110-2009	Cardinal Oil, LLC	Permanent spacing unit, Ratcliffe Formation, 30N-57E-14: W/2 (Jacobsen 1-14H).	
111-2009	Cardinal Oil, LLC	Permanent spacing unit, Ratcliffe Formation, 30N-57E-22: N/2 (Jacobsen 1-22H).	

112-2009	Continental Resources Inc	Temporary spacing unit, Red River Formation, 25N-55E-9: S/2SE/4, 10: S/2SW/4, 15: N/2NW/4, 16: N/2NE/4 (Trudith 1-15: 210' FNL, 345' FWL of Section 15). Default request with automatic continuance. [Continued, email rec'd 8/11/2009.]	Continued
113-2009	Continental Resources Inc	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 23N-56E-25: all and 23N-57E-30: all, 660' setback. Default request.	Default
114-2009	Continental Resources Inc	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 24N-54E-26: all and 35: all, 660' setback. Default request. [Withdrawn - email rec'd 8/5/2009.]	Withdrawn
115-2009	Continental Resources Inc	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 25N-55E-29: all and 32: all, 660' setback. Default request.	Default
116-2009	Continental Resources Inc	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 25N-52E-11: all and 14: all, 660' setback. Default request.	Default
117-2009	Continental Resources Inc	Exception to drill additional Bakken and/or Three Forks/Sanish Formation well in the temporary spacing unit comprised of 23N-55E-20: all and 29: all, 660' setback. Default request.	Default
118-2009	Decker Operating Company, L.L.C.	Exception to produce, 33N-31E-36: 2151' FSL/1933' FWL, downhole commingle requested (MRFU 3631-1). Default request.	Default
119-2009 21-2009 F	Fort Worth Operating Company LLC	Temporary 160 acre spacing units, surface to the base of the Judith River Formation, 28N-50E-1: all, 4: all, 14: all, 25: all, 29N-50E-7: all, 20: all, 27N-51E-3: all, 8: all and 28N-51E-33: all, 660' setback. Apply for permanent spacing within 90 days after first production into a pipeline.	
120-2009	Iofina Natural Gas, Inc.	Class II injection permit to drill the IOFINJ #34-12-22 as a Sawtooth Formation disposal well, 34N-12E-22: CSW/4, 100' topographic tolerance.	Default
121-2009	Iofina Natural Gas, Inc.	Class II injection permit to drill the IOFINJ #34-12-28 as a Virgelle Formation disposal well, 34N-12E-28: CNW/4, 100' topographic tolerance.	Default
122-2009	Iofina Natural Gas, Inc.	Class II injection permit to drill the IOFINJ #35-11-10 as a Virgelle Formation disposal well, 35N-11E-10: CNW/4, 100' topographic tolerance.	Default
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.] Continued to August at July hearing. Withdrawn by email rec'd 8/4/2009.	Withdrawn

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.] Continued to August at July hearing. Withdrawn by email rec'd 8/4/2009.	Withdrawn
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.] Continued to August at July hearing. Withdrawn by email rec'd 8/4/2009.	Withdrawn
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.] Continued to August at July hearing. Withdrawn by email rec'd 8/4/2009.	Withdrawn
46-2009	NFR Bear Paw Basin, LLC	Amend Order 276-2006, create two 320 acre permanent spacing units allowing two wells/formation/spacing unit, 37N-15E-8: N/2 and S/2, 660' setback. [BLM protest.] [Continued to August.] [Continued to December, ltr rec'd 8/7/2009.]	Continued
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.]	Default
52-2009	Mountain Pacific General Inc.	Show cause for failure to abandon the Fossum #10-8, 35N-1E-8: NW/4SE/4 (2310 FSL/1700 FEL; API #101-21912) and the Copenhaver #1, 27N-2E-32: NW/4NE/4 (990 FNL/1980 FEL; 073-21195).	
98-2009	Hawley Hydrocarbons, Merrill&Carol Hawley DbA	Show cause, Copley Haber lease water and oil spill, 27N-4W-9.	

RON SANNES FAILURE TO CLEANUP ISSUES

Bonds: 11 producing wells on a \$25,000 CD
 1 injection well on a limited \$10,000 CD

Issue cleanup of oil spills and junk on the following well leases:

1. FLB Spokane No. 3 SWD, SE SE Section 7 T22N R60E

Cleanup of oil spills	36.22.1104	
Junk tanks and water tanks	36.22.1105	
Firewalls	36.22.1102	

2. FLB Spokane No.1, C NE SE Section 7 T22N R60E

Cleanup of oil spills	36.22.1104	
Oil solids	36.22.1104	
Junk equipment	36.22.1105	
Fire Hazards weeds	36.22.1101	

3. Engen 1 A, NW NW Section 29 T25N R59E

Cleanup of oil spills	36.22.1104	
Oil solids	36.22.1104	
Junk pipe fitting, barrels, equipment etc.		36.22.1105
Wood	36.22.1101	
Fire Walls	36.22.1102	
Well ID	36.22.1202	

4. Engen A #1, NW NW Section 29 T25N R59E

Junk Pumping Unit	36.22.1105	
Fire Walls	36.22.1102	

Notice given to Ron Sannes on or about May 5, 2009. Discussed these issues at the Billings office with myself, Ron Prevost and Mr. Ron Sannes on May 7, 2009. Mr. Sannes stated he could have all these issues taken care of by a deadline date of September 30, 2009.

Report by Mr. Ron Prevost is that very little of this work has been completed as of August 26, 2009. New oil spills have occurred since the May 7, 2009 meeting with Mr. Sannes.

Well Inspection Report

Montana Board of Oil and Gas Conservation

API #: 25 - 083 - 21260

UIC: Non-UIC:

Violation: Yes: No:

Date: 5/05/09 Arrival Time: 7:15 am/pm

Date Operator Notified: 5-05-09

Inspector: Ron Stewart

Date Remedy Required: 7-26-09

Operator Representative(s): _____

Others Present: _____

Well Name: A Fizzell - 1 QQQ: NW NW Sec.: 39 Township: 55N Range: 53E

Operator: Arnold Samas Field: Fairview

Failed Items or Violation Description:

Follow up on 36-22-1105 501 waste - Parted out
pump unit, gaskets, fittings, valves, service tank
36-22-1102 Fire walls around

Inspection Type

- Routine / Periodic
- Complaint Response
- Compliance Verification
- Construction
- Drilling / Workover
- Emergency Response
- Pre-operation
- Pre-regulatory / Orphan
- Restoration / SRA Approval
- Plugging Witnessed
- Pit Inspection

Class II UIC Wells

Injecting: Tubing Pressure: _____ PSI
 Shut-In / TA: Annulus Pressure: _____ PSI

Non-UIC Wells

Oil Well: Producing:
 Gas Well: Shut-In / TA:
 Other: _____ Abandoned:

Comments / Description

Picture:

Not In Compliance

36-22-1105: Require pumping unit parts and gaskets etc as
mentioned above.

36-22-1102 Build firewalls around production tank large
enough to hold 1/2 times the capacity of tank.

RECEIVED

MAY 13 2009

Ron Stewart

MONTANA BOARD OF OIL
& GAS CON. BILLINGS

Well Inspection Report

Montana Board of Oil and Gas Conservation

API #: 25 - 083-91259

UIC: Non-UIC:

Violation: Yes: No:

Date: 5 10 09 Arrival Time: 6:55 am/pm

Date Operator Notified: 5-05-09

Inspector: Dawn Stewart

Date Remedy Required: 7-06-09

Operator Representative(s): _____

Others Present: _____

Well Name: FLS, Section 3 SW10 QQQ: SE SE Sec.: 7 Township: 22N Range: 60E

Operator: Acworth Energy Field: Alton Park West

Failed Items or Violation Description:

Following are date violations 36.22.1104 Contain and clean up - Oil soaked material around junk tanks and water tanks 36.22.1102 Fire walls required 36.22.1105 Solid waste Junk tanks inside of diked area on location.

Inspection Type

- | | |
|---|---|
| <input type="checkbox"/> Routine / Periodic | <input type="checkbox"/> Pre-operation |
| <input type="checkbox"/> Complaint Response | <input type="checkbox"/> Pre-regulatory / Orphan |
| <input checked="" type="checkbox"/> Compliance Verification | <input type="checkbox"/> Restoration / SRA Approval |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Plugging Witnessed |
| <input type="checkbox"/> Drilling / Workover | <input type="checkbox"/> Pit Inspection |
| <input type="checkbox"/> Emergency Response | <input type="checkbox"/> _____ |

Class II UIC Wells

- | | |
|---|-----------------------------|
| Injecting: <input type="checkbox"/> | Tubing Pressure: _____ PSI |
| Shut-In / TA: <input checked="" type="checkbox"/> | Annulus Pressure: _____ PSI |

Non-UIC Wells

- | | |
|------------------------------------|--|
| Oil Well: <input type="checkbox"/> | Producing: <input type="checkbox"/> |
| Gas Well: <input type="checkbox"/> | Shut-In / TA: <input type="checkbox"/> |
| Other: _____ | Abandoned: <input type="checkbox"/> |

Comments / Description

Picture:

NOT In Compliance

Rule 36.22.1104 - Remove all oil soaked material and clean up.

36.22.1102 - Build up dike, must have the capacity to hold 1 1/2 times the total capacity of tanks it surrounds.

36.22.1105 - Remove all junk tanks and walkway from location and from inside of diked area.

RECEIVED

[Signature]

MAY 13 2009

Well Inspection Report

Montana Board of Oil and Gas Conservation

API #: 25 - 243 - 21189

UIC: Non-UIC:

Violation: Yes: No:

Date: 5 10 09 Arrival Time: 6:20 (am/pm)

Date Operator Notified: 5-05-09

Inspector: Paul Probst

Date Remedy Required: 7-06-09

Operator Representative(s): _____

Others Present: _____

Well Name: FLY SPRINGS - 1 QQQ: NE SE Sec.: 7 Township: 22N Range: 60E

Operator: FRANK SAUNDERS Field: MONDOK WEST

Failed Items or Violation Description:

Follow up on Violations. 36.23.1104 Control vegetation on oil soaked
material around well head. 36.23.1105 Solid waste - Oil equipment, CRANES, JUNK
Metal, tanks + treaters etc on location and tank battery. 36.23.1101
Fl. Hazard prevention - Vegetation around tank battery + location.

Inspection Type

- | | | | |
|-------------------------|-------------------------------------|----------------------------|--------------------------|
| Routine / Periodic | <input type="checkbox"/> | Pre-operation | <input type="checkbox"/> |
| Complaint Response | <input type="checkbox"/> | Pre-regulatory / Orphan | <input type="checkbox"/> |
| Compliance Verification | <input checked="" type="checkbox"/> | Restoration / SRA Approval | <input type="checkbox"/> |
| Construction | <input type="checkbox"/> | Plugging Witnessed | <input type="checkbox"/> |
| Drilling / Workover | <input type="checkbox"/> | Pit Inspection | <input type="checkbox"/> |
| Emergency Response | <input type="checkbox"/> | | <input type="checkbox"/> |

Class II UIC Wells

Injecting: Tubing Pressure: _____ PSI
 Shut-In / TA: Annulus Pressure: _____ PSI

Non-UIC Wells

Oil Well: Producing:
 Gas Well: Shut-In / TA:
 Other: _____ Abandoned:

Comments / Description

Picture:

NOT FOR PERMISSION

note 36.23.1104 - Remove all oil soaked material and clean up.

note 36.23.1105 - Remove all equipment, junk, metal, BBLs,
oil tanks and treaters and etc off of location.

note 36.23.1101 - Remove and control vegetation on
location and tank battery + treaters area.

RECEIVED

Paul Probst

MAY 13 2009

RECEIVED

Well Inspection Report

MAY 13 2009

API #: 25 - 085 - 21672

Montana Board of Oil and Gas Conservation
MONTANA BOARD OF OIL & GAS CONS. BILLINGS

UIC: Non-UIC:

Violation: Yes: No:

Date: 5/05/09 Arrival Time: 8:40 am/pm

Date Operator Notified: 5/05/09

Inspector: Ron Christ

Date Remedy Required: 7/06/09

Operator Representative(s):

Others Present:

Well Name: ENCON 1-A QQQ: NW NW Sec.: 27 Township: 25N Range: 54E

Operator: RONALD SANDERS Field: FIVE WELLS

Failed Items or Violation Description:

Follow up on Rule Violations 36.22.1104 Control and Cleanup Oil soaked material around Tanks, Treater & pumping unit. 36.22.1105 Solid Waste Pipe, fittings, BOLS, near Treater, gas building, skimming unit. Tanks top wood, metal, etc on location. 36.22.1104 Fire walls damaged 36.22.1200

Inspection Type

- Routine / Periodic Pre-operation
- Complaint Response Pre-regulatory / Orphan
- Compliance Verification Restoration / SRA Approval
- Construction Plugging Witnessed
- Drilling / Workover Pit Inspection
- Emergency Response

Class II UIC Wells

- Injecting: Tubing Pressure: _____ PSI
- Shut-In / TA: Annulus Pressure: _____ PSI

Non-UIC Wells

- Oil Well: Producing:
- Gas Well: Shut-In / TA:
- Other: _____ Abandoned:

Comments / Description

Picture:

NOT In Compliance

Rule 36.22.1104 Remove all oil soaked material and cleanup

Rule 36.22.1105 - Remove all junk, etc mentioned above.

Rule 36.22.1104. Fire walls around Tanks & Treater must be large enough to hold 1 1/2 times the capacity of tanks and Treater vessel

Rule 36.22.1200 Identification. Large sign must have all well description and ownership posted on it.

(Safety Issue. No guard on pipes to pumping unit) J. Christ