

FINANCIAL STATEMENT  
July 30, 2014  
100% of Year Elapsed

OIL AND GAS DIVISION FY14 Budget vs. Expenditures																																				
	2011 Regulatory Budget			2012 Regulatory ProAdj (OTO)			2012 UIC Budget 2012-13			2013 UIC ProAdj (OTO)			2014 EOR Study (OTO)			2014 Compliance & Field Inspection			2014 Procedures Manual			2014 TOTAL BUDGET			2014 TOTAL EXPENDS			2014 TOTAL EXPENDS								
	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget	Expends	% of Budget								
FTE	18.0						3.5																													
Obj:																																				
1100 Salaries	874,856	656,401	1.08				179,898	210,461	1.17								107,356	22,955							1,162,110	828,817	1.07									
1300 Other Comp	5,789	7,297	1.26	6,150			591	353	0.61	1,350															13,870	7,650										
1400 Benefits/Ins	301,122	242,619	0.81				57,164	56,114	0.98								44,123	8,728							402,409	307,461										
1600 Vacancy Savings	(87,270)						(18,453)																		(91,783)											
2100 Contracted Svcs	232,849	122,564	0.53	15,580			22,185	15,592	0.70	23,420			178,976				22,759				120,000				615,765	138,156	0.22									
2200 Supplies	57,121	76,767	1.34				13,991	14,183	1.02																71,072	90,960	1.28									
2300 Communications	47,882	61,611	1.29				9,185	8,410	0.92																57,067	70,022	1.23									
2400 Travel	38,624	37,353	0.97				7,195	8,780	1.22																45,819	46,134	1.01									
2500 Rent	17,050	31,841	1.87	14,640			3,289	2,444	0.74	360															35,339	34,265	0.97									
2600 Utilities	17,356	18,829	1.08				3,732	3,321	0.89																21,268	22,150	1.05									
2700 Repair/Maint	14,822	22,754	1.54				3,583	4,775	1.33																18,405	27,559	1.50									
2800 Other Expenses	25,442	18,814	0.74	890			20,472	9,442	0.46																48,904	28,281	0.60									
3100 Equipment	36,656	37,477	1.02	3,000			16,073	16,073		3,000															86,729	81,241										
6000 Grants																	28,000	27,690																		
Total	1,802,299	1,373,327	0.86	40,360			318,855	349,950	1.10	28,130			178,976				196,178	59,399	0.303	120,000					2,484,798	1,782,674	0.72									
FUNDING																																				
State Special	1,802,299	1,373,327	0.86	40,360			211,772	242,887	1.15	28,130			178,976				196,178	59,399	0.30	120,000					2,377,715	1,675,592	0.70									
Federal							107,083	107,083	1.00																107,083	107,083										
Total Funds	1,802,299	1,179,494		40,360			318,855	349,950	1.10	28,130			178,976				196,178	59,399		120,000					2,484,798	1,782,674										

FY 12 Carryforward  
Org 2022  
start balance 152,395  
exp 152,395  
avail balance -

FY 13 Carryforward  
Org 2023  
start balance 854,074  
exp -  
avail balance 854,074

<b>REVENUE INTO STATE SPECIAL REVENUE ACCOUNT 7/30/14</b>			
	FY 14	FY 13	Percentage FY14:FY13
Oil Production Tax	2,207,096	1,858,828	1.19
Gas Production Tax	177,201	151,953	1.17
Drilling Permit Fees	44,850	68,400	0.66
UIC Permit Fees	227,200	225,200	1.01
Interest on Investments	3,660	6,239	0.59
Copies of Documents	4,529	6,754	0.67
Miscellaneous Reimbursemts	-	14,395	0.00
<b>TOTALS</b>	<b>\$ 2,664,536</b>	<b>\$ 2,331,769</b>	<b>1.14</b>

<b>REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 7/30/14</b>	
	FY14
Transfer in from Orphan Share	0
RIT Interest	0
Bond Forfeitures	50,000
Interest on Investments	544
<b>TOTAL</b>	<b>\$ 50,544</b>

<b>BOND FORFEITURES AS OF 7/30/14</b>	
<b>Go into Damage Mitigation Account</b>	
Native American Energy Group	50,000

<b>REVENUE INTO GENERAL FUND FROM FINES as of 7/30/14</b>		
		FY 14
Hofland James D	7/5/2013	200
Hawley Oil LLP	7/15/2013	220
Denmark Resources Inc.	7/16/2013	70
Hawley Oil	7/16/2013	30
Montana Resources Management	7/19/2013	60
Slohcic Inc.	7/31/2013	60
Glen Habets	8/23/2013	70
Colby Branch	9/25/2013	60
Buckley Production	9/25/2013	10
Longshot Oil LLC	10/1/2013	60
Bensun Energy	10/15/2013	140
Denbury	11/15/2013	2000
Jack Grynberg	1/6/2014	70
McOil Montana One LLC	1/7/2014	80
Valco Energy USA Inc.	1/21/2014	120
Longshot Oil LLC	2/5/2014	60
Hinto Energy LLC	2/13/2014	144
Patriot Separation PC	2/14/2014	1000
Stealth Energy USA, Inc.	2/19/2014	70
Keesun Corp	3/24/2014	330
Rim Operating Inc.	3/26/2014	90
Southwestern Energy Production Company	4/2/2014	70
Seymour Oil & Gas	4/2/2014	130
Roland Oil & Gas	4/2/2014	80
Montana Resource Management	4/2/2014	60
Shadwell Resources Group LLC	4/15/2014	70
Taylor Well Operating	5/5/2014	1100
Fairways Exploration & Production	4/30/2014	70
		<b>\$ 6,524.00</b>

<b>Investment Account Balances - 8/8/14</b>	
Regulatory Account (02432)	4,309,388
Damage Mitigation Account (02010)	456,339

**GRANT BALANCES - 8/8/14**

<u>Name</u>	<u>Authorized Amt*</u>	<u>Expended</u>	<u>Balance</u>
2009 Northern RIT 10-8697	322,236	203,066	119,170
2009 Southern RIT 10-8698	315,219	170,632	144,587
2007 Tank Battery RIT 10-8711	304,847	304,847	0
2011 Southern - Tank Battery2 RIT 12-8723	204,951	123,491	81,460
2011 Northern/Eastern RIT 13-8753	332,642	0	332,642
2011 Eastern RIT 13-8752	318,498	143,989	174,509
* includes match requirement for grant			
<b>TOTALS</b>	<b>\$1,798,393</b>	<b>\$946,025</b>	<b>\$852,368</b>

combined into new project 2009 Northern-Southern  
 grant expires 10-31-14  
 combined for one project  
 grant expires 10-31-14  
 grant expires 12-31-15  
 grant expires 12-31-15

**CONTRACT BALANCES - 6/9/2014**

HydroSolutions - EPA Primacy Class VI Injection	57,156	26,560	30,596
MT Tech - Procedures Manual/Field Inspection System	32,699	7,965	24,734
MT Tech - Survey of Native Proppant (SNaP)	383,101	140,688	242,413
MT Tech - Elm Coulee EOR Study	863,905	349,184	514,721
Automated Maintenance Services, Inc. FY14	24,848	24,556	292
Agency Legal Services - Legal	60,000	62,841	-2,841
Central Avenue Mall FY 14	400	400	0
Liquid Gold Well Service, Inc. - 09 Northern-Southern	263,756	0	263,756
C-Brewer - Big Wall Tank Battery	96,458	14,998	81,460
Liquid Gold Well Service - 11 Eastern	201,459	143,989	57,470
Liquid Gold Well Service -- 11 Northern/Eastern	201,325	0	201,325
MT Fish, Wildlife and Parks	37,500	22,677	14,823
Teachers Workshop 2014 and 2015	96,000	42,085	53,915
ALL Consulting - Server System Migration	21,000	0	21,000
ALL Consulting - Update Data Mining	28,000	0	28,000
<b>TOTALS</b>	<b>2,367,607</b>	<b>835,944</b>	<b>1,531,664</b>

exp 5-31-15  
 exp 8-30-14  
 exp 9-30-15  
 exp 12-31-17  
 exp 6-30-15  
 exp 6-30-14  
 automatically renewable  
 exp. 6-30-15  
 exp 10-31-14  
 exp 6/30/15  
 exp 6/30/15  
 exp 1-31-14 complete  
 exp 7-31-15  
 exp. 7/16/14  
 exp 7/16/14

**Agency Legal Services Expenditures in FY14**

<u>Case</u>	<u>Amt Spent</u>	<u>Last Svc Date</u>
BOGC Duties	40,919	June 14
Hekkel v BOGC	6,719	June 14
Ostby	640	May 14
CCRC vs. Board	14,563	June 14
<b>Total</b>	<b>62,841</b>	

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

6/16/2014 Through 8/12/2014

**Approved**

Continental Resources Inc Oklahoma City OK	1550 T3	Approved Amount: Purpose:	7/25/2014 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00 RLI INSURANCE COMPANY		
Intermountain Leasing, Inc. Billings MT	318 G3	Approved Amount: Purpose:	7/14/2014 \$1,500.00 Single Well Bond
Certificate of Deposit	\$1,500.00 Western Security Bank		
Normont Energy Inc. Calgary AB	728 G2	Approved Amount: Purpose:	8/7/2014 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00 FIRST INTERSTATE BANK		
Okie Crude Company Tulsa OK	769 L1	Approved Amount: Purpose:	7/25/2014 \$30,000.00 Limited Bond
Surety Bond	\$30,000.00 National American Insurnace Company		
Rech, Mitchell L. Roundup MT	770 G2	Approved Amount: Purpose:	8/7/2014 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00 Wells Fargo Bank, NA		
Rech, Mitchell L. Roundup MT	770 G1	Approved Amount: Purpose:	8/7/2014 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00 Wells Fargo Bank, NA		
Sands Oil Company Billings MT	6692 T3	Approved Amount: Purpose:	7/25/2014 \$5,000.00 UIC Single Well Bond
Certificate of Deposit	\$5,000.00 FIRST INTERSTATE BANK		

## Docket Summary

8/14/2014 Hearing

249-2014	Kraken Oil & Gas LLC	Amend Order 212-2010 to allow 500' lateral, 200' heel/toe setbacks in temporary spacing unit, Bakken/ Three Forks Formation, 27N-57E-13: all, 24: all. Apply for permanent spacing within 90 days of successful completion. Operations must commence within one year of date of order. Default request.	Default	500' / 200' setbacks in adjoining spacing units.	<input type="checkbox"/>
250-2014	Kraken Oil & Gas LLC	Amend Order 213-2010 to allow 500' lateral, 200' heel/toe setbacks in temporary spacing unit, Bakken/Three Forks Formation, 27N-57E-14: all, 23: all. Apply for permanent spacing within 90 days of successful completion. Operations must commence within one year of date of order. Default request.	Default	500' / 200' setbacks in adjoining spacing units.	<input type="checkbox"/>
251-2014	Kraken Oil & Gas LLC	Temporary spacing unit, Bakken/Three Forks Formation, 26N-51E-12: all, 13: all, 200' heel/toe, 1320' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Default request.	Default	Equivalent to special statewide spacing but west of the original area.	<input type="checkbox"/>
252-2014	Kraken Oil & Gas LLC	Temporary spacing unit, Bakken/Three Forks Formation, 26N-51E-8: all, 17: all, 200' heel/toe, 1320' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Default request.	Default	Equivalent to special statewide spacing but west of the original area.	<input type="checkbox"/>
253-2014	Kraken Oil & Gas LLC	Amend Order 42-2011 to allow 500' lateral, 200' heel/toe setbacks in temporary spacing unit, Bakken/Three Forks Formation, 26N-59E-33: all, 34: all. Apply for permanent spacing within 90 days of successful completion. Operations must commence within one year of date of order. Default request.	Default	1320 lateral, 660 toe/ heel by Order 42-2011. Lay-down with 200' toe/heel in offsetting spacing units.	<input type="checkbox"/>
254-2014	Kraken Oil & Gas LLC	Amend Order 380-2011 to allow 500' lateral, 200' heel/toe setbacks in temporary spacing unit, Bakken/Three Forks Formation, 25N-59E-4: all, 9: all. Apply for permanent spacing within 90 days of successful completion. Operations must commence within one year of date of order. Default request.	Default	380-2011 (Special statewide.) 500' / 200' setbacks in adjoining spacing units.	<input type="checkbox"/>
255-2014	Kraken Oil & Gas LLC	Vacate Order 151-2003 pertaining only to 24N-58E-3: all, 10: all. Temporary spacing unit, Bakken/Three Forks Formation, 24N-58E-3: all, 10: all, 15: all, 200' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Operations must commence within one year of date of order. Default request.	Default	500' lateral setbacks in spacing units located to the east.	<input type="checkbox"/>
256-2014	Kraken Oil & Gas LLC	Vacate Order 151-2003 pertaining only to 24N-58E-4: all, 9: all. Temporary spacing unit, Bakken/Three Forks Formation, 24N-58E-4: all, 9: all, 16: all, 200' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Operations must commence within one year of date of order. Default request.	Default	(See Docket 255-2014.)	<input type="checkbox"/>

257-2014	Kraken Oil & Gas LLC	Vacate Order 277-2010, TSU, 26N-59E-17, 18. Temporary spacing unit, Bakken/Three Forks Formation, 26N-59E-16: all, 17: all, 200' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Operations must commence within one year of date of order. Default request.		Orphan tract created - Section 18. [17 & 18 are TSU by Order 277-2010.]	<input checked="" type="checkbox"/>
258-2014	Burlington Resources Oil & Gas Company LP	Amend Order 451-2013 to allow up to two horizontal Bakken/Three Forks Formation wells, 500' lateral, 200' heel/ toe setbacks in temporary spacing unit, 23N-53E-21: all. Operations must commence within one year from order date. Apply for permanent spacing within 90 days of successful completion. Default request.		Order 451-2013 created TSU, 200' heel/toe, 660' lateral setbacks. [500' setback, Elm Coulee.]	<input checked="" type="checkbox"/>
259-2014	Burlington Resources Oil & Gas Company LP	Amend Order 452-2013 to allow up to two horizontal Bakken/Three Forks Formation wells, 500' lateral, 200' heel/toe setbacks in temporary spacing unit, 23N-54E-15: all. Operations must commence within one year from order date. Apply for permanent spacing within 90 days of successful completion. Default request.		Order 452-2013 created TSU, 200' heel/toe, 660' lateral setbacks. [500' setback, Elm Coulee.]	<input checked="" type="checkbox"/>
260-2014	Burlington Resources Oil & Gas Company LP	Amend Order 447-2013 to allow up to four horizontal Bakken/Three Forks Formation wells, 500' lateral, 200' heel/toe setbacks in temporary spacing unit, 23N-53E-11: all. Operations must commence within one year from order date. Apply for permanent spacing within 90 days of successful completion. Default request.		Order 447-2013 created TSU, 200' heel/toe, 660' lateral setbacks [500' setback, Elm Coulee.]	<input checked="" type="checkbox"/>
261-2014	Continental Resources Inc	Overlapping temporary spacing unit, Bakken/Three Forks Formation, 26N-54E-26: all, 35: all, 200' heel/toe, 660' setback from exterior boundary. Apply for permanent spacing within 90 days of successful completion. Default request.		26 - PSU, Order 160-2008 35 - PSU, Order 286-2007 [Will hear, overlapping spacing unit.]	<input checked="" type="checkbox"/>
262-2014	Continental Resources Inc	Overlapping temporary spacing unit, Bakken/Three Forks Formation, 26N-54E-27: all, 34: all, 200' heel/toe, 660' setback from exterior boundary. Apply for permanent spacing within 90 days of successful completion. Default request.		27 - PSU, Order 289-2008 34 - PSU, Order 328-2007 [Will hear, overlapping spacing unit.]	<input checked="" type="checkbox"/>
263-2014	Continental Resources Inc	Overlapping temporary spacing unit, Bakken/Three Forks Formation, 25N-54E-10: all, 15: all, 200' heel/toe, 660' setback from exterior boundary. Apply for permanent spacing within 90 days of successful completion. Default request.		10 - PSU, Order 323-2007 15 - PSU, Order 259-2006 [Will hear, overlapping spacing unit.]	<input checked="" type="checkbox"/>
264-2014	Continental Resources Inc	Amend Order 15-2009 to allow 200' heel/toe setbacks for the well authorized by Order 15-2009 in overlapping temporary spacing unit, 24N-54E-14: all, 15: all, 22: all, 23: all. Apply for permanent spacing within 90 days of successful completion. Default request.	Default	Order 15-2009 - Overlapping TSU, 660' toe/ heel setback.	<input type="checkbox"/>
265-2014	Slawson Exploration Company Inc	Temporary spacing unit, Dawson Bay Formation, 20N-53E-18: all, 500' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Default request.		500' setbacks requested.	<input checked="" type="checkbox"/>
266-2014	Treasure Exploration Company, LLC	Exception to Orders 19-1983, 43-1984, 136-1997; create temporary spacing unit, Madison Formation, 30N-44E-3: S/2, 330' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Default request.		Order 136-1997 - Madison TSU, horizontal well, Sec. 3, S2 - 660' SBs. Order 180-2001 - Amended Lustre Field rules to 330' setback [Hear, new operator.] [500' lateral setbacks?]	<input checked="" type="checkbox"/>

267-2014 13-2014 F	Treasure Exploration Company, LLC	Exception to Orders 19-1983, 43-1984; create temporary spacing unit, Madison Formation, 31N-43E-26: S/2, 330' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Default request.		Order 71-1997 - Sec. 26: E2 - TSU, Madison horizontal, 660' SB. [Notice?] [Hear, new operator.] [500' lateral setbacks?]	<input type="checkbox"/>
268-2014 14-2014 F	Treasure Exploration Company, LLC	Exception to Orders 19-1983, 43-1984; create temporary spacing unit, Madison Formation, 31N-44E-19: NW/4, 31N-43E-24: NE/4, 330' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Default request.		Order 181-2001 - Sec. 19 N2 NE, permanent spacing unit.  [Hear, new operator.] [500' lateral setbacks?]	<input type="checkbox"/>
269-2014 15-2014 F	Statoil Oil & Gas LP	Permanent spacing unit, Bakken/Three Forks Formation, 28N-57E-1: all, 12: all (Snyder 1-12 #1H).	<b>Continued</b>	TSU, Order 31-2011 amended by 465-2011. Related applications 269, 270, 271-2014. [Continued to October, ltr recd 7/14/2014.]	<input type="checkbox"/>
270-2014	Statoil Oil & Gas LP	Pool, permanent spacing unit, Bakken/Three Forks Formation, 28N-57E-1: all, 12: all (Snyder 1-12 #1H). Non-consent penalties requested.	<b>Continued</b>	Related applications 269, 270, 271-2014.  [Continued to October, ltr recd 7/14/2014.]	<input type="checkbox"/>
271-2014 16-2014 F	Statoil Oil & Gas LP	Authorization to drill up to four Bakken/Three Forks wells, permanent spacing unit, Bakken/Three Forks Formation, 28N-57E-1: all, 12: all, 200' heel/toe, 500' lateral setback. Default request.	<b>Continued</b>	Related applications 269, 270, 271-2014.  [Continued to October, ltr recd 7/14/2014.]	<input type="checkbox"/>
272-2014	Abraxas Petroleum Corporation	Exception to Dwyer Field rules (Order 29-1961), authorization to drill a Madison well at location 500 feet from south boundary, 660 feet from west, north, and east boundary, 32N-58E-12: SW/4. Default request.	<b>Default</b>	160-acre spacing, well @ C SE/4 of each SU, 175' topo. Application amended to 660 SB; default OK.	<input type="checkbox"/>
273-2014	Bayswater Exploration & Production, LLC	Class II enhanced recovery injection permit, Tyler Formation, CSTSU A311Y, 11N-32E-11: 1320' FSL/ 1520' FWL (SE/4SW/4), API #087-21724.	<b>Default</b>		<input type="checkbox"/>
274-2014	Denbury Onshore, LLC	Class II saltwater disposal permit, Minnelusa Formation, Madison 2 WSW, 8S-54E-21: 1650' FNL/ 330' FEL (SE/4NE/4), API #075-21894.	<b>Default</b>		<input type="checkbox"/>
275-2014	Denbury Onshore, LLC	Class II saltwater disposal permit, Mission Canyon Formation, Pannel 13-20B, 7N-60E-20: 1880' FSL/ 660" FWL (NW/4SW/4), API #025-21218.	<b>Default</b>		<input type="checkbox"/>
276-2014	Mountain View Energy, Inc.	Class II saltwater disposal permit, Cut Bank/Madison Formation, Red Creek 1C-11, 37N-5W-11: 1270' FNL/ 1316" FEL (NE/4 NE/4), API #025-21896.	<b>Default</b>		<input type="checkbox"/>
277-2014	Interstate Explorations, LLC	Permanent spacing unit, 13N-60E-3: E/2, permission to co-mingle Interlake and Red River Formation (Michels #2-1).		Statewide TSU	<input type="checkbox"/>
278-2014	Interstate Explorations, LLC	Temporary spacing unit, Lower Lodgepole Formation, 13N-60E-3: all, 200' heel/toe, 660' lateral setbacks.		200' toe/ heel SB requested.	<input checked="" type="checkbox"/>
347-2013	Statoil Oil & Gas LP	Pool, permanent spacing unit, Bakken/Three Forks Formation, 25N-59E-25: all, 26: all, 35: all, 36: all (Sundheim 26-35 #2-H). Non-joinder penalties requested.	<b>Continued</b>	PSU, Order 500-2013.  [Continued to October, ltr recd 7/14/2014.]	<input type="checkbox"/>

498-2013	Statoil Oil & Gas LP	Pool, permanent spacing unit, Bakken/Three Forks Formation, 28N-57E-22: all, 27: all (Nelson 27-22 1H). Non-joinder penalties requested.	<b>Continued</b>	Related applications - 497, 498, and 499-2013. [Continued to October, ltr recd 7/14/2014.]	<input type="checkbox"/>
162-2014	Slawson Exploration Company Inc	Permanent spacing unit, Bakken/ Three Forks, 20N-60E-4: all (Boomerang 3-4H)		TSU, Order 213-2012. Related applications - 162, 163-2014.	<input type="checkbox"/>
163-2014	Slawson Exploration Company Inc	Pooling, permanent spacing unit, Bakken/ Three Forks, 20N-60E-4: all. Non-consent penalties requested. (Boomerang 3-4H)		Related applications - 162, 163-2014.	<input type="checkbox"/>
164-2014	Slawson Exploration Company Inc	Permanent spacing unit, Bakken/ Three Forks, 23N-55E, 19: all, 30: all (Cricket 1-30-19H)		TSU, Order 233-2013. Related applications - 164, 165-2014.	<input type="checkbox"/>
165-2014	Slawson Exploration Company Inc	Pooling, permanent spacing unit, Bakken/ Three Forks, 23N-55E, 19: all, 30: all, Non-consent penalties requested (Cricket 1-30-19H)		Related applications - 164, 165-2014.	<input type="checkbox"/>
166-2014	Slawson Exploration Company Inc	Permanent spacing unit, Bakken/ Three Forks, 24N-52E-20: all (Curmudgeon 1-20H & 2-20H)		TSU & setbacks, Order 460-2012. Related applications - 166, 167-2014.	<input type="checkbox"/>
167-2014	Slawson Exploration Company Inc	Pooling, permanent spacing unit, Bakken/ Three Forks, 24N-52E-20: all. Non-consent penalties requested. (Curmudgeon 1-20H & 2-20H)		Related applications - 166, 167-2014.	<input type="checkbox"/>
168-2014	Slawson Exploration Company Inc	Permanent spacing unit, Bakken/ Three Forks, 21N-59E-24: all (Pilum 1-24H)		TSU, Order 35-2012. Related applications - 168, 169-2014.	<input type="checkbox"/>
169-2014	Slawson Exploration Company Inc	Pooling, permanent spacing unit, Bakken/ Three Forks, 21N-59E-24: all. Non-consent penalties requested. (Pilum 1-24H)		Related applications - 168, 169-2014.	<input type="checkbox"/>
170-2014	Slawson Exploration Company Inc	Permanent spacing unit, Bakken/ Three Forks, 24N-52E-36: all (Rogue 1-36H)		TSU, Order 34-2012. Related applications - 170, 171-2014.	<input type="checkbox"/>
171-2014	Slawson Exploration Company Inc	Pooling, permanent spacing unit, Bakken/ Three Forks, 24N-52E-36: all. Non-consent penalties requested. (Rogue 1-36H)		Related applications - 170, 171-2014.	<input type="checkbox"/>
172-2014	Slawson Exploration Company Inc	Permanent spacing unit, Bakken/ Three Forks, 23N-52E-4: all (Rustler 1-4H)		TSU, Order 33-2012. Related applications - 172, 173-2014.	<input type="checkbox"/>
173-2014	Slawson Exploration Company Inc	Pooling, permanent spacing unit, Bakken/ Three Forks, 23N-52E-4: all. Non-consent penalties requested. (Rustler 1-4H)		Related applications - 172, 173-2014.	<input type="checkbox"/>
174-2014	Slawson Exploration Company Inc	Permanent spacing unit, Bakken/ Three Forks, 24N-52E-28: all (Scavenger 1-28MLH)		TSU, Order 221-2012. Two wells, Order 461-2012. Related applications - 174, 175-2014.	<input type="checkbox"/>

175-2014	Slawson Exploration Company Inc	Pooling, permanent spacing unit, Bakken/ Three Forks, 24N-52E-28: all. Non-consent penalties requested. (Scavenger 1-28MLH)		<i>Related applications - 174, 175-2014.</i>	<input type="checkbox"/>
182-2014	EOG Resources, Inc.	Permanent spacing unit, Bakken/Three Forks Formation, 29N-59E-5: all, 8: all (Highline 3-0508H).	<b>Continued</b>	<i>TSU, Order 98-2011. Related applications - 182, 183, 184-2014. Continued to October, email recd 8/7/2014</i>	<input type="checkbox"/>
183-2014	EOG Resources, Inc.	Pool, permanent spacing unit, Bakken/Three Forks Formation, 29N-59E-5: all, 8: all (Highline 3-0508H). Non-consent penalties requested.	<b>Continued</b>	<i>Related applications - 182, 183, 184-2014. Continued to October, email recd 8/7/2014</i>	<input type="checkbox"/>
184-2014	EOG Resources, Inc.	Authorization to drill an additional Bakken/Three Forks well, permanent spacing unit, 29N-59E-5: all, 8: all, 200' heel/toe, 500' lateral setback. Default request.	<b>Continued</b>	<i>Related applications - 182, 183, 184-2014. Continued to October, email recd 8/7/2014</i>	<input type="checkbox"/>
202-2014	Slawson Exploration Company Inc	Temporary spacing unit, Dawson Bay Formation, 20N-53E-6: all, 200' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Default request.		<i>200' &amp; 500' setbacks for non-Bakken well.</i>	<input checked="" type="checkbox"/>
203-2014	Slawson Exploration Company Inc	Temporary spacing unit, Dawson Bay Formation, 20N-53E-19: all, 200' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Default request.		<i>200' &amp; 500' setbacks for non-Bakken well.</i>	<input checked="" type="checkbox"/>
204-2014	Slawson Exploration Company Inc	Temporary spacing unit, Dawson Bay Formation, 20N-53E-32: all, 200' heel/toe, 500' lateral setbacks. Apply for permanent spacing within 90 days of successful completion. Default request.		<i>200' &amp; 500' setbacks for non-Bakken well.</i>	<input checked="" type="checkbox"/>
222-2014	Continental Resources Inc	Overlapping temporary spacing unit, Bakken/Three Forks Formation, 25N-54E-2: all, 3: all, 200' heel/toe, 500' lateral setback from common boundary, 500' setback from exterior boundary. Apply for permanent spacing within 90 days of successful completion. Default request.		<i>Sec. 2 - PSU, Order 427-2006; 3 - PSU, Order 290-2010. 500' SETBACK REQUESTED - ELM COULEE AREA (Exhibits reflect 660' setback.)</i>	<input checked="" type="checkbox"/>
223-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 23N-55E-2: all, 3: all and 24N-55E-34: all, 35: all (Marla AHSL).		<i>TSU, Order 278-2008.</i>	<input type="checkbox"/>
224-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 25N-55E-17: all, 18: all, 19: all, 20: all (David HSL).		<i>TSU, Order 277-2008 Order 77-2013 for 200' heel/ toe setback.</i>	<input type="checkbox"/>
225-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 24N-52E-14: all (Whiteman 1-14H).		<i>Statewide exception (SB), Order 311-2013.</i>	<input type="checkbox"/>
226-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 25N-55E-21: all, 22: all, 27: all, 28: all (Rognas/Barbara HSU).		<i>TSU, Order 344-2008. Order 87-2013 for 200' heel/ toe setback. Related application: 226, 227-2014.</i>	<input type="checkbox"/>
227-2014	Continental Resources Inc	Pool, permanent spacing unit, Bakken/Three Forks Formation, 25N-55E-21: all, 22: all, 27: all, 28: all (Rognas/Barbara HSU). Non-consent penalties requested.		<i>Related application: 226, 227-2014.</i>	<input type="checkbox"/>

228-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 28N-58E-13: all, 24: all (Gehringer 1-13H).	TSU, Order 43-2010.  Related application: 228, 229, 230-2014.	<input type="checkbox"/>
229-2014	Continental Resources Inc	Pool, permanent spacing unit, Bakken/Three Forks Formation, 28N-58E-13: all, 24: all (Gehringer 1-13H). Non-consent penalties requested.	Related application: 228, 229, 230-2014.	<input type="checkbox"/>
230-2014	Continental Resources Inc	Authorization to drill three additional Bakken/Three Forks wells, permanent spacing unit, Bakken/Three Forks Formation, 28N-58E-13: all, 24: all, 200' heel/toe, 500' lateral setback.	Related application: 228, 229, 230-2014.	<input type="checkbox"/>
231-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 26N-54E-29: all, 30: all (Mona 1-29H).	TSU, Order 649-2012.  Related application: 231, 232, 233-2014.	<input type="checkbox"/>
232-2014	Continental Resources Inc	Pool, permanent spacing unit, Bakken/Three Forks Formation, 26N-54E-29: all, 30: all (Mona 1-29H). Non-consent penalties requested.	Related application: 231, 232, 233-2014.	<input type="checkbox"/>
233-2014	Continental Resources Inc	Authorization to drill three additional Bakken/Three Forks wells, permanent spacing unit, Bakken/Three Forks Formation, 26N-54E-29: all, 30: all, 200' heel/toe, 500' lateral setback.	Related application: 231, 232, 233-2014.	<input type="checkbox"/>
234-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-17: all, 20: all (Briske 1-20H).	TSU, Special Statewide.  Related application: 234, 235, 236-2014.	<input type="checkbox"/>
235-2014	Continental Resources Inc	Pool, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-17: all, 20: all (Briske 1-20H). Non-consent penalties requested.	Related application: 234, 235, 236-2014.	<input type="checkbox"/>
236-2014	Continental Resources Inc	Authorization to drill three additional Bakken/Three Forks wells, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-17: all, 20: all, 200' heel/toe, 500' lateral setback.	Related application: 234, 235, 236-2014.	<input type="checkbox"/>
237-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-1: all, 12: all (Manush 1-12H).	TSU, Special Statewide.  Related application: 237, 238, 239-2014.	<input type="checkbox"/>
238-2014	Continental Resources Inc	Pool, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-1: all, 12: all (Manush 1-12H). Non-consent penalties requested.	Related application: 237, 238, 239-2014.	<input type="checkbox"/>
239-2014	Continental Resources Inc	Authorization to drill three additional Bakken/Three Forks wells, permanent spacing unit, Bakken/Three Forks Formation, 29N-58E-1: all, 12: all, 200' heel/toe, 500' lateral setback.	Related application: 237, 238, 239-2014.	<input type="checkbox"/>
240-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 26N-55E-29: all, 30: all (Colleen 1-29H & Colleen 2-29H).	TSU, Order 648-2012; Order 122-2013 for two wells in TSU, 200' heel/ toe setback.  Related application: 240, 241, 242-2014.	<input type="checkbox"/>

241-2014	Continental Resources Inc	Pool, permanent spacing unit, Bakken/Three Forks Formation, 26N-55E-29: all, 30: all (Colleen 1-29H & Colleen 2-29H). Non-consent penalties requested.		<i>Related application: 240, 241, 242-2014.</i>	<input type="checkbox"/>
242-2014	Continental Resources Inc	Authorization to drill two additional Bakken/Three Forks wells, permanent spacing unit, Bakken/Three Forks Formation, 26N-55E-29: all, 30: all, 200' heel/toe, 500' lateral setback.		<i>Related application: 240, 241, 242-2014.</i>	<input type="checkbox"/>
244-2014	TAQA North USA, Inc.	Class II enhanced recovery injection permit, Bakken Formation, McKinnon 17-8H, 37N-57E-17: 1990' FNL/240' FEL (SE/4NE/4), API #091-21917.	<b>Default</b>	<i>Pilot EOR project approved at June hearing.</i>	<input type="checkbox"/>
180-2014	Wexco Exploration, LLC	Failure to file production reports. (Continued from June hearing.)			<input type="checkbox"/>
181-2014	Produced Water Solutions, Inc.	Failure to file reports. (Continued from June hearing.)			<input type="checkbox"/>
246-2014	Bensun Energy, LLC	Show cause, failure to remediate well site and tank battery violations, failure to file production and injection reports. (Continued from June hearing.)			<input type="checkbox"/>
248-2014	XOIL Inc.	Failure to file production reports. (Continued from June hearing.)		<i>(Request appearance penalty be revoked.)</i>	<input type="checkbox"/>

## DEFAULT DOCKET, 8/14/2014

Docket	Applicant	Status	Request
249-2014	Kraken Oil & Gas LLC	Default	Spacing Amendment
250-2014	Kraken Oil & Gas LLC	Default	Spacing Amendment
251-2014	Kraken Oil & Gas LLC	Default	Temp. Spacing
252-2014	Kraken Oil & Gas LLC	Default	Temp. Spacing
253-2014	Kraken Oil & Gas LLC	Default	Spacing Amendment
254-2014	Kraken Oil & Gas LLC	Default	Spacing Amendment
255-2014	Kraken Oil & Gas LLC	Default	Temp. Spacing
256-2014	Kraken Oil & Gas LLC	Default	Temp. Spacing
264-2014	Continental Resources Inc	Default	Spacing Amendment
272-2014	Abraxas Petroleum Corporation	Default	Spacing Amendment
273-2014	Bayswater Exploration & Production, LLC	Default	Class II Permit
274-2014	Denbury Onshore, LLC	Default	Class II Permit
275-2014	Denbury Onshore, LLC	Default	Class II Permit
276-2014	Mountain View Energy, Inc.	Default	Class II Permit
244-2014	TAQA North USA, Inc.	Default	Class II Permit

# APPLICATIONS TO HEAR, 8/14/2014

(In Order of Hearing)

Docket	Applicant	Status	Request
257-2014	Kraken Oil & Gas LLC		Temp. Spacing
258-2014	Burlington Resources Oil & Gas Company LP		Spacing Amendment
259-2014	Burlington Resources Oil & Gas Company LP		Spacing Amendment
260-2014	Burlington Resources Oil & Gas Company LP		Spacing Amendment
261-2014	Continental Resources Inc		Temp. Spacing
262-2014	Continental Resources Inc		Temp. Spacing
263-2014	Continental Resources Inc		Temp. Spacing
222-2014	Continental Resources Inc		Temp. Spacing
223-2014	Continental Resources Inc		Spacing
224-2014	Continental Resources Inc		Spacing
225-2014	Continental Resources Inc		Spacing
226-2014	Continental Resources Inc		Spacing
227-2014	Continental Resources Inc		Pooling
228-2014	Continental Resources Inc		Spacing
229-2014	Continental Resources Inc		Pooling
230-2014	Continental Resources Inc		Well Density
231-2014	Continental Resources Inc		Spacing
232-2014	Continental Resources Inc		Pooling
233-2014	Continental Resources Inc		Well Density
234-2014	Continental Resources Inc		Spacing
235-2014	Continental Resources Inc		Pooling
236-2014	Continental Resources Inc		Well Density
237-2014	Continental Resources Inc		Spacing
238-2014	Continental Resources Inc		Pooling
239-2014	Continental Resources Inc		Well Density
240-2014	Continental Resources Inc		Spacing
241-2014	Continental Resources Inc		Pooling
242-2014	Continental Resources Inc		Well Density
266-2014	Treasure Exploration Company, LLC		Temp. Spacing
267-2014	Treasure Exploration Company, LLC		Temp. Spacing
268-2014	Treasure Exploration Company, LLC		Temp. Spacing

277-2014	Interstate Explorations, LLC		Spacing
278-2014	Interstate Explorations, LLC		Temp. Spacing
162-2014	Slawson Exploration Company Inc		Spacing
163-2014	Slawson Exploration Company Inc		Pooling
164-2014	Slawson Exploration Company Inc		Spacing
165-2014	Slawson Exploration Company Inc		Pooling
166-2014	Slawson Exploration Company Inc		Spacing
167-2014	Slawson Exploration Company Inc		Pooling
168-2014	Slawson Exploration Company Inc		Spacing
169-2014	Slawson Exploration Company Inc		Pooling
170-2014	Slawson Exploration Company Inc		Spacing
171-2014	Slawson Exploration Company Inc		Pooling
172-2014	Slawson Exploration Company Inc		Spacing
173-2014	Slawson Exploration Company Inc		Pooling
174-2014	Slawson Exploration Company Inc		Spacing
175-2014	Slawson Exploration Company Inc		Pooling
202-2014	Slawson Exploration Company Inc		Temp. Spacing
203-2014	Slawson Exploration Company Inc		Temp. Spacing
204-2014	Slawson Exploration Company Inc		Temp. Spacing
265-2014	Slawson Exploration Company Inc		Temp. Spacing
180-2014	Wexco Exploration, LLC		Show-Cause
181-2014	Produced Water Solutions, Inc.		Show-Cause
246-2014	Bensun Energy, LLC		Show-Cause
248-2014	XOIL Inc.		Show-Cause

# ALL APPLICATIONS, 8/14/2014

(In Order of Publication)

Docket	Applicant	Status	Request
249-2014	Kraken Oil & Gas LLC	Default	Spacing Amendment
250-2014	Kraken Oil & Gas LLC	Default	Spacing Amendment
251-2014	Kraken Oil & Gas LLC	Default	Temp. Spacing
252-2014	Kraken Oil & Gas LLC	Default	Temp. Spacing
253-2014	Kraken Oil & Gas LLC	Default	Spacing Amendment
254-2014	Kraken Oil & Gas LLC	Default	Spacing Amendment
255-2014	Kraken Oil & Gas LLC	Default	Temp. Spacing
256-2014	Kraken Oil & Gas LLC	Default	Temp. Spacing
257-2014	Kraken Oil & Gas LLC		Temp. Spacing
258-2014	Burlington Resources Oil & Gas Company LP		Spacing Amendment
259-2014	Burlington Resources Oil & Gas Company LP		Spacing Amendment
260-2014	Burlington Resources Oil & Gas Company LP		Spacing Amendment
261-2014	Continental Resources Inc		Temp. Spacing
262-2014	Continental Resources Inc		Temp. Spacing
263-2014	Continental Resources Inc		Temp. Spacing
264-2014	Continental Resources Inc	Default	Spacing Amendment
265-2014	Slawson Exploration Company Inc		Temp. Spacing
266-2014	Treasure Exploration Company, LLC		Temp. Spacing
267-2014	Treasure Exploration Company, LLC		Temp. Spacing
268-2014	Treasure Exploration Company, LLC		Temp. Spacing
269-2014	Statoil Oil & Gas LP	Continued	Spacing
270-2014	Statoil Oil & Gas LP	Continued	Pooling
271-2014	Statoil Oil & Gas LP	Continued	Well Density
272-2014	Abraxas Petroleum Corporation	Default	Spacing Amendment
273-2014	Bayswater Exploration & Production, LLC	Default	Class II Permit
274-2014	Denbury Onshore, LLC	Default	Class II Permit
275-2014	Denbury Onshore, LLC	Default	Class II Permit
276-2014	Mountain View Energy, Inc.	Default	Class II Permit
277-2014	Interstate Explorations, LLC		Spacing
278-2014	Interstate Explorations, LLC		Temp. Spacing
347-2013	Statoil Oil & Gas LP	Continued	Pooling
498-2013	Statoil Oil & Gas LP	Continued	Pooling
162-2014	Slawson Exploration Company Inc		Spacing
163-2014	Slawson Exploration Company Inc		Pooling
164-2014	Slawson Exploration Company Inc		Spacing
165-2014	Slawson Exploration Company Inc		Pooling
166-2014	Slawson Exploration Company Inc		Spacing
167-2014	Slawson Exploration Company Inc		Pooling
168-2014	Slawson Exploration Company Inc		Spacing
169-2014	Slawson Exploration Company Inc		Pooling
170-2014	Slawson Exploration Company Inc		Spacing

171-2014	Slawson Exploration Company Inc		Pooling
172-2014	Slawson Exploration Company Inc		Spacing
173-2014	Slawson Exploration Company Inc		Pooling
174-2014	Slawson Exploration Company Inc		Spacing
175-2014	Slawson Exploration Company Inc		Pooling
182-2014	EOG Resources, Inc.	Continued	Spacing
183-2014	EOG Resources, Inc.	Continued	Pooling
184-2014	EOG Resources, Inc.	Continued	Well Density
202-2014	Slawson Exploration Company Inc		Temp. Spacing
203-2014	Slawson Exploration Company Inc		Temp. Spacing
204-2014	Slawson Exploration Company Inc		Temp. Spacing
222-2014	Continental Resources Inc		Temp. Spacing
223-2014	Continental Resources Inc		Spacing
224-2014	Continental Resources Inc		Spacing
225-2014	Continental Resources Inc		Spacing
226-2014	Continental Resources Inc		Spacing
227-2014	Continental Resources Inc		Pooling
228-2014	Continental Resources Inc		Spacing
229-2014	Continental Resources Inc		Pooling
230-2014	Continental Resources Inc		Well Density
231-2014	Continental Resources Inc		Spacing
232-2014	Continental Resources Inc		Pooling
233-2014	Continental Resources Inc		Well Density
234-2014	Continental Resources Inc		Spacing
235-2014	Continental Resources Inc		Pooling
236-2014	Continental Resources Inc		Well Density
237-2014	Continental Resources Inc		Spacing
238-2014	Continental Resources Inc		Pooling
239-2014	Continental Resources Inc		Well Density
240-2014	Continental Resources Inc		Spacing
241-2014	Continental Resources Inc		Pooling
242-2014	Continental Resources Inc		Well Density
244-2014	TAQA North USA, Inc.	Default	Class II Permit
180-2014	Wexco Exploration, LLC		Show-Cause
181-2014	Produced Water Solutions, Inc.		Show-Cause
246-2014	Bensun Energy, LLC		Show-Cause
248-2014	XOIL Inc.		Show-Cause

## GRANT PROJECTS SUMMARY

8-12-14

### 2007 & 2011 Southern Tank Battery Grants

Big Wall land farm project:

The last sampling and engineering report completed in mid-June by Cardno ATC Laboratories indicated hydro carbons present in the soil were nearing acceptable levels making seeding this fall a possibility. I requested the site be sampled again in late August or early September. This would allow us time to seed the site this fall if results are favorable.

### 2011 Grants

Eastern District:

This project consisted of 4 plug and abandonments and 2 pit/surface restorations.

The 4 wells have been plugged and the surface restoration work of all 6 sites is on schedule to be completed this fall.

Northern-Eastern Districts:

We finished plugging 6 gas wells near Baker in late July of this year. Plugging of the 14 wells located in the Shelby district is scheduled to start in early September. There is one well in Fergus county that is included in this project that we will fit it in with other work LGWS has lined up in that area to save on mobilization costs.

### 2009 Grants:

We have not started work on this project. We are contracted till the end of June next year. I'm pushing to get started later this year when where done with the Northern/Eastern project.

### 2015 Grants:

Grant Applications to the Reclamation and Development Grants Program were due 5-15-14 and where submitted before the deadline. We are currently awaiting approval of this grant request.

Board Business Meeting August 13, 2014

Request for Show-Cause  
Hawley Hydrocarbons

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**Inspection Status Report****Shelby****Run Date:** 8/13/2014

Page 1 of 1

Operator Name	Well Name and Number	API Well No.	Location	UIC Permit
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Hawley Hydrocarbons, Merrill&Carol Hawley Db	COPLEY HABER 1	25-073-60054-00-00	SI OIL 27 N 4 W 9 SE NE NE	
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 **Failure**      **Violation**

<b>Inspector:</b> GK	<b>Inspection Date:</b> 5/13/2014	<b>Compl. Required:</b> 5/24/2014
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SIOW. Skim pit has heavy oil layer on it, evaporation pit is full and illegally discharging. Disposal well not handling enough production waters. Stock tanks and underground lines appear leaking oil, open trenches w/lots of oil in them. Gun bbl may have had plugged siphon and kicked oil to pit. Battery pry needs cleaning/maintanance of tank bottoms. Entire lease is an oil mess that needs immediate cleanup and repairs to equipment need made. Well C1 is presently SI but other wells on this lease produce to this battery. Must promptly control and cleanup any leak, spill or escape of oil. Stop illegal produced water discharge. Oily skim pit needs fenced/screened/netted. Waste oil, tank bottoms can't be disposed of or retained in an open earthen pit. Oils need removed from open pit within 48 hours.

<b>Extended To:</b>	6/14/2014
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<b>Dt_Referral:</b>	7/20/2014
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**Compl. Reported:**

6/21/2014	GK	No violations from 5-13-14 have been corrected yet. Situation has worsened with another pit dug that's full of oil. Still have an illegal water discharge from pit used for evaporation. Oil well C 1 is shut-in but other oil wells on lease are producing. After final cleanup an adequate berm needs to be built around the tank battery. Flowlines leaking underground and all stock tanks appear to be leaking and need repair or replace. Poor maintenance of lease operations.
7/20/2014	GK	Failed items: 36.22.1226(4), 36.22.1104, 36.22.1223(1), 36.22.1207(1)(2). Follow up inspection after 2nd notice given. Stil in significant noncompliance. Lease producing. Evap pit still has an illegal water discharge. Most oil out of skim pit now but pit banks oily. Still oil contaminated soils all over. Started some cleanup around tanks but doubt repairs to leaky flowlines or tanks have been made. Still an open oil trench SW of tank battery and an oil spill NW of battery. Couple oil pits now covered or restored. Well is SI but other wells produce. Disposal well not handling produced waters.
8/11/2014	GK	Evaporation pit still has an illegal water discharge. Most of the mess on location has been cleaned up but some cleanup still needs to be done.

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**Enforcement Status Report***Run Date: 8/12/2014**Page 1 of 1*

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**Hawley Hydrocarbons, Merrill&Carol Hawle****Action Date:****Closed:****Enforcement Items:**Non-UIC - Other  
Non-UIC - Pit Violation36.22.1104 Control and cleanup  
36.22.1226 (4) Discharge of water, 36.22.1223 (1) Fencing, screening,  
and netting of pits, 36.22.1207 (1) (2) Earthen pits and open vessels**Action:**Letter, Certified  
Letter, Certified7/28/2014 Certified letter receipt returned. Claimed.  
7/24/2014 Certified letter to operator sent**Comment:**

STAFF REPORTS

Mr. Sasaki distributed a summary (Exhibit 5) of an issue with Native American Energy Group, Inc. (NAEGI). Two Change of Operator requests, with NAEGI as the receiving operator, are pending because NAEGI agreed to clean up two well sites as part of the takeover: the Sandvick 1-11 well in Roosevelt County and the S. Wright 5-35 well in McCone County. NAEGI also has a pending drilling permit for a horizontal Charles Formation well. Mr. Sasaki informed NAEGI that until the problems with the well sites are taken care of neither the Change of Operator requests nor the drilling permit could be approved. Mr. Halvorson said NAEGI is delinquent on production reports also and owes a \$60 fine.

MOTION: Mr. King made a motion to schedule Native American Energy Group, Inc. for a Show-Cause hearing for the July 2009 hearing. Mr. Efta seconded the motion and it passed. Mr. Smelser recused himself and did not participate in the proceedings on this matter.

Mr. Sasaki distributed Exhibit 6, a summary of an issue with Hawley Hydrocarbons (Hawley) water and oil spill at the Copley-Haber lease in Pondera County, Montana. Notice of the spill was not provided as required. As of May 6, there has been water discharged from the pit and the wells have not been shut in. Hawley does not have a discharge permit and field staff has ordered the discharge to stop. Mr. Klotz said the disposal well needs cleaned and acidized it so it can take more water. Mr. Sasaki recommends a \$500 fine for failure to report the spill and schedule a show-cause hearing for July for why the spill was not cleaned up in a timely manner.

Mr. Bradshaw asked if Hawley's production could be shut-in. Mr. Peterson said the Montana Supreme Court determined the Board had that authority. Mr. King would like to increase the fine amount and would like some clean up activity to take place between now and the July hearing. Mr. Smelser would like a daily fine until the site is cleaned up and approved. Mr. King wanted to know how many days it would take a prudent operator to clean it up. Mr. Sasaki said 15 days is a reasonable amount of time.

MOTION: Mr. Smelser made a motion to:

- a) fine Hawley Hydrocarbons \$1000 for failure to report a spill at the Copley-Haber lease ;
- b) order the water discharge from the pit to cease immediately;
- c) give Hawley Hydrocarbons until Friday, June 12, 2009 (15 days from tomorrow -- Friday May 29) to clean up the water and oil spill and have it inspected and approved by Mr. Klotz;
- d) fine Hawley Hydrocarbons \$100 per day for every day past June 12, 2009 the spill is not cleaned up;
- e) appear at the Board's July 9, 2009 public hearing if the clean up has not been inspected and approved, where the Board will order Hawley Hydrocarbons production shut-in at that time.

Mr. Bradshaw seconded the motion and it passed unanimously.

Mr. Hudak gave an update on the Enerplus well injecting CO2 into the Bakken Formation through the Burning Tree well. They started at the end of January, injected for six weeks and then let it soak. They then let it flow thinking it would flow for 2-3 months. Results are not as hoped. They will pump the well while determining the economic feasibility of continuing.

OTHER BUSINESS

Mr. Halvorson handed out Exhibit 7, a list of revisions/comments regarding forms. This is part of the Helena office rulebook update project. Main proposed changes are: a) redesign the completion report (Form 4) to better handle horizontal wells; b) eliminate Form 7, the Transportation Agency's Monthly Report of Receipts and Disposition of Crude Oil; c) cease to use Form 11, the Reservoir Survey Report, and revise the rules to say it shall be submitted ..... "if required by the Board."; and d) eliminate the Form 24 (Irrevocable Standby Letter of Credit) and replace it with a new form 14-2B.

## Plugging and Reclamation Bonds With Well List

<b>HAWLEY HYDROCARBONS, MERRILL&amp;CAROL HAWLEY DB 3320</b>	<b>Bond:</b>	B0536	\$10,000.00	Blanket Bond	Canceled	<b>Wells:</b>	0	<b>Allowed:</b>
Surety Bond		WESTERN SURETY COMPANY	\$10,000.00			Approved		3/26/1984
						Canceled		7/9/1984

Comment:

<b>HAWLEY HYDROCARBONS, MERRILL&amp;CAROL HAWLEY DB 3320</b>						<b>Bond:</b>	B1	\$10,000.00	Blanket Bond	Active	<b>Wells:</b>	2	<b>Allowed:</b>
Surety Bond		SAFECO INSURANCE CO.OF AMERICA			\$10,000.00						Approved	5/31/1984	
API #	Operator	Well	Location				Field	TD	PBTD	Status			
073-21691	Hawley Hydrocarbons, Merrill&Carol Hawley	HABER B-3	27 N	4 W	9	SE SE NW	2421N 2429W	Pondera	2026		PR	OIL	
073-21709	Hawley Hydrocarbons, Merrill&Carol Hawley	HABER A-4	27 N	4 W	9	SW NE SE	1546S 1100E	Pondera	2035	2036	PR	OIL	

Comment: 4821525

<b>HAWLEY HYDROCARBONS, MERRILL&amp;CAROL HAWLEY DB 3320</b>						<b>Bond:</b>	L1	\$4,500.00	Limited Bond	Active	<b>Wells:</b>	3	<b>Allowed:</b>
Certificate of Deposit		Active	1ST STATE BANK - SHELBY			\$4,500.00						Approved	1/2/2001
API #	Operator	Well	Location				Field	TD	PBTD	Status			
073-21134	Hawley Hydrocarbons, Merrill&Carol Hawley	COPLEY HABER C3	27 N	4 W	9	C NE NE	330N 330E	Pondera	1938		SI	OIL	
073-60054	Hawley Hydrocarbons, Merrill&Carol Hawley	COPLEY HABER I	27 N	4 W	9	SE NE NE	1100N 300E	Pondera	1962		SI	OIL	
073-21704	Hawley Hydrocarbons, Merrill&Carol Hawley	ERICKSON I	27 N	4 W	11	NE NE NE	330N 330E	Pondera	1895		SI	OIL	

Comment:

<b>HAWLEY HYDROCARBONS, MERRILL&amp;CAROL HAWLEY DB 3320</b>						<b>Bond:</b>	T1	\$5,500.00	UIC Single Well Bond	Active	<b>Wells:</b>	1	<b>Allowed:</b>
Letter of Credit		1ST STATE BANK - SHELBY			\$5,500.00						Approved	4/1/1998	
API #	Operator	Well	Location				Field	TD	PBTD	Status			
073-05283	Hawley Hydrocarbons, Merrill&Carol Hawley	Copley-Haber C-2	27 N	4 W	4	NE SE SE	990S 330E	Pondera	1920		IA	SWD	

Comment: 292A



STEVE BULLC

July 24, 2014

Hawley Hydrocarbons  
314 S. Colorado  
Conrad, MT 59425

Dear Hawley Hydrocarbons:

After reviewing compliance records and consulting with Board Field Inspectors, it has been determined that there are several compliance issues that have been unattended to for some time now. I will discuss each case below.

The following violations pertain to the Copley Harbor 1 well. API#: 25-073-60054

36.22.1104 Control and cleanup: Stock tanks and underground lines appear to be leaking oil. This needs to be taken care of immediately.

36.22.1226 (4) Discharge of water: Discharges of produced water must be in compliance with all applicable local, state, and federal water quality laws and regulations. There is illegal discharging of produced water on location that needs to be stopped immediately.

36.22.1223 (1) Fencing, screening, and netting of pits: Open storage vessels, earthen pits, or ponds that contain oil must be fenced, screened, and netted.

36.22.1207 (1) (2) Earthen pits and open vessels: Waste oil, oil sludge, tank bottoms, merchantable oil, petroleum products, hazardous wastes, or hazardous or deleterious substances must not be stored, disposed of, or retained in earthen storage pits or in open vessels.

There have been multiple inspections and notifications regarding these issues. A compliance deadline of August 11, 2014 has been established for these violations. Failure to meet the established compliance deadline will result in a show-cause hearing with the Board of Oil & Gas.

If you have questions please give me a call at your earliest convenience at 406-656-0040

Sincerely,

John Gizicki  
Compliance Specialist

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

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hawley Hydrocarbons  
314 S. Colorado St  
Conrad, MT 59425

2. Article Number

(Transfer from service label)

7012 0470 0000 8751 7803

PS Form 3811, July 2013

Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

*[Signature]*  Agent  
 Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

- Certified Mail®  Priority Mail Express™
- Registered  Return Receipt for Merchandise
- Insured Mail  Collect on Delivery

4. Restricted Delivery? (Extra Fee)

Yes





8/11/14 HAWLEY HYDROCARBONS  
COPLEY HABER LSE











