

American Midwest Oil & Gas Corp
December 3rd, 2014 Board Meeting

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

STEVE BULLOCK, GOVERNOR

OIL AND GAS CONSERVATION DIVISION



STATE OF MONTANA

American Midwest Oil & Gas Corp.
Attn: Eric Johnson – VP Exploration
2812 1st Avenue North, Suite 424
Billings, MT 59101

11-6-14

RE: Frac/Stimulation Jobs that took place 11-5-14 on:
Koenig 12-33 S33 35N 1E, SWNW 101-24237
Koenig 32-32 S32 35N 1E, SWNE 101-24238

Mr. Johnson:

As you know, after my visit in the field with you yesterday these frac jobs were performed in violation of BOGC Rule 36.22.608(2) since you did not submit a notice of intent to stimulate these wells for board approval at least 48 hours prior to the work being done.

Enclosed is a copy of all of our rules that pertain to fracturing/stimulation of wells regulated by the MT BOGC. Those rules are 36.22.608, 36.22.1010, 36.22.1015, 36.22.1016 and 36.22.1106. Please make yourself familiar with all of these rules and attempt to bring American Midwest Oil & Gas Corp. into compliance with all aspects and reporting requirements of these rules. Don't hesitate to contact me or our Billings staff if you have any questions about it.

Also enclosed is a copy of my inspection reports from yesterday on these two wells.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Klotz", with a long horizontal flourish extending to the right.

Gary Klotz – Field Supervisor
Northern District, MT BOGC

cc: Compliance Officer – John Gizicki, Billings BOGC

36.22.608 WELL STIMULATION ACTIVITIES COVERED BY DRILLING PERMIT

(1) Well completions which include hydraulic fracturing, acidizing, or other chemical stimulation done to complete a well are considered permitted activities under the drilling permit for that well only if the processes, anticipated volumes, and types of materials planned for use are expressly described in the permit application for that well.

(2) For wildcat or exploratory wells or when the operator is unable to determine that hydraulic fracturing, acidizing, or other chemical treatment will be done to complete the well, the operator must submit a notice of intent to stimulate or chemically treat a well on Form No. 2 prior to commencing such activities provided that:

(a) the written information describing the fracturing, acidizing, or other chemical treatment must be provided to the board's staff at least 48 hours before commencement of well stimulation activities.

(3) For the purpose of this section, an adequate description of the proposed well stimulation includes:

(a) the estimated total volume of treatment to be used;

(b) the trade name or generic name of the principle components or chemicals;

(c) the estimated amount or volume of the principle components such as viscosifiers, acids, or gelling agents;

(d) the estimated weight or volume of inert substances such as proppants and other substances injected to aid in well cleanup, either for each stage of a multistage job or for the total job; and

(e) the maximum anticipated treating pressure or a written description of the well construction specifications which demonstrate that the well is appropriately constructed for the proposed fracture stimulation.

(4) In lieu of a well specific design the owner, operator, or service company may provide:

(i) a copy of a final design of well treatment actually used for similar wells and which reflects the likely design for the well to be permitted; or

(ii) a prefiled generic design submitted for specific geologic formations, geographic areas, or well types likely to be used in a particular well.

History: 82-11-111, MCA; IMP, 82-11-111, 82-11-122, MCA; NEW, 2011 MAR p. 1686, Eff. 8/26/11.

API #: 25 - 101 - 24237

Date: 11 / 5 / 14

Inspection Report

Montana Board of Oil and Gas Conservation

01/2014

UIC: Oil / Gas / Other:

Exception / Violation: Yes:

Inspector: Gary Klotz

Date Operator Notified: 11-6-14 written NOV 11-5-14 oral

Arrival Time: 2:10 am/pm

Date Remedy Required: notice of violation

Operator Representative(s):

Others Present: Consolidated Oil Well Services, LLC - Gillette, WY (Equip. on site)

Well Name: Koenig 12-33 Q: SWNW Sec.: 33 Township: 35N Range: 1E

Operator: American Midwest Oil & Gas Corp. Field: Wildcat - Toole Co.

Latitude / Longitude, NAD83 decimal degrees (if taken):

Failed Items or Violation Description:

Rule 36.22.608(2)

Inspection Type		Class II UIC Wells	
Routine / Periodic	<input type="checkbox"/>	Pre-drill / Well Permitting	<input type="checkbox"/>
Change of Operator	<input type="checkbox"/>	Pre-regulatory / Orphan	<input type="checkbox"/>
Complaint Response	<input type="checkbox"/>	Remediation / Restoration	<input type="checkbox"/>
Compliance Verification	<input checked="" type="checkbox"/>	Plugging Witnessed	<input type="checkbox"/>
Construction	<input type="checkbox"/>	SRA / Expiration	<input type="checkbox"/>
Drilling / Service Rig	<input type="checkbox"/>	Seismic Inspection	<input type="checkbox"/>
Emergency Response	<input type="checkbox"/>		<input type="checkbox"/>
Pit Inspection	<input type="checkbox"/>		<input type="checkbox"/>

Class II UIC Wells		Non-UIC Wells	
Injecting:	<input type="checkbox"/>	Oil Well:	<input checked="" type="checkbox"/>
Not Injecting:	<input type="checkbox"/>	Gas Well:	<input type="checkbox"/>
Tubing Pressure:	_____ PSI	Other:	_____
Annulus Pressure:	_____ PSI	Producing:	<input type="checkbox"/>
		Shut-In ATA:	<input checked="" type="checkbox"/>
		Abandoned:	<input type="checkbox"/>

Comments / Description

Picture:

This well has been frac'd (today), operator did not file a sundry notice of intent to stimulate/frac 48 hours before starting work in violation of Rule 36.22.608(2). Met Eric Johnson - Co. Rep. on Koenig 32-32 site, he confirmed the well was frac'd today and he did not file intent to do the work. A frac water tank and frac pump truck sits on site, no one present. Pits frac sand on site and tracks from equipment indicate job was done. A 3" frac valve is on top of the 2 7/8 tbg - job was done thru tbg + pkr.

Drilling pit remains open, is dry. No completion report filed yet was said 12-17-12 port ticket 4-9-14.

API #: 25 - 101 - 24238

Inspection Report

Date: 11 / 5 / 14

Montana Board of Oil and Gas Conservation

UIC: Gas / Other: **Oil**

Exception / Violation: Yes:

01/2014

Date Operator Notified: 11-6-14 written NOV
11-5-14 oral
Date Remedy Required: notice of violation

Inspector: Gary Klotz

Arrival Time: 2:35 am/pm

Operator Representative(s): Eric Johnson 255-0805 (office)
860-3153 (cell)

Others Present: Consolidated Oil Well Services LLC Gillette WY
Bill House - consultants from Oklahoma
Ryan Kerr

Well Name: Koenig 32-32 Q: SWNE Sec.: 32 Township: 35N Range: 1E

Operator: American Midwest Oil & Gas Corp. Field: Wildcat - Toole Co.

Latitude / Longitude, NAD83 decimal degrees (if taken): _____

Failed Items or Violation Description:

Rule 36.22.608(2).

Inspection Type

- Routine / Periodic
- Change of Operator
- Complaint Response
- Compliance Verification
- Construction
- Drilling / Service Rig
- Emergency Response
- Pit Inspection
- Pre-drill / Well Permitting
- Pre-regulatory / Orphan
- Remediation / Restoration
- Plugging Witnessed
- SRA / Expiration
- Seismic Inspection

Class II UIC Wells

- Injecting: Tubing Pressure: _____ PSI
- Not Injecting: Annulus Pressure: _____ PSI

Non-UIC Wells

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

Comments / Description

Picture:

Rigged up - prepared to do frac. In violation of 36.22.608(2) - per Eric Johnson did not file intent to stimulate/frac 48 hrs before starting work. Are doing frac today. Discussed what's being done and went over rule requirements 36.22.1106. Integrity Testing frac string to 6000 psi, max press to be \pm 4500 psi, 3400 psi Avg. Keep sfc csq valve open and have remote SI valve. Performing a gel ^{white} sand 20/40, 40,000 lb sand 514 bbl frac job Using crosslink, breaker, biocide, microemulsion. 120 bbl pad to be pumped - No acid to be used.

Personnel from Young Sanders E&P, LLC are present. Joel Young 701-580-4631. They are an investment partner and are to take over ownership - informed of C/O requirements. No completion report filed yet.

American Midwest Oil & Gas Corp.
2812 1st Avenue North, Suite 424
Billings, Montana 59101
(406) 255-0805

RECEIVED

NOV 13 2014

MONTANA BOARD OF OIL &
GAS CONSERVATION • BILLINGS

November 11, 2014

Gary Klotz, Field Supervisor
Montana Board of Oil and Gas Conservation
Northern District Field Office
P.O. Box 690
Shelby, MT 59474-0690

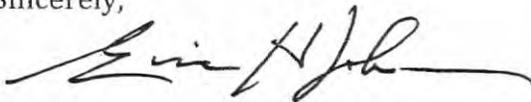
Dear Mr. Klotz,

Thank you for your letter of November 6, 2014 including copies of MBOGC rules relating to fracturing and stimulating wells. As we discussed in the field at the Koenig #32-32 wellsite, American Midwest Oil and Gas was in violation of the requirement to notify the MBOGC in advance of any fracturing or stimulation of a well. American Midwest (and I as its President) failed to provide timely notice prior to stimulation work on the Koenig #12-13 and Koenig #32-32 oil wells in T35N-R1E, Toole County, Montana. (The work on both wells was scheduled for the same day using the same equipment and crew).

As I sincerely apologized at the time, I was stupidly ignorant of the notification requirement. There was never any intention to violate the rules. This was not a "rush job" and there was ample time to provide notice of the stimulation work if I had been more aware and thinking more clearly. In fact, American Midwest had been waiting on a frac crew more than six months since perforating the wells back in April, 2014, so there is no reason but my ignorance.

I can assure you that I am completing and filing all necessary forms to be in full compliance of all MBOGC regulations. As you noted at the field site, American Midwest was in compliance with all technical requirements for the stimulation work being performed and the failure of proper notice was our only infraction. I agree, it was a serious violation and I assure you that it will never happen again.

Sincerely,



Eric H. Johnson, President

Cc: Compliance Officer – John Gizicki, Billings MBOGC

Plugging and Reclamation Bonds With Well List

AMERICAN MIDWEST OIL & GAS CORP.		744	Bond: G1	\$5,000.00	Single Well Bond	Active	Wells: 1	Allowed: 1	
Certificate of Deposit	Active	Western Security Bank		\$5,000.00			Approved	8/14/2013	
API #	Operator	Well	Location		Field		TD	PBTD	Status
101-24237	American Midwest Oil & Gas Corp.	Koenig 12-33	35 N	1 E 33	SW NW 2250N 400W	Wildcat Toole			SP OIL

Comment: To cover a well in the SWNW Sec. 33, T35N-R1E, Toole County, MT

AMERICAN MIDWEST OIL & GAS CORP.		744	Bond: G2	\$5,000.00	Single Well Bond	Active	Wells: 1	Allowed: 1	
Certificate of Deposit	Active	Western Security Bank		\$5,000.00			Approved	12/5/2013	
API #	Operator	Well	Location		Field		TD	PBTD	Status
101-24238	American Midwest Oil & Gas Corp.	Koenig 32-32	35 N	1 E 32	SW NE 2250N 2150E	Wildcat Toole			SP OIL

Comment: To cover a well to be drilled in SWNE, Sec. 32, T35N-R1E, Toole County, Montana

AMERICAN MIDWEST OIL & GAS CORP.		744	Bond: G3	\$1,500.00	Single Well Bond	Active	Wells: 1	Allowed: 1	
Certificate of Deposit	Active	Western Security Bank		\$1,500.00			Approved	12/5/2013	
API #	Operator	Well	Location		Field		TD	PBTD	Status
101-24121	American Midwest Oil & Gas Corp.	Johannsen 1-19	34 N	1 E 19	NE NE 1000N 1200E	Kevin, East Gas	624		PR GAS

Comment: To cover the Johannsen #1-19 well

AMERICAN MIDWEST OIL & GAS CORP.		744	Bond: G4	\$1,500.00	Single Well Bond	Active	Wells: 1	Allowed: 1	
Certificate of Deposit	Active	Western Security Bank		\$1,500.00			Approved	12/5/2013	
API #	Operator	Well	Location		Field		TD	PBTD	Status
101-24099	American Midwest Oil & Gas Corp.	Stewart 10-18	34 N	1 E 18	NW SE 1600S 2400E	Wildcat Toole	652		PR GAS

Comment: To cover the Stewart #10-18 well.

AMERICAN MIDWEST OIL & GAS CORP.		744	Bond: G5	\$5,000.00	Single Well Bond	Active	Wells: 0	Allowed: 1
Certificate of Deposit	Active	Western Security Bank		\$5,000.00			Approved	5/19/2014

Comment: To cover a well in T35N, R1E, Sec. 27, SESE; 3,200' Devonian Nisku test.

AMERICAN MIDWEST OIL & GAS CORP.		744	Bond: G6	\$5,000.00	Single Well Bond	Active	Wells: 0	Allowed: 1
Certificate of Deposit	Active	Western Security Bank		\$5,000.00				

11/24/2014

Plugging and Reclamation Bonds With Well List

Page 2 of 2

Comment: To cover a well in T35N, R1E, Sec. 27, NWNE; 3,200' Devonian Nisku test.

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT 11/28/14

	FY 15	FY 14
Oil Production Tax	\$0.00	\$2,207,095.94
Gas Production Tax	\$0.00	\$177,201.39
503601 Drilling Permit Fees	\$23,200.00	\$44,850.00
502302 UIC Permit Fees	\$150.00	\$227,200.00
530025 Interest on Investments	\$1,414.61	\$3,659.91
520921 Copies of Documents	\$3,442.60	\$4,529.13
Miscellaneous Reimbursemts	<u>\$0.00</u>	<u>\$0.00</u>
TOTALS	\$28,207.21	\$2,664,536.37

REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 11/28/14

	FY 15
Transfer in from Orphan Share	\$0.00
RIT Interest	\$0.00
Bond Forfeitures	\$0.00
Interest on Investments	<u>\$156.82</u>
TOTAL	\$156.82

Investment Account Balances - 11/28/14

Regulatory Account (02432)	4,340,567.45
Damage Mitigation Account (02010)	456,464.57

REVENUE INTO GENERAL FUND FROM FINES as of 11/28/14, FY 15

Bensun Energy	11/21/2014	\$130.00
CENTRAL MONTANA RESOURCES LLC	9/12/14	\$320.00
DANIELSON PATRICIA/DANIELSON, LLOYD	10/3/14	\$70.00
HABETS GLEN	9/17/14	\$90.00
JHR SPECIAL/RANKIN, PAUL	8/27/14	\$80.00
McCoil Montana One LLC	10/17/2014	\$80.00
MILLER CHRISTOPHER D/MILLER, CHRISTOPH	8/15/14	\$1,120.00
PRIMARY PETROLEUM COMPANY LLC	10/8/14	\$100.00
SOUTHWESTERN ENERGY COMPANY	9/5/14	\$90.00
STEALTH ENERGY USA INC	9/12/14	<u>\$90.00</u>
		\$2,170.00

GRANT BALANCES - 9/30/2014

<u>Name</u>	<u>Authorized Amt*</u>	<u>Expended</u>	<u>Balance</u>	
2009 Northern RIT 10-8697	\$322,236.00	\$203,065.68	\$119,170.32	combined into new project 2009 Northern-Southern
2009 Southern RIT 10-8698	\$315,219.00	\$170,632.44	\$144,586.56	grant expires 9-30-15
2007 Tank Battery RIT 10-8711	\$304,847.00	\$314,858.44	(\$10,011.44)	combined for one project
2011 Southern - Tank Battery2 RIT 12-8723	\$204,951.00	\$108,492.77	\$96,458.23	grant expires 10-31-14
2011 Northern/Eastern RIT 13-8753	\$332,642.00	\$75,691.80	\$256,950.20	grant expires 09-30-15
2011 Eastern RIT 13-8752	\$318,498.00	\$126,350.75	\$192,147.25	grant expires 12-31-15
* includes match requirement for grant				
TOTALS	\$1,798,393.00	\$999,091.88	\$799,301.12	

CONTRACT BALANCES - 9/30/2014

	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	
HydroSolutions - EPA Primacy Class VI Injection	\$57,156.00	\$39,281.01	\$17,874.99	exp 5-31-15
MT Tech - Procedures Manual/Field Inspection System	\$32,699.00	\$7,964.72	\$24,734.28	exp 8-30-14
MT Tech - Survey of Native Proppant (SNaP)	\$383,101.00	\$187,389.85	\$195,711.15	exp 9-30-15
MT Tech - Elm Coulee EOR Study	\$863,905.00	\$349,184.17	\$514,720.83	exp 12-31-17
Automated Maintenance Services, Inc.	\$21,484.00	\$6,896.00	\$14,588.00	exp 6-30-15
Agency Legal Services (ALS - Legal)	\$50,000.00	\$27,159.50	\$22,840.50	exp 6-30-15
Central Avenue Mall FY 14	\$400.00	\$400.00	\$0.00	exp 5-31-15
Liquid Gold Well Service, Inc. - 09 Northern-Southern	\$263,756.00	\$0.00	\$263,756.00	exp. 6-30-15
C-Brewer - Big Wall Tank Battery	\$96,458.23	\$0.00	\$96,458.23	exp 9-30-15
Liquid Gold Well Service - 11 Eastern	\$316,405.00	\$277,445.00	\$38,960.00	exp 6/30/15
Liquid Gold Well Service -- 11 Northern/Eastern	\$201,325.00	\$75,691.80	\$125,633.20	exp 6/30/15
Teachers Workshop 2014 and 2015	\$96,000.00	\$42,085.41	\$53,914.59	exp 7-31-15
ALL Consulting - Server System Migration	\$21,000.00	\$0.00	\$21,000.00	exp. 7/16/14
ALL Consulting - Update Data Mining	\$28,000.00	\$0.00	\$28,000.00	exp 7/16/14
TOTALS	\$2,431,689.23	\$1,013,497.46	\$1,418,191.77	

ALS Expenditures in 1st qrt FY15

Case	Amt Spent	Last Svc Date
BOGC Duties	\$11,496.83	11/7/2014
Hekkel v BOGC	\$7,641.46	11/7/2014
CCRC vs. Board	\$8,021.21	11/7/2014
Total	\$27,159.50	

Bond Report

Montana Board of Oil and Gas Conservation Summary of Bond Activity

10/13/2014 Through 12/2/2014

Approved

Bensun Energy, LLC Sidney MT	622 G3	Approved Amount: Purpose:	11/25/2014 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00 STOCKMAN BANK, BILLINGS		
Bensun Energy, LLC Sidney MT	622 G2	Approved Amount: Purpose:	11/25/2014 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00 STOCKMAN BANK, BILLINGS		
BNV Energy Company LLC Houston TX	776 G1	Approved Amount: Purpose:	11/17/2014 \$5,000.00 Single Well Bond
Certificate of Deposit	\$5,000.00 FIRST INTERSTATE BANK		
MCR, LLC Shelby MT	399 T8	Approved Amount: Purpose:	10/22/2014 \$5,000.00 UIC Single Well Bond
Certificate of Deposit	\$5,000.00 1ST STATE BANK - SHELBY		
Oasis Petroleum North America LLC Houston TX	533 T9	Approved Amount: Purpose:	12/1/2014 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00 RLI INSURANCE COMPANY		
Smith, Lucile Shelby MT	731 D1	Approved Amount: Purpose:	10/27/2014 \$5,000.00 Domestic Well Bond
Certificate of Deposit	\$5,000.00 FIRST STATE BANK OF SHELBY		

Forfeited

Summer Night Oil Company, LLC Denver CO	413 G3	Forfeited Amount: Purpose:	11/19/2014 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00 US Bank - Denver		
Summer Night Oil Company, LLC Denver CO	413 G2	Forfeited Amount: Purpose:	11/19/2014 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00 US Bank - Denver		
Summer Night Oil Company, LLC Denver CO	413 G1	Forfeited Amount: Purpose:	11/19/2014 \$5,000.00 Single Well Bond
Certificate of Deposit	\$5,000.00 US Bank - Denver		

Released

Benjamin, Norman W. Sheby MT	637 W1	Released Amount: Purpose:	10/28/2014 \$5,000.00 One-Well Bond
Certificate of Deposit	\$5,000.00 FIRST BANK OF SHELBY		

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

10/13/2014 Through 12/2/2014

Released

Long Rider, LLC Great Falls MT	751 G1	Released Amount: Purpose:	11/25/2014 \$5,000.00 Single Well Bond
Surety Bond	\$5,000.00	Lexon Insurance Company	
Southside Oil & Gas Ltd. Calgary AB	666 M1	Released Amount: Purpose:	10/22/2014 \$50,000.00 Multiple Well Bond
Certificate of Deposit	\$50,000.00	FIRST INTERSTATE BANK	
Zell, Rawlin	8628 W2	Released Amount: Purpose:	10/27/2014 \$5,000.00 One-Well Bond
Certificate of Deposit	\$5,000.00	1ST STATE BANK - SHELBY	

Docket Review

ALL APPLICATIONS, 12/4/2014

(In Order of Publication)

Docket	Applicant	Status	Request
342-2014	Denbury Onshore, LLC	Continued	Class II Permit
343-2014	Denbury Onshore, LLC	Continued	Class II Permit
344-2014	Denbury Onshore, LLC	Continued	Class II Permit
345-2014	Somont Oil Company, Inc.	Protested	Vacate Field/Rule
346-2014	Somont Oil Company, Inc.	Protested	Class II Permit (Area)
347-2014	Oasis Petroleum North America LLC	Default	Temp. Spacing
348-2014	Oasis Petroleum North America LLC	Default	Temp. Spacing
349-2014	Oasis Petroleum North America LLC	Continued	Temp. Spacing
350-2014	Oasis Petroleum North America LLC		Spacing
351-2014	Oasis Petroleum North America LLC		Pooling
352-2014	Oasis Petroleum North America LLC	Protested	Pooling
353-2014	Oasis Petroleum North America LLC	Continued	Class II Permit
354-2014	XTO Energy Inc.	Default	Spacing Amendment
355-2014	XTO Energy Inc.	Continued	Spacing Amendment
356-2014	XTO Energy Inc.	Continued	Spacing Amendment
357-2014	Anadarko Minerals, Inc.		Exception - Drilling
358-2014	Continental Resources Inc		Pooling
359-2014	Continental Resources Inc	Continued	Spacing
360-2014	Continental Resources Inc	Continued	Pooling
361-2014	Omimex Petroleum, Inc.		Vacate Field/Rule
257-2014	Kraken Oil & Gas LLC	Continued	Temp. Spacing
300-2014	Anadarko E&P Onshore, LLC	Continued	Spacing
302-2014	Cline Production Company	Continued	Class II Permit
316-2014	SM Energy Company		Temp. Spacing
322-2014	Continental Resources Inc		Spacing
323-2014	Continental Resources Inc		Pooling
324-2014	Continental Resources Inc		Spacing
325-2014	Continental Resources Inc		Pooling
326-2014	Continental Resources Inc		Spacing
327-2014	Continental Resources Inc		Pooling
328-2014	Continental Resources Inc		Exception - Spacing
362-2014	Wexco Exploration, LLC		Show-Cause
363-2014	Poor Boy Oil, LLP	Dismissed	Show-Cause
338-2014	K2 America Corporation		Show-Cause
339-2014	P&P Industries LLC 1		Show-Cause
340-2014	Robinson Oil Company, LLC		Show-Cause
341-2014	Hawley Hydrocarbons, Merrill&Carol Hawley Db		Show-Cause

APPLICATIONS TO HEAR, 12/4/2014

(In Order of Hearing)

Docket	Applicant	Status	Request
345-2014	Somont Oil Company, Inc.	Protested	Vacate Field/Rule
346-2014	Somont Oil Company, Inc.	Protested	Class II Permit (Area)
350-2014	Oasis Petroleum North America LLC		Spacing
351-2014	Oasis Petroleum North America LLC		Pooling
352-2014	Oasis Petroleum North America LLC	Protested	Pooling
361-2014	Omimex Petroleum, Inc.		Vacate Field/Rule
357-2014	Anadarko Minerals, Inc.		Exception - Drilling
316-2014	SM Energy Company		Temp. Spacing
358-2014	Continental Resources Inc		Pooling
322-2014	Continental Resources Inc		Spacing
323-2014	Continental Resources Inc		Pooling
324-2014	Continental Resources Inc		Spacing
325-2014	Continental Resources Inc		Pooling
326-2014	Continental Resources Inc		Spacing
327-2014	Continental Resources Inc		Pooling
328-2014	Continental Resources Inc		Exception - Spacing
362-2014	Wexco Exploration, LLC		Show-Cause
338-2014	K2 America Corporation		Show-Cause
339-2014	P&P Industries LLC 1		Show-Cause
340-2014	Robinson Oil Company, LLC		Show-Cause
341-2014	Hawley Hydrocarbons, Merrill&Carol Hawley Db		Show-Cause

Docket Summary

12/4/2014 Hearing

342-2014	Denbury Onshore, LLC	Class II Injection permit modification, expand injection zone to include Lodgepole, Unit 22-15CCH (API# 025-05718) 6N-60E-15	Continued		<input type="checkbox"/>
343-2014	Denbury Onshore, LLC	Class II Injection permit modification, expand injection zone to include Lodgepole, Unit 22-09 (API# 025-05148) 6N-60E-9	Continued		<input type="checkbox"/>
344-2014	Denbury Onshore, LLC	Class II Injection permit modification, expand injection zone to include Lodgepole, Unit 24XX-15CCH (API# 025-22521) 6N-60E-15	Continued		<input type="checkbox"/>
345-2014	Somont Oil Company, Inc.	Vacating all well spacing and setback requirements and authorize injection of water or gas, Swift and Madison Formations, 35N-1W-31: Lots 1, 2, 3, and NE/4NW/4 (W/2NW/4, NW/4SW/4, NE/4NW/4)	Protested		<input type="checkbox"/>
346-2014	Somont Oil Company, Inc.	Amend Order 359-2012 to include 35N-2W-36: SENE, NESE, 35N-1W-31: SWNW (Lot 2), in existing area underground injection permit, Swift and Madison Formations	Protested	TLMD ltr of support	<input type="checkbox"/>
347-2014	Oasis Petroleum North America LLC	Overlapping temporary spacing unit, Bakken/Three Forks Formation, 29N-59E-16: all, 17: all, 20: all, 21: all, 200' heel/toe setback for well proximal to common boundary between existing spacing units. Default request.	Default	16 & 21 - PSU, Order 345-2013 17 & 20 - PSU, Order 300-2014 TLMD ltr of support	<input type="checkbox"/>
348-2014	Oasis Petroleum North America LLC	Overlapping temporary spacing unit, Bakken/Three Forks Formation, 29N-59E-28: all, 29: all, 32: all, 33: all, 200' heel/toe setback for well proximal to common boundary between existing spacing units. Default request.	Default	29 & 32 - PSU, Order 30-2012 28 & 33 - PSU, Order 254-2013	<input type="checkbox"/>
349-2014	Oasis Petroleum North America LLC	Overlapping temporary spacing unit, Bakken/Three Forks Formation, 29N-58E-26: all, 27: all, 34: all, 35: all, 200' heel/toe setback for 3 wells proximal to common boundary between existing spacing units. Default request.	Continued	27 & 34 - PSU, Order 356-2012; 26 & 35 - PSU, Order 442-2012 Multiple Wells - BOGC NOTICE ERROR - CORRECT FOR FEB.	<input checked="" type="checkbox"/>
350-2014	Oasis Petroleum North America LLC	Permanent spacing unit, Bakken/Three Forks Formation, 27N-59E-15: all, 16: all, 21: all, 22: all (Falcon Fed Brewer 2759 44-9 5B).		TSU, Order 119-2014 Related applications 350-2014, 351-2014 TLMD ltr of support	<input type="checkbox"/>
351-2014	Oasis Petroleum North America LLC	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-59E-15: all, 16: all, 21: all, 22: all (Falcon Fed Brewer 2759 44-9 5B). Non-consent penalties requested.		Related applications 350-2014, 351-2014	<input type="checkbox"/>
352-2014	Oasis Petroleum North America LLC	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-59E-25: all, 26: all, 35: all, 36: all (Reveille Federal 2759 14-26H). Non-consent penalties requested.	Protested	PSU: Order 44-2014 Protest by Omimex. Related application 361-2014 (Omimex application)	<input type="checkbox"/>
353-2014	Oasis Petroleum North America LLC	Class II saltwater disposal permit, Dakota Formation, Romo Brothers SWD 2759 22-8, 27N-59E-8: 2417' FNL/ 1499' FWL (SE/4NW/4)	Continued		<input type="checkbox"/>

354-2014	XTO Energy Inc.	Amend Order 84-2008 to allow 660' lateral, 200' heel/toe setbacks in permanent spacing unit, Bakken/Three Forks Formation, 24N-56E-20: all, 29: all. Default request.	Default	Order 84-2008: 660' setbacks in PSU	<input type="checkbox"/>
355-2014	XTO Energy Inc.	Amend Order 147-2009 to allow 660' lateral, 200' heel/toe setbacks in permanent spacing unit, Bakken/Three Forks Formation, 22N-59E-9: all, 16: all. Default request.	Continued	PSU: Order 262-2006 Additional well: Order 147-2009 (660' setbacks) [Continued to Feb, fax recd 11/23/2014.] TLMD ltr of support	<input type="checkbox"/>
356-2014	XTO Energy Inc.	Amend Order 149-2009 to allow 500' lateral, 200' heel/toe setbacks in permanent spacing unit, Bakken/Three Forks Formation, 22N-59E-12: S/2, 13: all. Default request.	Continued	PSU: Order 485-2005 Additional well: Order 149-2009 (660' setbacks) 500' setback in Elm Coulee? [Continued to Feb, fax recd 11/23/2014.]	<input type="checkbox"/>
357-2014	Anadarko Minerals, Inc.	Authorization to drill a vertical Nisku, Lodgepole, Mission Canyon, and Charles A, B, C, and D Formations oil and gas well, 30N-45E-17: SE/4, 660' FEL 1100' FSL, 150' tolerance. Default request.		Only need exception for Charles formation? Tolerance justification?	<input type="checkbox"/>
358-2014	Continental Resources Inc	Pool, permanent spacing unit, Bakken/Three Forks Formation, 25N-55E-5: all, 8: all (Tammy 2-8H). Non-consent penalties requested.		PSU: Order 86-2007	<input type="checkbox"/>
359-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 25N-53E-28: all, 29: all, 32: all, 33: all (BR-Carda 1-29HSL).	Continued	TSU: Order 59-2009 Related applications 359-2014, 360-2014 Continued to Feb., email rec'd 11/23/2014.	<input type="checkbox"/>
360-2014	Continental Resources Inc	Pool, permanent spacing unit, Bakken/Three Forks Formation, 25N-53E-28: all, 29: all, 32: all, 33: all (BR-Carda 1-29HSL). Non-consent penalties requested.	Continued	Continued to Feb., email rec'd 11/23/2014.	<input type="checkbox"/>
361-2014 3-2015 F	Omimex Petroleum, Inc.	Vacate and rescind orders 44-2014, 45-2014, and 46-2014 and BLM orders 25-2012 Fed, 1-2014 Fed, and 2-2014 Fed.		PSU, Order 44-2014: 27N-59E-25: all, 26: all, 35: all, 36: all (Reveille Federal 2759 14-26H) Pooling, Order 45-2014 (Reveille Federal 2759 14-26H) Increased density, Order 46-2014 Related application 352-2014 (Oasis application)	<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.	Continued	Orphan tract created - Section 18. [17 & 18 are TSU by Order 277-2010.] Continued to February, fax recd 11/23/2014. TLMD ltr of support	<input checked="" type="checkbox"/>
300-2014	Anadarko E&P Onshore, LLC	Permanent spacing unit, Bakken/Three Forks Formation, 37N-2W-5: Lot 7 & 8, SW/4, 8: NW/4 (Horgus Fee 3702-08-05-11H).	Continued	Well permit approved under ARM 36.22.607 BLM protest; application will be modified. Continued to 2015 (Not completed.)	<input type="checkbox"/>
302-2014	Cline Production Company	Class II saltwater disposal permit, Amsden Formation, Jackson Coulee Fed #2, 15N-30E-26: 600' FSL/330' FEL (SE/4SE/4), API #033-21138.	Continued		<input type="checkbox"/>

316-2014	SM Energy Company	Temporary spacing unit, Bakken/Three Forks Formation, 26N-59E-26: all, 27: all, authorization for three horizontal wells, 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.		<i>Orphan tract created - Section 25. Five partial sections along border, would require 1-mi or 3-mi lateral to develop.</i>	<input type="checkbox"/>
322-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 27N-52E-25: all, 36: all (Dodger 1-36H).		<i>TSU, Order 86-2014 Related applications - 322, 323-2014. TLMD ltr of support</i>	<input type="checkbox"/>
323-2014	Continental Resources Inc	Pool, permanent spacing unit, Bakken/Three Forks Formation, 27N-52E-25: all, 36: all (Dodger 1-36H). Non-consent penalties requested.		<i>Related applications - 322, 323-2014.</i>	<input type="checkbox"/>
324-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 24N-53E-17: all, 20: all (Cherry 2-17H).		<i>TSU, Order 56-2014 Related applications - 324, 325-2014.</i>	<input type="checkbox"/>
325-2014	Continental Resources Inc	Pool, permanent spacing unit, Bakken/Three Forks Formation, 24N-53E-17: all, 20: all (Cherry 2-17H). Non-consent penalties requested.		<i>Related applications - 324, 325-2014.</i>	<input type="checkbox"/>
326-2014	Continental Resources Inc	Permanent spacing unit, Bakken/Three Forks Formation, 24N-53E-4: all, 5: all, 8: all, 9: all (June BR 1-5 HSL).		<i>Overlapping TSU, Order 57-2009.</i>	<input type="checkbox"/>
327-2014	Continental Resources Inc	Pool, permanent spacing unit, Bakken/Three Forks Formation, 25N-55E-21: all, 28: all (Barbara 3-28H & Barbara 4-28H). Non-consent penalties requested.		<i>PSU, Order 249-2006</i>	<input type="checkbox"/>
328-2014	Continental Resources Inc	Amend Order 107-2009 to allow 500' lateral, 200' heel/toe setbacks in permanent spacing unit, Bakken/Three Forks Formation, 25N-55E-29: all, 32: all. Default request.		<i>Order 107-2009: additional well in PSU, 660' setbacks; 500' setback requested. Overlapping TSU (Secs. 29, 30, 31, 32) 660' lateral setbacks in adjacent spacing units</i>	<input checked="" type="checkbox"/>
362-2014	Wexco Exploration, LLC	Show-cause; failure to file correct production reports.		<i>Previous SC docket dismissed - reports and fine recd. Errors in submitted reports w/ no correction</i>	<input type="checkbox"/>
363-2014	Poor Boy Oil, LLP	Show-cause; failure to renew plugging and reclamation bond, Dore #1 SWD (25-083-21281), 24N-59E-29: NWNW.	Dismissed	<i>Letter of credit; bank re-set notice required by rule.</i>	<input type="checkbox"/>
338-2014	K2 America Corporation	Show Cause: failure to file production reports and pay penalty for delinquent reporting. (Continued from October hearing).		<i>K2 has failed to file reports or pay penalty as they said they would.</i>	<input type="checkbox"/>
339-2014	P&P Industries LLC 1	Show cause, why well shouldn't be immediately P&A. Failure to file production reports and pay administrative fees; failure to appear at the October hearing. (Continued from October hearing).			<input type="checkbox"/>
340-2014	Robinson Oil Company, LLC	Show cause, failure to file production reports and pay administrative fees; failure to appear at the October hearing. (Continued from October).		<i>[Don Lee to appear on behalf of Robinson; reports filed.]</i>	<input type="checkbox"/>

341-2014 Hawley Hydrocarbons,
Merrill&Carol Hawley Dba

Show-Cause; violations at Copley Haber 1 well, T27N, R4W,
Section 9. (Continued from October).

Continued from October at Hawley's request.



GAS FLARING

December 3, 2014

Company	Wells Flaring over 100	Wells Flaring over 100 w/o Exception	Current Exceptions (over 100)	Exception Requests	Wells over 100 Hooked to Pipeline
Continental	4	0	4	1	1
EOG Resources	1	0	1	0	0
Kraken	1	0	1	0	0
Oasis Petroleum	2	0	2	0	0
Petro-Hunt	4	1	3	1	1
Statoil	1	1	0	1	0
Whiting	13	11	2	12	5
XTO Energy	0	0	0	0	0
Totals	26	13	13	15	7

Whiting Oil & Gas Increase in Gas Volume Flared

Richland Co, MT

To: Ben Jones, Board Members of the Montana Board of Oil & Gas

From: Brandon Rollins

Date: 12/2/2014

Whiting Oil & Gas Increase in Gas Volume Flared

Mr. Ben Jones and Board Members of the Montana Board of Oil & Gas,

Whiting has recently seen a large increase in produced gas flared in Richland County, MT. Of the 71 existing Bakken Pool wells currently on production, 35 producing wells are connected to gas sales. November month-to-date calculated approximately 15% gas sold and 85% gas flared. Whiting considers ourselves a prudent operator and recognizes the need to comply with regulatory concerns, especially gas capture.

Whiting has looked into various options for gas gathering including:

Whiting owned and operated Gas Plant in Richland Co, MT

Whiting owned and operated Compressor Station in Richland Co, MT

Third Party gathering to Whiting locations in Richland Co, MT

Of the options listed above, the most economical choice for Whiting was to contract a third party gatherer to gather the produced gas. Whiting has entered a verbal agreement with Oneok to gather all produced gas in Richland Co. MT. The recent increase in flared volume in Richland Co. MT, as Whiting understands, is due to a lack of gas compression/processing capacity at Oneok's Grassland Plant. Compression was curtailed, before October of 2014, to wells in North Dakota. Since October of 2014 compression has been curtailed to Montana wells also, directly affecting the gas sales of Whiting's wells in Richland Co. MT. The ultimate solution would be added compression/processing capacity at the Grasslands Plant. Whiting is trying to help the situation by taking excess Oneok gas, to the Whiting owned and operated Belfield Gas Plant, which would free up capacity at the Grasslands Plant.

Sincerely,
Brandon Rollins

Any questions/concerns please contact me. Brandon.Rollins@Whiting.com or 303-495-6712

Bob Sandbo

From: Debbie Lessert
Sent: Wednesday, November 19, 2014 4:51 PM
To: Bob Sandbo; Don Kennedy
Cc: Debbie Lessert
Subject: RE: Briske 1-20H

Bob,

I have confirmed with ONEOK and gas from Montana flows to the Grasslands Plant. The plant and associated compression is running close to capacity. ONEOK has this area on a 60 day "rolling blackout" schedule. Which basically means that they are rotating compression pressures to allow gas to flow on a rotated schedule. This has been in effect for approximately 30 days and ONEOK anticipates this to continue for another 30 days. Obviously weather and capacity constraints across Montana and North Dakota will have an impact on getting gas in the line.

We will be monitoring this area and will provide any updates as received.

Let me know if you need additional information.

Debbie Lessert
Senior Gas Marketing Representative
Northern Region

Continental Resources, Inc.
20 N. Broadway
OKC, OK 73102
P/F: 405.234.9142
C: 405.517.5933
debbie.lessert@clr.com
www.clr.com

Mailing
P.O. Box 269042
OKC, OK 73126

Jones, Ben

From: Michelle Yalung <MYAL@statoil.com>
Sent: Wednesday, December 03, 2014 9:29 AM
To: Jones, Ben
Subject: Sundheim 26-35 #2H Flaring

Good morning Ben,

ONEOK and Statoil hold weekly meetings to review well connection economics. Based on conversations with ONEOK, due to current economics and the lack of drilling activity in eastern Montana, both parties agree that it is uneconomical to connect the Sundheim 26-35 #2H. If you need additional information, please let me know.

Thank you,

--

Michelle Yalung

Regulatory Coordinator
Development and Production North America
DPNA Bakken BU
Statoil

t: 1.512.427.3447

f: 1.512.427.3400

e: myal@statoil.com

Visitor address: 6300 Bridge Point Parkway, Building 2, Suite 500, Austin, TX 78730 (Building address)

www.statoil.com

Please consider the environment before printing this email.

The information contained in this message may be CONFIDENTIAL and is intended for the addressee only. Any unauthorised use, dissemination of the information or copying of this message is prohibited. If you are not the addressee, please notify the sender immediately by return e-mail and delete this message.

Thank you

Flaring Request

26 wells flaring over 100 mcfpd based our current production.

13 of the 26 have approved exceptions due to distance, pipeline access issues, or time to connection.

15 Exceptions requested at this time (7 are connected to gathering system):

Continental

Briske 1-20H – API # 25-085-21920, 29N-58E-20

- First production May 2014.
- Hooked up to gathering system with first sales 6/18/2014.
- ONEOK Gas plant is close to capacity and is on a rolling blackout schedule.
- Flaring with need to be done until compression capacity issues resolved.

Petro-Hunt

CP 33D-3-1 – API #25-083-22639, 24N-54E-33

- First production in July 2007.
- Hooked up to gathering system with first sales in July 2007.
- Currently flaring due high line pressures.

Statoil

Sundheim 26-35 1H – API #25-083-23058, 25N-59E-26

- First production in Sept. 2013.
- Under 100 - 5/8 months this year.
- Currently flaring due to agreement with Oneok that the well is uneconomic to connect.

Whiting

Berry 24-32-1H – API #25-083-23179, 25N-58E-32

- First production in November 2013.
- Contracted to gather gas, waiting on gatherer to connect.
- High line pressure delaying connection.

Palmer 24-21-4H – API #25-083-23179, 26N-57E-21

- First production in July 2014.
- Our records show 45 days of production.
- Contracted to gather gas, waiting on gatherer to connect.
- High line pressure delaying connection.

Christiansen 34-12-2H – API #25-083-23223, 25N-58E-12

- First production in August 2014.
- Contracted to gather gas, waiting on gatherer to connect.
- High line pressure delaying connection.

Christiansen 34-12-4H – API #25-083-23225, 25N-58E-12

- First production in August 2014.
- Contracted to gather gas, waiting on gatherer to connect.
- High line pressure delaying connection.

Sundheim 21-27-1H – API #25-083-23141, 25N-58E-27

- First production in August 2013.
- Hooked up to gathering system with first sales 9/20/2013.
- Currently flaring due to lack of compression or capacity at processing facility.

Sundheim 21-27-3H – API #25-083-23215, 25N-58E-27

- First production in July 2014.
- Hooked up to gathering system with first sales 7/18/2014.
- Currently flaring due to lack of compression or capacity at processing facility.

Sundheim 21-3-1H – API #25-083-23132, 24N-59E-3

- First production in July 2013.
- Hooked up to gathering system with first sales 8/16/2013.
- Currently flaring due to lack of compression or capacity at processing facility.

Sundheim 21-3-2H – API #25-083-23211, 24N-59E-3

- First production in May 2014.
- Hooked up to gathering system with first sales 6/9/2014.
- Currently flaring due to lack of compression or capacity at processing facility.

Sundheim 21-3-3H – API #25-083-23212, 24N-59E-3

- First production in June 2014.
- Hooked up to gathering system with first sales 6/9/2014.
- Currently flaring due to lack of compression or capacity at processing facility.

Sundheim 31-2-1H – API #25-083-23115, 25N-57E-2

- First production in July 2013.
- Contracted to gather gas, waiting on gatherer to connect.
- High line pressure delaying connection.

Prewitt 21-25-4H – API #25-083-23257, 25N-58E-25

- First production in August 2014.
- Contracted to gather gas, waiting on gatherer to connect.
- High line pressure delaying connection.

Iversen 34-32-4H – API #25-083-23238, 26N-58E-32

- First production in July 2014.
- Contracted to gather gas, waiting on gatherer to connect.
- High line pressure delaying connection.

2015

January						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

- GWPC/106CC meeting
- Holiday
- Filing Deadline
- Hearing

calendarlabs.com