

# MONTANA BOARD OF OIL & GAS CONSERVATION

## BOND ACTIVITY SUMMARY

September 3, 1997 through October 28, 1997

### APPROVED BONDS

Basic Earth Science Systems, Inc. Denver, CO	Underwriters Indemnity Co. Surety No. B6924	Amount . . . . \$13,550 Type . . . . UIC Single Effective . . . . 10/2/97
Basic Earth Science Systems, Inc. Denver, CO	Underwriters Indemnity Co. Surety No. B6925	Amount . . . . \$11,530 Type . . . . UIC Single Effective . . . . 10/8/97
Blackstone Energy, Inc. Red Lodge, MT	Underwriters Indemnity Co. Surety No. B6860	Amount . . . . \$5,000 Type . . . . Single-well Effective . . . . 9/8/97
Blackstone Energy, Inc. Red Lodge, MT	Underwriters Indemnity Co. Surety No. B6859	Amount . . . . \$5,000 Type . . . . Single-well Effective . . . . 9/8/97
Bluebonnet Energy Corporation Englewood, CO	Underwriters Indemnity Co. Surety No. B6861	Amount . . . . \$10,000 Type . . . . UIC Single Effective . . . . 8/27/97
Breck Operating Corp. Breckenridge, TX	Norwest Bank - Billings Ltr of Credit # 1074	Amount . . . . \$95,000 Type . . . . UIC Limited Effective . . . . 9/23/97
Colt Resources Corporation Billings, MT	Continental Casualty Company Surety No. 158936594	Amount . . . . \$10,000 Type . . . . Single-well Effective . . . . 9/22/97
Continental Resources, Inc. Enid, OK	Gulf Insurance Co. Surety No. 57 25 90	Amount . . . . \$15,700 Type . . . . UIC Single Effective . . . . 10/3/97
Croft Petroleum Co. But Bank, MT	1st State Bank of Shelby Letter of Credit # 405-A	Amount . . . . \$50,000 Type . . . . UIC Limited Effective . . . . 10/24/97

Great Plains Operating LLC Littleton, CO	1st Security Bank of Roundup CD No. 115215	Amount . . . . \$10,000 Type . . . . UIC Single Effective . . . . 9/23/97
John E Hamilton Miles City, MT	Stockman Bank - Miles City CD 103-002-785-4	Amount . . . . \$5,000 Type . . . . Single-well Effective . . . . 10/9/97
Louis Dreyfus Natural Gas Corp. Oklahoma City, OK	St Paul Fire & Marine Ins Co. Surety No. 400JU4506	Amount . . . . \$25,000 Type . . . . Multi-well Effective . . . . 10/14/97
Makoil, Inc. Orange, CA	Underwriters Indemnity Co. Surety No. B6873	Amount . . . . \$25,000 Type . . . . Multi-well Effective . . . . 10/1/97
Monte Grande Exploration, Inc. Cut Bank, MT	1st Interstate Bank - Cut Bank Letter of Credit No. 101CB	Amount . . . . \$14,025 Type . . . . UIC Limited Effective . . . . 9/30/97
Mountain States Resources, Inc. Cut Bank, MT	1st Interstate Bank - Cut Bank Letter of Credit No. 102CB	Amount . . . . \$9,350 Type . . . . UIC Limited Effective . . . . 9/30/97
Petrox Petroleum Co. Great Falls, MT	Norwest Bank - Great Falls CD #41628, #41629, and #41630	Amount . . . . \$14,500 Type . . . . UIC Limited Effective . . . . 10/16/97
Pride Energy Co. OK GP Tulsa, OK	Mid-Continent Casualty Co. Surety No. BD80055	Amount . . . . \$10,000 Type . . . . Single-well Effective . . . . 9/19/97
Prospective Investment & Trading Co Tulsa, OK	Travelers Casualty & Surety Co. 71S101088992BCM	Amount . . . . \$21,000 Type . . . . UIC Limited Effective . . . . 10/9/97
Prospective Investment & Trading Co Tulsa, OK	Travelers Casualty & Surety Co. 71S101088993BCM	Amount . . . . \$10,000 Type . . . . UIC Single Effective . . . . 10/9/97

R&J Production, Inc. Laurel, MT	1st Security Bank of Laurel Letter of Credit No. 1997-021	Amount . . . . \$2,000 Type . . . . UIC Single Effective . . . . 9/3/97
Samson Resources Co. Tulsa, OK	Travelers Casualty & Surety Co. Surety NO. 71S101100206	Amount . . . . \$150,000 Type . . . . UIC Limited Effective . . . . 9/24/97
Seagull Midcon, Inc. Houston, TX	United Pacific Insurance Co. Surety No. U2723470	Amount . . . . \$25,000 Type . . . . Multi-well Effective . . . . 8/27/97
Shakespeare Oil Company Salem, IL	Travelers Casualty & Surety Co. Surety No. 51S101128512	Amount . . . . \$10,000 Type . . . . UIC Single Effective . . . . 9/1/97
Tipperary Oil and Gas Corporation Denver, CO	American Casualty Company Surety No. 141797281	Amount . . . . \$20,000 Type . . . . UIC Limited Effective . . . . 10/8/97
Tyler Rockies Exploration, Ltd. Tyler, TX	Norwest Bank - Billings CD No. 9000043318	Amount . . . . \$45,000 Type . . . . UIC Limited Effective . . . . 9/5/97
Williston Industrial Supply Corp. Williston, ND	US Fidelity & Guaranty Co. 50-0130-52822-97-1	Amount . . . . \$15,000 Type . . . . UIC Limited Effective . . . . 10/21/97

### CANCELLED BONDS

Brooks Exploration, Inc. Denver, CO	Underwriters Indemnity Co. Surety No. B05486	Amount . . . . \$25,000 Type . . . . Multi-well Effective . . . . 10/2/97
BWAB, Inc. Denver, CO	Continental Casualty Co. Surety No. 900780484	Amount . . . . \$25,000 Type . . . . Multi-well Effective . . . . 10/7/97
Great Northern Drilling Co., Inc. Billings, MT	Stockman Bank - Billings CD No. 403-000-221-8	Amount . . . . \$5,000 Type . . . . Single-well Effective . . . . 9/25/97

Petrorep, Inc.  
Houston, TX

Norwest Bank of Helena  
CD No. 11740

Amount . . . . \$10,000  
Type . . . . Blanket  
Effective . . . . 9/29/97

Vesta, Inc.  
Great Falls, MT

Safeco Insurance Co of America  
Surety No. 4999027

Amount . . . . \$10,000  
Type . . . . Blanket  
Effective . . . . 10/10/97

### FORFEITED BONDS

Fred P. Klein  
Sidney, MT  
\$10,000 received.

1st Bank - Helena  
CD 10864

Amount . . . . \$10,000  
Type . . . . Blanket  
Effective . . . . 7/9/97

JB Appling  
Midland, TX  
\$10,000 received.

National Surety Corporation  
Surety SLR 5147459

Amount . . . . \$10,000  
Type . . . . Blanket  
Effective . . . . 1/23/97

West Gas, Inc.  
Houston, TX  
USF&G currently investigating their options.

US Fidelity & Guaranty Co.  
Surety No. 28-0130-990-73

Amount . . . . \$10,000  
Type . . . . Blanket  
Effective . . . . 9/4/97

### RIDERS TO EXISTING BONDS

Amoco Corporation  
Chicago, IL  
Rider increases bond amount to \$200,000.

Seaboard Surety Company  
Surety No. 321102

Amount . . . . \$200,000  
Type . . . . UIC Limited  
Effective . . . . 9/18/97

Conoco, Inc.  
Houston, TX  
Rider increases bond amount to \$25,000.

Federal Insurance Co.  
Surety No. 8001-70-12

Amount . . . . \$25,000  
Type . . . . Multi-well  
Effective . . . . 10/1/97

## **REQUEST FOR BOARD ACTION**

- 1) Cline Production Company** currently has a \$55,000 letter of credit with the EPA to cover 13 injection wells. Cline Production intends to take over 1 well from Central Resources and 2 from Anchor Bay for a total of 16 injection wells. Cline Production Company has offered to post a \$60,000 bond to cover these wells and also asked that this bond be considered a blanket bond.
- 2) Gypsy Highview Gathering System, Inc.** currently has a \$168,300 bond with the EPA to cover 34 injection/disposal wells. 16 of these wells are on Indian lands and will continue to be covered by a bond with the EPA. 18 wells are to be covered by a bond with the Board of Oil and Gas. Gypsy Highview Gathering System, Inc. has offered to post a bond in the amount of \$24,300 to cover the 18 wells.
- 3) West Gas II, Inc.** has filed a change of operator form to transfer several wells including 3 wells on property owned by the Leuthold family. West Gas II, Inc. was unable to obtain a signature from West Gas, Inc. (The Board ordered the forfeiture of the bond for West Gas, Inc.) Mr. Ed Leuthold has requested that the change of operator be denied.

**MSR EXPLORATION LTD.**

(INCORPORATED UNDER THE LAWS OF ALBERTA)

**OIL & GAS EXPLORATION & PRODUCTION**  
OPERATING IN THE ROCKY MOUNTAINS  
CBM BUILDING BOX 250 CUT BANK, MONTANA 59427 0200  
TELEPHONE (406) 873-2235  
CUT BANK FAX 1-406-873-4731

**September 30, 1997**

**Tom Richmond, Director**  
**STATE OF MONTANA**  
**Board of Oil & Gas Conservation**  
**2535 St. Johns Avenue**  
**Billings, Montana 59102**

**CERTIFIED MAIL: P 217 704 262****Dear Tom:**

**MSR EXPLORATION LTD and subsidiary companies, Monte Grande Exploration, Inc, (MGE, INC), Mountain States Resources, Inc (MSR, INC) and Gypsy Highview Gathering System, Inc., (GHGS, INC) have worked with the EPA in Denver and Richard Jacobsen in your office, to transfer our bonds under the UIC program from the EPA to the State of Montana.**

**Currently MGE, INC has completed the paperwork and transferred \$14,025.00 to the First Interstate Bank in Cut Bank to cover the injection wells (MGE/Swensen #4, #5 & #19) under the State of Montana UIC Program. MSR, INC has also completed the transfer process and the First Interstate Bank has received the \$9,350.00 to cover the injection wells (MSR/Perkins #3-4 & Larson-Swanson #34-11) owned by MSR, INC. Accordingly, we now have bonds in place amounting to \$23,375.00.**

**We recently requested the EPA in Denver to release the remaining amount they hold for injection wells on fee lands in the amount of \$24,300.00. GHGS, INC would like to add \$2,325.00, cash, to the \$24,300.00 bringing the total amount for GHGS, INC's bond to \$26,635.00. In doing so, the total bond amount under the State of Montana UIC Program for MSR EXPLORATION LTD and subsidiary companies will be \$50,000.00.**

**The EPA still holds \$144,000.00 in the name of Gypsy Highview Gathering System, Inc., for 16 injection wells on the Blackfeet Reservation.**

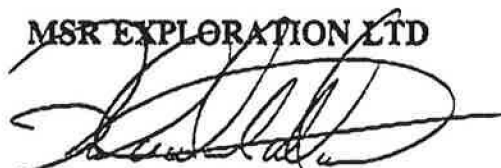
**We would like to request that the Montana Board of Oil & Gas accept this amount as sufficient coverage for our injection wells in the State of Montana; if not for the long-term, at least until the merger between MSR and Mercury Exploration Company is completed at the end of October 1997. A bond for the total wells owned, can then be negotiated with the new Management.**

**T. Richmond**  
**September 30, 1997**  
**Page Two**

**Thank you kindly for your cooperation in this matter and if you wish to discuss this matter further, please contact me at the Cut Bank office.**

**Yours very truly,**

**MSR EXPLORATION LTD**

A handwritten signature in black ink, appearing to read 'Patrick M. Montalban', is written over the company name.

**Patrick M. Montalban**  
**Executive Vice President**  
**and**  
**Chief Operating Officer**

**PMM/cb**

**GYPSY HIGHVIEW GATHERING SYSTEM, INC**

A Subsidiary of MSR Exploration Ltd.  
Gas Gathering, Processing & Transmission

CBM BUILDING • BOX 250 • CUT BANK, MONTANA 59427 0250  
TELEPHONE (406) 873-2235  
CUT BANK FAX 1-406-873-4731

September 25, 1997

Richard Jacobson  
BOARD OF OIL & GAS CONSERVATION  
2535 St. Johns Avenue  
Billings, Montana 59102

CERTIFIED MAIL: P 217 707 215

Dear Richard:

In recent correspondence from the EPA, they have agreed to transfer \$24,300.00 under Gypsy Highview Gathering System, Inc's bond (GHGS, INC) to the State of Montana to cover the 18 wells falling under the State's jurisdiction.

Accordingly, please accept this as our request to have the EPA release our Letter of Credit with the Overton Bank in Fort Worth, Texas. As required, we are enclosing the completed Form 14, Part 1, along with a written statement from the First Interstate Bank in Cut Bank, Montana indicating that they are willing to issue a Letter of Credit.

If you should have any questions or require anything further, please advise.

We appreciate your cooperation and look forward to completing this process as quickly as possible.

Yours very truly,

**GYPSY HIGHVIEW GATHERING SYSTEM, INC**

Patrick M. Montalban  
President

PMM/cb  
enclosures



**GYPSY HIGHVIEW GATHERING SYSTEM, INC****INJECTION WELLS:**

**GHGS/Cobb "A" #15 - SW $\frac{1}{4}$ NE $\frac{1}{4}$ -Section 14-T37N-R5W, Glacier County, MT**  
**GHGS/Cobb "B" #11 - SE $\frac{1}{4}$ NE $\frac{1}{4}$ -Section 14-T37N-R5W, Glacier County, MT**  
**GHGS/Kruger "A" #17- NE $\frac{1}{4}$ NE $\frac{1}{4}$ -Section 23-T37N-R5W, Glacier County, MT**  
**GHGS/Kruger "A" #18 - NE $\frac{1}{4}$ NE $\frac{1}{4}$ -Section 23-T37N-R5W, Glacier County, MT**  
**GHGS/Kruger "B" #15-1 - NE $\frac{1}{4}$ SE $\frac{1}{4}$ -Section 15-T37N-R5W, Glacier County, MT**  
**GHGS/Old Border #4 - SE $\frac{1}{4}$ SE $\frac{1}{4}$ -Section 2-T37N-R4W, Glacier County, MT**  
**GHGS/Old Border #5 - NE $\frac{1}{4}$ SE $\frac{1}{4}$ -Section 2-T37N-R4W, Glacier County, MT**  
**NCCBSU/#39-W2 - SW $\frac{1}{4}$ NW $\frac{1}{4}$ -Section 19-T34N-R5W, Glacier County, MT**  
**NCCBSU/#39-W4 - NW $\frac{1}{4}$ NE $\frac{1}{4}$ -Section 19-T34N-R5W, Glacier County, MT**  
**NCCBSU/#44-W5 - NW $\frac{1}{4}$ SW $\frac{1}{4}$ -Section 24-T34N-R6W, Glacier County, MT**  
**NCCBSU/#44-W7 - NW $\frac{1}{4}$ SE $\frac{1}{4}$ -Section 24-T34N-R6W, Glacier County, MT**  
**NCCBSU/#45B-W2 - NW $\frac{1}{4}$ NE $\frac{1}{4}$ -Section 25-T34N-R6W, Glacier County, MT**  
**NCCBSU/#52-W3 - NW $\frac{1}{4}$ NW $\frac{1}{4}$ -Section 25-T34N-R6W, Glacier County, MT**  
**NCCBSU/#55-W1 - NW $\frac{1}{4}$ SW $\frac{1}{4}$ -Section 25-T34N-R6W, Glacier County, MT**  
**NCCBSU/#60-W1 - SE $\frac{1}{4}$ SW $\frac{1}{4}$ -Section 25-T34N-R6W, Glacier County, MT**  
**NCCBSU/#64-W2 - NE $\frac{1}{4}$ NE $\frac{1}{4}$ -Section 35-T34N-R6W, Glacier County, MT**  
**NCCBSU/#67-W3 - NE $\frac{1}{4}$ NW $\frac{1}{4}$ -Section 2-T33N-R6W, Glacier County, MT**  
**NCCBSU/#69-W1 - SW $\frac{1}{4}$ NE $\frac{1}{4}$ -Section 2-T33N-R6W, Glacier County, MT**

Form No 14 (pg. 1 R 11-88)

SUBMIT TO

ARM 36.22.1308

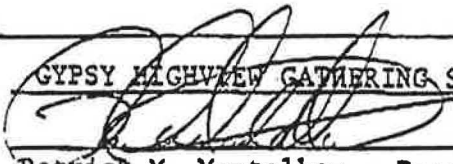
BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA4520 EAST SIXTH AVENUE  
HELENA, MONTANA 59620-2304

## BOND

KNOW ALL MEN BY THESE PRESENTS, That Gypsy Highview Gathering System, IncAddress 8 East Main - PO Box 250Cut Bankof the County of GlacierIn the State of Montana, as Principal, are held and firmly bound untothe State of Montana, in the penal sum of Twenty-Four Thousand Three Hundred (\$24,300.00)  
lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and  
each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.The condition of this obligation is that whereas the above bounden principal proposes to drill or acquire a well or  
wells for oil, gas, stratigraphic or injection purposes in and upon the following described land situated within the State  
of Montana, to-wit:SEE ATTACHEDNOW, THEREFORE, if the above bounden principal shall comply with all of the provisions of the laws of the State  
of Montana and the rules, regulations and orders of the Board of Oil and Gas Conservation of the State of Montana,  
especially with reference to the proper plugging of said well or wells, and filing with the Board of Oil and Gas Conserva-  
tion of the State of Montana all notices and records required by said Board, in the event said well or wells do not produce  
oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities; then this obligation is void,  
otherwise, the same shall be and remain in full force and effect.

WITNESS our hands and seals, this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_

GYPSY HIGHVIEW GATHERING SYSTEM, INC

  
Patrick M. Montalban - President <sup>Principal</sup>(If the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corpo-  
ration affixed. When principal executes this bond by agent, power of attorney or other evidence of authority must ac-  
company the bond.)

APPROVED \_\_\_\_\_ 19\_\_\_\_

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANABy \_\_\_\_\_  
Administrator or Counsel



First Interstate Bank  
Cut Bank Office  
24 E. Main  
P.O. Box 2000  
Cut Bank, MT 59427-2000  
406-873-2265  
Fax: 406-873-4276  
Internet Website: [www.firstinterstatebank.com](http://www.firstinterstatebank.com)  
Internet E-Mail: [fib@firstinterstatebank.com](mailto:fib@firstinterstatebank.com)

September 26, 1997

Richard Jacobsen  
Board of Oil & Gas Conservation  
2535 St. Johns Avenue  
Billings, MT 59102

RE: Gypsy Highview Gathering System, Inc.

Dear Mr. Jacobsen:

This is to state that First Interstate Bank, Cut Bank Office, has approved a \$26,635.00 Letter of Credit request with Gypsy Highview Gathering System, Inc. for a one-year term subject to a time certificate being held as security in the amount of \$26,635.00. Gypsy Highview Gathering System, Inc. has stated they will be transferring funds in the near future for such security.

If you have any questions, please contact us.

Sincerely yours,

A handwritten signature in cursive script that reads 'Byron Beley'.

Byron Beley  
President

BI.B/vlp

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



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

October 6, 1997

Mountain States Resources, Inc.  
PO Box 250  
Cut Bank, MT 59427-0250

and

1st Interstate Bank  
PO Box 2000  
Cut Bank, MT 59427-2000

Re: Approval of bond - 5280/U1  
Mountain States Resources, Inc.  
LOC No. 102CB \$9,350  
Effective: September 30, 1997

Gentlemen,

On behalf of the Board of Oil and Gas Conservation the above referenced UIC limited-well bond secured by Letter of Credit No. 102CB in the amount of \$9,350 is hereby approved. This Letter of Credit was issued by 1st Interstate Bank subject to a written demand by the Board for delivery of the proceeds pursuant to the conditions of the bond. This assignment to the Board shall remain in effect until revoked in writing by the Board or until 1st Interstate Bank notifies the Board within 120 days of its intention not to renew this letter of credit.

This bond is in full force and effect on and after September 30, 1997, the date it was signed and sealed. Wells on the attached list have been transferred to this bond and the corresponding bond with the EPA is no longer required.

Sincerely,

  
Richard Jacobson  
Petroleum Statistician

cc: MBOG Helena  
MBOG Shelby

RECEIVED

10/11/97  
MONTANA  
Cut Bank  
10/11/97

MOUNTAIN STATES RESOURCES, INC



INJECTION WELLS:

099-21024 MSR/Perkins #3-4 - NW $\frac{1}{4}$ NW $\frac{1}{4}$ -Sec. 3-T27N-R6W, Teton County, MT

073-21624 MSR/Larson-Swanson #34-11 - NE $\frac{1}{4}$ SW $\frac{1}{4}$ -Sec. 34-T28N-R6W, Pondera County, MT

RECEIVED

OCT 29 1997

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



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

October 6, 1997

Monte Grande Exploration, Inc.  
PO Box 250  
Cut Bank, MT 59427

and

1st Interstate Bank  
PO Box 2000  
Cut Bank, MT 59427-2000

Re: Approval of bond - 5180/U1  
Monte Grande Exploration, Inc.  
LOC No. 101CB - \$14,025  
Effective: September 30, 1997

Gentlemen,

On behalf of the Board of Oil and Gas Conservation the above referenced UIC limited-well bond secured by Letter of Credit No. 101CB in the amount of \$14,025 is hereby approved. This Letter of Credit was issued by 1st Interstate Bank subject to a written demand by the Board for delivery of the proceeds pursuant to the conditions of the bond. This assignment to the Board shall remain in effect until revoked in writing by the Board or until 1st Interstate Bank notifies the Board within 120 days of its intention not to renew this letter of credit.

This bond is in full force and effect on and after September 30, 1997, the date it was signed and sealed. Wells on the attached list have been transferred to this bond and the corresponding bond with the EPA is no longer required.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard Jacobson".

Richard Jacobson  
Petroleum Statistician

cc: MBOG Helena  
MBOG Shelby

RECEIVED

OCT 07 1997

MSR Exploration Ltd.  
Cut Bank, Montana

10/7/97

MONTE GRANDE EXPLORATION, INC



INJECTION WELLS:

MGE/Swensen "A" #4 - NE $\frac{1}{4}$ SE $\frac{1}{4}$ , Section 10-T37N-R5W, Glacier County, MT

MGE/Swensen "A" #5 - NW $\frac{1}{4}$ SE $\frac{1}{4}$ , Section 10-T37N-R5W, Glacier County, MT

MGE/Swensen "A" #19 - SE $\frac{1}{4}$ SE $\frac{1}{4}$ , Section 10-T37N-R5W, Glacier County, MT

RECEIVED

JUL 6, 1997

MSR Exploration Ltd.  
Calgary, Alberta

**BOARD OF OIL AND GAS CONSERVATION  
FINANCIAL REPORT  
THROUGH SEPTEMBER 30, 1997  
Percentage of Year Elapsed = 25%**

**OIL & GAS APPROPRIATIONS/EXPENDITURES/FUNDING**

EXPENDITURES	REGULATORY PROGRAM			UIC PROGRAM			TOTAL PROGRAM		
	Appropriation	Expended	Percent of Approp Spent	Appropriation	Expended	Percent of Approp Spent	Appropriation	Expended	Percent of Approp Spent
Salaries	501,402	59,284	12%	118,494	19,544	16%	619,896	78,828	13%
Other Comp	8,400	1,650	20%	0	0	0%	8,400	1,650	20%
Benefits	81,285	16,456	20%	19,208	4,793	25%	100,493	21,249	21%
Other Svcs	85,358	14,167	17%	100,000	3,000	3%	185,358	17,167	9%
Supplies	22,063	4,656	21%	8,150	443	5%	30,213	5,099	17%
Communications	30,983	4,780	15%	8,203	409	5%	39,186	5,188	13%
Travel	15,265	4,411	29%	11,500	2,610	23%	26,765	7,021	26%
Rent	19,100	3,690	19%	300	0	0%	19,400	3,690	19%
Utilities	9,380	1,478	16%	1,500	241	16%	10,880	1,719	16%
Repair/Maint	19,500	2,420	12%	5,410	150	3%	24,910	2,570	10%
Other Exps	11,486	0	0%	12,082	0	0%	23,568	0	0%
Equipment	16,118	210	1%	28,500	2,152	8%	44,618	2,362	5%
Debt Svc	59	837	1419%	0	0	0%	59	837	1419%
<b>TOTAL</b>	<b>\$820,399</b>	<b>\$114,040</b>	<b>14%</b>	<b>\$313,347</b>	<b>\$33,342</b>	<b>11%</b>	<b>\$1,133,746</b>	<b>147,382</b>	<b>13%</b>
<b>FUNDING</b>									
State Special Revenue	820,399	114,040		226,647	22,229		1,047,046	147,382	
Federal Funds	0	0		86,700	11,114		86,700	0	
<b>TOTAL FUNDING</b>	<b>\$820,399</b>	<b>\$114,040</b>		<b>\$313,347</b>	<b>\$33,342</b>		<b>\$1,133,746</b>	<b>\$147,382</b>	<b>13%</b>
Appropriation Balance	\$706,359			\$280,005			\$986,364		
Percentage Expended	14%			11%			13%		

**OTHER APPROPRIATIONS/EXPENDITURES FROM STATE SPECIAL REVENUE ACCOUNT**

DNRC Centralized Services	\$56,123	0
Department of Revenue	\$31,102	\$196

**REVENUE INTO STATE SPECIAL REVENUE ACCOUNT**

	Year to Date FY 1998	Total FYE 1997	Percentage YTD98:FYE97
Oil Production Tax	167,630	1,017,728	0.16
Gas Production Tax	27,615	165,395	0.17
Penalty & Interest	57	1,599	0.04
Drilling Permit Fees	8,515	31,250	0.27
UIC Permit Fees	600	194,495	0.0031
Enhanced Recovery Filing Fee	325	0	0.00
Interest on Investments	4,457	8,567	0.52
Copies of Documents	2,132	8,866	0.24
Database Services	0	1,308	0.00
Other	250	241	1.04
<b>TOTALS</b>	<b>\$211,582</b>	<b>\$1,429,449</b>	<b>0.15</b>

**ACCOUNT BALANCES--October 1, 1997**

Regulatory	\$395,860
Damage Mitigation	\$157,307



## **Tentative Bonding Committee Proposals**

The committee has opted to propose an increase the bond amounts for newly drilled wells and for transfers of existing properties, and replacing the existing \$10,000 grandfathered multiple well bond with a \$25,000 bond. They are also proposing a method by which the Board and staff could work with individual operators to reduce the number of non-productive wells through identification of wells without future value and the negotiation of a plugging schedule.

The proposals the committee is currently considering are:

### For Wells Drilled After Adoption of Rule(s):

- Single well bond:
 

0-2000 feet	\$1,500
2001-3500'	\$5,000
3,501' and deeper	\$10,000
- New multiple well or "blanket" bond:
 

\$50,000 for an unlimited number of wells; wells are considered temporarily abandoned rather than shut-in if the lower-most plug is set, and a demonstration of mechanical integrity in temporarily abandoned wells is required every five years.

### For Existing Wells:

- Current single-well bond requirements remain in force.
- Minimum of \$25,000 for multiple-well bond covering existing wells.

### For transfer of ownership of existing wells:

- Transfers of ownership of existing wells must meet the bonding requirements set forth for newly drilled wells, either as a \$50,000 blanket bond or as single well bonds.

### Reporting Requirements for non-producing wells:

- Annual reporting of non-producing wells and justification of continued shut-in or temporarily abandoned status. Proof of economic value of non-productive wells will be required, and the Board and staff will work with operators to develop a plugging schedule for wells found to have no future value.
- "Proof of economic value" is generally defined as information that would indicate the potential for future beneficial use to a reasonable and prudent operator.