

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
MINUTES OF THE
BOARD OF OIL AND GAS CONSERVATION MEETING
April 23, 1998

CALL TO ORDER

A regular business meeting of the Montana Board of Oil and Gas Conservation was called to order by Chairman David Ballard at 2 p.m., Wednesday, April 1, 1998, at the Board's office at 2535 St. Johns Avenue in Billings, Montana.

Board members present were David Ballard, Dean Swanson, Stanley Lund, George Galuska, Denzil Young, Warren Ross and Allen Kolstad. Staff members present were Tom Richmond, Jim Halvorson, George Hudak, Rich Jacobson, Terri Perrigo, Don Garrity, and Steve Sasaki.

MINUTES

Mr. Swanson moved that the "April 12, 1998" date in the first paragraph of the second page of the February 11, 1998, minutes be changed to read "April 2, 1998". Mr. Galuska seconded the motion and it carried unanimously.

PUBLIC COMMENT

There was no public comment.

BOND REPORT

Mr. Rich Jacobson, Statistician, presented a report on new bonds, canceled bonds, forfeited bonds, and changes to existing bonds. A copy of that report is attached as Exhibit 1. Mr. Jacobson said the Board is close to having 100 percent compliance on UIC bonds.

Mr. Jacobson brought up the request from Flying J Oil & Gas, Inc., to have its \$50,000 UIC bond be considered a blanket bond covering four wells. Flying J's previous bond was \$39,000 for three wells. Mr. Richmond recommended the request be approved, for as many wells as Flying J has.

Chairman Ballard asked why some UIC bonds for more than \$50,000 are "limited" in regard to the number of wells covered; and some, like Flying J's \$50,000 bond, are "blanket bonds" covering an unlimited number of wells. Mr. Richmond said when taking over the UIC program, operators were required to post a bond with the state in the same amount as was posted with EPA; and, whoever posted the bond could ask that their bond be considered a blanket bond. He also said someone with a non-blanket bond in an amount greater than \$50,000 can request their bond be considered a blanket bond. Mr. Halvorson said when someone permits an injection well under a blanket bond, the UIC Coordinator will review the amount of the current bond and determine if the operator is getting overextended with regard to the number of wells on the bond. If that is the case, the staff would recommend to the Board that a limit be put on the blanket bond. Therefore, a UIC blanket bond is unlimited only until the Board imposes a limit on the number of wells covered.

MOTION: Mr. Swanson moved to approve Flying J's request to consider its \$50,000 UIC bond a blanket bond. Mr. Young seconded the motion and it passed unanimously.

FINANCIAL REPORT

Ms. Terri Perrigo, Executive Secretary, presented the financial report covering the period from July 1, 1997, through February 27, 1998. A copy of that report is attached as Exhibit 2.

UPDATE ON ORPHAN WELL PROPOSAL TO GOVERNOR

Chairman Ballard reported Governor Racicot sent him a letter stating it would be very difficult to commit to the Board's proposal at this time because of low oil prices and revenue shortfalls. He also said he would need until August to decide whether to support the proposal at all. Chairman Ballard suggested if Board members or anyone else wanted to send the Governor a letter regarding the proposal, they should send it prior to August.

INJECTION ISSUES

Mr. George Hudak, UIC Coordinator, reported on injection issues. Delinquent bonds were discussed in Mr. Jacobson's bond report. Approximately thirty wells are overdue for or have failed their pressure tests. Mr. Hudak sent the operators of these wells a registered letter, giving them until April 30, 1998, to either plug their well(s) or perform the test. Four companies remain delinquent on payment of their injection well fees. Mr. Hudak said a registered letter would be sent to those companies also, establishing a deadline to pay the fee or make arrangements to do so. Operators who have not done so by the deadline will be discussed at the Board business meeting on May 20, 1998.

STAFF REPORTS

Mr. Tom Richmond said the EPA had completed its second annual review of the UIC program. They will have a draft report in a few weeks and should have provided a final report prior to the next Board meeting.

Mr. Richmond distributed a gas flaring request from Burlington Resources Oil & Gas Company, which is attached as Exhibit 3. He recommended a 30 day limited approval of the request, to May 1, 1998, at which time flaring will be restricted to 100 mcf/day.

MOTION: Mr. Swanson moved to docket the matter for the next hearing unless completed by April 23, 1998. The motion was seconded by Mr. Galuska and passed unanimously.

Mr. Richmond reminded the Board there would be a public hearing on proposed rule changes at the end of regularly docketed matters at tomorrow's Board hearing. Only one written comment has been received, from Somont Oil Company, Inc., which is attached as Exhibit 4. Once again, 30 minute time limits will be established for proponents and opponents testimony. The Board cannot take official action on the proposed rule changes until after April 9, 1998, which is the end of the public comment period. It was the consensus of the Board to wait and see what comments were made at the public hearing and received through the end of the public comment period, and take official action on the proposed rule changes at the May 20, 1998, business meeting.

Mr. Richmond informed Board members of Mr. Jon Hjartarson's resignation. He said the Chief Field Inspector position had been advertised internally, and letters of interest would be accepted from current DNRC employees through April 5, 1998. Mr. Lund asked how Mr. Hjartarson's resignation would affect the well plugging program. Mr. Richmond said we are further behind than we thought in getting contracts, requests for proposals and grant applications completed. Mr. Richmond said he intends to only apply for the \$600,000 priority grant for the next biennium, and those applications (for two \$300,000 projects) have to be in by May 15, 1998. Mr. Lund said he feels it is imperative, especially now that the Chairman has presented a proposal for additional well plugging funds to the Governor, to have all well plugging projects done or at least have all funds obligated by Fall, 1998. Mr. Richmond said he thinks it will help to have all funds obligated by Fall, 1998, but that the legislature wants to see the grant funds spent--not just obligated.

Mr. Richmond said it may be necessary to ask the legislature for contingency funds for the next biennium to maintain current level operations, due to the approximate 30 percent reduction in revenue we are experiencing because of decreases in the price and production of oil. The Board agreed to ask the 1999 Legislature to allow the Board to borrow from the damage mitigation account if necessary to maintain current level operations.

Mr. Richmond advised Board members he had been appointed co-chair of the Groundwater Protection Council's Risk Based Data Management Subcommittee, and Mr. Halvorson had been appointed to the technical services subcommittee. He said his subcommittee has a \$400,000 grant to administer this year in regard to further development of the RBDMS system which will require a lot of time on his and Mr. Halvorson's part.

Mr. Jim Halvorson distributed a letter from Mr. Earl Norwood regarding commission files and how the Board keeps track of bottom hole locations, which is attached as Exhibit 5. Mr. Galuska felt a policy regarding access to files is desperately needed in the Billings office, and proposed that a group be formed to discuss the matter and bring suggestions to the Board. He suggested that Mr. Norwood be asked to chair the group. In regard to bottom hole locations, Mr. Halvorson said this is a problem. Approximately 30 percent of the horizontal drilling reports received do not contain bottom hole locations, and the secretaries then must contact the company to get that information. Mr. Richmond felt the problem could be addressed through either a policy change implemented by Board order, or requiring that bottom hole location reporting be a condition of the new horizontal drilling permit process. It was the consensus of the Board that reporting bottom hole locations be a condition of the new horizontal drilling permit process.

Mr. Halvorson handed out Exhibit 6, a summary of enhanced recovery and horizontal well certifications since January 1, 1994.

Mr. Steve Sasaki said he had received a request from Mercury MSR to take over the Nor Am Exploration Company's well in the Old Border Field. Mr. Pat Montalban said his company had expressed interest earlier, but would need thirty days to decide if they still want to take over the well. Mr. Sasaki distributed a summary of problems regarding the Nor Am Exploration well, which is attached as Exhibit 7. In regard to the Nor Am's surety bond on this well, Mr. Garrity advised Mr. Sasaki to write to the surety company saying we have been unable to contact the principals, and the bond will be forfeited unless they (the surety company) request to be docketed for the May 21, 1998, hearing.

Mr. Sasaki handed out Exhibit 8, a summary of activities on the Smith Lease of Sherman and Vivian Holt. He said a fine was initiated in November, 1997, and is now \$9,500. The Smiths have a \$10,000 bond on this well, but Mr. Sasaki was unsure whether it was a CD or surety bond. Mr. Garrity advised Mr. Sasaki to find out if it was a CD or surety bond, and if it is a surety bond to take the same steps outlined above in regard to the Nor Am matter. Mr. Garrity also advised Mr. Sasaki when the \$10,000 bond in this matter is forfeited, it is being forfeited for failure to comply and should therefore go to the damage mitigation account. If and when any funds are received from the fine, they should go to the general fund. Mr. Garrity said if DNRC attorneys are unsuccessful in collecting the fine, the matter should be referred to the Department of Revenue.

Mr. Ross moved to adjourn. Mr. Swanson seconded the motion and it passed unanimously.

PUBLIC HEARING

The Board reconvened at 8:00 a.m. Thursday, April 2, 1998, in the conference room at the Billings Petroleum Club in the Sheraton Hotel, to hear the matters docketed for public hearing. As a result of the discussion, study, testimony, and technical data placed before the Board, the following action was taken in each matter.

Docket No. 13-98: A motion was made by Mr. Swanson, seconded by Mr. Galuska and unanimously passed, to approve the application of Union Pacific Resources Company, as modified and set forth in Board Order 15-98.

Docket No. 14-98: A motion was made by Mr. Swanson, seconded by Mr. Galuska and unanimously passed, to approve the application of Union Pacific Resources Company, as set forth in Board Order 16-98.

Docket No. 15-98: A motion was made by Mr. Kolstad, seconded by Mr. Swanson and unanimously passed, to approve the application of Union Pacific Resources Company, as set forth in Board Order 17-98. .

Docket No. 16-98: A motion was made by Mr. Galuska, seconded by Mr. Swanson and passed, to approve the application of Samson Resources Company, as set forth in Board Order 18-98. Two members, Mr. Kolstad and Mr. Young, dissented.

Docket No. 17-98: A motion was made by Mr. Swanson, seconded by Mr. Lund and unanimously passed, to approve the application of Burlington Resources Oil & Gas Company, as set forth in Board Order 19-98.

Docket No. 18-98: A motion was made by Mr. Kolstad, seconded by Mr. Lund and unanimously passed, to approve the application of Shell Western E&P Inc., as set forth in Board Order 20-98.

Docket No. 19-98: A motion was made by Mr. Kolstad, seconded by Mr. Lund and unanimously passed, to approve the application of Shell Western E&P Inc., as set forth in Board Order 21-98.

Docket No. 20-98: A motion was made by Mr. Kolstad, seconded by Mr. Lund and unanimously passed, to approve the application of Shell Western E&P Inc., as set forth in Board Order 22-98.

Docket No. 21-98: A motion was made by Mr. Galuska, seconded by Mr. Ross and unanimously passed, to approve the application of Shell Western E&P Inc., as set forth in Board Order 23-98.

Docket No. 22-98: A motion was made by Mr. Galuska, seconded by Mr. Young and unanimously passed, to approve the application of Shell Western E&P Inc., as set forth in Board Order 24-98.

Docket No. 23-98: The application of Samedan Oil Corporation was continued to the May 21, 1998, hearing.

Docket No. 24-98: The application of Tipperary Oil & Gas Corporation was continued to the May 21, 1998, hearing.

Docket No. 25-98: The application of Tipperary Oil & Gas Corporation was continued to the May 21, 1998, hearing.

Docket No. 26-98: The application of Tipperary Oil & Gas Corporation was continued to the May 21, 1998, hearing.

Docket No. 27-98: A motion was made by Mr. Swanson, seconded by Mr. Lund and unanimously passed, to approve the application of Hallwood Petroleum, Inc., as modified and set forth in Board Order 25-98.

Docket No. 28-98: A motion was made by Mr. Ross, seconded by Mr. Kolstad and unanimously passed, to approve the application of North American Resources Company, as set forth in Board Order 26-98.

Docket No. 29-98: A motion was made by Mr. Swanson, seconded by Mr. Kolstad and unanimously passed, to approve the application of North American Resources Company, as set forth in Board Order 27-98.

Docket No. 30-98: The application of Manti Resources, Inc. was continued to the May 21, 1998, hearing.

Docket No. 31-98: A motion was made by Mr. Young, seconded by Mr. Lund and unanimously passed, to approve the application of Basic Earth Science Systems, Inc., as set forth in Board Order 28-98.

Docket No. 32-98: A motion was made by Mr. Swanson, seconded by Mr. Young and unanimously passed, to approve the application of Summit Resources, as set forth in Board Order 29-98.

Docket No. 33-98: A motion was made by Mr. Kolstad, seconded by Mr. Young and unanimously passed, to approve the application of Chesapeake Operating, Inc., as set forth in Board Order 30-98.

Docket No. 69-97: A motion was made by Mr. Lund, seconded by Mr. Young and unanimously passed, to approve the application of Chesapeake Operating, Inc. (Formerly Hugoton Energy Corporation), as set forth in Board Order 31-98.

Docket No. 144-97: A motion was made by Mr. Kolstad, seconded by Mr. Lund and unanimously passed, to approve the application of Burlington Resources Oil & Gas Company, as set forth in Board Order 32-98.

Docket No. 150-97: The application of Wascana Oil & Gas, Inc. was continued to the July 16, 1998, hearing.

Docket No. 3-98: The application of Lyco Energy Corporation was withdrawn.

Docket No. 10-98: The application of Upton Resources, USA, Inc. was continued to the May 21, 1998, hearing.

NEXT MEETING

The next business meeting of the Board will be May 20, 1998, at 2:00 p.m. at the Board's offices at 2535 St. Johns Avenue, Billings, Montana. The public hearing will be May 21, 1998, beginning at 8:00 a.m. in the Billings Petroleum Club, Sheraton Hotel, Billings, Montana. The filing deadline for the May 21, 1998, public hearing is Thursday, April 23, 1998.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA



David Ballard, Chairman

ATTEST:


Terri Perrigo, Executive Secretary

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MONTANA BOARD OF OIL & GAS CONSERVATION

EXHIBIT 1

BOND ACTIVITY SUMMARY February 10, 1998 through April 1, 1998

APPROVED BONDS

Arthur Johnson & Elvin Sundgren Chester, MT	Heritage Bank, Chester CD No. 201223	Amount \$15,000 Type Limited Effective 2/19/98
Ballard Petroleum LLC Billings, MT	Union Bank of California Letter of Credit No 306S230922	Amount \$172,000 Type UIC Limited Effective 2/13/98
Carrell Oil Company Winnett, MT	Valley Federal Credit Union CD No. 478033-34	Amount \$60,000 Type UIC Limited Effective 2/19/98
Cline Production Co. Billings, MT	Norwest Bank Wyoming Letter of Credit No. 1423	Amount \$60,000 Type UIC Blanket Effective 2/25/98
Coalridge Disposal & Petroleum Inc. Dagmar, MT	Rocky Mountain Bank, Plentywood CD No. 7201328	Amount \$7,000 Type UIC Single Effective 3/27/98
Coalridge Disposal & Petroleum Inc. Dagmar, MT	Rocky Mountain Bank, Plentywood CD No. 7201327	Amount \$7,000 Type UIC Single Effective 3/27/98
Crown Oil, Inc. Houston, TX	Underwriters Indemnity Co. Surety No. B7169	Amount \$25,000 Type Multi-well Effective 2/11/98
Crown Oil, Inc. Houston, TX	Underwriters Indemnity Co. Surety No. B7171	Amount \$10,000 Type UIC Single Effective 2/11/98
Crown Oil, Inc. Houston, TX	Underwriters Indemnity, Co. Surety No. B7170	Amount \$10,000 Type UIC Single Effective 2/11/98

Eastern American Energy Corp. Charleston, WV	US Fidelity & Guaranty Co. Surety No. 10-0130-14963-98-3	Amount \$10,000 Type UIC Single Effective 3/27/98
Howell Petroleum Corp. Houston, TX	United Pacific Insurance Company Surety No. U 281 66 70	Amount \$200,000 Type UIC Limited Effective 3/6/98
Keith E Tyner dpa Pamect Oil Conrad, MT	Farmers State Bank - Conrad CD # 25084	Amount \$3,500 Type UIC Single Effective 12/19/97
Klabzuba Oil & Gas, Inc. Fort Worth, TX	Gulf Insurance Company Surety No. 588055	Amount \$25,000 Type Multi-well Effective 2/13/98
Montana Power Gas Company Butte, MT	Reliance Insurance Co. Surety No. B2814978	Amount \$25,000 Type Multi-well Effective 2/27/98
Oil Quest Resources, Inc. Denver, CO	Norwest Bank Billings CD No. 9000038619	Amount \$5,000 Type UIC Single Effective 2/16/98
Outlook Petroleum Corp. Midland, TX	Norwest Bank Billings CD No. 9000038624	Amount \$10,000 Type UIC Single Effective 1/29/98
Outlook Petroleum Corp. Midland, TX	Norwest Bank Billings CD No. 9000038623	Amount \$10,000 Type UIC Single Effective 1/29/98
Rimrock Oil Company Cut Bank, MT	Farmers State Bank - Conrad CD No. 2342	Amount \$6,000 Type UIC Single Effective 2/23/98
Samel L. Picard Billings, MT	1st Interstate Bank Billings Letter of Credit No. 1139	Amount \$12,000 Type UIC Single Effective 3/3/98

The Lowrance Company Cut Bank, MT	Farmers State Bank, Conrad CD No. 2350	Amount \$3,500 Type UIC Single Effective 3/2/98
Vista Americana Petroleums Inc. Regina, Sk, Canada	1st Interstate Bank West Billings CD #1300014543	Amount \$25,000 Type Multi-well Effective 2/17/98
Vista Americana Petroleums Inc. Regina, SK, Canada	Underwriters Indemnity Co. Surety No. B7178	Amount \$25,000 Type Multi-well Effective 2/13/98
Wascana Oil & Gas, Inc. Regina, SK, Canada	1st Interstate Bank West, Billings CD No. 1300012611	Amount \$295,000 Type UIC Limited Effective 3/17/98
Xeric Oil & Gas Corporation Midland, TX	1st Security Bank Roundup CD No. 115434	Amount \$60,000 Type UIC Limited Effective 2/17/98
Yellowstone Petroleum, Inc. Calgary, Alberta, Canada	1st Interstate Bank, Shelby CD No. 9574412469	Amount \$13,000 Type UIC Limited Effective 3/25/98

CANCELLED BONDS

American Exploration Co. Houston, TX	Underwriters Indemnity Co. Surety No. B05723	Amount \$25,000 Type Multi-well Effective 2/18/98
American Exploration Co. Houston, TX	Norwest Bank Billings CD No. 640582 and No. 641815	Amount \$10,000 Type Blanket Effective 2/18/98
Castle Resources, Inc. Hays, KS	Underwriters Indemnity Co. Surety No. B03993	Amount \$10,000 Type Blanket Effective 2/18/98
Falcon Oil & Gas Company, Inc. Houston, TX	Underwriters Indemnity Co. Surety No. B04390	Amount \$25,000 Type Multi-well Effective 2/12/98

CHANGES TO EXISTING BONDS

Aztec Gas & Oil Corp.	1st Interstate Bank Billings	Amount \$10,000
Truth or Consequences, NM	1100000588	Type Blanket
Change of Name from Winchester Development Corp.		Effective 11/13/91

Cline Production Co.	Norwest Bank Wyoming	Amount \$25,000
Billings, MT	Letter of Credit No. 1424	Type Multi-well
CD's with Norwest Bank Billings replaced with letter of credit.		Effective 2/25/98

Gypsy Highview Gathering System	1st Interstate Bank, Cut Bank	Amount \$5,000
Cut Bank, MT	Letter of Credit No. 105CB	Type Single-well
CD at 1st Interstate Bank Billings replaced with letter of credit.		Effective 1/27/98

Oil Quest Resources, Inc.	Norwest Bank Billings	Amount \$10,000
Denver, CO	CD No. 9000038630	Type Multi-well
One of two CD's replaced.		Effective 3/20/98

Vista Americana Petroleum Inc.	1st Interstate Bank West	Amount \$25,000
Regina, Sk, Canada	CD No. 1300014543	Type Multi-well
Surety bond approved and CD released.		Effective 2/23/98

RIDERS TO EXISTING BONDS

Flying J Oil & Gas, Inc.	Continental Casualty Co.	Amount \$50,000
North Salt Lake, UT	Surety No. 158 677 640	Type UIC Limited
* Request to consider this bond a blanket bond.		Effective 2/20/98

Robert Hawkins, Inc.	US Fidelity & Guaranty Co.	Amount \$25,000
Kevin, MT	Surety No. 19-0130-02346-71-3	Type Multi-well
		Effective 1/27/98

**MONTANA BOARD OF OIL AND GAS CONSERVATION
SUMMARY OF OPERATORS WITHOUT UIC BONDS**

Run Date: 3/31/98

OPERATOR	BOND NO.	AMOUNT	WELLS	NOTES
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Balco Inc.		\$8,000	1	WELL TO BE PLUGGED BY THE BOARD.
Coalridge Disposal & Petroleum		\$32,000	3	OWNERSHIP CONTROVERSY, 2 OK.
Cut Bank Resources, Inc.			42	BANKRUPTCY - NO EPA BOND.
Fulton Fuel Company		\$14,145	3	\ BOND FORMS SIGNED & RECEIVED.
Fulton Producing Co.		\$18,860	4	FAXED COPIES OF ASSIGNMENT
Fulton, William M.		\$4,715	1	/ AGREEMENTS RECEIVED.
Hawley Hydrocarbons		\$5,500	1	
Hawley Oil Company		\$26,000	6	\$22K BOND SUBMITTED.
J. H. R. Corp.			1	WELL P&A'D, WAITING SRA.
Quest Petroleum Corp.		\$20,500	5	SALE TO MERCURY PENDING.
Walls, A. G. Aka Walls, Adrian		\$3,500	1	PLUGGING IN PROGRESS.

**BOARD OF OIL AND GAS CONSERVATION
FINANCIAL REPORT
THROUGH FEBRUARY 27, 1998
Percentage of Year Elapsed = 67%**

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	219,370	44%	118,494	67,426	57%	619,896	286,796	46%
Other Comp	8,400	3,873	46%	0	28	0%	8,400	3,900	46%
Benefits	81,285	58,079	71%	19,203	16,455	86%	100,493	74,534	74%
Other Svcs	85,358	59,062	69%	100,000	39,735	40%	185,358	98,797	53%
Supplies	22,063	13,306	60%	8,150	2,009	25%	30,213	15,315	51%
Communications	30,983	19,411	63%	8,203	1,307	16%	39,186	20,718	53%
Travel	15,265	13,018	85%	11,500	5,566	48%	26,765	18,584	69%
Rent	19,100	9,036	47%	300	911	304%	19,400	9,947	51%
Utilities	9,380	4,808	51%	1,500	1,235	82%	10,880	6,043	56%
Repair/Maint	19,500	6,045	31%	5,410	1,330	25%	24,910	7,375	30%
Other Exps	11,486	7,176	62%	12,082	5,318	44%	23,568	12,494	53%
Equipment	16,118	17,797	110%	28,500	7,016	25%	44,618	24,814	56%
Debt Svc	59	837	1419%	0	0	0%	59	837	1419%
TOTAL	\$820,399	\$431,818	53%	\$313,347	\$148,336	47%	\$1,133,746	\$580,155	51%
FUNDING									
State Special Revenue	820,399	431,818		226,647	98,892		1,047,046	530,710	
Federal Funds	0	0		86,700	49,445		86,700	49,446	
TOTAL FUNDING	\$820,399	\$431,818		\$313,347	\$148,336		\$1,133,746	\$580,155	51%
	*includes leave, but not encumbrances			**does not include encumbrances					
Appropriation Balance	\$388,581			\$165,011			\$553,591		
Percentage Expended	53%			47%			51%		

OTHER APPROPRIATIONS/EXPENDITURES FROM STATE SPECIAL REVENUE ACCOUNT

DNRC Centralized Services	\$56,123	0
Department of Revenue	\$31,102	\$15,592

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT

	Year to Date FY 1998	Total FYE 1997	Percentage YTD98:FYE97
Oil Production Tax***	331,691	995,583	0.33
Gas Production Tax***	37,519	148,660	0.25
Penalty & Interest	231	1,599	0.14
Drilling Permit Fees	21,415	31,250	0.69
UIC Permit Fees	157,599	194,495	0.81
Enhanced Recovery Filing Fee	425	0	0.00
Interest on Investments	16,400	8,567	1.91
Copies of Documents	6,531	8,866	0.74
Database Services	0	1,308	0.00
Other	7,146	241	29.65
TOTALS	\$578,957	\$1,390,569	0.42

***adjusted for FY97 accruals and FY99 accrual reversals

ACCOUNT BALANCES—February 27, 1998

Regulatory	\$378,425
Damage Mitigation	\$216,330

GRANT BALANCES—February 27, 1998

Name	Original Amt	Expended	Balance
Cat Creek	214,810	45,676	169,134
S. CutBank A	300,000	257,610	42,390
S. CutBank B	300,000	300,000	0
SL Grant	183,260	163,156	20,104
Devil's Basin	300,000	233	299,767
Balco	600,000	0	600,000
97A	164,222	0	164,222
TOTALS	\$2,062,292	\$766,674	\$1,295,618

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

FY98 Time Elapsed
67%

March Production
Tax Estimate Rec'd

Receipts Thru
Feb

YTD

FY97
Receipts

Percentage
YTD 98: FYE97

Oil 188,563
Gas 43,412

331,691
37,519

520,254
80,931

995,583
148,660

0.52
0.54

Per Lee 97

DIVISION OFFICE
1625 ELEVENTH AVENUE
PO BOX 201601
HELENA, MONTANA 59620-1601
(406) 444-8675

TECHNICAL AND
SOUTHERN FIELD OFFICE
2535 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102-4693
(406) 656-0040

NORTHERN FIELD OFFICE
165 MAIN ST.
PO BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422

EXHIBIT 3

Phone: 1-303-680-8041
Fax: 1-303-680-6041

**Burlington Resources
Oil and Gas
Comapany**

Fax

To: Tom Richmond	From: Brooke Bell
Fax: 1-406-657-1604	Date: March 30, 1998
Phone:	Pages: 6
Re: Brog 13-19H Gas Flaring	CC:

☒ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

•**Comments:** Find attached the information requested for your Wednesday discussion of BR's request to continue gas flaring from the Brog 13-19H well located in Richland County, MT. Please call me should you require any additional information. The hard copy of this will follow in the overnight mail.


Thank you, Brooke Bell



(303) 680-6041

Form 2 Rev. 8-92	Submit In Quadruplicate To: Montana Board of Oil and Gas Conservation Billings or Shelby Office	ARM 36.22.307, 1003,1004,1011, 1013,1103,1222, 1301,1306, AND 1309		
Sundry Notices and Report of Wells				
Operator Burlington Resources Oil and Gas Co. Address P.O. Box 51810 City Midland State Texas Zip Code 79710-1810 Telephone Number (915) 688-6800 Telefax Number		Lease Name: Brog Lease Type (Private/State/Federal): Private Well Number: 13-19H Unit Agreement Name: N/A		
Location of well (1/4-1/4 section and footage measurements): (NWSW) 2075' FSL and 696' FWL Section 19, T23N, R54E If directionally or horizontally drilled, show both surface and bottom hole locations)		Field Name or Wildcat: Wildcat Section, Township and Range: Sec 19, T23N, R54E		
API NUMBER: 25 0 8 3 2 1 8 6 6	Well Type (oil, gas, injection, other): Oil	County: Richland		
Indicate below with an X the nature of this notice, report, or other data:				
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"> Notice of Intention to Change Plans <input type="checkbox"/> Notice of Intention to Run Mechanical Integrity Test <input type="checkbox"/> Notice of Intention to Stimulate or to Chemically Treat <input type="checkbox"/> Notice of Intention to Perforate or to Cement <input type="checkbox"/> Notice of Intention to Abandon Well <input type="checkbox"/> Notice of Intention to Pull or Alter Casing <input type="checkbox"/> Notice of Intention to Change Well Status <input type="checkbox"/> Supplemental Well History <input type="checkbox"/> Other (Specify) Request 60 day flaring exception <input checked="" type="checkbox"/> </td> <td style="width: 50%; border: none;"> Subsequent Report of Mechanical Integrity Test <input type="checkbox"/> Subsequent Report of Stimulation or Chemical Treatment <input type="checkbox"/> Subsequent Report of Perforation of Cementing <input type="checkbox"/> Subsequent Report of Well Abandonment <input type="checkbox"/> Subsequent Report of Pulled or Altered Casing <input type="checkbox"/> Subsequent Report of Drilling Waste Disposal <input type="checkbox"/> Subsequent Report of Production Waste Disposal <input type="checkbox"/> Subsequent Report of Change in Well Status <input type="checkbox"/> Subsequent Report of Gas Analysis (ARM 36.22.1222) <input type="checkbox"/> Other: <input type="checkbox"/> </td> </tr> </table>			Notice of Intention to Change Plans <input type="checkbox"/> Notice of Intention to Run Mechanical Integrity Test <input type="checkbox"/> Notice of Intention to Stimulate or to Chemically Treat <input type="checkbox"/> Notice of Intention to Perforate or to Cement <input type="checkbox"/> Notice of Intention to Abandon Well <input type="checkbox"/> Notice of Intention to Pull or Alter Casing <input type="checkbox"/> Notice of Intention to Change Well Status <input type="checkbox"/> Supplemental Well History <input type="checkbox"/> Other (Specify) Request 60 day flaring exception <input checked="" type="checkbox"/>	Subsequent Report of Mechanical Integrity Test <input type="checkbox"/> Subsequent Report of Stimulation or Chemical Treatment <input type="checkbox"/> Subsequent Report of Perforation of Cementing <input type="checkbox"/> Subsequent Report of Well Abandonment <input type="checkbox"/> Subsequent Report of Pulled or Altered Casing <input type="checkbox"/> Subsequent Report of Drilling Waste Disposal <input type="checkbox"/> Subsequent Report of Production Waste Disposal <input type="checkbox"/> Subsequent Report of Change in Well Status <input type="checkbox"/> Subsequent Report of Gas Analysis (ARM 36.22.1222) <input type="checkbox"/> Other: <input type="checkbox"/>
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Describe Proposed or Completed Operations: Describe planned or completed work in detail. Attach maps, well-bore configuration diagrams, analyses, or other information as necessary. Indicate the intended starting date for proposed operations or the completion date for completed operations. On February 3, 1998, Burlington Resources began testing the subject well. The 60 day test required by Rule 36.22.1215 will end on April 3, 1998. BR requests permission to continue testing and flaring the subject well for additional 60 days or until the well is connected to pipeline, whichever comes first. Burlington Resources respectfully requests permission to exceed the 100 MCFD flaring limitation as set out in Rule 36.22.1220. BR has negotiated a gas sales agreement with Bear Paw Energy Inc to install and collect gas from the subject well. Our understanding is that the pipe has been purchased and Bear Paw anticipates connection of the Brog 13-19H in 3 to 4 weeks, weather permitting. The sixty-day additional flaring time will accommodate for any pipeline delays due to weather or landowner negotiations for rights-of way and damages. Find attached supporting data as required under Rule 36.22.1220.				

BOARD USE ONLY	
Approved _____ <div style="text-align: center; margin-top: 10px;"> Date </div>	Name _____ <div style="text-align: center; margin-top: 10px;"> Title </div>

The undersigned hereby certifies that the information contained on this application is true and correct:	
3/30/98 Date	 Signed (Agent)
Brooke S. Bell - Burlington Resources Representative <div style="text-align: center; margin-top: 5px;"> Print Name & Title </div>	

BURLINGTON RESOURCES

Memorandum

TO: Brooke Bell

DATE: March 27, 1998

FROM: Travis Melster

PLACE: Midland Region

Subject: Brog 13-19H - Gas Production Board Hearing

As per Montana's Department of Natural Resources and Conservation rule 36.22.1220, the following items are to fulfill our portion of the requirement. Current plans are to market as soon facilities can be installed.

1. Gas Analysis:

See attached gas analysis for February 16th, 1998.

2. Estimated Gas Reserves:

Initial reserve estimates are based on a hyperbolic decline with an exponent of 1.4 and a minimum decline of 6% per year. The gas-oil ratio of 800 ft³/bbl was used for the life of the well.

Oil EUR = 250 MB

Gas EUR = 200 MMCF

3. Proximity of the well to a market:

We currently have plans to install a flowline to the Grasslands Gathering System. The line will consist of 22,970' of poly pipe and electronic metering to connect the Brog 13-19H to the system in the SW1/4SW1/4 of Section 18, T133N, R106W of Roosevelt County, Montana.

4. Estimated gas price at the nearest market:

WBI index

5. Estimated cost of marketing the gas:

There are no marketing fees associated but rather gathering fees which are the actual costs to gather and process the gas \approx \$0.57 + fuel/MCFE

6. Reinjection potential or other conservation-oriented disposition alternatives:

None

7. Amount of gas used in lease operations:

Currently: 8-9 MCFPD

Proposed Potential: 17 MCFPD

8. Other pertinent information:

See attached production history spreadsheet.

See attached letter from Bear Paw Energy Inc. in regards to flowline installation.

MAR 27 '98 04:57PM LOUISIANA LAND & EXP.

03/20/98 FRI 04:52 FAX 701 555 1271 WEST GRASSLANDS 701 575 2700 084 200 P. 3/5

BEAR PAW ENERGY INC.
 1135 HWY 10 EAST
 BELFIELD, ND 58622

Source: BURLINGTON RES
 Station #: 1319TEST
 Station Name: BOSS 13-15 X
 Field: 80

Report Date: 02/16/1998
 Sample Date: 2/13/98
 Flowing Pressure: 20 psig
 Flowing Temp.: 80 F

Method: c:\exchrm\methods\belfield.met
 File: c:\exchrm\chrm\1319TEST.1

Gas Analysis by Chromatograph

Name	Mole %	BTU	SG	GPM
Nitrogen	2.103	0.000	0.020	
Methane	80.348	810.825	0.334	
CO2	3.047	0.000	0.048	
Ethane	16.148	258.434	0.188	
H2S	1.700	10.888	0.020	
Propane	0.700	244.828	0.148	3.873 (Manual)
Iso-Butane	0.778	26.368	0.016	0.215
Butane	2.384	110.852	0.088	1.087
Iso-pentane	0.428	17.083	0.011	0.156
Pentane	1.282	51.513	0.032	0.464
Hexanes Plus	1.083	81.828	0.032	0.445
Ideal Total	100.000	1408.073	0.885	5.080

Gross BTU/Real Cu. Ft.
 (@ 60 deg F, 14.730)

Dry = 1416.781

Sat. = 1393.280

Actual = 1416.781

(0.000 lbs. water/MMCF)

Gasoline Content

Propane GPM = 3.873

Butane GPM = 1.321

Gasoline GPM = 1.088

26# Gasoline GPM = 2.133

Total GPM = 9.040

Real Specific Gravity Calculated = 0.8881

On-Site Specific Gravity = 0.8880

Gas Compressibility = 0.8848

Remarks: RUN BY: HK H25 1 TX

Post-16 Fax Note	7877	Box 2-20	10
To: Linda Ma.		From: R. E.	
On: 2/13/98		On: 2/13/98	
Phone: 701 555 1271		Phone: 701 555 1271	
Fax: 701 555 1271		Fax: 701 555 1271	

BROG 13-19H DAILY TESTS

Section 19 T23N R54E

Richland Co., Montana

OIL (BPD)	GAS (MCFD)	GOR (MCF/BBL)	WATER (BPD)	FTP (PSI)
2/1/98	277		105	
2/2/98	373		26	550
2/3/98	468	738	35	575
2/4/98	684	807	38	500
2/5/98	726	700	22	500
2/6/98	664	623	13	460
2/7/98	576	517	11	415
2/8/98	691	600	7	420
2/9/98	592	490	13	400
2/10/98	519	490	20	400
2/11/98	523	490	3	375
2/12/98	602	410	6	390
2/13/98	470	406	0	370
2/14/98	645	422	7	340
2/15/98	454	431	10	325
2/16/98	440	419	13	325
2/17/98	419	401	15	390
2/18/98	443	400	15	285
2/19/98	439	395	13	300
2/20/98	411	275	10	290
2/21/98	421	336	12	250
2/22/98	418	328	10	250
2/23/98	383	313	13	245
2/24/98	320	239	15	310
2/25/98	327	330	16	310
2/26/98		SI		
2/27/98		SI		
2/28/98		SI		
3/1/98		SI		
3/2/98		SI		
3/3/98		SI		
3/4/98		SI		
3/5/98	425	370	15	315
3/6/98	368	350	10	298
3/7/98	304	309	5	340
3/8/98	410	239	21	340
3/9/98	338	254	8	320
3/10/98	346	277	10	310
3/11/98	313	243	8	300
3/12/98	160	120	4	300
3/13/98	415	251	5	300
3/14/98	393	253	7	300
3/15/98	385	249	8	296
3/16/98	273	243	5	290
3/17/98	390	240	8	290
3/18/98	282	241	10	290
3/19/98	260	240	10	280
3/20/98	300	240	3	285
3/21/98	304	240	9	270
3/22/98	287	239	7	270
3/23/98	280	175	6	280
3/24/98	260	170	6	255
3/25/98	300	240	3	285
3/26/98	284	290	8	255
3/27/98	277	290	7	260



March 30, 1998

Mr. Chris Hoekenga
Burlington Resources Oil & Gas Company
Post Office Box 4239
Houston, TX 77210-4239

Re: BROG 13-19H
NWSW Sec. 19-T23N-RS4E
Richland County, MT

Gentlemen:

Pursuant to the agreement between Bear Paw Energy Inc. ("BPEI") and Burlington Resources Oil & Gas Company ("BROG"), BPEI has begun acquiring right of way and ordering pipe to construct a 22,970' pipeline connection for the above referenced well.

BPEI anticipates connection of the BROG 13-19H within 3-4 weeks, provided there are no problems obtaining right of way and, as always, weather permitting. I will keep you posted as we progress.

Sincerely,

BEAR PAW ENERGY INC.

Linda K. McNamee
Gas Supply Representative

cc: Mr. Travis Melster, BROG, Midland

370 Seventeenth Street
Suite 2750
Denver, CO 80202

Phone: (303) 626-8282
Fax: (303) 626-8299

SUPPLEMENTAL INFORMATION

NOTE: Additional information or attachments may be required by Rule or by special request.

Plot the location of the well or site that is the subject of this notice or report.

Range 54 E

Township 23N

1 9

X

BOARD USE ONLY**CONDITIONS OF APPROVAL**

The operator must comply with the following condition(s) of approval:

Failure to comply with the conditions of approval may void this permit.

SOMONT OIL COMPANY, INC.

P.O. Box 96
Ferdig, Montana 59466
406-337-3310.



March 19, 1998

Mr. Tom Richmond
Montana Board of Oil and Gas Conservation
2535 St. Johns Ave.
Billings, MT. 59104

RE: Comments on Proposed change in Bonding Rules for Oil and Gas Operators

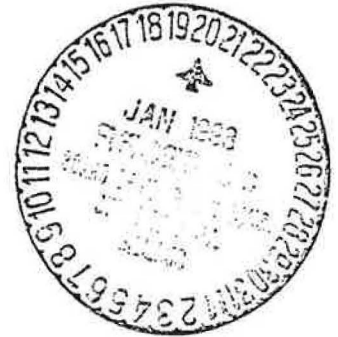
Dear Tom:

Somont Oil Company is supporting the proposed changes in bonding rules as published. The many months of discussion and compromise have yielded a proposal that meets the needs of the State of Montana, while addressing the needs of most small producers. The use of the individual well bonds on the <2000' wells will soften the impact of these rule changes on the "Mom and Pop" operations.

Yours very truly,

Curt Dahlgaard
Vice President

Mr. David Ballard, Chairman
Oil and Gas Conservation Commission
Department of Natural Resources
2535 Saint Johns Avenue
Billings, Montana 59012



January 14, 1998

Dear Mr. Ballard

There are three areas in which the commission's data collection and preservation activities may be improved. One is an old standing problem of data disappearance from the commission's files in the Saint John's office. The second is an entirely new problem created by the advent of horizontal drilling technology. The third is a growing problem of timely furnishing the commission with well data. The "new age" of drilling every thing "tight" has exacerbated this problem.

1. The commission files are open to the public, as they should be, and people have been allowed unlimited access to those files. As a result, some of the data has disappeared-electric logs in particular. A solution is proposed that does not require any additional man power and that will be relatively easy to administer. It is proposed that no one be allowed into the log library or into the well file storage area with a brief case. It is further recommended that the person manning the front desk examine all papers that anyone wishes to leave with (all material received by the commission is stamped upon receipt). This would certainly discourage anyone from being tempted to leave the commission with original material.
2. Operators are required to submit directional data on horizontal wells accompanying the original permit application. This is usually submitted on a plat that shows the intended bottom hole location. The actual bottom hole doesn't always end up at the intended spot. The operator is required

to submit a print out compiled by the directional drilling company of the actual path of the hole. These print outs are very difficult to plot, therefore, it is recommended that the operator be required to furnish the commission with both a directional plat and a cross section of the actual hole path and vertical path of the well. This information is furnished to the operator by the directional drilling company so it would not impose an additional hardship on the operator.

3. Timely submittal of data can be accelerated by the denial of permits to those operators guilty of the infractions or by imposing other penalties. It is certainly not the intent to impede drilling activity in the state, however, the tardy submittal of data is in itself an impedence to other operators.

I sincerely appreciate your consideration of the above concerns and pray that you will bring them to the attention of the full board.

Respectfully submitted



E. EARL NORWOOD

**Summary of Enhanced Recovery and Horizontal Well Certifications
January 1, 1994 through April 1, 1998**

70	New Horizontal Well Certifications
8	Horizontal Re-drill Certifications and Production Forecasts
3	New Enhanced Recovery Projects and Production Forecasts
14	Expanded Enhanced Recovery Project Certifications and Production Forecasts
8	Expanded Enhanced Recovery Project Certifications with Pending Production Forecasts*

* Applications for decline rate determination returned in October and November 1994 for correction of base production errors.

SUMMARY OF PROBLEMS
FOR
BOARD OF OIL AND GAS BUSINESS MEETING APRIL 1, 1998

1. Nor Am Exploration Company
Iowa Holding-Border No.2
NE NE NE Sec. 11 T37N R4W
API 25-101-07580
Shut in water source well.

Well was originally drilled as a dryhole to the Devonian at 4920' TDD by Empire Exploration Company and plugged.

Nor Am Exploration Company in 1973 reentered this well drilling out plugs and recompleting this with 7" casing as a Madison water supply well for Buttes Gas & Oil Company and or P&M Petroleum Company's Old Border Field Cut Bank Sand Flood. Nor Am Exploration Company bonded the well and BOGC is still holding the bond on this well (\$10,000 Surety - Nat'l Bonding & Accident Insurance). Per Rich Jacobson BOGC.

The current operator of the Old Border field is Mercury-MSR which does not have a bond or lease under this well. The mineral lease under the well is Croft Petroleum Company which does not want the well.

The well has been suggested as a plugging project for the Red River Grant, Glacier County Conservation District and needs to be cleared of any responsible party determination.

I have sent uncertified and certified letters, requesting plugging to Buttes Oil & Gas and Nor Am Exploration Company at their last known addresses. See Attached letters. All letters returned from Dallas, TX.

Also, I have sent letters, uncertified and certified to a previous address in Oakland, CA. Both letters have been accepted, but no contact with my office has been received todate. I am assuming that the current addressee has been accepting it but may know nothing about this matter.

I have call information Oakland (2/24/98). They have no listing for Nor Am Exploration Company.

Oil Production Tax Rates

Production Type	Working Interest	Non-working Interest
♦ Primary recovery production:		
Pre-1985 wells	13.9%	16.9%
Post-1985 wells		
First 12 months	0.5%	14.8%
Next 12 months	7.5%	14.8%
After 24 months	12.5%	14.8%
♦ Stripper oil production (<10 bbls/day)		
Pre-1985 wells	10.5%	16.9%
Post-1985 wells	10.5%	14.8%
Stripper exemption production (1 st 3 bbls/day):		
Pre-1985 wells	5.5%	16.9%
Post-1985 wells	5.5%	14.8%
♦ Horizontally completed well production:		
First 18 months of qualifying production	0.5%	5.5%
Next 6 months of qualifying production	7.5%	12.5%
After 24 months of qualifying production	12.5%	12.5%
♦ Incremental production:		
New or expanded secondary recovery project:		
Pre-1985 wells	8.5%	16%
Post-1985 wells	8.5%	10.5%
New or expanded tertiary recovery project:		
Pre-1985 wells	5.8%	15%
Post-1985 wells	5.8%	9.5%
Horizontally recompleted well:		
First 18 months	5.5%	5.5%
After 18 months	12.5%	12.5%

Gas Production Tax Rates

♦ Pre-1985 wells:	18.55%	14.8%
♦ Post-1985 wells:		
First 12 months of qualifying production	0.5%	14.8%
Next 12 months of qualifying production	12.5%	14.8%
After 24 months	15.15%	14.8%
♦ Stripper natural gas (<60 mcfg/day in preceding year):	11%	14.8%

Oil and Gas Conservation Commission of the State of Montana

ABOARD
Bonding and Accident Insurance Company
Bonding Company
St. Louis, Missouri

Full Agency
Agent for Bonding Company

Box 2008, Great Falls, Montana 59401
Address of Agent

Bond July 17, 1980

Bond Approved August 5, 1980

Bond Released, 19

REMARKS

Net Bond No. 1173-218
LES IOWA HOLDING (WATER SUPPLY)
C-11-37N-4W. TOOLE COUNTY, MONTANA

NOR-AM EXPLORATION CORPORATION
Company or Individual

1 Hillcrest Green, 12700 Hillcrest Rd.
Suite 240, Dallas, Texas 75230
Street Address City State

CLASSIFICATION OF BOND

Blanket	<input checked="" type="checkbox"/>	One well	<input type="checkbox"/>
One Field	<input type="checkbox"/>	One County	<input type="checkbox"/>
State	<input type="checkbox"/>		
Other	<input type="checkbox"/>		

PRINCIPAL OF BOND

\$ 10,000.00

DESCRIPTION

11/25/97

TRANSACTION TYPE

NEXT BOND N

OPERATOR# 5371 BOND# B1
OPERATOR NAME NOR-AM EXPLORATION CORPORATION

ISSUING COMPANY NAT'L BONDING & ACCIDENT INS.
DOCUMENT TYPE SURETY BOND AMOUNT \$ 10,000
COVERAGE TYPE BLANKET NO. OF WELLS COVERED 1
DOCUMENT NUMBER

EFFECTIVE	CANCELLATION	SUSPENSION	RECONCILED
DATE 07/17/80	DATE 00/00/00	DATE 00/00/00	FORFEITED

NEXT REMARK N

00

```
PF24 EXIT, PF1 THRY PF15 FOR PRIMARY OPTIONS, CLEAR, MAIN MENU
CHANGE OPERATOR # OR BOND # OR CHANGE TRANSACTION TYPE AND PRESS ENTER
1B  Aa      BO--SESSION1  R 4  C 12      10:57 11/25/97
```

ANR0520 BOND INQUIRY - LIST WELLS OPERATOR # 11/25/97

OPERATOR #	5371	BOND #	B1	TRANSACTION TYPE
OPERATOR NAME	NOR-AM EXPLORATION CORPORATION			

[illegible]

PF24 EXIT, PF1 THRU PF15 FOR PRIMARY OPTIONS, CLEAR, MAIN MENU
NO MORE WELLS FOR THIS BOND, SELECT WELL IF YOU WISH

4B Aa BO--SESSION1 R 3 C 15 11:06 11/25/97

REPORT NBR. OG.WELLRP.01
REPORT TYPE.WELLS

STATE OF MONTANA
BOARD OF OIL AND GAS CONSERVATION
DATA BASE WELLS BY LOCATION

PAGE NBR.... 568
RUN TIME.... 17:41:28
RUN DATE.... 09/24/97

SS	TWP	RNG	4Q	3Q	2Q	1Q	FN/SL	FE/WL	CTY	SEQ	COMPANY NAME	OPERATOR W/NAME	LEASE NAME	S	T	TDPH	COMP	DT	FIELD	FRM	KK	RMKS
9-37N-04W			NE	SW	SW		990S	990W	101	22175	MONTANA POWER C	GOVT 466-17	GOVERNMENT	P	O	2750	09/25/81		2400	MOL		
9-37N-04W			SE	SW	SW		330S	990W	101	07793	MONTANA POWER C	GOVT 466-15	GOVERNMENT	P	O	2715	03/30/66		2400	CB		
9-37N-04W			SW	SW	SW		330S	330W	101	07792	MONTANA POWER C	GOVT 466-14	GOVERNMENT	P	O	2733	03/11/66		2400	MOL		
10-37N-04W			C	SE	NE	1980N	660E	101	07560	07560	TEXACO EXPLORAT	A.L. MCBAIN 1		X	O	2540	06/08/61		1000	ELL-D		
10-37N-04W			C	SW	NE	1980N	1980E	101	07561	07561	MONTANA POWER C	FRARY 3	FRARY	X	O	2540	02/07/60		2400	CB		
10-37N-04W				NE	NW	660N	1980W	101	07747	07747	MONTANA POWER C	FEE 1		C	A	2575	12/17/65		2400	UK -D		
10-37N-04W			NW	NE	NW	330N	1650W	101	21563	21563	MONTANA POWER C	FEE 2	FEE	S	O	2655	04/23/77		2400	CB		
10-37N-04W				NW	NW	330N	990W	101	07585	07585	MONTANA POWER C	FRARY 2		X	H	2646	12/15/59		2400	ELL-D		
10-37N-04W			C	NW	NW	660N	660W	101	22126	22126	MONTANA POWER C	FRARY 15	FRARY	S	O	2659	07/11/81		2400	MOL		
10-37N-04W			NW	NW	NW	330N	330W	101	21441	21441	MONTANA POWER C	FRARY 11	FRARY	P	O	2675	03/16/76		2400	MOL		
10-37N-04W			SE	NW	NW	990N	990W	101	21539	21539	MONTANA POWER C	FRARY 12	FRARY	P	O	2639	02/18/77		2400	MOL		
10-37N-04W			SW	NW	NW	990N	330W	101	21432	21432	MONTANA POWER C	FRARY 10	FRARY	P	O	2680	02/17/76		2400	MOL		
10-37N-04W			SE	SE	NW	2310N	2310W	101	22125	22125	MONTANA POWER C	FEE #3	FEE	S	O	2472	08/21/81		2400	CB		
10-37N-04W			NW	SW	NW	1650N	330W	101	22169	22169	MONTANA POWER C	FRARY 16	FRARY	C	A	2529	08/08/81		2400	MOL		
10-37N-04W			C	NE	SW	1980S	1980W	101	07543	07543	MONTANA POWER C	FRARY 4		I	W	2570	07/09/63		2400	UK -D		
10-37N-04W			NW	SW		2310S	1020W	101	07547	07547	MONTANA POWER C	FRARY 1		C	A	2575	11/07/59		2400	ELL-D		
11-37N-04W			NE	NE	NE	330N	330E	101	07580	07580	NOR-AM EXPLORAT	BORDER 2		C	W	4920	08/12/56		1000	MAD-D		
11-37N-04W				NW	NE	610N	1930E	101	21061	21061	CROFT PETROLEUM	IOWA HOLDING #2	MCBAIN/IOWA HOL	S	O	2584	10/20/67		1000	CB		
11-37N-04W				NE	NW	660N	2055W	101	21036	21036	CROFT PETROLEUM	#1	IOWA HOLDING #1	P	G	2585	08/17/67		1000	SB		
11-37N-04W				NW	NW	950N	975W	101	21055	21055	CROFT PETROLEUM	MCBAIN 1		X	H	2573	09/28/67		1000	RIE-D		
11-37N-04W			C	NW	NW	660N	660W	101	21973	21973	CROFT PETROLEUM	MCBAIN 2	MCBAIN/IOWA HOL	S	O	2580	11/07/80		1000	CB		
11-37N-04W			C	SW	NW	1980N	660W	101	07559	07559	CARDINAL PETRO	A L MCBAIN 3		--	--							
11-37N-04W			NW	NE	SE			101	07584	07584	ASKALTA OIL CI											

NORTH

2 Hill Crest Rd
12700 Hill Crest Rd
Suite 240
Dallas, TX 75230

Rider attached
Assumes liability of Iowa Holding
Co #2
Butler O&G

1983 sent mail returned North

Butler O&G address 1982
5151 Belt Line Rd
Suite 1200
Dallas, TX 75240
North

Judith Johnson VP
Signed 1980

1981
Belt Line Rd (5151)
Suite 1200
Dallas TX 75240
Butler
221 Broadway, P.O. Box 2071
Oakland CA 94612
PO 2071 94604 P.O. Box 2071

Nov Am 1-8-78
Expo.

Rich believes the
bonding company
that since he has the
well changed name
and we may still
be able to hold
them liable.

re-film

(SUBMIT IN TRIPLICATE)
TO

L AND GAS CONSERVATION COMMISSION
OF THE STATE OF MONTANA
BILLINGS OR SHELBY

LOG OF WELL



Company Ashland Exploration Company, Suite 1902 Lease Iowa Holding Company Well No. 2
Address Lincoln Center Bldg., Denver, Colo. 80203 Field (or Area) Border
The well is located 330 (N) ft. from XX line and 330 (E) ft. from XX line of Sec. 11
Sec. 11; T. 37N; R. 4W; County Toole; Elevation 3642 RB
(D.F., R.B. or G.L.)
Commenced drilling July 8, 1956; Completed August 12, 1956

The information given herewith is a complete and correct record of the well. The summary on this page is for the condition of the well at the above date.

Completed as Dry Hole Signed H. W. Stack H. W. Stack
(oil well, gas well, dry hole)
Inspected 2-91 HK
Title Regional Engineer, Ashland Exploration Co.
Date October 24, 1973

25-101-07580

IMPORTANT ZONES OF POROSITY

(denote oil by O, gas by G, water by W; state formation if known)

From	to	From	to
From	to	From	to
From	to	From	to
From	to	From	to

CASING RECORD

Size Casing	Weight Per Ft.	Grade	Thread	Casing Set	From	To	Sacks of Cement	Cut and Pulled from
10 3/4"	32.75	H-40	8 RD	7-9-56	294	Surf.		

TUBING RECORD

Size Tubing	Weight Per Ft.	Grade	Thread	Amount	Perforations

COMPLETION RECORD

Primary tools were used from Surface to T. D.
Cable tools were used from to
Total depth 4920 ft.; Plugged back to T.D.; Open hole from to

PERFORATIONS Plugs

Interval	Number and Size and Type
From To	
2000 2000	25 25

ACIDIZED, SHOT, SAND FRACED, CEMENTED

Interval	Amount of Material Used	Pressure
From To		

MEMO

TO: Rich
Billings

FROM: Steve
Shelby

DATE: January 6, 1998

SUBJECT: Nor Am Exploration Company and the National Bonding and Accident Insurance Company. It seems both the company and the bonding company do not exist any more based upon the inquiry to the Cogswell Agency concerning Nor Am and its bond. What would you like to do next?

COGSWELL AGENCY

BONDS • INSURANCE • REAL ESTATE

800 NINTH STREET SOUTH, P.O. BOX 2009, GREAT FALLS, MT 59403
PHONE (406) 761-5000 FAX (406) 453-3946
OUTSIDE GREAT FALLS - PHONE TOLL FREE 1-800-735-6753

January 5, 1998

Steve Sasaki
Field Supervisor
State of Montana Dept. of Natural Resources
Box 690
Shelby, Montana 59474-0690

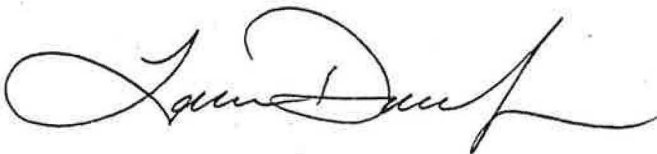
Dear Sir,

We have searched for the Nor-Am Exploration Corporation file. We have no current information on this company nor the bond issued by National Bonding and Accident Insurance Company in 1980. It would appear to us that this file was dead filed and after this length of time has been destroyed. We can not even find a current listing for National Bonding and Accident Insurance Company in the Best Rating Guide which lists insurance companies currently doing business in the United States.

It would appear to us that the bond was not renewed. Your file should contain renewal certificates annually after the original bond date if the bond was renewed.

We wish we could be of further assistance to you in this mater, but too much time has elapsed.

Sincerely yours,



Lorrin Darby
Bond Manager



SERVING THE WEST SINCE 1937

AN EMPLOYEE OWNED COMPANY

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

November 26, 1997

Buttes Oil & Gas
5151 Belt Line Rd.
Suite 1200
Dallas, TX 75240

RE; Buttes Oil & Gas
Iowa Holding-Border No.2
NE NE NE Section 11 T37N R4W

Dear Sir,

The above referenced well is bonded to your company. Be advised that the mineral lease has lapsed and the current operator does not wish to take over this well. Per Board of Oil and Gas Conservation Commission Rule 36.22.1308, see attached, this well needs to be plugged and abandoned within 90 days or bond forfeiture proceedings will start.

Please contact me at the Shelby office at the address listed below.

Respectfully,

Steven Sasaki
Field Supervisor

DIVISION OFFICE
1625 ELEVENTH AVE.
PO BOX 201601
HELENA, MONTANA 59620-1601
(406) 444-6675

TECHNICAL AND
SOUTHERN FIELD OFFICE
2535 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102-4893
(406) 656-0040

NORTHERN FIELD OFFICE
165 MAIN ST.
PO BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422



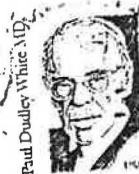
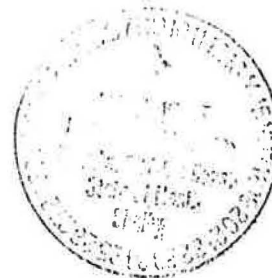
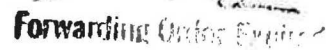
STATE OF MONTANA

165 MAIN STREET

PO BOX 690

SHELBY, MONTANA 59474-0690

BUTTES OIL & GAS
5151 BELT LINE RD, SU. 1200
DALLAS TX 75240



USA



29

三、四、五、六、七、八、九、十、十一、十二、十三、十四、十五、十六、十七、十八、十九、二十、二十一、二十二、二十三、二十四、二十五、二十六、二十七、二十八、二十九、三十、三十一、三十二、三十三、三十四、三十五、三十六、三十七、三十八、三十九、四十、四十一、四十二、四十三、四十四、四十五、四十六、四十七、四十八、四十九、五十、五十一、五十二、五十三、五十四、五十五、五十六、五十七、五十八、五十九、六十、六十一、六十二、六十三、六十四、六十五、六十六、六十七、六十八、六十九、七十、七十一、七十二、七十三、七十四、七十五、七十六、七十七、七十八、七十九、八十、八十一、八十二、八十三、八十四、八十五、八十六、八十七、八十八、八十九、九十、九十一、九十二、九十三、九十四、九十五、九十六、九十七、九十八、九十九、一百。



DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

January 8, 1998

Nor Am
1 Hill Crest Green
12700 Hillcrest Rd.
Suite 240
Dallas, TX 75230

CERTIFIED P71 642 302

RE; Nor Am Exploration
Iowa Holding-Border No.2
NE NE NE Section 11 T37N R4W

Dear Sir,

The above referenced well is bonded to your company. Be advised that the mineral lease has lapsed and the current operator does not wish to take over this well. Per Board of Oil and Gas Conservation Commission Rule 36.22.1308, see attached, this well needs to be plugged and abandoned within 90 days or bond forfeiture proceedings will start.

Please contact me at the Shelby office at the address listed below.

Respectfully,

A handwritten signature in cursive script, appearing to read "Steven Sasaki".

Steven Sasaki
Field Supervisor

DIVISION OFFICE
1625 ELEVENTH AVE.
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
165 MAIN ST.
PO BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422



**OIL & GAS CONSERVATION DIVISION
DEPARTMENT OF NATURAL
RESOURCES AND CONSERVATION**

STATE OF MONTANA

165 MAIN STREET
PO BOX 690
SHELBY, MONTANA 59474-0690



Displacement:

USA

29

Return to V.I.
Carrier Endorsement
75230-9998
Forwarding Order Expired

NOR AM
1 HILL CREST GREEN
12700 HILLCREST RD., SU. 240
DALLAS, TX 75230

opened By
mistake.

CM

RETURNED FOR
CARRIER

GREE700 752302030 1N 44 12/29/97
 RETURN TO SENDER

NO FORWARD ORDER ON FILE
UNABLE TO FORWARD

[illegible]

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

November 26, 1997

Nor Am
1 Hill Crest Green
12700 Hillcrest Rd.
Suite 240
Dallas, TX 75230

RE; Nor Am Exploration
Iowa Holding-Border No.2
NE NE NE Section 11 T37N R4W

Dear Sir,

The above referenced well is bonded to your company. Be advised that the mineral lease has lapsed and the current operator does not wish to take over this well. Per Board of Oil and Gas Conservation Commission Rule 36.22.1308, see attached, this well needs to be plugged and abandoned within 90 days or bond forfeiture proceedings will start.

Please contact me at the Shelby office at the address listed below.

Respectfully,

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Steven Sasaki
Field Supervisor



OIL & GAS CONSERVATION DIVISION
DEPARTMENT OF NATURAL
RESOURCES AND CONSERVATION

STATE OF MONTANA

165 MAIN STREET
PO BOX 690
SHELBY, MONTANA 59474

From 75230-9998
Unclaimed
NOV 11 AM '98
1 HILL CREEK GREEN
12700 WILDCREST RD
SUTHERLAND
ELAS TX 75230



U.S. POSTAGE
PAID
SHELBY, MT
59474
JAN 09 '98
AMOUNT

\$2.45
00014992-01

Name	
1st Notice	2/6
2nd Notice	
Return	

0000

Return Receipt Requested

Fold at line over top of envelope to the right of the return address.

CERTIFIED

P 871 642 302

MAIL

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

January 8, 1998

Nor Am
1221 Broadway
Oakland, CA 94612

RE; Nor Am Exploration
Iowa Holding-Border No.2
NE NE NE Section 11 T37N R4W

Dear Sir,

The above referenced well is bonded to your company. Be advised that the mineral lease has lapsed and the current operator does not wish to take over this well. Per Board of Oil and Gas Conservation Commission Rule 36.22.1308, see attached, this well needs to be plugged and abandoned within 90 days or bond forfeiture proceedings will start.

Please contact me at the Shelby office at the address listed below.

Respectfully,

A handwritten signature in cursive script, appearing to read "Steven Sasaki", is written over a horizontal line.

Steven Sasaki
Field Supervisor

DIVISION OFFICE
1625 ELEVENTH AVE.
PO BOX 201601
HELENA, MONTANA 59620-1601
(406) 444-6675

TECHNICAL AND
SOUTHERN FIELD OFFICE
2535 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102-4693
(406) 858-0040

NORTHERN FIELD OFFICE
165 MAIN ST.
PO BOX 690
SHELEBY, MONTANA 59474-0690
(406) 434-2422

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

January 8, 1998

Nor Am
P.O. Box 2071
Oakland, CA 94604

RE: Nor Am Exploration
Iowa Holding-Border No.2
NE NE NE Section 11 T37N R4W

Dear Sir,

The above referenced well is bonded to your company. Be advised that the mineral lease has lapsed and the current operator does not wish to take over this well. Per Board of Oil and Gas Conservation Commission Rule 36.22.1308, see attached, this well needs to be plugged and abandoned within 90 days or bond forfeiture proceedings will start.

Please contact me at the Shelby office at the address listed below.

Respectfully,

A handwritten signature in cursive script, appearing to read "Steven Sasaki".

Steven Sasaki
Field Supervisor

SENDER:

- Complete Items 1 and/or 2 for additional services.
- Complete Items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

NOR AM
1221 BROADWAY
OAKLAND CA 94612

**4a. Article Number**

P 871 642 304

4b. Service Type

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery

2/11/90

5. Signature (Addressee)**6. Signature (Agent)****8. Addressee's Address (Only if requested and fee is paid)**

BIM

2/9/98

Photo copy

9.4 32.7 #/ft H-40
Set 293.6' ~~FAB~~ G.C.
Counted 225sx

No Record on 7" Production

2/24/98

Called Long Distance
Information for
Nor Am Exploration
Oakland, CA
No such animal

Send down for Bond Hearings
Call Information for
Nor Am Oakland

Call Ins. Commissioner

444-2997 - Fire Marshal
E42592 - Ins. Commissioners
Fay & Co.

MBI A
OFH/wis - 113 King St.
Armenia, NY 1050

MI
MBIA

2. Sherman & Vivan Holt
Smith Lease
SE NE SW Sec. 7 T34N R2W

Pit permit request, pit, well and battery cleanup and delinquent form No.6 since 1991 to the present are due. Numerous letters have been sent for cleanup and permitting of this pit and lease. Final letter sent and fines (11/24/97) still being assessed. As of April 1, 1998 fines have totaled \$9525.00.

Sherman Holt has never responded to any of the letters. The certified letters go unopened. Vivan Holt is 70 years old and lives on a social security monthly check in Coos Bay, Oregon. She has talked with us and explained that she is divorced from Sherman Holt in 1991 and he took control of the oil lease. Sherman Holt now lives in Eureka, California. She states Sherman Holt has a business in California. She has given us his last known address and telephone number. Per Jon no one answers at this number.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA
1520 E. SIXTH AVE.
HELENA, MT 59620

12/07/94

HOLT, SHERMAN AND VIVIAN
P.O. BOX 1412
EUREKA CA 95502

DEAR VIVIAN HOLT:

THE FOLLOWING PRODUCTION REPORTS (FORM6) WERE NOT RECEIVED BY THE TIME WE COMPILED AND PUBLISHED STATISTICS FOR THE CALENDAR QUARTER ENDING SEP 30, 1994. WE REMIND YOU THAT THESE REPORTS ARE DUE ONE (1) MONTH FOLLOWING THE MONTH THE PRODUCTION WAS TAKEN.

FIELD NAME:	LEASE:	MONTHS MISSING
KEVIN SUNBURST	SMITH	JAN '94 FEB '94 MAR '94 APR '94 MAY '94 JUN '94 JUL '94 AUG '94 SEP '94

IF YOU HAVE ALREADY SENT THESE REPORTS, PLEASE DISREGARD THIS NOTICE. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT LARRY SYTH (406) 444-6731, OR DRENDA ELWELL (406) 444-6732.

MONTANA BOARD OF OIL & GAS CONSERVATION
HELENA, MT

Dec 8, 1994

Ms. Holt:

Reports For Oct. 1994 through Oct. 1994
are now late.

State Statutes allows For fines/penalties
For not filing required reports.

We request that all late reports be in
this office (Helena Board of Oil & Gas Office)
by Dec. 20, 1994.

L. Syth

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARK RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

Sherman & Vivian Holt
P.O. Box 1412
Eureka, CA 95502

April 12, 1995

RE: SECOND NOTICE; Certified Mailing
Evaporation Pits(3)
Smith Lease: S7 34N 2W, SENESW

Past surface oil spill-not cleaned up yet.
Smith #1: S7 34N 2W, SESENW

Dear Mr. & Mrs. Holt:

You were contacted in writing 2-2-95 to clean the oil and sludge from pit #1, apply for a pit permit applications for the three pits and perform some surface cleanup around the battery. To date we have not received your pit permit application and when reinspected on 4-10-95 no cleanup had yet taken place. Per board rule 36.22.1227(1), if these pits are not permitted they must be closed and restored according to board specifications. Please perform the necessary cleanup and permit the pits with the board.

Also, surface cleanup of a past oil spill by the Smith #1 well has been neglected. You were contacted long ago to clean this spill up, please do so.

These deficiencies must be corrected no later than 5-15-95 or the matter will be brought before the board of oil & gas for corrective action and a monetary penalty may be assessed.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gary Klotz".

Gary Klotz - Field Inspector

cc:BOGC-Billings, MT

DIVISION OFFICE
509 E. SIXTH AVENUE
PO BOX 202301
HELENA, MONTANA 59620-2301
(406) 444-5475

TECHNICAL AND
SOUTHERN FIELD OFFICE
2535 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102-4693
(406) 456-0045

NORTHERN FIELD OFFICE
P.O. BOX 880
SHELBY, MONTANA 59674-0880
(406) 434-2422

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION

MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION



STATE OF MONTANA



3rd NOTICE

Sherman & Vivian Holt
P.O. Box 1412
Eureka, CA 95502

January 29, 1996

RE: FINAL NOTICE
Smith Lease: S7 34N 2W, SENESW
Unpermitted Evaporation Pits

Smith #1: S7 34N 2W, SESENW
Oil spill around well

*Sent photos to
Jon on 12-12-96
and asked him
to take action.
He asked I send them
one more notice, 3rd*

Dear Mr. & Mrs. Holt:

You were contacted a second time on 4-12-95 to correct the following deficiencies.

- 1.) File pit permit applications for the existing pits or close and restore the pits.
- 2.) Clean the oil/sludge from the primary skim pit.
- 3.) Clean up the oil spill by the Smith #1 well.

When reinspected on 1-26-96 it was found that none of these deficiencies had been corrected or worked on. Please take care of these matters no later than 5-15-96 to avoid action by the Board of Oil & Gas requiring that you appear at a hearing and show cause why you haven't corrected these problems.

Sincerely,

A handwritten signature of Gary Klotz.

Gary Klotz - Field Inspector

cc: S&V Holt: 7062 Crown Pt Rd - Coos Bay, Oregon 97420
BOGC-Billings, MT

DIVISION OFFICE
1520 E. SIXTH AVENUE
PO BOX 202301
HELENA, MONTANA 59620-2301
(406) 444-6675

TECHNICAL AND
SOUTHERN FIELD OFFICE
2535 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102-4693
(406) 656-0040

NORTHERN FIELD OFFICE
P.O. BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA



DATE: September 23, 1996

TO: Jon Hjartarson - Billings BOGC

FROM: Gary Klotz - Shelby BOGC

RE: Past Due Operator Deficiencies - Action needed.

Yellowstone Petroleums-Well ID

Blumberg Lease: S32 35N 3W

George Lease: S8 34N 2W

Thumm Lease: S33 35N 3W

After I have given them multiple deadlines, you gave them a 10-24-95 deadline and they still haven't complied.

Sherman & Vivian Holt-Oil contaminated, unpermitted pits.

Smith Lease: S7 34N 2W

I have sent them my required number of warnings. They have not yet applied for pit permits(3 pits on lease) and they have not cleaned oil from the pit or battery area. Last deadline was 5-15-95.

Hawley Oil/Hydrocarbons-Sludge pits & oil spills

Copley-Haber "C": S9 27N 4W, NENE

Jones "17A" #3: S17 27N 4W, SWNE

Jones "8": S8 27N 4W, SESE

I have given them a final notice deadline of 10-21-96 to correct all problems on these leases. If they have not complied by my deadline I will let you know so you can take action against them.

Hawley's have still not tried to plug & restore surface or reenter and drill the Copley-Haber B4 well in S9 27N 4W, SESWNW. Rig is still sitting on unrestored location, was spudded about 4 years ago.

DIVISION OFFICE
1520 E. SIXTH AVENUE
PO BOX 202301
HELENA, MONTANA 59620-2301
(406) 444-6675

TECHNICAL AND
SOUTHERN FIELD OFFICE
2535 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102-4693
(406) 656-0040

NORTHERN FIELD OFFICE
P.O. BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION

MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA



Sherman & Vivian Holt
P.O. Box 1412
Eureka, CA 95502

April 12, 1995

RE: SECOND NOTICE: Certified Mailing
Evaporation Pits(3)
Smith Lease: S7 34N 2W, SENESW

Past surface oil spill-not cleaned up yet.
Smith #1: S7 34N 2W, SESENW

Dear Mr. & Mrs. Holt:

You were contacted in writing 2-2-95 to clean the oil and sludge from pit #1, apply for a pit permit applications for the three pits and perform some surface cleanup around the battery. To date we have not received your pit permit application and when reinspected on 4-10-95 no cleanup had yet taken place. Per board rule 36.22.1227(1), if these pits are not permitted they must be closed and restored according to board specifications. Please perform the necessary cleanup and permit the pits with the board.

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These deficiencies must be corrected no later than 5-15-95 or the matter will be brought before the board of oil & gas for corrective action and a monetary penalty may be assessed.

Sincerely,

A handwritten signature in cursive script that reads "Gary Klotz".

Gary Klotz - Field Inspector

cc:BOGC-Billings, MT

DIVISION OFFICE
1520 E. SIXTH AVENUE
PO BOX 202301
HELENA, MONTANA 59620-2301
(406) 444-6675

TECHNICAL AND
SOUTHERN FIELD OFFICE
2535 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102-4693
(406) 656-0040

NORTHERN FIELD OFFICE
P.O. BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Sherman Hall

5. Signature (Addressee)

6. Signature (Agent)

I also wish to receive the following services (for an extra fee):

1. ☒ Addressee's Address

2. ☒ Restricted Delivery

Consult postmaster for fee.

4a. Article Number

2202201884

4b. Service Type

☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

4-19-95

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 *U.S. GPO: 1992-323-402

DOMESTIC RETURN RECEIPT

UNITED STATES POSTAL SERVICE

Official Business



PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



Print your name, address and Zip Code here

• Board of Oil & Gas •

PO BOX 690

Shelby MT 59474

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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Consult postmaster for fee.

4a. Article Number

2202201884

4b. Service Type

☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

4-19-95

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 *U.S. GPO: 1992-323-402

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA



Sherman & Vivian Holt
P.O. Box 1412
Eureka, CA 95502

February 2, 1995

RE: Earthen Evaporation Pits
Kevin-Sunburst Field
S7 T34N R2W, SE NE SW
Smith Lease

Dear Mr. & Mrs. Holt:

A recent inspection on 12-14-94 indicates that you operate three interconnected evaporation pits at the above mentioned location. Current rules require that you file for and obtain a permit under ARM 36.22.1227 if you wish to keep and operate the pits. To date we have not received a pit permit application from you for the pits. The pits must be backfilled and restored according to board specifications if you do not apply for and obtain a permit to operate them. Enclosed are some pit permit application forms for your use, please call our office if you have any questions.

When inspected, the first pit was found to contain some waste oil and sludge in the pit bottom and there were some oil contaminated areas around the tank battery. Per rule 36.22.1207(1) waste oil and oil sludge must not be stored or retained in earthen pits. Please take immediate measures to clean the oil/sludge from this pit and clean the oil contaminated areas around the tank battery.

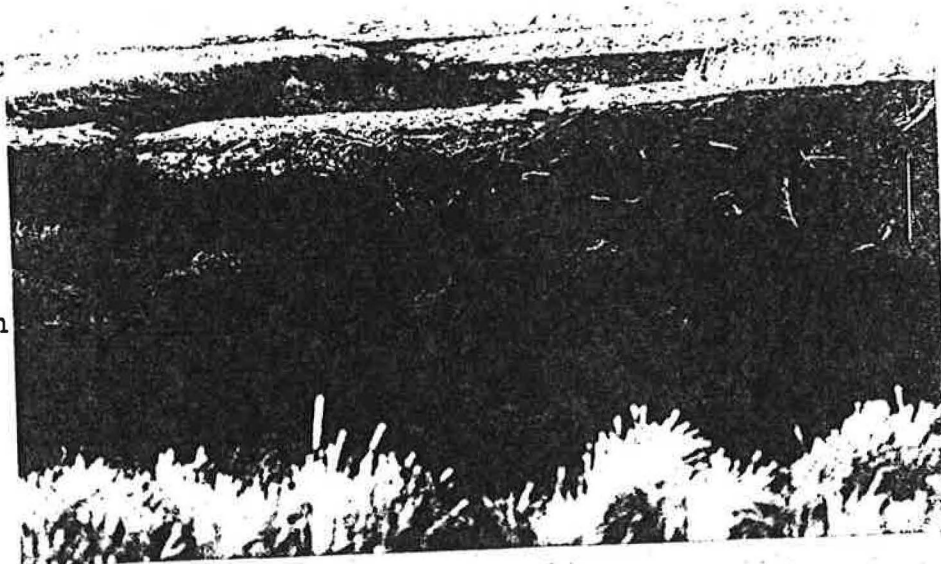
Sincerely,

A handwritten signature in cursive script that reads "Gary Klotz".

Gary Klotz - Field Inspect

cc: BOGC-Billings, MT
Enclosure: Pit Photograph

DIVISION OFFICE
1520 E. SIXTH AVENUE
PO BOX 202301
HELENA, MONTANA 59620-2301
(406) 444-6675



MEMO



TO: Jon
DNRC O&G, Billings

FROM: Steve
Shelby Office

DATE: March 7, 1996

SUBJECT: The following list of addresses for Sherman & Vivian Holt:

1. P.O. Box 1412 1991-1992 yrs.
Eureka, CA 95502
2. 7062 Crown Pt. Rd. 1995 yr.
Coos Bay, Oregon 97420
3. P.O. Box 548 1992 yr.
Coos Bay, Oregon 97420
4. P.O. Box 1638 1991 yr.
Pendleton, Oregon 97801

State of Montana
Dept of Nat Resources
P.O. Box 690
Shelby, Mt. 59474-0690



Oct 25, 1997

Attn: Gary Klotz



Dear Sir:

In receipt of your letter of Oct 21st my knowledge of the problem is null. I was divorced from Sherman in 1990. The 1/2 working interest is still in my name, however, none of the business was ever devolved to me.

I did send you Sherman Halls address in California. I also tried to get someone to sell the equipment to use the money for the Clean up.

I am living on my Social Security of \$477 a month.

If you could advise me on what I could do to solve the problem I would appreciate it.

Closing up the Well site and doing the Clean up with out cost to me

709 I hope you have some suggestions
as I am in the middle of a rock &
hard space.

Thank you for your attention
in this matter.

Sincerely,

Vivian Haet

Vivian Holt
7062 Crown Pt. Rd.
Coos Bay, OR 97420



State of Montana
Dept of Nat. Resources
P.O. Box 690
Shelby, Mt. 5947



P 192 752 239

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Holt
Street & Number	Box 1412
Post Office, State, & ZIP Code	Eureka, California 95502
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

P 192 752 240

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Holt
Street & Number	7062 Crown Pl. Rd
Post Office, State, & ZIP Code	Coos Bay Oregon
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

November 3, 1997

CERTIFIED MAIL P 192 752 239

RETURN RECEIPT REQUESTED

Sherman & Vivian Holt

P. O. Box 1412

Eureka, California 95502

CERTIFIED MAIL P 192 752 240

RETURN RECEIPT REQUESTED

Sherman & Vivian Holt

7062 Crown Pt. Rd.

Coos Bay, Oregon 97420

Re: Surface and pit clean-up on the Smith Lease:
SENESEW Section 7, Township 34 North, Range 2 West
Smith #1 SESENEW Section 7, Township 34 North, Range 2 West

Dear Sherman & Vivian Holt:

The attached deficiency notices point out numerous violations of the Board of Oil and Gas Conservation's (BOGC) Rules. The area field inspector, Gary Klotz has sent several deficiency notices (see attachments). The well remains in violation of the BOGC's rules. These notices state the problems and require immediate clean-up of this site. Mr. Klotz gave a final deadline of a November 11, 1997.

If these locations are not in compliance with the BOGC's rules by November 24, 1997; you will be assessed a \$75.00 per day fine, payable on the first business day of each month at the BOGC's Billings office. The fine will continue until the area field inspector notifies the Billings office that the work is complete.

Please notify an area field inspector when the work is complete. Please contact either Steve Sasaki or Gary Klotz at 406-434-2422. The field inspector will inspect and approve the site and notify the Billings office. If fines are assessed, you may request to be placed on the docket for hearing and come before the BOGC to ask that the fines be reduced or dropped.

If you have any questions, please contact me at (406) 656-0040.

Sincerely,

Thomas Richmond, Administrator
cc: Area field inspectors

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
165 MAIN ST.
PO BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

STATE OF MONTANA

OIL AND GAS CONSERVATION DIVISION



Sherman & Vivian Holt
P.O. Box 1412
Eureka, CA 95502
cc:7062 Crown Pt Rd.
Coos Bay, OR 97420

October 21, 1997

RE: FINAL NOTICE

Smith Lease:S7 34N 2W, SENESW - Evap pits/battery.
Smith #1: SESENW-spill by oil well.

Dear Mr. & Mrs. Holt:

You were contacted 2-2-95 and 4-12-95 to correct deficiencies on this lease. When last inspected in July of 1997 the problems had not yet been worked on. To come into compliance please do the following work 1.)clean the oil/sludge from the first of three evaporation pits, 2.)permit the pits with the board as required by rule 36.22.1227(1) or restore & reclaim the pits, 3.)perform surface cleanup of old spills and tires piled up around the battery, and 4.) cleanup an old surface spill by Smith #1 well.

For your information, the EPA and U.S. Fish & Wildlife Service did a joint inspection of this site in July of 1997 and found it to be a potential hazard to migratory birds. The EPA phoned our office on 10-20-97 and stated they are now considering whether to take action against you(the responsible party) to get the required cleanup done.

Please correct the above mentioned items by 11-20-97 or the matter will referred to the Board of Oil & Gas for corrective action at it's December 18, 1997 hearing.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gary Klotz".

Gary Klotz - Field Inspector

DIVISION OFFICE
1625 ELEVENTH AVE.
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
165 MAIN ST.
PO BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422

LEASE: Fromke

LOCATION: S11 34N 3W, NW NE

COUNTY: Toole (K-S Oil Field)

[illegible]

INSPECTOR

Montana Board of Oil & Gas
165 Main Street
P.O. Box 690
Shelby, MT 59474

Gary Klotz - Field Inspector

Signature: Gary Klotz Date: 10-21-97

OPERATOR'S REPRESENTATIVE
Signature:
Date:



DEPARTMENT OF NATURAL
RESOURCES AND CONSERVATION
OIL AND GAS CONSERVATION DIVISION
STATE OF MONTANA
335 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102-4693

CERTIFIED

P 192 752 PM '97

4 NOV
1997

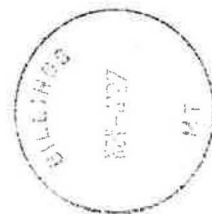
MAIL

RETURNED
TO
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NOT DELIVERABLE
AS ADDRESSED -
UNABLE TO FORWARD

RETURNED
TO
SENDER
NOT DELIVERABLE
AS ADDRESSED -
UNABLE TO FORWARD

Sherman & Vivian Holt
P. O. Box 1412
Eureka, California 95502
[REDACTED]

NOV 07 1997



November 20, 97

JON

State of Montana
Dept of Nat Resources
P.O. Box 690
Shelby, Mt. 59474-0690



Attn: Steven Sasaki

Dear Sir:

In reference to your request of additional information of the location of Sherman Hoet. I went to the library looking in the Humboldt Co. Calif phone book were:

Sherman Hoet 442-2495

and

Sherman & Royie Hoet

441-1165

I don't know the area code but information can give you that.

Also. if you call the Motor Vehicles Dept in Calif (Humboldt Co) they can give you the Street Address. I hope you get results.

Sincerely Vivian Hoet

P.S.

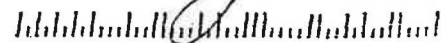
Sherman + I have the Cert
of performance with Shelby Banks
I get 1/2 the interest on it + Sherma
gets half mailed to him. I
bet if you talk to Byron he
could give you that mailing
address.

Thank again

Vivian Holt
7062 Crown Pt. Rd.
Coos Bay, OR 97420



State of Montana
Board of C & S.
P.O. Box 690
Shelby, Mt. 3



DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

February 17, 1998

Sherman & Vivian Holt
P. O. Box 1412
Eureka, California 95502

Sherman & Vivian Holt
7062 Crown Pt. Rd.
Coos Bay, Oregon 97420

Re: Surface and pit clean-up on the Smith Lease:
SENESEW Section 7, Township 34 North, Range 2 West
Smith #1 SESENEW Section 7, Township 34 North, Range 2 West

Dear Sherman & Vivian Holt:

Attached is a copy of a certified letter which was sent November 3, 1997. The letter points out numerous violations of the Board of Oil and Gas Conservation's (BOGC) Rules. The area field inspector, Gary Klotz has sent several deficiency notices. These notices stated the problems and required immediate clean-up of this site.

These locations were not in compliance with the BOGC's rules by the deadline--November 24. You are being assessed a \$75.00 per day fine, payable on the first business day of each month at the BOGC's Billings office. The fine will continue until the area field inspector notifies the Billings office that the work is complete. To date, your fine is as follows:

November 24 to November 30, 6 days @ 75.00/day =	\$ 450.00
December 1 to December 31, 31 days @ 75.00/day =	\$ 2,325.00
January 1 to January 31, 31 days @ 75.00/day =	\$ 2,325.00
February 1 to February 18, 18 days @ 75.00/day =	\$ 2,325.00
	<u>\$ 6,450.00</u>

Please notify an area field inspector when the work is complete. Please contact either Steve Sasaki or Gary Klotz at 406-434-2422. The field inspector will inspect and approve the site and notify the Billings office. Since fines have been assessed, you may request to be placed on the docket for hearing and come before the BOGC to ask that the fines be reduced or dropped.

If you have any questions, please contact me at (406) 656-0040.

Sincerely,

Jon Hjartarson, Chief Field Inspector

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION



MARC RACICOT, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

November 3, 1997

CERTIFIED MAIL P 192 752 239

RETURN RECEIPT REQUESTED

Sherman & Vivian Holt

P. O. Box 1412

Eureka, California 95502

CERTIFIED MAIL P 192 752 240

RETURN RECEIPT REQUESTED

Sherman & Vivian Holt

7062 Crown Pt. Rd.

Coos Bay, Oregon 97420

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Smith #1 SESENEW Section 7, Township 34 North, Range 2 West

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If you have any questions, please contact me at (406) 656-0040.

Sincerely,

COPY

Thomas Richmond, Administrator
cc: Area field inspectors

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PO BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422

Feb 25, 1998

Dept of Natural Resources
State of Montana
P.O. Box 690
Shelby, Mt. 59474-0690
attn: Jon Hartarson
Chief Field Inspector



Ref: ltr dated 2/17/98

Dear Sir

I received your notice, which I understand that I am legally responsible for the fines charged. However, I have my name on 1/2 ownership of the 2/3rd working interest of the Smith lease.

Mr. Doet + I were divorced in 91 and he took full control of the oil lease. I have written several times answering one of your letters, telling my position. I am 70 yrs old, on social security only. I do not have any assets, on the other hand, it is my understanding that Sherman has a business in Eureka Co. & owns property too.

I hope you will be able to collect and/or have the clean up done.

2)

If I had any input into the case
the work would have been done long
ago.

Mr. Hoet is putting his head into
the sand, hoping everything will
just disappear in time.

If I can do anything to help
please contact me.

Thank you

Regards

Vivian Holt

