STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
MINUTES OF THE
BOARD OF OIL AND GAS CONSERVATION MEETING AND PUBLIC HEARING
December 12 & 13, 2012

CALL TO ORDER

The regular business meeting of the Montana Board of Oil and Gas Conservation was called to order by Chairman Linda Nelson at 2:00 p.m., Wednesday, December 12, 2012 at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. Board members present were Chairman Nelson, Don Bradshaw, Ronald S. Efta, Jay Gunderson, Jack King and Bret Smelser. Staff present was attorney Clyde Peterson, Jim Halvorson, George Hudak, Terri Perrigo, Tom Richmond and Steve Sasaki.

APPROVAL OF MINUTES

A motion was made by Mr. Gunderson, seconded by Mr. Smelser and unanimously passed, to approve the minutes of the October 10, 2012 business meeting.

PUBLIC COMMENT

Ms. Elaine Clark, a mineral owner from Froid who is currently involved in lease negotiations, was present. She is trying to understand what a company has to do to force pool someone. Can the company just say here is a lease, take it or leave it, and if the mineral owner doesn't take it then they are force pooled? Mr. King said there are two major categories of owners in pooling.

1) unleased mineral owners, which is where the company drilling the well is supposed to send them a proposal which includes well detail, the cost of drilling the well and a lease offer. The unleased mineral owner then has 30 days to respond to the lease offer or agree to participate. If they do not agree to participate they are put in a non-consent position. Non consent means they did not choose to lease or join. If someone goes non-consent and is force pooled, the company gets 100 percent of their costs back plus a 200 percent penalty; and 2) working interest owners, who are lessees, comprise the second category of owners who face potential forced pooling penalties when they choose not participate or do not respond to the offer to participate.

Ms. Clark said she called the company trying to lease her minerals and said she would lease if they gave her more desirable terms. The company said no. Mr. Smelser asked what the more desirable terms she wanted were. Ms. Clark said she wanted vertical and horizontal Pugh clauses and the company wouldn't agree to that.

Mr. King said sometimes companies negotiate the lease offer they have made, sometimes they don't. Ms. Clark asked if the Board ever considered watching out for both interests. She thinks that would be a good idea. Mr. King said he does not think the Board should do that. Mr. Peterson said a lease is a

legal agreement that is a private contract between two parties. The Board has no jurisdiction in private contracts and cannot get involved.

Chairman Nelson suggested Ms. Clark join the NE Montana Land & Mineral Owners Association (NEMLMOA), as they can help answer her questions.

MT TECH – ELM COULEE EOR STUDY UPDATE

Leo Heath, John Evans and David Reichhardt were present from MT Tech. Mr. Evans distributed Exhibit 1 which is a copy of his power point presentation. The primary EOR study is a three-year project followed by two years of additional studies. The first year of the project is now complete and MT Tech is on target with both the timeline and the budget. There have been 12 MT Tech faculty and students involved in the project, and there are seven operating companies that are assisting.

Mr. King asked if they are far enough along in the project to have any idea of what would be the best thing to put into the ground for secondary recovery. Mr. Reichhardt said they looked at water initially, but the formation is too tight and water won't work. Mr. Heath said they do not have a preconceived notion that anything will work. They think miscible gasses are the best, but they just don't know. It will likely be the third quarter of 2013 before they will have done enough work with the simulator to know. If miscible gasses do not work, their task will be to look outside the box and see what other fluids could work. Mr. Smelser asked about the huff and puff CO2 injection project that was done, and wondered if information from that project is available for this study. Mr. Evans said they have spoken with operators involved in the project and they said they will make the information available to the Elm Coulee EOR study. There is also a huff and puff project in North Dakota and those operators say they will give them the results also.

Mr. King asked if they have looked at air injection, fireflood, etc; and asked if they have some idea of what will NOT work. Mr. Heath said water probably will not work. They may look at thermal or other kinds of solvents, i.e. propane, butane. But they haven't really put together a list of other possibilities. They are focusing on CO2 and natural gas first.

Continuation of Field Inspection Manual project

Janet Cornish from Community Development Services of Montana in Butte was also present. She was the selected responder to MT Tech's RFP for a technical writing expert to prepare the Procedures Manual for the Board of Oil & Gas. MT Tech petroleum engineering department will do work to develop the manual with the help of subcontractor Ms. Cornish. Her proposal and the cost of the project are attached as Exhibit 2. They will need involvement and assistance from the board and staff. Anticipated start date for the project is January 2013, and it will be completed in July 2013. The cost of the project is $32,699.

FORCE POOLING COMMITTEE UPDATE

Mr. Efta discussed the Memo and Proposed Guidelines prepared by Attorney Brent Chicken (Exhibit 3). Mr. Efta likes the Colorado provision where they won't force pool when an affected mineral owner protests until the COGCC has evidence that the unleased owner was tendered a reasonable offer to lease, with terms no less favorable than those currently prevailing in the area at the time of application. Mr. Efta thinks companies use the threat of force pooling to make people sign less than favorable leases. He believes it mainly happens to people that do not live here in Montana, and that the threat of force pooling is actively used by lease agents trying to put together prospects.

Mr. Efta said before force pooling an unleased mineral owner, North Dakota rules provide that the risk penalty may only be imposed if the applicant first provides the owner, in writing via mail requiring a receipt signature, both an invitation to participate in the well and a good faith offer to lease. He thinks this is a feature Montana should look at.

In Utah they can extend the pooling action, upon request of a non-consenting owner, to allow the parties to continue negotiations. Mr. Efta thinks the Board may also want to consider that in the guidelines.

Mr. Efta reminded the Board that its attorney, Mr. Peterson, said the Board has a lot of discretion prior to issuing a pooling order. Most of the discretion is in regard to whether a good faith effort was made to voluntarily pool. Prior to issuing a pooling order, the Board could require additional items from the applicant or could extend the time before the pooling order is issued. But once the Board issues the pooling order and authorizes recovery of risk penalties, the statutory penalty requirements that are established cannot be modified or waived by the Board.

Mr. Efta likes North Dakota's 50 percent risk penalty. The Board could get someone to carry a bill in this Legislature to reduce Montana's risk penalties. Mr. Richmond said Representative Austin Knudsen from Culbertson already has a bill draft in to generally revise laws regarding oil and gas pooling. Mr. Smelser said he spoke with Representative Knudsen recently and he believes he would be open to such a suggestion from the Board.

Mr. Peterson suggested that whatever the Board does, it needs to recognize there will be pressure from all sides. The Board has gotten off to a good start and has had some good discussions. But the Board needs to decide what it wants to do. Does it want to try and get legislative changes made, or does it want to incorporate guidelines that will work within the present framework.

Mr. Chicken agrees with Mr. Peterson that all sides will be interested and should be involved before bringing proposed guidelines back to the Board.

Chairman Nelson and Mr. King suggested the guidelines group get together again, get input from all sides, and bring proposed guidelines back to the next meeting.

Mr. Efta said he would be glad to draft proposed guidelines for discussion at the February 2013 business meeting, and he will gather input from industry and the land and mineral owner associations

Attorney John Lee volunteered to be part of guidelines group. He said risk is the one thing that has not changed since risk penalties were put in statute. Bakken wells are not a sure thing. Risk is; and with risk goes reward. Companies should be rewarded for risking their capital. Mineral owners want no risk and all the reward. Mr. Lee said there has been prior discussion about companies ferreting out what has been paid to mineral owners in adjacent townships/ranges in order to make sure they are tendering a reasonable offer. That is ludicrous. There is no way to get that information. He does not believe the Board should be involved except to say if a fair offer has been made. He believes the Board already has guidelines – statute, and the penalties are there for a purpose.

Attorney Brent Chicken agreed with Mr. Lee. He said if the Board does have something in its guidelines about comparing offers for reasonableness, the compared offers must be from the same company. He said from a company and mineral owner standpoint it is important to have predictability in how the Board approaches pooling. Absent legislative changes, the Board is stuck with the existing statutes regarding penalties, but has discretion in how and when to issue its pooling orders. Current statute says a good faith effort must be made to voluntarily pool all interests. He believes companies do make good faith efforts, but understands the concerns of the Board especially in regard to unlocatable owners. But the answer has to be somewhere in between sending out a letter that never comes back and hiring a private investigator. And it should not be the burden of those wanting to develop the resources to go above and beyond what the law requires to make sure everyone else's interests are protected. At some point it is about education.

Mr. Chicken also reminded the Board that pooling is not a taking, and that has been upheld by the courts in almost every state. Pooling modifies common property rights. A pooling order combines all interests in a commonly held property so that the resource(s) can be developed. Without a pooling mechanism in place, one party bears all the costs. A company needs to be able to pool and modify the common property rights, or they will end up in a situation where the risk-taking owner cannot recover costs from other owners who are benefitting from their efforts.

Dennis Trudell, president of NEMLMOA was present and volunteered to be part of the guidelines group. He read Mr. Chicken's memo (Exhibit 3). He sees concerns similar to what Ms. Clark brought up today more and more often. If mineral owners do not lease – for whatever reason – they get a letter sent to them saying send in your money or lease, or you will be force-pooled. Oftentimes the lease offer is unreasonable and the mineral owner does not understand force pooling and risk penalties.

Mr. Trudell thinks a lot of people are pushed into unfavorable leases because it costs approximately $8000 per acre to participate in a well and that is prohibitive for most people. He gets calls about this all the time. People are given a very short time frame to decide to participate or lease. And when they can't ante up participation costs they are forced into unfavorable lease terms to avoid being force pooled and paying 200 percent penalties.

Mr. Trudell also said the reasonableness of an offer is dependent on the time frame in which it is offered. Lease offers change regularly. What was paid to a neighbor for their lease two months ago may no longer be what is being offered to other neighbors—for a variety of reasons. Any guidelines put into place by the Board would have to have some way to gauge the reasonableness of an offer within the time frame it was made.

Mr. Trudell also said he thinks the Board would have to look further than the spacing unit itself or the one next door to determine reasonableness of an offer.

Mr. Trudell agrees with Mr. Efta that the risk penalty should be 50 percent like North Dakota. With the Bakken so successful there are not as many non-commercial drilling ventures as there used to be when the 200 percent penalties were put into statute.

Mr. Bradshaw said he has been on the Board eight years and does not think the Bakken is without risk. In the first year or two, an Elm Coulee Bakken well meant a good return on investment – sometimes 3:1 or even 4:1. But in the last four years he has seen more and more Bakken wells that are at 1:1. He does not agree Bakken wells are without risk.

Attorney Don Lee said Toole, Glacier, Pondera, and Teton counties all have Bakken plays going on and they are extremely high risk. If the Board does something that will help the Eastern counties, it may have an adverse effect on counties in the Northern part of the state. His clients make a very diligent effort to find mineral owners, more than the statutory minimum requirements. He also agrees with John Lee, that companies who risk their capital should be rewarded.

Ms. Ann Ostby from Dagmar, Montana, says North Dakota laws appear to recognize the imbalance of power between an individual mineral owner negotiating with a company versus an oil company negotiating with another oil company. There is a presumption that oil companies negotiating with each other understand what is happening. An individual negotiating with an oil company may be disadvantaged because the individual may not understand everything that is happening or could happen. She thinks Montana needs to keep this in mind also as it moves forward on the force-pooling guidelines and possibly legislation.

Former Senator Larry Tveit was present. He has been in the oil business for over 40 years and he does not think the Board should be involved in leasing. He also thinks a lot of people do just like Ms. Clark did, and wait until the last minute to ask questions about force pooling. Usually it is the brokers, not the oil companies, who make the force pooling threats. If mineral owners have questions they should start early and go to a land and mineral owners association – not the Board of Oil and Gas. The Board should not start negotiating leases or telling companies what is reasonable and not reasonable.

Mr. King said he appreciates the work done by Mr. Chicken and Mr. Efta. He also appreciates the input provided by Mr. Trudell, Mr. Tveit, John Lee, Don Lee and Ms. Ostby. In regard to risk, he said until Montana got into the Bakken there was a lot of risk associated with drilling wells. That is where the 200 percent penalty came in. Things were very risky.

Mr. King said force pooling in this part of the United States is very different than in Oklahoma and Texas. Many mineral owners in those states don't worry about leasing. The oil and gas commissions will determine what the lease terms and penalties are. The commissions have fulltime staff of 100-200 people who do nothing else all day. To have this Board get into the terms of leasing, i.e. what is fair and not, would take a lot of management and a lot more staff. If someone does not like the lease offer made by one company, they do not have to lease with them. There are probably other companies that would be interested in leasing their minerals. So if someone thinks they can get better terms, they need to contact other companies and say here is what I want. Probably someone will take it. There is always competition, so there is some equalization. He suggested Ms. Clark contact other companies about leasing her minerals.

Mr. King also reminded the Board that North Dakota's production is principally the Williston Basin. Any force pooling guidelines would have to recognize that there are a lot of different basins in Montana and one set of guidelines may not work for all.

Mr. Richmond thinks what everyone is trying to avoid is someone being told, " if you don't do what I tell you to do you will be punished." In other words, if you don't lease on my terms you will be force pooled. Mr. Richmond thinks most force pooling has been addressed at working interest owners – not mineral owners. If companies made lease offers that were the average of royalties paid in a spacing unit, it would take a lot of the pain in force pooling away because people would lease.

Chairman Nelson said the unlocatable mineral owner trust statutes are not under the Board's jurisdiction. She asked if that would hamper the Board from requiring they be established for unlocatable mineral owners. Mr. Efta said no. Companies have to create one anyway when they have a commercial well. They cannot hold the royalties in suspense.

DECISION: Mr. Efta will be in touch with Mr. John Lee, Mr. Brent Chicken and Mr. Dennis Trudell and start working on draft guidelines to be discussed at the February 2013 business meeting.

DECISION: Suggestion made to NEMLMOA that they contact Representative Austin Knutsen regarding changes to the penalty.

FINANCIAL REPORT

Ms. Perrigo distributed and discussed the financial report, attached as Exhibit 4.

BOND SUMMARY

Mr. Halvorson distributed and discussed the bond summary, attached as Exhibit 5.

DOCKET SUMMARY

Mr. Halvorson distributed and discussed the summary of all applications (Exhibit 6), the list of all applications (Exhibit 7) applications to hear (Exhibit 8) and the Default Docket list (Exhibit 9).

STAFF REPORTS

Mr. Sasaki distributed a letter from Jeannie Rosseland regarding Native American Energy Group, which is attached as Exhibit 10. The Board did not take any action as this is a private contractual matter between Ms. Rosseland and Native American Energy Group.

Mr. Sasaki distributed Exhibit 11, a summary of grant activity. He said applications for 2013 grants have been submitted, but the Board's two were put at the bottom of the priority list. Mr. Richmond said years ago the Board proposed a plugging account comprised of RIT funds. That was not approved, but instead the Board got up to $50,000 per biennium put into the damage mitigation account and statutory authorization for two priority grants of $300,000 per biennium from the Reclamation and Development Grant program. This year, the Governor's budget office moved the Board of Oil & Gas priority grants to the bottom of the list. He does not know how this will work out – as statute will need to be changed. He does think it is appropriate to tell the Chairman of the Long Range Planning Committee the move to the bottom of the list violates statute.

Mr. Richmond said he will be drafting a response to the Legislative Audit Committee. He will tell them the Board funded the continuation of the field inspection manual project at this meeting. There was also a new FTE – a compliance and enforcement officer – that was part of the response. That FTE was thrown into a "Bakken Boom" bill proposed by the Schweitzer administration. Mr. Richmond does not know what has happened to that bill. He thinks there may need to be an amendment to put that FTE in our regular budget.

Mr. Richmond has heard there is an effort to give the Board its $12 million back from last session to fund grants to oil impacted areas. Mr. Smelser said he heard the $12 million will be added to federal mineral royalty funds to develop an oil and gas impact board.

Chairman Nelson said attorney Clyde Peterson is retiring at the end of December. She asked the Board if it would be interested in retaining Mr. Peterson as contracted counsel. Mr. King thinks the Board should try to get Mr. Peterson to be its attorney based on his institutional knowledge and expertise. Mr. Peterson said it would be hard to convince Agency Legal Services Review Committee (in the Governor's office) that the Attorney General's office (agency legal services bureau) does not have anyone available to take his place. Besides, Mr. Peterson would not be able to return to employment for at least six months.

MOTION: Pursue with Agency Legal Services Review Committee contracting with Mr. Peterson for Board legal services starting in fiscal year 2014. The motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed.

Ms. Perrigo handed out the proposed schedule for 2013, which was originally distributed for Board member and staff review in October. There were no changes made.

MOTION: Adopt 2013 schedule as proposed. The motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed.

With no further business, the meeting adjourned at 4:45

PUBLIC HEARING.

The Board reconvened on Thursday, December 13, 2012 at 8:00 a.m. at the Board's hearing room at its office at the 2535 St. Johns Avenue in Billings Montana, to hear the matters docketed for public hearing. As a result of the discussion, testimony and technical data placed before the Board, the following action was taken in each matter.

Docket No. 611-2012 – A motion was made by Mr. King, seconded by Mr. Bradshaw and unanimously passed, to approve the application of TAQA North USA, Inc. as set forth in Board Order 532-2012.

Docket No. 612-2012 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of TAQA North USA, Inc. as set forth in Board Order 533-2012.

Docket No. 613-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Smelser and unanimously passed, to approve the application of TAQA North USA, Inc. as set forth in Board Order 534-2012.

Dockets No. 614-2012 and 615-2012 – The applications of Fidelity Exploration & Production Company were continued to the February 2013 hearing.

Docket No. 616-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 535-2012.

Docket No. 617-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 536-2012.

Docket No. 618-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Eta and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 537-2012.

Docket No. 619-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Efta and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 538-2012.

Docket No. 620-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Gunderson and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 539-2012.

Docket No. 621-2012 – A motion was made by Mr. Efta, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 540-2012.

Docket No. 622-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Efta and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 541-2012.

Docket No. 623-2012 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Fidelity Exploration & Production Company as set forth in Board Order 542-2012.

Dockets 624-2012 through 632-2012 – The applications of Fidelity Exploration & Production Company were continued to the February 2013 hearing.

Docket No. 633-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Fidelity Exploration & Production Company was approved as set forth in Board Order 629-2012.

Dockets No. 634-2012 through 643-2012 – The applications of Fidelity Exploration & Production Co. were continued to the February 2013 hearing.

Docket No. 644-2012 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Anschutz Exploration Corporation as set forth in Board Order 543-2012.

Docket No. 645-2012 & 3-2013 FED – A motion was made by Mr. Bradshaw, seconded by Mr. Gunderson and unanimously passed, to approve the application of Anshcutz Exploration Corporation as set forth in Board Order 544-2012.

Docket 646-2012 – The application of Anadarko Minerals, Inc. was continued to the February 2013 hearing.

Docket No. 647-2012 & 4-2013 FED – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Samson Resources Company as set forth in Board Order 626-2012.

Docket No. 648-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 630-2012.

Docket No. 649-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 631-2012.

Docket No. 650-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 632-2012.

Docket No. 651-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 633-2012.

Docket No. 652-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 634-2012.

Docket No. 653-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 635-2012.

Docket No. 654-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 636-2012.

Docket No. 655-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 637-2012.

Docket No. 656-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Whiting Oil and Gas Corporation was approved as set forth in Board Order 638-2012.

Docket No. 657-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Smelser and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 545-2012.

Docket No. 658-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Smelser and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 546-2012.

Docket No. 659-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Smelser and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 547-2012.

Docket No. 660-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 548-2012.

Docket No. 661-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 549-2012.

Docket No. 662-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 550-2012.

Docket No. 663-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 551-2012.

Docket No. 664-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 552-2012.

Docket No. 665-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 553-2012.

Docket No. 666-2012 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 554-2012.

Docket No. 667-2012 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 555-2012.

Docket No. 668-2012 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 556-2012.

Docket No. 669-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 557-2012.

Docket No. 670-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 558-2012.

Docket No. 671-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 559-2012.

Docket No. 672-2012 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 560-2012.

Docket No. 673-2012 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 561-2012.

Docket No. 674-2012 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 562-2012.

Docket No. 675-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 563-2012.

Docket No. 676-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 564-2012.

Docket No. 677-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 565-2012.

Docket No. 678-2012 – A motion was made by Mr. King, seconded by Mr. Gunderson and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 566-2012.

Docket No. 679-2012 – A motion was made by Mr. King, seconded by Mr. Gunderson and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 567-2012.

Docket No. 680-2012 – A motion was made by Mr. King, seconded by Mr. Gunderson and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 568-2012.

Docket No. 681-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 569-2012.

Docket No. 682-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 570-2012.

Docket No. 683-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. King and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 571-2012.

Docket No. 684-2012– The application of Whiting Oil and Gas Corporation was continued to the February 2013 hearing.

Docket No. 685-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Efta and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 572-2012.

Docket No. 686-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Gunderson and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 573-2012.

Docket No. 687-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Gunderson and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 574-2012.

Docket No. 688-2012 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 575-2012.

Docket No. 689-2012 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 576-2012.

Docket No. 690-2012 – A motion was made by Mr. Efta, seconded by Mr. Gunderson and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 577-2012.

Docket No. 691-2012 – A motion was made by Mr. Efta, seconded by Mr. Gunderson and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 578-2012.

Docket No. 692-2012– The application of Slawson Exploration Company was continued to the February 2013 hearing.

Docket No. 693-2012– The application of Slawson Exploration Company was continued to the February 2013 hearing.

Docket No. 694-2012 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 579-2012.

Docket No. 695-2012 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 558-2012.

Docket No. 696-2012– The application of Slawson Exploration Company was continued to the February 2013 hearing.

Docket No. 697-2012– The application of Slawson Exploration Company was continued to the February 2013 hearing.

Docket No. 698-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Smelser and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 581-2012.

Docket No. 699-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Smelser and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 582-2012.

Docket No. 700-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 583-2012.

Docket No. 701-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 584-2012.

Docket No. 702-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Slawson Exploration Company was approved as set forth in Board Order 639-2012.

Docket No. 703-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 585-2012. Mr. King recused himself.

Docket No. 704-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 586-2012. Mr. King recused himself.

Docket No. 705-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Slawson Exploration Company was approved as set forth in Board Order 640-2012.

Docket No. 706-2012 – A motion was made by Mr. King, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 587-2012.

Docket No. 707-2012 – A motion was made by Mr. King, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 588-2012.

Docket No. 708-2012 – A motion was made by Mr. King, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 589-2012.

Docket No. 709-2012– The application of Slawson Exploration Company was continued to the February 2013 hearing.

Docket No. 710-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Slawson Exploration Company as set forth in Board Order 590-2012.

Docket No. 711-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Apache Western Exploration LLC was approved as set forth in Board Order 641-2012.

Docket No. 712-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Apache Western Exploration LLC was approved as set forth in Board Order 642-2012.

Docket No. 713-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Apache Western Exploration LLC was approved as set forth in Board Order 643-2012.

Docket No. 714-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Apache Western Exploration LLC was approved as set forth in Board Order 644-2012.

Docket No. 715-2012– The application of Apache Western Exploration LLC was continued to the February 2013 hearing.

Docket No. 716-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Apache Western Exploration LLC was approved as set forth in Board Order 645-2012.

Docket No. 717-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 646-2012.

Docket No. 718-2012 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Continental Resources, Inc. as set forth in Board Order 591-2012.

Docket No. 719-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 647-2012.

Docket No. 720-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 648-2012.

Docket No. 721-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 649-2012.

Docket No. 722-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 650-2012.

Docket No. 723-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 651-2012.

Docket No. 724-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 652-2012.

Docket No. 725-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Continental Resources, Inc. was approved as set forth in Board Order 653-2012.

Docket No. 726-2012 – No motion was made on the application of Spoklie Family LLC. The application was denied as set forth in Board Order 592-2012.

Docket No. 727-2012 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 593-2012.

Docket No. 728-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Efta and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 594-2012.

Docket No. 729-2012 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 595-2012.

Docket No. 730-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 596-2012. Mr. King recused himself.

Docket No. 731-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 597-2012. Mr. King recused himself.

Docket No. 732-2012 – A motion was made by Mr. Efta, seconded by Mr. Gunderson and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 598-2012. Mr. King recused himself.

Docket No. 733-2012 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 599-2012.

Docket No. 734-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 600-2012.

Docket No. 735-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Bradshaw and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 601-2012.

Docket No. 736-2012– The application of Oasis Petroleum, Inc. was continued to the February 2013 hearing.

Docket No. 737-2012– The application of Oasis Petroleum, Inc. was continued to the February 2013 hearing.

Docket No. 738-2012– The application of Oasis Petroleum, Inc. was continued to the February 2013 hearing.

Docket No. 739-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 602-2012.

Docket No. 740-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 603-2012.

Docket No. 741-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 604-2012.

Docket No. 742-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 605-2012.

Docket No. 743-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 606-2012.

Docket No. 744-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 607-2012.

Docket No. 745-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 608-2012.

Docket No. 746-2012– The application of Oasis Petroleum, Inc. was continued to the February 2013 hearing.

Docket No. 747-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Oasis Petroleum, Inc. as set forth in Board Order 609-2012.

Docket No. 748-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Petro-Hunt, L.L.C. was approved as set forth in Board Order 654-2012.

Docket No. 749-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Charger Resources, LLC was approved as set forth in Board Order 655-2012.

Docket No. 750-2012– The application of Sands Oil Company was continued to the February 2013 hearing.

Docket No. 751-2012– The application of Sands Oil Company was continued to the February 2013 hearing.

Docket No. 752-2012 – A motion was made by Mr. Gunderson, seconded by Mr. King and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 610-2012.

Docket No. 753-2012 – A motion was made by Mr. Smelser, seconded by Mr. Efta and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 611-2012.

Docket No. 754-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Gunderson and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 612-2012. Mr. King recused himself.

Docket No. 755-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Smelser and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 613-2012. Mr. King recused himself.

Docket No. 756-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 614-2012. Mr. King recused himself.

Docket No. 757-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. King and unanimously passed, to approve the application of XTO Energy Inc. as set forth in Board Order 615-2012.

Docket No. 758-2012– The application of Brigham Oil & Gas, LP was continued to the February 2013 hearing.

Docket No. 759-2012– The application of Brigham Oil & Gas, LP was continued to the February 2013 hearing.

Docket No. 760-2012– The application of Brigham Oil & Gas, LP was continued to the February 2013 hearing.

Docket No. 761-2012– The application of Brigham Oil & Gas, LP was continued to the February 2013 hearing.

Docket No. 762-2012– The application of Brigham Oil & Gas, LP was continued to the February 2013 hearing.

Docket No. 763-2012– The application of Brigham Oil & Gas, LP was continued to the February 2013 hearing.

Docket No. 299-2012– The application of Central Montana Resources LLC was withdrawn.

Docket No. 155-2012 – A motion was made by Mr. Smelser, seconded by Mr. King and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 616-2012.

Docket No. 156-2012 – A motion was made by Mr. Gunderson, seconded by Mr. Smelser and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 619-2012.

Docket No. 356-2012– The application of EOG Resources, Inc. was continued to the February 2013 hearing.

Docket No. 415-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Gunderson and unanimously passed, to approve the application of Samson Resources Company as set forth in Board Order 622-2012.

Docket No. 416-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Smelser and unanimously passed, to approve the application of Samson Resources Company as set forth in Board Order 623-2012.

Docket No. 417-2012 & 38-2012 FED – A motion was made by Mr. Gunderson, seconded by Mr. Smelser and unanimously passed, to approve the application of Samson Resources Company as set forth in Board Order 624-2012. Mr. King recused himself.

Docket No. 418-2012 & 39-2012 FED – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Samson Resources Company as set forth in Board Order 625-2012. Mr. King recused himself.

Docket No. 442-2012– The application of Continental Resources, Inc. was continued to the February 2013 hearing.

Docket No. 444-2012– The application of Continental Resources, Inc. was continued to the February 2013 hearing.

Docket No. 476-2012– The application of Oasis Petroleum, Inc. was continued to the February 2013 hearing.

Docket No. 499-2012– The application of Anadarko Minerals, Inc. was continued to the February 2013 hearing.

Docket No. 500-2012– The application of Anadarko Minerals, Inc. was continued to the February 2013 hearing.

Docket No. 502-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of Chaco Energy Company as set forth in Board Order 627-2012.

Docket No. 546-2012 – A motion was made by Mr. Smelser, seconded by Mr. Gunderson and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 620-2012.

Docket No. 547-2012 – A motion was made by Mr. Bradshaw, seconded by Mr. Gunderson and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 621-2012.

Docket No. 548-2012 – A motion was made by Mr. Smelser , seconded by Mr. Bradshaw and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 617-2012.

Docket No. 549-2012 – A motion was made by Mr. Smelser, seconded by Mr. Bradshaw and unanimously passed, to approve the application of EOG Resources, Inc. as set forth in Board Order 618-2012.

Docket No. 570-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Slawson Exploration Company, Inc. was approved as set forth in Board Order 656-2012.

Docket No. 572-2012 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of Slawson Exploration Company, Inc. was approved as set forth in Board Order 657-2012.

Docket No. 606-2012 – A motion was made by Mr. King, seconded by Mr. Gunderson and unanimously passed, to approve the application of Vess Oil Corporation as set forth in Board Order 628-2012.

Docket No. 764-2012– The show-cause hearing of C.W. Shay was dismissed

NEXT MEETING

The next business meeting of the Board will be Wednesday, February 13, 2013 at 2:00 p.m. at 2535 St. Johns Avenue in Billings, Montana. The next regular public hearing will be Thursday, February 14, 2013, beginning at 8:00 a.m. at 2535 St. Johns Avenue in Billings, Montana. The filing deadline for the February 14, 2013, public hearing is January 17, 2013.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman
Wayne Smith, Vice-Chairman
Don Bradshaw
Ronald S. Efta
Jay Gunderson
Jack King
Bret Smelser

ATTEST:

Terri H. Perrigo, Executive Secretary