

DEPARTMENT OF NATURAL RESOURCES

Enforcement and Compliance Report

Fiscal Years 2001, 2002, 2003

Presented to the Environmental Quality Council
Agency Oversight Subcommittee
March 9, 2004

DNRC Programs that reported to EQC under 75-1-314, MCA and the precursor 1995-1996 EQC Compliance and Enforcement interim study.

DNRC Program	1995-96 interim study	FY 1997 & 1998 for March 1999 report	FY 1999 & 2000 for September 2000 report	FY 2001, 2002, & 2003 for March 9, 2004 report
Conservation District Program	X (nonregulatory)			
Grazing District Program	X (deminimus regulation)			
Service Forestry HRA, SMZ, BMP	X	X	X	X
Fire and Aviation Program	X (fire permits, HRA-- see above)			
Oil and Gas Conservation	X	X	X	X
Board of Water Well Contractors Program	X	X		X
Dam Safety Program	X	X	X	X
Floodplain Management Program	X			X
Water Measurement Program	X	X	X	X
Water Rights Program	X	X	X	

Service Forestry Program - HB132 Compliance Report 2004

I. Promoting Compliance:

a. Information/Education:

- i. BMP literature: Law requires the state to provide BMP information to people applying for a Hazard Reduction Agreement (HRA). The packet of information sent includes the newly revised Montana BMP publication, SMZ law and management guide, and timber harvest, stream crossings and other information.
- ii. BMP audits: The Service Forestry Bureau of the Forestry Division of DNRC conducts audits every other year on the applicability, application, and effectiveness of Best Management Practices in Montana. The 2002 audits collected information on 43 harvested sites throughout the state. The audit effort evaluates how well BMPs are being applied and how effective they are at protecting soil and water resources. The results are published and approximately fifteen hundred copies will be distributed. Besides the results providing education information, the process itself provides a direct on the ground educational opportunity. 50-60 audit team members from many backgrounds and interests become intimately familiar with how BMPs are applied on the ground. Moreover, landowners, agency professionals, loggers and others are encouraged to attend field audits to learn more about BMPs, when and how to properly apply them. The audits are a biennial effort. Results of the 2002 Audits are published in the 2002 Forestry BMP Audit Report.
- iii. Other workshops/training: Every year DNRC partners with the Montana Logging Association (MLA) to train logging professionals, forest landowners, and others about BMPs and SMZs. In 2003, seven such workshops were provided. DNRC provides annual in-house training to achieve consistent legal interpretation and enforcement of regulations statewide.
- iv. NIPF landowners received broad natural resources education through the forest Stewardship program. Landowners learn about state law as part of this curriculum. This USFS program is administered by DNRC and taught through MSU Extension Service. In fiscal year 2001 there were four workshops with 88 participants. In fiscal year 2002 there were five workshops and 83 participants. In fiscal year 2003 there were five workshops and 87 participants.

b. Technical Assistance:

- i. Forester Assistance: Service foresters in 15 unit offices and the state headquarters in Missoula are available to provide technical assistance.
 1. Literature distributed includes:

- a. BMP booklet (58 page color)
 - b. SMZ regulation booklet (35-page color)
 - c. Voluntary Wildlife Guidelines (4 page)
 - d. HRA fact sheets (2-page)
 - e. Montana Consultant Foresters Directory (34 pages)
 - f. Other literature not directly related to regulatory programs.
2. On-site visits:
- a. In FY 2001 substantial on-site assists totaled 754 and all technical assists equaled 1708.
 - b. In FY 2002 substantial on-site assists totaled 496 and all technical assists equaled 1054.
 - c. In FY 2003 substantial on-site assists totaled 518 and all technical assists equaled 1295.
3. Phone or office visits literature and consultant referrals.
- ii. Alternative Practices: Another form of assist is an SMZ Alternative Practices. These are formal requests to engage in activities that may technically violate the SMZ law. However, the action(s) would meet the intent of the law and not significantly diminish the functions of the Streamside Zone. Requests for alternative practices ("alternative" to management standards stated in 77-5-3051 MCA) are given technical review and site visits. The merits of the request are evaluated along with the proposed mitigation measures. Environmental Assessments are completed and reviewed. If a request is granted, it is often with conditions that help protect the integrity of the SMZ. 84 alternative practices were issued in FY 2001 and 39 in FY 2002, and 40 were issued in FY 2003.
- c. Inspections:
- i. When an application for a Hazard Reduction Agreement (slash HRA) is submitted, it is evaluated to determine whether a pre-and/or post-harvest inspection is merited. Low hazard sites, with low fire hazard risk and low risk of SMZ damage, may not be inspected at all. Conversely, high hazard sites may receive multiple visits.
 - ii. SMZ inspections typically occur in conjunction with an HRA inspection or when a possible violation is reported to the Department.

II. The Regulated Community – Compliance

- a. The regulated community under the **Hazard Reduction Act (HRA)**
 - i. Description: The regulated community under the Hazard Reduction Act includes anyone (1) clearing rights of way (except temporary logging roads), (2) cutting forest products, building haul roads, and/or carrying out timber stand improvement activities on private lands. Purchasers of such forest products are also part of

the regulated community in that they must insure the persons they are purchasing forest products from have complied with hazard reduction regulations.

iii. Size

1. HRA holders:

	FY 01	FY 02	FY 03
HRAs carried over from previous FY	3994	3666	3616
HRAs opened	1141	1086	1051
HRAs closed	1305	1150	1273
Balance of open HRAs	3830	3616	3408
State Take Overs	53	40	22

2. Purchasers:

	FY 01	FY 02	FY 03
Number of Mills			140
Number of Mills reporting			68

iii. Estimated proportion in compliance

1. HRA holders – 99%

2. Purchasers - 95%

b. The regulated community under the **Streamside Management Zone Law**

i. Description: Persons subject to the requirements related to Streamside Management Zones include those conducting timber sale activities on private, industry, state, and federal lands where such activities should be modified due to potential effects on aquatic resources.

ii Size: The Zone extends at least 50 feet (slope distance) from the ordinary high water mark of a water body, and further where there are wetlands or where steep or erosive soils require additional width. Landowners are responsible for the SMZ law unless liability is contractually transferred.

iii. Estimated proportion in compliance: 99%

c. The regulated community under the **BMP Notification Law**

i. Description: Persons encouraged to use Best Management Practices are those involved in timber sale planning and harvest, associated road construction, and other related activities on private, industry, and state and federal lands.

ii. Size: DNRC estimates that thousands of people engage in such activities each year, mostly in western counties.

iii. Estimated proportion in compliance: 98%

III The Regulated Community – Non-compliance

a. **HRA** The two areas of non-compliance are hazard reduction and fee/bond collections. The measure of hazard reduction non-compliance is the number of HRA agreements the Department must take over because the HRA holder has not completed the terms of their HRA.

i. Number and description of non-compliances:

1. HRA holders

	FY 01	FY 02	FY 03
HRAs taken over	53	40	22

2. Mills. There are approximately 50 wood producing manufacturers that are occasionally or habitually non-compliant with fee payments. No formal mill audit were conducted during FY2001, 2002, or 2003

ii. Method of discovering non-compliances

1. The HRA law has a unique system where the landowner is watching the operator to ensure hazard reduction compliance and the operator is watching the mills to ensure fee compliance. When the operator (logger) delivers logs to the mill, money is withheld on a per-unit basis for fees and a performance bond. When compliance is achieved, the bond is refunded to the operator. If the "slash" account has discrepancies, the operator generally notifies DNRC of a potential fee compliance problem at the mill. The Department's accounting system verifies the problem. If discrepancies or delinquent payments are taken care of promptly, the matter is settled. If not, a process ensues to recover fees, which may result in a fine and/or a mill audit.

Failure to respond to 18-month notice letter or at all.

Service Forester conducting on-site inspections.

iii. Significance of non-compliance

Fire hazard

Workload for DNRC personnel

iv. Pending non-compliances

2 State Take-Overs

2 HRA fee checks returned with insufficient funds

iv. Trends:

	CY1990	CY1995	FY 01	FY 02	FY 03
Active HRAs	2,681	4,555	3830	3616	3408
HRAs taken over	66	54	53	40	22

Compliance with Hazard Reduction requirements has shown improvement over the last decade. The number of state takeovers of HRAs has stayed relatively constant or declined while the

number of active HRAs almost doubled in the 5 years after 1990 then slowly decreased.

b. SMZ

i. Number and description of non-compliances

1. Warnings:

Ownership	FY 01	FY 02	FY 03
Private Lands	7	1	5
Industry Lands	1	1	3
Agency Lands	0	0	1

Orders:

Ownership	FY 01	FY 02	FY 03
Private Lands	6	1	0
Industry Lands	0	0	0
Agency Lands	0	0	0

SMZ Warnings and Orders by Rule Violation							
	FY01	FY02	FY03		FY01	FY02	FY03
# WARNINGS ISSUED	8	2	10	# ORDERS ISSUED	6	1	0
RULE VIOLATED				RULE VIOLATED			
SMZ WIDTH	4	1	5	SMZ WIDTH	2	0	0
BURNING	1	0	0	BURNING	0	0	0
EQUIP OPER	5	1	9	EQUIP OPER	6	1	0
CLEAR CUT	2	0	3	CLEAR CUT	2	0	0
ROAD CONST	1	0	0	ROAD CONST	1	0	0
HAZ MAT	0	0	0	HAZ MAT	0	0	0
SIDE CAST	0	0	2	SIDE CAST	0	0	0
SLASH IN STREAM	6	1	5	SLASH IN STREAM	1	1	0
TOTAL PROHIBITED ACTS AFFECTED	19	3	24	TOTAL PROHIBITED ACTS AFFECTED	12	2	0

- ii. Method of discovering non-compliances
 - 1. On-site inspections by DNRC Personnel
 - 2. Reports
 - a. From landowner or contractor
 - b. From bystander.
- iii. Significance of non-compliance
 - 1. Damage to SMZ function.
 - 2. Water quality issues.
- iv. Pending non-compliances
 - 1. One SMZ violation in Central Area-Bozeman Unit
 - 2. One SMZ violation in Central Area-Dillon Unit
- v. Trends:

SMZ Type	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FYTD 04
Warnings	1	27	41	24	31	16	15	8	2	10	4
Orders	1	7	13	4	3	0	2	6	1	0	2

SMZ violations and warnings over 10 years of enforcement do not establish a clear trend.

c. BMP

- i. Number and description of non-compliances
 - 1. Because the BMP program is non-regulatory, there are no official violations of BMPs.
 - 2. Results from 2002 BMP Audits:

Ownership Group	# of Practices Rated	% Rated as Meeting or exceeding BMP	% Rated as Minor Departures	% Rated as Major Departures	% Rated as Gross Neglect of BMP
DNRC	215	98	2	<1	0
Federal	178	89	7	4	0
Industrial	898	98	2	<1	0
NIPF	452	92	6	2	0
All Sites	1,743	96	3	1	0

- ii. Method of discovering non-compliances
 - 1. BMP audits.
 - 2. Workshops, training, etc.
- iii. Significance of non-compliance
 - 1. Potential problems to water quality
- iv. Pending non-compliances: NA

v. Trends:

12 Year Comparison of BMP Audit Results							
Category	2002	2000	1998	1996	1994	1992	1990
Application of practices that meet or exceed BMP requirements.	96%	96%	94%	92%	91%	87%	78%
Application of high risk practices that meet or exceed BMP requirements.	90%	92%	84%	81%	79%	72%	53%
Number of sites with at least one major departure in BMP application.	10 of 43 (23%)	4 of 42 (10%)	8 of 47 (17%)	12 of 44 (27%)	17 of 46 (37%)	20 of 46 (43%)	27 of 44 (61%)
Average number of departures in BMP application, per site.	1.8	1.4	2.0	3.0	3.9	5.6	9
Percentage of practices providing adequate protection.	97%	98%	96%	94%	93%	90%	80%
Percentage of high-risk practices providing adequate protection.	92%	93%	89%	86%	83%	77%	58%
Number of sites having at least one major/temporary or minor/prolonged impacts.	15 of 43 (35%)	9 of 42 (21%)	12 of 47 (26%)	15 of 44 (34%)	13 of 46 (28%)	17 of 46 (37%)	28 of 44 (64%)
Average number of impacts per site.	1.3	1.0	1.5	2.3	3	4.6	8

Compliance with **Best Management Practices** requirements has improved over the last 12 years.

Montana Water Measurement Program, 85-2-113 & 85-2-150 MCA

Program Description and Purpose

The Water Measurement Program was created by the 1991 Legislature and charged with identifying chronically dewatered watercourses. Water users that divert surface waters are required to install and maintain controlling and measuring devices on diversions on watercourses determined to be chronically dewatered. Water users are also required to record diversion flow rates and submit their records to the DNRC each year.

The purpose of the program is to provide data and water information to facilitate better local management of water resources in areas where dewatering significantly impairs beneficial uses, such as agriculture, municipal, industrial, fisheries and recreation. The one-person program is funded from a general fund appropriation of \$59,000 per year.

Description of Regulated Community

Currently there are two watercourses regulated according to program statutes. These are the Musselshell River and Mill Creek, a tributary of the Yellowstone River.

Compliance and enforcement efforts in the Musselshell basin have increased dramatically in the past two years with the creation of the "Musselshell River Enforcement Project". Involvement of the Montana Water Court and District Court has increased the number of controlling and measuring device installations in the basin. The number of Water Development assistance grant applications has also steadily increased. Overall compliance in the entire Musselshell basin is estimated at 60 to 70 percent, with a positive trend.

In Mill Creek, installation of measuring devices and reporting reached a 90 percent compliance level in 2001. Currently, although the measuring devices are still in place, reporting has fallen off almost completely. Due to time constraints, the program has been inactive in Mill Creek since 2001.

Assistance and Education

The Water Measurement Program is also involved in many basins in an education and assistance capacity. Assistance includes drought plan development, measuring device education and installation, and technical analyses. These efforts continue in the Jefferson and Big Hole river basins, and in several smaller drainages, such as Burnt Fork Creek, Flint Creek, Sweeney Creek, Rock Creek, etc. Education and assistance efforts constitute at least 80% of total program involvement.

Program Response to Non-Compliance

Program personnel have responded to non-compliance through education and assistance efforts. Also, the District Court and water commissioners have been very active in the Musselshell basin.

Formal Enforcement Actions

The potential \$1000 per day fine for non-compliance has never been used because of the voluntary compliance of water users involved to date.

Benefits

In water short basins, disputes and conflicts will always exist between users, but with program involvement, these conflicts are being resolved in a collective effort and have avoided costly litigation.

Fisheries and recreation benefit from proper water measurement. Through efforts in the Jefferson and Big Hole basins, dewatering has been less problematic than expected during the last four drought years. Irrigators with measuring devices were able to reduce their diversions because they knew how much water they were diverting, and could better manage their water. The efforts of the program have contributed to the efforts of several watershed groups to avoid significant litigation expenses.

FLOODPLAIN PROGRAM

Compliance Report

February 9, 2004

Description of Statute and Program

The Floodplain and Floodway Management Act, Title 76, Chapter 5 together with Administrative Rules in Title 36, Chapter 15 prescribes minimum construction standards for development in designated floodplains and floodways that are enforced through local ordinances and floodplain development permits issued by local governments. The Department is responsible for approving local proposed regulations and administrative and enforcement procedures. The role of the Department is to prepare and adopt the delineation of floodplains and floodways. Floodplain delineation involves determining the 100-year flood flow together with a river hydraulics analysis to identify and map the 100-year floodplain and floodway. Specific floodplain delineations are required to be adopted by administrative rule.

The program manager, a hydraulics engineer, was lost due to a reduction in state general fund expenditures in 1991. The remaining half time engineering position for the program was RIF'ed in June 2003. Floodplain delineations ongoing include sections of the Yellowstone River in Park, Stillwater, Yellowstone, and Dawson Counties, Ten Mile Creek near Helena, Jefferson River near Three Forks, East Gallatin near Bozeman, and the Yellowstone thru Miles City. Funding of the floodplain delineation studies is provided by the federally funded programs of the USGS, FEMA, and the CORPS and in some cases with matching state grant money from the Water Development program. Program funds allocated for formal public notice and administrative adoption of floodplain maps is \$12,000.

The National Flood Insurance Program (NFIP) provides federal funds to provide technical and administrative assistance and oversight to 121 local governments to comply with the national floodplain development requirements. The state developed model ordinances for local governments meet or exceed the national requirements. A federal grant of \$90,000 is used hire one full time and just recently one part time staff person as well as NFIP program operation expenses. The Federal Emergency Management Agency had found that substantial monetary savings in damages are realized when pre-disaster mitigation is implemented.

Description of the Regulated Community

Local governments are required to adopt floodplain regulations and administrative and enforcement procedures once a floodplain delineation is formally adopted. Approximately 95% of the local governments have adopted and are regulating building and construction in the delineated floodway and floodplain according to state prescribed minimum standards.

Enforcement and compliance at the local level is dependent on the variable resources in city or county governments. The NFIP program person is to perform formal audits of compliance for flood insurance purposes but only has time to

provide technical and administrative assistance. Local governments rely on this position heavily since a single local staff person usually has several local regulatory programs to administer concurrently.

Promoting Enforcement and Compliance

The real test for noncompliance is the avoidable damage caused by a major flood event that occurs on private structures and local government infrastructure such as roads, bridges, and public buildings. Except for already existing structures, there should be minimum property damage as a result of a flood up to the 100-year event for areas for which a floodplain delineation has been adopted and enforced.

The NFIP person performs a variety of activities to promote compliance with state and federal floodplain requirements.

Education and Outreach

Although primary efforts have been providing individual assistance over the phone or meetings, each year several workshops and newsletters are prepared for local government officials, real estate agents, bankers, and land developers. Model ordinances and informational material is provided by printed material as well as through FEMA and Department web sites. Recently a private organization, the Association of Montana Floodplain Managers has been formed and has pledged to assist in training and education.

Enforcement Tools

The Department can through a hearing take over local floodplain permitting if it believes that the local government is not or refuses to administer or regulate local floodplain building requirements within a delineated floodplain. No attempt has been made to take over local permitting.

Also, the Federal Emergency Management Agency through their National Floodplain Insurance Program can sanction communities and deny flood insurance availability. Banks or other loan institutions are then unable to sell house mortgages on the secondary market. There are about 6 communities that are sanctioned but there is little consequence since little or no building is ongoing within those communities. If and when the building boom hits towns like Jordan and Grass Range, the local government may find it worth their while to regulate construction in floodplain areas.

Floodplain Mapping Trends

In federal fiscal year 2004, FEMA was appropriated \$250 million to initiate a nationwide flood map modernization program. FEMA is seeking the same amount for map modernization in FY's 2005 thru 2007. The program involves updating existing floodplain data and maps as well as completing maps on high priority flood prone areas. FEMA gives high priority to areas having large flood damages but also to states that actively participate monetarily in any mapping program. FEMA money available for mapping in Montana in the past has been \$30-50,000 per year

but could be up to \$1 million over the next several years. FEMA has just provided a small grant for the state to put together a business plan on how it expects to participate in the FEMA map modernization program. A proactive participation by the state in the new mapping program with FEMA has the potential to substantially lower the direct cost of floodplain mapping to the state. New and updated maps with newer subdivisions and streets together with potential flood hazard areas would greatly streamline land use decisions of developers and local government officials.

Local governments are encouraged to continue to apply for grant funds through the Water Development program for floodplain delineations. So far only Yellowstone, Stillwater and Sanders Counties have applied and gotten grant funds for floodplain delineations. The local governments ability to cost share usually limits the interest in applying for these grants.

Local Floodplain Building Violations

Most of the program efforts are dealing individually with local government officials of especially the fast growing communities on enforcement and floodplain violation problems and directing on how to handle them. Most of the cities and counties lack the necessary technical expertise to evaluate technical floodplain issues that are associated with local floodplain permits and variances. The demand for and an increasing number of subdivisions have resulted in a substantial number of requests by local officials for technical assistance. FEMA has just allocated money for an additional half time person in the 2003 grant allocation to the Department that will partly help. However, a greater proactive training and education program including a collaborative effort by local government officials, landowners, bankers, real estate developers, and others is yet needed to help local officials and others to avoid violations and problems.

Cities and counties experiencing rapid growth also have limited staff to deal with infrastructure and new homes in flood prone areas. Money for additional staff at the local government level as well as training and education of the staff and the regulated community would substantially help to minimize flood damages when floods do occur.

DAM SAFETY PROGRAM

Compliance Report

Description of Statute and Program

The Dam Safety Act enacted in 1985, Title 86, Chapter 15, is designed to ensure that dams in Montana are operated and maintained in a safe manner. Regulatory responsibilities of the DNRC include:

1. Issuing and managing renewals of 88 Operation permits and yearly 5 Construction permits for non-federal high hazard dams. The term “high hazard” refers to the potential for loss of life downstream below a reservoir that is 50 acre-feet or larger. Dam owners are required to update annually the emergency action plan for each dam and at least once every five years have an engineer perform a periodic safety inspection of the dam for renewal of the operation permit.
2. Performing yearly an average of 10 hazard classifications of 50 acre-foot or larger dams upon application by a dam owner.
3. Dams less than 50 acre-feet or not high hazard are under Department regulatory authority only if a complaint is filed or an inspection reveals that a dam constitutes an immediate hazard to life or property. Yearly we investigate 5 to 10 complaints per year.

The Dam Safety Regulatory Program includes 3.5 Professional Engineers, a part of a clerical support position and an operating budget of \$28,500 is funded through a general fund appropriation.

Description of Regulated Community

High hazard dams permitted by the Department are for single and multiple uses that include irrigation, flood control, water supply, recreation, and sewage lagoons. Permitted dam owners include irrigation districts, private irrigation companies, cities, counties, State of Montana, and private individuals. Managing the permits usually involves interactions with consulting engineers over dam inspections, and design and construction of rehabilitation or major repair. There are approximately 3200 dams, 50 acre-feet or larger in the state and an unknown but probably substantially greater number of dams less than 50 acre-feet. The majority of complaints are by downstream landowners or homeowners below small private recreational ponds that are less than 50 acre-feet and that usually require some follow-up repair or construction by the dam owner.

Promoting Compliance and Education

Over the past two years, the Dam Safety program has undertaken a number of actions to promote compliance. Voluntary enforcement accounts for 80% of the efforts. The most noteworthy are the following:

1. Enforcement Tools

The Dam Safety Program continues to update and refine their dam database and permitting documentation to monitor permits and project deadlines. In addition, the

administrative rules are being examined for minor updates and clarifications for processing permit applications.

2. Education/Outreach

Annually a Dam Safety Conference is arranged to promote an exchange of dam safety information among dam owners, engineering consultants, and others. The conference includes technical training on an aspect of dam safety such as dam maintenance, emergency action plans, flood analysis, or seismic analysis.

A program of conducting simulated emergency response exercises with dam owners and emergency responders is ongoing. Approximately ten tabletop exercises are conducted each year. A table top exercise usually reveals the importance of the annual updates as well the risk posed by the dam and the importance of timely repairs and maintenance.

In response to the complaints on small recreation pond dams, the Dam Safety Program is in the process of developing a guidebook on how to properly plan and build a safe small dam. The guidebook is being developed in cooperation with the Dept. of Environmental Quality, who is facing environmental impacts associated with the proliferation of small ponds. The guidebook is to educate both owners and contractors on the many issues associated with dam construction, as well as to encourage the involvement of a licensed engineer in the design.

3. Information

Montana has potential for large earthquakes. Engineers are required to evaluate how a dam performs during an earthquake. However, data in Montana is scarce and analysis procedures not well defined, making it costly for a dam owner to have an analysis completed. The Dam Safety Program is currently using federal grant funds to develop state of the art ground-shaking maps and analysis procedures for the State of Montana. The Dam Safety Program is working closely with the Montana Bureau of Mines and Geology to have this information readily available electronically. Training will also be provided to professional engineers. It is anticipated that this effort will greatly decrease the dam owner's cost of completing an analysis as well as increase the level of accuracy and safety.

4. The Dam Safety Act, Section 85-15-305 MCA, provides a liability carrot to dam owners that are permitted or that was designed and constructed under the supervision of an engineer. The owner is, in the absence of negligence, not liable for damages to persons or property resulting from flows of water from failure of the dam or reservoir. That is negligence must be shown.

Noncompliance

Noncompliance usually involves not repairing an unsafe dam, not obtaining, renewing or following specific conditions of an Operation Permit or failure to obtain or follow the requirements of a construction permit.

All but two of the 88 permitted high hazard dams are in compliance. One involves a private dispute over payment for an engineering inspection and the other requires a homeowners group to get organized. There are 4 high hazard dams in the state that do not have an Operation Permit but are not required to have permit until major repair or rehabilitation is necessary. Two of those are working with the Department toward obtaining an Operation Permit.

Program Response to Complaints and Noncompliance

Enforcement actions are usually on a case-by-case basis, depending on the threat to life and property. Although the Dam Safety Act gives authority to levy a civil penalty or place a lien on property for repairs of an unsafe dam, this has not been done to date. Generally, we have been able to work with dam owners to resolve any conflicts. Resolution of safety concerns includes a dam owner agreeing to a water level restriction or a schedule for a major repair or rehabilitation.

Part of the enforcement actions has been to assist dam owners to seek loans and grants for the necessary repairs or rehabilitation on the dam. Fortunately, there are 25% matching state grants up to \$5,000 where public benefits exist and low interest loans available to private dam owners to assist with the costs of repairing their dams, through the renewable resource grant and loan program. Several high hazard dam owners have competed for and received grant funds through the Water Development program. An essential catalyst to voluntary compliance has been the availability of financial assistance, especially where there are public benefits as a result of the water storage. It is extremely important that the grant and loan programs be continued.

Trends are that the infrastructure including dams continues to age and that as the state's population grows, homes and other properties are constructed below existing dams. Dam owners find that upgrading the dam because of increased downstream liability is expensive. Notices for increased vigilance from the federal Homeland Security Department has included dams. Security and vulnerability assessments because of recent terrorist actions are a new area of training needed for dam owners. Security training for dam owners, dam tenders, and regulatory officials is planned for this spring utilizing federal funding.

Board of Water Well Contractors

Description of Statutes and Program,

Title 37, Chapter 43 MCA., Title 36, Chapter 21 ARM.

This program is to reduce and minimize the waste and contamination of ground water resources within this state by reasonable regulation and licensing of drillers or makers of water wells and monitoring wells. Water well construction standards are set in the administrative rules and enforced to insure competency in the drilling and making of water wells and monitoring wells.

The Board of Water Well Contractors directs the program and the program manager/field investigator is attached to the Department for administrative purposes only. The Board consists of two members from the water well drilling industry and one member each from the DNRC, MT Bureau of Mines, and DEQ. The \$66,000 program is funded entirely by license fees.

The Board directs investigations of complaints of unlicensed drillers and driller's violations of water well construction standards submitted by the public, by regulatory agencies, and by other drillers. The Board holds hearings on complaints and, as warranted, prescribes education, remedial action, fines, bond forfeiture, license suspension, license revocation to enforce state law and regulations. The program manager administers apprenticeship, training, testing, licensing, and annual training and re-licensing of Water Well Drillers, Monitoring Well Drillers, and Water Well Contractors in Montana.

Description of the Regulated Community

The Board regulates those who intend to drill water wells in Montana, principally the 272 trained, bonded, and licensed water well and monitoring well drillers and contractors.

Promoting Compliance and Education

License renewal requires 4 hours per year of continuing education for drillers. Continuing education, often provided by the Montana Water Well Drillers Association, has included new drilling techniques or products and public water well requirements. The Program manager/field investigator spend about 20% of the time participating in training efforts and doing proactive field visits of newly licensed drillers as well as existing drillers.

Program Response to Complaints and Noncompliance

Field investigation of complaints requires about 80% of the field investigator's time. Each complaint is analyzed and field investigated. Typically there is voluntary compliance or correction of a construction standard based on the finding of the field investigator. Follow up Board action is required on a small percentage of complaints. Voluntary actions by the involved well driller coupled with board ordered remedial action, bond forfeiture or license revocation, contribute to a 100 % compliance rate. Complaints that result in some remedial action by the driller have occurred on about 1% of all water wells drilled in a year.

Program Changes with Time

The amount and nature of water well drilling in Montana varies with the rate of population increase and long term weather patterns. Generally there has been increase in the number of holes drilled each year.

Internet availability of drill hole and ground water information from the Ground Water Information Center (GWIC) at the Montana Bureau of Mines has made virtually all drill hole logs in Montana available to the public. The GWIC is testing a new site where drillers enter drill logs online which increases drill log accuracy and allows the board to monitor drillers.

**Report to the Environmental Quality Council:
Natural Resource and Environmental Compliance and Enforcement
Section 75-1-314 MCA**

FY 2001 through FY2003

**Board of Oil and Gas Conservation
Oil and Gas Conservation Division, DNRC**

March 2004

Board of Oil and Gas Conservation

Oil and Gas Conservation Division

Program Description

The Oil and Gas Conservation Division of the Department of Natural Resources and Conservation (DNRC) is the staff to the Board of Oil and Gas Conservation (Board) and is attached to DNRC for administrative purposes. The Board enforces the oil and gas conservation statutes; most of these regulatory requirements are contained Chapter 11 of Title 82, MCA. The Board has rule making authority and its Administrative Rules are contained in Chapter 22 of Title 36 ARM.

The Board and staff implement the Underground Injection Control Program, under a delegation from the United States Environmental Protection Agency (EPA) effective November 19, 1996. The Board has primary enforcement authority for Class II Injection wells outside the exterior boundaries of Indian Reservations in Montana.

Oil and Gas Division staff implements Board policies and enforce Board Rules and Orders under authority delegated by the Board. Significant non-compliance is brought before the Board for resolution. Staff handles minor enforcement actions and routine compliance issues; initial attempts to resolve significant enforcement are also handled by staff.

Regulated Community

Montana has about 350 active oil and gas operators; a list of the largest 100 oil producers and all of the gas producers with production in excess of 10,000 MCF is attached. In addition to oil and gas operations, the Board has some regulatory authority over seismic activities, including proper plugging of seismic shot holes, cleanup, and enforcement of setbacks from springs and wells. County Clerks and Recorders issue seismic permits.

The Board's staff is responsible for issuing drilling permits for oil and gas wells; including wells producing gas from coal seams, injection wells and other service wells associated with oil and gas operations. Staff issued 693 permits in calendar year 2001, 610 permits in 2002 and 834 permits were issued in 2003. There were 3530 oil wells and 4755 gas wells producing at the end of 2003. Oil wells averaged 18.4 barrels per day and gas wells averaged 52.9 MCF per day in 2003.

Compliance Assistance and Education

The Board of Oil and Gas Conservation is composed of seven members appointed to four-year terms by the Governor. Included on the Board are industry members and land/mineral owners as well as two public members. Industry members commonly participate in professional societies such as the Society of Exploration Geophysicists, American Institute of Petroleum Geologists, Montana Petroleum Association and the Northern Montana Oil and Gas Association; and landowner members typically participate in the two active Land and Mineral Owners Associations. These activities allow for an exchange of information and opportunities to provide background and education in the Board's activities and regulatory programs.

Field inspectors perform routine visits to drilling sites, producing wells, abandoned wells, and other facilities and provide information and advice about regulations and compliance needs. Board professional staff also participates in organizations and societies, which provide opportunity for outreach activity to the regulated community. Both the Montana Petroleum Association and the Northern Montana Oil and Gas Association have invited Board staff to participate and make presentations to their membership. Staff has also assisted in making Best Management Practices presentations relating to Coal bed Methane development.

Inspection and Enforcement Resources

The Board has 6.0 FTE (Chief Field Inspector and five Field Inspectors) assigned to inspection and enforcement activities, which comprises approximately one-third of its available staff. Inspectors are assigned to geographical areas, with three working from their residences and two assigned to the Shelby Office. The Chief Field Inspector is assigned to the Billings office.

The Underground Injection Control program is delegated from the EPA and carries specific requirements for inspection activities. For example, each injection well must be tested for mechanical integrity at least once every five years. Witnessing such tests is a high inspection priority. Other priority inspections include response to complaints, witnessing well plugging, drilling inspections (including setting of surface casing) and inspections for compliance prior to approval of operator changes. Field inspectors also supervise plugging and abandonment of orphan wells by companies under contract to the Board to provide plugging services. During 2003 the Board's inspectors performed about 2900 total inspections.

Enforcement Policy and Actions

The Board's primacy delegation for the UIC program includes specific requirements for enforcement and compliance activities. These requirements are contained in the EPA-MBOGC Memorandum of Agreement, the Board's Civil Penalty Policy, and EPA Guidance for determination of Significant Non-Compliance. For non-UIC actions, the Board delegates authority to the Administrator to establish procedures for referring unresolved issues to the Board, developing timeframes and expected compliance efforts and assessing monetary penalties within the range established by the Board.

Generally, staff initiates enforcement actions and if not resolved at staff level, incidents of non-compliance are brought to the Board for enforcement actions. Field inspectors determine initial compliance requirements and set the initial compliance deadlines. Non-compliance issues not resolved at field level are brought to the Chief Field Inspector who in consultation with the Administrator and other staff (e.g.: UIC Director for UIC violations) establishes necessary reporting requirements, deadlines, potential monetary penalties and similar actions with the non-compliant operator. Failure to achieve compliance at this level usually results in scheduling a "show

cause” hearing before the Board. The Board is the final authority for enforcement actions: its decisions may be appealed to District Court.

Noncompliance

Most violations are discovered by field inspection, ongoing monitoring of required reports, and by complaint or referral by parties outside the agency. Docketed show cause hearings are a reasonable way to measure significant non-compliance and tracking efforts at achieving compliance. The following tables summarize the hearing activities for the calendar years covering the reporting period.

Calendar Year 2001

Order Number	Operator	Violation	Penalty	Current Status
88-2001	Cut Bank Gas Company	Failure to increase bond	None	Bond increased by deadline
89-2001	Delphi International, Inc.	Failure to increase bond	None	Bond increased by deadline
91-2001	Eastern American Energy Corp.	Failure to increase bond	None	Bond increased by deadline
92-2001	R.W. Parsell	Failure to increase bond	None	Bond increased by deadline
93-2001	Shadco	Failure to increase bond	None	Bond increased by deadline
94-2001	Lynn Stewart	Failure to increase bond	None	Bond increased by deadline
120-2001	Marnell Resources, Inc.	Failure to increase bond	Bond forfeiture	Bond received - closed
121-2001	Reunion Energy Co.	Failure to increase bond	None	Bond released
197-2001	Nielco, Inc.	Failure to increase bond	\$500 fine	

Calendar Year 2002

Order Number	Operator	Violation	Penalty	Current Status
96-2002	William F. Wise	Failure to plug and abandon well	Bond forfeiture	Bond received - closed
172-2002	Fulton Fuel Company	Operating un-bonded well	Well moved to Fulton bond	Closed
185-2002	Rocky Mountain Operating Company	Oil spills, lease clean-up	\$500 fine imposed	Closed, continued monitoring
212-2002	Rocky Mountain Operating Company	Oil spills, lease clean-up	Bond increased by \$5000	Closed

Calendar Year 2003

Order Number	Operator	Violation	Penalty	Current Status
36-2003	Striper Oil, Inc.	Failure to plug and abandon wells	Bond Forfeited	Closed
199-2003	NRC Development LLC and Torch Energy	Failure to plug and abandon	Bond Forfeited	Pending (see Order 354-2003)
301-2003	Charoil Co.	Failure to plug and abandon	Bond Forfeited	Bond received - closed
302-2003	TOI Operating	Failure to plug, restore locations	Progress monitored	Pending
353-2003	TOI Operating	Failure to plug, restore locations	Progress monitored	Pending
354-2003	NRC Development LLC	Failure to plug and abandon	Bond Forfeited	Forfeiture pending

Compliance Results and Tracking

Based on the number of show cause hearings, inspection activities and the resulting enforcement and compliance actions appear to be resolving most significant problems at the administrative level. Tracking of compliance activities is formalized in the UIC program. Division staff periodically provides EPA with a report (Form 7520), which summarizes the activities, including inspection, enforcement, and resolution of significant non-compliance issue; a copy of the EPA Form 7520 is attached.

The Oil and Gas Conservation Division has begun to implement a more formal inspection and compliance tracking system for non-UIC activities. Although requiring a commitment of resources for data collection, staff review, quality checking of data and data entry, the ongoing need for statistical information and program effectiveness measuring is better met through this effort. Tracking is done through the Division's Risk Based Data Management System, the same system used to capture data for the UIC program. This effort will continue into the future, however for the purpose of this report, only six months of data are available, making historical trends indeterminable.

From June through December of 2003 the Division performed 1442 inspections with 170 failures detected. An inspection failure may result in an oral or written notice of violation, or may be an indication that an additional inspection is required. For example, failure to reclaim a site may not be a violation unless the maximum time allowed for reclamation has passed, nevertheless, the location is not eligible for release for bond and the location has failed the current inspection. Among the inspections made during this period there were 57 violations of the requirements that wells be properly identified, 47 spills or leaks investigated, and 26 surface damage/inadequate reclamation incidents. Two violations discovered during this period have been scheduled for Board action, one resulted in the Board assessing a

\$1000 fine for failure to promptly cleanup a spill and the other awaiting a show cause hearing for failure to plug and restore abandoned wells.

Significant non-compliance has been relatively rare during the reporting period; from six to eight instances per year have required Board action. The UIC program has found no significant non-compliance issues during the reporting period.

2002 Top 100 Oil Producers

Company	Barrels of Oil	Company	Barrels of Oil
1 Encore Operating LP	5,516,901	51 Equity Oil Company	36,394
2 Burlington Resources Oil & Gas Company LP	1,733,644	52 Ritchie Exploration, Inc.	36,375
3 Nance Petroleum Corporation	1,203,820	53 Croft Petroleum Company	34,872
4 Headington Oil LP	703,211	54 Makoil, Inc.	33,924
5 Lyco Energy Corporation	686,766	55 Eagle Oil & Gas Co.	33,850
6 Howell Petroleum Corp.	522,913	56 Soap Creek Associates, Inc.	33,762
7 Whiting Petroleum Corporation	372,719	57 Fulton Fuel Company	29,243
8 Continental Resources Inc	347,537	58 Bluebonnet Energy Corporation	29,203
9 Flying J Oil and Gas, Inc.	291,348	59 Shakespeare Oil Co Inc	29,092
10 Westport Oil And Gas Co., L.P.	277,451	60 Choctaw II Oil & Gas Ltd.	28,995
11 Quicksilver Resources, Inc.	230,527	61 Carrell Oil Company Dba Coco	28,741
12 Nexen Oil & Gas USA, Inc.	225,014	62 Macum Energy Inc.	28,192
13 Summit Resources, Inc.	194,215	63 Coolidge, G. B., Inc.	26,190
14 True Oil LLC	190,929	64 Berexco, Inc.	24,796
15 Cortez Operating Company	187,386	65 Griffon & Associates, LLC	24,140
16 Chesapeake Operating Inc.	181,820	66 Fulton Producing Co.	24,087
17 Citation Oil & Gas Corporation	180,565	67 Hawley & Desimon	23,160
18 CamWest II, LP	174,844	68 Great Plains Resources Inc.	22,853
19 Petro-Hunt, LLC	168,452	69 Slawson Exploration Company Inc	19,915
20 Journey Operating, LLC	150,347	70 Sannes, Ronald M. Or Margaret Ann	18,986
21 Luff Exploration Company	148,996	71 McRae & Henry Ltd	18,608
22 Prima Exploration, Inc.	115,747	72 Beren Corporation	18,439
23 Dominion Oklahoma Texas Exploration &	110,375	73 Mountainview Energy Ltd	18,260
24 Staghorn Energy, LLC	103,351	74 Provident Energy Assoc. Of Mt Llc	17,917
25 Armstrong Operating, Inc.	102,892	75 XOIL Inc.	16,668
26 Cowry Enterprises, Ltd.	98,165	76 Cavalier Petroleum	16,558
27 FX Drilling Company, Inc.	97,959	77 CamWest Limited Partnership	16,153
28 Prospective Investment & Trading Co. Ltd.	94,461	78 Hawkins, Robert S.	16,007
29 Columbus Energy Corp.	94,261	79 Grand Resources, Ltd.	15,958
30 Cline Production Company	89,684	80 ST Oil Company	15,234
31 Williston Industrial Supply Corporation	88,657	81 Missouri River Royalty Corporation	13,962
32 EnCana Energy Resources, Inc.	88,041	82 Panther Creek Resources, LLC	13,536
33 Somont Oil Company, Inc.	79,613	83 Sinclair Oil Corporation	12,768
34 Breck Operating Corp.	77,023	84 Behm L.E., Inc.	12,627
35 Murphy Exploration and Production Co.	64,177	85 Upton Resources U.S.A., Inc.	11,451
36 Berco Resources, Inc.	61,668	86 Ritter, Laber & Associates, Inc.	11,253
37 Shotgun Creek, LLC	60,100	87 R & A Oil, Inc.	11,099

38 Basic Earth Science Systems, Inc.	59,671	88 Wesco Operating, Inc.	10,993
39 Tyler Oil Company	58,570	89 Northern Oil Production, Inc.	10,968
40 eartooth Oil & Gas Company	58,433	90 Huntington Resources, Inc.	10,504
41 Furst Engineering, Inc.	57,080	91 Klabzuba Oil & Gas, Inc.	10,386
42 Intoil, Inc.	52,625	92 Phoenix Production Co.	10,218
43 Tomahawk Oil Company	52,257	93 Hofland, James D.	10,033
44 Kipling Energy Incorporated	49,046	94 Yellowstone Petroleums, Inc.	9,927
45 Thomas Operating Co., Inc.	46,262	95 Pride Energy Company	9,558
46 Ballard Petroleum Holdings LLC	45,567	96 Keesun Corporation	9,425
47 Chaparral Energy, LLC	42,595	97 Samson Resources Company	9,321
48 Balko, Inc.	41,068	98 Fulton, William M.	9,264
49 Wyoming Resources Corporation	36,885	99 Prairie Energy, Inc.	9,192
50 BTA Oil Producers	36,673	100 Main Energy, Inc.	9,164

2002 Top Gas Producers

(Includes operators with over 10,000 MCF of gas produced during the calendar

Company	MCF	Company	MCF
1 Fidelity Exploration & Production Co.	28,703,166	51 Macum Energy Inc.	33,738
2 Ocean Energy, Inc.	16,778,669	52 Self, E. M.	31,379
3 Klabzuba Oil & Gas, Inc.	9,413,276	53 Reserve Operating Corp.	29,615
4 EnCana Energy Resources, Inc.	8,909,103	54 Prima Exploration, Inc.	27,770
5 Samedan Oil Corporation	5,822,415	55 Northland Holdings, Inc.	26,527
6 Brown, J. Burns Operating Company	1,034,322	56 Wheless Industries, Inc.	25,862
7 Jurassic Resources Development NA LLC	617,153	57 Potlatch Oil & Refining Co	23,654
8 Luff Exploration Company	570,885	58 Rocky Mountain Oil & Minerals	21,436
9 Fulton Fuel Company	550,615	59 Lease Technicians, James S. Brandt Dba	20,239
10 T.W.O. (Taylor Well Operating)	484,009	60 Cardinal Construction, LLC	19,742
11 Western Natural Gas Company	479,655	61 Hardrock Oil Company	18,432
12 Spectrum Energy, Inc.	462,711	62 Shadco	15,492
13 Branch Oil & Gas	431,950	63 Rincon Oil & Gas LLC	15,187
14 Somont Oil Company, Inc.	407,324	64 McCarthy, Lawrence J.	13,959
15 Croft Petroleum Company	341,923	65 NorthStar Natural Gas, LLC	13,788
16 Keesun Corporation	329,690	66 Citation Oil & Gas Corporation	12,983
17 Ranck Oil Company, Inc.	242,887	67 Petroleum Engineering & Management Corp.	12,910
18 Constitution Gas Transport Co., Inc.	216,172	68 Deltana, Inc.	11,376
19 Griffon Petroleum, Inc.	210,173	69 Breck Operating Corp.	11,300
20 NRC Development, LLC	201,328	70 ST Oil Company	10,560
21 Fulton Producing Co.	178,249		
22 Montana Heartland LLC	177,348		
23 Mountain Pacific General Inc.	169,828		
24 Blackstone Operating	167,876		
25 Flying J Oil and Gas, Inc.	142,175		
26 Sands Oil Company	136,603		
27 Northwestern Energy, LLC	136,410		
28 Saco, Town Of	131,131		
29 Balko, Inc.	111,809		
30 Sector Resources (II) Ltd.	97,159		
31 Quicksilver Resources, Inc.	96,165		

32 Sagebrush Operating, LLC	95,957
33 G/S Producing, Inc.	91,539
34 Equity Oil Company	86,445
35 AltaMont Oil & Gas Inc.	82,452
36 Bald Eagle Resources, Inc.	76,037
37 Great Northern Drilling Company	73,763
38 Bowers Oil & Gas, Inc.	66,222
39 Parsell, R. W.	60,569
40 Coolidge, G. B., Inc.	60,150
41 Montana Power Company	59,372
42 S & W Petroleum Consultants, Inc.	54,528
43 Prairie Dog Exploration, LLC	52,420
44 Topaz Oil & Gas Inc	52,140
45 Robinson Oil Company, LLC	51,930
46 Nance Petroleum Corporation	51,200
47 Cavalier Petroleum	46,800
48 Stivers, Inc.	41,666
49 Solomon Exploration Inc.	34,832
50 Cut Bank Gas Company	33,850

United States Environmental Protection Agency Office of Ground Water and Drinking Water Washington, DC 20480 UIC Federal Reporting System Part I: Permit Review and Issuance/ Wells in Area of Review (This information is solicited under the authority of the Safe Drinking Water Act)	I. Name and Address of Preparing Agency Montana Board of Oil & Gas 2535 St. Johns Avenue Billings, MT 59102
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II. Date Prepared (Mo, Day, Yr) 2/16/2004	III. State Contact (Name, Telephone No.) Thomas P. Richmond.	IV. Recording Period (Month/Year) From: 1/1/2003 To: 1/1/2004
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Item				Class and Type of injection well			
				SWD	ER	LHS	
V. Permit Application	Number of Permit Applications Received			16	28	0	
VI. Permit Determination	Permits Issued	A	Number of Individual Permits Issued (One Well)	New Wells	11	4	0
			Existing Wells	2	0	0	
	B	Number of Area Permits Issued (Multiple Wells)		1	1	0	
		C	Number of Wells in Area Permits Issued	New Wells	1	3	0
	Existing Wells			0	22	0	
	Permits Not Issued	D	Number of Permits Denied/Withdrawn (after complete technical review)		0	0	0
	Modifications Issued	E	Number of Major Permit Modifications Approved		0	0	0
New Wells	F	Number of New Wells Drilled		3	11	0	
VII. Permit File Review	Number of Rule-Authorized Class II Wells Reviewed			Wells Reviewed	0	0	0
				Wells Passing	0	0	0
				Wells Deficient	0	0	0
VIII. Area of Review (AOR)	Wells Reviewed	A	Number of Wells in Area of Review	Abandoned Wells	3	4	0
				Other Wells	16	27	0
	Wells Identified for C/A	B	Number of Wells Identified for Corrective Action	Abandoned Wells	2	1	0
				Other Wells	0	0	0
	Wells with C/A	C	1. Number of Wells in AOR with Casing Repaired/Recommended		0	0	0
			2. Number of Active Wells in AOR Plugged/Abandoned		0	0	0
			3. Number of Abandoned Wells in AOR Plugged		0	0	0
			4. Number of Wells in AOR with Other Corrective Action		0	0	0

IX. Remarks/Ad Hoc Report (Attach additional attachments as necessary)

Certification

I certify that the statements I have made on this form and all attachments thereof are true, accurate, and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under appropriate law.

Signature and Typed or Printed Name and Title of Person Completing Form	Date	Phone No.
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United States Environmental Protection Agency Office of Ground Water and Drinking Water Washington, DC 20480 UIC Federal Reporting System Part II-a: Compliance Evaluation (This information is solicited under the authority of the Safe Drinking Water Act)	I. Name and Address of Preparing Agency Montana Board of Oil & Gas 2536 St Johns Avenue Billings, MT 59102
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II. Date Prepared (Mo. Day, Yr) 2/16/2004	III. State Contact (Name, Telephone No) Thomas P. Richmond,	IV. Recording Period (Month/Year) From: 1/1/2003 To: 1/1/2004
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Item				Class and Type of Injection Well		
				SWD	ER	LHS
V Summary of Violations	Total Wells	A	Number of Wells with Violations	16	62	0
	Total Violations	B	1. No. of Unauthorized Injection Violations	0	1	0
			2. No. of Mechanical Integrity Violations	13	60	0
			3. No. of Injection Pressure/Rate Violations	1	2	0
			4. No. of Plugging and Abandonment Violations	0	0	0
			5. No. of Operation/Maintenance Violations	0	1	0
			6. No. of Monitoring/Reporting Violations	0	0	0
			7. No. of Violations of Formal Orders	0	0	0
			8. No. of Casing/Cementing Violations	0	0	0
			9. No. of Falsification Violations	0	0	0
			10. No. of Financial Responsibility Violations	0	0	0
			11. Number of Other Violations	1	1	0
VI Summary of Enforcement	Total Wells	A	Number of Wells with Enforcement Actions	11	62	0
	Total Enforcement Actions	B	1. No. of Notices of Violations	0	0	0
			2. No. of Administrative Orders	14	61	0
			a. Unilateral Order	0	0	0
			b. Consent Order	0	0	0
			c. Pipeline Severance	0	0	0
			d. Well Shut-in	14	61	0
			e. Other	0	0	0
			3. No. of Consent Decrees	0	0	0
			4. No. of Civil Referrals	0	0	0
			5. No. of Criminal Referrals	0	0	0
			6. No. of Emergency Inspections	0	1	0
			7. No. of Show Cause Hearings	0	0	0
8. No. of Commence Bond Forfeitures	0	0	0			
9. No. of Other Enforcement Actions Against Violations (Specify)	0	2	0			
VII Summary of Compliance	No. of Wells Returned to Compliance		A. This Quarter	1	2	0
			B. This Year	21	65	0
VIII. Contamination	No. of Cases of Alleged Contamination of a USDW		0	0	0	
IX. MIT Results	Percent of MIT Violation Resolved in 90 days					

Certification

I certify that the statements I have made on this form and all attachments thereof are true, accurate, and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under appropriate law.

Signature and Typed or Printed Name and Title of Person Completing Form

Date

Phone No

United States Environmental Protection Agency Office of Ground Water and Drinking Water Washington, DC 20460 UIC Federal Reporting System Part II-b: Compliance Evaluation Significant Noncompliance (This information is solicited under the authority of the Safe Drinking Water Act)		I. Name and Address of Preparing Agency Montana Board of Oil & Gas 2535 St. Johns Avenue Billings, MT 59102	
II. Date Prepared (mo. day, yr) 02/16/04		III. State Contact (Name, Telephone No.) Thomas P. Richmond	
		IV. Recording Period (Month/Year) From: 01/01/03 To: 01/01/04	

Item			Class and Type of Injection Well			
			SWD	ER	LHS	
V Summary of Significant Non-Compliance (SNC)	Total Wells	A	Number of Wells with SNC Violations	0	0	0
	Total Violations	B	1. No. of Unauthorized Injection SNC Violations	0	0	0
			2. No. of Mechanical Integrity SNC Violations	0	0	0
			3. No. of Injection Pressure SNC Violations	0	0	0
			4. No. of Plugging and Abandonment SNC Violations	0	0	0
			5. No. of SNC Violations of Formal Orders	0	0	0
			6. No. of Falsification SNC Violations	0	0	0
			7. Number of Other SNC Violations (Specify)	0	0	0
VI Summary of Enforcement Actions Against SNC Violations	Total Wells	A	Number of Wells with Enforcement Actions Against SNC Violations	0	0	0
	Total Enforcement Actions	B	1. No. of Notices of Violations	0	0	0
			2. No. of Consent Agreements/ Order	0	0	0
			3. No. of Administrative Orders	0	0	0
			4. No. of Civil Referrals	0	0	0
			5. No. of Criminal Referrals	0	0	0
			6. No. of Shut-in Wells	0	0	0
			7. No. of Pipeline Severances	0	0	0
			8. No. of Other Enforcement Actions Against SNC Violations	0	0	0
VII. Summary of Compliance	No. of Wells in SNC Returned to Compliance		A. This Quarter	0	0	0
			B. This Year	0	0	0
VIII Contamination	No. of Cases of Alleged Contamination of a USDW					

Certification

I certify that the statements I have made on this form and all attachments thereof are true, accurate, and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under appropriate law

Signature and Typed or Printed Name and Title of Person Completing Form	Date	Phone No.
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United States Environmental Protection Agency Office of Ground Water and Drinking Water Washington, DC 20480 UIC Federal Reporting System		I Name and Address of Preparing Agency Montana Board of Oil & Gas 2535 St. Johns Avenue Billings, MT 59102
Part III: Inspections Mechanical Integrity Testing (This information is solicited under the authority of the Safe Drinking Water Act)		
II Date Prepared (mo, day, yr) 02/18/04	III. State Contact (Name, Telephone No.) Thomas P. Richmond	IV Recording Period (Month/Year) From 1/1/2003 To 1/1/2004

Item				Class and Type of Injection Well			
				SWD	ER	LHS	
V Summary of Inspections	Total Wells	A	Number of Wells Inspected	144	288	0	
	Total Inspections	B	1 No. of Mechanical Integrity Tests (MITs) Witnessed	43	207	0	
			2 No. of Emergency or Complaint Response Inspections	0	1	0	
			3 No. of Well Constructions Witnessed	0	8	0	
			4 No. of Well Pluggings Witnessed	4	5	0	
			5 No. of Routine/Periodic Inspections	137	114	0	
VI Summary of Mechanical Integrity (MI)	Total Wells	A	No. of Wells Tested or Evaluated for Mechanical Integrity (MIT)	34	229	0	
		B	No. of Permitted Wells Tested/Evaluated for MI	Passed 2-part test (IMI and EMI)	40	104	0
				Failed 2-part test (IMI and EMI)	8	11	0
			No. of Rule-Authorized Wells Tested/Evaluated for MI	Passed 2-part test (IMI and EMI)	0	127	0
				Failed 2-part test (IMI and EMI)	0	14	0
	For Significant Leak	C	1 No. of Annulus Pressure Monitoring Record Evaluations	Wells Passed	0	0	0
				Wells Failed	0	0	0
			2. Number of Casing/Tubing Pressure Tests	Wells Passed	37	192	0
				Wells Failed	4	5	0
			3 Number of Monitoring Record Evaluations	Wells Passed	0	0	0
				Wells Failed	0	0	0
			4. Number of Ada Pressure Tests (Gas Displacement)	Wells Passed	0	0	0
				Wells Failed	0	0	0
			5. Number of Internal Radioactive Tracer Surveys	Wells Passed	1	0	0
Wells Failed				0	0	0	
6 Number of Dual-Completion Test	Wells Passed	0	0	0			
	Wells Failed	0	0	0			
7 Number of Water-In-Annulus Tests	Wells Passed	0	0	0			
	Wells Failed	0	0	0			
8. Number of Gas Detector (Annulus Pressure) Tests	Wells Passed	0	0	0			
	Wells Failed	0	0	0			
9. Number of Temperature Anomaly Tests	Wells Passed	0	0	0			
	Wells Failed	0	0	0			

United States Environmental Protection Agency Office of Ground Water and Drinking Water Washington, DC 20480 UIC Federal Reporting System Part III: Inspections Mechanical Integrity Testing (This information is solicited under the authority of the Safe Drinking Water Act)	I. Name and Address of Preparing Agency Montana Board of Oil & Gas 2535 St. Johns Avenue Billings, MT 59102	
II. Date Prepared (Mo, Day, Yr) 02/16/04	III. State Contact (Name, Telephone No.) Thomas P. Richmond	IV. Recording Period (Month/Year) From: 01/01/03 To: 01/01/04

VI. Summary of Mechanical Integrity (MI)			10. Number of Differential Temperature Tests		Wells Passed	0	0	0
						Wells Failed	0	0
			11. Number of Water/Brine Interface Tests		Wells Passed	0	0	0
				Wells Failed	0	0	0	0
			12. Number of Single Point Resistivity Tests		Wells Passed	0	0	0
				Wells Failed	0	0	0	0
			13. Number of Other Significant Leak Tests/Evaluations (Specify)		Wells Passed	1	35	0
				Wells Failed	0	1	0	0
For Fluid Migration	D	1. Number of Cement Record Evaluations		Wells Passed	0	0	0	0
			Wells Failed	0	0	0	0	0
		2. Number of Temperature/Noise Log Tests		Wells Passed	0	0	0	0
			Wells Failed	0	0	0	0	0
		3. Number of Radioactive Tracer/Cement Bond Tests		Wells Passed	0	0	0	0
			Wells Failed	0	0	0	0	0
		4. Number of Oxygen Activation Log Tests		Wells Passed	0	0	0	0
			Wells Failed	0	0	0	0	0
		5. Number of Other Fluid Migration Tests/Evaluations (Specify)		Wells Passed	0	0	0	0
			Wells Failed	0	0	0	0	0
VII. Summary of Remedial Actions	Total Wells	A	Number of Wells with Remedial Actions		23	106	0	0
	Total Remedial Actions	B	1. No. of Casing Repairs/Squeeze Cement Remedial Actions		0	0	0	0
			2. No. of Tubing/Packer Remedial Actions		0	0	0	0
			3. No. of Plugging/Abandonment Remedial Actions		0	0	0	0
			4. No. of Other Remedial Actions (Specify)		0	0	0	0

IX. Remarks/Aq Hoc Report (Attach additional sheets as necessary)

Certification

I certify that the statements I have made on this form and all attachments thereof are true, accurate, and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under appropriate law.

Signature and Typed or Printed Name and Title of Person Completing Form

Date

Phone No

United States Environmental Protection Agency
Office of Ground Water and Drinking Water
Washington, DC 20480
UIC Federal Reporting System

I. Name and Address of Preparing Agency

Montana Board of Oil & Gas
2535 St. Johns Avenue

Billings, MT 59102

Part II-a: Compliance Evaluation

(This information is solicited under the authority of the Safe Drinking Water Act)

II. Date Prepared (Mo, Day, Yr) III. State Contact (Name, Telephone No.)
2/16/2004 Thomas P. Richmond.

IV. Recording Period (Month/Year)
From: 1/1/2001 To: 1/1/2004

Item	Class and Type of Injection Well					
	SWD	ER	LHS			
V. Summary of Violations	Total Wells	A	Number of Wells with Violations	41	144	0
	Total Violations	B	1. No. of Unauthorized Injection Violations	0	1	0
			2. No. of Mechanical Integrity Violations	35	149	0
			3. No. of Injection Pressure/Rate Violations	7	7	0
			4. No. of Plugging and Abandonment Violations	0	0	0
			5. No. of Operation/Maintenance Violations	0	2	0
			6. No. of Monitoring/Reporting Violations	0	0	0
			7. No. of Violations of Formal Orders	1	0	0
			8. No. of Casing/Cementing Violations	0	0	0
			9. No. of Falsification Violations	0	0	0
			10. No. of Financial Responsibility Violations	0	0	0
			11. Number of Other Violations	1	1	0
VI. Summary of Enforcement	Total Wells	A	Number of Wells with Enforcement Actions	35	141	0
	Total Enforcement Actions	B	1. No. of Notices of Violations	0	0	0
			2. No. of Administrative Orders	41	150	0
			a. Unilateral Order	0	0	0
			b. Consent Order	0	0	0
			c. Pipeline Severance	0	0	0
			d. Well Shut-in	41	150	0
			e. Other	0	0	0
			3. No. of Consent Decrees	0	0	0
			4. No. of Civil Referrals	0	0	0
			5. No. of Criminal Referrals	0	0	0
			6. No. of Emergency Inspections	0	1	0
7. No. of Show Cause Hearings	0	0	0			
8. No. of Commence Bond Forfeitures	0	0	0			
9. No. of Other Enforcement Actions Against Violations (Specify)	5	4	0			
VII. Summary of Compliance	No. of Wells Returned to Compliance	A. This Quarter	1	2	0	
		B. This Year	21	73	0	
VIII. Contamination	No. of Cases of Alleged Contamination of a USDW		0	0	0	
IX. MIT Results	Percent of MIT Violation Resolved in 90 days					

Certification

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Signature and Typed or Printed Name and Title of Person Completing Form

Date

Phone No.