

Australia II 12 KA 6 Well Near Fort Kipp, MT

Ready or Not,

Here We Go!!





# Fort Peck Tribes Oil & Gas Development

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Tribal Executive Board Member  
And Chairman, Oil and Gas Committee



# A Tribal Perspective

## Overview of Tribal Activities and the Region

- Formation of Fort Peck Energy Company
- Montana – North Dakota – Saskatchewan
- Northeast Montana Leasing and Exploration
- Fort Peck Reservation
- Forward Looking



# A Tribal Perspective



**Fort Peck  
Energy Company**

## Fort Peck Energy Company – A Brief History

- June 2008: The Tribes meet to discuss how to develop their energy resources
- March 2009: The Tribes partner with Native American Resource Partners to form Fort Peck Energy Company, owned 50% by the Tribes
- 2009-2010: Attempted to purchase existing production on the Reservation
- April 2010: Began Leasing in the SE corner of the Reservation



## A Tribal Perspective



**Fort Peck  
Energy Company**

## Fort Peck Energy Company – A Brief History

- June 2011: Fort Peck Energy Company signs Joint Venture with Samson Oil and Gas USA Montana, Inc covering 90,000 acres
- November 2011: The Australia II 12 KA 6 Horizontal Bakken Test Well is Spud near Fort Kipp
- January 2012: The Gretel II 12 KA 6 Horizontal Bakken Test Well is Spud near Brockton



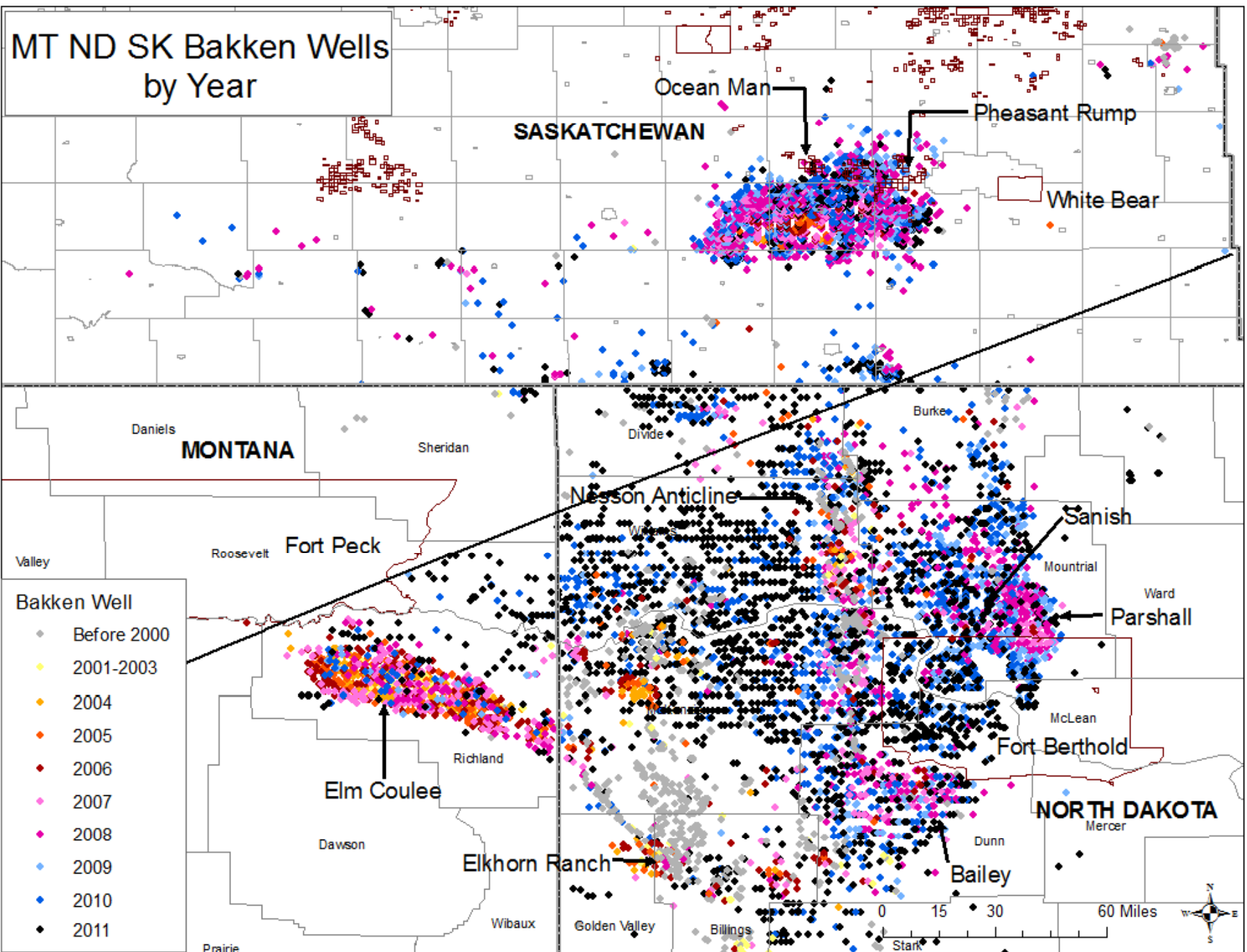
# A Regional Perspective

## Montana – North Dakota – Saskatchewan

- Number of Bakken/Three Forks wells drilled in 2011
  - MT 69
  - ND 1,299
  - SK 597
- Number of Drilling Rigs as of January 2012
  - MT - 12; ND - 185
- Daily Oil Production as of December 2011
  - MT 32,805 BBLS
  - ND 469,758 BBLS



# MT ND SK Bakken Wells by Year





## A Local Perspective: Not including the Reservation

### Northeast Montana Leasing and Exploration

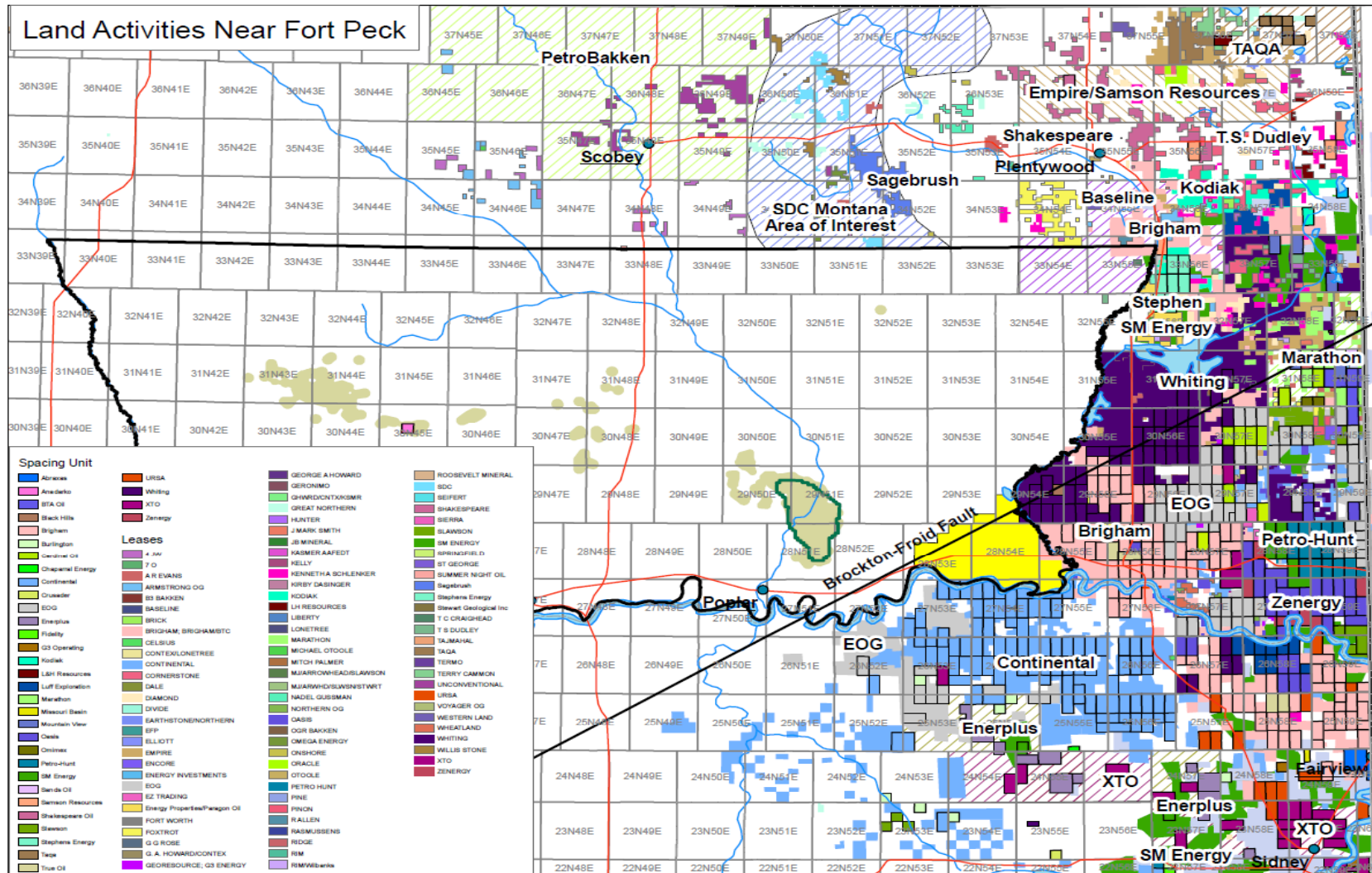
- The Major and Local Players
  - Activity includes Drilling and Lease Speculation

BRIGHAM / STATOIL	KODIAK ENERGY	SHAKESPEARE OIL
BTC OIL PRODUCERS	LUFF EXPLORATION	SHALE EXPLORATION
BURLINGTON RESOURCES	MARATHON OIL	SLAWSON ENERGY
CHAPARRAL ENERGY	MOUNTAIN VIEW ENERGY	STEPHENS ENERGY
CARDINAL OIL	NADEL GUSSMAN	T S DUDLEY
CONTINENTAL RESOURCES	NORTHERN OIL & GAS	TAQA NORTH USA
CORNERSTONE	OASIS PETROELUM	TRIANGLE USA
EOG RESOURCES	PETRO-HUNT	URSA RESOURCES
ENERPLUS RESOURCES	SAMSON RESOURCES / KKR	WHITING PETROLEUM
FIDELITY OIL & GAS	SDC MONTANA	ZENERGY
G3 OPERATING	SM ENERGY	XTO / MOBIL-EXXON
GREAT NORTHERN		





# A Local Perspective: Who is Leasing or Drilling Where

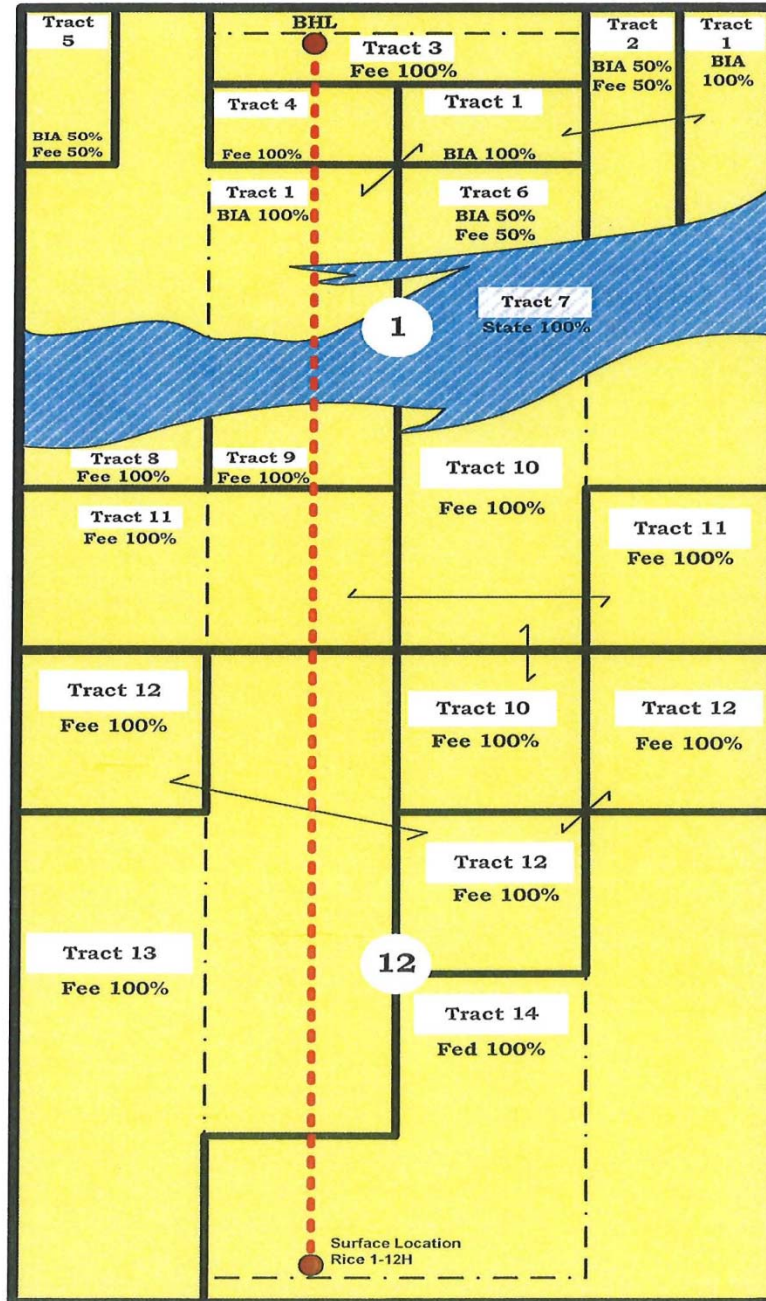


# Spacing Unit

Roosevelt Co., MT

6	5	4	3	2	1	6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12
18	17	<sup>16</sup> <b>28N-52E</b>	<sup>15</sup>	14	13	18	17	<sup>16</sup> <b>28N-53E</b>	<sup>15</sup>	14	13	18	17	<sup>16</sup> <b>28N-54E</b>	<sup>15</sup>	14	13
19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36
6	5	4	3	2	1	6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12
18	17	<sup>16</sup> <b>27N-52E</b>	<sup>15</sup>	14	13	18	17	<sup>16</sup> <b>27N-53E</b>	<sup>15</sup>	14	13	18	17	<sup>16</sup> <b>27N-54E</b>	<sup>15</sup>	14	13
19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36
6	5	4	3	2	1	6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12
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30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36

Richland Co., MT



**Unit Acreage Total: 1,357.61 Gross Acres**



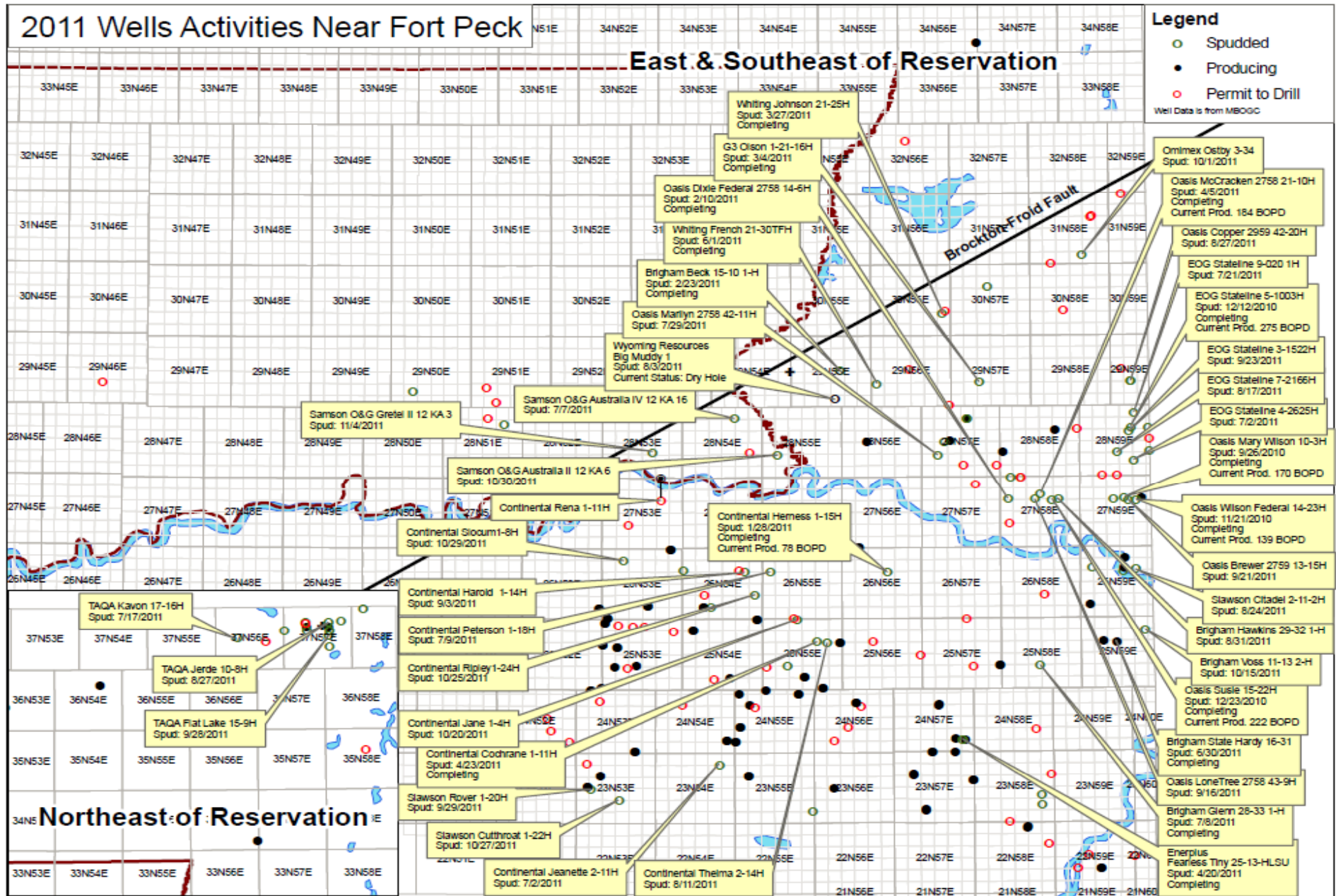
## A Local Perspective: Keeping Abreast of Off-Reservation Activity

The Tribes, through their Fort Peck Energy Company and their Minerals Department, keep detailed information on:

- Leasing activity on & off the Reservation
- Permitting activity in the Region
- Drilling activity in the Region
- Well Logs & Coring Analysis
- Completion & Initial Production statistics
- Monthly Production
- Seismic activity; The Tribes own over 900 miles of 2D and 100 squares of 3D seismic data



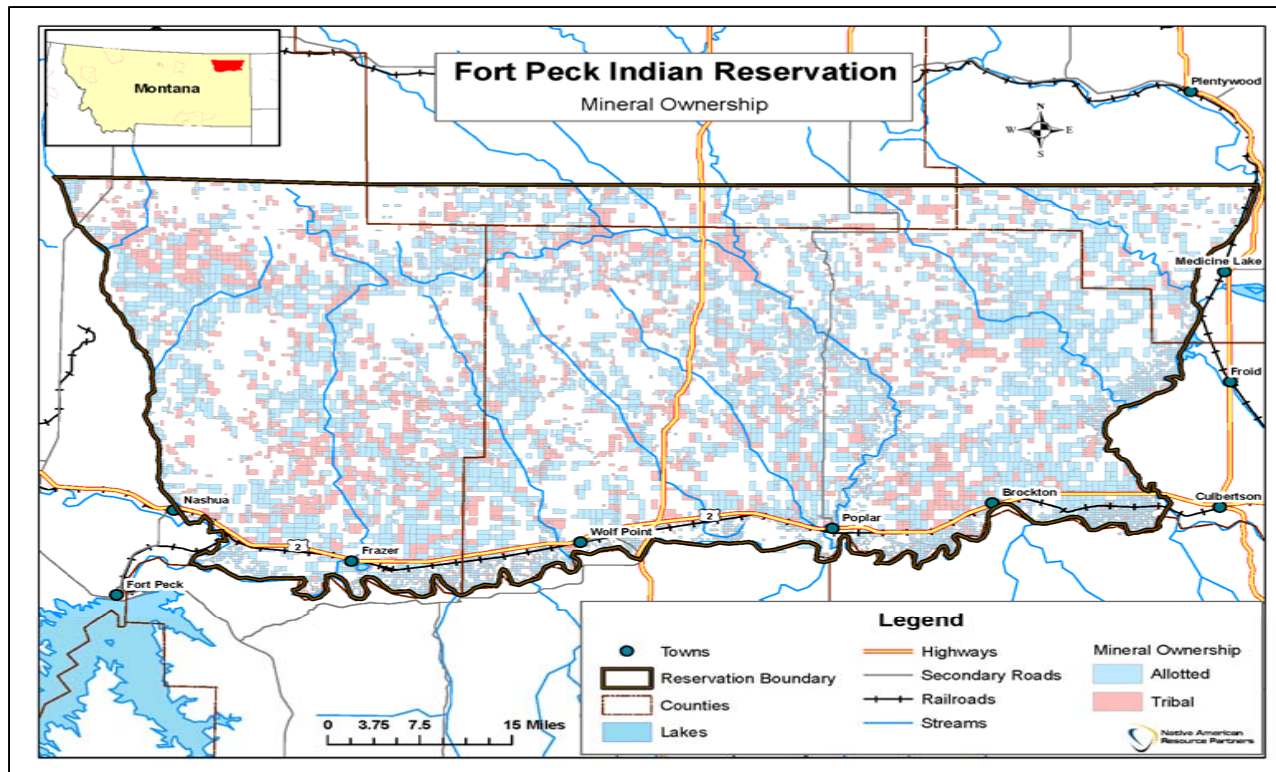
# Drilling, Completion and Initial Production Data





# A Home Perspective

The Reservation is a checkerboard with roughly 1,000,000 acres owned in fee, 660,000 acres owned by individual Tribal Members (Allottees) and 330,000 acres owned by the Tribes.

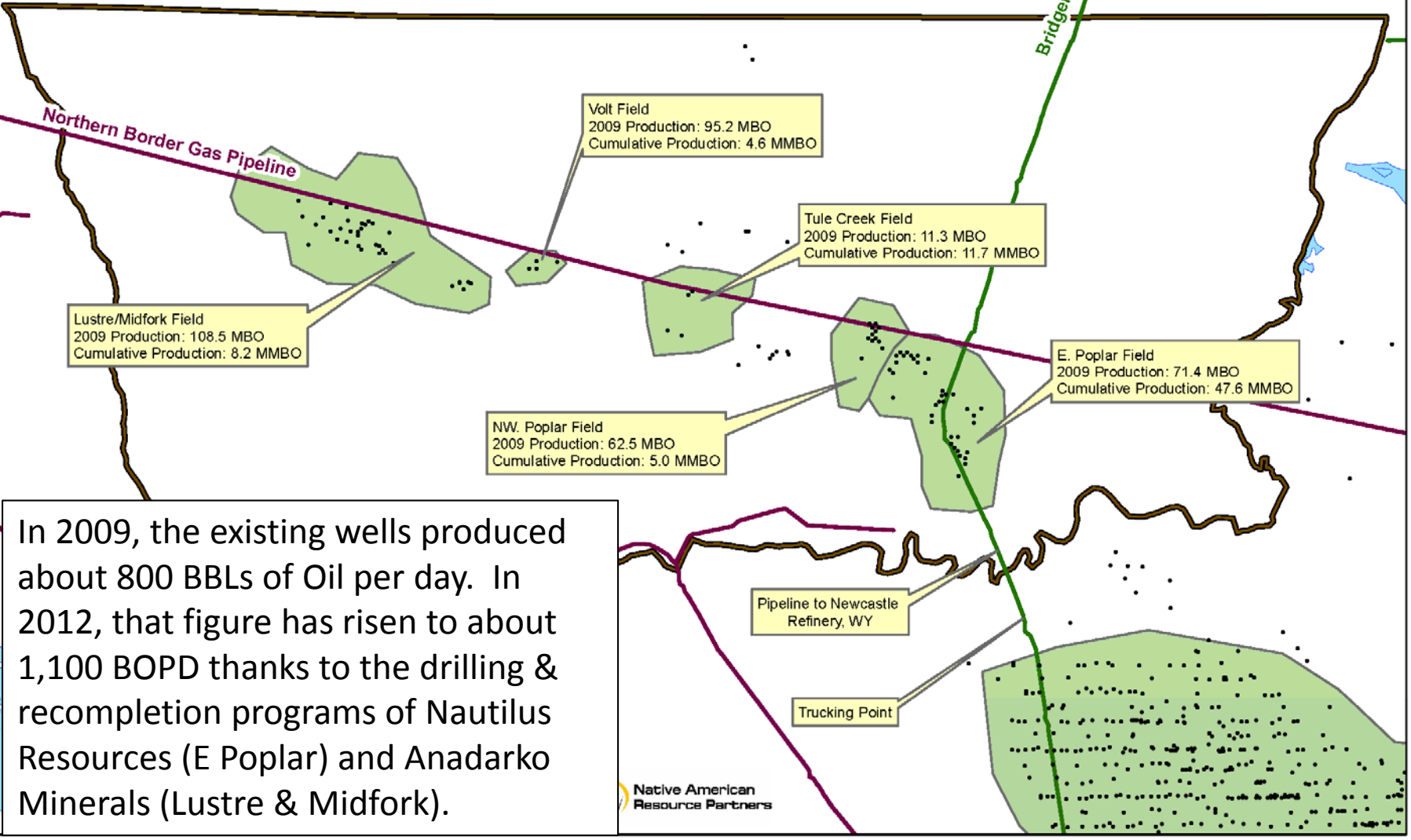






# Fort Peck Indian Reservation

## Oil Gas Pipeline and Production



In 2009, the existing wells produced about 800 BBLs of Oil per day. In 2012, that figure has risen to about 1,100 BOPD thanks to the drilling & recompletion programs of Nautilus Resources (E Poplar) and Anadarko Minerals (Lustre & Midfork).



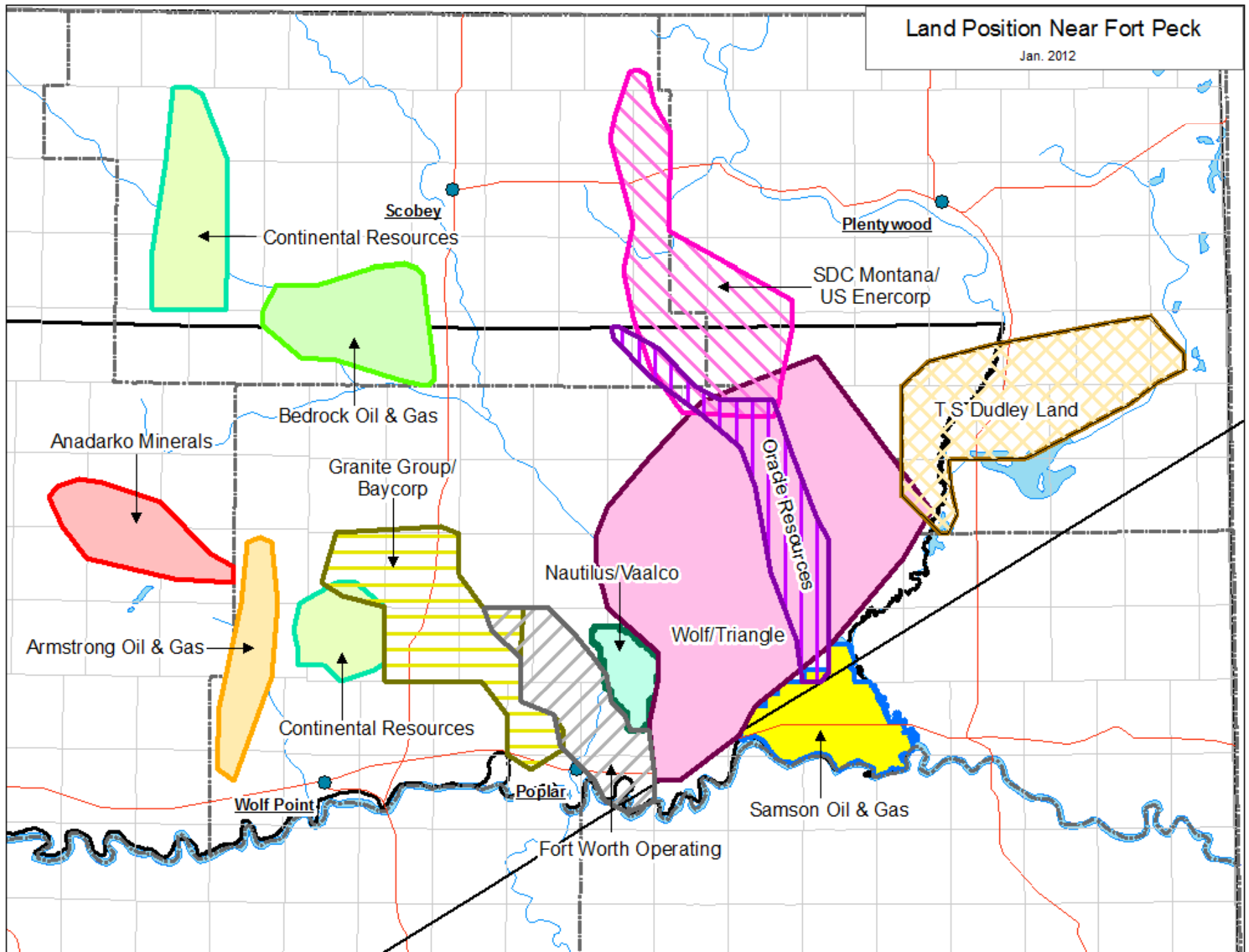
# A Home Perspective

Leasing and Exploration on the Reservation: Over half a million acres under lease with 7 active drilling programs!

<b>LESSEE</b>	<b>Acreage</b>
WOLF EXPLORATION	124,025
TRIANGLE USA	98,831
FORT WORTH	67,757
RED WILLOW	55,760
SAMSON OIL AND GAS	31,931
ORACLE RESOURCES MT	23,452
BAYCORP HOLDINGS	20,578
NAUTILUS RESOURCES	18,843
ANADARKO MINERALS	17,988
CONTINENTAL RESOURCES	15,048
FORT PECK ENERGY	12,878
SAMSON RESOURCES TULSA	10,167
ARMSTRONG OIL & GAS	9,386
SDC MONTANA CONSULTING	5,419

# Land Position Near Fort Peck

Jan. 2012





# A Home Perspective: Who is Drilling and Where?

<b>OPERATORS (POTENTIALLY) DRILLING WELLS ON RESERVATION</b>	<b>2011</b>	<b>2012-1</b>	<b>Projected 2012-2</b>	<b>2013</b>
ANADARKO MINERALS		2	6-8	?
ARMSTRONG OIL & GAS	1		2	?
BAYCORP HOLDINGS (GRANITE)			?	?
BEDROCK OIL & GAS			?	?
CONTINENTAL RESOURCES		2	4	?
FORT PECK ENERGY (see Samson O&G)				?
FORT WORTH OPERATING	7		?	?
NAUTILUS RESOURCES	2		2-4	?
ORACLE RESOURCES MT			1	?
RED WILLOW (leases potentially expiring)				?
SAMSON OIL AND GAS	1	1	8-10	?
SAMSON RESOURCES TULSA		1		?
SDC MONTANA (broker - see USEnercorp)			?	?
TRIANGLE USA			?	?
T S DUDLEY (land broker - client unknown)			?	?
USENERCORP			?	?
VAALCO ENERGY		1	2	?
WHITING PETROLEUM			2	?
WOLF EXPLORATION			1-2	?
<b>(POTENTIAL) WELL TOTALS</b>	<b>11</b>	<b>7</b>	<b>28-35</b>	



# A Home Perspective: What Formations are being Explored

<b>OPERATORS (POTENTIALLY) DRILLING WELLS ON RESERVATION</b>	<b>Judith River</b>	<b>Madison Goup (Charles)</b>	<b>Bakken - Three Forks</b>	<b>Deeper Zones</b>
ANADARKO MINERALS		2	4-6	2
ARMSTRONG OIL & GAS		1		2
BAYCORP HOLDINGS (GRANITE)				
BEDROCK OIL & GAS				
CONTINENTAL RESOURCES			6	
FORT PECK ENERGY (see Samson O&G)				
FORT WORTH OPERATING	6		1	
NAUTILUS RESOURCES		2-4		2
ORACLE RESOURCES MT			1	
RED WILLOW (leases potentially expiring)				
SAMSON OIL AND GAS			10-12	
SAMSON RESOURCES TULSA			1	
SDC MONTANA (broker - see USEnercorp)				
TRIANGLE USA				
T S DUDLEY (land broker - client unknown)				
USENERCORP				
VAALCO ENERGY			1	2
WHITING PETROLEUM			2	
WOLF EXPLORATION			1-2	
<b>(POTENTIAL) WELL TOTALS</b>	<b>6</b>	<b>5-7</b>	<b>27-32</b>	<b>8</b>



## Ready or Not . . . The Tribes are Preparing for the Future

- Continuing to drill wells through Fort Peck Energy.
- Continuing to lease Tribal lands and facilitate exploration with industry.
- Bringing more regulatory responsibility to the Reservation like the Office of Environmental Protection; this program allows the Tribes to exercise approval here versus the EPA in Denver.
- Working to streamline the regulatory process with all the federal and state agencies involved in oilfield activity oversight.





## . . . Here It Comes

# The Tribes are Preparing for the Future

- Water Depot; plans drawn
- Pipe Threading; feasibility study done & being evaluated
- Railroad Loading Facility; Phase I being implemented for frac sand deliveries to Poplar
- Tank Manufacturing; exploring partners for the project
- Small refinery or topping plant; negotiating a joint venture for a feasibility study and other first steps
- Travel center with hotel/casino; continuing discussions
- Other Tribal enterprises focused on servicing the oilfield industry



# A Forward Perspective

As always, the Tribes are most concerned for the overall health, safety and welfare of its Members. This means they are constantly vigilante on issues which affect all of us, like:

- Protecting air, water, visual and noise quality in general & near well locations, including wildlife sanctuaries;
- Encouraging construction of pipelines over trucking for oil, gas & water transportation;
- Encouraging corridors for development and “super pads” for multiple wells to minimize surface impacts; and
- Encouraging cooperation among operators to work together to resolve issues as they arise.



# An Update on Samson Wells

## Australia II KA 6 Well, 3 miles east of Fort Kipp

The well has a workover rig over it cleaning out the wellbore and the balance of the plugs; the plan is to set a production tubing string which will allow an assessment of the productive capacity.

## Gretel II 12 KA 3 Well, 3 miles east of Brockton

The well is scheduled to be fraced on or about March 21<sup>st</sup>.

FAQ: What do the well names mean? The wells were named after winning 12 meter racing sailboats in the America's Cup racing history. In the future, wells will have Tribal names.



# An Update on Other Wells

## Abercrombie 1-10H Well, 3 miles southeast of Brockton

The drilling rig is conditioning the wellbore for completion & will be moving off soon.

## Riva Ridge 6-7-33-56H Well, 3 miles north of Reserve

The well is scheduled to be fraced on or about March 21<sup>st</sup>.

Anadarko Minerals Wells: Evaluating completions

Nautilus Resources Wells: Amsden Formation – new discovery at over 100 bbls of oil per day!

VAALCO Energy Well: Awaiting completion

Fort Worth Operating Wells: Awaiting completion