

INFORMATIONAL TESTIMONY OF FIDELITY EXPLORATION & PRODUCTION  
COMPANY

HB 491

House Natural Resources Committee  
February 9, 2005

EXHIBIT 7  
DATE 2.9.05  
HB 491

I. Introduction

Fidelity currently has one MPDES discharge permit from Montana DEQ (MT-0030457). The permit allows discharge of up to 1600 gallons per minute of water produced in conjunction with our CBNG production.

Fidelity currently has two MPDES discharge permit applications pending before Montana DEQ. One application is for the renewal of MT-0030457. The second application (MT-0030724) would allow discharge of up to 1700 gallons per minute of treated CBNG produced water.

II. Self-Monitoring Requirements

1. Weekly: Discharge flow rate
2. Monthly:
  - A. Total dissolved solids
  - B. Specific conductance
  - C. Sodium Adsorption Ratio
    - Sodium
    - Calcium
    - Magnesium
  - D. Iron
  - E. Aluminum
  - F. Ammonia
3. Quarterly:
  - A. Radium 226
  - B. Fluoride
  - C. Chloride
4. Annually: Whole Effluent Toxicity (one representative outfall)

In addition to the all-over monitoring requirements, Fidelity is required to conduct testing for the monthly and quarterly parameters at upstream and downstream sites on the Tongue River.

Results of all monitoring are reported to Montana DEQ by Fidelity monthly through a Discharge Monitoring Report.

III. Montana DEQ Inspections and Audit

Montana DEQ has conducted field inspections, independent sampling of some outfalls and an audit of Fidelity's records associated with the permit on an annual basis.

IV. Penalties for Violations

“Penalties for Violations of Permit Conditions: The Montana Water Quality Act provides that any person who violates a permit condition of the Act is subject to civil or criminal penalties not to exceed \$10,000 per day of such violation. Any person who willfully or negligently violates permit conditions of the Act is subject to a fine of not more than \$50,000 per day of violation, or by imprisonment for not more than 2 years, or both, for subsequent convictions. MCA 75-5-611(a) also provides for administrative penalties not to exceed \$10,000 for each day of violation and up to a maximum not to exceed \$100,000 for any related series of violations.”

V. Fidelity Sampling and Monitoring Cost

In 2004, Fidelity spent \$41,500 on sampling, analysis and monitoring of MT-0030457.