

MIOCENE OIL COMPANY, LLC

August 17, 2007

United States Environmental Protection Agency
Region 8
1595 Wynkoop Street
Denver, CO 80202

Attn: Elyana R. Sutin

Re: Fine in the matter of Miocene Oil Co., LLC
Docket No. SDWA-08-2007-005

Dear Ms./Mrs. Sutin:

Enclosed herewith you will find certified copies from the court of a special hearing held in Wolf Point, Mt. before the honorable Katherine Irigion, regarding the dispute by and between Miocene Oil Co., LLC (Manuel Munoz) and Summer Knight Oil Co. (Marla Sue Gordon) on the Anderson 27-1.

Please note that Summer Knight Oil Co. has agreed to pay half of the EPA's fine against Miocene Oil Co. in the amount of \$28,000.00 leaving Miocene Oil Co. liable for approximately \$14,000.00.

Should you need any further information or have any questions please do not hesitate to contact me at (303) 809-1945.

Best Regards,
Miocene Oil Co., LLC



Manuel Munoz
President

Enclosure(s)

1. To settle any interest of Miocene in Anderson 27-1 and Anderson 27-2, Summer Night will pay the following:

a. Summer Night will pay 1/2 of the fine due from Miocene to the EPA. Miocene and Summer Night will agree to use their best efforts to honestly report that a dispute existed between the parties regarding operation of the well and Miocene will use their best efforts to attempt to reduce the fine.

b. Within six months of July 25, 2007, Summer Night will pay to Miocene the sum of \$75,000 for its investment and equipment located at Anderson 27-1 and Anderson 27-2. That said monies will be generated from the sale to investors and thus each parties' best efforts to clear title is presumed.

2. Title to any interest in the Mississippian and Nisku Development Prospect contract, excluding the Summer Night 21-1 well, will be conveyed to Summer Night, no later than August 20, 2007.

3. It has been stated by Miocene that he has received authorizations from the 21-1 working interest owners that the monies provided to 21-1 could be used at 27-1 and 27-2 and thus he will provide a copy of said authorizations to Summer Night on or before August 20, 2007. Miocene will obtain quit claim deeds from said persons/entities to whatever interest they may have in Anderson 27-1 and 27-2, on or before August 20, 2007.

4. Summer Night will use its best efforts to convince High Country to do the following:

1. Dismiss its lawsuit against Miocene filed in Daniels County, Montana.
2. To release its lien filed against Miocene.
3. To convince High Country to pay \$2,000 toward its balance owed to Miocene which upon receipt Miocene agrees to set High Country's account to zero.

5. Scotti & Laura will handle the closing, distribution of funds and final exchange of documents which shall occur no later than six months from July 25, 2007. All documents to clear title shall be delivered to counsel for the parties prior to recordation. From the date hereof, Summer Night shall not interfere with Miocene's operations of Summer Night 21-1. From the date hereof Miocene shall not interfere with Summer Night's operations of Anderson 27-1 and Anderson 27-2.

6. Miocene needs to use its best efforts to resolve the top leases with MSC. Miocene will use its best efforts to obtain affidavits of non-payment from Trowers on the MSC lease and will use its best efforts to repair the damage to the relationship between Trowers and Summer Night. Miocene will use its best efforts to obtain a release of the Trower affidavits of non-production. These documents will be provided no later than August 20, 2007.

Filed July 26 2007
PATRICIA McDONNELL
Clerk of Court
By Patricia McDonnell
Deputy

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7. Miocene will use its best efforts by August 20, 2007 to convince Andersons to do the following:

1. Amend the existing Right of Way Agreement to provide a payment of 5 cents per barrel with no monthly minimum.
2. To release and terminate the May 13, 2005 Salt Water Disposal Facility Lease.
3. To record a document releasing the termination of lease filed by Andersons.

8. Miocene will convey to Summer Night the interest conveyed by Andersons to it on April 23, 2007 in the Right of Way agreement executed in favor of Summer Night by Andersons, no later than August 20, 2007.

9. Miocene will satisfy all liens it has filed against Summer Night.

10. Miocene will use its best efforts to convince its working interest owner group for the Anderson 27-1 and 27-2 to quit claim their interests to Summer Night. This would include Miocene's best efforts to obtain a quit claim deed from Tim Price (OIL LLC) and Frank Wright (Wright Resources) or determine what resolution they desire with respect to their interest in the Anderson 27-2 well. These documents will be provided no later than August 20, 2007.

11. Both parties agree to part amicably and no longer disparage each other.

12. Miocene will provide a bill of sale for any equipment located at Anderson. *This will be held in escrow until final payment of the funds by Summer Night.*

12. Miocene will execute a non-compete agreement in Daniels County in favor of Summer Night, except as to all of its interest in the Summer Night 21-1 well.

13. With respect to the Nexen lawsuit:

- a. Miocene will authorize Nexen to pay Summer Night \$25,000 of the sums held by Nexen in suspense.
- b. In exchange for said payment, Summer Night will release all existing liens filed by it against the Summer Night 21-1 well.
- c. Summer Night will assist as necessary in directing Nexen to pay the remaining balances held in suspense out pursuant to the division order.
- d. Summer Night will waive payment of the February 2007 water disposal invoice.

16. Neither party will provide indemnification against third party claims for their respective operations of the wells.

17. Summer Night will use her best efforts to insure that her group of investors or working interest owners will pay their now outstanding JIB's at 21-1 and pay their AFE's for the re-perforation job which is scheduled to be performed.

18. As to all other claims between the parties, they are settled and dismissed with prejudice. Each party shall bear its own attorneys fees and costs.



Marla Goodman

STATE OF MONTANA, }
County of Daniels, } ss.

I HEREBY CERTIFY THAT THE ABOVE AND FOREGOING IS A TRUE AND CORRECT COPY OF THE ORIGINAL NOW ON FILE IN THE OFFICE OF THE CLERK OF DISTRICT COURT

WITNESS MY HAND AND SEAL THIS 2nd DAY OF August A.D. 2007
Patricia M. Dammell
CLERK OF DISTRICT COURT

BY Dave Siefert
DUBRETT

SPECIAL HEARING HELD WEDNESDAY, THE 25TH DAY OF JULY, 2007

IN COURT CHAMBERS
Wolf Point, Montana

BEFORE THE HONORABLE KATHERINE IRRIGION,
Presiding Judge
Joann Heser, Court Reporter
Patricia McDonnell, Clerk of District Court

Court convened at 3:15 o'clock p.m. with the following matter coming on regularly to be heard.

DV-10-2006-3
Summer Night Oil
Plaintiff,
Vs.
Manuel Munoz, et al
Defendants.

The Plaintiff, Marla Sue Gordon appeared with counsel, Laura Christoffersen. The Defendant Manuel Munoz appeared with Counsel Scotti Gray. Both parties were duly sworn in and testified.

The Settlement Agreement was presented to the Court.

Marla Sue Gordon testified – examined by Ms. Christoffersen.

Manuel Munoz testified – examined by Ms. Gray.

The Court questioned Marla Sue Gordon.

Court was adjourned on this matter at 3:25 p.m.

STATE OF MONTANA, ss.
County of Daniels

I HEREBY CERTIFY THAT THE ABOVE AND FOREGOING IS A FULL, TRUE AND CORRECT COPY OF THE ORIGINAL NOW ON FILE IN THE OFFICE OF THE CLERK OF DISTRICT COURT. WITNESS MY HAND AND SEAL THIS 3rd DAY OF August, A.D. 2007.

Patricia McDonnell
CLERK OF DISTRICT COURT

BY *Darla Jusstad*
DEPUTY

Filed *July 25 20 07*
PATRICIA McDONNELL
Clerk of District Court
By *Patricia McDonnell*
Deputy

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