

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
December 4 & 5, 2019

NOTICE OF PUBLIC HEARING

(CONSERVATION AND PREVENTION
(OF WASTE OF OIL AND GAS

The Board of Oil and Gas Conservation of the State of Montana will hold its business meeting on Wednesday, December 4, 2019, at 2:00 p.m. in the hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. The agenda for that meeting is as follows:

1. Call to order
2. Approval of minutes of October 9, 2019, business meeting
3. Public comment on agenda and non-agenda items
4. Proposed amendment of ARM 36.22.1242 regarding the oil and gas privilege and license tax
5. Proposed hearing schedule for 2020
6. Financial report
7. Plugging and reclamation program update
8. Bond summary & incident report
9. Docket summary
10. Gas flaring exceptions
11. Inactive well review
12. Staff reports
13. Other business

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below at **9:00 a.m.** on Thursday, December 5, 2019, in the hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. Interested persons have the opportunity to be heard for each docket. For more information or to request accommodation for a disability, please contact Erin Ricci at (406) 444-6731 or Jennifer Breton at (406) 656-0040, as soon as possible before the scheduled hearing.

Docket 114-2019

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells anywhere within the permanent spacing unit comprised of all of Sections 6 and 7, T25N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Default docket requested.

Docket 115-2019

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells anywhere within the permanent spacing unit comprised of all of Sections 17 and 20, T25N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Default docket requested.

Docket 116-2019

APPLICANT: KRAKEN OIL & GAS LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 13 and 24, T27N-R57E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation and to authorize the recovery of non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to the Higgins 13-24 #2H, Higgins 13-24 #3H, and Higgins 13-24 #4H wells.

Docket 117-2019

APPLICANT: PRIMA EXPLORATION, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Prima Exploration, Inc.** to amend Board Order 380-2011 to authorize the drilling of up to four horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 13 and 24 T25N-R58E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of said wells commence within one year of the date of the order issued by the Board. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 118-2019

APPLICANT: PRIMA EXPLORATION, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Prima Exploration, Inc.** to amend Board Order 380-2011 to authorize the drilling of up to four horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 18 and 19 T25N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of said wells commence within one year of the date of the order issued by the Board. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 119-2019

APPLICANT: DENBURY ONSHORE LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to authorize the production of oil and associated natural gas from the Charles Formation / Madison Group with respect to the Cabin Creek 12-8 well at a location of 1,991' FNL and 530' FWL in the statewide spacing unit comprised of NW¼ of Section 8, T10N-R58E, Fallon County, Montana, as an exception to A.R.M. 36.22.702.

Docket 120-2019

APPLICANT: DENBURY ONSHORE LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to authorize the production of oil and associated natural gas from the Charles Formation / Madison Group with respect to the Cabin Creek 34-8 well at a location of 660' FSL and 1,990' FEL in the statewide spacing unit comprised of SE¼ of Section 8, T10N-R58E, Fallon County, Montana, as an exception to A.R.M. 36.22.702.

Docket 121-2019

APPLICANT: DENBURY ONSHORE LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to authorize the production of oil and associated natural gas from the Charles Formation / Madison Group with respect to the Cabin Creek 41-17 well at a location of 658' FNL and 761' FEL in the statewide spacing unit comprised of NE¼ of Section 17, T10N-R58E, Fallon County, Montana, as an exception to A.R.M. 36.22.702.

Docket 122-2019

APPLICANT: DENBURY ONSHORE LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to authorize the production of oil and associated natural gas from the Charles Formation / Madison Group with respect to the Cabin Creek 43-17 well at a location of 2,039' FSL and 583' FEL in the statewide spacing unit comprised of SE¼ of Section 17, T10N-R58E, Fallon County, Montana, as an exception to A.R.M. 36.22.702.

Docket 123-2019

APPLICANT: KEESUN CORPORATION – GLACIER COUNTY, MONTANA

Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for certain wells identified in the application from Rock Creek Oil, Inc. to Keesun Corporation, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 124-2019

APPLICANT: SCOUT ENERGY MANAGEMENT LLC – PHILLIPS AND VALLEY COUNTIES, MONTANA

Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for certain wells identified in the application from Omimex Canada, LTD to Scout Energy Management LLC, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 125-2019

APPLICANT: A.B. ENERGY LLC – LIBERTY AND TOOLE COUNTIES, MONTANA

Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for certain wells identified in the application from Taylor Well Operating Inc. to A.B. Energy LLC, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 126-2019

APPLICANT: CRAZY MOUNTAIN OIL & GAS – MUSSELHELL, ROSEBUD, STILLWATER, AND SWEETGRASS COUNTIES, MONTANA

Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for certain wells identified in the application from Bayswater Exploration & Production, LLC to Crazy Mountain Oil & Gas, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 89-2019
Continued from October 2019

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to vacate Board Order 342-2011 and to designate an overlapping temporary spacing unit comprised of Sections 30 and 31, T25N-R59E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 90-2019
Continued from October 2019

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to four horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 30 and 31 T25N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of said wells commence within one year of the date of the order issued by the Board. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 91-2019
Continued from October 2019

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to vacate Board Order 342-2011 and to designate an overlapping temporary spacing unit comprised of Sections 29 and 32, T25N-R59E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 92-2019
Continued from October 2019

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to four horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 29 and 32, T25N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of said wells commence within one year of the date of the order issued by the Board. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 100-2019
Continued from October 2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate a permanent spacing unit comprised of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 12, T37N-R5E, Liberty County, Montana, for the production of natural gas from the Colorado Group with respect to the Federal 44-12 well. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 101-2019
Continued from October 2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate a permanent spacing unit comprised of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 13, T37N-R5E, Liberty County, Montana, for the production of natural gas from the Colorado Group with respect to the Federal 2R-13 well. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 102-2019
Continued from October 2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate a permanent spacing unit comprised of the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8, T37N-R6E, Liberty County, Montana, for the production of natural gas from the Colorado Group with respect to the Margaret T. Johnson #1 well. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 103-2019
Continued from October 2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate a permanent spacing unit comprised of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 12, T37N-R6E, Liberty County, Montana, for the production of natural gas from the Colorado Group with respect to the Johnson 12-12 well. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 104-2019
Continued from October 2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate the Jessie Millen #1 well located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24, T37N-R5E, Liberty County, Montana, as a noncommercial natural gas well in the Swift Formation. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 105-2019
Continued from October 2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate the M. Johnson #15-5 well located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 5, T37N-R6E, Liberty County, Montana, as a noncommercial natural gas well in the Second White Specks Formation. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 106-2019
Continued from October 2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate the Corcoran and Gray #6-27 well located in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27, T37N-R6E, Liberty County, Montana, as a noncommercial natural gas well in the Blackleaf Formation. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 127-2019
SHOW-CAUSE HEARING

RESPONDENT: PRIDE ENERGY COMPANY – RICHLAND AND SHERIDAN COUNTIES, MONTANA

Upon the Board's own motion to require **Pride Energy Company** to appear and show-cause, if any it has, for why they should not have to provide a plan and timeline for the plugging of the following wells:

- BN 23-1, API # 25-083-21609, located in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23, T23N-R54E, Richland County, Montana
- BN 10X-23, API # 25-083-21644, located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 23, T23N-R54E, Richland County, Montana
- BN 23-1X, API # 25-083-21794, located in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23, T23N-R54E, Richland County, Montana
- E. Sundsted 1, API # 25-091-21576, located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 6, T33N-R57E, Sheridan County, Montana

Docket 128-2019
SHOW-CAUSE HEARING

RESPONDENT: CARRELL OIL COMPANY DBA COCO – GARFIELD AND PETROLEUM COUNTIES, MONTANA

Upon the Board's own motion to require **Carrell Oil Company DBA COCO** to appear and show cause, if any it has, why penalties should not be imposed for failure to maintain mechanical integrity for the Fifer 3 (API # 25-069-05141) and the Govt. 4 (API # 25-033-05028) enhanced oil recovery wells.

Docket 129-2019
SHOW-CAUSE HEARING

RESPONDENT: ZEIDERS BROS. OIL & GAS COMPANY, LLC – MCCONE COUNTY, MONTANA

Upon the Board's own motion to require **Zeiders Bros. Oil & Gas Company, LLC** to appear and show-cause, if any it has, for why it should not immediately plug and abandon its Rudolph Haynie 1-5 well, API # 25-055-21207, located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5, T22N-R47E, McCone County, Montana and why additional penalties should not be assessed.

Docket 130-2019
SHOW-CAUSE HEARING

RESPONDENT: PARMT LLC – SHERIDAN COUNTY, MONTANA

Upon the Board's own motion to require **PARMT LLC** to appear and show-cause, if any it has, for why it should not immediately plug and abandon the Guenther 2-8 well, API # 25-091-21565, located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8, T33N-R58E, Sheridan County, Montana and why additional penalties should not be assessed.

Docket 131-2019
SHOW-CAUSE HEARING

RESPONDENT: BLACK GOLD ENERGY RESOURCE DEVELOPMENT, LLC – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Black Gold Energy Resource Development, LLC** to appear and show cause, if any it has, why field violations remain at its Indian Mound 1 SWD, API # 25-083-21377, well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 15, T23N-R55E, Richland County, Montana.

Docket 132-2019
SHOW-CAUSE HEARING

RESPONDENT: GRASSY BUTTE, LLC – ROSEBUD COUNTY, MONTANA

Upon the Board's own motion to require **Grassy Butte, LLC**, to appear and show cause, if any it has, why it should not provide an approved plan to plug and abandon the Kesterson #5 saltwater disposal well, API # 25-087-21488, located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 34, T10N-33E, Rosebud County, Montana by the December 5, 2019, public hearing.

Docket 76-2019
SHOW-CAUSE HEARING
Continued as amended from August 2019

RESPONDENT: SUMMIT GAS RESOURCES, INC. – BIG HORN COUNTY, MONTANA

Upon the Board's own motion to require **Summit Gas Resources, Inc.** to appear and show cause, if any it has, why it should not be required to plug and abandon the Visborg 22-0841 11SA well, API # 25-003-22690, located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 22, T8S-R41E prior to the December 5, 2019, public hearing.

Docket 77-2019
SHOW-CAUSE HEARING
Continued as amended from August 2019

RESPONDENT: CLINE PRODUCTION COMPANY – ROSEBUD COUNTY, MONTANA

Upon the Board's own motion to require **Cline Production Company** to appear and show cause, if any it has, why penalties should not be imposed for failure to maintain mechanical integrity for the Kincheloe 3X-30 well, API # 25-087-21285, located in the NW $\frac{1}{4}$ of Section 30, T11N-R32E, Rosebud, County, Montana.

Docket 111-2019
SHOW-CAUSE HEARING
Continued from October 2019

RESPONDENT: TOI OPERATING – RICHLAND AND WIBAUX COUNTIES, MONTANA

Upon the Board's own motion to require **TOI Operating** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to plug and abandon its Moerman 14-30 well, API # 25-109-21053, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 30, T18N-R59E, Wibaux County, Montana.

Status of the MT Ag. Sta. 28-41 well, API # 25-083-21384, located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 28, T23N-R59E, Richland County, Montana and the Theil 14-23 well, API # 25-083-21193, located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 14, T22N-R59E, Richland County, Montana will also be reviewed.

Docket 113-2019
SHOW-CAUSE HEARING
Continued from October 2019

RESPONDENT: BENSUN ENERGY, LLC – RICHLAND AND SHERIDAN COUNTIES, MONTANA

Upon the Board's own motion to require **Bensun Energy, LLC** to appear and show cause, if any it has, why it should not begin to plug and abandon or transfer its wells prior to the October 10, 2019, public hearing. The failure to begin to plug and abandon or transfer the wells as required by Board Order 77-2019 may result in forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant