

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION

**Telephonic Business Meeting Agenda
April 29, 2020 2:00 p.m.**

Physical location of Meeting: Board of Oil and Gas Conservation Hearing room, 2535 St. Johns Avenue, Billings, Montana

People required to attend the meeting as an essential activity may attend in person, as required by Governor Bullock's stay home directive. All others may attend the meeting remotely using the instructions below.

Everyone on the premises must maintain at least six feet of separation from any other person. At the meeting, no more than ten people will be allowed in a room at the same time. Interested persons will be allowed to enter on a rotating basis if needed to comply with the ten-person limit.

Due to COVID-19 considerations, please call into the meeting using the following directions

Conference Call Access:

Call-in Number: **1-646-558-8656**

Meeting ID: **967 0823 4352** and then **press #**

Zoom Meeting URL: <https://mt-gov.zoom.us/j/96708234352>

Meeting Participation Instructions:

Many participants are anticipated. To enable this meeting to run smoothly:

- Place your phone on mute
- Do not place your phone on hold.
- The board chair will manage the meeting. Do not speak until called upon by the chair. Opportunity for input will be provided.

The agenda for that meeting is as follows:

1. Call to order
2. Roll Call & Instructions
 - Steven Durrett, Chairman
 - Paul Gatzemeier, Vice-Chairman
 - Mac McDermott, Board Member
 - Linda Nelson, Board Member
 - Dennis Trudell, Board Member
 - Joseph Michael Weber, Board Member
 - Corey Welter, Board Member
3. Approval of minutes of February 12, 2020, business meeting
4. Public comment on agenda and non-agenda items
5. Financial report
6. Amendment of ARM 36.22.1242 – Privilege and License Tax Rate
7. Damage mitigation account authority
8. Docket summary
9. Other business
10. Adjourn

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION

**Telephonic Public Hearing Agenda
April 30, 2020 9:00 a.m.**

Physical location of Meeting: Board of Oil and Gas Conservation Hearing room, 2535 St. Johns Avenue, Billings, Montana

People required to attend the meeting as an essential activity may attend in person, as required by Governor Bullock's stay home directive. All others may attend the meeting remotely using the instructions below.

Everyone on the premises must maintain at least six feet of separation from any other person. At the meeting, no more than ten people will be allowed in a room at the same time. Interested persons will be allowed to enter on a rotating basis if needed to comply with the ten-person limit.

Due to COVID-19 considerations, please call into the meeting using the following directions

Conference Call Access:

Call-in Number: **1-646-558-8656**

Meeting ID: **988 8020 2299** and then **press #**

Zoom Meeting URL: <https://mt-gov.zoom.us/j/98880202299>

Meeting Participation Instructions:

Many participants are anticipated. To enable this meeting to run smoothly:

- Place your phone on mute
- Do not place your phone on hold.
- The board chair will manage the meeting. Do not speak until called upon by the chair. Opportunity for input will be provided.

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below. 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 9-2020

Continued to August 2020

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 15 and 22, T28N-R58E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Mulder 22-15 #1H, Mulder 22-15 #2H, Mulder 22-15 #3H, and Mulder 22-15 #4H wells.

Docket 10-2020
Continued to August 2020

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 15 and 22, T28N-R58E, 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 Mulder 22-15 #1H, Mulder 22-15 #2H, Mulder 22-15 #3H, and Mulder 22-15 #4H well.

Docket 11-2020

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 17-2011 and 69-2017 to authorize the drilling of up to four horizontal Bakken/Three Forks Formation wells from a common pad anywhere within the temporary spacing unit comprised of all of Sections 16 and 21, T28N-R58E, Roosevelt 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 such wells must be 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 12-2020
Continued to August 2020

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 12 and 13, T25N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Lonestar 12-13 #1H and Lonestar 12-13 #2H wells.

Docket 13-2020
Continued to August 2020

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 12 and 13, T25N-R59E, Richland 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 Lonestar 12-13 #1H and Lonestar 12-13 #2H wells.

Docket 14-2020
Continued to August 2020

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 316-2014 to authorize the drilling of up to three horizontal Bakken/Three Forks Formation wells from a common pad anywhere within the temporary spacing unit comprised of all of Sections 23 and 24, 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 such wells must be 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 15-2020
Continued to August 2020

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 210-2014 and 320-2014 to authorize the drilling of up to four horizontal Bakken/Three Forks Formation wells from a common pad anywhere within the temporary spacing unit comprised of all of Sections 2, 11, and 14, T24N-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 such wells must be 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 16-2020

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to create a temporary spacing unit comprised of all of Sections 1, 12, and 13, T26N-R59E, Richland and Roosevelt Counties, 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, provided that operations for the drilling of said well 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 17-2020

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of an additional horizontal Bakken/Three Forks Formation well anywhere within the temporary spacing unit comprised of all of Sections 1, 12, and 13, T26N-R59E, Richland and Roosevelt Counties, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Default docket requested.

Docket 18-2020

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to vacate Board Orders 25-2015 and 181-2015 and to create a temporary spacing unit comprised of all of Sections 23, 24, 25, and 26, T26N-R59E, Richland and Roosevelt Counties, 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, provided that operations for the drilling of said well 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 19-2020

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to six additional horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 23, 24, 25, and 26, T26N-R59E, Richland and Roosevelt Counties, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Default docket requested.

Docket 20-2020

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Sections 4, 9, and 16, T26N-R59E, Richland and Roosevelt Counties, 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, provided that operations for the drilling of said well 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. Applicant further requests that Board Order 76-2018 be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Kai 16-9 #1H well.

Docket 21-2020

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to two additional horizontal Bakken/Three Forks Formation wells anywhere within the overlapping temporary spacing unit comprised of all of Sections 4, 9, and 16, T26N-R59E, Richland and Roosevelt Counties, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Default docket requested.

Docket 22-2020

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Sections 5, 8, and 17, T26N-R59E, Richland and Roosevelt Counties, 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, provided that operations for the drilling of said well 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. Applicant further requests that Board Order 80-2018 be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Rowin 17-8 #1H well.

Docket 23-2020

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to two additional horizontal Bakken/Three Forks Formation wells anywhere within the overlapping temporary spacing unit comprised of all of Sections 5, 8, and 17, T26N-R59E, Richland and Roosevelt Counties, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Default docket requested.

Docket 24-2020

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

Upon the application of **Kraken Oil & Gas LLC** to vacate Board Orders 25-2015 and 181-2015 and to create an overlapping temporary spacing unit comprised of all of Sections 22, 27, and 34, T26N-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, provided that operations for the drilling of said well 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. Applicant further requests that Board Order 113-2015 be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Lysemose 33-34 #1H well.

Docket 25-2020

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 overlapping temporary spacing unit comprised of all of Sections 22, 27, and 34, T26N-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 26-2020

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

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Sections 21, 28, and 33, T26N-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, provided that operations for the drilling of said well 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. Applicant further requests that Board Order 78-2018 be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Dagney 21-28 #1H well and that Board Order 113-2015 be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Lysemose 33-34 #1H well.

Docket 27-2020

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

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to two additional horizontal Bakken/Three Forks Formation wells anywhere within the overlapping temporary spacing unit comprised of all of Sections 21, 28, and 33, T26N-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 28-2020

APPLICANT: PETRO-HUNT, LLC – DAWSON COUNTY, MONTANA

Upon the application of **Petro-Hunt, LLC** to create a temporary spacing unit comprised of Lots 6, 7, E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6 and Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 7, T15N-R55E, Dawson County, Montana, to drill a Red River Formation test well at any location not closer than 660' from the exterior boundaries thereof, as an exception to A.R.M. 36.22.702. Applicant will apply for permanent spacing within 90 days of successful well completion. Default docket requested.

Docket 29-2020

APPLICANT: BIG SKY ENERGY, LLC – CARBON COUNTY, MONTANA

Upon the application of **Big Sky Energy, LLC**, to convert the Chapman 13-2 well (API #25-009-21165) located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2, T7S-R21E, Carbon County, Montana (Dry Creek Field) to saltwater disposal in the 3rd Frontier Formation at a depth of approximately 4,980-4,990 ft. Staff notes this application is eligible for placement on the default docket.

Docket 30-2020

APPLICANT: BRISCOE PETROLEUM, LLC – BIG HORN COUNTY, MONTANA

Upon the application of **Briscoe Petroleum, LLC** to vacate Board Order 11-2019 which created the temporary spacing unit comprised of the W $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 28, E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 29, T1N-R34E, Big Horn County, Montana.

Docket 31-2020

APPLICANT: D90 ENERGY, LLC – SHERIDAN 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 **TAQA USA, Inc. to D90 Energy, LLC**, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 32-2020

Continued to June 2020

APPLICANT: CRAZY MOUNTAIN OIL & GAS LLC – MUSSELSHELL, 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 LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 1-2020

Continued from February 2020

Continued to June 2020

APPLICANT: LONEWOLF OPERATING, LLC – BLAINE COUNTY, MONTANA

Upon the application of **Lonewolf Operating, LLC** to create a temporary spacing unit comprised of the E $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, 35N-21E, Blaine County, Montana, to drill a Sawtooth Formation test well at any location not closer than 330' from the exterior boundaries thereof, as an exception to A.R.M. 36.22.702.

Docket 2-2020
Continued from February 2020
Continued to June 2020

APPLICANT: LONEWOLF OPERATING, LLC – BLAINE COUNTY, MONTANA

Upon the application of **Lonewolf Operating, LLC** to create a temporary spacing unit comprised of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ and SE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 31, 35N-21E, and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 6, 34N-21E, Blaine County, Montana, to drill a Sawtooth Formation test well at any location not closer than 330' from the exterior boundaries thereof, as an exception to A.R.M. 36.22.702.

Docket 33-2020
SHOW-CAUSE HEARING
Continued to June 2020

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 its plugging and reclamation bond should not be forfeited for failure to plug and abandon its Guenther 2-8 well, located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8, T33N-R58E, Sheridan County, Montana as required by Board Order 120-2019, in accordance with § 82-11-123(5), MCA.

Docket 34-2020
SHOW-CAUSE HEARING
Continued to June 2020

RESPONDENT: APEX ENERGY, LLC – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Apex Energy, LLC** to appear and show-cause, if any it has, for why penalties should not be imposed for failure to remedy the field violations.

Docket 35-2020
SHOW-CAUSE HEARING
Continued to June 2020

RESPONDENT: BNV ENERGY COMPANY LLC – LEWIS AND CLARK COUNTY, MONTANA

Upon the Board's own motion to require **BNV ENERGY COMPANY LLC** to appear and show-cause, if any it has, for why penalties should not be imposed for failure to provide the required report.

Docket 113-2019
SHOW-CAUSE HEARING
Continued from October 2019
Continued to June 2020

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. The failure to do so, 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