

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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 93 WELLS IN CARBON COUNTY, MONTANA, IDENTIFIED IN THE APPLICATION FROM GRIZZLY OPERATING, LLC TO CONTANGO RESOURCES, INC. AND TO DETERMINE IF THE PROPOSED PLUGGING AND RECLAMATION BOND COVERAGE IS ADEQUATE UNDER § 82-11-123(5), MCA.

ORDER 1-2021

Docket No. 2-2021

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. Jacob Haseman, attorney, appeared in person, and Ryan Logsdon, vice president of business development, testified on behalf of Contango Resources, Inc. (Contango) by telephone.
3. The Board and its staff reviewed Contango's change of operator request from Grizzly Operating, LLC.
4. Contango proposed the equivalent bonding as the current operator. A \$200,000 UIC plugging and reclamation bond that would cover 15 injection wells and a \$50,000 multiple well plugging and reclamation bond that would cover 23 wells, which includes 15 producing wells and 8 shut-in wells.
5. The Board determined that Contango's proposed plugging and reclamation bonds are adequate and in accordance with ARM 36.22.1308(3).
6. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that taking the following action is appropriate.

BOARD ORDER NO. 1-2021

Order

IT IS THEREFORE ORDERED by the Board that staff may proceed with administrative review and approval of the change of operator request.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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 THE VELMA SWD 1-10H COMMERCIAL DISPOSAL WELL, API # 25-083-22531, LOCATED IN THE NW¼NW¼ OF SECTION 10, T23N-R58E, RICHLAND COUNTY, MONTANA FROM SHADWELL RESOURCES GROUP, LLC TO BLACK GOLD ENERGY RICHLAND FACILITY, INC. AND TO DETERMINE IF THE PROPOSED PLUGGING AND RECLAMATION BOND COVERAGE IS ADEQUATE UNDER § 82-11-123(5), MCA.

ORDER 2-2021

Docket No. 3-2021

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. Dockets 41-2020 and 3-2021 were combined for hearing since both dockets pertained to the Velma SWD 1-10H well.
3. Chris Blount, president, appeared as a witness for Black Gold Energy Richland Facility, Inc. (Black Gold).
4. Heather LaTray submitted a protest by email. Since Ms. LaTray did not appear in person or telephone the email was not entered as evidence.
5. The Board and its staff reviewed Black Gold's change of operator request from Shadwell Resource Group, LLC.
6. Due to the number of field and administrative compliance issues that has occurred since May 2020 at the Velma SWD 1-10H well, and the potential for significant future plugging liability, the Board discussed doubling the \$10,000 UIC well bond, in accordance with ARM 36.22.1308(3).
7. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

BOARD ORDER NO. 2-2021

Conclusions of Law

The Board concludes that taking the following action is appropriate.

Order

IT IS THEREFORE ORDERED by the Board that Black Gold Energy Richland Facility, Inc. must submit a UIC plugging and reclamation bond in the amount of \$20,000 for the Velma SWD 1-10H.

IT IS FURTHER ORDERED that staff may proceed with administrative review and approval of the change of operator request.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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 THE INDIAN MOUND 1 COMMERCIAL DISPOSAL WELL, API # 25-083-21377, LOCATED IN THE NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ OF SECTION 15, T23N-R55E, RICHLAND COUNTY, MONTANA FROM BLACK GOLD ENERGY RESOURCE DEVELOPMENT, LLC TO BLACK GOLD ENERGY INDIAN MOUND FACILITY, INC. AND TO DETERMINE IF THE PROPOSED PLUGGING AND RECLAMATION BOND COVERAGE IS ADEQUATE UNDER § 82-11-123(5), MCA.

ORDER 4-2021

Docket No. 4-2021

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. Chris Blount, president, appeared as a witness for Black Gold Energy Indian Mound Facility, Inc. and Black Gold Energy Resource Development, LLC.
3. Heather LaTray submitted a protest by email. Since Ms. LaTray did not appear in person or telephone the email was not entered as evidence.
4. The Board and its staff reviewed the change of operator request.
5. The Board determined that the \$20,000 plugging and reclamation bond currently covering the Indian Mound 1 commercial disposal well in accordance with ARM 36.22.1308(3) is appropriate and should be maintained.
6. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that taking the following action is appropriate.

BOARD ORDER NO. 4-2021

Order

IT IS THEREFORE ORDERED by the Board that Black Gold Energy Indian Mound Facility, Inc. submit a plugging and reclamation bond in the amount of \$20,000 for the Indian Mound 1 well.

IT IS FURTHER ORDERED by the Board that staff may proceed with administrative review and approval of the change of operator request.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member (absent)

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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 48 WELLS IN VALLEY COUNTY, MONTANA, IDENTIFIED IN THE APPLICATION FROM ANADARKO MINERALS, INC. TO A&S MINERAL DEVELOPMENT CO., LLC AND TO DETERMINE IF THE PROPOSED PLUGGING AND RECLAMATION BOND COVERAGE IS ADEQUATE UNDER § 82-11-123(5), MCA.

ORDER 5-2021

Docket No. 70-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. Majel Russell, attorney, appeared on behalf of A&S Mineral Development Co., LLC (A&S).
3. James Parrot, attorney, appeared on behalf of Lustre Oil Company LLC (Lustre) by telephone in protest of the application.
4. Lustre submitted a letter opposing the change of operator request on February 3, 2021, in the late afternoon.
5. Lustre and A&S were unable to resolve the lease issues that were discussed during the December hearing, and Lustre objected to the change of operator request on this basis. Lustre stated that the matter of lease ownership would be the subject of pending litigation. Lustre also stated that the change of operator submission contained errors that reflected upon A&S's ability to operate the wells and what bonding level was appropriate. It asked the Board to either deny or postpone consideration of A&S's request on this basis and because it would constitute waste as defined in M.C.A. § 82-11-101(16)(a)(i) and ARM 36.22.302(78)(a).
6. A&S submitted corrections to its change of operator request in response to Lustre's submission.
7. Any errors in the change of operator request may be addressed during the administrative review and are not pertinent to the Board's consideration of the appropriate bonding requirements or change of operator request.

BOARD ORDER NO. 5-2021

8. The subcommittee appointed to review financial information at the last hearing met with representatives of A&S on January 19, 2021. The economics of the acquisition and current A&S properties were presented, however no specific information regarding the financial position of the company was provided.

9. The potential for the salvage value of equipment associated with the property acquisition to offset plugging and reclamation costs were presented at the December hearing. Board members expressed concern that the salvage value may have been overestimated. The age and condition of the producing facilities were also discussed.

10. Following discussion, subcommittee members recommended doubling the \$50,000 multiple well bond in accordance with ARM 36.22.1308(3).

11. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

Determinations regarding ownership of mineral leases are not within the Board's jurisdiction as defined by M.C.A. § 82-11-111.

The Board finds that approval of the change of operator request would not constitute waste. "Waste" is defined in M.C.A. § 82-11-101(16)(a)(i) and ARM 36.22.302(78)(a) as "physical waste, as the term is generally understood in the oil and gas industry." There is no risk of physical waste by granting the change of operator request and setting a bond.

Doubling the \$50,000 multiple well bond is warranted by the facts to ensure performance of the duty to properly plug each dry or abandoned well covered by the bond as required by M.C.A. § 82-11-123(5).

The Board concludes that taking the following action is appropriate.

BOARD ORDER NO. 5-2021

Order

IT IS THEREFORE ORDERED by the Board that A&S must submit a multiple well plugging and reclamation bond in the amount of \$100,000.

IT IS FUTHER ORDERED that staff may proceed with administrative review and approval of the change of operator request.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE BOARD'S OWN MOTION TO REQUIRE KYKUIT RESOURCES, LLC TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY ADDITIONAL PENALTIES SHOULD NOT BE IMPOSED FOR FAILURE TO FILE PRODUCTION REPORTS AND TO PAY THE ADMINISTRATIVE PENALTY ASSESSED FOR DELINQUENT REPORTING. IN ACCORDANCE WITH BOARD POLICY THE AMOUNT DUE NOW IS \$940.00. THIS DOCKET WILL BE DISMISSED IF PAYMENT AND REPORTS ARE RECEIVED PRIOR TO THE HEARING. FAILURE TO APPEAR AT THE SHOW CAUSE HEARING OR TO MAKE SUITABLE ARRANGEMENTS PRIOR TO SAID HEARING SUBJECTS KYKUIT RESOURCES, LLC TO FURTHER PENALTIES AS PRESCRIBED BY BOARD POLICY.

ORDER 6-2021

Docket No. 5-2021

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Member Jeff Wivholm was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. No one appeared on behalf of Kykuit Resources, LLC (Kykuit).
3. Kykuit filed the delinquent production reports prior to this hearing but has not paid the outstanding fine of \$940.
4. In the last five years, Kykuit has been fined four separate times for delinquent production reporting, all of which were docketed for show cause, and fined twice for failure to appear at a public hearing.
5. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the respondent has not demonstrated that the requirements of Title 82, Chapter 11, MCA and ARM 36.22.101, et seq. have been met.

BOARD ORDER NO. 6-2021

Order

IT IS THEREFORE ORDERED that Kykuit is fined \$1,000 for failure to appear at the February 4, 2021, public hearing.

IT IS FURTHER ORDERED that by the Board that Kykuit is to appear at the April 8, 2021, public hearing and show-cause, if any it has, why additional penalties should not be assessed for failure to pay the penalty assessed for delinquent reporting and failure to appear at the February 4, 2021, public hearing.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member (absent)

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE BOARD'S OWN MOTION TO REQUIRE LYON, JOHN J. TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY ADDITIONAL PENALTIES SHOULD NOT BE IMPOSED FOR FAILURE TO FILE PRODUCTION REPORTS AND TO PAY THE ADMINISTRATIVE PENALTY ASSESSED FOR DELINQUENT REPORTING. IN ACCORDANCE WITH BOARD POLICY THE AMOUNT DUE NOW IS \$120.00. THIS DOCKET WILL BE DISMISSED IF PAYMENT AND REPORTS ARE RECEIVED PRIOR TO THE HEARING. FAILURE TO APPEAR AT THE SHOW CAUSE HEARING OR TO MAKE SUITABLE ARRANGEMENTS PRIOR TO SAID HEARING SUBJECTS LYON, JOHN J. TO FURTHER PENALTIES AS PRESCRIBED BY BOARD POLICY.

ORDER 7-2021

Docket No. 6-2021

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Member Jeff Wivholm was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. No one appeared on behalf of Lyon, John J (Lyon).
3. Lyon filed the delinquent production reports prior to this hearing and claimed to have paid the outstanding fine of \$120 with a wire transfer.
4. At the time of hearing, staff was unable to confirm the receipt of the wire transfer.
5. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that taking the following action is appropriate.

BOARD ORDER NO. 7-2021

Order

IT IS THEREFORE ORDERED by the Board that Docket 6-2021 is continued until the April 8, 2021, public hearing.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member (absent)

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE BOARD'S OWN MOTION TO REQUIRE SHADWELL RESOURCES GROUP, LLC TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY ADMINISTRATIVE ORDER 3-A-2020 ISSUED AT THE JUNE 24, 2020, BUSINESS MEETING SHOULD NOT REMAIN IN EFFECT FOR THE VELMA SWD 1-10H WELL, API # 25-083-22531, LOCATED IN THE NW¼NW¼ OF SECTION 10, T23N-R58E, RICHLAND COUNTY, MONTANA. IT WAS ORDERED THAT SHADWELL RESOURCES GROUP, LLC MUST IMMEDIATELY CEASE OPERATIONS AT THE VELMA SWD 1-10H WELL AND THAT NO ADDITIONAL FLUIDS BE TRANSPORTED TO THE LOCATION UNTIL VIOLATIONS ARE REMEDIED, COMPLIANCE IS CONFIRMED BY INSPECTION, AND THIS ORDER IS LIFTED BY THE ADMINISTRATOR. SHADWELL IS SUBJECT TO A \$250 FINE FOR EACH DAY AFTER AUGUST 24, 2020, THAT THE VIOLATIONS REMAIN UNRESOLVED.

ORDER 3-2021

Docket No. 41-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. Dockets 41-2020 and 3-2021 were combined for hearing since both dockets pertained to the Velma SWD 1-10H well.
3. Kevin Leland appeared by telephone as a witness for Shadwell Resources Group, LLC (Shadwell).
4. Board Order 69-2020 issued at the December 3, 2020, hearing required that Shadwell submit a change of operator for the Velma SWD 1-10H prior to January 7, 2021, hearing deadline to reduce the outstanding fine of \$13,750 to \$6,875. The change of operator was received on January 8, 2021.
5. Shadwell submitted a check that was dated December 18, 2020, in the amount of \$3,937.50.
6. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that taking the following action is appropriate.

BOARD ORDER NO. 3-2021

Order

IT IS THEREFORE ORDERED by the Board that the outstanding fine of \$13,750 is reduced to \$6,875.

IT IS FURTHER ORDERED that the remaining balance of \$2,937.50 must be submitted prior to staff approval of the change of operator request.

IT IS FURTHER ORDERED that staff may proceed with administrative review and approval of the change of operator request.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE BOARD'S OWN MOTION TO REQUIRE ROLAND OIL AND GAS TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY ADDITIONAL PENALTIES SHOULD NOT BE ASSESSED FOR FAILURE TO FILE DELINQUENT PRODUCTION REPORTS, FAILURE TO PAY THE PENALTY ASSESSED FOR DELINQUENT REPORTING, AND FOR FAILURE TO PAY THE \$2,000 FINE ASSESSED FOR NOT APPEARING AT THE AUGUST 6, 2020 AND DECEMBER 3, 2020, PUBLIC HEARINGS.

ORDER 8-2021

Docket No. 51-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Member Jeff Wivholm was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. No one appeared on behalf of Roland Oil and Gas (Roland).
3. Roland has submitted production reports through August 2020 but remains delinquent for the subsequent months.
4. The outstanding fine for delinquent production amounts to \$2,400.
5. In the last five years, Roland has been fined four separate times for delinquent production reporting, three of which were docketed for show cause, and fined twice for failure to appear at a public hearing.
6. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the respondent has not demonstrated that the requirements of Title 82, Chapter 11, MCA and ARM 36.22.101, et seq. have been met.

BOARD ORDER NO. 8-2021

Order

IT IS THEREFORE ORDERED by the Board that Roland must show cause at the April 8, 2021, public hearing for why it should not have to provide a plan and timeline for the plugging and abandonment of its wells in Glacier and Pondera Counties, Montana.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member (absent)

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE BOARD'S OWN MOTION TO REQUIRE ZEIDERS BROS. OIL & GAS COMPANY, LLC TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY IT SHOULD NOT IMMEDIATELY PLUG AND ABANDON ITS RUDOLPH HAYNIE 1-5 WELL, API # 25-055-21207, LOCATED IN THE SE¼NE¼ OF SECTION 5, T22N-R47E, MCCONE COUNTY, MONTANA BEFORE THE OCTOBER 1, 2020, PUBLIC HEARING AND PAY THE OUTSTANDING FINE IN THE AMOUNT OF \$10,500, AS REQUIRED BY BOARD ORDER 3-2020, AND FOR FAILURE TO PAY THE \$1,000 FINE ASSESSED FOR NOT APPEARING AT THE DECEMBER 3, 2020, PUBLIC HEARING.

ORDER 9-2021

Docket No. 52-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Member Jeff Wivholm was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. John Zeiders appeared by telephone as a witness for Zeiders Bros. Oil & Gas Company, LLC (Zeider Bros.).
3. Mr. Zeiders testified that the Rudolph Haynie #1-5 well should be plugged and abandoned by the June 10, 2021, public hearing.
4. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that taking the following action is appropriate.

BOARD ORDER NO. 9-2021

Order

IT IS THEREFORE ORDERED by the Board that Docket 52-2020 is continued until the June 10, 2021, public hearing.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member (absent)

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE BOARD'S OWN MOTION TO REQUIRE PAMECT OIL, KEITH E. TYNER DBA TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY ADDITIONAL PENALTIES SHOULD NOT BE IMPOSED FOR FAILURE TO FILE PRODUCTION REPORTS AND TO PAY THE ADMINISTRATIVE PENALTY ASSESSED FOR DELINQUENT REPORTING. IN ACCORDANCE WITH BOARD POLICY THE AMOUNT DUE NOW IS \$240.00. THIS DOCKET WILL BE DISMISSED IF PAYMENT AND REPORTS ARE RECEIVED PRIOR TO THE HEARING. FAILURE TO APPEAR AT THE SHOW CAUSE HEARING OR TO MAKE SUITABLE ARRANGEMENTS PRIOR TO SAID HEARING SUBJECTS PAMECT OIL, KEITH E. TYNER DBA TO FURTHER PENALTIES AS PRESCRIBED BY BOARD POLICY.

ORDER 10-2021

Docket No. 71-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Member Jeff Wivholm was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. No one appeared on behalf of Pamect Oil, Keith E. Tyner DbA (Pamect).
3. Jessica Tyner, an heir of Keith Tyner, has been in contact with staff to address the compliance issues. Due to estate issues, Pamect needs additional time to come into compliance.
4. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that taking the following action is appropriate.

Order

IT IS THEREFORE ORDERED by the Board that Docket 71-2020 is continued until the June 10, 2021, public hearing.

BOARD ORDER NO. 10-2021

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member (absent)

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE BOARD'S OWN MOTION TO REQUIRE HAWLEY HYDROCARBONS, MERRIL&CAROL HAWLEY DBA TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY ADDITIONAL PENALTIES SHOULD NOT BE ASSESSED FOR FAILURE TO FILE PRODUCTION AND INJECTION REPORTS, FAILURE TO PAY THE PENALTY ASSESSED FOR DELINQUENT REPORTING, AND FOR FAILURE TO PAY THE \$1,000 FINE ASSESSED FOR NOT APPEARING AT THE OCTOBER 1, 2020, PUBLIC HEARING.

ORDER 11-2021

Docket No. 73-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Member Jeff Wivholm was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. Kim Hawley appeared by telephone as a witness for Hawley Hydrocarbons, Merrill & Carol Hawley DbA (Hawley Hydrocarbons).
3. Mr. Hawley stated that the \$1,000 fine that was assessed for not appearing at the October 1, 2020, hearing was mailed on December 31, 2020, but the check may have been mailed to the Helena office. Staff have been unable to confirm receipt of the check.
4. On the day of the hearing, the outstanding fine of \$420 for delinquent reporting was received.
5. Hawley Hydrocarbons filed production reports through May 2020 but remains delinquent for the subsequent months.
6. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the respondent has not demonstrated that the requirements of Title 82, Chapter 11, MCA and ARM 36.22.101, et seq. have been met.

BOARD ORDER NO. 11-2021

Order

IT IS THEREFORE ORDERED by the Board that Docket 73-2020 is continued until the April 8, 2021, public hearing.

IT IS FURTHER ORDERED that Hawley Hydrocarbons is subject to a \$50 fine for each day after March 4, 2021, hearing deadline that the reporting violations remain unresolved. If compliance is achieved prior to the deadline, the docket is dismissed.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member (absent)

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE BOARD'S OWN MOTION TO REQUIRE HAWLEY OIL COMPANY TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY ADDITIONAL PENALTIES SHOULD NOT BE ASSESSED FOR FAILURE TO FILE PRODUCTION REPORTS, FAILURE TO PAY THE PENALTY ASSESSED FOR DELINQUENT REPORTING, AND FOR FAILURE TO PAY THE \$1,000 FINE ASSESSED FOR NOT APPEARING AT THE OCTOBER 1, 2020, PUBLIC HEARING.

ORDER 12-2021

Docket No. 74-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Member Jeff Wivholm was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. Kim Hawley appeared by telephone as a witness for Hawley Oil Company (Hawley).
3. Hawley submitted the delinquent production reports and paid the outstanding fine.
4. Staff recommended the docket be dismissed.
5. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the respondent has demonstrated that the requirements of Title 82, Chapter 11, MCA and ARM 36.22.101, et seq. have been met.

Order

IT IS THEREFORE ORDERED by the Board that Docket 74-2020 is dismissed.

BOARD ORDER NO. 12-2021

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member (absent)

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE BOARD'S OWN MOTION TO REQUIRE HAWLEY-NORTHROP TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY ADDITIONAL PENALTIES SHOULD NOT BE ASSESSED FOR FAILURE TO FILE DELINQUENT PRODUCTION REPORTS, FAILURE TO PAY THE PENALTY ASSESSED FOR DELINQUENT REPORTING, AND FOR FAILURE TO PAY THE \$1,000 FINE ASSESSED FOR NOT APPEARING AT THE OCTOBER 1, 2020, PUBLIC HEARING.

ORDER 13-2021

Docket No. 75-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 4, 2021, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Member Jeff Wivholm was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. Kim Hawley appeared by telephone as a witness for Hawley-Northrup.
3. Mr. Hawley stated that the \$1,000 fine that was assessed for not appearing at the October 1, 2020, hearing was mailed on December 31, 2020, but the check may have been mailed to the Helena office. Staff has been unable to confirm receipt of the check.
4. On the day of the hearing, the outstanding fine of \$160 for delinquent reporting was received.
5. Hawley-Northrup filed production reports through December 2020.
6. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the respondent has not demonstrated that the requirements of Title 82, Chapter 11, MCA and ARM 36.22.101, et seq. have been met.

BOARD ORDER NO. 13-2021

Order

IT IS THEREFORE ORDERED by the Board that Docket 75-2020 is continued until the April 8, 2021, public hearing.

IT IS FURTHER ORDERED that Hawley-Northrup is subject to a \$50 fine for each day after March 4, 2021, hearing deadline that the penalty remains unpaid. If compliance is achieved prior to the deadline or the payment of penalty can be confirmed, the docket is dismissed.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 4th day of February, 2021.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Steven Durrett, Chairman

Paul Gatzemeier, Vice-Chairman

Roy Brown, Board Member

Mac McDermott, Board Member

Joseph Michael Weber, Board Member

Corey Welter, Board Member

Jeff Wivholm, Board Member (absent)

ATTEST:

Jennifer Breton, Program Specialist