

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
December 1 & 2, 2021

NOTICE OF PUBLIC HEARING

(CONSERVATION AND PREVENTION
(OF WASTE OF OIL AND GAS

The Board has returned to normal hearing procedures. Those planning on testifying or presenting should be present at the business meeting or hearing.

The Board of Oil and Gas Conservation of the State of Montana will hold its business meeting on Wednesday, December 1, 2021, 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 13, 2021, business meeting
3. Public comment on agenda and non-agenda items
4. Phoenix Capital Holdings, LLC request for rehearing of Docket 77-2021
5. Zeiders Bros. Oil & Gas Company, L.L.C. request for dismissal of fines
6. Proposed hearing schedule for 2022
7. Financial report
8. Bond summary & incident report
9. Docket summary
10. Gas flaring exceptions
11. Inactive well review
12. Staff reports
13. Other business
14. Adjourn

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 2, 2021, 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.

Please take note that corporations, partnerships, limited-liability companies (LLCs), or any other legal entity that is not a natural person cannot appear before the Board of Oil and Gas Conservation except through an attorney licensed to practice law in the State of Montana. Failure of a designated and duly licensed legal representative to appear at the time and place identified in this hearing notice may result in imposition of sanctions for failure to appear before the Board.

Docket 91-2021

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

Upon the application of **Prima Exploration, Inc.** to amend Board Order 40-2020 which authorized 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, to require operations for the drilling of such wells must be commenced not later than December 5, 2022.

Docket 92-2021

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

Upon the application of **Prima Exploration, Inc.** to designate a permanent spacing unit comprised of all of Sections 13 and 24, T25N-R58E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Sundance Kid #1H, Sundance Kid #2H, Sundance Kid #3H, and Sundance Kid #4H wells.

Docket 93-2021

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

Upon the application of **Prima Exploration, Inc.** to pool all interests in the permanent spacing unit comprised of all of Sections 13 and 24, T25N-R58E, 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 Sundance Kid #1H Sundance Kid #2H, Sundance Kid #3H, and Sundance Kid #4H wells.

Docket 94-2021

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** for approval of a pilot enhanced recovery project pursuant to A.R.M. 36.22.1229 in the Madison Group involving the SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 8, SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 16, W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ of Section 17, NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 20, and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 21, T10N-R58E, Fallon County, Montana, for a period not to exceed eighteen months for the commencement of injection operations.

Docket 95-2021

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to convert the 34-08 well (API #25-025-05548) located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 8, T10N-R58E, Fallon County, Montana (Cabin Creek Field) to an enhanced recovery injection well in the Madison Formation at a depth of approximately 6,990-7,387 ft. An aquifer exemption is being requested as water in the injection formation contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 96-2021

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to convert the 23X-17R well (API #25-025-21940) located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17, T10N-R58E, Fallon County, Montana (Cabin Creek Field) to an enhanced recovery injection well in the Madison Formation at a depth of approximately 7,006-7,403 ft. An aquifer exemption is being requested as water in the injection formation contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to certify the East Lookout Butte Unit Area, Fallon County, Montana, as a tertiary recovery project effective January 1, 2022, and to certify the production decline rates used to calculate incremental production in the project area, and such other and further relief as the MBOGC may deem appropriate.

T6N-R60E

Section 1: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$
Section 2: Lots 1-3, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$
Section 11: E $\frac{1}{2}$ NE $\frac{1}{4}$
Section 12: E $\frac{1}{2}$, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$
Section 13: E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$

T6N-R61E

Section 3: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, SW $\frac{1}{4}$
Section 4: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$
Section 5: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$
Section 6: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$
Section 7: All
Section 8: All
Section 9: N $\frac{1}{2}$, SW $\frac{1}{4}$
Section 17: All
Section 18: All

T7N-R60E

Section 1: SW $\frac{1}{4}$
Section 2: Lots 1-4, S $\frac{1}{2}$
Section 3: Lots 1-4, S $\frac{1}{2}$
Section 4: Lots 1-2, SE $\frac{1}{4}$
Section 9: E $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$
Section 10: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 15: E $\frac{1}{2}$ NE $\frac{1}{4}$
Section 23: E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$
Section 24: All
Section 25: All
Section 34: E $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$
Section 35: All
Section 36: All

T7N-R61E

Section 7: SW $\frac{1}{4}$
Section 17: SW $\frac{1}{4}$
Section 18: All

Section 19: All
Section 20: All
Section 21: SW $\frac{1}{4}$
Section 28: W $\frac{1}{2}$, SE $\frac{1}{4}$
Section 29: All
Section 30: All
Section 31: All
Section 32: All
Section 33: All
Section 34: W $\frac{1}{2}$, SE $\frac{1}{4}$

T8N-R60E

Section 26: S $\frac{1}{2}$
Section 27: S $\frac{1}{2}$
Section 34: All
Section 35: All
Section 36: W $\frac{1}{2}$

APPLICANT: KARSTED OPERATING, LLC – DANIELS COUNTY, MONTANA

Upon the application of **Karsted Operating, LLC** to re-enter the State 19-1 well in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 19, T34N-R46E, Daniels County, Montana (Hell Coulee Field) and complete it as a saltwater disposal well in the Dakota Formation at a depth of approximately 3,950 — 4,150 ft. Staff notes this application is eligible for placement on the default docket.

APPLICANT: FALCON ENERGY PARTNERS LLC – TOOLE COUNTY, MONTANA

Upon the application of **Falcon Energy Partners LLC** to designate a permanent spacing unit comprised of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 13, T36N-R3W, Toole County, Montana, for the production of oil and associated natural gas from the Middle Bakken Formation with respect to the #1 Simmes Ranch 21-13 well.

Docket 100-2021

APPLICANT: FALCON ENERGY PARTNERS LLC – TOOLE COUNTY, MONTANA

Upon the application of **Falcon Energy Partners LLC** to pool all interests in the permanent spacing unit comprised of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 13, T36N-R3W, Toole County, Montana, for the production of oil and associated natural gas from the Middle Bakken 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 #1 Simmes Ranch 21-13 well.

Docket 77-2021
Phoenix Capital Holdings, LLC Request for Rehearing

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 6 and 7, 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 RKT Carda 7-6 #2H, RKT Carda 7-6 #3H, and RKT Carda 7-6 #4H wells.

Docket 79-2021
Continued from October 2021

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 21 and 28, T26N-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 Dagney 21-28 #1H well.

Docket 80-2021
Continued from October 2021

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 21, 28, and 33, T26N-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 Dagney 33-21 #3 and Dagney 33-21 #4H wells.

Docket 101-2021

APPLICANT: EMEP OPERATING, LLC – RICHLAND 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 210 wells in Richland County, Montana, identified in the application from **Enerplus Resources USA Corporation to EMEP Operating, LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. Board records show Enerplus is responsible for 205 producing wells covered by a multiple well bond and two injection wells which are bonded separately. Five wells included in the transfer request have been plugged and released from bond.

Docket 102-2021

APPLICANT: WHITE ROCK OIL & GAS, LLC – RICHLAND AND ROOSEVELT 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 transfers of plugging and reclamation responsibilities for 185 wells in Richland and Roosevelt Counties, Montana, identified in the application from **XTO Energy Inc. to White rock Oil & Gas, LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. Board records show XTO is responsible for 180 producing wells covered by a multiple well bond, one injection well which is bonded separately, and three federally bonded wells.

Docket 103-2021

APPLICANT: WHITE ROCK OIL & GAS, LLC – RICHLAND 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 transfers of plugging and reclamation responsibilities for 64 wells in Richland County, Montana, identified in the application from **Burlington Resources Oil & Gas Company LP to White Rock Oil & Gas, LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. Board records show Burlington is responsible for 61 producing wells covered by a multiple well bond. Three wells included in the transfer request have been plugged and released from bond.

Docket 104-2021

APPLICANT: NEW HORIZON RESOURCES LLC – GLACIER, PONDERA, TETON, 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 934 wells in Glacier, Pondera, Teton, and Toole Counties, Montana, identified in the application from **Synergy Offshore LLC to New Horizon Resources LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. Board records show Synergy is responsible for 768 producing wells covered by a multiple well bond, 144 injection wells which are bonded separately, and 24 federally bonded wells.

Docket 105-2021

APPLICANT: TOMAHAWK OIL COMPANY, INC. – ROSEBUD 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 11 wells in Rosebud County, Montana, identified in the application from **Tyler Rockies Exploration Ltd. To Tomahawk Oil Company, Inc.** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. Board records show Tyler Rockies is responsible for seven producing wells covered by a multiple well bond and four injection wells which are bonded separately.

Docket 106-2021

SHOW-CAUSE HEARING

RESPONDENT: J&M SNAKE CREEK DISPOSAL, INC. – ROOSEVELT COUNTY, MONTANA

Upon the Board's own motion to require **J&M Snake Creek Disposal, Inc.** to appear and show cause, if any it has, why it should not immediately plug and abandon the Picard 5-12 salt water disposal well, API # 25- 085-21354, located in the NE¼SW¼NW¼ of Section 12, T29N-R58E, Roosevelt County, Montana.

Docket 107-2021
SHOW-CAUSE HEARING

RESPONDENT: SDOCO, LLC – MCCONE COUNTY, MONTANA

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

Docket 108-2021
SHOW-CAUSE HEARING

RESPONDENTS: 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 penalties should not be considered for failure to remedy the field violations.

Docket 109-2021
SHOW-CAUSE HEARING

RESPONDENTS: BLACK GOLD ENERGY RICHLAND FACILITY, INC. – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Black Gold Energy Richland Facility, Inc.** to appear and show cause, if any it has, why penalties should not be considered for failure to remedy the field violations.

Docket 110-2021
SHOW-CAUSE HEARING

RESPONDENT: AMERICAN MIDWEST OIL & GAS CORP. – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **American Midwest Oil & Gas Corp.** to appear and show cause, if any it has, why it should not begin to plug and abandon its wells in Toole County, Montana prior to the December 2, 2021, public hearing. Failure to begin to plug and abandon the wells may result in additional penalties or the forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.

Docket 111-2021
SHOW-CAUSE HEARING

RESPONDENT: KYKUIT RESOURCES, LLC – BLAINE AND FERGUS COUNTIES, MONTANA

Upon the Board's own motion to require **Kykuit Resources, LLC** to appear and show cause, if any it has, why it should not begin to plug and abandon its wells not capable of production prior to the December 2, 2021, public hearing. Failure to begin to plug and abandon the wells may result in additional penalties or the forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.

Docket 112-2021
SHOW-CAUSE HEARING

RESPONDENT: PAMECT OIL, KEITH E. TYNER DBA AND LOWRANCE-TYNER OPERATING – PONDERA AND TETON COUNTIES, MONTANA

Upon the Board's own motion to require **Pamect Oil, Keith E. Tyner Dba and Lowrance-Tyner Operating** to appear and show cause, if any it has, why it should not immediately plug and abandon its non-producing wells in Pondera and Teton Counties, Montana.

Docket 32-2021
SHOW-CAUSE HEARING
Continued from April 2021

RESPONDENT: FORWARD ENERGY, LLC – YELLOWSTONE COUNTY, MONTANA

Upon the Board's own motion to require **Forward Energy, LLC** to appear and show cause, if any it has, why they should not be required to provide a plan and timeline for the plugging and abandonment of its wells in Yellowstone County, Montana.

Docket 73-2021
SHOW-CAUSE HEARING
Continued from August 2021

RESPONDENT: HIGHLANDS MONTANA CORPORATION – CUSTER COUNTY, MONTANA

Upon the Board's own motion to require **Highlands Montana Corporation** to appear and show cause, if any it has, why it should not begin to restore the location of the Helios 5-52 16-21 well, file missing completion data for the Helios 5-52 16-32 well, and begin to plug and abandon the Helios 5-52 16-22 well.

Docket 90-2021
SHOW-CAUSE HEARING
Continued from October 2021

RESPONDENT: ROLAND OIL AND GAS – GLACIER AND PONDERA COUNTIES, MONTANA

Upon the Board's own motion to require **Roland Oil and Gas** to appear and show cause, if any it has, why it should not immediately plug and abandon its wells in Glacier and Pondera Counties, Montana.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant