

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
August 17 & 18, 2022

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, August 17, 2022, 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. Public comment on agenda and non-agenda items
3. Approval of minutes of June 15, 2022, business meeting
4. Proposed adoption of amendment of ARM 36.22.307 and 36.22.1243 pertaining to reports from transporters, purchasers, and gasoline or extraction plants and remove the requirement for filing Forms No. 9 and No. 10.
5. Financial report
6. Bond summary & incident report
7. Docket summary
8. Gas flaring exceptions
9. Inactive well review
10. Orphan well and federal grant update
11. Staff reports
12. Other business
13. 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, August 18, 2022, 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 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 74-2022

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 6, 7, and 18, 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 must commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Orders 183-2012 and 118-2015 pertaining to Sections 6 and 7, T26N-R59E be amended to clarify that said orders are limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Storvik 7-6 #1H and Storvik 7-6 #2H wells and that Order 185-2012 that authorized additional wells in that spacing unit be vacated.

Docket 75-2022

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, 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 overlapping temporary spacing unit comprised of all of Sections 6, 7, and 18, 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 76-2022

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 19, 30, and 31, 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. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Order 457-2011 pertaining to Sections 19 and 30, T26N-R59E be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Johnson 30-19 #1H well and that Order 476-2011 that authorized additional wells in that spacing unit be vacated.

Applicant requests that Board Order 37-2018 pertaining to Sections 31 and 32, T26N-R59E be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Elroy 32-31 #1H well.

Docket 77-2022

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, 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 overlapping temporary spacing unit comprised of all of Sections 19, 30, and 31, 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 78-2022

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 20, 29, and 32, 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. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Order 337-2007 pertaining to Sections 20 and 29, T26N-R59E be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Meldahl 14-29H well and that Order 346-2011 that authorized additional wells in that spacing unit be vacated.

Applicant requests that Board Order 37-2018 pertaining to Sections 31 and 32, T26N-R59E be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Elroy 32-31 #1H well.

Docket 79-2022

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, 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 overlapping temporary spacing unit comprised of all of Sections 20, 29, and 32, 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 80-2022

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 19, 20, 29, 30, 31, and 32, T26N-R59E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well at a location proximate to the common boundary between the overlapping temporary spacing unit comprised of all of Sections 19, 30, and 31, T26N-R59E and the overlapping temporary spacing unit comprised of all of Sections 20, 29, and 32, T26N-R59E. Operations for the drilling of said well must commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 81-2022

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 4, 9 and 16, T26N-R59E, Richland and Roosevelt Counties, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Kai 16-4 #2H, Kai 16-4 #3H, and Kai 16-4 #4H wells.

Docket 82-2022

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 4, 9 and 16, T26N-R59E, Richland and Roosevelt Counties, 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 Kai 16-4 #2H, Kai 16-4 #3H, and Kai 16-4 #4H wells.

Docket 83-2022

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 23, 24, 25, and 26, T26N-R59E, Richland and Roosevelt Counties, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Altuve 26-23 #1H, Altuve 26-23 #2H, Altuve 26-23 #3H, Altuve 26-23 #4H, Altuve 26-23 #5H, and Altuve 26-23 #6H wells.

Docket 84-2022

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 23, 24, 25, and 26, T26N-R59E, Richland and Roosevelt Counties, 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 Altuve 26-23 #1H, Altuve 26-23 #2H, Altuve 26-23 #3H, Altuve 26-23 #4H, Altuve 26-23 #5H, and Altuve 26-23 #6H wells.

Docket 85-2022

APPLICANT: BLUEBIRD ENERGY, LLC – ROSEBUD COUNTY, MONTANA

Upon the application of **Bluebird Energy, LLC** to designate a permanent spacing unit comprised of the W $\frac{1}{2}$ of Section 11 and the W $\frac{1}{2}$ of Section 14, T10N-R34E, Rosebud County, Montana, for the production of oil and associated natural gas from the Heath Formation with respect to the Flying Monkey #1H well.

Docket 86 -2022

APPLICANT: BLUEBIRD ENERGY, LLC – ROSEBUD COUNTY, MONTANA

Upon the application of **Bluebird Energy, LLC** to designate a permanent spacing unit comprised of the W $\frac{1}{2}$ of Section 9 and the W $\frac{1}{2}$ of Section 16, T11N-R34E, Rosebud County, Montana, for the production of oil and associated natural gas from the Heath Formation with respect to the Golden Monkey #1H well.

Docket 87-2022

APPLICANT: DENBURY ONSHORE LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to designate a permanent spacing unit comprised of the S $\frac{1}{2}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 21 and the S $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 22, T5N-R61E, Fallon County, Montana, for the production of oil and associated natural gas from the Red River Formation with respect to the BN 34-21H well.

Docket 88-2022
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APPLICANT: DRAWINGS, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Drawings, LLC** to authorize the drilling of an additional Nisku Formation well anywhere within the permanent spacing unit comprised of the E $\frac{1}{2}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 11, T29N-R48E, Roosevelt County, Montana, but not closer than 660' setback to the exterior boundaries thereof, with a 75' tolerance in any direction for topographic reasons, as an exception to A.R.M. 36.22.702. Default docket requested.

Docket 89-2022

APPLICANT: PETROX PETROLEUM CO. – PONDERA COUNTY, MONTANA

Upon the application of **Petrox Petroleum Co.** to convert the Aakre 9 well (API #25-073-21668) in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5, T27N-R4W, Pondera County, Montana (Pondera Field) to a saltwater disposal well in the Madison Formation at a depth of approximately 2,084-2,088 ft. Staff notes this application is eligible for placement on the default docket.

Docket 90-2022

APPLICANT: PETROX PETROLEUM CO. – PONDERA COUNTY, MONTANA

Upon the application of **Petrox Petroleum Co.** to convert the Aakre 3 well (API #25-073-21503) in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5, T27N-R4W, Pondera County, Montana (Pondera Field) to a saltwater disposal well in the Madison Formation at a depth of approximately 2,081-2,083 ft. Staff notes this application is eligible for placement on the default docket.

Docket 91-2022

APPLICANT: HYDRA MT LLC. – RICHLAND COUNTY, MONTANA

Upon the application of **Hydra MT LLC** to drill the Raffaell 17-2H SWD well in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 17, T25N-R59E, Richland County, Montana (Fairview Field) as a saltwater disposal well in the Dakota Formation at a depth of 4,805-5,729 ft. Staff notes this application is eligible for placement on the default docket.

Docket 92-2022

APPLICANT: HYDRA MT LLC. – RICHLAND COUNTY, MONTANA

Upon the application of **Hydra MT LLC** to drill the Raffaell 17-1 SWD well in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 17, T25N-R59E, Richland County, Montana (Fairview Field) as a saltwater disposal well in the Dakota Formation at a depth of 5,430-5,715 ft. Staff notes this application is eligible for placement on the default docket.

Docket 93-2022

APPLICANT: DENBURY ONSHORE, LLC. – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to drill the Cabin Creek CH 33X-17H well in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 17, T10N-R58E, Fallon County, Montana (Cabin Creek Field) as an enhanced recovery injection well in the Madison Formation at a depth of approximately 6,968-7,370 ft. Staff notes this application is eligible for placement on the default docket.

Docket 26-2022
Continued from April 2022

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 23, 24, 25, 26, 35, and 36, 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, provided that operations for the drilling of said well commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Orders 501-2013 and 307-2014 pertaining to Sections 25, 26, 35, and 36, T25N-R59E be amended to clarify that said orders are limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Sundheim 26-35 #1H and Sundheim 26-35 #2H wells and that Order 502-2013 that authorized additional wells in that spacing unit be vacated.

Applicant further requests to vacate Board Orders 316-2014 and 46-2020 that designated a temporary spacing unit comprised of all of Sections 23 and 24, T25N-R59E, and authorized the drilling of up to four horizontal wells within the spacing unit.

Docket 27-2022
Continued from April 2022

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 23, 24, 25, 26, 35, and 36, 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 94-2022

APPLICANT: MONTALBAN OIL & GAS OPERATIONS, INC. – GLACIER 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 51 wells in Glacier and Toole Counties, Montana, from **Croft Petroleum Co to Montalban Oil & Gas Operations, Inc.** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. Of the wells involved in the transfer, Board records show Croft Petroleum Co is responsible for 40 producing wells covered by a multiple well bond and 11 federally bonded wells. A list of the wells is available online or in the Billings office for review.

Docket 95-2022

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 49 wells in Richland County, Montana, from **Ovintiv USA Inc. 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 Ovintiv USA Inc. is responsible for 43 producing wells covered by a multiple well bond. Five wells included in the transfer request have been plugged and released from bond and a duplicate well is listed. A list of the wells is available online or in the Billings office for review.

Docket 96-2022

APPLICANT: NEW HORIZON RESOURCES LLC – GLACIER, PONDERA, TETON, AND TOOLE COUNTIES, MONTANA

Upon the Board's own motion to require **New Horizon Resources LLC** to appear at the August 18, 2022, public hearing to provide an update of its activities including any reduction in abandonment liability by either plugging wells or returning wells to production, as required by Board Order 6-2022.

Docket 97-2022
SHOW-CAUSE HEARING

RESPONDENT: SEYMOUR, JAMES & LORRAINE – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Seymour, James & Lorraine** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to pay the administrative penalty assessed for delinquent reporting. Staff may dismiss this matter should the penalties for delinquent reporting and failure to appear at the June 16, 2022, hearing be received prior to the August 18, 2022, public hearing.

Docket 98-2022
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 additional penalties should not be imposed for failure to file injection 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 Black Gold Energy Resource Development, LLC to further penalties as prescribed by Board Policy.

Docket 99-2022
SHOW-CAUSE HEARING

RESPONDENT: 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 additional penalties should not be imposed for failure to file injection 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 Black Gold Energy Richland Facility, Inc. to further penalties as prescribed by Board Policy.

Docket 100-2022
SHOW-CAUSE HEARING

RESPONDENT: R & A OIL, INC. – MUSSELSHELL AND PETROLEUM COUNTIES, MONTANA

Upon the Board's own motion to require **R & A Oil, Inc.** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file production and injection 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 R & A Oil, Inc. to further penalties as prescribed by Board Policy.

Docket 108-2021
SHOW-CAUSE HEARING
Continued from December 2021

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 violations at its Indian Mound 1 well, Section 15, T23N-R55E, Richland County, Montana.

Docket 109-2021
SHOW-CAUSE HEARING
Continued from December 2021

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 violations at its Velma SWD 1-10 well, Section 10, T23N-R58E, Richland County, Montana.

Docket 43-2022
SHOW-CAUSE HEARING
Continued from April 2022

RESPONDENT: BUTLER PETROLEUM LLC – ROOSEVELT COUNTY, MONTANA

Upon the Board's own motion to require **Butler Petroleum LLC** to appear and show cause, if any it has, why it should not be required to plug and abandon its EPU 120 well, API # 25-085-21820, located in the SW¼NW¼ of Section 29, T29N-R51E, Roosevelt County, Montana.

BOARD OF OIL AND GAS CONSERVATION

Jennifer Breton, Program Specialist