

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
August 9 & 10, 2023

NOTICE OF PUBLIC HEARING

(CONSERVATION AND PREVENTION
(OF WASTE OF OIL AND GAS

The Board of Oil and Gas Conservation of the State of Montana will hold its business meeting on Wednesday, August 9, 2023, 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 14, 2023, business meeting
4. Plugging and reclamation bond review
5. Privilege and license tax
6. Black Gold Energy Resource Development, LLC agreement per Board Order 66-2023
7. Financial report
8. Bond summary & incident report
9. Docket summary
10. Gas flaring exceptions
11. Inactive well review
12. Orphan well and federal grant update
13. Staff reports
14. Other business
15. 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 10, 2023, 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 81-2023

APPLICANT: GRAYSON MILL OPERATING, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Grayson Mill Operating, LLC** to create an overlapping temporary spacing unit comprised of all of Sections 3, 10, and 15, T28N-R59E, Roosevelt County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Order 305-2012 pertaining to Sections 3 and 10, T28N-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 Stateline 5-1003H well and that Order 306-2012 that authorized an additional well in that spacing unit be vacated.

Applicant requests that Board Order 620-2012 pertaining to Sections 15 and 22, T28N-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 Stateline 3-1522H well and that Order 621-2012 that authorized an additional well in that spacing unit be vacated.

Docket 82-2023

APPLICANT: GRAYSON MILL OPERATING, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Grayson Mill Operating, 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 3, 10, and 15, T28N-R59E, Roosevelt County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 83-2023

APPLICANT: GRAYSON MILL OPERATING, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Grayson Mill Operating, LLC** to create an overlapping temporary spacing unit comprised of all of Sections 22, 27, and 34, T28N-R59E, Roosevelt County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Order 106-2014 pertaining to Sections 27 and 34, T28N-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 Stateline 14-3427H well and that Order 107-2014 that authorized an additional well in that spacing unit be vacated.

Applicant further requests that Board Order 620-2012 pertaining to Sections 15 and 22, T28N-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 Stateline 3-1522H well and that Order 621-2012 that authorized an additional well in that spacing unit be vacated.

Docket 84-2023

APPLICANT: GRAYSON MILL OPERATING, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Grayson Mill Operating, 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, T28N-R59E, Roosevelt County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 85-2023

APPLICANT: FOUNDATION ENERGY MANAGEMENT, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Foundation Energy management, LLC** to amend Board Order 45-2011 to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells anywhere within the permanent spacing unit comprised of all of Sections 14 and 23, T28N-R58E, Roosevelt County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 86-2023

APPLICANT: NORTHERN OIL PRODUCTION, INC. – SHERIDAN COUNTY, MONTANA

Upon the application of **Northern Oil Production, Inc.** to create a temporary spacing unit comprised of Lots 6 and 7, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ (S $\frac{1}{2}$) of Section 6, T34N-R52E, Sheridan County, Montana, to drill a horizontal Winnipegosis Formation well at any location not closer than 200' (heel/toe setback) and 660' (lateral setback) to the exterior boundaries thereof, as an exception to Board Order 30-1967 (Redstone Field). Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 87-2023

APPLICANT: BLUEBIRD ENERGY, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Bluebird Energy, LLC** to create a temporary spacing unit comprised of all of Sections 24, 25, and 36, T29N-R57E, Roosevelt 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. Applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests to vacate Board Order 519-2012 that designated a temporary spacing unit comprised of all of Sections 13 and 24, T29N-R57E.

Applicant further requests to vacate Board Order 210-2010 that designated a temporary spacing unit comprised of all of Sections 25 and 36, T29N-R57E.

Docket 88-2023

APPLICANT: BLUEBIRD ENERGY, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Bluebird Energy, LLC** to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 24, 25, and 36, T29N-R57E, Roosevelt County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 89-2023

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 63-2022 to provide that operations for the drilling of a well in the overlapping temporary spacing unit comprised of all of Sections 6, 7, and 18, T26N-R59E must be commenced prior to August 18, 2024. All other provisions in said order remains unchanged and in full force and effect.

Docket 90-2023

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 65-2022 to provide that operations for the drilling of a well in the overlapping temporary spacing unit comprised of all of Sections 19, 30, and 31, T26N-R59E must be commenced prior to August 18, 2024. All other provisions in said order remains unchanged and in full force and effect.

Docket 91-2023

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 67-2022 to provide that operations for the drilling of a well in the overlapping temporary spacing unit comprised of all of Sections 20, 29, and 30, T26N-R59E must be commenced prior to August 18, 2024. All other provisions in said order remains unchanged and in full force and effect.

Docket 92-2023

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 69-2022 to provide that operations for the drilling of a well in the overlapping temporary spacing unit comprised of all of Sections 19, 20, 29, 30, 31, and 32, T26N-R59E must be commenced prior to August 18, 2024. All other provisions in said order remains unchanged and in full force and effect.

Docket 93-2023

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

Upon the application of **Kraken Oil & Gas LLC** to create a temporary spacing unit comprised of all of Sections 25 and 36, T28N-R58E, Roosevelt 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. Applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests to vacate Board Order 45-2010 that designated a temporary spacing unit comprised of all of Sections 25 and 36, T28N-R58E with 660' setbacks to the exterior boundaries thereof.

Docket 94-2023

APPLICANT: KRAKEN OIL & GAS LLC – ROOSEVELT 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 temporary spacing unit comprised of all of Sections 25 and 36, T28N-R58E, Roosevelt County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 95-2023

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

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Sections 25 and 36, T28N-R58E, and all of Sections 30 and 31, T28N-R59E, Roosevelt County, Montana, to drill a horizontal Bakken/Three Forks Formation well at a location proximate to the common boundary between the temporary spacing unit comprised of all of Sections 25 and 36, T28N-R58E and the permanent spacing unit comprised of all of Sections 30 and 31, T28N-R59E, with a 200' heel/toe setback to the exterior boundaries thereof. 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 96-2023

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

Upon the application of **Kraken Oil & Gas LLC** to create a temporary spacing unit comprised of all of Sections 6, 7, 18, and 19, T24N-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. Applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests to vacate Board Order 209-2014 and 321-2014 that designated a temporary spacing unit comprised of all of Sections 6, 7, and 18 T24N-R59E and authorized additional wells in that spacing unit.

Docket 97-2023

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 temporary spacing unit comprised of all of Sections 6, 7, 18, and 19, T24N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 98-2023

APPLICANT: HYDRA MT, LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Hydra MT, LLC** to drill the Mike 10-1H SWD well in the SW¼SW¼ of Section 10, T25N-R58E, Richland County, Montana (wildcat) as a saltwater disposal well in the Dakota Formation at a depth of approximately 4,920 – 5,859 ft KBTVD. An aquifer exemption is being requested since the injection zone contains water with less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 52-2023
Continued from June 2023

APPLICANT: HERITAGE ENERGY OPERATING, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Heritage Energy Operating, LLC** to create a temporary spacing unit comprised of all of Sections 3 and 4, T28N-R57E, Roosevelt County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 57-2023
Continued from June 2023

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 29 and 32, T25N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Leah 29-32 #1H, Leah 29-32 #2H, Leah 29-32 #3H, and Leah 29-32 #4H wells.

Docket 58-2023
Continued from June 2023

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 29 and 32, 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 Leah 29-32 #1H, Leah 29-32 #2H, Leah 29-32 #3H, and Leah 29-32 #4H wells.

Docket 99-2023

APPLICANT: EAGLE OPERATING INC. – BLAINE, DAWSON, RICHLAND, ROOSEVELT, SHERIDAN AND WIBAUX 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 66 wells in Blaine, Dawson, Richland, Roosevelt, Sheridan, and Wibaux Counties, Montana, from **Legacy Reserves Operating LP** to **Eagle Operating Inc.** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. Board records show Legacy Reserves Operating LP is responsible for 49 producing wells covered by a multiple well bond, 9 injection wells which are bonded separately, and 7 federally bonded wells. One well included in the transfer request has been plugged and released from bond. A list of the wells is available online or in the Billings office for review.

Docket 100-2023

APPLICANT: S&H ENERGY– TOOLE 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 26 wells in Toole County, Montana, from **Enneberg Oil & Gas to S&H Energy** 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 Enneberg Oil & Gas is responsible for 17 producing wells covered by a multiple well bond and 9 federally bonded wells. A list of the wells is available online or in the Billings office for review.

Docket 101-2023

APPLICANT: WILDCAT FLUID SOLUTIONS 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 the Indian Mound 1 well, API # 25-083-21377, located in the NE¼SW¼SW¼ of Section 15, T23N-55E, Richland County, Montana, from **Black Gold Energy Resource Development, LLC to Wildcat Fluid Solutions LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 102-2023

APPLICANT: WILDCAT FLUID SOLUTIONS 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 the Velma SWD 1-10H well, API # 25-083-22531, located in the NW¼NW¼ of Section 10, T23N-58E, Richland County, Montana, from **Black Gold Energy Richland Facility, Inc. to Wildcat Fluid Solutions LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 46-2023

Continued from April 2023

APPLICANT: BLACK GOLD ENERGY SHERIDAN FACILITY, INC. – 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 the Sheridan Facility SWD well, API # 25-091-21892, located in the SW¼SW¼ of Section 18, T33N-58E, Sheridan County, Montana, from **Cypress Energy Partners - Sheridan SWD, LLC to Black Gold Energy Sheridan Facility, Inc.** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 103-2023

APPLICANT: MONTANA BOARD OF OIL AND GAS CONSERVATION – GLACIER, PONDERA, TETON, AND TOOLE COUNTIES, MONTANA

Upon the Board's own motion to require **New Horizon Resources LLC** to appear and provide an update of its actions taken to reduce its plugging liability.

Docket 104-2023
SHOW-CAUSE HEARING

RESPONDENT: INTERSTATE EXPLORATIONS, LLC – DAWSON AND WIBAUX COUNTIES, MONTANA

Upon the Board's own motion to require **Interstate Explorations, LLC** to appear and show cause, if any it has, why it should not be required to provide a plan and timeline for the plugging and abandonment of its inactive wells in Dawson and Wibaux Counties, Montana.

Docket 105-2023
SHOW-CAUSE HEARING

RESPONDENT: BRANDON OIL COMPANY – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Brandon Oil Company** to appear and show cause, if any it has, why it should not be assessed additional penalties or have its plugging and reclamation bond forfeited as permitted by § 82-11-123(5), MCA for failure to begin to plug and abandon its Turner 13-22 well (API #101-22965) and Tordale 42-21 well (API #101-22755), located in Toole County, Montana, prior to the August 10, 2023, public hearing as required by Board Order 65-2023.

BOARD OF OIL AND GAS CONSERVATION

Jennifer Breton, Program Specialist