

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
October 4 & 5, 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, October 4, 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 August 9, 2023, business meeting
4. Review of HB Oil's reduction in plugging liability
5. Longevity & service awards
6. Proposed hearing schedule for 2024
7. Proposed amendment of ARM 36.22.1242 regarding the oil and gas privilege and license tax
8. Financial report
9. Bond summary & incident report
10. Docket summary
11. Gas flaring exceptions
12. Inactive well review
13. Orphan well and federal grant update
14. Staff reports
15. Other business
16. 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, October 5, 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 106-2023

APPLICANT: TEXAKOMA EXPLORATION & PRODUCTION LLC – VALLEY COUNTY, MONTANA

Upon the application of **Texakoma Exploration & Production LLC** to amend Board Order 181-2001 and vacate the existing spacing unit comprised of the N $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 36, T31N-R43E, Valley County, Montana.

Applicant requests to designate the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 36, T31N-R43E, Valley County, Montana, as the spacing unit to drill a vertical Madison Group well at any location not closer than 330' from the exterior boundaries thereof, in accordance with Lustre Field rules.

Docket 107-2023

APPLICANT: TEXAKOMA EXPLORATION & PRODUCTION LLC – VALLEY COUNTY, MONTANA

Upon the application of **Texakoma Exploration & Production LLC** to vacate Board Order 71-1997 that created a temporary spacing unit comprised of the N½ of Section 10, T30N-R44E, Valley County, Montana.

Applicant requests to designate the E½NE¼ of Section 10, T30N-R44E, Valley County, Montana, as the spacing unit to drill a vertical Madison Group well at any location not closer than 330' from the exterior boundaries thereof, in accordance with Lustre Field rules.

Docket 108-2023

APPLICANT: LONEWOLF OPERATING, LLC – BLAINE COUNTY, MONTANA

Upon the application of **Lonewolf Operating, LLC** to create a temporary spacing unit comprised of the SW¼NW¼SW¼ and W½SW¼SW¼ of Section 4, S½NE¼SE¼, SE¼NW¼SE¼, E½SW¼SE¼, and SE¼SE¼ of Section 5, NE¼NW¼NE¼ and N½NE¼NE¼ of Section 8, and the NW¼NW¼NW¼ of Section 9, T32N-R19E, Blaine County, Montana, to drill an Eagle Formation test well at a proposed well location approximately 532' FSL and 925' FEL in Section 5, as an exception to A.R.M. 36.22.702(11). Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 109-2023

APPLICANT: LONEWOLF OPERATING, LLC – BLAINE COUNTY, MONTANA

Upon the application of **Lonewolf Operating, LLC** to create a temporary spacing unit comprised of the SW¼NE¼NE¼, S½NW¼NE¼, SE¼NE¼NW¼, W½SE¼NE¼, SW¼NE¼, E½SE¼NW¼, NW¼NE¼SE¼, N½NW¼SE¼, and NE¼NE¼SW¼ of Section 8, T32N-R19E, Blaine County, Montana, to drill an Eagle Formation test well at a proposed well location approximately 2,277' FNL and 2,292' FEL in Section 8, as an exception to A.R.M. 36.22.702(11). Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 110-2023

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 95-2022 to provide that operations for the drilling of a well in the temporary spacing unit comprised of all of Sections 22, 27, and 34, T26N-R57E, Richland County, Montana, must be commenced prior to October 13, 2024. All other provisions in said order remains unchanged and in full force and effect.

Docket 111-2023

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 103-2022 to provide that operations for the drilling of a well within the overlapping temporary spacing unit at a location proximate to the common boundary between all of Sections 24, 25, and 36, T26N-R58E and all of Sections 19, 30, and 31, T26N-R59E, Richland County, Montana, must be commenced prior to October 13, 2024. All other provisions in said order remains unchanged and in full force and effect.

Docket 112-2023

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 101-2022 to provide that operations for the drilling of a well in the overlapping temporary spacing unit comprised of all of Sections 12, 13, and 24, T26N-R58E, Richland County, Montana, must be commenced prior to October 13, 2024. All other provisions in said order remains unchanged and in full force and effect.

Docket 113-2023

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 104-2022 to provide that operations for the drilling of a well within the overlapping temporary spacing unit at a location proximate to the common boundary between all of Sections 1, 12, and 13, T26N-R58E and all of Sections 6, 7, and 18, T26N-R59E, Richland and Roosevelt Counties, Montana, must be commenced prior to October 13, 2024. All other provisions in said order remains unchanged and in full force and effect.

Docket 114-2023
1-2024 FED

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 25-2022 to provide that operations for the drilling of a well in the overlapping temporary spacing unit comprised of all of Sections 9, 16, 21, 28, T27N-R57E, Richland and Roosevelt Counties, Montana, must be commenced prior to April 14, 2025. All other provisions in said order remains unchanged and in full force and effect.

Docket 115-2023

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 1 and 12, T28N-R58E and all of Sections 6 and 7, T28N-R59E, Roosevelt County, Montana, to drill a horizontal Bakken/Three Forks Formation well at a location proximate to the common boundary between all of Sections 1 and 12, T28N-R58E and all of Sections 6 and 7, 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 116-2023

APPLICANT: HYDRA MT, LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Hydra MT, LLC** to drill the Don 17-1H SWD well in the SE¼SW¼ of Section 17, T26N-R59E, Richland County, Montana (Cottonwood Field) as a saltwater disposal well in the Dakota Formation at a depth of approximately 4,900 – 5,851 ft TVD. 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 117-2023

APPLICANT: WHITE ROCK OIL & GAS, LLC – RICHLAND COUNTY, MONTANA

Upon the application of **White Rock Oil & Gas, LLC** to approve and certify the following wells in Richland County, Montana, as horizontally recompleted wells (recompleted existing horizontal drain holes) entitled to applicable severance tax reductions through the Montana Department of Revenue and to certify production decline rates to be used in the calculation of incremental production. Staff notes this application is eligible for placement on the default docket.

API Number	Well Name	Location	Recompletion Date (Refrac)
25-083-22095	4-J RANCH 44X-27	T24N-R57E-27	October 2022
25-083-22191	ALBIN 13X-33	T24N-R57E-33	October 2022
25-083-22265	ALBIN 24X-28	T24N-R57E-28	October 2022
25-083-21937	ALBIN FARMS 31X-31	T24N-R57E-31	November 2022
25-083-21972	ALBIN FARMS 34X-32	T24N-R57E-32	October 2022
25-083-22558	BR 21-33H 52	T25N-R52E-33	December 2022
25-083-22505	BR 24-27H 52	T25N-R52E-27	January 2023
25-083-22101	BR 31-7H	T23N-R55E-7	January 2023
25-083-22095	BR 41-33H 52	T24N-R57E-27	February 2023
25-083-22159	BR 44-36H	T24N-R54E-36	February 2023
25-083-22047	PUTNAM 24X-20	T23N-R57E-20	December 2022
25-083-22588	BR 31-14H 54	T25N-R54E-14	August 2023

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 81-2023
Continued from August 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
Continued from August 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
Continued from August 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
Continued from August 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 91-2023
Continued from August 2023 with Correction

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 **32**, T26N-R59E, Richland County, Montana, must be commenced prior to August 18, 2024. All other provisions in said order remains unchanged and in full force and effect.

Docket 118-2023

APPLICANT: DIGITAL OPERATING COMPANY – 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 three wells in Sheridan County, Montana, from **Okie Crude Company to Digital Operating Company** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. A list of the wells is available online or in the Billings office for review.

Docket 119-2023

APPLICANT: VECTA OIL & GAS, LTD. – ROOSEVELT 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 two wells in Roosevelt County, Montana, from **Darrah Oil Company, LLC to Vecta Oil & Gas, Ltd** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. A list of the wells is available online or in the Billings office for review.

Docket 120-2023

APPLICANT: SPRINGLINE OPERATING LLC – RICHLAND, ROOSEVELT, AND SHERIDAN 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 34 wells in Richland, Roosevelt, and Sheridan Counties, Montana, from **Samson Oil and Gas USA, Inc. to SpringLine Operating** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. A list of the wells is available online or in the Billings office for review.

Docket 121-2023

APPLICANT: BRAINSTORM ENERGY, INC.– 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 Brainstorm Energy, 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 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
Continued from August 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 NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ 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 122-2023

APPLICANT: MONTANA BOARD OF OIL AND GAS CONSERVATION – LIBERTY AND TOOLE COUNTIES, MONTANA

Upon the Board's own motion to require **A.B. Energy LLC** to appear and review that its plugging and reclamation bonds are adequate under § 82-11-123(5), MCA.

Docket 123-2023
SHOW-CAUSE HEARING

RESPONDENT: MONTANA ENERGY COMPANY, LLC – STILLWATER COUNTY, MONTANA

Upon the Board's own motion to require **Montana Energy Company, LLC** to appear and show cause, if any it has, why penalties should not be imposed for failure to remedy the field violations. Board staff has the authority to dismiss the docket if compliance is achieved prior to October 4, 2023.

Docket 124-2023
SHOW-CAUSE HEARING

RESPONDENT: HEAVY WATER HAULERS INC.– MUSSELSHELL COUNTY, MONTANA

Upon the Board's own motion to require **Heavy Water Haulers Inc.** to appear and show cause, if any it has, why the Tranel 25-77 well, API # 25-065-21854, located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 25, T11N-R24E, Musselshell County, Montana has not been plugged and the location reclaimed, as required by Board Order 33-2022.

Docket 125-2023
SHOW-CAUSE HEARING

RESPONDENT: BAD WATER DISPOSAL, LLC – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Bad Water Disposal, LLC** appear and show cause, if any it has, why additional penalties should not be imposed for failure to file reports and to pay the administrative penalty assessed for delinquent injection reporting. In accordance with Board policy the amount due now is \$140. This docket will be dismissed if payment and reports are received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Bad Water Disposal, LLC to further penalties as prescribed by Board Policy.

Docket 126-2023
SHOW-CAUSE HEARING

RESPONDENT: BIG SKY ENERGY, LLC – CARBON, GOLDEN VALLEY, AND STILLWATER COUNTIES, MONTANA

Upon the Board's own motion to require **Big Sky Energy, LLC** 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 production and injection reporting. In accordance with Board policy the amount due now is \$1,400. This docket will be dismissed if payment is received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Big Sky Energy, LLC to further penalties as prescribed by Board Policy.

Docket 127-2023
SHOW-CAUSE HEARING

RESPONDENT: CYPRESS ENERGY PARTNERS- SHERIDAN SWD, LLC – SHERIDAN COUNTY, MONTANA

Upon the Board's own motion to require **Cypress Energy Partners-Sheridan SWD, LLC** appear and show cause, if any it has, why additional penalties should not be imposed for failure to file reports and to pay the administrative penalty assessed for delinquent injection reporting. In accordance with Board policy the amount due now is \$140. This docket will be dismissed if payment and reports are received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Cypress Energy Partners- Sheridan SWD, LLC to further penalties as prescribed by Board Policy.

Docket 18-2023
SHOW-CAUSE HEARING
Continued from February 2023

RESPONDENT: FAIRWAYS EXPLORATION & PRODUCTION, LLC– TETON COUNTY, MONTANA

Upon the Board's own motion to require **Fairways Exploration & Production, LLC** to appear and show cause, if any it has, why it should not immediately plug and abandon its States 1-21 well, API # 25-099-21314, located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 21, T27N-R8W, Teton County, Montana.

BOARD OF OIL AND GAS CONSERVATION

Jennifer Breton, Program Specialist