

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
August 14 & 15, 2024

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 14, 2024, 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 12, 2024, business meeting
4. Review of HB Oil, LLC reduction in plugging liability
5. Review of New Horizon Resources LLC reduction in plugging liability
6. Review of SpringLine Operating LLC reduction in plugging liability
7. Contango Resources, Inc.
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. Exempt staff performance review
17. 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 15, 2024, 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 100-2024
11-2024 FED

APPLICANT: PHOENIX OPERATING LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Phoenix Operating LLC** to create a temporary spacing unit comprised of all of Sections 5, 8, and 17, T30N-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. The application indicates that the NW¼ of Section 17, T30N-R59E, contain Indian Trust minerals.

Applicant further requests that Board Order 85-2010 that created a temporary spacing unit comprised of all of Sections 5 and 8, T30N-R59E, be vacated.

Docket 101-2024
12-2024 FED

APPLICANT: PHOENIX OPERATING LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Phoenix Operating LLC** to authorize the drilling of three additional horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 5, 8, and 17, T30N-R59E, Roosevelt County, Montana, 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. The application indicates that the NW¼ of Section 17, T30N-R59E, contain Indian Trust minerals.

Docket 102-2024
13-2024 FED

APPLICANT: PHOENIX OPERATING LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Phoenix Operating LLC** to create a temporary spacing unit comprised of all of Sections 20, 29, and 32, T30N-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. The application indicates that the SW¼ of Section 20, T30N-R59E, contain Indian Trust minerals.

Applicant further requests that Board Order 130-2010 that created a temporary spacing unit comprised of all of Sections 29 and 32, T30N-R59E, be vacated.

Docket 103-2024
14-2024 FED

APPLICANT: PHOENIX OPERATING LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Phoenix Operating LLC** to authorize the drilling of three additional horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 20, 29, and 32, T30N-R59E, Roosevelt County, Montana, 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. The application indicates that the SW¼ of Section 20, T30N-R59E, contain Indian Trust minerals.

Docket 104-2024
15-2024 FED

APPLICANT: PHOENIX OPERATING LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Phoenix Operating LLC** to create a temporary spacing unit comprised of all of Sections 4, 9, and 16, T30N-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. The application indicates that Lots 1, 2, 3, 4, and the S½NW¼ of Section 4, T30N-R59E, contain Indian Trust minerals.

Docket 105-2024
16-2024 FED

APPLICANT: PHOENIX OPERATING LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Phoenix Operating LLC** to authorize the drilling of two additional horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 4, 9, and 16, T30N-R59E, Roosevelt County, Montana, 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. The application indicates that Lots 1, 2, 3, 4, and the S½NW¼ of Section 4, T30N-R59E, contain Indian Trust minerals.

Docket 106-2024

APPLICANT: PHOENIX OPERATING LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Phoenix Operating LLC** to create a temporary spacing unit comprised of all of Sections 23, 26, and 35, 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. Applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant further requests that Board Order 230-2010 that created a temporary spacing unit comprised of all of Sections 14 and 23, T29N-R57E be vacated.

Docket 107-2024

APPLICANT: PHOENIX OPERATING LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Phoenix Operating LLC** to authorize the drilling of three additional horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 23, 26, and 35, T29N-R57E, Roosevelt County, Montana, 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 108-2024

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 95-2022 and 91-2023 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, 2025. All other provisions in said order remains unchanged and in full force and effect.

Docket 109-2024
17-2024 FED

APPLICANT: CONTINENTAL RESOURCES INC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Continental Resources Inc** to create an overlapping temporary spacing unit comprised of all of Sections 13, 14, 23, 24, 25, and 26, T28N-R57E, Roosevelt County, Montana, to drill a horizontal Bakken/Three Forks Formation well therein at any location not further than 500' from the common boundary between all of Sections 14, 23, and 26, T28N-R57E and all of Sections 13, 24, and 25, T28N-R57E with a 200' heel/toe setback to the exterior boundaries thereof, provided that applicant has first spud a well in each of the underlying temporary spacing units consisting of all of Sections 14, 23, and 26, T28N-R57E and all of Sections 13, 24, and 25, T28N-R57E. 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. The application indicates that the SW¼SE¼ of Section 13 and Lots 2 and 3 of Section 23, T28N-R57E, are Federal lands and the NW¼ of Section 13, W½E½ and Lots 3, 4, 7, and 8 of Section 14, and NW¼NE¼ and Lots 1,5, and 6 of Section 23, T28N-R57E, contain Indian Trust minerals.

Docket 110-2024

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

Upon the application of **White Rock 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 13 and 14, T25N-R57E and all of Section 18, T25N-R58E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 111-2024

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

Upon the application of **White Rock 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 23 and 24, T25N-R57E and all of Section 19, T25N-58E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 112-2024

APPLICANT: SCOUT ENERGY MANAGEMENT LLC – PHILLIPS COUNTY, MONTANA

Upon the application of **Scout Energy Management LLC** to create a temporary spacing unit comprised of the NW¼ of Section 36, T33N-R32E, Phillips County, Montana, to drill a vertical Firemoon Formation well anywhere within said spacing unit but not closer than 990' from the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 113-2024

APPLICANT: SCOUT ENERGY MANAGEMENT LLC – PHILLIPS COUNTY, MONTANA

Upon the application of **Scout Energy Management LLC** to authorize the drilling of up to three additional vertical Firemoon Formation wells anywhere within the temporary spacing unit comprised of all of Section 1, T32N-R32E, Phillips County, Montana, but not closer than 1,250 from existing wells producing in the same formation and 990' from the exterior boundaries thereof, as an exception to A.R.M. 36.22.702.

Docket 114-2024
18-2024 FED

APPLICANT: HELL CREEK CRUDE LLC – VALLEY COUNTY, MONTANA

Upon the application of **Hell Creek Crude LLC** to vacate Board Order 60-1995 that created a temporary spacing unit comprised of all of Section 21, T30N-R45E, Valley County, Montana for the drilling of a Charles Formation horizontal well. The application indicates that the N½SE¼, SE¼SE¼, and NE¼ of Section 21, T30N-R45E, contain Indian Trust minerals.

Docket 115-2024

APPLICANT: MONTANA BOARD OF OIL AND GAS CONSERVATION – MUSSELSHELL COUNTY, MONTANA

Upon the Board's own motion to vacate Board Order 14-1969, which approved a waterflood project in the Keg Coulee Tyler Unit (Tyler), Musselshell County, Montana. The federal secondary recovery unit was terminated by the Bureau of Land Management effective August 31, 2021.

Docket 116-2024

APPLICANT: MONTANA BOARD OF OIL AND GAS CONSERVATION – ROSEBUD COUNTY, MONTANA

Upon the Board's own motion to vacate Board Order 39-1992, which approved a waterflood project in the Rattler Butte Tyler A Unit (Tyler "A"), Rosebud County, Montana. The federal secondary recovery unit was terminated by the Bureau of Land Management effective January 9, 2023.

Docket 117-2024

APPLICANT: MORNINGSTAR 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 299 wells in Richland County, Montana, from **EMEP Operating, LLC to MorningStar Operating LLC** 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 EMEP Operating, LLC is responsible for 288 producing wells covered by a multiple well bond, 1 injection well which is bonded separately. Ten wells included in the transfer request have been plugged and released from bond. A list of the wells is available online or in the Billings office for review.

Docket 23-2024
9-2024 FED

Continued from February 2024

Application has been continued to the October 2024 hearing

APPLICANT: CONTINENTAL RESOURCES INC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Continental Resources Inc** to create an overlapping temporary spacing unit comprised of all of Sections 13, 24, and 25, T28N-R57E and all of Sections 18, 19, and 30, T28N-R58E, Roosevelt County, Montana, to drill a horizontal Bakken/Three Forks Formation well therein at any location not further than 500' from the common boundary between all of Sections 13, 24, and 25, T28N-R57E and all of Sections 18, 19, and 30, T28N-R58E with a 200' heel/toe 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.

Docket 81-2024
Continued from June 2024

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

Upon the application of **White Rock Oil & Gas, LLC** to create a temporary spacing unit comprised of all of Sections 13 and 14, T25N-R57E and all of Section 18, T25N-R58E, 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. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 82-2024
Continued from June 2024

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

Upon the application of **White Rock Oil & Gas, LLC** to create a temporary spacing unit comprised of all of Sections 23 and 24, T25N-R57E and all of Section 19, T25N-58E, 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. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 118-2024
SHOW-CAUSE HEARING

RESPONDENT: JUSTICE SWD, LLC – SHERIDAN COUNTY, MONTANA

Upon the Board's own motion to require **Justice SWD, 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 injection reporting. In accordance with Board policy the amount due now is \$120. 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 Justice SWD, LLC to further penalties as prescribed by Board Policy.

Docket 119-2024
SHOW-CAUSE HEARING

RESPONDENT: GRASSY BUTTE LLC – ROSEBUD COUNTY, MONTANA

Upon the Board's own motion to require **Grassy Butte 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 \$120. 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 Grassy Butte LLC to further penalties as prescribed by Board Policy.

Docket 120-2024
SHOW-CAUSE HEARING

RESPONDENT: POWDER BATTALION HOLDINGS LLC – BIG HORN COUNTY, MONTANA

Upon the Board's own motion to require **Powder Battalion Holdings 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 production 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 Powder Battalion Holdings LLC to further penalties as prescribed by Board Policy.

Docket 121-2024
SHOW-CAUSE HEARING

RESPONDENT: SUMMIT GAS RESOURCES, INC. – BIG HORN & POWDER RIVER COUNTY, MONTANA

Upon the Board's own motion to require **Summit Gas Resources, Inc.** 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 production and injection reporting. In accordance with Board policy the amount due now is \$640. 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 Summit Gas Resources, Inc. to further penalties as prescribed by Board Policy.

Docket 122-2024
SHOW-CAUSE HEARING

RESPONDENT: BOOTSTRAP OIL LLC – SHERIDAN COUNTY, MONTANA

Upon the board's own motion to require **Bootstrap Oil LLC** 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 or transfer its wells located in Sheridan County, Montana, prior to the August 15, 2024, public hearing as required by Board Order 74-2024.

Docket 123-2024
SHOW-CAUSE HEARING

RESPONDENT: COALRIDGE DISPOSAL & PETROLEUM – SHERIDAN COUNTY, MONTANA

Upon the board's own motion to require **Coalridge Disposal & Petroleum** to appear and show cause, if any it has, why its injection permits for the Astrup 1 SWD well, API # 25-091-21397, and the Spoklie 2-43 well, API # 25-091-21227, should not be revoked and why it should not be required to provide a plan and timeline for the plugging of its inactive wells in Sheridan County, Montana.

Docket 124-2024
SHOW-CAUSE HEARING

RESPONDENT: NOAH ENERGY, INC. – TETON COUNTY, MONTANA

Upon the board's own motion to require **Noah Energy, Inc.** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to post a well identification sign at the Rockport 16-19-27-6HZ well and the Rockport 14-19-27-6HZ well. Noah Energy, Inc. is subject to a \$25 fine for each day after the July 11, 2024, deadline that the violation remains unresolved. Board staff has the authority to dismiss the docket if the violation is resolved and any fine assessed has been paid.

Docket 96-2024
Continued from June 2024
SHOW-CAUSE HEARING

RESPONDENT: MONTANA ENERGY COMPANY, LLC – ROSEBUD 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, including respondent's production being declared illegal under ARM 36.22.1245, should not be imposed for failure to remedy the field violations at its CTSU D116 well, located in Section 16, T11N-R32E, Rosebud County, Montana as required by Administrative Order 4-A-2024.

BOARD OF OIL AND GAS CONSERVATION

Jennifer Breton, Program Specialist