

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF SUMMIT
RESOURCES, INC. TO DRILL A BOWES FORMATION
OIL TEST WELL 1476 FEL AND 2205 FNL IN SECTION 13,
T34N-R19E, BLAINE COUNTY, MONTANA, AS AN
EXCEPTION TO A.R.M. 36.22.702.

ORDER NO. 113-2000

Docket No. 129-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that the requested location is justified by the geological evidence and no correlative rights will be adversely affected because the mineral and working interest ownership is identical in the entire NE $\frac{1}{4}$ of Section 13, T34N-R19E.
3. Granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Summit Resources, Inc. is authorized to drill a Bowes Formation oil test well at a location 1476 FEL and 2205 FNL of Section 13, T34N-R19E, Blaine County, Montana, with a 100 foot tolerance for topographic reasons as an exception to A.R.M. 36.22.702.

IT IS FURTHER ORDERED that applicant must apply for permanent spacing within ninety (90) days of completion of a commercial well.

BOARD ORDER NO. 113-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Allen Kolstad, Board Member

Jack King, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF SUMMIT
RESOURCES, INC. TO DRILL A BOWES FORMATION OIL
TEST WELL 1969 FEL AND 1457 FSL OF SECTION 18,
T34N-R20E, BLAINE COUNTY, MONTANA, AS AN
EXCEPTION TO A.R.M. 36.22.702.

ORDER NO. 114-2000

Docket No. 130-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that the requested location is the optimum one for completion of a successful Bowes Formation oil well and correlative rights will not be affected because the mineral and working interest owners in the S $\frac{1}{2}$ of said Section are identical.
3. Granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Summit Resources, Inc. is authorized to drill a Bowes Formation oil test well at a location 1969 FEL and 1457 FSL of Section 18, T34N-R20E, Blaine County, Montana, with a 75 foot tolerance for topographic reasons as an exception to A.R.M. 36.22.702.

IT IS FURTHER ORDERED that applicant must apply for permanent spacing within ninety (90) days of completion of a commercial well.

BOARD ORDER NO. 114-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF TYLER OIL
COMPANY FOR A CLASS II ENHANCED RECOVERY
PERMIT FOR ITS INFINITY 31-9 STATE WELL LOCATED
3385 FNL AND 745 FEL OF SECTION 31, T12N-R33E,
ROSEBUD COUNTY, MONTANA.

ORDER NO. 115-2000

Docket No. 131-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The proposed Class II injection well will serve to increase production from the Tyler "C" Formation and thus will promote conservation of oil and gas in the State of Montana and serve to protect correlative rights.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Tyler Oil Company is granted permission to inject produced water from the Third Cat Creek Formation into the Tyler "C" Formation subject to the following conditions:

1. Injection pressure is limited to 2360 psi at the surface.
2. A successful mechanical integrity test must be performed prior to injecting.
3. Applicant must furnish an acceptable injection well bond prior to injection.
4. The requirement for a cement bond log is waived.

BOARD ORDER NO. 115-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF WASCANA
OIL & GAS, INC. TO PRODUCE ITS SOLBERG 9-H HORIZONTAL
WELL AS A SECOND WELL WITHIN THE FLAT LAKE FIELD
RATCLIFFE FORMATION SPACING UNIT COMPRISED OF THE
SE¼ OF SECTION 19, T37N-R58E, SHERIDAN COUNTY, MONTANA.

ORDER NO. 116-2000

Docket No. 132-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Wascana Oil & Gas, Inc. is authorized to produce its Solberg 9-H horizontal well as a second well within the Flat Lake Field Ratcliffe Formation spacing unit comprised of the SE¼ of Section 19, T37N-R58E, Sheridan County, Montana.

BOARD ORDER NO. 116-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF WASCANA
OIL & GAS, INC. TO DRILL A DUAL LATERAL
HORIZONTAL WELL AS A SECOND WELL WITHIN THE
FLAT LAKE FIELD RATCLIFFE FORMATION SPACING
UNIT COMPRISED OF THE SW¼ OF SECTION 19, T37N-R58E,
SHERIDAN COUNTY, MONTANA.

ORDER NO. 117-2000

Docket No. 133-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Wascana Oil & Gas, Inc. is authorized to drill a dual lateral horizontal well as a second well within the Flat Lake Field Ratcliffe Formation spacing unit comprised of the SW¼ of Section 19, T37N-R58E, Sheridan County, Montana.

IT IS FURTHER ORDERED that said well may be located no closer than 140 feet to the north boundary of the spacing unit.

BOARD ORDER NO. 117-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF WASCANA
OIL & GAS, INC. FOR A DETERMINATION THAT ITS
PLAN OF UNIT OPERATIONS FOR THE FLAT LAKE
NISKU UNIT AS APPROVED BY BOARD ORDER 112-2000
HAS BEEN APPROVED BY THE REQUISITE PERCENTAGE
OF COST-BEARING AND COST-FREE OWNERS.

ORDER NO. 118-2000

Docket No. 135-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that the Plan of Unit Operations for the Flat Lake Nisku Unit approved by Board Order 112-2000 has been approved by the requisite percentage of cost-bearing and cost-free owners and therefore said plan is effective and may be implemented immediately.

BOARD ORDER NO. 118-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

I dissent.

Jack King, Board Member

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF WASCANA
OIL & GAS, INC. FOR PERMISSION TO INJECT WATER
INTO THE NISKU FORMATION IN FOUR WATER
INJECTION WELLS IN THE WEST LAKE FLAT LAKE
NISKU UNIT IN SHERIDAN COUNTY, MONTANA.

ORDER NO. 119-2000

Docket No. 136-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.

2. Applicant proposes to inject produced water from wells in the West Flat Lake Ratcliffe Unit into the Devonian Nisku Formation through the following described wells within that Unit:

WFLNU WIW #1	1500 FWL, 500 FNL	Section 14, T37N-R57E
WFLNU WIW #2	2000 FEL, 1600 FNL	Section 17, T37N-R57E
WFLNU WIW #3	1700 FEL, 1900 FSL	Section 16, T37N-R57E
WFLNU WIW #4	2100 FEL, 2000 FSL	Section 12, T37N-R57E

3. The proposed injection wells will serve to increase production from the Devonian Nisku Formation and thus will promote conservation of oil and gas in the State of Montana and serve to protect correlative rights.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Wascana Oil & Gas, Inc. is authorized to inject water into the Nisku Formation through the wells identified in Paragraph 2 of the Findings of Fact, provided a mechanical integrity test is successfully performed for each injection well prior to beginning injection.

BOARD ORDER NO. 119-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF HOWELL
PETROLEUM CORPORATION TO DRILL ITS USA #34-1
WELL AT A LOCATION 1156 FSL AND 1628 FEL OF
SECTION 34, T9S-R23E, CARBON COUNTY, MONTANA,
AS AN EXCEPTION TO A.R.M. 36.22.702 (1).

ORDER NO. 120-2000

Docket No. 139-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence clearly and conclusively indicates that the exception location requested is appropriate and necessary because of the area topography.
3. Granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Howell Petroleum Corporation is authorized to drill its USA #34-1 well at a location 1156 FSL and 1628 FEL of Section 34, T9S-R23E, Carbon County, Montana, as an exception to A.R.M. 36.22.702 (1).

BOARD ORDER NO. 120-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF
KLABZUBA OIL & GAS, INC. TO DESIGNATE THE
S½ OF SECTION 20 AND THE N½ OF SECTION 29,
T35N-R17E, HILL COUNTY, MONTANA, AS A
TEMPORARY SPACING UNIT AND TO DRILL A
GAS WELL TO TEST PROSPECTIVE ZONES AND
FORMATIONS FROM THE SURFACE DOWN TO
THE BASE OF THE SECOND WHITE SPECKS
FORMATION AT A LOCATION 1320 FEL AND
50 FNL OF SAID SECTION 29, WITH A 75 FOOT
TOLERANCE IN ANY DIRECTION FOR
TOPOGRAPHIC REASONS.

ORDER NO. 121-2000

Docket No. 140-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place, testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application under the conditions set forth below will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the S½ of Section 20 and the N½ of Section 29, T35N-R17E, Hill County, Montana, is designated as a temporary spacing unit and that Klabzuba Oil & Gas, Inc. is authorized to drill a gas well to test prospective zones and formations from the surface to the base of the Second White Specks Formation at a location 1320 FEL and 50 FNL of said Section 29, with a 75 foot tolerance in any direction for topographic reasons.

IT IS FURTHER ORDERED that applicant must apply for permanent spacing within ninety (90) days of completion of a commercial well.

BOARD ORDER NO. 121-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF KLABZUBA
OIL & GAS, INC. TO DRILL AN ADDITIONAL EAGLE
SAND FORMATION GAS WELL WITHIN SECTION 1,
T33N-R18E, BLAINE COUNTY, MONTANA, AT A
LOCATION NOT CLOSER THAN 660 FEET TO THE
SPACING UNIT BOUNDARY WITH A 75 FOOT
TOLERANCE IN ANY DIRECTION FOR TOPOGRAPHIC
REASONS.

ORDER NO. 122-2000

Docket No. 141-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Klabzuba Oil & Gas, Inc. is authorized to drill an additional Eagle Sand Formation gas well within the permanent spacing unit comprised of Section 1, T33N-R18E, Blaine County, Montana. Said well may be located anywhere within the section but not closer than 660 feet to the section boundary, with a 75 foot tolerance in any direction for topographic reasons.

BOARD ORDER NO. 122-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF KLABZUBA
OIL & GAS, INC. TO DRILL A WELL TO TEST PROSPECTIVE
ZONES AND FORMATIONS FROM THE SURFACE TO THE
BASE OF THE SAWTOOTH FORMATION AT A
LOCATION 850 FNL AND 1500 FEL OF SECTION 10,
T33N-R15E, HILL COUNTY, MONTANA, WITH A 100 FOOT
TOLERANCE IN ANY DIRECTION FOR TOPOGRAPHIC
REASONS AS AN EXCEPTION TO A.R.M. 36.22.702.

ORDER NO. 123-2000

Docket No. 122-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Klabzuba Oil & Gas, Inc. is authorized to drill a well to test prospective zones and formations from the surface to the base of the Sawtooth Formation at a location 850 FNL and 1500 FEL of Section 10, T33N-R15E, Hill County, Montana, with a 100 foot tolerance in any direction for topographic reasons as an exception to A.R.M. 36.22.702.

IT IS FURTHER ORDERED that applicant must apply for permanent spacing within ninety (90) days of completion of a commercial well.

BOARD ORDER NO. 123-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF KLABZUBA OIL &
GAS, INC. TO DESIGNATE THE S½ OF SECTION 8 AND THE
N½ OF SECTION 17, T33N-R14E, HILL COUNTY, MONTANA,
AS A PERMANENT SPACING UNIT FOR THE PRODUCTION OF
GAS FROM THE EAGLE SAND FORMATION AND TO
DESIGNATE THE HIGGINS 8-33-14B WELL AS THE PERMITTED
WELL FOR SAID PERMANENT SPACING UNIT.

ORDER NO. 124-2000

Docket No. 123-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. Applicant has completed its Higgins 8-33-14B well as a commercial producer of gas from the Eagle Sand Formation.
3. The evidence indicates that the S½ of Section 8 and the N½ of Section 17, T33N-R14E, Hill County, Montana, constitute the appropriate spacing unit for this well.
4. Granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the S½ of Section 8 and the N½ of Section 17, T33N-R14E, Hill County, Montana, are designated as a permanent spacing unit for the production of gas from the Eagle Sand Formation.

IT IS FURTHER ORDERED that applicant's Higgins 8-33-14B well is designated as the permitted well for said permanent spacing unit.

IT IS FURTHER ORDERED that this order does not apply to federal lands until the operator has submitted and received approval of a communitization agreement from the appropriate federal agency.

BOARD ORDER NO. 124-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

I dissent. I believe the evidence indicates that only the SE $\frac{1}{4}$ of Section 8 and the NE $\frac{1}{4}$ of Section 17 will be drained by the Higgins 8-33-14B well and that is the appropriate spacing unit.

George Galuska, Board Member

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF ROCKY MOUNTAIN OPERATING
COMPANY'S FAILURE TO PRUDENTLY OPERATE
ITS FOUR PRODUCING OIL WELLS FROM THE
TENSLEEP SANDSTONE IN SNYDER CREEK FIELD
BIG HORN COUNTY, MONTANA.

ORDER NO. 125-2000

Docket No. 142-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. Rocky Mountain Operating Company was ordered to appear before the Board on this date, then and there to show cause why it should not be penalized for spills from the four oil wells described above. Rocky Mountain Operating Company was advised by the Board's Order to Show Cause that "the Board would consider increasing the bond, imposing civil fines, requiring the performance of specific work to prevent spills, shutting-in all operations of Rocky Mountain Operating Company, or any other means of solving this problem."
3. A representative of Rocky Mountain Operating Company did not appear, but a continuation of this matter was requested by mail.
4. The evidence indicates that Rocky Mountain Operating Company has a history of oil spills from its operations in the Snyder Creek Field dating from September of 1997. The problem continues to this date and the work necessary to correct the problem is not being done.
5. The Board finds that entry of the following order is necessary to promote conservation of oil and gas in the State of Montana and to protect the environment of the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Rocky Mountain Operating Company immediately complete all necessary work to bring its Snyder Creek Field operations into full compliance with the Board's rules and regulations.

IT IS FURTHER ORDERED that Rocky Mountain Operating Company is fined the sum of \$200 a day beginning August 31, 2000, and continuing until its operations in the Snyder Creek Field are in full compliance with the Board's rules.

BOARD ORDER NO. 125-2000

IT IS FURTHER ORDERED that staff take whatever action is necessary to prevent over flows from the subject wells.

IT IS FURTHER ORDERED that Mr. Edward Neibauer of Rocky Mountain Operating Company appear before the Board at 8:00 a.m. on October 26, 2000, in the Petroleum Club in the Sheraton Hotel in Billings, Montana, at which time the Board will consider the matters set forth in the original Order to Show Cause in this matter dated July 12, 2000.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF MOLEN DRILLING COMPANY'S
FAILURE TO FILE CERTAIN REPORTS FOR ITS
GENDREAU #1-24 WELL IN SECTION 24, T34N-R47E,
DANIELS COUNTY, MONTANA.

ORDER NO. 126-2000

Docket No. 143-2000

Report of the Board

The above entitled cause came on regularly for hearing on the 31st day of August, 2000, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Board member George Galuska disqualified himself from participation in this matter. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. Mr. Don Molen operates Molen Drilling Company and, as is not uncommon for drilling companies, he drilled the Gendreau #1-24 well at the location described in the caption for a client under his bond. Because that well is on Mr. Molen's bond, he is responsible for the well until it is properly transferred.
3. The Board does not deem a penalty appropriate at this time but expects the subject well will be transferred to the appropriate entity as soon as possible and that all reports now due will be filed.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that no penalty shall be imposed on Mr. Molen at this time.

BOARD ORDER NO. 126-2000

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

ATTEST:

Elaine Mitchell, Board Member

Terri H. Perrigo, Executive Secretary

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPROVAL OF THE
PLAN FOR UNIT OPERATIONS OF THE WEST
CEDAR HILLS UNIT ESTABLISHED BY BOARD
ORDER 31-2000.

ORDER NO. 127-2000

It appears to the Board that the West Cedar Hills Unit Plan for Unit Operations has not been approved in writing by Burlington Resources, which is a substantial working interest owner in the Unit Area. Continental Resources claims it has secured the approval of those persons who will be required to pay at least 80 percent of the costs of the Unit Operations. Continental states that Burlington Resources is not "required to pay the costs of the Unit Operations" because Burlington Resources did not sign the proposed Unit Operating Agreement and elected to be carried under the terms of Section 82-11-206 (5), M.C.A, which provides that recovery of the money advanced plus interest shall be limited to and shall be recoverable only from the owners share of production.

This is a question of first impression for this Board and the Board wishes to be fully informed before deciding it.

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that a hearing will be held at the Board's next regularly scheduled hearing on October 26, 2000, in the Petroleum Club in the Sheraton Hotel in Billings, Montana, to determine if Continental Resources has obtained the necessary approval prescribed by Section 82-11-207, MCA, of those persons who under the Board's order will be required to pay at least 80 percent of the Unit Operations.

Because this question is one which may affect all operators in the State of Montana, the Board invites comment from all interested persons.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana, the 31st day of August, 2000.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

David Ballard, Chairman

Denzil Young, Vice-Chairman

George Galuska, Board Member

Jack King, Board Member

Allen Kolstad, Board Member

Stanley Lund, Board Member

Elaine Mitchell, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

