

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
BOARD OF OIL AND GAS CONSERVATION  
HELENA, MONTANA

CONSERVATION AND PREVENTION )  
OF WASTE OF OIL AND GAS )

NOTICE OF PUBLIC HEARING

The Board of Oil and Gas Conservation will hold a business meeting at 2:00 p.m., Wednesday, July 11, 2001, at its office located at 2535 St. Johns Avenue, Billings, Montana. The agenda for that meeting is:

1. Call to order
2. Approval of minutes of May 30th, 2001 business meeting
3. Opportunity for public comment
4. Bond report
5. Financial report
6. Textana/Sandtana Gas Sales Report
7. Coal bed methane update
8. Programmatic EIS update status
9. Staff reports

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below beginning at 8:00 a.m., Thursday, July 12, 2001, in the Billings Petroleum Club, Sheraton Hotel, Billings, Montana. For more information or to request accommodation for a disability, please contact Terri Perrigo at (406) 444-6675 or Tom Richmond at (406) 656-0040 as soon as possible before the scheduled hearing.

Docket No. 116-2001

**APPLICANT: LYCO ENERGY CORPORATION – RICHLAND COUNTY, MONTANA**

Upon the application of **LYCO ENERGY CORPORATION** to delineate all of Section 3, T23N-R57E, Richland County, Montana, as a field and permanent spacing unit for production of oil and associated natural gas from the Bakken Formation and to authorize up to two horizontal wells to be located anywhere within said spacing unit but not closer than 660 feet to the spacing unit boundaries.

Docket No. 117-2001

**APPLICANT: LYCO ENERGY CORPORATION – RICHLAND COUNTY, MONTANA**

Upon the application of **LYCO ENERGY CORPORATION** to delineate all of Section 11, T24N-R55E, Richland County, Montana, as a field and permanent spacing unit for production of oil and associated natural gas from the Bakken Formation and to authorize up to two horizontal wells to be located anywhere within said spacing unit but not closer than 660 feet to the spacing unit boundaries.

Docket No. 118-2001

**APPLICANT: LYCO ENERGY CORPORATION – RICHLAND COUNTY, MONTANA**

Upon the application of **LYCO ENERGY CORPORATION** to delineate all of Section 34, T24N-R57E, Richland County, Montana, as a field and permanent spacing unit for production of oil and associated natural gas from the

Bakken Formation and to authorize up to two horizontal wells to be located anywhere within said spacing unit but not closer than 660 feet to the spacing unit boundaries.

Docket No. 119-2001

**APPLICANT: CHOCTAW II OIL & GAS, LTD. – RICHLAND COUNTY, MONTANA**

Upon the application of **CHOCTAW II OIL & GAS, LTD.** to designate the NE¼ of Section 7 and the N½ of Section 8, both in T26N-R59E, Richland County, Montana, as a spacing unit for production of oil and associated natural gas from the Ratcliffe Formation and to designate its Jacobson 7-41H well as the only permitted well for said spacing unit.

Docket No. 120-2001

**APPLICANT: SAGEBRUSH OPERATING, LLC – FALLON COUNTY, MONTANA**

Upon the application of **SAGEBRUSH OPERATING, LLC** to establish four wells per section to be drilled to the Eagle Formation with the legal setback from the section line reduced to 660 feet for the following described lands in Fallon County, Montana.

- Section 6, T2N-R62E
- Section 31, T3N-R62E
- Section 36, T3N-R61E
- Section 25, T3N-R61E
- Section 26, T3N-R61E
- Section 23, T3N-R61E
- Section 22, T3N-R61E
- Section 15, T3N-R61E
- Section 10, T3N-R61E
- Section 9, T3N-R61E

Docket No. 121-2001

**APPLICANT: SUNCOR ENERGY NATURAL GAS (AMERICA), INC. – POWDER RIVER COUNTY, MONTANA**

Upon the application of **SUNCOR ENERGY NATURAL GAS (AMERICA), INC.** to approve the following described locations as stratigraphic boreholes and test wells to test the coal bed methane and shallow gas resources on Suncor’s Castlerock prospect.

Stratigraphic Borehole, Type A

2A State	NWNWSW of Section 36, T6S-R49E
3A Fee	NWNESE of Section 22, T5S-R49E
5A State	SENW of Section 29, T4S-R49E
6A State	NWNWSE of Section 36, T3S-R48E
7A State	NESWNE of Section 36, T3S-R47E
8A Fee	NE or NW of Section 14, T4S-R48E
13A State	SENE of Section 16, T5S-R45E
14A State	NENWNE of Section 36, T5S-R45E

Stratigraphic Borehole, Type B

1B Fee	SESENW of Section 4, T6S-R49E
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Stratigraphic Test Well, Type AP

5AP Fee	SWNWSE of Section 18, T5S-R48E
6AP Fee	SESENE of Section 18, T6S-R48E

Stratigraphic Test Well, Type P

1P Fee	NWNENW of Section 18, T5S-R48E
2P Fee	NESWSW of Section 18, T5S-R48E
3P Fee	SWNESE of Section 18, T5S-R48E
4P Fee	SWNENE of Section 18, T5S-R48E
6P Fee	SESWSW of Section 18, T6S-R48E
7P Fee	SESWSE of Section 18, T6S-R48E
8P Fee	NESENW of Section 17, T6S-R48E

Docket No. 122-2001

**APPLICANT: NANCE PETROLEUM CORPORATION – ROOSEVELT COUNTY, MONTANA**

Upon the application of **NANCE PETROLEUM CORPORATION** to designate Lots 3, 4, 7, and 8 (NW¼) of Section 2 and the NE¼ of Section 3, T27N-R57E, Roosevelt County, Montana, as a 320 acre permanent spacing unit for the Ratcliffe Formation and to designate the Wix #5-2 well as the permitted well for said spacing unit.

Docket No. 123-2001

**APPLICANT: J. BURNS BROWN OPERATING COMPANY – BLAINE COUNTY, MONTANA**

Upon the application of **J. BURNS BROWN OPERATING COMPANY** to drill a second Eagle gas test well in Section 13, T34N-R18E, Blaine County, Montana, as an exception to A.R.M. 36.22.702.

Docket No. 124-2001

**APPLICANT: J. BURNS BROWN OPERATING COMPANY – BLAINE COUNTY, MONTANA**

Upon the application of **J. BURNS BROWN OPERATING COMPANY** to designate the SW¼ of Section 23, T34N-R17E, Blaine County, Montana, as a 160 acre temporary spacing unit for the Eagle Formation and to permit the drilling of an Eagle gas test well at a location not less than 660 feet from the exterior boundaries of said temporary spacing unit as an exception to A.R.M. 36.22.702.

Docket No. 125-2001

**APPLICANT: MATTICK FARM & RANCH, INC. – STILLWATER COUNTY, MONTANA**

Upon the application of **MATTICK FARM & RANCH, INC.** to require Mountain General Pacific, Inc. to plug and abandon the Boston Group Services well #33-11 (API Number 25-095-21240-00-00) located in the NW¼NE¼ of Section 11, T3N-R20E, Stillwater County, Montana, or show cause why its bond should not be forfeited.

Docket No. 126-2001

**APPLICANT: OCEAN ENERGY RESOURCES, INC. – CHOUTEAU COUNTY, MONTANA**

Upon the application of **OCEAN ENERGY RESOURCES, INC.** to drill its Kane #21-12-27-16 well to the Eagle-Virgelle Formation 950' FWL and 2110' FSL of Section 21, T27N-R16E, Chouteau County, Montana, with a 200 foot

topographic tolerance as an exception to Board Order 26-74.

Docket No. 127-2001

**APPLICANT: OCEAN ENERGY RESOURCES, INC. – CHOUTEAU COUNTY, MONTANA**

Upon the application of **OCEAN ENERGY RESOURCES, INC.** to drill its Weaver #28-10-27-16 well to the Eagle-Virgelle Formation 2600' FSL and 1790' FEL of Section 28, T27N-R16E, Chouteau County, Montana, with a 200 foot topographic tolerance as an exception to Board Order 26-74.

Docket No. 128-2001

**APPLICANT: OCEAN ENERGY RESOURCES, INC. – CHOUTEAU COUNTY, MONTANA**

Upon the application of **OCEAN ENERGY RESOURCES, INC.** to drill its Faber #30-4-27-16 well to the Eagle-Virgelle Formation 660' FWL and 660' FNL of Section 30, T27N-R16E, Chouteau County, Montana, with a 200 foot topographic tolerance as an exception to Board Order 26-74.

Docket No. 129-2001

**APPLICANT: OCEAN ENERGY RESOURCES, INC. – CHOUTEAU COUNTY, MONTANA**

Upon the application of **OCEAN ENERGY RESOURCES, INC.** to drill its Federal #19-15-27-17 well to the Eagle-Virgelle Formation 1900' FEL and 1050' FSL of Section 19, T27N-R17E, Chouteau County, Montana, with a 200 foot topographic tolerance as an exception to Board Order 26-74.

Docket No. 130-2001

**APPLICANT: OCEAN ENERGY RESOURCES, INC. – CHOUTEAU COUNTY, MONTANA**

Upon the application of **OCEAN ENERGY RESOURCES, INC.** to drill its Henderson #30-15-27-17 well to the Eagle-Virgelle Formation 990' FSL and 1365' FEL of Section 30, T27N-R17E, Chouteau County, Montana, with a 200 foot topographic tolerance as an exception to Board Order 26-74.

Docket No. 131-2001

**APPLICANT: OCEAN ENERGY RESOURCES, INC. – CHOUTEAU COUNTY, MONTANA**

Upon the application of **OCEAN ENERGY RESOURCES, INC.** to drill its Federal #30-4-27-17 well to the Eagle-Virgelle Formation 950' FWL and 580' FNL of Section 30, T27N-R17E, Chouteau County, Montana, with a 200 foot topographic tolerance as an exception to Board Order 26-74.

Docket No. 132-2001

**APPLICANT: OCEAN ENERGY RESOURCES, INC. – BLAINE COUNTY, MONTANA**

Upon the application of **OCEAN ENERGY RESOURCES, INC.** to drill an Eagle Sand Formation gas well 1131' FNL and 926' FEL of Section 31, T26N-R19E, Blaine County, Montana, with a 75 foot topographic tolerance as an

exception to A.R.M. 36.22.702.

Docket No. 133-2001

**APPLICANT: OCEAN ENERGY RESOURCES, INC. – BLAINE COUNTY, MONTANA**

Upon the application of **OCEAN ENERGY RESOURCES, INC.** to drill an Eagle Sand Formation gas well 386' FNL and 669' FEL of Section 14, T31N-R18E, Blaine County, Montana, with a 75 foot topographic tolerance as an exception to Board Order 10-70.

Docket No. 134-2001

**APPLICANT: KLABZUBA OIL & GAS, INC. – BLAINE COUNTY, MONTANA**

Upon the application of **KLABZUBA OIL & GAS, INC.** to drill an Eagle Sand Formation gas well 1096' FNL and 807' FEL of Section 27, T33N-R18E, Blaine County, Montana, with a 75 foot topographic tolerance as an exception to Board Orders 23-78 and 109-2001.

Docket No. 135-2001

**APPLICANT: KLABZUBA OIL & GAS, INC. – HILL COUNTY, MONTANA**

Upon the application of **KLABZUBA OIL & GAS, INC.** to designate the W½ of Section 14 and the E½ of Section 15, T36N-R15E, Hill County, Montana, as a temporary spacing unit and to authorize the drilling of an Eagle Sand Formation gas well 1200' FNL and 300' FWL of said Section 14 with a 150 foot topographic tolerance as an exception to A.R.M. 36.22.702.

Docket No. 136-2001

**APPLICANT: KLABZUBA OIL & GAS, INC. – HILL COUNTY, MONTANA**

Upon the application of **KLABZUBA OIL & GAS, INC.** to designate the E½ of Section 36, T35N-R16E, Hill County, Montana, as a permanent spacing unit for production of gas from the Eagle Sand Formation and designating the Thiel-State #36-35-16 well as the permitted well for production from said formation within the permanent spacing unit.

Docket No. 137-2001

**APPLICANT: KLABZUBA OIL & GAS, INC. – HILL COUNTY, MONTANA**

Upon the application of **KLABZUBA OIL & GAS, INC.** to pool all interests in the spacing unit comprised of the E½ of Section 36, T35N-R16E, Hill County, Montana, for the production of Eagle Sand Formation gas and to impose the non-joinder costs provided by Section 82-11-202 (2), M.C.A.

Docket No. 138-2001

**APPLICANT: KLABZUBA OIL & GAS, INC. – CHOUTEAU COUNTY, MONTANA**

Upon the application of **KLABZUBA OIL & GAS, INC.** to drill its State #16-26-16B well 1000' FNL and 1000' FEL of Section 16, T26N-R16E, Chouteau County, Montana, with a 150 foot topographic tolerance as an exception to A.R.M. 36.22.702.

Docket No. 139-2001

**APPLICANT: HEADINGTON OIL, LIMITED PARTNERSHIP – RICHLAND COUNTY, MONTANA**

Upon the application of **HEADINGTON OIL, LIMITED PARTNERSHIP** to designate the SE¼ of Section 35 and the SW¼ of Section 36, T22N-R58E, Richland County, Montana, as a permanent spacing unit for production of oil and associated natural gas from the Ratcliffe Formation and authorizing commingling in the wellbore of the Atchison-State #44X-35 well oil and natural gas produced from the Ratcliffe, Mission Canyon and Duperow Formations.

Docket No. 94-2001  
Continued from May, 2001

**APPLICANT: HEADINGTON OIL, LIMITED PARTNERSHIP – RICHLAND COUNTY, MONTANA**

Upon the application of **HEADINGTON OIL, LIMITED PARTNERSHIP** to drill and produce a Red River Formation test well in the Crane Field spacing unit consisting of the N½ of Section 2, T21N-R58E, Richland County, Montana, as an exception to the Crane Field rules established by Board Order 40-79. Applicant's proposed well is a horizontal test well within the Red River Formation and may not comply with the setback and inter-well distances established by the Crane Field rules.

Docket No. 180-2000  
Continued from December, 2000

**APPLICANT: PIONEER ENERGY CORPORATION – SHERIDAN COUNTY, MONTANA**

Upon the application of **PIONEER ENERGY CORPORATION** to designate the NE¼ of Section 15, T35N-R53E, Sheridan County, Montana, as a permanent spacing unit for production of natural gas from the Bearpaw, Judith River, Eagle, Niobrara and Greenhorn formations and to allow the production of one gas well for each formation in said spacing unit with 660 foot setbacks from the exterior boundaries thereof.

Docket No. 181-2000  
Continued from December, 2000

**APPLICANT: PIONEER ENERGY CORPORATION – SHERIDAN COUNTY, MONTANA**

Upon the application of **PIONEER ENERGY CORPORATION** to designate the SW¼ of Section 14, T35N-R53E, Sheridan County, Montana, as a permanent spacing unit for production of natural gas from the Bearpaw, Judith River, Eagle, Niobrara and Greenhorn formations and to allow the production of one gas well for each formation in said spacing unit with 660 foot setbacks from the exterior boundaries thereof.

Docket No. 182-2000  
Continued from December, 2000

**APPLICANT: PIONEER ENERGY CORPORATION – SHERIDAN COUNTY, MONTANA**

Upon the application of **PIONEER ENERGY CORPORATION** to designate the SE¼ of Section 33, T36N-R53E, Sheridan County, Montana, as a permanent spacing unit for the Bearpaw, Judith River, Eagle, Niobrara and Greenhorn formations and to allow the production of one gas well for each formation in said spacing unit with 660 foot setbacks from the exterior boundaries thereof for well location purposes.

Docket No. 6-2001  
Continued from February, 2001

**APPLICANT: PIONEER ENERGY CORPORATION – SHERIDAN COUNTY, MONTANA**

Upon the application of **PIONEER ENERGY CORPORATION** to designate the SE¼ of Section 16, T35N-R53E, Sheridan County, Montana, as a permanent spacing unit for the Bearpaw, Judith River, Eagle, Niobrara and Greenhorn formations.

Docket No. 7-2001  
Continued from February, 2001

**APPLICANT: PIONEER ENERGY CORPORATION – SHERIDAN COUNTY, MONTANA**

Upon the application of **PIONEER ENERGY CORPORATION** to designate the NE¼ of Section 16, T35N-R53E, Sheridan County, Montana, as a permanent spacing unit for the Bearpaw, Judith River, Eagle, Niobrara and Greenhorn formations.

Docket 90-2001  
Continued from May, 2001

**APPLICANT: ARMSTRONG OPERATING INC. – RICHLAND COUNTY, MONTANA**

Upon the application of **ARMSTRONG OPERATING INC.** to designate the E½ of Section 18, T23N-R54E, Richland County, Montana, as a permanent spacing unit for production of oil and associated gas from the Red River Formation and to designate its Verschoot 18-1 well as the permitted well within the spacing unit.

Docket No. 92-2001  
Continued from May, 2001

**APPLICANT: SINCLAIR OIL CORPORATION – ROOSEVELT COUNTY, MONTANA**

Upon the application of **SINCLAIR OIL CORPORATION** to designate the E½SW¼ of Section 31, T30N-R48E, Roosevelt County, Montana, as a permanent spacing unit for production of oil and gas from the Nisku Formation and designating the Jensen No. 14-31 well as the permitted well for said permanent spacing unit. If no protest to the application is made, applicant intends to present evidence by affidavit. Anyone desiring to protest or question witnesses is asked to notify applicant as soon as possible.

Docket No. 96-2001  
Continued from May, 2001

**APPLICANT: XENO, INC. – BLAINE COUNTY, MONTANA**

Upon the application of **XENO, INC.** to drill a well to test for the presence of natural gas at a location 264' FSL and 1645' FEL of Section 36, T35N-R21E, Blaine County, Montana, as an exception to A.R.M. 36.22.702 and Board Order 62-93.

Docket No. 97-2001  
Continued from May, 2001

**APPLICANT: XENO, INC. – BLAINE COUNTY, MONTANA**

Upon the application of **XENO, INC.** to enlarge the Battle Creek Gas Field established by Board Orders 40-86 and 76-92 to include all of Sections 11, 12, 13 and 14, T36N-R19E, Blaine County, Montana.

DOCKET NO. 142-2000  
ORDER TO SHOW CAUSE  
Continued from December, 2000

**RESPONDENT: ROCKY MOUNTAIN OPERATING COMPANY – BIG HORN COUNTY, MONTANA**

Upon the Board's own order requiring **ROCKY MOUNTAIN OPERATING COMPANY** to appear and show cause why the Board should not act to correct Rocky Mountain Operating Company's yearly spills from its four producing oil wells from the Tensleep Sandstone in Snyder Creek Field, Big Horn County, Montana.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

Terri Perrigo, Executive Secretary