

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, February 5, 2003 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 December 4th business meeting
3. Opportunity for public comment
4. Bond report
5. Financial report
6. Griffon Petroleum request for rehearing
7. Coal bed methane update
8. Programmatic EIS update
9. Default docket
10. 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., February 6, 2003, in the **Avalanche Room on the third floor of the Sheraton Hotel** in 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. 1-2003

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

Upon the Board's own motion to hold a public hearing on the adoption of the Montana Statewide Final Oil and Gas Environmental Impact Statement and Amendment of the Powder River and Billings Resource Management Plans that addresses potential coal bed methane development. The comment period will not have been completed at the time of the public hearing on this matter and the Board will make its final decision on adoption of this Statement at a conference call to be scheduled by the Board at its February meeting.

Docket No. 2-2003

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

Upon the application of **HEADINGTON OIL, LIMITED PARTNERSHIP** to designate a temporary spacing unit comprised of all of Section 6, T24N-R55E and all of Section 35, T25N-R54E, Richland County, Montana, for the drilling of an extended-length dual-lateral horizontal well to the Bakken Formation and authorizing applicant to locate said well anywhere within said temporary spacing unit but not closer than 660 feet to the boundaries thereof.

Docket No. 3-2003

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

Upon the application of **HEADINGTON OIL, LIMITED PARTNERSHIP** to designate all of Section 1, T24N-R54E and all of Section 34, T25N-R54E, Richland County, Montana, as a temporary spacing unit for the drilling of an extended-length dual-lateral horizontal well to the Bakken Formation and authorizing applicant to locate its proposed horizontal well anywhere within said temporary spacing unit but not closer than 660 feet to the boundaries thereof.

Docket No. 4-2003

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

Upon the application of **HEADINGTON OIL, LIMITED PARTNERSHIP** to designate all of Section 18, 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 designating applicant's WCA Foundation #21X-18 well as the only authorized well for said spacing unit.

Docket No. 5-2003

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

Upon the application of **KLABZUBA OIL & GAS, INC.** to drill an additional Niobrara Formation gas well (Bob's Farm #31-36-16B well) at a location 1800' FSL and 1600' FWL of Section 31, T36N-R16E, Hill County, Montana, with a 75-foot tolerance in any direction for topographic reasons as an exception to Board Order 20-2000.

Docket No. 6-2003

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

Upon the application of **KLABZUBA OIL & GAS, INC.** to drill an Eagle Sand Formation gas well 690' FNL and 1850' FWL of Section 6, T37N-R15E, Hill County, Montana, with a 75-foot tolerance in any direction for topographic reasons as an exception to A.R.M. 36.22.702.

Docket No 7-2003

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

Upon the application of **KLABZUBA OIL & GAS, INC.** to designate the E½ of Section 19 and the W½ of Section 20, T37N-R15E, Hill County, Montana, as a temporary spacing unit and to drill an Eagle Sand Formation gas well 40' FEL and 2550' FSL of said Section 19 with a 150-foot tolerance in any direction for topographic reasons as an exception to A.R.M. 36.22.702.

Docket No. 8-2003

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

Upon the application of **KLABZUBA OIL & GAS, INC.** to designate the S½ of Section 14, T34N-R15E, Hill County, Montana, as a temporary spacing unit for Eagle Sand Formation production and authorizing the drilling of an Eagle Sand Formation gas well 800' FSL and 990' FWL of said Section 14 with a 75-foot tolerance in any direction for topographic reasons as an exception to A.R.M. 36.22.702.

Docket No. 9-2003

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

Upon the application of **KLABZUBA OIL & GAS, INC.** to designate the S½ of Section 19 and the N½ of Section 30, T36N-R16E, Hill County, Montana, as a permanent spacing unit for production of gas from the Eagle Sand and Niobrara Formations through the Dusek Ranch #19-36-16C wellbore and authorizing the downhole commingling of gas produced from said formations.

Docket No. 10-2003

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

Upon the application of **KLABZUBA OIL & GAS, INC.** to designate the S½ of Section 18 and the N½ of Section 19, T36N-R16E, Hill County, Montana, as a permanent spacing unit for the production of gas from the Eagle Sand and Niobrara Formations through the Dusek Ranch #19-36-16B wellbore and authorizing the downhole commingling of gas produced from said formations.

Docket No. 11-2003

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

Upon the application of **KLABZUBA OIL & GAS, INC.** for an order designating all of Section 12, T25N-R18E, Blaine County, Montana, as a permanent spacing unit for production of gas from the Judith River Formation and designating the Reeves-Federal #12-25-18C well as the permitted well for production from said formation within the permanent spacing unit.

Docket No. 12-2003

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

Upon the application of **KLABZUBA OIL & GAS, INC.** for an order pooling all the interests in the spacing unit comprised of Section 12, T25N-R18E, Blaine County, Montana, for the production of Judith River Formation gas and imposing non-joinder costs provided by Section 82-11-202(2), M.C.A.

Docket No. 13-2003

APPLICANT: J. BURNS BROWN OPERATING COMPANY - HILL COUNTY, MONTANA

Upon the application of **J. BURNS BROWN OPERATING COMPANY** to amend Board Order 228-2001 to reduce the setback requirement from 990 feet to 660 feet for any well drilled to the Eagle Formation in the 320-acre temporary spacing unit consisting of the N½ of Section 25, T34N-R14E, Hill County, Montana

Docket No. 14-2003

APPLICANT: OCEAN ENERGY, INC. - HILL COUNTY, MONTANA

Upon the application of **OCEAN ENERGY, INC.** to create a permanent spacing unit in Section 33, T30N-R15E, Hill County, Montana, for purposes of Eagle Sand Formation gas production from the Boyce #33-02-30-15 well located 148' FNL and 1701' FEL of said Section 33.

Docket No. 15-2003

APPLICANT: OCEAN ENERGY, INC. – HILL COUNTY, MONTANA

Upon the application of **OCEAN ENERGY, INC.** for an order pooling all interests in the spacing unit established for Eagle Sand Formation gas production from the Boyce #33-02-30-15 well located in Section 33, T30N-R15E, Hill County, Montana, and imposing the non-joinder costs provided by Section 82-11-202(2), M.C.A.

Docket No. 16-2003

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

Upon the application of **OCEAN ENERGY, INC.** for an order permitting an additional Eagle Sand Formation gas well to be drilled anywhere within Section 27, T26N-R19E, Blaine County, Montana, but not closer than 500 feet to the exterior boundaries thereof as an exception to A.R.M. 36.22.702.

Docket No. 17-2003

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

Upon the application of **OCEAN ENERGY, INC.** for an order permitting an additional Eagle Sand Formation gas well to be drilled anywhere within Section 34, T26N-R19E, Blaine County, Montana, but not closer than 300 feet to the exterior boundaries thereof as an exception to A.R.M. 36.22.702.

Docket No. 18-2003

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

Upon the application of **OCEAN ENERGY, INC.** to permit an additional Eagle Sand Formation gas well to be drilled anywhere within Section 18, T26N-R18E, Blaine County, Montana, but not closer than 990 feet to the exterior boundaries thereof as an exception to A.R.M. 36.22.702.

Docket No. 19-2003

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

Upon the application of **OCEAN ENERGY, INC.** to drill an additional Eagle Sand Formation gas well anywhere within Section 11, T26N-R18E, Blaine County, Montana, but not closer than 460 feet to the exterior boundaries thereof as an exception to A.R.M. 36.22.702.

Docket No. 20-2003

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

Upon the application of **OCEAN ENERGY, INC.** to drill an additional Eagle Sand Formation gas well anywhere within Section 12, T26N-R18E, Blaine County, Montana, but not closer than 400 feet to the exterior boundaries thereof as an exception to A.R.M. 36.22.702.

Docket No. 21-2003

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

Upon the application of **OCEAN ENERGY, INC.** to drill an additional Eagle Sand Formation gas well anywhere within Section 18, T26N-R19E, Blaine County, Montana, but not closer than 460 feet to the exterior boundaries thereof as an exception to A.R.M. 36.22.702.

Docket No. 22-2003

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

Upon the application of **OCEAN ENERGY, INC.** to drill two additional Eagle Sand Formation gas wells anywhere within Section 3, T26N-R17E, Blaine County, Montana, but not closer than 700 feet to the exterior boundaries thereof as an exception to A.R.M. 36.22.702 and Board Order 65-98.

Docket No. 23-2003

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

Upon the application of **OCEAN ENERGY, INC.** to drill an additional Eagle Sand Formation gas well anywhere within Section 10, T26N-R17E, Blaine County, Montana, but not closer than 990 feet to the exterior boundaries thereof as an exception to A.R.M. 36.22.702.

Docket No. 24-2003

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

Upon the application of **OCEAN ENERGY, INC.** to drill an Eagle Sand Formation gas well 990' FWL and 1640' FNL of Section 11, T26N-R17E, Blaine County, Montana, with a 200-foot tolerance for topographic or archeological reasons as an exception to Board Order 51-97.

Docket No. 25-2003

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

Upon the application of **OCEAN ENERGY, INC.** to drill an Eagle Sand Formation gas well 750' FEL and 1990' FSL of the SE $\frac{1}{4}$ of Section 11, T26N-R17E, Blaine County, Montana, with a 200-foot tolerance for topographic or archeological reasons as an exception to Board Order 51-97.

Docket No. 26-2003

APPLICANT: OCEAN ENERGY, INC. – HILL COUNTY, MONTANA

Upon the application of **OCEAN ENERGY, INC.** to drill its Nystrom #22-16-30-15 well 700' FEL and 700' FSL of Section 22, T30N-R15E, Hill County, Montana, with a 200-foot tolerance for topographic or archeological reasons as an exception to Board Order 41-72.

Docket No. 27-2003

APPLICANT: OCEAN ENERGY, INC. – HILL COUNTY, MONTANA

Upon the application of **OCEAN ENERGY, INC.** to drill an additional Eagle Sand Formation gas well anywhere within Section 36, T30N-R15E, Hill County, Montana, but not closer than 990 feet to the exterior boundaries thereof as an exception to A.R.M. 36.22.702.

Docket No. 28-2003

APPLICANT: OCEAN ENERGY, INC. – HILL COUNTY, MONTANA

Upon the application of **OCEAN ENERGY, INC.** to drill an additional Eagle Sand Formation gas well 1124' FNL and 1020' FWL of Section 36, T30N-R15E, Hill County, Montana, with a 200-foot tolerance in any direction for topographic or archeological reasons as an exception to A.R.M. 36.22.702.

Docket No. 29-2003

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

Upon the application of **OCEAN ENERGY, INC.** to drill an Eagle Sand Formation gas well 660' FNL and 660' FEL of Section 24, T26N-R18E, Blaine County, Montana, with a 200-foot tolerance in any direction for topographic or archeological reasons as an exception to A.R.M. 36.22.702 and Board Order 56-97.

Docket No. 30-2003

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

Upon the application of **OCEAN ENERGY, INC.** to drill an Eagle-Virgelle Formation gas well 990' FNL and 1980' FEL of Section 33, T27N-R17E, Chouteau County, Montana, with a 200-foot tolerance for topographic or archeological reasons as exception to Board Order 26-74. (Bullwacker Field)

Docket No. 31-2003

APPLICANT: OCEAN ENERGY, INC. - CHOUTEAU COUNTY, MONTANA

Upon the application of **OCEAN ENERGY, INC.** to drill an Eagle-Virgelle Formation gas well anywhere within the N½ of Section 27, T27N-R15E, Chouteau County, Montana, but not closer than 400 feet to the exterior boundaries thereof as an exception to Board Order 26-74. (Bullwacker Field)

Docket No. 32-2003

APPLICANT: OCEAN ENERGY, INC. - HILL COUNTY, MONTANA

Upon the application of **OCEAN ENERGY, INC.** to amend the Tiger Ridge Field rules to create two permanent spacing units comprised of the NW¼ and SW¼ of Section 15, T32N-R17E, Hill County, Montana, and to designate applicant's Davey #15-13-32-17 well as the permitted well for the spacing unit comprised of the SW¼ of Section 15.

Docket No. 33-2003

APPLICANT: OCEAN ENERGY, INC. - HILL COUNTY, MONTANA

Upon the application of **OCEAN ENERGY, INC.** to drill an additional Eagle Sand Formation gas well (the Nystrom #35-2A-30-15 well) within the spacing unit comprised of the NE¼ of Section 35, T30N-R15E, Hill County, Montana, 700' FNL and 1900' FEL with a 200-foot tolerance in any direction for topographic or archeological reasons as an exception to Board Orders 26-74 and 30-89 (Tiger Ridge Field).

Docket No. 34-2003

APPLICANT: OCEAN ENERGY, INC. - HILL COUNTY, MONTANA

Upon the application of **OCEAN ENERGY, INC.** to drill an additional Eagle Sand Formation gas well (the Nystrom #35-7-30-15 well) within the spacing unit comprised of the NE¼ of Section 35, T30N-R15E, Hill County, Montana, at a location 1850' FNL and 1690' FEL with a 200-foot tolerance in any direction for topographic or archeological reasons as an exception to Board Orders 26-74 and 30-89 (Tiger Ridge Field).

Docket No. 35-2003

APPLICANT: CORTEZ OPERATING COMPANY – DAWSON COUNTY, MONTANA

Upon the application of **CORTEZ OPERATING COMPANY** to convert the Cortez Operating Gas City 14X-27 well for the purpose of water injection into the Dakota Formation within the Gas City Unit. The proposed well is located 660' FSL and 1150' FWL of Section 27, T14N-R55E, Dawson County, Montana.

Docket No. 36-2003

APPLICANT: CORTEZ OPERATING COMPANY - DAWSON COUNTY, MONTANA

Upon the application of **CORTEZ OPERATING COMPANY** to drill its Gas City 22-2AR well as a water injection well within the Gas City Unit in Dawson County, Montana. Said well will be located 1735' FNL and 1705' FWL of Section 2, T13N-R55E, Dawson County, Montana, and will be used to dispose of produced water by injection into the Dakota Formation.

Docket No. 37-2003

APPLICANT: CORTEZ OPERATING COMPANY – DAWSON COUNTY, MONTANA

Upon the application of **CORTEZ OPERATING COMPANY** to convert and inject water into the Dakota Formation in the formerly abandoned Gas City 22-2A well owned by applicant in the Gas City Unit in Dawson County, Montana. Said well is located 1706' FNL and 1698' FWL of Section 2, T13N-R55E, Dawson County, Montana, and will be used by applicant to disposed of produced water into the Dakota Formation.

Docket No. 38-2003

APPLICANT: PETE WOODS AND MAXINE WOODS – LIBERTY COUNTY, MONTANA

Upon the application of **PETE WOODS AND MAXINE WOODS** for an order designating the SE¼ of Section 17, T36N-R4E, Liberty County, Montana, as the permanent spacing unit for production of natural gas from all zones, formations or horizons from the surface of the earth to the base of the Sunburst Formation.

Docket No. 39-2003

APPLICANT: EOG RESOURCES, INC. - RICHLAND COUNTY, MONTANA

Upon the demand of **EOG RESOURCES, INC.** to be heard concerning BBX Operating, LLC's application for a drilling permit in the NW¼NW¼ of Section 26, T25N-R53E, Richland County, Montana.

Docket No. 40-2003

APPLICANT: EOG RESOURCES, INC. - RICHLAND COUNTY, MONTANA

Upon the demand of **EOG RESOURCES, INC.** to be heard concerning Lyco Energy Corporation's application for a drilling permit in the SE¼SE¼ of Section 22, T25N-R53E, Richland County, Montana.

Docket No. 141-2001
Continued from August, 2001

APPLICANT: MILLER EXPLORATION COMPANY – GLACIER COUNTY, MONTANA

Upon the application of **MILLER EXPLORATION COMPANY** to designate the NE $\frac{1}{4}$ of Section 21, the NW $\frac{1}{4}$ of Section 22, and the NW $\frac{1}{4}$ of Section 27, all in T34N-R10W, Glacier County, Montana, as permanent spacing units for gas production from zones and formations from the surface to 950 feet in depth. Applicant requests that the permitted well for each unit be located anywhere within the unit but not closer than 660 feet to the spacing unit boundaries with a 150 foot tolerance for topographic reasons.

Docket No. 198-2001
Continued from December 2002

APPLICANT: GRIFFON PETROLEUM, INC. – HILL COUNTY, MONTANA

Upon the application of **GRIFFON PETROLEUM, INC.** for an order amending the North Gildford Gas Field spacing rules for the following described lands in Hill County, Montana:

Township 33N-Range11E
Section 6: Lot 7, SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ (S $\frac{1}{2}$ S $\frac{1}{2}$)
Section 7: Lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$ (N $\frac{1}{2}$ N $\frac{1}{2}$)
Containing 319.80 acres, more or less

Applicant requests the North Gildford Gas Field rules previously established be amended by delineating the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 6 and the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 7 as a permanent spacing unit for its No. 1-7D Sawtooth Formation gas well located 380' FNL and 2330' FEL of said Section 7.

Docket No. 219-2002
Continued from October 2002

APPLICANT: ATHENA ENERGY, L.L.C. – LIBERTY COUNTY, MONTANA

Upon the application of **ATHENA ENERGY L.L.C.** for an order delineating the SW $\frac{1}{4}$ of Section 1, the SE $\frac{1}{4}$ of Section 2, the NE $\frac{1}{4}$ of Section 11 and the NW $\frac{1}{4}$ of Section 12, all in T32N-R6E, Liberty County, Montana, as a permanent spacing unit for the production of natural gas. Applicant desires to drill a well within the SW $\frac{1}{4}$ of said Section 1 to test the presence of natural gas at a location approximately 440' FWL and 920' FSL of said Section 1. Applicant requests authorization to drill said test well and produce the same if completed as a well capable of commercial production of natural gas.

Docket No. 244-2002
Continued from December 2002

APPLICANT: EOG RESOURCES, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **EOG RESOURCES, INC.** to create a temporary spacing unit comprised of all of Sections 3 and 10, T24N-R54E, Richland County, Montana, for the drilling of an extended length dual-lateral

horizontal well in the Bakken Formation and authorizing said well to be located anywhere within said temporary spacing unit but not closer than 660 feet to the boundaries thereof.

Docket No. 260-2002
Continued from December 2002

APPLICANT: CAMWEST II, L.P. – SHERIDAN COUNTY, MONTANA

Upon the application of **CAMWEST II, L.P.** convert its Haugen Mayhew 25-1 well located 660' FNL and 660' FEL of Section 25, T37N-R57E, within the Flat Lake Field in Sheridan County, Montana, to a water injection well.

Docket No. 273-2002
ORDER TO SHOW CAUSE
Continued from December 2002

RESPONDENT: STEPHENS & JOHNSON OPERATING COMPANY – RICHLAND COUNTY, MONTANA

Upon the Board's own motion requiring **STEPHENS & JOHNSON OPERATING COMPANY** to appear and show cause, if any it has, why it should not be penalized for its failure to properly plug and abandon the K. Dynneson B-1 well located in the SESE of Section 30, T24N-R58E, Richland County, Montana.

Docket No. 274-2002
ORDER TO SHOW CAUSE
Continued from December 2002

RESPONDENT: STRIPER OIL, INC. – MCCONE COUNTY, MONTANA

Upon the Board's own motion requiring **STRIPER OIL, INC.** to appear and show cause, if any it has, why it should not be required to immediately plug and abandon its SWRU TR3 and TR4 wells in the Southwest Richey Field.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Terri Perrigo, Executive Secretary