

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
BOARD OF OIL AND GAS CONSERVATION  
BILLINGS, MONTANA  
October 14 & 15, 2009

CONSERVATION AND PREVENTION )  
OF WASTE OF OIL AND GAS)

NOTICE OF PUBLIC HEARING

The Board of Oil and Gas Conservation will hold its regular business meeting at 2:00 p.m., Wednesday, October 14, 2009, in the conference room of the Petroleum Club on the 22<sup>nd</sup> floor of the Crowne Plaza in Billings, Montana. The agenda for that meeting is:

1. Call to order
2. Approval of minutes of August 26, 2009 business meeting
3. Opportunity for public comment
4. Bond report
5. Financial report
6. 2010 Schedule
7. Default docket
8. Revisions to CBM Water Monitoring Guidelines
9. Iofina Natural Gas, Inc. – Project update
10. Staff reports
11. Other business
12. Exempt staff performance reviews

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below on Thursday, October 15, 2009, in the conference room of the Petroleum Club on the 22<sup>nd</sup> floor of the Crowne Plaza in Billings, Montana. The public hearing on these matters will commence immediately following the public hearing on the proposed amendment to A.R.M. 36.22.302, 36.22.307, 36.22.1214, 36.22.1215, 36.22.1216 and 36.22.1243, which begins at 8:00 a.m. on Thursday, October 15, 2009. For more information or to request accommodation for a disability, please contact Terri Perrigo at (406) 444-6970 or Tom Richmond at (406) 656-0040 as soon as possible before the scheduled hearing.

Docket 123-2009

**APPLICANT: ENERPLUS RESOURCES (USA) CORPORATION – RICHLAND COUNTY, MONTANA**

Upon the application of **Enerplus Resources (USA) Corporation** to create an overlapping temporary spacing unit comprised of all of Sections 7 and 8, T24N-R55E, Richland County, Montana, to drill a horizontal Bakken Formation well generally oriented in a north-south azimuth proximate to the section line between the existing permanent spacing units and not closer than 660 feet to the boundaries of the overlapping temporary spacing unit, as an exception to Orders 178-2002 and 16-2005, and to provide that said temporary spacing unit be limited to production from the proposed horizontal well. Applicant requests placement on the Default Docket.

Docket 124-2009

**APPLICANT: ENERPLUS RESOURCES (USA) CORPORATION – RICHLAND COUNTY, MONTANA**

Upon the application of **Enerplus Resources (USA) Corporation** to create an overlapping temporary spacing unit comprised of all of Sections 3, 4, 9 and 10, T24N-R55E, Richland County, Montana, to drill an additional horizontal Bakken Formation well generally oriented in a north-south azimuth proximate to the section lines between the existing permanent spacing units at a location not closer than 660 feet to the boundaries of the overlapping temporary spacing unit as an exception to Orders 106-2003 and 54-2004, and to provide that the temporary spacing unit shall be limited to production from the proposed horizontal well. Applicant requests placement on the Default Docket.

Docket 125-2009

**APPLICANT: ENERPLUS RESOURCES (USA) CORPORATION – RICHLAND COUNTY, MONTANA**

Upon the application of **Enerplus Resources (USA) Corporation** to create an overlapping temporary spacing unit comprised of all of Sections 22, 23, 26 and 27, T24N-R55E, Richland County, Montana, to drill an additional horizontal Bakken Formation well generally oriented in a north-south azimuth proximate to the section lines between the existing permanent spacing units at a location not closer than 660 feet to the boundaries of the overlapping temporary spacing unit as an exception to Orders 53-2005 and 54-2005, and to provide that the temporary spacing unit shall be limited to production from the proposed horizontal well. Applicant requests placement on the Default Docket.

Docket 126-2009

**APPLICANT: ENERPLUS RESOURCES (USA) CORPORATION – RICHLAND COUNTY, MONTANA**

Upon the application of **Enerplus Resources (USA) Corporation** to create an overlapping temporary spacing unit comprised of all of Sections 23, 24, 25 and 26, T24N-R57E, Richland County, Montana, to drill an additional horizontal Bakken Formation well generally oriented in a north-south azimuth proximate to the section lines between the existing permanent spacing units at a location not closer than 660 feet to the boundaries of the overlapping temporary spacing unit as an exception to Orders 220-2004 and 221-2004, and to provide that the temporary spacing unit shall be limited to production from the proposed horizontal well. Applicant requests placement on the Default Docket.

Docket 127-2009

**APPLICANT: ENERPLUS RESOURCES (USA) CORPORATION - RICHLANDCOUNTY, MONTANA**

Upon the application of **Enerplus Resources (USA) Corporation** to drill an additional horizontal Bakken Formation well in the permanent spacing unit comprised of all of Section 31, T25N-R54E, Richland County, Montana, anywhere within said permanent spacing unit but not closer than 660 feet to the boundaries thereof. Applicant requests placement on the Default Docket.

Docket 128-2009

**APPLICANT: SINCLAIR OIL & GAS COMPANY – RICHLAND COUNTY, MONTANA**

Upon the application of **Sinclair Oil & Gas Company** to create a permanent spacing unit comprised of all of Section 25, T27N-R53E, Richland County, Montana, for production of oil and associated natural gas from the Bakken Formation through the Schmitz #1-25H wellbore.

Docket 129-2009

**APPLICANT: SINCLAIR OIL & GAS COMPANY – RICHLAND COUNTY, MONTANA**

Upon the application of **Sinclair Oil & Gas Company** to create a permanent spacing unit comprised of all of Sections 16 and 21, T27N-R53E, Richland County, Montana, for production of oil and associated natural gas from the Bakken Formation through the Ralston #1-21H wellbore.

Docket 130-2009

**APPLICANT: XTO ENERGY INC. – RICHLAND COUNTY, MONTANA**

Upon the application of **XTO Energy Inc.** to pool all interests in the spacing unit comprised of all of Sections 18 and 19, T22N-R59E, Richland County, Montana, for production of oil and associated natural gas from the Bakken Formation and to authorize recovery of non-consent penalties in accordance with Section 82-11-202 (2), M.C.A. with respect to the Haffner #11X-18 well.

Docket 131-2009

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

Upon the application of **EOG Resources, Inc.** to create an overlapping temporary spacing unit comprised of all of Section 6, T25N-R55E and all of Section 1, T25N-R54E, Richland County, Montana, to drill an additional horizontal Bakken Formation well generally oriented in a northwest-southeast azimuth proximate to the common boundary between the existing permanent spacing units at a location not closer than 660 feet to the boundaries of the overlapping temporary spacing unit as an exception to Orders 131-2005 and 359-2005, and to provide that the temporary spacing unit shall be limited to production from the proposed horizontal well. Applicant requests placement on the Default Docket.

Docket 132-2009

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

Upon the application of **EOG Resources, Inc.** to create an overlapping temporary spacing unit comprised of all of Sections 32 and 33, T26N-R54E, Richland County, Montana, to drill an additional horizontal Bakken Formation well generally oriented in a northwest-southeast azimuth proximate to the common boundary between the existing permanent spacing units at a location not closer than 660 feet to the boundaries of the overlapping temporary spacing unit as an exception to Orders 360-2005 and 306-2006, and to provide that the temporary spacing unit shall be limited to production from the proposed horizontal well. Applicant requests placement on the Default Docket.

Docket 133-2009

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

Upon the application of **EOG Resources, Inc.** to drill an additional horizontal Bakken Formation well in the permanent spacing unit comprised of all of Section 18, T25N-R53E, Richland County, Montana, at a location not closer than 660 feet to the boundaries of said permanent spacing unit. Applicant requests placement on the Default Docket.

Docket 134-2009 and 1-2010 FED

**APPLICANT: ANSCHUTZ EXPLORATION CORPORATION – GLACIER COUNTY, MONTANA**

Upon the application of **Anschutz Exploration Corporation** to create a temporary spacing unit comprised of the NW¼ of Section 4 and NE¼ of Section 5, T30N-R10W and the SE¼ of Section 32 and SW¼ of Section 33, T31N-R10W, Glacier County, Montana, to drill a well to test zones and formations from the surface to a total depth of approximately 9500 feet at a location in said Section 4 not closer than 660 feet to the proposed temporary spacing unit boundaries, as an exception to A.R.M. 36.22.702.

Docket 135-2009

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

Upon the application of **Armstrong Operating Inc.** to create a temporary spacing unit for the Mission Canyon Formation comprised of the W½NW¼ of Section 3 and the E½NE¼ of Section 4, T31N-R51E, Roosevelt County, Montana, and to drill a well to test the Mission Canyon Formation at a location 1500' FNL and 350' FEL of said Section 4 as the only authorized well for said spacing unit and as an exception to A.R.M. 36.22.702 (3).

Docket 136-2009

**APPLICANT: STEPHENS ENERGY COMPANY LLC – SHERIDAN COUNTY, MONTANA**

Upon the application of **Stephens Energy Company LLC** to vacate the field rules for the Reserve Field as to the NW¼ of Section 29, T33N-R56E, Sheridan County, Montana, and to establish a 320-acre temporary spacing unit comprised of the NW¼ of Section 29 and the SW¼ of Section 20, T33N-R56E, Sheridan County, Montana, to drill a vertical Red River Formation well to be located no closer than 660 feet to the exterior boundaries of said temporary spacing unit. Applicant requests placement on the Default Docket.

Docket 137-2009

**APPLICANT: OASIS PETROLEUM LLC - ROOSEVELT COUNTY, MONTANA**

Upon the application of **Oasis Petroleum LLC** to create a permanent spacing unit comprised of the E $\frac{1}{2}$  of Section 27, T28N-R58E, Roosevelt County, Montana, for production of oil and associated natural gas from the Ratcliffe Formation.

Docket 138-2009

**APPLICANT: OASIS PETROLEUM LLC – McCONE COUNTY, MONTANA**

Upon the application of **Oasis Petroleum LLC** to create a permanent spacing unit comprised of all of Section 27, T27N-R50E, McCone County, Montana, for production of oil and associated natural gas from the Bakken Formation.

Docket 139-2009

**APPLICANT: ECA HOLDINGS, L.P. – CARBON AND STILLWATER COUNTIES, MONTANA**

Upon the application of **ECA Holdings, L.P.** to create a temporary spacing unit comprised of the SW $\frac{1}{4}$  and SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 13, all of Section 14, the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 23, and the N $\frac{1}{2}$ NW $\frac{1}{4}$  and the NW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 24, T6S-R17E, Carbon and Stillwater Counties, Montana, to drill multiple wells to the Greybull Formation at locations anywhere within the proposed temporary spacing unit but not closer than 330 feet to the boundaries thereof. Applicant further requests that an application for permanent spacing not be required until two years after the completion of the first well drilled pursuant to this application.

Docket 88-2009

Continued from July 2009

**APPLICANT: IOFINA NATURAL GAS, INC. – HILL COUNTY, MONTANA**

Upon the application of **Iofina Natural Gas, Inc.** to drill the IOFINJ #34-12-27 well located in the center of the NE $\frac{1}{4}$  of Section 27, T34N, R12E, Hill County, Montana, as a Class II injection well in the Virgelle Formation at a depth of approximately 1100 feet. An aquifer exemption is being requested as part of the application, as water in the proposed injection zone contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the Default Docket.

Docket 89-2009

Continued from July 2009

**APPLICANT: IOFINA NATURAL GAS, INC. – HILL COUNTY, MONTANA**

Upon the application of **Iofina Natural Gas, Inc.** to drill the IOFINJ #34-12-34 well located in the center of the NE $\frac{1}{4}$  of Section 34, T34N, R12E, Hill County, Montana, as a Class II injection well in the Virgelle Formation at a depth of approximately 1100 feet. An aquifer exemption is being requested as part of the application, as water in the proposed injection zone contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the Default Docket.

Docket 100-2009  
Continued from August 2009

**APPLICANT: PANTHER ENERGY COMPANY, LLC – RICHLAND COUNTY, MONTANA**

Upon the application of **Panther Energy Company, LLC** to create a permanent spacing unit comprised of all of Section 31, T25N-R59E, Richland County, Montana, for production of oil and associated natural gas from the Bakken Formation.

Docket 22-2009  
**SHOW-CAUSE HEARING**  
Continued from April 2009

**RESPONDENT: TOI OPERATING, BLACKHAWK RESOURCES LLC/PAR INVESTMENTS, LLC – FALLON, RICHLAND AND WIBAUX COUNTIES, MONTANA**

Upon the Board's own motion to require **TOI Operating Blackhawk Resources LLC and PAR Investments LLC** to appear and show cause, if any they have, why the TOI Operating bond should not be forfeited as per Board Order 50-2009 issued at the April 2, 2009 public hearing.

Docket 52-2009  
**SHOW-CAUSE HEARING**  
Continued from April 2009

**RESPONDENT: MOUNTAIN PACIFIC GENERAL INC. - TOOLE AND PONDERA COUNTIES, MONTANA**

Upon the Board's own motion to require **Mountain Pacific General Inc.** to appear and show cause, if any it has, why its bond should not be forfeited or penalties assessed for failure to abandon the Fossom #10-8 well (API # 25-101-21912) located in Section 8, T35N-R1E, Toole County, Montana, and for failure to provide a plugging plan for the Copenhaver #1 well (API # 25-073-21195) located in Section 32, T27N-R2E, Pondera County, Montana.

Docket 97-2009  
**SHOW-CAUSE HEARING**  
Continued from July 2009

**RESPONDENT: NATIVE AMERICAN ENERGY GROUP, INC. – McCONE AND VALLEY COUNTIES, MONTANA**

Upon the Board's own motion to require **Native American Energy Group, Inc.** to appear and show cause, if any it has, why its pending change of operator request should not be approved or why other penalties should not be assessed for its failure to clean up wellsites at the following wells being requested for takeover: the S Wright 5-35 well (API # 25-055-05204) in Prairie Elk Field in McCone County and the Sandvick 1-11 well (API # 25-105-21278) in North Lustre Field in Valley County, Montana.

Docket 140-2009  
**SHOW-CAUSE HEARING**

**RESPONDENT: RONALD M. OR MARGARET ANN SANNES – RICHLAND COUNTY, MONTANA**

Upon the Board's own motion to require **Ronald M. and/or Margaret Ann Sannes** to appear and show cause, if any they have, why their bond should not be forfeited or other penalties applied for failure to cleanup oil spills and junk at the following leases in Richland County, Montana: 1) FLB Spokane 3 in Section 7, T22N-R60E; 2) FLB Spokane #1 in Section 7, T22N-R60E; 3) Engen 1-A in Section 29, T25N-R59E; and 4) A Engen 1 in Section 29, T25N-R59E.

Docket 141-2009  
**SHOW-CAUSE HEARING**

**RESPONDENT: PROVIDENT ENERGY ASSOCIATES OF MONTANA, LLC. - PONDERA AND GLACIER COUNTIES, MONTANA**

Upon the Board's own motion to require **Provident Energy Associates of Montana, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for its failure to file production reports and to pay the administrative penalty assessed for delinquent reports.

Docket 142-2009  
**SHOW-CAUSE HEARING**

**RESPONDENT: DELPHI INTERNATIONAL INC. - MUSSELSHELL COUNTY, MONTANA**

Upon the Board's own motion to require **Delphi International Inc.** to appear and show cause, if any it has, why additional penalties should not be imposed for its failure to pay the penalty assessed for delinquent reports pursuant to Board Order 228-2007.

BOARD OF OIL AND GAS CONSERVATION

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Terri H. Perrigo  
Executive Secretary