

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
December 3 & 4, 2014

CONSERVATION AND PREVENTION)
OF WASTE OF OIL AND GAS)

NOTICE OF PUBLIC HEARING

The Board of Oil and Gas Conservation of the State of Montana will hold its business meeting on Wednesday, December 3, 2014, at 2:00 p.m. in the hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. The agenda for that meeting is as follows:

1. Call to order
2. Approval of minutes of October 15, 2014 business meeting
3. Opportunity for public comment
4. American Midwest Oil & Gas Corp.
5. Augusta Exploration, LLC
6. Financial report
7. Bond summary
8. Docket summary
9. Gas Flaring Exceptions
10. Staff reports
11. Other business

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below at 8:00 a.m. on Thursday, December 4, 2014 in the hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. Interested persons have the opportunity to be heard for each docket. For more information or to request accommodation for a disability, please contact Erin Ricci at (406) 444-6675 or Jim Halvorson at (406) 656-0040 as soon as possible before the scheduled hearing.

Docket 342-2014

APPLICANT: DENBURY ONSHORE, LLC - FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to add the Lodgepole Formation at a depth of approximately 7,970-8,000 ft. to the already-permitted Siluro-Ordovician injection zone in the 22-15 CCH well (API #25-025-05718) in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 15, T6N-R60E, Fallon County, Montana (Lookout Butte Field). Staff notes this application is eligible for placement on the default docket.

Docket 343-2014

APPLICANT: DENBURY ONSHORE, LLC - FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to add the Lodgepole Formation at a depth of approximately 7,936-7,977 ft. to the already-permitted Siluro-Ordovician injection zone in the 22-09 well (API #25-025-05148) in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 9, T6N-R60E, Fallon County, Montana (Lookout Butte Field). Staff notes this application is eligible for placement on the default docket.

Docket 344-2014

APPLICANT: DENBURY ONSHORE, LLC - FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to add the Lodgepole Formation at a depth of approximately 7,936-7,977 ft. to the already-permitted Siluro-Ordovician injection zone in the 24xx-15 CCH well (API #25-025-22521) in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 15, T6N-R60E, Fallon County, Montana (Lookout Butte Field). Staff notes this application is eligible for placement on the default docket.

Docket 345-2014

APPLICANT: SOMONT OIL COMPANY, INC. - TOOLE COUNTY, MONTANA

Upon the application of **Somont Oil Company, Inc.** to vacate all well spacing locations and setback requirements with regard to the Swift and Madison Formations underlying Lots 1, 2, & 3, NE $\frac{1}{4}$ NW $\frac{1}{4}$ (W $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$) of Section 31, T35N-R1W, containing 150.34 acres, Toole County, Montana, and to authorize the injection of water or gas into the Swift and Madison formations for the purpose of enhanced recovery in accordance with ARM 36.22.1229.

Docket 346-2014

APPLICANT: SOMONT OIL COMPANY, INC. - TOOLE COUNTY, MONTANA

Upon the application of **Somont Oil Company, Inc.** to add the SE $\frac{1}{4}$ NE $\frac{1}{4}$ and the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 36, T35N-R2W, and Lot 2 (SW $\frac{1}{4}$ NW $\frac{1}{4}$) of Section 31, T35N-R1W to the existing area permit for enhanced recovery in the Swift and Madison Formations (Kevin Sunburst Field). An aquifer exemption is being requested as the injection zone contains water with less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 347-2014

APPLICANT: OASIS PETROLEUM, INC. - ROOSEVELT COUNTY, MONTANA

Upon the application of **Oasis Petroleum, Inc.** to designate an overlapping temporary spacing unit comprised of all of Sections 16, 17, 20, and 21, T29N-R59E, Roosevelt County, Montana, for the purposes of drilling a horizontal Bakken/Three Forks Formation well at a location not closer than 200' (heel/toe setback) oriented in a north-south azimuth proximate to the common boundary between existing permanent spacing units and the overlapping temporary spacing unit shall be limited to production from the proposed horizontal well. Applicant requests placement on the Default Docket.

Docket 348-2014

APPLICANT: OASIS PETROLEUM, INC. - ROOSEVELT COUNTY, MONTANA

Upon the application of **Oasis Petroleum, Inc.** to designate an overlapping temporary spacing unit comprised of all of Sections 28, 29, 32, and 33, T29N-R59E, Roosevelt County, Montana, for the purposes of drilling a horizontal Bakken/Three Forks Formation well at a location not closer than 200' (heel/toe setback) oriented in a north-south azimuth proximate to the common boundary between existing permanent spacing units and the overlapping temporary spacing unit shall be limited to production from the proposed horizontal well. Applicant requests placement on the Default Docket.

Docket 349-2014

APPLICANT: OASIS PETROLEUM, INC. - ROOSEVELT COUNTY, MONTANA

Upon the application of **Oasis Petroleum, Inc.** to designate an overlapping temporary spacing unit comprised of all of Sections 26, 27, 34, and 35, T29N-R58E, Roosevelt County, Montana, for the purposes of drilling a horizontal Bakken/Three Forks Formation well at a location not closer than 200' (heel/toe setback) oriented in a north-south azimuth proximate to the common boundary between existing permanent spacing units and the overlapping temporary spacing unit shall be limited to production from the proposed horizontal well. Applicant requests placement on the Default Docket.

Docket 350-2014

APPLICANT: OASIS PETROLEUM, INC. - ROOSEVELT COUNTY, MONTANA

Upon the application of **Oasis Petroleum, Inc.** to designate a permanent spacing unit comprised of all of Sections 15, 16, 21, and 22, T27N-R59E, Roosevelt County, Montana, for production of oil and associated natural gas from the Bakken/Three Forks Formation from applicant's Falcon Fed Brewer 2759 44-9 5B well.

Docket 351-2014

APPLICANT: OASIS PETROLEUM, INC. - ROOSEVELT COUNTY, MONTANA

Upon the application of **Oasis Petroleum, Inc.** to pool all interests in the permanent spacing unit comprised of all of Sections 15, 16, 21, and 22, T27N-R59E, Roosevelt County, Montana, for production of oil and associated natural gas from the Bakken/Three Forks Formation and to authorize the recovery of non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to applicant's Falcon Fed Brewer 2759 44-9 5B well.

Docket 352-2014

APPLICANT: OASIS PETROLEUM, INC. - ROOSEVELT COUNTY, MONTANA

Upon the application of **Oasis Petroleum, Inc.** to pool all interests in the permanent spacing unit comprised of all of Sections 25, 26, 35, and 36, T27N-R59E, Roosevelt County, Montana, for production of oil and associated natural gas from the Bakken/Three Forks Formation and to authorize the recovery of non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to applicant's Reveille Federal #2759 14-26H well.

Docket 353-2014

APPLICANT: OASIS PETROLEUM NORTH AMERICA LLC - ROOSEVELT COUNTY, MONTANA

Upon the application of **Oasis Petroleum North America LLC** to drill the 2759-22-8 well in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 8, T27N-R59E, Roosevelt County, Montana (Wildcat) as a Class II saltwater disposal well in the Dakota Formation at a depth of approximately 5,320-5,940 ft. Staff notes this application is eligible for placement on the default docket.

Docket 354-2014

APPLICANT: XTO ENERGY, INC. - RICHLAND COUNTY, MONTANA

Upon the application of **XTO Energy, Inc.** to amend Board Order 84-2008 to authorize the drilling of a horizontal Bakken/Three Forks Formation well at any location not closer than 200' (heel/toe setback)/660' (lateral setback) within the permanent spacing unit comprised of all of Sections 20 and 29, T24N-R56E, Richland County, Montana. Applicant requests placement on the Default Docket.

Docket 355-2014

APPLICANT: XTO ENERGY, INC. - RICHLAND COUNTY, MONTANA

Upon the application of **XTO Energy, Inc.** to amend Board Order 147-2009 to authorize the drilling of a horizontal Bakken/Three Forks Formation well at any location not closer than 200' (heel/toe setback)/660' (lateral setback) within the permanent spacing unit comprised of all of Sections 9 and 16, T22N-R59E, Richland County, Montana. Applicant requests placement on the Default Docket.

Docket 356-2014

APPLICANT: XTO ENERGY, INC. - RICHLAND COUNTY, MONTANA

Upon the application of **XTO Energy, Inc.** to amend Board Order 149-2009 to authorize the drilling of a horizontal Bakken/Three Forks Formation well at any location not closer than 200' (heel/toe setback) and 500' (lateral setback) within the permanent spacing unit comprised of the S½ of Section 12 and all of Section 13, T22N-R59E, Richland County, Montana. Applicant requests placement on the Default Docket.

Docket 357-2014

APPLICANT: ANADARKO MINERALS, INC. - VALLEY COUNTY, MONTANA

Upon the application of **Anadarko Minerals, Inc.** to drill a vertical Nisku, Lodgepole, Mission Canyon, Charles A, B, C, and D, Formation oil and gas well at an approximate structural intercept of 660' FEL and 1100' FSL in the SE¼ Sec 17, T30N-R45E, Valley County, Montana, with an additional 150' tolerance, as an exception to A.R.M. 36.22.701. Applicant requests placement on the Default Docket.

Docket 358-2014

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

Upon the application of **Continental Resources, Inc.** to pool all interests on a surface acreage participation basis in the permanent spacing unit comprised of all of Sections 5 and 8, T25N-R55E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation and to authorize the recovery of non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to applicant's Tammy 2-8H well.

Docket 359-2014

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

Upon the application of **Continental Resources, Inc.** to designate a permanent spacing unit comprised of all of Sections 28, 29, 32, and 33, T25N-R53E, Richland County, Montana, for the production of Bakken/Three Forks Formation oil and associated natural gas from applicant's BR-Carda 1-29HSL well.

Docket 360-2014

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

Upon the application of **Continental Resources, Inc.** to pool all interests on a surface acreage participation basis in the permanent spacing unit comprised of all of Sections 28, 29, 32, and 33, T25N-R53E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation and to authorize the recovery of non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to applicant's BR-Carda 1-29HSL well.

Docket 361-2014 & 3-2015 FED

APPLICANT: OMIMEX PETROLEUM, INC. - ROOSEVELT COUNTY, MONTANA

Upon the application of **Omimex Petroleum, Inc.** to vacate and rescind Board Orders 44-2014, 45-2014, and 46-2014, and BLM Orders 25-2012 FED, 1-2014 FED, and 2-2014 FED. These orders were issued at the request of Oasis Petroleum, Inc. and involve the permanent spacing unit comprised of sections 25, 26, 35, and 36, T27N-59E, Roosevelt County, Montana.

Docket 257-2014

Continued from August 2014

APPLICANT: KRAKEN OIL & GAS LLC - RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to vacate Board Order 277-2010 and to create a temporary spacing unit comprised of all of Sections 16 and 17, T26N-R59E, Richland and Roosevelt Counties, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for drilling said well must start within one year of the date of the order issued by the Board. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 300-2014

Continued from October 2014

APPLICANT: ANADARKO E&P ONSHORE LLC - TOOLE COUNTY, MONTANA

Upon the application of **Anadarko E&P Onshore LLC** to create a permanent spacing unit comprised of the NW¹/₄ Section 8 and the SW¹/₄ and Governmental Lots 7 and 8 of Section 5, T37N-R2W, Toole County, Montana, for production of Bakken/Three Forks Formation oil and associated natural gas from the Horgus Fee 3702-08-05-11H horizontal well.

Docket 302-2012
Continued from October 2014

APPLICANT: CLINE PRODUCTION COMPANY – GARFIELD COUNTY, MONTANA

Upon the application of **Cline Production Company** to convert the Jackson Coulee Federal #2 well (API #25-033-21138) in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 26, T15N-R30E, Garfield County, Montana (Cat Creek Field) to a Class II saltwater disposal well in the Amsden Formation at a depth of approximately 2,404 ft. Staff notes this application is eligible for placement on the Default Docket.

Docket 316-2014
Continued from October 2014

APPLICANT: SM ENERGY COMPANY - RICHLAND COUNTY, MONTANA

Upon the application of **SM Energy Company** to create a temporary spacing unit comprised of all of Sections 26 and 27, T26N-R59E, Richland County, Montana, to drill three horizontal Bakken/Three Forks Formation wells from a common pad anywhere within said temporary spacing unit at any location not closer than 200' (heel/toe setback) and 500' (lateral setback) to the boundaries thereof, provided that operations for the drilling of such wells must be commenced within one year of the date of the order issued by the Board. Applicant will apply for permanent spacing within 90 days of successful well completions. Applicant requests placement on the Default Docket.

Docket 322-2014
Continued from October 2014

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

Upon the application of **Continental Resources, Inc.** to create a permanent spacing unit comprised of all of Sections 25 and 36, T27N-R52E, Richland County, Montana, for production of horizontal Bakken/Three Forks Formation oil and associated natural gas from applicant's Dodger 1-36H well.

Docket 323-2014
Continued from October 2014

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

Upon the application of **Continental Resources, Inc.** to pool all interests in the permanent spacing unit comprised of all of Sections 25 and 36, T27N-R52E, Richland County, Montana, on a surface acreage participation basis for production of oil and associated natural gas from the Bakken/Three Forks Formation and to recover non-consent penalties in accordance with Section 82-18-202 (2), M.C.A. with respect to the Dodger 1-36H well.

Docket 324-2014
Continued from October 2014

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

Upon the application of **Continental Resources, Inc.** to create a permanent spacing unit comprised of all of Sections 17 and 20, T24N-R53E, Richland County, Montana, for production of horizontal Bakken/Three Forks Formation oil and associated natural gas from applicant's Cherry 2-17H well.

Docket 325-2014
Continued from October 2014

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

Upon the application of **Continental Resources, Inc.** to pool all interests in the permanent spacing unit comprised of all of Sections 17 and 20, T24N-R53E, Richland County, Montana, on a surface acreage participation basis for production of oil and associated natural gas from the Bakken/Three Forks Formation and to recover non-consent penalties in accordance with Section 82-18-202 (2), M.C.A. with respect to the Cherry 2-17H well

Docket 326-2014
Continued from October 2014

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

Upon the application of **Continental Resources, Inc.** to create a permanent spacing unit comprised of all of Sections 4, 5, 8, and 9, T24N-R53E, Richland County, Montana, for production of horizontal Bakken/Three Forks Formation oil and associated natural gas from applicant's June BR 1-5 HSL well.

Docket 327-2014
Continued from October 2014

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

Upon the application of **Continental Resources, Inc.** to pool all interests in the permanent spacing unit comprised of all of Sections 21 and 28, T25N-R55E, Richland County, Montana, on a surface acreage participation basis for production of oil and associated natural gas from the Bakken/Three Forks Formation and to recover non-consent penalties with Section 82-18-202 (2), M.C.A. with respect to the Barbara 3-28H and Barbara 4-28H wells.

Docket 328-2014
Continued from October 2014

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

Upon the application of **Continental Resources, Inc.** to amend Board Order 107-2009 to authorize the drilling of an additional horizontal Bakken/Three Forks Formation well in the permanent spacing unit comprised of all of Sections 29 and 32, T25N-R55E, Richland County, Montana, at any location not closer than 200' (heel/toe setback) and 500' (lateral setbacks) to the exterior boundaries thereof. Applicant requests placement on the Default Docket.

Docket 362-2014
SHOW-CAUSE HEARING

RESPONDENT: WEXCO EXPLORATION, LLC – SHERIDAN COUNTY, MONTANA

Upon the Board's own motion to require **Wexco Exploration, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file correct production reports. This docket will be dismissed if the correct reports are received prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Wexco Exploration, LLC to further penalties as prescribed by Board Policy.

Docket 363-2014
SHOW-CAUSE HEARING

RESPONDENT: POOR BOY OIL COMPANY - RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Poor Boy Oil Company** to appear and show cause, if any it has, why its plugging and reclamation bond for the Dore #1 saltwater disposal well (API# 25-083-21281) in the NW¹/₄NW¹/₄ of Section 29, T24N-R59E, Richland County, Montana (Ft. Gilbert Field) should not be forfeited for failure to renew such bond.

Docket 338-2014
SHOW-CAUSE HEARING
Continued from October 2014

RESPONDENT: K2 AMERICA CORPORATION. – GLACIER COUNTY, MONTANA

Upon the Board's own motion to require **K2 America Corporation** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file production reports and to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$220. This docket will be dismissed if payment and reports are received prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects K2 America Corporation to further penalties as prescribed by Board Policy.

Docket 339-2014
SHOW-CAUSE HEARING
Continued from October 2014

RESPONDENT: P&P INDUSTRIES LLC 1. – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require P&P Industries LLC 1 to appear and show cause, if any it has, why it should not immediately plug and abandon its Indian Mound 1 well, API: 25-083-21377, T23N, R55E, Section 15, for failure to pay the administrative penalty assessed for delinquent reporting and failure to pay the fine assessed for not appearing at the Board's October 16, 2014 public hearing.

Docket 340-2014
SHOW-CAUSE HEARING
Continued from October 2014

RESPONDENT: ROBINSON OIL COMPANY, LLC – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Robinson Oil Company, LLC** to appear and show cause, if any it has, why it should not immediately plug and abandon its 8 wells located in Toole County, Montana, for failure to pay the administrative penalty assessed for delinquent reporting and failure to pay the fine assessed for not appearing at the Board's October 16, 2014 public hearing.

Docket 341-2014
SHOW-CAUSE HEARING
Continued from October 2014

RESPONDENT: HAWLEY HYDROCARBONS – PONDERA COUNTY, MONTANA

Upon the Board's own motion to require **Hawley Hydrocarbons** to appear and show cause, if any it has, why additional penalties should not be imposed for ongoing violations at its Copley Haber 1 well, T27N, R4W, Section 9, as addressed in letters from the Board Staff to Hawley Hydrocarbons dated July 24, 2014, and August 14, 2014, and in the Board's business meeting on August 13, 2014.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant II