

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
October 28 & 29, 2015

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, October 28, 2015, 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 August 12, 2015 business meeting
3. Opportunity for public comment
4. Scout Energy Management LLC
5. Drilling setback subcommittee report
6. Adoption of proposed 2016 hearing schedule
7. Financial report
8. Privilege and License Tax Forecast
9. Bond summary & spill report
10. Docket summary
11. Gas flaring exceptions
12. Staff reports
13. 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, October 29, 2015, 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 Jennifer Rath at (406) 656-0040, as soon as possible before the scheduled hearing.

Docket 147-2015

APPLICANT: OASIS PETROLEUM, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Oasis Petroleum, Inc** to pool all interests in the permanent spacing unit comprised of all of Sections 26 and 35, T26N-R58E, 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 the Otis #2658 43-23H well.

Docket 148-2015

APPLICANT: OASIS PETROLEUM, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Oasis Petroleum, Inc** to pool all interests in the permanent spacing unit comprised of all of Sections 14 and 23, T26N-R58E, 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 the Carl Federal #2658 42-23H well.

Docket 149-2015

APPLICANT: OASIS PETROLEUM, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Oasis Petroleum, Inc** to pool all interests in the permanent spacing unit comprised of all of Sections 25 and 36, T26N-R58E, 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 the Loki #2658 12-25H well.

Docket 150-2015

APPLICANT: OASIS PETROLEUM, INC. – RICHLAND & ROOSEVELT COUNTIES, MONTANA

Upon the application of **Oasis Petroleum, Inc** to designate a permanent spacing unit comprised of all of Sections 31 and 32, T27N-R58E, Richland and Roosevelt Counties, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Dad Frye #2758 24-32B well.

Docket 151-2015

APPLICANT: OASIS PETROLEUM, INC. – RICHLAND & ROOSEVELT COUNTIES, MONTANA

Upon the application of **Oasis Petroleum, Inc** to pool all interests in the permanent spacing unit comprised of all of Sections 31 and 32, T27N-R58E, Richland and Roosevelt Counties, 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 the Dad Frye #2758 24-32B well.

Docket 152-2015

APPLICANT: OASIS PETROLEUM, INC. – RICHLAND & ROOSEVELT COUNTIES, MONTANA

Upon the application of **Oasis Petroleum, Inc** to drill up to four additional horizontal Bakken/Three Forks Formation wells at any location not closer than 200' (heel/toe setback)/500' (lateral setback) within the permanent spacing unit comprised of all of Sections 31 and 32, T27N-R58E, Richland and Roosevelt Counties, Montana.

Docket 153-2015

APPLICANT: ENERGY CORPORATION OF AMERICA – CARBON & STILLWATER COUNTIES, MONTANA

Upon the application of **Energy Corporation of America** to amend Board Order 130-2009 and/or Board Order 377-2013, which established 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 NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24, T6S-R17E, Carbon and Stillwater Counties, Montana, to extend the timeframe within which a permanent spacing unit application must be heard until the Board's December 2017 hearing date. Applicant requests placement on the Default Docket.

Docket 154-2015

APPLICANT: INTERSTATE EXPLORATIONS, LLC – DAWSON COUNTY, MONTANA

Upon the application of **Interstate Explorations, LLC** to convert the MBA #2 well (API #25-021-21202) in the NW¼SW¼ of Section 11, T18N-R56E, Dawson County, Montana (Wildcat) to a Class II saltwater disposal well in the Dakota Formation at a depth of approximately 5092-5549 ft. 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 155-2015

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to convert the ELOB 41-9 well (API #25-025-21340) in the NE¼NE¼ of Section 9, T7N-R60E, Fallon County, Montana (East Lookout Butte Field) to a saltwater disposal well in the Mission Canyon Formation at a depth of approximately 7504-7835 ft. Staff notes this application is eligible for placement on the default docket.

Docket 156-2015

APPLICANT: BENSUN ENERGY, LLC – SHERIDAN COUNTY, MONTANA

Upon the request of **Bensun Energy, LLC** for approval of the transfer of the Richardson 25-1 (API #25-091-21852), Richardson 30-1 (API #25-091-21856), and Friedrich Trust 31-1 (API #25-091-21859) wells, all located in Sheridan County, Montana, from Statoil Oil & Gas LP to Bensun Energy, LLC and to determine the appropriate plugging and reclamation bond requirement for Bensun Energy, LLC.

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 NW¼ Section 8, the SW¼ of Section 5, Governmental Lots 7 and 8 of Section 5, and the strip of land adjacent to the International Boundary Line and immediately north of Lots 7 and 8 of Section 5, T37N-R2W, Toole County, Montana, for the production of oil and associated natural gas from Bakken/Three Forks Formation with respect to the Horgus Fee 3702-08-05-11H well.

Docket 2-2015

Continued from February 2015

APPLICANT: INTERSTATE EXPLORATIONS, LLC – WIBAUX COUNTY, MONTANA

Upon the application of **Interstate Explorations, LLC** to designate a permanent spacing unit comprised of the E½ of Section 30, T14N-R60E, Wibaux County, Montana, for the production of oil and associated natural gas from the Red River Formation with respect to the Nelson #2-1 well.

Docket 3-2015
Continued from February 2015

APPLICANT: INTERSTATE EXPLORATIONS, LLC – WIBAUX COUNTY, MONTANA

Upon the application of **Interstate Explorations, LLC** to pool all interests in the permanent spacing unit comprised of the E½ of Section 30, T14N-R60E, Wibaux County, Montana, for the production of oil and associated natural gas from the Red River Formation and to authorize the recovery of non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to the Nelson #2-1 well.

Docket 78-2015
Continued from April 2015

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 33 and 34, T28N-R58E, Roosevelt 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 the Ring Fed #2858 44-34H well.

Docket 136-2015
Continued from August 2015

APPLICANT: HORTON B. KOESSLER AND JAMES H. KOESSLER – RICHLAND COUNTY, MONTANA

Upon the application of **Horton B. Koessler and James H. Koessler** to vacate and rescind Board Order 353-2013 insofar as such order pertains to applicant. This order was issued at the request of Oasis Petroleum, Inc. and involves the pooling of interests within the permanent spacing unit comprised of all of Sections 14 and 23, T26N, 58E, Richland County, Montana.

Docket 137-2015
Continued from August 2015

APPLICANT: HORTON B. KOESSLER AND JAMES H. KOESSLER – RICHLAND COUNTY, MONTANA

Upon the application of **Horton B. Koessler and James H. Koessler** to vacate and rescind Board Order 16-2013 insofar as such order pertains to applicant. This order was issued at the request of Oasis Petroleum, Inc. and involves the pooling of interests within the permanent spacing unit comprised of all of Sections 26 and 35, T26N, 58E, Richland County, Montana.

Docket 138-2015
Continued from August 2015

APPLICANT: HORTON B. KOESSLER AND JAMES H. KOESSLER – RICHLAND COUNTY, MONTANA

Upon the application of **Horton B. Koessler and James H. Koessler** to vacate and rescind Board Order 594-2012 insofar as such order pertains to applicant. This order was issued at the request of Oasis Petroleum, Inc. and involves the pooling of interests within the permanent spacing unit comprised of all of Sections 25 and 36, T26N, 58E, Richland County, Montana.

Docket 157-2015
SHOW-CAUSE HEARING

RESPONDENT: HINTO ENERGY, LLC – MUSSELSHELL COUNTY, MONTANA

Upon the Board's own motion to require **Hinto Energy, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file production and injection reports and to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$380.00. This docket will be dismissed if payment is received prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Hinto Energy, LLC to further penalties as prescribed by Board Policy.

Docket 158-2015
SHOW-CAUSE HEARING

RESPONDENT: WINDY BUTTE RECLAMATION FACILITY, LLC – ROOSEVELT COUNTY, MONTANA

Upon the Board's own motion to require **Windy Butte Reclamation Facility, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file injection reports and to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$120.00. This docket will be dismissed if payment is received prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Windy Butte Reclamation Facility, LLC to further penalties as prescribed by Board Policy.

Docket 159-2015
SHOW-CAUSE HEARING

RESPONDENT: KYKUIT RESOURCES, LLC – BLAINE & FERGUS COUNTIES, MONTANA

Upon the Board's own motion to require **Kykuit Resources, LLC** to appear and show cause, if any it has, why it should not provide a plan and timeline for plugging its wells and why additional penalties should not be assessed for failure to pay the administrative penalty assessed for delinquent reporting and the fine assessed for not appearing at the Board's August 13, 2015 public hearing.

Docket 160-2015
SHOW-CAUSE HEARING

RESPONDENT: CUSTOM CARBON PROCESSING, INC. – WIBAUX COUNTY, MONTANA

Upon the Board's own motion to require **Custom Carbon Processing, Inc.** to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to maintain the wellsites of the Wojahn A 5-2 well located in Section 2, T13N-R60E, and the Michels A 8-3 well located in Section 3, T13N-R60E, Wibaux County, Montana.

Docket 95-2015
SHOW-CAUSE HEARING
Continued from April 2015

RESPONDENT: KELLY OIL AND GAS, LLC – MUSSELSHELL COUNTY, MONTANA

Upon the Board's own motion to require **Kelly Oil and Gas, LLC** to appear and show cause, if any it has, why its plugging and reclamation bond covering the State E-2 well should not be forfeited and why additional penalties should not be imposed for failure to pay \$3,120.00 in current penalties and fees; for failure to maintain mechanical integrity on the State #1, State E-2, and Shelhamer 1A injection wells, for failure to initiate a remedy for the field violations prior to the May 21, 2015 hearing deadline for the Stensvad 2x-25 and Dybvik KV-1 wellsites, for failure to respond to prior show-cause orders, and for failure to file production and injection reports.

Docket 96-2015
SHOW-CAUSE HEARING
Continued from April 2015

RESPONDENT: ALTURAS ENERGY LLC – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Alturas Energy LLC** to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to provide a plan and timeline for the plugging of its wells, and for failure to pay the fine assessed for not appearing at the Board's April 30, 2015 hearing.

Docket 97-2015
SHOW-CAUSE HEARING
Continued from April 2015

RESPONDENT: AUGUSTA EXPLORATION, LLC – LEWIS AND CLARK COUNTY, MONTANA

Upon the Board's own motion to require **Augusta Exploration, LLC** to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to provide a plan and timeline for plugging its Krone-Augusta 31-32 well, API # 25-049-21111, located in Section 32, T18N-R5W, Lewis and Clark County, Montana and why additional penalties shouldn't be assessed for failure to appear at the Board's April 30, 2015 hearing.

Docket 143-2015
SHOW-CAUSE HEARING
Continued from August 2015

RESPONDENT: MIOCENE OIL COMPANY – DANIELS COUNTY, MONTANA

Upon the Board's own motion to require **Miocene Oil Company** 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 \$120.00. 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 Miocene Oil Company to further penalties as prescribed by Board Policy.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant