

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
June 15 & 16, 2016

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 a **public hearing on the proposed amendment of ARM 36.22.1242 regarding the oil and gas privilege and license tax** on the day of its business meeting Wednesday, June 15, 2016, 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. Public comment on non-agenda items
3. Proposed amendment of ARM 36.22.1242 regarding the oil and gas privilege and license tax
4. Public comment on the proposed Rule
5. Board action

The Board of Oil and Gas Conservation will hold its regular **business meeting** immediately following the public hearing on the proposed amendment. The agenda for that meeting is as follows:

1. Call to order
2. Approval of minutes of April 6, 2016 business meeting
3. Opportunity for public comment
4. Drilling notification draft rule
5. Financial report
6. Bond summary & incident report
7. Docket summary
8. Gas flaring exceptions
9. Plugging and reclamation program and update
10. Spill reporting violations / Montana Oil Field Acquisition I, LLC
11. Staff reports
12. 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, June 16, 2016, 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 8-2016

APPLICANT: FIDELITY EXPLORATION & PRODUCTION COMPANY – BIG HORN COUNTY, MONTANA

Upon the application of **Fidelity Exploration & Production Company** for an exception to the monthly production reporting requirements set forth in ARM 36.22.1242.

Docket 9-2016

APPLICANT: MCR, LLC – TOOLE COUNTY, MONTANA

Upon the application of **MCR, LLC** for an order providing for the operation as a Unit of an area to be known as the "Berthelote Sunburst Sand Unit Area"; approving or prescribing a plan of Unit operations therefore, approving a Unit Agreement and a Unit Operating Agreement for the Unit operation thereof; authorizing the conducting of a waterflood injection program (secondary recovery) in the proposed Unit situated in the West Butte Field, Toole County, Montana, and for vacating existing spacing orders related thereto. The proposed Unit includes the following described lands:

Township 36 North - Range 2 East, MPM
Section 8: SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$
Toole County, Montana
Containing 80.00 acres, more or less

Docket 10-2016

APPLICANT: MCR, LLC – TOOLE COUNTY, MONTANA

Upon the application of **MCR, LLC** for an area injection permit consisting of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ and the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8, T36N-R2E, Toole County, Montana (West Butte Field) for enhanced recovery injection into the Sunburst Formation at a depth of approximately 2320-2338 ft. An aquifer exemption is being requested as the injection zone contains water with less than 10,000 mg/l total dissolved solids.

Docket 11-2016

APPLICANT: MCR, LLC – TOOLE COUNTY, MONTANA

Upon the application of **MCR, LLC** to authorize an additional Sawtooth Formation well in the spacing unit comprised of the W $\frac{1}{2}$ of Section 9, T36N-R2E, Toole County, Montana and to authorize the commingling of oil and gas produced from the Sawtooth and Sunburst Formation in the wellbore of the McCutcheon 11x-9 well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9, T36N-R2E, Toole County, Montana.

Docket 12-2016

APPLICANT: MOUNTAIN VIEW ENERGY, INC. – GLACIER COUNTY, MONTANA

Upon the application of **Mountain View Energy, Inc.**, to convert the Red Creek 13D-2 well (API #25-035-21907) in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2, T37N-R5W, Glacier County, Montana (Red Creek Field) to a Class II enhanced oil recovery injection well in the Cut Bank Formation at a depth of approximately 2690-2732 ft., and the Madison Formation at a depth of approximately 2824-2844 ft. An aquifer exemption is being requested as the injection zones contain water with less than 10,000 mg/l total dissolved solids.

Docket 13-2016

APPLICANT: BTA OIL PRODUCERS, LLC – POWDER RIVER COUNTY, MONTANA

Upon the application of **BTA Oil Producers, LLC** to drill a Minnelusa Formation oil and gas test well to an approximate total depth of 8,500' at a proposed well location approximately 1,968' FSL and 2,262' FWL in Section 31, T9S-R51E, Powder River County, Montana, as an exception to A.R.M. 36.22.702. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 14-2016

APPLICANT: MERTZ ENERGY LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Mertz Energy LLC** to create a temporary spacing unit comprised of the NE¼ of Section 29, T26N-R51E, Richland County, Montana, for the purpose of drilling a Red River Formation test well within said temporary spacing unit at a proposed location approximately 550' FNL and 1,075' FEL in Section 29, as an exception to A.R.M. 36.22.702. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 15-2016

APPLICANT: WHITING OIL AND GAS CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **Whiting Oil and Gas Corporation** to designate a permanent spacing unit comprised of all of Sections 5, 8, and 17, T24N-R60E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Buxbaum #21-5-1H, Buxbaum #21-5-2H, and Buxbaum #21-5-3H wells.

Docket 16-2016

APPLICANT: WHITING OIL AND GAS CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **Whiting Oil and Gas Corporation** to pool all interests in the permanent spacing unit comprised of Sections 5, 8, and 17, T24N-R60E, 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 Buxbaum #21-5-1H well.

Docket 17-2016

APPLICANT: WHITING OIL AND GAS CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **Whiting Oil and Gas Corporation** to pool all interests in the permanent spacing unit comprised of Sections 5, 8, and 17, T24N-R60E, 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 Buxbaum #21-5-2H well.

Docket 18-2016

APPLICANT: WHITING OIL AND GAS CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **Whiting Oil and Gas Corporation** to pool all interests in the permanent spacing unit comprised of Sections 5, 8, and 17, T24N-R60E, 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 Buxbaum #21-5-3H well.

Docket 19-2016

APPLICANT: WHITING OIL AND GAS CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **Whiting Oil and Gas Corporation** to designate a permanent spacing unit comprised of all of Sections 6, 7, and 18, T24N-R60E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Malsam #14-18-1H, Malsam #14-18-2H, Malsam #14-18-3H, and Malsam #14-18-4H wells.

Docket 20-2016

APPLICANT: WHITING OIL AND GAS CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **Whiting Oil and Gas Corporation** to pool all interests in the permanent spacing unit comprised of Sections 6, 7, and 18, T24N-R60E, 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 Malsam #14-18-1H well.

Docket 21-2016

APPLICANT: WHITING OIL AND GAS CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **Whiting Oil and Gas Corporation** to pool all interests in the permanent spacing unit comprised of Sections 6, 7, and 18, T24N-R60E, 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 Malsam #14-18-2H well.

Docket 22-2016

APPLICANT: WHITING OIL AND GAS CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **Whiting Oil and Gas Corporation** to pool all interests in the permanent spacing unit comprised of Sections 6, 7, and 18, T24N-R60E, 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 Malsam #14-18-3H well.

Docket 23-2016

APPLICANT: WHITING OIL AND GAS CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **Whiting Oil and Gas Corporation** to pool all interests in the permanent spacing unit comprised of Sections 6, 7, and 18, T24N-R60E, 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 Malsam #14-18-4H well.

Docket 338-2014
SHOW-CAUSE HEARING
Continued from June 2015

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 its bond should not be forfeited for failure to provide a plan and timeline for plugging its wells.

Docket 24-2016
SHOW-CAUSE HEARING

RESPONDENT: STEALTH ENERGY USA, INC. – MUSSELSHELL & STILLWATER COUNTY, MONTANA

Upon the Board's own motion to require **Stealth Energy USA, Inc.** to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon its wells as required by Board Order 7-2016, in accordance with § 82-11-123(5), MCA.

Docket 25-2016
SHOW-CAUSE HEARING

RESPONDENT: HAWLEY OIL COMPANY – PONDERA & TETON COUNTY, MONTANA

Upon the Board's own motion to require **Hawley Oil Company** to appear and show cause, if any it has, why additional penalties should not be imposed for failure pay the administrative penalty of \$90.00 assessed for delinquent injection reporting. 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 Hawley Oil Company to further penalties as prescribed by Board Policy.

Docket 26-2016
SHOW-CAUSE HEARING

RESPONDENT: KYKUIT RESOURCES, LLC – FERGUS & MCCONE, COUNTY, MONTANA

Upon the Board's own motion to require **Kykuit Resources, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$940.00. 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 Kykuit Resources, LLC to further penalties as prescribed by Board Policy.

Docket 27-2016
SHOW-CAUSE HEARING

RESPONDENT: SHADWELL RESOURCES GROUP, LLC – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Shadwell Resources Group, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$140.00. 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 Shadwell Resources Group, LLC to further penalties as prescribed by Board Policy.

Docket 28-2016
SHOW-CAUSE HEARING

RESPONDENT: STORM CAT ENERGY (USA) OPERATING CORPORATION – BIGHORN COUNTY, MONTANA

Upon the Board's own motion to require **Storm Cat Energy (USA) Operating 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 \$340.00. 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 Storm Cat Energy (USA) Operating Corporation to further penalties as prescribed by Board Policy.

Docket 29-2016
SHOW-CAUSE HEARING

RESPONDENT: STRATEX OIL AND GAS, INC. – ROOSEVELT COUNTY, MONTANA

Upon the Board's own motion to require **Stratex Oil and Gas, Inc.** 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 \$160.00. 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 Stratex Oil and Gas, Inc. to further penalties as prescribed by Board Policy.

Docket 30-2016
SHOW-CAUSE HEARING

RESPONDENT: TYLER ROCKIES EXPLORATION LTD – ROSEBUD COUNTY, MONTANA

Upon the Board's own motion to require **Tyler Rockies Exploration LTD** to appear and show cause, if any it has, why additional penalties should not be imposed for failure pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$240.00. 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 Tyler Rockies Exploration LTD to further penalties as prescribed by Board Policy.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant