

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
December 12 & 13, 2018

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 12, 2018, 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 8, 2018 & October 3, 2018, business meeting
3. Public comment on agenda and non-agenda items
4. Longevity & service awards
5. Financial report
6. Plugging and reclamation program update
7. Bond summary & incident report
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 **9:00 a.m.** on Thursday, December 13, 2018, 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) 444-6731 or Jennifer Breton at (406) 656-0040, as soon as possible before the scheduled hearing.

Docket 82-2018
1-2019 FED

APPLICANT: ST. CROIX OPERATING, INC. – ROOSEVELT COUNTY, MONTANA

Upon the application of **St. Croix Operating, Inc.** to create a temporary spacing unit comprised of the N½NE¼ of Section 26, T30N-R47E, Roosevelt County, Montana, to drill a Nisku Formation well anywhere within said spacing unit but not closer than 660' setback to the exterior boundaries with a 50' tolerance.

Docket 83-2018

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 9 and 16, T26N-R59E, Richland and Roosevelt Counties, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Kai 16-9 #1H well.

Docket 84-2018

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 9 and 16, T26N-R59E, 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 Kai 16-9 #1H well.

Docket 85-2018

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 21 and 28, T26N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Dagney 21-28 #1H well.

Docket 86-2018

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 21 and 28, T26N-R59E, 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 Dagney 21-28 #1H well.

Docket 87-2018

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 8 and 17, T26N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Rowin 17-8 #1H well.

Docket 88-2018

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 8 and 17, T26N-R59E, 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 Rowin 17-8 #1H well.

Docket 89-2018

APPLICANT: KRAKEN OIL & GAS LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 25 and 26, T27N-R57E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Jill 26-25 #1H well.

Docket 90-2018

APPLICANT: KRAKEN OIL & GAS LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 25 and 26, T27N-R57E, 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 Jill 26-25 #1H, Jill 26-25 #2H, Jill 26-25 #3H, Jill 26-25 #4H, and Jill 26-25 #5H wells.

Docket 91-2018

APPLICANT: DENBURY ONSHORE LLC – WIBAUX COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to create a temporary spacing unit comprised of the S $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 4, NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ of Section 9, T11N-R57E, Wibaux County, Montana, to drill a horizontal Madison Group well anywhere within said spacing unit but not closer than 660' to the exterior boundaries thereof.

Docket 92-2018

APPLICANT: DENBURY ONSHORE LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to create an overlapping temporary spacing unit comprised of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 20, W $\frac{1}{2}$ W $\frac{1}{2}$ of Section 28, E $\frac{1}{2}$ of Section 29, NE $\frac{1}{4}$ of Section 32, W $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 33, T10N-R58E, Fallon County, Montana, to drill a horizontal Madison Group well anywhere within said spacing unit but not closer than 660' to the exterior boundaries thereof.

Docket 93-2018

APPLICANT: DENBURY ONSHORE LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to create an overlapping temporary spacing unit comprised of the SW $\frac{1}{4}$ of Section 28, SE $\frac{1}{4}$ of Section 29, E $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 32, W $\frac{1}{2}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ of Section 33, T10N-R58E, Fallon County, Montana, to drill a horizontal Madison Group well anywhere within said spacing unit but not closer than 660' to the exterior boundaries thereof.

Docket 94-2018

APPLICANT: DENBURY ONSHORE LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to create an overlapping temporary spacing unit comprised of the W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 20 and the E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 29, T10N-R58E, Fallon County, Montana, to drill a horizontal Madison Group well anywhere within said spacing unit but not closer than 660' to the exterior boundaries thereof.

Docket 95-2018

APPLICANT: HYDRA MT, LLC - RICHLAND COUNTY, MONTANA

Upon the application of **Hydra MT, LLC**, to drill the Kittleson JR #5-2 SWD well in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5, T25N-R59E, Richland County, Montana (Cattails Field) as a saltwater injection well in the Dakota Formation at a depth of approximately 5,023-5,870 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 96-2018

APPLICANT: HYDRA MT, LLC - RICHLAND COUNTY, MONTANA

Upon the application of **Hydra MT, LLC**, to drill the Hook 32-1 SWD well in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, T26N-R59E, Richland County, Montana (Wildcat) as a saltwater injection well in the Dakota Formation at a depth of approximately 5,028-5,875 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 73-2018
Continued from October 2018

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to create an enhanced recovery unit for oil and gas within the Red River Formation underlying certain lands in Fallon County, Montana, to be known as the Mystery Creek (Red River) Unit Area. The requested unit area in Fallon County, Montana is described as follows:

T9N-R58E

Section 2: Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ (All)
Section 10: S $\frac{1}{2}$
Section 11: All
Section 12: W $\frac{1}{2}$ W $\frac{1}{2}$
Section 13: W $\frac{1}{2}$ W $\frac{1}{2}$
Section 14: All
Section 15: E $\frac{1}{2}$
Section 22: NE $\frac{1}{4}$
Section 23: All
Section 24: All
Section 25: All
Section 26: All
Section 35: All
Section 36: All

T9N-R59E

Section 30: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ (All)
Section 31: All

Containing 8,158.28 acres, more or less.

Applicant further requests that after hearing the matter the Board enter its order providing for unit operation of the lands and formation thereunder as described above, approving the Unit Agreement and Unit Operating Agreement as constituting a plan of unit operations that is just and reasonable, vacating all existing spacing unit orders as to the unit area and unitized formation (except that no well shall be located closer than 660' to the unit boundaries); and declaring the order will become effective within the terms of Section 82-11-207, M.C.A. upon Applicant presenting proof of the requisite approval by the cost-bearing and cost-free owners of interests therein.

Docket 97-2018
SHOW-CAUSE HEARING

RESPONDENT: HOFLAND, JAMES D. – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Hofland, James D.** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file production reports. In accordance with Board policy the fine doubled and an additional \$70.00 is now due. 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 Hofland, James D. to further penalties as prescribed by Board Policy.

Docket 98-2018
SHOW-CAUSE HEARING

RESPONDENT: PROVIDENT ENERGY OF MONTANA, LLC – GLACIER AND PONDERA COUNTIES, MONTANA

Upon the Board's own motion to require **Provident Energy of Montana, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file production reports and injection reports and to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$180.00. 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 Provident Energy of Montana, LLC to further penalties as prescribed by Board Policy.

Docket 99-2018
SHOW-CAUSE HEARING

RESPONDENT: APEX ENERGY, LLC – DAWSON AND RICHLAND COUNTIES, MONTANA

Upon the Board's own motion to require **Apex Energy, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to remedy the field violations at its wells in Dawson and Richland Counties, Montana.

Docket 100-2018
SHOW-CAUSE HEARING

RESPONDENT: PRONGHORN PETROLEUM JOINT VENTURE – FALLON COUNTY, MONTANA

Upon the Board's own motion to require **Pronghorn Petroleum Joint Venture** 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 Halmans-Federal 1-26 well (API # 25-025-21257) located in the NE¼SW¼ of Section 26, T9N-R59E, Fallon County, Montana as required by Board Order 68-2018, in accordance with § 82-11-123(5), MCA.

Docket 101-2018
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 its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon its wells in Musselshell County, Montana as required by Board Order 72-2018, in accordance with § 82-11-123(5), MCA.

Docket 60-2017
SHOW-CAUSE HEARING
Continued from December 2017

RESPONDENT: BLACK GOLD ENERGY RESOURCE DEVELOPMENT, LLC – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Black Gold Energy Resource Development, LLC** 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 Indian Mound 1 SWD (API # 25-083-21377) well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 15, T23N-R55E, Richland County, Montana as required by Board Order 45-2017, in accordance with § 82-11-123(5), MCA.

Docket 81-2018
SHOW-CAUSE HEARING
Continued from October 2018

RESPONDENT: BENSUN ENERGY, LLC – SHERIDAN COUNTY, MONTANA

Upon the Board's own motion to require **Bensun Energy, LLC** to appear and show cause, if any it has, why additional penalties, which may include a plugging and reclamation bond increase, should not be imposed for failure to remedy the field violations at the Loucks 33-27 (API # 25-091-21676) well located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 27, T36N-R52E, Sheridan County, Montana as well as any other outstanding field violations.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant