

MONTANA BOARD OF OIL AND GAS CONSERVATION  
FINANCIAL STATEMENT

As of 12/6/18

Fiscal Year 2019: Percent of Year Elapsed - 43%

		Budget	Expends	Remaining	%
Regulatory	Personal Services	1,216,149	427,460	788,689	35.1
UIC	Personal Services	266,959	90,937	176,022	34.1
	<b>Total Expended</b>	<b>1,483,108</b>	<b>518,397</b>	<b>964,711</b>	<b>35.0</b>
Regulatory	Equipment & Assets	46,371	335	46,036	0.7
UIC	Equipment & Assets	10,179	74	10,105	0.7
	<b>Total Expended</b>	<b>56,550</b>	<b>409</b>	<b>56,141</b>	<b>0.7</b>
Regulatory	Operating Expenses:				
	Contracted Services	168,795	43,062	125,733	25.5
	Supplies & Materials	45,164	19,449	25,715	43.1
	Communication	63,337	18,221	45,116	28.8
	Travel	36,206	9,487	26,719	26.2
	Rent	25,877	8,598	17,279	33.2
	Utilities	16,770	4,211	12,559	25.1
	Repair/Maintenance	24,633	9,624	15,009	39.1
	Other Expenses	26,216	8,500	17,716	32.4
	<b>Total Operating Expenses</b>	<b>406,998</b>	<b>121,152</b>	<b>285,846</b>	<b>29.8</b>
UIC	Operating Expenses:				
	Contracted Services	37,051	6,196	30,855	16.7
	Supplies & Materials	9,915	3,941	5,974	39.8
	Communication	13,902	4,002	9,900	28.8
	Travel	7,947	598	7,349	7.5
	Rent	5,680	1,887	3,793	33.2
	Utilities	3,681	924	2,757	25.1
	Repair/Maintenance	5,407	1,270	4,137	23.5
	Other Expenses	5,754	248	5,506	4.3
	<b>Total Operating Expenses</b>	<b>89,337</b>	<b>19,066</b>	<b>70,271</b>	<b>21.3</b>
	<b>Total Expended</b>	<b>496,335</b>	<b>140,218</b>	<b>356,117</b>	<b>28.3</b>

	Budget	Expends	Remaining	%
Carryforward FY17				
Personal Services	63,132	-	63,132	0.0
Operating Expenses	63,132	-	63,132	0.0
Equipment & Assets	30,000	-	30,000	0.0
<b>Total</b>	<b>156,264</b>	<b>-</b>	<b>156,264</b>	<b>0.0</b>

Funding Breakout	Regulatory Budget	Regulatory Expends	UIC Budget	UIC Expends	2018 Total Budget	2018 Total Expends	%
State Special	1,669,518	548,947	366,475	110,077	2,035,993	659,024	32.4
Federal 2018 UIC (10-1-2017 to 9-30-2018)			108,000	108,000	108,000	108,000	100.0
Federal 2019 UIC (10-1-2018 to 9-30-2019)	-	-	115,000	-	115,000	-	0.0
<b>Total</b>	<b>1,669,518</b>	<b>548,947</b>	<b>589,475</b>	<b>218,077</b>	<b>2,258,993</b>	<b>767,024</b>	<b>34.0</b>

**REVENUE INTO STATE SPECIAL REVENUE ACCOUNT**

	FY 19	FY 18
Oil & Gas Production Tax	\$ -	\$ 3,492,293
Oil Production Tax	-	3,205,721
Gas Production Tax	-	286,571
Drilling Permit Fees	6,125	15,500
UIC Permit Fees	3,800	239,800
Interest on Investments	8,700	11,133
Copies of Documents	230	658
Miscellaneous Reimbursements	-	23,045
<b>TOTAL</b>	<b>\$ 18,855</b>	<b>\$ 3,782,429</b>

**REVENUE INTO DAMAGE MITIGATION ACCOUNT**

	FY 19	FY 18
RIT Investment Earnings:	\$ -	\$ 131,005
July	-	-
August	-	12,531
September	-	9,947
October	-	10,149
November	-	12,509
December	-	10,203
January	-	10,392
February	-	11,740
March	-	9,234
April	-	11,055
May	-	11,940
June	-	21,305
Bond Forfeitures:	-	210,381
Interest on Investments	3,643	9,663
<b>TOTAL</b>	<b>\$ 3,643</b>	<b>\$ 351,049</b>

**REVENUE INTO GENERAL FUND FROM FINES**

	FY 19
FRANK MILLER	7/6/2018 \$ 60
SCOUT ENERGY MANAGEMENT LLC	7/10/2018 4,140
WHITE ROCK OIL AND GAS LLC	7/20/2018 140
BALLANTYNE VENTURES LLC	7/27/2018 140
NINE POINT ENERGY LLC	7/27/2018 220
SCOUT ENERGY MANAGEMENT LLC	7/27/2018 4,140
HAWLEY OIL LLP	8/10/2018 440
SONKAR INC	8/10/2018 90
GREAT PLAINS ENERGY INC	8/10/2018 60
GERALD W PAUGH	8/22/2018 70
QUINGUE OIL	8/31/2018 60
GEORGE CAMPANELLA	8/31/2018 110
HAWLEY OIL LLP	8/31/2018 110
GEORGE CAMPANELLA	8/31/2018 110
BERNICE MCPHILLIPS	8/31/2018 110
CRAZY MOUNTAIN OIL AND GAS LLC	8/31/2018 370
GRASSY BUTTE	8/31/2018 70
MYSTIQUE RESOURCES COMPANY	9/7/2018 60
INTERMOUNTAIN LEASING INC.	9/28/2018 120
<b>HOFLAND JAMES D</b>	<b>10/19/2018 70</b>
<b>LOWRANCE COMPANY INC / AIKINS DRILLING COMPANY</b>	<b>10/26/2018 70</b>
<b>CALIBER MIDSTREAM PARTNERS LP</b>	<b>11/2/2018 70</b>
<b>HIGHLANDS NATURAL RESOURCES CORP</b>	<b>11/2/2018 60</b>
<b>DRAWINGS LLC</b>	<b>11/9/2018 70</b>
<b>ALTA VISTA OIL AND GAS</b>	<b>11/9/2018 70</b>
<b>MONTANA LAND AND MINERAL COMPANY</b>	<b>11/9/2018 70</b>
<b>SHADWELL RESOURCES GROUP LLC</b>	<b>11/9/2018 70</b>
<b>SEYMOUR OIL &amp; GAS</b>	<b>11/16/2018 60</b>
<b>PROVIDENT ENERGY OF MONTANA LLC</b>	<b>11/28/2018 180</b>
<b>TOTAL</b>	<b>\$ 11,410</b>

**INVESTMENT ACCOUNT BALANCES**

Regulatory Account	\$ 1,714,699
Damage Mitigation Account	\$ 379,255

**DAMAGE MITIGATION CONTRACTS**

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
Beery 2 and Beery 22-24 Wells Plug and Reclaim	\$ 176,500	\$ 155,704	\$ 20,796	Under Contract	6/30/2019
Krone-Augusta 31-32-1 Well Plug and Reclaim	600,000	393,590	206,411	Completed	9/30/2018
TOTAL	\$ 776,500	\$ 549,294	\$ 227,206		

**CONTRACTS**

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
MT Tech - Elm Coulee EOR Study (MOU 127220)	\$ 863,905	\$ 710,126	\$ 153,779	Under Contract	12/31/2019
Agency Legal Services 2019	70,000	4,799	65,201	Under Contract	6/30/2019
COR Enterprises - Billings Janitorial	48,664	35,720	12,944	Under Contract	6/30/2019
Production and Injection Form Data Entry	26,000	15,464	10,536	Under Contract	2/28/2019
TOTAL	\$ 1,008,569	\$ 766,110	\$ 242,459		

**Agency Legal Services  
Expenditures in FY18**

<u>Case</u>	<u>Amt Spent</u>
BOGC Duties	\$ 4,607
MEIC	193
Total	\$ 4,799

**Montana Board of Oil and Gas Conservation  
Summary of Bond Activity**

**EXHIBIT 2**

10/1/2018 Through 12/11/2018

**Approved**

406 Farms LLC Shelby MT	846 D1	Approved	11/16/2018
		Amount:	\$5,000.00
		Purpose:	Domestic Well Bond
Certificate of Deposit	\$5,000.00	Stockman Bank, Conrad	ACT
BNV Energy Company LLC Houston TX	776 G2	Approved	10/22/2018
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$10,000.00	FIRST INTERSTATE BANK	ACT
Eagle Operating Inc. Minot ND	847 M1	Approved	11/30/2018
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Surety Bond	\$50,000.00	RLI INSURANCE COMPANY	ACT
Hydra MT LLC Houston TX	824 T5	Approved	11/14/2018
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond
Surety Bond	\$10,000.00	U.S. Specialty Insurance Co.	ACT
Hydra MT LLC Houston TX	824 T4	Approved	11/14/2018
		Amount:	\$10,000.00
		Purpose:	UIC Single Well Bond
Surety Bond	\$10,000.00	U.S. Specialty Insurance Co.	ACT

**Canceled**

Bowers Oil & Gas, Inc. Grand Junction CO	805 M1	Canceled	10/23/2018
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Charger Resources, LLC Hurst TX	697 M1	Canceled	11/19/2018
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Helis Oil and Gas Company, LLC New Orleans LA	397 M1	Canceled	10/23/2018
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Summit West Oil, LLC Spokane WA	702 G1	Canceled	11/5/2018
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Vaalco Energy (USA), Inc. Houston TX	696 M1	Canceled	10/31/2018
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Zavanna LLC Denver CO	528 G1	Canceled	10/23/2018
		Amount:	\$10,000.00
		Purpose:	Single Well Bond

Montana Board of Oil and Gas Conservation  
Summary of Bond Activity

10/1/2018 Through 12/11/2018

**Forfeiture Ordered**

---

Wind River Hydrocarbons, Inc. Aurora CO	682 G1	Forfeiture Ordered	10/4/2018
		Amount:	\$10,000.00
Certificate of Deposit	\$10,000.00	Purpose:	Single Well Bond
	Wells Fargo Bank, NA		ACT

**Rider Approved**

---

Poplar Resources LLC Poplar MT	531 M1	Rider Approved	12/5/2018
		Amount:	\$50,000.00
Surety Bond	\$50,000.00	Purpose:	Multiple Well Bond
	Lexon Insurance Company		ACT

# Incident Report

EXHIBIT 3

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitud	County	T-R-S
Denbury Onshore, LLC	BOG	10/2/2018	Spill or Release		300 Barrels	Flow Line - Injection	No	46.27905	-104.18972		6N-60E-15 NENW
Continental Resources Inc	BOG	10/4/2018	Fire	21 Gallons	1 Barrels	Pump Failure	No	48.96272	-104.30267	Sheridan	37N-56E-14 SENW
Denbury Onshore, LLC	BOG	10/19/2018	Spill or Release	6 Barrels		Tank or Tank Battery	No	46.70167	-104.53194	Wibaux	11N-57E-15 SWNE
Denbury Onshore, LLC	BOG	10/21/2018	Spill or Release			Other	Yes	46.10750	-104.04806	Fallon	10N-58E-17 NWNE
Denbury Onshore, LLC	FED	10/22/2018	Fire	2 Barrels	3 Barrels	Treater	Yes	46.25996	-104.14520	Fallon	6N-60E-24 SWNE
Continental Resources Inc	BOG	10/26/2018	Fire			Flare Pit	Yes	47.88183	-104.58714	Richland	25N-55E-35 NWNW
Denbury Onshore, LLC	BOG	11/2/2018	Spill or Release		300 Barrels	Flow Line - Injection	No	46.11057	-104.09244	Fallon	4N-61E-13 NENW
Continental Resources Inc	BOG	11/16/2018	Spill or Release	130 Barrels		Tank or Tank Battery	Yes	47.99414	-104.08801	Richland	26N-59E-22 SENW
True Oil LLC	BOG	11/21/2018	Spill or Release	100 Barrels		Other	No	48.16556	-104.50776	Roosevelt	28N-56E-20 SENE
Denbury Onshore, LLC	BOG	11/27/2018	Spill or Release		5 Barrels	Other	No	46.40167	104.26500		8N-60E-31 NWSE

## Docket Summary

12/13/2018 Hearing

82-2018 1-2019 F	St. Croix Operating, Inc.	Temporary spacing unit, Nisku Formation, 30N-47E-26:N2NE4, 660' setbacks w/50' tolerance.	<i>Allotted minerals - fee minerals being excluded from what would be the statewide drilling and temporary spacing unit under ARM 36.22.702.</i>	<input type="checkbox"/>
83-2018	Kraken Oil & Gas LLC	Permanent spacing unit, Bakken/Three Forks Formation, 26N-59E-9: all, 16: all (Kai 16-9 #1H).	<i>TSU, Order 116-2015. Related applications, Dockets 83, 84-2018.</i>	<input type="checkbox"/>
84-2018	Kraken Oil & Gas LLC	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 26N-59E-9: all, 16: all (Kai 16-9 #1H). Non-consent penalties requested.	<i>Related applications, Dockets 83, 84-2018.</i>	<input type="checkbox"/>
85-2018	Kraken Oil & Gas LLC	Permanent spacing unit, Bakken/Three Forks Formation, 26N-59E-21: all, 28: all (Dagney 21-28 #1H).	<i>TSU, Order 6-2006. Related applications, Dockets 85, 86-2018.</i>	<input type="checkbox"/>
86-2018	Kraken Oil & Gas LLC	Pool, permanent spacing unit, Bakken/Three Forks Formation, 26N-59E-21: all, 28: all (Dagney 21-28 #1H). Non-consent penalties requested.	<i>Related applications, Dockets 85, 86-2018.</i>	<input type="checkbox"/>
87-2018	Kraken Oil & Gas LLC	Permanent spacing unit, Bakken/Three Forks Formation, 26N-59E-8: all, 17: all (Rowin 17-8 #1H).	<i>TSU, Order 117-2015. Related applications, Dockets 87, 88-2018.</i>	<input type="checkbox"/>
88-2018	Kraken Oil & Gas LLC	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 26N-59E-8: all, 17: all (Rowin 17-8 #1H). Non-consent penalties requested.	<i>Related applications, Dockets 87, 88-2018.</i>	<input type="checkbox"/>
89-2018	Kraken Oil & Gas LLC	Permanent spacing unit, Bakken/Three Forks Formation, 27N-57E-25: all, 26: all (Jill 26-25 #1H).	<i>TSU, Order 142-2015. Related applications, Dockets 89, 90-2018.</i>	<input type="checkbox"/>
90-2018	Kraken Oil & Gas LLC	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 27N-57E-25: all, 26: all (Jill 26-25 #1H, Jill 26-25 #2H, Jill 26-25 #3H, Jill 26-25 #4H, and Jill 26-25 #5H). Non-consent penalties requested.	<i>Related applications, Dockets 89, 90-2018.</i>	<input type="checkbox"/>
91-2018	Denbury Onshore, LLC	Temporary spacing unit, Madison Group, 11N-57E-4: S2SW, SWSE, 9: NW, S2NE, NWNE, NESW, SE, 660' setbacks.		<input type="checkbox"/>
92-2018	Denbury Onshore, LLC	Overlapping temporary spacing unit, Madison Group, 10N-58E-20: S2SE, 28: W2W2, 29: E2, 32: NE, 33: W2NW, 660' setbacks.		<input type="checkbox"/>
93-2018	Denbury Onshore, LLC	Overlapping temporary spacing unit, Madison Group, 10N-58E-28: SW, 29: SE, 32: E2NE, NWNE, 33: W2, NWNE, S2NE, SE, 660' setbacks.		<input type="checkbox"/>
94-2018	Denbury Onshore, LLC	Overlapping temporary spacing unit, Madison Group, 10N-58E-20: W2, W2E2, E2SE, 29: E2NW, NESW, NE, N2SE, 660' setbacks.		<input type="checkbox"/>
95-2018	Hydra MT LLC	Approval to drill, Class II SWD Injection well, Dakota Formation, 25N-59E-5: NW NE.	<b>Default</b>	<input type="checkbox"/>

96-2018	Hydra MT LLC	Approval to drill, Class II SWD Injection well, Dakota Formation, 26N-59E-32: SW SE.	<b>Default</b>		<input type="checkbox"/>
73-2018	Denbury Onshore, LLC	Approval of Mystery Creek (Red River) enhanced recovery unit; underlying certain lands in Fallon County, Montana (8158.28 acres). Order to become effective when the applicant presents proof of the requisite approval by the cost-bearing and cost-free owners of interests within the time limit specified by statute.			<input type="checkbox"/>
97-2018	Hofland, James D.	Show Cause: failure to file production reports and pay administrative fees.	<b>Dismissed</b>	<i>Reports and fine received 12/10/18</i>	<input type="checkbox"/>
98-2018	Provident Energy Of Montana, LLC	Show Cause: failure to file production and injection reports and pay administrative fees.	<b>Dismissed</b>	<i>Production reports, injection reports, and fine received 11/21/18</i>	<input type="checkbox"/>
99-2018	Apex Energy LLC	Show Cause: why additional penalties should not be imposed for failure to remedy the field violations at its wells.	<b>Dismissed</b>	<i>Compliance achieved</i>	<input type="checkbox"/>
100-2018	Pronghorn Petroleum Joint Venture	Show Cause: why bond shouldn't be forfeited for failure to plug Halmans-Federal 1-26 well.			<input type="checkbox"/>
101-2018	Hinto Energy, LLC	Show Cause: why its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon its wells.			<input type="checkbox"/>
60-2017	Black Gold Energy Resource Development, LLC	Show Cause: why its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon its Indian Mound 1 SWD well located in the NE¼SW¼SW¼ of Section 15, T23N, R55E, Richland County, Montana as required by Board Order 45-2017, in accordance with § 82-11-123(5), MCA.			<input type="checkbox"/>
81-2018	Bensun Energy, LLC	Show Cause: 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 well, T36N-R52E-27: NWSE, Sheridan County, Montana as well as any other outstanding field violations.			<input type="checkbox"/>



# **GAS FLARING**

**December 12, 2018**

Company	Wells Flaring over 100	Wells Flaring over 100 w/o Exception	Current Exceptions (over 100)	Exception Requests	Wells over 100 Hooked to Pipeline
Kraken	5	3	2	4	4
Petro-Hunt	3	1	2	1	0
Whiting	1	1	0	1	0
Totals	9	5	4	6	4

# Flaring Requests

## *Summary*

There are 9 wells flaring over 100 MCFG per day based on current production numbers.

4 of the 9 wells have approved exceptions due to distance, pipeline capacity issues, or time to connection.

There are 6 exceptions requested at this time.

## *Kraken*

### **Rowin 17-8 #1H – API #25-083-23350, 26N-59E-21**

1. Flaring 285 MCF/D.
2. Completed: 8/2018.
3. Estimated gas reserves: 513 MMCF.
4. Proximity to market: Connected to pipeline.
5. Flaring alternatives: None.
6. Amount of gas used in lease operations: 6 MCF/D.
7. Justification to flare: Contracted/connected with ONEOK Rockies Midstream, Kraken has had very limited success selling gas into the line due to sales line pressure.

### **Kai 16-9 #1H – API #25-083-23349, 26N-59E-21**

1. Flaring 196 MCF/D.
2. Completed: 6/2018.
3. Estimated gas reserves: 526 MMCF.
4. Proximity to market: Connected to pipeline.
5. Flaring alternatives: None.
6. Amount of gas used in lease operations: 6 MCF/D.
7. Justification to flare: Contracted/connected with ONEOK Rockies Midstream, Kraken has had very limited success selling gas into the line due to sales line pressure.

### **Dagney 21-28 #1H – API #25-083-23348, 26N-59E-21**

1. Flaring 275 MCF/D.
2. Completed: 6/2018.
3. Estimated gas reserves: 618 MMCF.
4. Proximity to market: Connected to pipeline.
5. Flaring alternatives: None.
6. Amount of gas used in lease operations: 6 MCF/D.
7. Justification to flare: Contracted/connected with ONEOK Rockies Midstream, Kraken has had very limited success selling gas into the line due to sales line pressure.

### **Della 14-23 #1H – API #25-085-21985, 27N-57E-11**

1. Flaring 107 MCF/D.
2. Completed: 4/2018.
3. Estimated gas reserves: 483 MMCF.
4. Proximity to market: Connected to pipeline.
5. Flaring alternatives: None.
6. Amount of gas used in lease operations: 6 MCF/D.
7. Justification to flare: Connected to pipeline in June, Kraken has had very limited success selling gas into the line due to sales line pressure.

### ***Petro-Hunt***

### **Boje Farms 19-54 – API #25-021-21184, 19N-54E-17**

1. Flaring 115 MCF/D.
2. Completed: 2/2011.
3. Proximity to market: >25 miles pipeline.
4. Estimated gas price at market: ~\$2/MCF.
5. Estimated cost of marketing the gas: ~\$3.2 million.
6. Flaring alternatives: None.
7. Amount of gas used in lease operations: 25-30 MCF/D.
8. Justification to flare: Uneconomic to connect due to lack of infrastructure in the area.

### ***Whiting Oil & Gas***

### **Skov 31-27-3H – API #25-083-23295, 25N-59E-27**

1. Flaring 103 MCF/D.
2. Completed: 1/2015.
3. Estimated gas reserves: 441 MMCF.
4. Proximity to market: 12,500 ft to pipeline.
5. Estimated gas price at market: ~\$2.63/MCF.
6. Estimated cost of marketing the gas: ~\$200,000.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 2 MCF/D.
9. Justification to flare: Insufficient compression capacity on Oneok's system in this area

Termination of Federal Unit Agreements

South Wolf Springs Amsden Unit

- Terminated by BLM effective August 31, 2017
- Unit approved by Board Order 23-1992

Request docket to vacate Order 23-1992

Mason Lake (1<sup>st</sup> Cat Creek) Unit

- Terminated by BLM effective February 6, 2016
- Unit approved by Board Order 80-1996

Request docket to vacate Order 80-1996



# United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
Montana State Office  
5001 Southgate Drive  
Billings, Montana 59101-4669  
[www.blm.gov/montana-dakotas](http://www.blm.gov/montana-dakotas)

In Reply Refer To:

South Wolf Springs Amsden Unit  
MTM 78156X  
(MT9221.MP)

July 9, 2018

**RECEIVED**

JUL 16 2018

MONTANA BOARD OF OIL &  
GAS CONSERVATION • BILLINGS

Beartooth Oil & Gas Company  
P.O. Box 2564  
Billings, Montana 59103

Dear Sir/Madam:

The Miles City Field Office notified you by letter dated May 24, 2016, that the South Wolf Springs Amsden Unit, Yellowstone County, Montana, no longer contained a well capable of production in paying quantities sufficient to pay day-to-day operating costs, including rental and/or minimum royalty on a sustained basis. You were given 60 days from receipt of the letter to return the unit to production or the unit would automatically terminate.

The Miles City Field Office notified this office on March 23, 2018, that the Federal 1 well on Federal lease MTM 59249 and Federal 34-14 well on Federal lease MTM 61242 were plugged and abandoned. The Unit is hereby terminated effective August 31, 2017, the date the wells were plugged and abandoned.

The termination may affect Federal lease MTM 59249 and MTM 61242.

If you have any questions, please contact Merry Prestridge at (406) 896-5026 or via electronic mail at [mprestri@blm.gov](mailto:mprestri@blm.gov).

Sincerely,

Donato J. Judice, Deputy State Director  
Division of Energy, Minerals and Realty

cc: FM, Miles City Field Office (electronic copy)

Mr. Glen Reese  
Office of Natural Resources Revenue (electronic copy)

Mr. Van Charlton  
Montana Department of Revenue  
Natural Resources & Corporate Tax Division  
P.O. Box 5805  
Helena, Montana 59604-5805

ORDER 23-1992

BEFORE THE BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION )  
OF BEARTOOTH OIL AND GAS COMPANY )  
FOR AN ORDER APPROVING OPERATION )  
OF A WATERFLOOD UNIT FOR ENHANCED )  
RECOVERY PURPOSES FROM THE AMSDEN )  
DOLOMITE UNDERLYING CERTAIN LANDS )  
IN YELLOWSTONE COUNTY, MONTANA )  
(SOUTH WOLF SPRINGS AMSDEN UNIT). )

ORDER NO. 23-92

Docket 23-92

Report of the Board

The above entitled cause came on regularly for hearing on the 26th day of March, 1992, in the Radisson Northern Hotel, Frontier Room, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana hereinafter referred to as the "Board." At the outset of the hearing Board member Dean Swanson announced that he deemed himself disqualified to participate in the hearing and took no further part in the proceedings by the Board on this matter. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. More than 60 days prior to filing its application herein, applicant gave due notification of its intention to make such application by mailing notice to that effect to all persons then known to applicant as owning an interest in the oil and gas within the proposed unit area.
2. More than 80 percent of the working interest owners and more than 80 percent of the royalty interest owners in the area have approved the proposed unit agreement.
3. The proposed unit area is composed of the Amsden Dolomite underlying the following described lands in Yellowstone County, Montana:

Township 6 North, Range 32 East, MPM  
Section 2: NW $\frac{1}{4}$  NE $\frac{1}{4}$ , N $\frac{1}{2}$  NW $\frac{1}{4}$ , SW $\frac{1}{4}$  NW $\frac{1}{4}$   
Section 3: NE $\frac{1}{4}$

Township 7 North, Range 32 East, MPM  
Section 34: SE $\frac{1}{4}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$   
Section 35: W $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$

4. The waterflood project proposed is that of injecting water into the Pennsylvanian Amsden Dolomite from 6,004 to 6,018 feet in the Amma Botts #2 Well and from 5,930 feet to 5,942 feet in the White #1 well. The proposed water supply is the Third Cat Creek Sand in the Beartooth #1 well. The proposed unit plan provides for injecting 200 barrels of water per day into each of the two initial injector wells. This amount may be increased to a maximum of 1,000 barrels per well in the future if warranted.
5. The primary energy of the reservoir has been substantially depleted and secondary recovery by water injection is feasible and reasonably necessary to increase the ultimate recovery of oil and gas. The inauguration and conduct of the waterflood injection program such as that proposed by applicant will result in the recovery of a substantial amount of additional oil which would otherwise remain in place.
6. There is a need for the operation as a unit of the pool underlying the above described lands and it is necessary that the interests of all owners of the oil and gas therein be unitized.



# United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
Montana State Office  
5001 Southgate Drive  
Billings, Montana 59101-4669  
[www.blm.gov/montana-dakotas](http://www.blm.gov/montana-dakotas)

In Reply Refer To:

Mason Lake (1<sup>st</sup> Cat Creek) Unit  
MTM 85910X  
(MT9221.MP)

June 26, 2018

RECEIVED

JUL 02 2018

MONTANA BOARD OF OIL &  
GAS CONSERVATION • BILLINGS

Hinto Energy, Inc.  
5350 South Roselyn Street, Suite 400  
Greenwood Village, Colorado 80111

Dear Mr. Harris:

The Miles City Field Office notified you by letter dated February 6, 2016, that the Mason Lake (1<sup>st</sup> Cat Creek) Unit, Musselshell County, Montana, no longer contained a well capable of production in paying quantities sufficient to pay day-to-day operating costs, including rental and/or minimum royalty on a sustained basis. You were given 60 days from receipt of the letter to return the unit to production or the unit would automatically terminate.

You failed to respond to the letter; therefore, the Unit is hereby terminated effective February 6, 2016, the date that Miles City Field Office determined that the unit was no longer capable of producing unitized substances.

The termination may affect Federal lease MTM 063166.

If you have any questions, please contact Merry Prestridge at (406) 896-5026 or via electronic mail at [mprestri@blm.gov](mailto:mprestri@blm.gov).

Sincerely,

Deputy State Director  
Division of Energy, Minerals and Realty

cc: FM, Miles City Field Office (electronic copy)

Mr. Glen Reese  
Office of Natural Resources Revenue (electronic copy)

Mr. Van Charlton  
Montana Department of Revenue  
Natural Resources & Corporate Tax Division  
P.O. Box 5805  
Helena, Montana 59604-5805

ORDER 80-1996



BEFORE THE BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF BLACK HAWK )  
RESOURCES LLC FOR AN ORDER APPROVING OPERATION )  
OF A WATERFLOOD UNIT FOR ENHANCED RECOVERY )  
PURPOSES FROM THE FIRST CAT CREEK SAND )  
UNDERLYING THE SE¼ OF SECTION 34, THE SW¼ OF )  
SECTION 35 IN TOWNSHIP 9 NORTH, RANGE 24 EAST )  
AND LOTS 1, 2, 7, AND 8 IN SECTION 2, AND LOTS )  
3, 4, 5 AND 6 IN SECTION 1 OF TOWNSHIP 8 NORTH, )  
RANGE 24 EAST, MUSSELHELL COUNTY, MONTANA. )  
(MASON LAKE FIELD) )

ORDER NO. 80-96

Docket 81-96

Report of the Board

The above entitled cause came on regularly for hearing on the 21st day of November, 1996, in the Billings Petroleum Club, Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.

2. The proposed unit area is composed of the First Cat Creek Sand underlying the following described lands in Musselshell County, Montana:

Township 8 North, Range 24 East, MPM

Section 1: Lots 3, 4, 5 and 6  
Section 2: Lots 1, 2, 7 and 8

Township 9 North, Range 24 East, MPM

Section 34: SE¼  
Section 35: SW¼

3. The waterflood project proposed is to inject water in the First Cat Creek Formation underlying said unit area through injection wells, the locations of which are specifically shown in the application and exhibits.

4. The primary energy of the reservoir has been substantially depleted and secondary recovery by water injection is feasible and reasonably necessary to increase the ultimate recovery of oil and gas. The inauguration and conduct of the waterflood injection program proposed by applicant will result in the recovery of a substantial amount of additional oil which would otherwise remain in place.

5. There is a need for the unit operation of the pool underlying the above described lands and it is necessary that the interests of all owners of the oil and gas therein be unitized.

6. The evidence presented by applicant indicates it was not possible to effectuate a wholly voluntary unitization of interests in said reservoir and that the issuance of an order for the unit operations of that part of the pool within the delineated area is necessary under the provisions of Section 82-11-204, MCA, et seq.

## Inactive Wells

### 1. Bonds That Include No Active Wells

Includes known defunct companies, wells that may be plugged by operators when contacted, and some cases where the outcome is unknown.

#### Action:

- Letters will be sent to identified operators requesting a schedule for abandonment or detailed justification for leaving wells unplugged
- If no response is received, staff will request a show-cause hearing to begin the process of bond forfeiture.
- Responses will be reviewed by staff and presented to board at a business meeting. The board can accept the proposal, request additional information from staff or operator, or schedule the operator to appear at a business meeting or hearing.
- Letters will be sent on a schedule to limit business meeting load.
- Operator's proposed abandonment schedules will require continued monitoring.

### 2. Landowner Requests for Abandonment of Inactive Wells

Requests from surface owners to have inactive wells plugged and the locations reclaimed are common. These fall into two categories – wells located on an active mineral lease, and wells where leases have been terminated and bonded operator no longer has the right to produce the well.

#### Action:

- Requests from landowners will be reviewed and landowner will be asked to provide the status of the underlying mineral lease or whether surface agreements exist for possible use as disposal wells.
- Letters will be sent to the operator and the process from the previous section will be followed, including board review of responses. Length of time that the well has been inactive and potential recompletion or future use of the wellbore can be accommodated under the rule.
- Letter language will be modified in those cases where the potential for future use of the wellbore is unlikely due to lack of an active lease or agreement.

### 3. Change of Operator Requests

Staff requests adoption of a policy concerning change of operator requests that can be made available to companies planning to sell or acquire wells. The proposed policy is:

**New Companies:** New companies that intend to acquire 15 or more wells on a multiple well bond would have their bond approval and change of operator request referred to the board for approval.

**Existing Companies:** If the receiving operator's multiple well bond covers 10 or more inactive wells, or if as a result of the transfer 10 or more inactive wells would be covered by the bond, approval of the change of operator request would be referred to the board for approval.

### Inactive Wells, Phase 1

CoName	Total_Wells	Last_Inj-Prod
A & G Oil & Gas	4	
Miami Oil Producers, Inc.	3	
Daube Company, The	2	
Grynberg, Jack J.	2	
Compass Energy, Inc.	1	
Elenburg Exploration, Inc.	1	
EnCana Oil & Gas (USA) Inc.	1	
Molen Drilling Co., Inc.	1	
TDW Gas Processing, LLC	1	10/31/1988
UnionTown Energy Montana LLC	1	
Zeiders Bros. Oil & Gas Company, L.L.C.	1	
Iofina Natural Gas, Inc.	34	10/31/2010
Fulton Fuel Company	19	7/31/1995
Greylock Conventional, LLC	14	1/31/2016
Stewart, Lynn	14	7/31/1991
Pride Energy Company	5	10/31/2014
Beartooth Energy, LLC	4	9/30/2014
Hawley-Northrup	4	4/30/2013
Forward Energy, LLC	3	5/31/2011
Powder River Gas, LLC	3	
Brandon Oil Company	2	11/30/2015
Grassy Butte LLC	2	4/30/2014
Janssen Gas	2	
Armstrong, Ken D.	1	
Butler Petroleum LLC	1	
Cremer Energy Inc.	1	
Cypress Energy Partners - Sheridan SWD, LLC	1	7/31/2013
Fairways Exploration & Production, LLC	1	3/31/2014
Fort Worth Operating Company, LLC	1	
Foster, Charles P. And Smith, Loren E.	1	5/31/2007
Fulco	1	
Greylock Production, LLC	1	2/29/2016
Harvest Time Oil, Inc.	1	
Heavy Water Haulers Inc.	1	7/31/2004
Herco Exploration LLC	1	9/30/2008
L & H Resources LLP	1	
Larslan Water Disposal	1	4/30/2009
Lustre Salt Water Disp, Vernon R. Justice Db	1	5/31/2006
North Range Exploration, LLC	1	
Pinnacle Ranch, Inc.	1	9/30/2012
Powers Energy Inc.	1	
Prima Exploration, Inc.	1	8/31/2010
Rimrock Oil Company	1	1/31/2003
Seymour, James & Lorraine	1	9/30/2012
Williston Industrial Supply Corporation	1	7/31/2009
Young Sanders E&P, LLC	1	