

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

IN THE MATTER OF THE APPLICATION OF DENBURY ONSHORE LLC FOR AN ORDER CREATING AN ENHANCED RECOVERY UNIT FOR OIL AND GAS WITHIN THE RED RIVER FORMATION UNDERLYING CERTAIN LANDS IN FALLON COUNTY, MONTANA, COMPRISED OF 8,158.38 ACRES TO BE KNOWN AS THE "MYSTERY CREEK (RED RIVER) UNIT AREA"; APPROVING A PLAN OF OPERATIONS CONSISTING OF A UNIT AGREEMENT AND A UNIT OPERATING AGREEMENT; VACATING ALL EXISTING SPACING ORDERS RELATED THERETO AS TO THE UNIT AREA AND UNITIZED FORMATION, AND SUCH OTHER AND FURTHER RELIEF AS THE MBOGC MAY DEEM APPROPRIATE

DOCKET 73-2018

APPLICATION

DENBURY ONSHORE LLC, 5320 Legacy Drive, Plano, Texas 75024, presents the following application:

1. Applicant is the operator of the following lands ("unit lands") located in Fallon County, Montana:

Twp. 9 North, Rge. 58 East, MPM

Section 2: Lots 1, 2, 3, 4, S/2N/2, S/2 (All)

Section 10: S/2

Section 11: All

Section 12: W/2W/2

Section 13: W/2W/2

Section 14: All

Section 15: E/2

Section 22: NE/4

Section 23: All

Section 24: All

Section 25: All

Section 26: All

Section 35: All

Section 36: All

Twp. 9 North, Rge. 59 East, MPM

Section 30: Lots 1, 2, 3, 4, E/2W/2, E/2 (All)

Section 31: All

containing 8,158.28 acres, more or less.

2. Applicant owns leasehold interests underlying more than 60% of the surface of the unit lands.
3. Applicant has formulated a plan of unit operations concerning the unit lands for the enhanced recovery of oil and gas from the Red River formation thereunder.
4. Applicant represents that the proposed unit operation is necessary to increase ultimate recovery of oil; that the value of the estimated additional oil recovery less royalties will exceed the estimated additional cost incident to such operation; and that the full areal extent of the Red River formation within the proposed unit area has been reasonably defined and determined by drilling operations.
5. Applicant requests this matter be set for hearing; notice be given as required by law; and after hearing the matter, the Board enter its order; (a) providing for the unit operation of the lands and Red River formation thereunder as described above; (b) approving the Mystery Creek Unit Agreement and Mystery Creek Unit

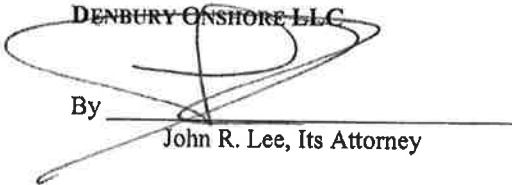
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Operating Agreement as constituting a plan of unit operations that is just and reasonable; (c) vacating all existing spacing orders and well setback requirements as to the unit area and unitized formation (except that no well shall be located closer than 660' feet to the unit boundaries); and (d) declaring that the order will become effective within the terms of M.C.A. § 82-11-207 upon Applicant presenting evidence of requisite approval by the cost-bearing and cost-free owners of interests therein.

DATED this 29th day of August, 2018.

DENBURY ONSHORE LLC
By 
John R. Lee, Its Attorney

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