

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
October 9 & 10, 2019

NOTICE OF PUBLIC HEARING

(CONSERVATION AND PREVENTION
(OF WASTE OF OIL AND GAS

The Board of Oil and Gas Conservation of the State of Montana will hold its business meeting on Wednesday, October 9, 2019, 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 14, 2019, business meeting
3. Public comment on agenda and non-agenda items
4. Longevity & service awards
5. Review of Western Meadowlark Resources, LLC reduction of plugging liability
6. Review of Midway Energy, LLC reduction of plugging liability
7. Financial report
8. Plugging and reclamation program update
9. Bond summary & incident report
10. Docket summary
11. Gas flaring exceptions
12. Inactive well review
13. Staff reports
14. 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, October 10, 2019, 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 88-2019

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

Upon the application of **Kraken Oil & Gas LLC** to designate an overlapping temporary spacing unit comprised of all of Sections 14, 15, 22, and 23, T25N-R58E, Richland County, Montana, for the purposes of drilling an additional horizontal Bakken/Three Forks Formation well at any location not closer than 200' (heel/toe setback) oriented in a north-south azimuth proximate to the common boundary between existing permanent and temporary spacing units and the overlapping temporary spacing unit shall be limited to production from the proposed horizontal well.

Docket 89-2019

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

Upon the application of **Kraken Oil & Gas LLC** to vacate Board Order 342-2011 and to designate an overlapping temporary spacing unit comprised of Sections 30 and 31, T25N-R59E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 90-2019

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

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to four horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 30 and 31 T25N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of said wells commence within one year of the date of the order issued by the Board. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 91-2019

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

Upon the application of **Kraken Oil & Gas LLC** to vacate Board Order 342-2011 and to designate an overlapping temporary spacing unit comprised of Sections 29 and 32, T25N-R59E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 92-2019

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

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to four horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 29 and 32, T25N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of said wells commence within one year of the date of the order issued by the Board. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 93-2019

APPLICANT: BALDWIN LYNCH ENERGY CORPORATION – CARBON COUNTY, MONTANA

Upon the application of **Baldwin Lynch Energy Corporation** to drill a Lakota Formation oil and gas test well at a proposed well location approximately 520' FNL and 2014' FWL in Section 22, T9S-R22E, Carbon 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 94-2019

APPLICANT: CONTINENTAL RESOURCES, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to vacate Board Order 40-2013 and to designate an overlapping temporary spacing unit comprised of all of Section 35, T27N-R53E and all of Sections 2 and 11, T26N-R53E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 0' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 95-2019

APPLICANT: CONTINENTAL RESOURCES, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to vacate Board Orders 43-2013 and 472-2012 and to designate an overlapping temporary spacing unit comprised of all of Sections 14, 23, and 26, T26N-R53E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 0' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 96-2019

APPLICANT: CONTINENTAL RESOURCES, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to vacate Board Order 469-2013 and to designate an overlapping temporary spacing unit comprised of all of Section 36, T27N-R53E and all of Sections 1 and 12, T26N-R53E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 0' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 97-2019

APPLICANT: CONTINENTAL RESOURCES, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to authorize the drilling of three additional horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Section 36, T27N-R53E and all of Sections 1 and 12, T26N-R53E, Richland County, Montana, but not closer than 0' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant requests placement on the Default Docket.

Docket 98-2019

APPLICANT: CONTINENTAL RESOURCES, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to vacate Board Order 113-2013 and 472-2012 and to designate an overlapping temporary spacing unit comprised of all of Sections 13, 24, and 25, T26N-R53E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 0' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 99-2019

APPLICANT: CONTINENTAL RESOURCES, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to authorize the drilling of three additional horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 13, 24, and 25, T26N-R53E, Richland County, Montana, but not closer than 0' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Applicant requests placement on the Default Docket.

Docket 100-2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate a permanent spacing unit comprised of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 12, T37N-R5E, Liberty County, Montana, for the production of natural gas from the Colorado Group with respect to the Federal 44-12 well. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 101-2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate a permanent spacing unit comprised of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 13, T37N-R5E, Liberty County, Montana, for the production of natural gas from the Colorado Group with respect to the Federal 2R-13 well. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 102-2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate a permanent spacing unit comprised of the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8, T37N-R6E, Liberty County, Montana, for the production of natural gas from the Colorado Group with respect to the Margaret T. Johnson #1 well. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 103-2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate a permanent spacing unit comprised of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 12, T37N-R6E, Liberty County, Montana, for the production of natural gas from the Colorado Group with respect to the Johnson 12-12 well. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 104-2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate the Jessie Millen #1 well located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24, T37N-R5E, Liberty County, Montana, as a noncommercial natural gas well in the Swift Formation. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 105-2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate the M. Johnson #15-5 well located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 5, T37N-R6E, Liberty County, Montana, as a noncommercial natural gas well in the Second White Specks Formation. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 106-2019

APPLICANT: SAGE CREEK COLONY – LIBERTY COUNTY, MONTANA

Upon the application of **Sage Creek Colony** to designate the Corcoran and Gray #6-27 well located in the SE¼NW¼ of Section 27, T37N-R6E, Liberty County, Montana, as a noncommercial natural gas well in the Blackleaf Formation. Natural gas produced from the well will be utilized by the applicant for domestic purposes only.

Docket 107-2019

APPLICANT: CLINE PRODUCTION COMPANY – ROSEBUD COUNTY, MONTANA

Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for certain wells identified in the application from Tyler Oil Company to Cline Production Company, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 108-2019

APPLICANT: ANG HOLDING (USA) CORP. – BLAINE COUNTY, MONTANA

Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for certain wells identified in the applications from Montana Land & Exploration, Inc. to ANG Holdings (USA) Corp., and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 109-2019

APPLICANT: MONTANA BOARD OF OIL AND GAS CONSERVATION – RICHLAND, ROOSEVELT, AND SHERIDAN COUNTIES, MONTANA

Upon the Board's own motion to require **White Rock Oil & Gas, LLC** to appear and provide the Board a progress update of its efforts to reduce its plugging liability.

Docket 74-2019
Continued from August 2019

APPLICANT: FOOTHILLS EXPLORATION, LLC – GOLDEN VALLEY, MUSSELSHELL, ROSEBUD, STILLWATER, AND SWEETGRASS COUNTIES, MONTANA

Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for certain wells identified in the applications from Bayswater Exploration & Production, LLC and Big Sky Energy, LLC to Foothills Exploration, LLC, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 110-2019
SHOW-CAUSE HEARING

RESPONDENT: ZEIDERS BROS. OIL & GAS COMPANY, LLC – MCCONE COUNTY, MONTANA

Upon the Board's own motion to require **Zeiders Bros. Oil & Gas Company, LLC** to appear and show cause, if any it has, why it should not be required to immediately plug and abandon its Rudolph Haynie 1-5 well, API # 25-055-21207, located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5, T22N-R47E, McCone County, Montana.

Docket 111-2019
SHOW-CAUSE HEARING

RESPONDENT: TOI OPERATING – WIBAUX AND RICHLAND COUNTIES, MONTANA

Upon the Board's own motion to require **TOI Operating** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to plug and abandon its Moerman 14-30 well, API # 25-109-21053, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 30, T18N-R59E, Wibaux County, Montana.

Status of the MT Ag. Sta. 28-41 well., located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 28, T23N-R59E, Richland County, Montana and the Theil 14-23 well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 14, T22N-R59E, Richland County, Montana will also be reviewed.

Docket 112-2019
SHOW-CAUSE HEARING

RESPONDENT: PARMT LLC – SHERIDAN COUNTY, MONTANA

Upon the Board's own motion to require **PARMT LLC** to appear and show-cause, if any it has, why it should not provide a plan and timeline for the plugging and abandonment of the Guenther 2-8 well, located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8, T33N-R58E, Sheridan County, Montana.

Docket 113-2019
SHOW-CAUSE HEARING

RESPONDENT: BENSUN ENERGY, LLC – RICHLAND AND SHERIDAN COUNTIES, MONTANA

Upon the Board's own motion to require **Bensun Energy, LLC** to appear and show cause, if any it has, why it should not begin to plug and abandon or transfer its wells prior to the October 10, 2019, public hearing. The failure to begin to plug and abandon or transfer the wells as required by Board Order 77-2019 may result in forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 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.

At the hearing, compliance will be reviewed and a determination will be made concerning the outstanding fine of \$112,500.

Docket 75-2019
SHOW-CAUSE HEARING
Continued from August 2019

RESPONDENT: GRASSY BUTTE, LLC – ROSEBUD COUNTY, MONTANA

Upon the Board's own motion to require **Grassy Butte, LLC**, to appear and show cause, if any it has, why penalties should not be imposed for failure to maintain mechanical integrity for the Kesterson #5 saltwater disposal well (API # 25-087-21488).

Docket 76-2019
SHOW-CAUSE HEARING
Continued from August 2019

RESPONDENT: SUMMIT GAS RESOURCES, INC. – BIG HORN COUNTY, MONTANA

Upon the Board's own motion to require **Summit Gas Resources, Inc.** to appear and show cause, if any it has, why penalties should not be imposed for failure to maintain mechanical integrity for the Visborg 22-0841 11SA (API # 25-003-22690) and the DP 31-0842 05SA (API # 25-003-22725) saltwater disposal wells.

Docket 77-2019
SHOW-CAUSE HEARING
Continued from August 2019

RESPONDENT: CLINE PRODUCTION COMPANY – ROSEBUD COUNTY, MONTANA

Upon the Board's own motion to require **Cline Production Company** to appear and show cause, if any it has, why penalties should not be imposed for failure to maintain mechanical integrity for the Kincheloe 3X-30 (API # 25-087-21285), Kincheloe 1-6 (API # 25-087-21346), Kincheloe 10-19 (API # 25-087-21239), and the Kincheloe 1-12 (API # 25-087-21354) enhanced oil recovery injection wells.

Docket 78-2019
SHOW-CAUSE HEARING
Continued from August 2019

RESPONDENT: A & G OIL & GAS – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **A & G Oil & Gas** 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 the following wells as required by Board Order 22-2019, in accordance with § 82-11-123(5), MCA.

- Normont 1 well, API # 25-101-23443, located in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2, T34N-R2W, Toole County, Montana
- Rossmiller 3 well, API # 25-101-23440, located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 11, T34N-R2W, Toole County, Montana
- Mullady 11-30 well, API # 25-101-22933, located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 30, T35N-R3W, Toole County, Montana

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant