

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
MINUTES OF THE  
BOARD OF OIL AND GAS CONSERVATION MEETING AND PUBLIC HEARING  
December 2 & 3, 2020

**CALL TO ORDER**

The regular business meeting of the Montana Board of Oil and Gas Conservation was called to order by Chairman Steven Durrett at 2:00 p.m., Wednesday, December 2, 2020, at its office at 2535 St. Johns Avenue in Billings, Montana. Board members present were Chairman Steven Durrett, Paul Gatzemeier, Linda Nelson, and Corey Welter. Board members present via teleconference were Mac McDermott, Dennis Trudell, and Mike Weber. Staff present was John Gizicki, Jim Halvorson, George Hudak, Ben Jones, Erin Ricci and Rob Stutz.

**ROLL CALL & INSTRUCTIONS**

Due to the Covid-19 pandemic, the business meeting was available via teleconference to Board members and the public.

Chairman Durrett provided the Board and public instructions on how the meeting was going to be conducted.

**APPROVAL OF MINUTES**

A motion was made by Mrs. Nelson, seconded by Mr. Welter and passed via roll call vote, to approve the minutes of the September 30, 2020, business meeting.

**PUBLIC COMMENT ON AGENDA AND NON-AGENDA ITEMS**

Mr. Welter commented about this being the time for members of the public to express their concerns and issues with action taken by the Board. Comments being made outside of this setting do not allow the Board to understand these concerns and potentially improve on future decisions.

**D90 Energy, LLC**

Mr. Halvorson stated that D90 Energy, LLC (D90) submitted an update to the Board detailing what it has done since the April 2020 change of operator hearing, and its future plans going into 2021, attached as Exhibit 1, and as required by Board Order 25-2020. Uriah Price, attorney, and Brad Morse and Daniel Silverman with D90, attended the meeting via teleconference. Mr. Morse stated from April 2020 to November 2020 the company maintained current production levels and returned five wells to production. Mr. Silverman stated they have kept their Plentywood office open and want to continue to keep their investments in Montana. They are currently waiting for commodity price stability to make more definitive operation and budgeting plans.

### **Scout Energy Management, LLC**

Mr. Halvorson stated that Board staff had received the Johnson 17-1 plugging plan as requested at the Board's September 30, 2020, business meeting. Will Saint with Scout Energy Management, LLC (Scout) appeared via teleconference. Mr. Saint stated Scout had a self-imposed timeline for plugging the Johnson 17-1 of May 3, 2021. Scout would like to get the Detienne 1-18 well back to producing by August 2021. They believe the Detienne 1-17 well should be holding all the leases for the other three Detienne wells. Scout would like to temporarily abandon the Detienne 1-19 and Detienne 1-20 and plan to evaluate the Detienne 1-19 for a possible re-drill.

### **FINANCIAL REPORT**

Mr. Halvorson discussed the financial statement, attached as Exhibit 2.

### **BOND SUMMARY & INCIDENT REPORT**

Mr. Halvorson presented the bond report and the incident report, attached as Exhibit 3 & 4.

### **DOCKET SUMMARY**

Mr. Halvorson presented the docket summary, attached as Exhibit 5.

### **GAS FLARING EXCEPTIONS**

Mr. Jones stated there were no flaring exception requests at this time.

### **OTHER BUSINESS**

No other business was discussed.

## **PUBLIC HEARING**

The Board reconvened on Thursday, December 3, 2020, at 9:00 a.m. at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana, to hear the matters docketed for public hearing. As a result of the discussion, testimony, technical data, and other evidence placed before the Board, the following action was taken in each matter.

Docket 60-2020 – A motion was made by Mr. Gatzemeier, seconded by Mr. Welter and unanimously passed, to approve the application of Denbury Onshore, LLC as set forth in Board Order 57-2020.

Docket 61-2020 – The application of Denbury Onshore, LLC was continued to the February 4, 2021, public hearing.

Docket 62-2020 – A motion was made by Mrs. Nelson, seconded by Mr. Welter and unanimously passed, to approve the application of Denbury Onshore, LLC as set forth in Board Order 58-2020.

Docket 63-2020 – The application of Denbury Onshore, LLC was continued to the February 4, 2021, public hearing.

Docket 64-2020 – The application of Denbury Onshore, LLC was continued to the February 4, 2021, public hearing.

Docket 65-2020 – A motion was made by Mr. Welter, seconded by Mr. Gatzemeier and unanimously passed, to approve the application of Denbury Onshore, LLC as set forth in Board Order 59-2020.

Docket 66-2020 – A motion was made by Mr. Welter, seconded by Mr. Gatzemeier and unanimously passed, to approve the application of Denbury Onshore, LLC as set forth in Board Order 60-2020.

Docket 67-2020 – A motion was made by Mr. Welter, seconded by Mrs. Nelson and unanimously passed, to approve the application of Denbury Onshore, LLC as set forth in Board Order 61-2020.

Docket 68-2020 – A motion was made by Mr. Welter, seconded by Mrs. Nelson and unanimously passed, to approve the application of Denbury Onshore, LLC as set forth in Board Order 62-2020.

Docket 69-2020 – A motion was made by Mrs. Nelson, seconded by Mr. Gatzemeier and unanimously passed, that staff may proceed with administrative review and approval of Montalban Oil & Gas Operations, Inc.'s change of operator request. This is set forth in Board Order 56-2020.

Docket 70-2020 – A motion was made by Mr. Welter, seconded by Mrs. Nelson and unanimously passed, to establish a committee of Mr. Gatzemeier, Mr. Welter, Mr. Weber, and Board staff to review A&S Mineral Development Co., LLC's financial information with them in a closed meeting prior to the February 4, 2021, Board Hearing. Docket 70-2020 is continued to the February 4, 2021, public hearing. This is set forth in Board Order 63-2020.

Docket 49-2020 – The application of Three Forks Resources, LLC was continued to the February 4, 2021, public hearing.

Docket 71-2020 – A motion was made by Mr. Gatzemeier, seconded by Mr. Welter and unanimously passed, to continue the show-cause hearing of Pamect Oil, Keith E. Tyner Db a to the February 4, 2021, public hearing. This is set forth in Board Order 64-2020.

Docket 72-2020 – A motion was made by Mr. Gatzemeier, seconded by Mrs. Nelson and unanimously passed, that Board staff send a letter to Drawings reminding them of requirement to appear for show cause hearings and that future compliance issues could result in additional penalties. Docket 72-2020 is dismissed. This is set forth in Board Order 65-2020.

Docket 73-2020 – A motion was made by Mrs. Nelson, seconded by Mr. Welter and unanimously passed, to continue the show-cause hearing of Hawley Hydrocarbons, Merrill&Carol Hawley Db a to the February 4, 2021, public hearing. This is set forth in Board Order 66-2020.

Docket 74-2020 – A motion was made by Mrs. Nelson, seconded by Mr. Welter and unanimously passed, to continue the show-cause hearing of Hawley Oil Company to the February 4, 2021, public hearing. This is set forth in Board Order 67-2020.

Docket 75-2020 – A motion was made by Mrs. Nelson, seconded by Mr. Welter and unanimously passed, to continue the show-cause hearing of Hawley-Northrup to the February 4, 2021, public hearing. This is set forth in Board Order 68-2020.

Docket 41-2020 – A motion was made by Mr. Welter, seconded by Mrs. Nelson and unanimously passed, that if a change of operator for the Velma SWD 1-10H is received prior to January 7, 2021, and approved at the February 4, 2021 hearing, the \$13,750 fine will be reduced to \$6,875. Docket 41-2020 is continued to the February 4, 2021, public hearing. This is set forth in Board Order 69-2020.

Docket 51-2020 – A motion was made by Mr. Gatzemeier, seconded by Mr. Welter and unanimously passed, that Roland Oil and Gas is fined \$1,000 for failure to appear at the December 3, 2020, public hearing. Docket 51-2020 is continued until the February 4, 2021, public hearing. This is set forth in Board Order 70-2020.

Docket 52-2020 – A motion was made by Mr. Welter, seconded by Mrs. Nelson and unanimously passed, that Zeiders Bros. Oil & Gas Company, LLC is fined \$1,000 for failure to appear at the December 3, 2020, public hearing. Zeiders is subject to a \$250 fine for each day after receipt of this order, until an approvable plugging plan has been submitted to Board staff. Docket 52-2020 is continued until the February 4, 2021, public hearing. This is set forth in Board Order 71-2020.

Docket 54-2020 – A motion was made by Mr. Gatzemeier, seconded by Mr. Welter and unanimously passed, that ANG Holding (USA) Corp. is to continue to file reports in accordance with Board rules and that the \$1,860 fine is waived. This is set forth in Board Order 72-2020.

## NEXT MEETINGS

The next business meeting of the Board will be Wednesday, February 3, 2021, at 2:00 p.m. at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. The next regular public hearing will be Thursday, February 4, 2021, beginning at 9:00 a.m. at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. The filing deadline for the February 4<sup>th</sup> public hearing is January 7, 2021.

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

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Steven Durrett, Chairman  
Paul Gatzemeier, Vice-Chairman  
Mac McDermott, Board Member  
Linda Nelson, Board Member  
Dennis Trudell, Board Member  
Joseph Michael Weber, Board Member  
Corey Welter, Board Member

ATTEST:

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Erin Ricci, Administrative Assistant