STATE OF MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION BOARD OF OIL AND GAS CONSERVATION

Telephonic Business Meeting Agenda April 7, 2021 2:00 p.m.

Physical location of Meeting: Board of Oil and Gas Conservation Hearing room, 2535 St. Johns Avenue, Billings, Montana

Everyone on the premises should maintain at least six feet of separation from any other person. If necessary, individuals will be allowed to enter on a rotating basis, as needed, to comply with social distancing.

Due to COVID-19 considerations, please call into the meeting using the following directions

Conference Call Access:

Call-in Number: 1-646-558-8656 (toll-free)
Meeting ID: 935 9682 5821and then press #

Zoom Meeting URL: https://mt-gov.zoom.us/j/93596825821

Meeting Participation Instructions:

Many participants are anticipated. To enable this meeting to run smoothly:

- Place your phone on mute.
- Do not place your phone on hold.
- The board chair will manage the meeting. Do not speak until called upon by the chair. Opportunity for input will be provided.

The agenda for that meeting is as follows:

- 1. Call to order
- 2. Roll Call & Instructions
- 3. Approval of minutes of February 3, 2021, business meeting
- 4. Public comment on agenda and non-agenda items
- 5. Financial report
- 6. Bond summary & incident report
- 7. Docket summary
- 8. Gas flaring exceptions
- 9. Inactive well review
- 10. Staff reports
- 11. Other business
- 12. Adjourn

STATE OF MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION BOARD OF OIL AND GAS CONSERVATION

Telephonic Public Hearing Agenda April 8, 2021 9:00 a.m.

Physical location of Meeting: Board of Oil and Gas Conservation Hearing room, 2535 St. Johns Avenue, Billings, Montana

Everyone on the premises should maintain at least six feet of separation from any other person. If necessary, individuals will be allowed to enter on a rotating basis, as needed, to comply with social distancing.

Due to COVID-19 considerations, please call into the meeting using the following directions

Conference Call Access:

Call-in Number: 1-646-558-8656 (toll-free)
Meeting ID: 938 9040 2252and then press #

Zoom Meeting URL: https://mt-gov.zoom.us/j/93890402252

Meeting Participation Instructions:

Many participants are anticipated. To enable this meeting to run smoothly:

- Place your phone on mute.
- Do not place your phone on hold.
- The board chair will manage the meeting. Do not speak until called upon by the chair. Opportunity for input will be provided.

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below. 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 9-2021

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 14 and 23, T25N-R58E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Taylor 14-23 #2H, Taylor 14-23 #3H, Taylor 14-23 #4H, and Taylor 14-23 #5H wells.

Docket 10-2021

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 14 and 23, T25N-R58E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation and to authorize the recovery of nonconsent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to the Taylor 14-23 #2H, Taylor 14-23 #3H, Taylor 14-23 #4H, and Taylor 14-23 #5H wells.

Docket 11-2021

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 14, 15, 22, and 23, T25N-R58E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Taylor LW 14-23 #1H well.

Docket 12-2021

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 14, 15, 22, and 23, T25N-R58E, 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 Taylor LW 14-23 #1H well.

Docket 13-2021

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, 28, and 33, 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 33-21 #2H, Dagney 33-21 #3H, and Dagney 33-21 #4H wells.

Docket 14-2021

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, 28, and 33, 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 33-21 #2H, Dagney 33-21 #3H, and Dagney 33-21 #4H wells.

Docket 15-2021

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 5, 8, and 17, 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 Rowin 17-5 #2H, Rowin 17-5 #3H, and Rowin 17-5 #4H wells.

Docket 16-2021

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 5, 8, and 17, T26N-R59E, Richland and Roosevelt Counties 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 17-5 #2H, Rowin 17-5 #3H, and Rowin 17-5 #4H wells.

Docket 17-2021

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 105-2019 which authorized 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 such wells must be commenced not later than April 5, 2022.

Docket 18-2021

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 107-2019 which authorized 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 such wells must be commenced not later than April 5, 2022.

Docket 19-2021

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 14-2020 which created an overlapping temporary spacing unit comprised of all of Sections 4, 9, and 16, T26N-R59E, Richland and Roosevelt Counties, 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, provided that operations for the drilling of said well must commence not later than April 30, 2022. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 20-2021

APPLICANT: BISON OIL AND GAS III, LLC - RICHLAND COUNTY, MONTANA

Upon the application of **Bison Oil and Gas III, LLC** to create an overlapping temporary spacing unit comprised of all of Sections 12 and 13, T26N-R58E, 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. Applicant further requests that Board Order 149-2013 be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Shirley 13-24 #1H well.

Docket 21-2021

APPLICANT: BISON OIL AND GAS III, LLC - RICHLAND COUNTY, MONTANA

Upon the application of **Bison Oil and Gas III, LLC** to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells from a common pad anywhere within the overlapping temporary spacing unit comprised of all of Sections 12 and 13, T26N-R58E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 22-2021

APPLICANT: BISON OIL AND GAS III, LLC - RICHLAND COUNTY, MONTANA

Upon the application of **Bison Oil and Gas III, LLC** to create an overlapping temporary spacing unit comprised of all of Sections 18 and 19, T26N-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. Applicant further requests that Board Order 475-2011 be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Johnson 30-19 #1H well.

Docket 23-2021

APPLICANT: BISON OIL AND GAS III, LLC - RICHLAND COUNTY, MONTANA

Upon the application of **Bison Oil and Gas III, LLC** to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells from a common pad anywhere within the overlapping temporary spacing unit comprised of all of Sections 18 and 19, T26N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 24-2021

APPLICANT: BISON OIL AND GAS III, LLC - ROOSEVELT COUNTY, MONTANA

Upon the application of **Bison Oil and Gas III, LLC** to amend Board Order 224-2012 to authorize the drilling of up to two additional horizontal Bakken/Three Forks Formation wells from a common pad anywhere within the permanent spacing unit comprised of all of Sections 2 and 11, T26N-R59E, Roosevelt County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 25-2021

APPLICANT: BISON OIL AND GAS III, LLC - RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Bison Oil and Gas III, LLC** to amend Board Order 10-2020 which created a temporary spacing unit comprised of all of Sections 1, 12, and 13, T26N-R59E, Richland and Roosevelt Counties, 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, provided that operations for the drilling of said well must commence not later than April 30, 2021. Applicant seeks an extension of this order.

Docket 26-2021

APPLICANT: PRIMA EXPLORATION, INC. - RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Prima Exploration, Inc.** to amend Board Order 10-2020 which created a temporary spacing unit comprised of all of Sections 1, 12, and 13, T26N-R59E, Richland and Roosevelt Counties, 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, provided that operations for the drilling of said well must commence not later than April 30, 2021. Applicant seeks an extension of this order to April 30, 2022.

Docket 27-2021

APPLICANT: PRIMA EXPLORATION, INC. - RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Prima Exploration, Inc.** to authorize the drilling of an additional horizontal Bakken/Three Forks Formation well anywhere within the temporary spacing unit comprised of all of Sections 1, 12, and 13, T26N-R59E, Richland and Roosevelt Counties, Montana, 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 28-2021

APPLICANT: DENBURY ONSHORE, LLC - FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to convert the Coral Creek 24-33 well (API #25-025-05164) located in the SE½SW½ of Section 33, T7N-R60E, Fallon County, Montana (Lookout Butte Field) to an enhanced recovery injection well in the Red River Formation at a depth of approximately 8,658-8,930 ft. Staff notes this application is eligible for placement on the default docket.

Docket 29-2021

APPLICANT: MONTANA BOARD OF OIL AND GAS CONSERVATION – MUSSELSHELL, ROSEBUD, STILLWATER, AND SWEETGRASS COUNTIES, MONTANA

Upon the Board's own motion to require **Montana Energy Company**, **LLC** is to appear at the April 8, 2021, public hearing to provide the Board a progress update of its efforts to reduce its plugging liability, as required by Board Order 32-2020.

Docket 42-2020 Continued from October 2020

APPLICANT: POPLAR RESOURCES LLC - ROOSEVELT COUNTY, MONTANA

Upon the application of **Poplar Resources LLC** to certify the East Poplar Unit Area, Roosevelt County, Montana, as a tertiary recovery project effective July 1, 2020, and to certify the production decline rates used to calculate incremental production in the project area, and such other and further relief as the MBOGC may deem appropriate.

T28N-R51E	T28N-R52E	Section 17: All
Section 1: All	Section 6: Lot 1, 2, 3, 4,	Section 18: All
Section 2: All		Section 19: All
Section 3: All	T29N-R50E	Section 20: All
Section 4: Lot 1, 2, 3, 4, S½NW¼,	Section 11: SE¼SE¼	Section 21: All
S½NE¼, NE¼SW¼, SE¼	Section 12: S½	Section 22: NW1/4NW1/4, S1/2NW1/4,
Section 9: NE¼, NE¼SE¼	Section 13: All	SW1/4, NW1/4SE1/4, S1/2SE1/4
Section 10: All	Section 14: E½NE¼, NE¼SE¼	Section 26: W½W½
Section 11: All	Section 22: E½, E½NW¼,	Section 27: All
Section 12: W½, N½NE¼,	SW1/4NE1/4, SW1/4	Section 28: All
SW1/4NE1/4	Section 24: NE ¹ / ₄ NW ¹ / ₄ , E ¹ / ₂	Section 29: All
Section 13: W½	Section 25: E½E½, NW¼NE¼	Section 30: All
Section 14: All	Section 36: E½E½	Section 31: All
Section 15: NE¼, NE¼NW¼,		Section 32: All
E½SE¼	T29N-R51E	Section 33: All
Section 22: E½NE¼, NE¼SE¼	Section 7: Lot 3, 4, E½SW¼, SE¼	Section 34: All
Section 23: All	Section 8: S½SW¼	Section 35: W½NW¼
Section 24: NW1/4, NW1/4SW1/4	Section 16: SW¼NW¼, SW¼, SW¼SE¼	

Docket 61-2020 Continued from December 2020

APPLICANT: <u>DENBURY ONSHORE LLC – WIBAUX COUNTY, MONTANA</u>

Upon the application of **Denbury Onshore LLC** to authorize the production of oil and associated natural gas from the Charles Formation / Madison Group with respect to the South Pine 43-22AR well at a location of 2,005' FSL and 850' FEL in the statewide spacing unit comprised of SE¼ of Section 22, T11N-R57E, Wibaux County, Montana, as an exception to A.R.M. 36.22.702.

Docket 64-2020 Continued from December 2020

APPLICANT: <u>DENBURY ONSHORE LLC - FALLON COUNTY, MONTANA</u>

Upon the application of **Denbury Onshore LLC** to designate a permanent spacing unit comprised of the NW¼SW¼, S½SW¼ of Section 19, W½NE¼, E½NW¼ of Section 30, T4N-R62E and the NW¼NE¼, S½NE¼, NE¼SE¼ of Section 24, T4N-R61E, Fallon County, Montana, for the production of oil and associated natural gas from the Mission Canyon Formation / Madison Group with respect to the Little Beaver East Unit MC22-30NH well.

Docket 30-2021

APPLICANT: A.B. ENERGY, LLC - LIBERTY AND TOOLE 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 one wells in Liberty County and 142 wells in Toole County, Montana, identified in the application from **Croft Petroleum Co. to A.B. Energy, LLC**, for the approval of the assumption of the plugging and reclamation responsibilities for the orphaned State 1-32 well, API # 25-101-23264, located in the SE¼SW¼ of Section 32, T32N-3E, Toole County, Montana by **A.B. Energy, LLC**, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 49-2020 Continued from October 2020

APPLICANT: THREE FORKS RESOURCES, LLC - LIBERTY AND TOOLE 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 five wells in Liberty County and 11 wells in Toole County, Montana, identified in the application from **Croft Petroleum Co. to Three Forks Resources, LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 1-2021 Revised April 2021 / Continued from February 2021

APPLICANT: MONTALBAN OIL & GAS OPERATIONS, INC. – GLACIER AND TOOLE 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 149 wells in Glacier County and 51 wells in Toole County, Montana, identified in the application from **Omimex Canada, Ltd. to Montalban Oil & Gas Operations, Inc.** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 31-2021 SHOW-CAUSE HEARING

RESPONDENT: ANG HOLDING (USA) CORP. - BLAINE COUNTY, MONTANA

Upon the Board's own motion to require **ANG Holding (USA) Corp.** to appear and show cause, if any it has, why they should not be required to provide a plan and timeline for the plugging and abandonment of its wells in Blaine County, Montana.

Docket 32-2021 SHOW-CAUSE HEARING

RESPONDENT: FORWARD ENERGY, LLC - YELLOWSTONE COUNTY, MONTANA

Upon the Board's own motion to require **Forward Energy**, **LLC** to appear and show cause, if any it has, why they should not be required to provide a plan and timeline for the plugging and abandonment of its wells in Yellowstone County, Montana.

Docket 33-2021 SHOW-CAUSE HEARING

RESPONDENT: YOUNG SANDERS E&P, LLC - TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Young Sanders E&P, LLC** to appear and show cause, if any it has, why they should not be required to plug and abandon its State 16-16 well, API # 25-101-24084, located in the SE½SE½ of Section 16, T35N-R1E, Toole County, Montana.

Docket 34-2021 SHOW-CAUSE HEARING

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 additional penalties should not be imposed for failure to file injection reports and to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$120.00. 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 Black Gold Energy Resource Development, LLC to further penalties as prescribed by Board Policy.

Docket 35-2021 SHOW-CAUSE HEARING

RESPONDENT: RINCON OIL & GAS LLC - PHILLIPS COUNTY, MONTANA

Upon the Board's own motion to require **Rincon Oil & Gas LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file production reports and to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$120.00. 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 Rincon Oil & Gas LLC to further penalties as prescribed by Board Policy.

Docket 36-2021 SHOW-CAUSE HEARING

RESPONDENT: KYKUIT RESOURCES, LLC - BLAINE AND FERGUS COUNTIES, MONTANA

Upon the Board's own motion to require **Kykuit Resources**, **LLC** to appear and show cause, if any it has, why additional penalties should not be assessed for failure to file delinquent production reports, failure to pay the penalty assessed for delinquent reporting, and for failure to pay the \$1,000 fine assessed for not appearing at the February 4, 2021, public hearing

Docket 37-2021 SHOW-CAUSE HEARING

RESPONDENT: ROLAND OIL AND GAS - GLACIER AND PONDERA COUNTIES, MONTANA

Upon the Board's own motion to require **Roland Oil and Gas** to appear and show cause, if any it has, why they should not be required to provide a plan and timeline for the plugging and abandonment of its wells in Glacier and Pondera Counties, Montana.

Docket 41-2020 SHOW-CAUSE HEARING Continued from August 2020

RESPONDENT: SHADWELL RESOURCES GROUP, LLC- RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Shadwell Resources Group**, **LLC** to appear and show cause, if any it has, why Administrative Order 3-A-2020 issued at the June 24, 2020, business meeting should not remain in effect for the Velma SWD 1-10H well, API # 25-083-22531, located in the NW¼NW¼ of Section 10, T23N-R58E, Richland County, Montana. It was ordered that Shadwell Resources Group, LLC must immediately cease operations at the Velma SWD 1-10H well and that no additional fluids be transported to the location until violations are remedied, compliance is confirmed by inspection, and this order is lifted by the Administrator. Shadwell is subject to a \$250 fine for each day after August 24, 2020, that the violations remain unresolved.