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

Telephonic Business Meeting Agenda June 9, 2021 2:00 p.m.

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

Interested parties may participate remotely through the meeting information provided below. Those that intend to appear remotely and would like to have information distributed to the Board for the business meeting can provide copies of those materials to the Board's Billings office no later than June 7, 2021.

Conference Call Access:

Call-in Number: 1-646-558-8656 (toll-free)
Meeting ID: 878 3834 7943 and then press #

Zoom Meeting URL https://mt-gov.zoom.us/j/87838347943

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. Vice chair selection
- 4. Approval of minutes of April 7, 2021, business meeting
- 5. Public comment on agenda and non-agenda items
- 6. Financial report
- 7. Bond summary & incident report
- 8. Docket summary
- 9. Gas flaring exceptions
- 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 June 10, 2021 9:00 a.m.

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

Remote testimony will be accepted at the June hearing, however those that intend to appear remotely must provide exhibits either through the applicant's attorney present at the meeting or pre-file copies of any materials to be presented on or before June 7, 2021. Late-filed exhibits may result in continuance to the next hearing.

The call-in information for the meeting is as follows:

Conference Call Access:

Call-in Number: 1-646-558-8656 (toll-free)
Meeting ID: 868 0899 9251 and then press #

Zoom Meeting URL: https://mt-gov.zoom.us/j/86808999251

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 38-2021

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 12-2020 which authorized the drilling of a horizontal Bakken/Three Forks Formation well anywhere within the temporary spacing unit comprised of all of Sections 23, 24, 25, and 26 T26N-R59E, Richland and Roosevelt Counties, 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 30, 2022. Staff notes this application is eligible for placement on the default docket.

Docket 39-2021

APPLICANT: SLAWSON EXPLORATION COMPANY, INC. - RICHLAND COUNTY, MONTANA

Upon the application of **Slawson Exploration Company Inc.** to create a temporary spacing unit comprised of the S½SW¼ of Section 4 and the N½NW¼ of Section 9, T21N-R59E, Richland County, Montana to recomplete the Flames 1H-4 well, located approximately 70' FSL, 1320' FWL in Section 4, as a Ratcliffe Formation well. Applicant requests placement on the Default Docket.

Docket 40-2021

APPLICANT: PRIMA EXPLORATION, INC. - RICHLAND COUNTY, MONTANA

Upon the application of **Prima Exploration**, **Inc.** to drill the Waterhole #1 SWD well in the SW¼SE¼ of Section 24, T25N-R58E, Richland County, Montana (Fairview Field) as a saltwater disposal well in the Dakota Formation at a depth of approximately 5,300-5,740 ft. Staff notes this application is eligible for placement on the default docket.

Docket 41-2021

APPLICANT: LONEWOLF OPERATING, LLC - BLAINE COUNTY, MONTANA

Upon the application of **Lonewolf Operating, LLC** to create a temporary spacing unit comprised of the E½NE¼SW¼ and W½NW¼SE¼ of Section 32, T35N-R21E, Blaine County, Montana, to drill a Sawtooth Formation test well at any location not closer than 330' from the exterior boundaries thereof, as an exception to A.R.M. 36.22.702.

Docket 42-2021

APPLICANT: LONEWOLF OPERATING, LLC - BLAINE COUNTY, MONTANA

Upon the application of **Lonewolf Operating, LLC** to create a temporary spacing unit comprised of the SW¼SW¼SE¼ and SE¼SE¼SW¼ of Section 31, T35N-R21E, and the NW¼NW¼NE¼ and NE¼NE¼NW¼ of Section 6, T34N-R21E, Blaine County, Montana, to drill a Sawtooth Formation test well at any location not closer than 330' from the exterior boundaries thereof, as an exception to A.R.M. 36.22.702.

Docket 43-2021

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

Upon the application of Denbury Onshore LLC to re-enter and deepen the Unit 21-17 Siluro-Ordovician well (API #25-025-05044) located in the NE¼NW¼ of Section 17 (435' FNL, 2200' FWL), T4N-R62E, Fallon County, Montana, for purposes of evaluating the Deadwood Sands, as an exception to A.R.M. 36.22.702.

Docket 44-2021

APPLICANT: DENBURY ONSHORE LLC - FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to designate a permanent spacing unit comprised of the W½SW¼, SE¼SW¼ of Section 19, W½NE¼, E½NW¼, NW¼NW¼, of Section 30, T4N-R62E and the NE¼, E½SE¼, NW¼SE¼ 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 45-2021 1-2021 FED

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		Section 17: All
Section 1: All	T28N-R52E	Section 18: All
Section 2: All	Section 6: Lots 4, 5, 6, 7	Section 19: All
Section 3: All		Section 20: All
Section 4: Lot 1, 2, 3, 4,	T29N-R50E	Section 21: All
S½NW¼, S½NE¼,	Section 11: SE1/4SE1/4	Section 22: NW1/4NW1/4,
NE1/4SW1/4, SE1/4	Section 12: S½	S1/2NW1/4, SW1/4, NW1/4SE1/4,
Section 9: NE1/4, NE1/4SE1/4	Section 13: All	S1/2SE1/4
Section 10: All	Section 14: E½NE¼,	Section 26: W½W½
Section 11: All	NE ¹ / ₄ SE ¹ / ₄	Section 27: All
Section 12: W½, N½NE¼,	Section 24: NE¼NW¼, E½	Section 28: All
SW1/4NE1/4	Section 25: E½E½,	Section 29: All
Section 13: W½	NW1/4NE1/4	Section 30: All
Section 14: All	Section 36: E½E½	Section 31: All
Section 15: NE ¹ / ₄ , NE ¹ / ₄ NW ¹ / ₄ ,		Section 32: All
E1/2SE1/4	T29N-R51E	Section 33: All
Section 22: E½NE¼,	Section 7: Lot 3, 4, E½SW¼,	Section 34: All
NE1/4SE1/4	SE1/4	Section 35: W½NW¼
Section 23: All	Section 8: S½SW¼	
Section 24: NW ¹ / ₄ ,	Section 16: SW1/4NW1/4,	
NW1/4SW1/4	SW1/4, SW1/4SE1/4	

Docket 46-2021 2-2021 FED

APPLICANT: POPLAR RESOURCES LLC - ROOSEVELT COUNTY, MONTANA

Upon the application of **Poplar Resources LLC** to create a temporary spacing unit comprised of the $S\frac{1}{2}$ of Section 3 and the $N\frac{1}{2}$ of Section 10, T28N-R51E, Roosevelt County, Montana, to drill a Deadwood Sand Formation test well at any location not closer than 990' from the exterior boundaries thereof.

Docket 47-2021 3-2021 FED

APPLICANT: POPLAR RESOURCES LLC - ROOSEVELT COUNTY, MONTANA

Upon the application of **Poplar Resources LLC** to create a temporary spacing unit comprised of the SW¼ of Section 27, SE¼ of Section 28, NE¼ of Section 33 and NW¼ of Section 34 T29N-R51E, Roosevelt County, Montana, to drill a Deadwood Sand Formation test well at any location not closer than 990' from the exterior boundaries thereof.

Docket 48-2021

APPLICANT: GRAYSON MILL OPERATING, LLC - RICHLAND AND ROOSEVELT 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 16 wells in Richland County and 14 wells in Roosevelt County, Montana, identified in the application from **Equinor Energy LP to Grayson Mill Operating, LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 49-2021

APPLICANT: <u>DIGITAL OPERATING COMPANY LLC - RICHLAND, ROOSEVELT, SHERIDAN AND WIBAUX COUNTIES, MONTANA</u>

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 7 wells in Richland County, 2 wells in Roosevelt County, 8 wells in Sheridan County, and one well is Wibaux County, Montana, identified in the application from **Abraxas Petroleum Corporation to Digital Operating Company LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 50-2021

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, 13, and 24, 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 51-2021

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, 13, and 24, T26N-R58E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 52-2021

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

Upon the application of **Bison Oil and Gas III, LLC** for permits to drill four horizontal Bakken/Three Forks formation wells in Sections 12, 13, and 24, T26N-R58E, Richland County, Montana. **Grayson Mill Energy, LLC** has filed protest of these applications in accordance with A.R.M. 36.22.601 based on published notice in the Sidney Herald and the Helena Independent Record on April 25, 2021.

Docket 53-2021

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, 19, and 30, 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 54-2021

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, 19, and 30, T26N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 55-2021

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

Upon the application of **Bison Oil and Gas III, LLC** for permits to drill four horizontal Bakken/Three Forks formation wells in Sections 18, 19, and 30, T26N-R59E, Richland County, Montana. **Grayson Mill Energy, LLC** has filed protest of these applications in accordance with A.R.M. 36.22.601 based on published notice in the Sidney Herald and the Helena Independent Record on April 25, 2021.

Docket 24-2021 Revised June 2021 / Continued from April 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 three 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 56-2021

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

Upon the application of **Bison Oil and Gas III, LLC** for permits to drill three horizontal Bakken/Three Forks formation wells in Sections 2 and 11, T26N-R59E, Roosevelt County, Montana. **Slawson Exploration Company, Inc.** has filed protest of these applications in accordance with A.R.M. 36.22.601 based on published notice in the Sidney Herald and the Helena Independent Record on April 25, 2021.

Docket 57-2021

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

Upon the application of **Bison Oil and Gas III, LLC** for a permit to drill a horizontal Bakken/Three Forks formation well in Sections 1, 12, and 13, T26N-R59E, Richland and Roosevelt Counties, Montana. **Prima Exploration, Inc.** has filed protest of this application in accordance with A.R.M. 36.22.601.

Docket 58-2021

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

Upon the application of **Prima Exploration, Inc.** for permits to drill two horizontal Bakken/Three Forks formation wells in Sections 1, 12, and 13, T26N-R59E, Richland and Roosevelt Counties, Montana. **Bison Oil and Gas III, LLC** has filed protest of these applications in accordance with A.R.M. 36.22.601.

Docket 59-2021

APPLICANT: PRIMA EXPLORATION, INC. - ROOSEVELT COUNTY, MONTANA

Upon the application **Prima Exploration, Inc.** for permits to drill two horizontal Bakken/Three Forks formation wells with surface locations at 2080' FNL, 22' FWL and 2106' FNL, 66' FWL in Section 13, T26N-R59E, Roosevelt County, Montana.

Protests of these permits have been filed by the **United States Department of the Interior**, **National Park Service**, in accordance with A.R.M. 36.22.601, and by **Thomas and Nikoal Johnston** and **Dwight and Sheila Vannatta**, in accordance with A.R.M. 36.22.620. The protests in accordance with A.R.M. 36.22.620 also reference plans to drill a saltwater disposal well.

Docket 60-2021

APPLICANT: PRIMA EXPLORATION, INC. - ROOSEVELT COUNTY, MONTANA

Upon the application **Prima Exploration, Inc.** for permits to drill two horizontal Bakken/Three Forks formation wells with surface locations at 1936' FNL, 241' FEL and 1912' FNL, 285' FEL in Section 14, T26N-R59E, Roosevelt County, Montana.

Protests of these permits have been filed by the **United States Department of the Interior, National Park Service**, in accordance with A.R.M. 36.22.601, and by **Thomas and Nikoal Johnston** and **Dwight and Sheila Vannatta**, in accordance with A.R.M. 36.22.620. The protests in accordance with A.R.M. 36.22.620 also reference plans to drill a saltwater disposal well.

Docket 61-2021 SHOW-CAUSE HEARING

RESPONDENT: HOFLAND, JAMES D. - TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Hofland, James D.** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file production reports. In accordance with Board policy the amount due now is \$90.00. This docket will be dismissed if payment is received prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Hofland, James D. to further penalties as prescribed by Board Policy.

Docket 62-2021 SHOW-CAUSE HEARING

RESPONDENT: <u>CAPSTAR DRILLING</u>, INC., FKA ELENBURG EXPLORATION, INC. – LIBERTY, <u>COUNTY</u>, <u>MONTANA</u>

Upon the Board's own motion to require **Capstar Drilling, Inc., FKA Elenburg Exploration, Inc.** to appear and show cause, if any it has, why it should not immediately plug and abandon the Meissner 11-14, API # 25-051-21588, located in the SW¼NE¼SW¼ of Section 14, T29N-R6E in Liberty County, Montana.

Docket 63-2021 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, for why it should not immediately plug and abandon its wells in Blaine County, Montana.

Docket 64-2021 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 it should not begin to plug and abandon its State 16-16 well, API # 25-101-24084, located in the SE¼SE¼ of Section 16, T35N-R1E, Toole County, Montana prior to the June 10, 2021, public hearing. Failure to begin to plug and abandon the State 16-16 well may result in additional penalties or the forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.

Docket 52-2020 SHOW-CAUSE HEARING Continued from October 2020

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

Upon the Board's own motion to require **Zeiders Bros. Oil & Gas, LLC** to appear and show cause, if any it has, why it should not immediately plug and abandon its Rudolph Haynie 1-5 well, API # 25-055-21207, located in the SE¼NE½ of Section 5, T22N-R47E, McCone County, Montana before the October 1, 2020, public hearing and pay the outstanding fine in the amount of \$10,500, as required by Board Order 3-2020, and for failure to pay the \$1,000 fine assessed for not appearing at the December 3, 2020, public hearing.

Docket 71-2020 SHOW-CAUSE HEARING Continued from December 2020

RESPONDENT: <u>PAMECT OIL</u>, <u>KEITH E. TYNER DBA – PONDERA AND TETON COUNTIES</u>, <u>MONTANA</u>

Upon the Board's own motion to require **Pamect Oil, Keith E. Tyner Dba** 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 \$240.00. 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 Pamect Oil, Keith E. Tyner DBA to further penalties as prescribed by Board Policy.

Docket 36-2021 SHOW-CAUSE HEARING Continued from April 2021

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 Continued from April 2021

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.

BOARD OF OIL	AND GAS CONSERVATION
Erin Ricci	
Erin Ricci	
Administrative A	ecictant