



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Montana/Dakotas State Office  
5001 Southgate Drive  
Billings, Montana 59101  
<http://www.blm.gov/montana-dakotas>



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MONTANA BOARD OF OIL &  
GAS CONSERVATION • BILLINGS

2-2022 FED  
3160 (MT9220.JW)

April 15, 2022

## DECISION

Kraken Oil & Gas LLC )  
c/o John Lee, Attorney )  
Crowley-Fleck Law Firm )  
P.O. Box 2529 )  
Billings, MT 59103-2529 )

### Approval of Overlapping Temporary Spacing Unit

#### BLM Order No. 2-2022 FED

Kraken Oil & Gas LLC (Kraken) has submitted an application under Bureau of Land Management (BLM) Docket No. 2-2022 FED for an order creating an overlapping temporary spacing unit comprised of all of sections 9, 16, 21, and 28, T. 27 N., R. 57 E., M.P.M., Richland and Roosevelt Counties, Montana, and authorizing the drilling of a horizontal Bakken/Three Forks Formations well thereon at any location not closer than 200 feet (heel/toe setback) and 500 feet (lateral setback) to the exterior boundaries of said overlapping temporary spacing unit.

Kraken indicated in its application that the S1/2 of section 9, T. 27 N., R. 57 E. is Indian Trust land. The SE1/4 of said section 9 is Turtle Mountain Allotment No. TM-2618 and is encumbered by oil and gas lease number 14-20-0256-2700. The SW1/4 of said section 9 is Turtle Mountain Allotment No. 1398 and is encumbered by oil and gas lease number 14-20-0256-0030.

The application, insofar as it pertains to Indian Trust mineral lands, was heard by the BLM at a public hearing on April 14, 2022, in the public hearing room of the Montana Board of Oil and Gas Conservation in Billings, Montana. The Montana Board of Oil and Gas Conservation heard the application to the extent it pertains to non-Indian Trust mineral lands. There were no protests or objections to the application.

Our review of Kraken's geologic evidence and the mineral interests of the area concludes that approval of Kraken's application, as submitted, would not adversely affect the correlative rights of Indian Trust mineral interests.

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**THEREFORE**, your request for an order creating an overlapping temporary spacing unit comprised of all of sections 9, 16, 21, and 28, T. 27 N., R. 57 E., M.P.M., Richland and Roosevelt Counties, Montana, and authorizing the drilling of a horizontal Bakken/Three Forks Formations well thereon at any location not closer than 200 feet (heel/toe setback) and 500 feet (lateral setback) to the exterior boundaries of said overlapping temporary spacing unit., is hereby approved as BLM Order No. 2-2022 FED insofar as it applies to Indian Trust mineral lands.

The Montana Board of Oil and Gas Conservation (MBOGC) will issue a separate Order to the extent it pertains to non-Indian Trust mineral lands.

If the path of the proposed wellbore is designed to penetrate Indian Trust or Federal mineral lands, those lands must first be leased and an Application for Permit to Drill (APD) must be filed with and approved by the BLM's Miles City Field Office.

**IT IS FURTHER ORDERED THAT** all the lands within the overlapping temporary spacing unit be communitized by an Indian Communitization Agreement (CA) which has been approved by the Bureau of Indian Affairs.

**IT IS FURTHER ORDERED THAT** during the time the designated temporary spacing unit containing Indian Trust mineral lands is in effect, the area comprising the temporary spacing unit shall be developed and operated in its entirety with the understanding that hydrocarbon production is to be allocated among the mineral leaseholds comprising the said temporary spacing unit in the proportion that the acreage interest of each leasehold bears to the entire acreage interest within the temporary spacing unit.

You should submit an Indian Communitization Agreement (CA) communitizing all the lands within the said temporary spacing unit to the Bureau of Indian Affairs (BIA) for approval prior to drilling the proposed well. Article 2 of the standard Indian CA for the temporary spacing unit should include the following language:

"In the event technical and production data from the well indicate a permanent spacing unit should be designated that is different from the temporary spacing unit covered by this Communitization Agreement, all parties to the present Communitization Agreement agree to make the present Communitization Agreement null and void so that a new Communitization Agreement may be signed that encompasses the area of the designated permanent spacing unit."

In the event the proposed well for the temporary spacing unit containing Indian Trust mineral lands is completed as a well capable of commercial production of oil or gas, you must submit an application with the BLM requesting the establishment of a permanent spacing unit within ninety (90) days after first production of a successful well. If the requested permanent spacing unit also involves State or Fee mineral lands, a similar application for a permanent spacing unit must be concurrently submitted to the MBOGC.

In the event the established permanent spacing unit involving Indian Trust mineral lands is different from the temporary spacing unit, the CA encompassing the above-referenced temporary spacing unit

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shall be made null and void, and a new CA communitizing all the lands within the permanent spacing unit involving Indian Trust mineral lands shall be submitted to the BIA for approval. The CA covering the temporary spacing unit shall remain in effect until such time the CA covering the permanent spacing unit becomes effective. The effective date of the new CA shall be the approval date of the permanent spacing unit.

The original CA should be filed with the Bureau of Indian Affairs, Rocky Mountain Regional Office, Real Estate Services, 2021 4th Avenue North, Billings MT, 59101, with one copy sent to the Superintendent, Fort Peck Agency, Bureau of Indian Affairs, P.O. Box 637, Poplar, MT 59255, and another copy sent to BLM's Miles City Field Office, 111 Garryowen Road, Miles City, MT 59301-0940.

Sincerely,

  
Andrew R. Gibbs, Chief  
Branch of Fluid Minerals

cc: Regional Director  
Rocky Mountain Region  
Bureau of Indian Affairs  
2021 4th Avenue North  
Billings, Montana 59101

Superintendent  
Fort Peck Agency  
Bureau of Indian Affairs  
P.O. Box 637  
Poplar, MT 59255

Erin Ricci  
Montana Board of Oil and Gas Conservation  
P.O. Box 201601  
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Jim Halvorson  
Montana Board of Oil and Gas Conservation  
2535 St. Johns Avenue  
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Field Manager, Miles City Field Office

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