

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

In the matter of the amendment of	)	NOTICE OF PROPOSED
ARM 36.22.307 and 36.22.1243	)	AMENDMENT
pertaining to adoption of forms and	)	
reports from transporters, refiners,	)	NO PUBLIC HEARING
purchasers, and gasoline or	)	CONTEMPLATED
extraction plants	)	

TO: All Concerned Persons

1. On August 17, 2022, the Department of Natural Resources and Conservation and the Board of Oil and Gas Conservation propose to amend the above-stated rules.

2. The department will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact the department no later than June 30, 2022, to advise us of the nature of the accommodation that you need. Please contact James Halvorson, Board of Oil and Gas Conservation, 2535 St. Johns Ave, Billings, MT 59102, 406-656-0040, or e-mail mtogpub@mt.gov.

3. The rules proposed to be amended provide as follows, new matter underlined, deleted matter interlined:

36.22.307 ADOPTION OF FORMS (1) The forms listed are adopted by reference and made a part of these rules for all purposes, and the same must be used as directed in giving notice and in making reports and requests to the board. Copies of printed forms will be supplied by the board on request.

(a) through (g) remain the same.

~~(h) Form No. 9 Monthly Gas Report~~

~~(i) Form No. 10 Gasoline or Other Extraction Plant~~

~~(j) Form No. 10A Continuation Sheet Form 10~~

(k) through (r) remain the same but are renumbered (h) through (o).

AUTH: 82-11-111, MCA

IMP: 2-4-201, 82-11-111, MCA

REASON: The department proposes to amend this rule to remove Form 9 and Form 10 because the forms serve no regulatory purpose.

36.22.1243 REPORTS FROM TRANSPORTERS, REFINERS, PURCHASERS, AND GASOLINE OR EXTRACTION PLANTS (1) All refiners of crude oil shall make monthly reports to the board on Form No. 8. ~~All purchasers of~~

10. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the above-referenced rules will not significantly and directly impact small businesses.

/s/ Roy Brown  
Roy Brown, Chairman  
Board of Oil and Gas  
Conservation

/s/ Amanda Kaster  
Amanda Kaster  
Director  
Department of Natural Resources and  
Conservation

/s/ Caitlin Buzzas  
Caitlin Buzzas  
Rule Reviewer

Certified to the Secretary of State June 14, 2022.

**DNRC RULEMAKING PROCESS – TIMELINE**  
**Board of Oil & Gas**

<b>Deadline Computation</b>	<b>Timeline:</b>	<b>Description of Deadline</b>	<b>Task Completed</b>
Begin rulemaking	03/29/2022	Program contacts ARM Coordinator about potential rulemaking; ARM Coordinator confirms with Program that division administrator is aware Program is actively proceeding with rulemaking	X
1-2 weeks	03/31/2022	ARM Coordinator provide program with templates to begin rulemaking process	X
1-2 weeks	<b>04/13/2022</b>	<b>Meeting with Board for approval</b>	
1-2 weeks	04/15/2022 N/A	<del>Program determines if small business impact is necessary and drafts in conjunction with rules, if necessary. If applicable, Program produces draft small business impact analysis per § 2-4-111, MCA</del>	X
1-2 weeks	04/22/2022	Program proposal notice draft to ARM Coordinator, along with small business impact analysis, if applicable.	
1-2 weeks	04/29/2022	ARM Coordinator final draft to Program & Attorney	
1-2 weeks	04/29/2022 N/A	<del>If applicable, small business impact analysis is finalized and the final document will be produced by ARM Coordinator</del>	X
2 weeks (3 weeks if falls during holiday)	05/02/2022	<b>ARM Coordinator notifies Director for approval prior to notifying the Governor's office.</b>	
2 weeks (3 weeks if falls during holiday)	05/16/2022	<b>ARM Coordinator notifies Governor's Office prior to board meeting and filing</b>	
1-week	05/23/2022 N/A	Notify bill sponsor (if applicable)–	X
File on Tuesday by noon; *See SOS Register Publication Schedule	06/14/2022	File proposal notice w/SOS	
E-mail proposal notice to Rule committee concurrently with filing with SOS	06/14/2022	<b>Concurrently e-mail administrative rule committee proposal notice (EQC/WPIC) when filing with SOS</b>	
Publishes the following Friday	06/24/2022	Proposal notice published SOS	
Send within 3 days of Publication	06/24/2022	Proposal Notice sent to Interested Parties	
<b>20 days</b>	<b>07/14//2022</b>	<b>Deadline to inquire about an accommodation or an alternative accessible format of proposal notice.</b>	
<b>28 days</b>	<b>07/22/2022</b>	<b>Deadline for request for hearing. *Hearing being waived unless there is a request from at least 3 people.; End of comment period</b>	
At least 20 days from publication date	Waived	Hearing(s)	
At least 28 days from publication date	Waived	End of comment period	
1-2 weeks	N/A	<del>Latest date to send comments/responses and any rule amendments to ARM Coordinator</del>	
1-2 weeks	07/29/2022	ARM Coordinator final draft of adoption notice to Program & Attorney	
Based on Board Schedule	<b>08/17/2022</b>	<b>Board Approval (Refer to meeting schedule set by Board for date)</b>	

**DNRC RULEMAKING PROCESS – TIMELINE**  
**Board of Oil & Gas**

<b>Deadline Computation</b>	<b>Timeline:</b>	<b>Description of Deadline</b>	<b>Task Completed</b>
3 days	08/19/2022	BOGC notify ARM Coordinator if Board approves adoption of rules	
1 week (2 weeks if falls during holiday)	08/22/2022	<b><i>ARM Coordinator notifies Director for approval prior to notifying the Governor's office.</i></b>	
1 weeks (2 weeks if falls during holiday)	08/29/2022	<b><i>ARM Coordinator notifies Governor's Office prior to board meeting and filing</i></b>	
File on Tuesday by noon; *See SOS Register Publication Schedule	09/13/2022	File adoption notice w/SOS; **HB447 - see rule regarding no adoption notice can publish Oct 1- year end in years before upcoming Legislative session; <b>SEPTEMBER 13, 2022 LAST DATE TO FILE AN ADOPTION NOTICE WITH SOS TO PUBLISH PRIOR TO OCTOBER 1, (even years)</b>	
Publishes the following Friday	09/23/2022	Adoption notice published	
Send within 3 days of Publication	09/23/2022	Adoption Notice Sent to Interested Parties	
1 day after published by SOS	<b>09/24/2022</b>	<b>RULES EFFECTIVE</b>	
180 days (6 months) from publication per 2-4-305, MCA	12/21/2022	<b>Drop-Dead Date to Complete Rulemaking</b>	

## MONTANA BOARD OF OIL AND GAS CONSERVATION

**POLICY: COMPLIANCE WITH BOARD ORDERS ON PRODUCTION AND INJECTION REPORTING**

The Montana Board of Oil and Gas Conservation (BOGC) collects production and injection information from oil and gas producers and injection well operators. Such information, in the form specified by the BOGC, is to be supplied by the operator to the BOGC on a regular basis pursuant to BOGC administrative rules 36.22.1242 and 36.22.1415.

If the reports are more than 4 months delinquent an immediate administrative penalty of \$50.00 plus \$10.00 per delinquent production lease-month and \$10.00 per delinquent injection well-month will be assessed. A notice of the assessment will be served by mail on the operator, and the operator will be given 30 days from the date of the penalty assessment to comply with the administrative rules of the BOGC.

If at the end of the above 30 day period, the operator still remains delinquent, the penalty will double, and the matter will be placed on the next Board docket as a show cause hearing. A notice of the hearing will be sent to the operator. At the specified time the operator must appear and show cause as to why the operator has not complied with the BOGC administrative rules.

If compliance issues beyond delinquent reporting are discovered the automatic scheduling of a show cause hearing may be waived by the staff and the matter discussed with the Board at its next scheduled meeting.

~~If~~ If no later than 10 days prior to the show cause hearing scheduled under this policy, the staff of the BOGC has received the required reports, and the operator has paid the penalties owed, the show cause hearing will be vacated ~~and the operator so notified.~~ Reports or penalty payments received later than 10 days prior to the hearing will not be considered, and the operator must appear at the scheduled hearing where additional penalties may be applied.

If a show cause hearing is convened and the operator does not appear, the BOGC will impose additional penalties as authorized under §82-11-147 (1) (b). Penalties may include the suspension of authorization to produce until compliance is achieved.

This policy is adopted by the BOGC on April 1, 2009 ~~and~~ amended October 12, 2011 and April 13, 2022, pursuant to the authority given to the BOGC in §82-11-147 (1) (b); §82-11-149; and as prescribed in Hawley v. BOGC, 2000 MT 2, 297 Mont. 467, 993 P.2s 677 (2000).

[illegible]

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

IN THE MATTER OF JUSTICE SWD, LLC FOR FAILURE  
TO PAY THE ANNUAL INJECTION FEE FOR ITS  
CHRISTENSEN TRUST 15-9 WELL, API # 25-091-21814 IN  
SHERIDAN COUNTY, MONTANA, IN ACCORDANCE  
WITH ARM 36.22.1423.

ADMINISTRATIVE ORDER 5-A-2022

Justice SWD, LLC (Justice) is the operator of the Christensen Trust 15-9 well, API # 25-091-21814, located in the SW¼SE¼ of Section 9, T34N-R57E, Sheridan County, Montana. In accordance with ARM 36.22.1423, a \$200 annual injection fee is due for each permitted injection well.

At the April 13, 2022, business meeting, staff reported that Justice has not paid the annual injection fee that was due on January 31, 2022. Staff made several attempts to contact the operator. At this meeting, the Board assessed Justice a \$100 late fee for failure to submit its injection well payment prior to the deadline.

IT IS THEREFORE ORDERED by the Board that Justice is fined \$100 for failure to pay the injection well fee. The total due in injection well fees and penalties is now \$300.

IT IS FURTHER ORDERED by the Board that Justice must appear and show cause, if any it has, why additional penalties should not be imposed for failure to pay the annual injection fee for its permitted injection well and the late fee assessed for nonpayment. Board staff has authority to dismiss the docket if Justice achieves compliance prior to the June 16, 2022, public hearing.

Dated this 13<sup>th</sup> day of April, 2022

Montana Board of Oil and Gas Conservation

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James W. Halvorson, Administrator

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

IN THE MATTER OF MONTANA ENERGY COMPANY,  
LLC FOR FAILURE TO PAY THE ANNUAL INJECTION  
FEE FOR ITS 21 WELLS IN MUSSELSHELL AND  
ROSEBUD COUNTIES, MONTANA, IN ACCORDANCE  
WITH ARM 36.22.1423.

ADMINISTRATIVE ORDER 6-A-2022

Montana Energy Company, LLC (Montana Energy) is the operator of 21 injection wells in Musselshell and Rosebud Counties, Montana. In accordance with ARM 36.22.1423, a \$200 annual injection fee is due for each permitted injection well.

At the April 13, 2022, business meeting, staff reported that Montana Energy has not paid the annual injection fee that was due on January 31, 2022. Staff made several attempts to contact the operator. At this meeting, the Board assessed Montana Energy a \$100 per well late fee for failure to submit its injection payment prior to the deadline.

IT IS THEREFORE ORDERED by the Board that Montana Energy is fined \$2,100 for failure to pay the injection well fee. The total due in injection well fees and penalties is now \$6,300.

IT IS FURTHER ORDERED by the Board that Montana Energy must appear and show cause, if any it has, why additional penalties should not be imposed for failure to pay the annual injection fee for its permitted injection wells and the late fee assessed for nonpayment. Board staff has authority to dismiss the docket if Montana Energy achieves compliance prior to the June 16, 2022, public hearing.

Dated this 13<sup>th</sup> day of April, 2022

Montana Board of Oil and Gas Conservation

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James W. Halvorson, Administrator



**MONTANA BOARD OF OIL AND GAS CONSERVATION  
FINANCIAL STATEMENT**

**As of 4/5/22**

**Fiscal Year 2022: Percent of Year Elapsed - 76%**

		Budget	Expends	%	Remaining
Regulatory	Personal Services	1,238,620	768,623	62	469,997
UIC	Personal Services	271,894	186,921	69	84,973
	<b>Total</b>	<b>1,510,514</b>	<b>955,544</b>	<b>63</b>	<b>554,970</b>
Regulatory	Equipment & Assets	46,371	-	-	46,371
UIC	Equipment & Assets	10,179	-	-	10,179
	<b>Total</b>	<b>56,550</b>	<b>-</b>	<b>-</b>	<b>56,550</b>
Regulatory	Operating Expenses:				
	Contracted Services	166,427	45,538	27	120,889
	Supplies & Materials	49,938	33,422	67	16,516
	Communication	58,303	34,142	59	24,161
	Travel	34,276	9,147	27	25,129
	Rent	29,602	16,607	56	12,995
	Utilities	19,762	9,861	50	9,901
	Repair/Maintenance	33,292	21,674	65	11,618
	Other Expenses	23,979	23,518	98	461
	<b>Total Operating Expenses</b>	<b>415,579</b>	<b>193,909</b>	<b>47</b>	<b>221,670</b>
UIC	Operating Expenses:				
	Contracted Services	27,555	8,580	31	18,975
	Supplies & Materials	10,962	10,712	98	250
	Communication	12,798	6,550	51	6,248
	Travel	7,524	2,132	28	5,392
	Rent	6,498	2,485	38	4,013
	Utilities	4,338	2,165	50	2,173
	Repair/Maintenance	7,308	4,730	65	2,578
	Other Expenses	5,264	2,013	38	3,251
	<b>Total Operating Expenses</b>	<b>82,247</b>	<b>39,366</b>	<b>48</b>	<b>42,881</b>
	<b>Total</b>	<b>497,826</b>	<b>233,276</b>	<b>47</b>	<b>264,550</b>

	Budget	Expends	%	Remaining
<b>Carryforward FY20</b>				
Personal Services	264	-	0	264
Operating Expenses	264	-	0	264
Equipment & Assets	-	-	0	-
<b>Total</b>	<b>528</b>	<b>-</b>	<b>0</b>	<b>528</b>
<b>Carryforward FY21</b>				
Personal Services	55,270	-	0	55,270
Operating Expenses	55,270	-	0	55,270
Equipment & Assets	55,271	-	0	55,271
<b>Total</b>	<b>165,811</b>	<b>-</b>	<b>0</b>	<b>165,811</b>

Funding Breakout	2022 Total Budget	2022 Total Expends	%
State Special	2,064,890	1,188,819	58
Federal 2022 UIC (10-1-2021 to 9-30-2022)	106,749	-	0
<b>Total</b>	<b>2,171,639</b>	<b>1,188,819</b>	<b>55</b>

**REVENUE INTO STATE SPECIAL REVENUE ACCOUNT**

	FY 22	FY 21
Oil & Gas Production Tax	\$ 844,035	\$ 2,272,948
Oil Production Tax	758,197	2,073,509
Gas Production Tax	85,838	199,438
Drilling Permit Fees	11,650	19,025
UIC Permit Fees	231,200	237,700
Interest on Investments	3,589	6,251
Copies of Documents	811	536
Miscellaneous Reimbursements	-	-
<b>TOTAL</b>	<b>\$ 1,091,286</b>	<b>\$ 2,536,460</b>

**REVENUE INTO DAMAGE MITIGATION ACCOUNT**

	FY 22
RIT Investment Earnings:	<b>\$ 192,126</b>
July	-
August	27,126
September	20,838
October	23,519
November	27,779
December	20,564
January	24,103
February	28,189
March	20,008
April	-
May	-
June	-
Bond Forfeitures:	61,500
Interest on Investments	276
<b>TOTAL</b>	<b>\$ 253,902</b>

**INVESTMENT ACCOUNT BALANCES**

Regulatory Account	\$ 3,643,544
Damage Mitigation Account	\$ 260,194

**REVENUE INTO GENERAL FUND FROM FINES**

	FY 22
COWRY ENTERPRISES LTD	7/9/2021 \$ 60
KTS TRUCKING	7/16/2021 60
BRAINSTORM ENERGY INC	8/13/2021 220
BIG SKY ENERGY LLC	9/10/2021 460
DRAWINGS LLC	10/1/2021 180
MLB LLC	10/1/2021 120
ZOETIC CORPORATION	10/7/2021 1,000
BIG SKY ENERGY LLC	10/15/2021 460
UNITED STATES ENERGY CORP	11/5/2021 70
CHACO ENERGY CO	11/5/2021 70
D90 ENERGY LLC	11/17/2021 910
HERCO LLC	12/22/2021 60
TOWN OF SACO	12/28/2021 60
LOST CREEK ASSOCIATES LLC	12/28/2021 2,000
DIAMOND HALO GROUP LLC	1/3/2022 60
YELLOWSTONE PETROLEUMS INC	1/10/2022 100
D90 ENERGY LLC	2/3/2022 910
1776 LLC	2/9/2022 120
<b>ENNEBERG OIL AND GAS LLC</b>	<b>2/14/2022 240</b>
<b>HAWLEY MERRILL</b>	<b>2/14/2022 120</b>
<b>HAWLEY HYDROCARBONS LLP</b>	<b>2/14/2022 120</b>
<b>HOOVER COMPLIANCE CONSULTING</b>	<b>2/17/2022 120</b>
<b>HESLA OIL LLC</b>	<b>2/17/2022 120</b>
<b>BLACK GOLD ENERGY RICHLAND RACILITY</b>	<b>2/18/2022 140</b>
<b>BLACK GOLD ENERGY</b>	<b>2/18/2022 140</b>
<b>DIGITAL OPERATING COMPANY</b>	<b>2/18/2022 560</b>
<b>HOFLAND JAMES D</b>	<b>2/25/2022 90</b>
<b>BIG SKY ENERGY LLC</b>	<b>2/25/2022 460</b>
<b>HAWLEY HYDROCARBONS LLP</b>	<b>3/25/2022 200</b>
<b>TOTAL</b>	<b>\$ 9,230</b>

**DAMAGE MITIGATION CONTRACTS**

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
P&R TOI MT AG Station 28-41 PA Well	\$ 61,000	\$ -	\$ -	Under Contract	9/30/2022
TOTAL	\$ 61,000	\$ -	\$ -		

**CONTRACTS**

<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>	<u>Status</u>	<u>Expiration Date</u>
Agency Legal Services 2022	\$ 70,000	\$ 20,974	\$ 49,026	Under Contract	6/30/2022
Billings Janitorial	9,425	5,105	4,320	Under Contract	9/30/2022
Billings Lawn and Snow Removal	12,000	4,620	7,380	Under Contract	9/30/2022
TOTAL	\$ 91,425	\$ 30,699	\$ 60,726		

**Agency Legal Services  
Expenditures in FY22**

<u>Case</u>	<u>Amt Spent</u>
BOGC Duties	\$ 15,704
Bison	4,508
Pheonix Capital	762
Total	\$ 20,974

# Montana Board of Oil and Gas Conservation Summary of Bond Activity

EXHIBIT 5

2/15/2022 Through 4/13/2022

## Approved

Bootstrap Oil LLC Magnolia AR	906 G2	Approved Amount: Purpose:	2/24/2022 \$10,000.00 Single Well Bond
Surety Bond	\$10,000.00	Indemnity National Insurance Company	ACT
Bootstrap Oil LLC Magnolia AR	906 T1	Approved Amount: Purpose:	2/24/2022 \$10,000.00 UIC Single Well Bond
Surety Bond	\$10,000.00	Indemnity National Insurance Company	ACT
Bootstrap Oil LLC Magnolia AR	906 G1	Approved Amount: Purpose:	2/24/2022 \$10,000.00 Single Well Bond
Surety Bond	\$10,000.00	Indemnity National Insurance Company	ACT
Colossus Operating LLC Billings MT	910 T1	Approved Amount: Purpose:	3/30/2022 \$10,000.00 UIC Single Well Bond
Certificate of Deposit	\$10,000.00	Stockman Bank of Montana	ACT
Colossus Operating LLC Billings MT	910 M1	Approved Amount: Purpose:	3/30/2022 \$50,000.00 Multiple Well Bond
Certificate of Deposit	\$50,000.00	Stockman Bank of Montana	ACT
Lustre Oil Company LLC Winnett MT	898 G3	Approved Amount: Purpose:	3/21/2022 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00	FIRST INTERSTATE BANK	ACT
Lustre Oil Company LLC Winnett MT	898 G2	Approved Amount: Purpose:	3/21/2022 \$10,000.00 Single Well Bond
Certificate of Deposit	\$10,000.00	FIRST INTERSTATE BANK	ACT
New Horizon Resources LLC Houston TX	908 M1	Approved Amount: Purpose:	3/15/2022 \$250,000.00 Multiple Well Bond
Surety Bond	\$250,000.00	Lexon Insurance Company	ACT
New Horizon Resources LLC Houston TX	908 V1	Approved Amount: Purpose:	3/15/2022 \$314,375.00 UIC Blanket Bond
Certificate of Deposit	\$314,375.00	Lexon Insurance Company	ACT
Stalking Horse Energy, LLC Denver CO	909 L1	Approved Amount: Purpose:	3/17/2022 \$30,000.00 Limited Bond
Certificate of Deposit	\$30,000.00	WELLS FARGO BANK, DENVER	ACT

# Montana Board of Oil and Gas Conservation Summary of Bond Activity

2/15/2022 Through 4/13/2022

## Approved

Well Done Foundation, Inc. Shelby MT	881 M1	Approved Amount: Purpose:	3/10/2022 \$50,000.00 Multiple Well Bond
Certificate of Deposit	\$50,000.00	FIRST INTERSTATE BANK	ACT

## Canceled

Foster Energy Group L.L.C. Wolfforth TX	878 L1	Canceled Amount: Purpose:	3/21/2022 \$30,000.00 Limited Bond
Foster Energy Group L.L.C. Wolfforth TX	878 T1	Canceled Amount: Purpose:	3/21/2022 \$10,000.00 UIC Single Well Bond
Macum Energy Inc. Billings MT	4550 M1	Canceled Amount: Purpose:	2/24/2022 \$10,000.00 Single Well Bond
MBI Oil and Gas, LLC Dickinson ND	650 G2	Canceled Amount: Purpose:	4/12/2022 \$10,000.00 Single Well Bond
MBI Oil and Gas, LLC Dickinson ND	650 G3	Canceled Amount: Purpose:	4/12/2022 \$10,000.00 Single Well Bond
MBI Oil and Gas, LLC Dickinson ND	650 G1	Canceled Amount: Purpose:	4/12/2022 \$10,000.00 Single Well Bond
Painted Pegasus Petroleum LLC dba P3 Petroleum LL Houston TX	808 G1	Canceled Amount: Purpose:	4/4/2022 \$10,000.00 Single Well Bond
Painted Pegasus Petroleum LLC dba P3 Petroleum LL Houston TX	808 G2	Canceled Amount: Purpose:	4/4/2022 \$10,000.00 Single Well Bond
Painted Pegasus Petroleum LLC dba P3 Petroleum LL Houston TX	808 G3	Canceled Amount: Purpose:	4/4/2022 \$10,000.00 Single Well Bond
Synergy Offshore LLC Houston TX	662 V2	Canceled Amount: Purpose:	4/1/2022 \$314,375.00 UIC Blanket Bond
WPX Energy Williston, LLC Tulsa OK	738 M1	Canceled Amount: Purpose:	3/28/2022 \$50,000.00 Multiple Well Bond

# Montana Board of Oil and Gas Conservation Summary of Bond Activity

2/15/2022 Through 4/13/2022

## Forfeited

American Midwest Oil & Gas Corp. Billings MT	744 G2	Forfeited Amount: Purpose:	2/28/2022 \$5,000.00 Single Well Bond
American Midwest Oil & Gas Corp. Billings MT	744 G1	Forfeited Amount: Purpose:	2/28/2022 \$5,000.00 Single Well Bond
American Midwest Oil & Gas Corp. Billings MT	744 G4	Forfeited Amount: Purpose:	2/28/2022 \$1,500.00 Single Well Bond

## Forfeiture Ordered

Lowrance-Tyner Operating Conrad MT	197 T1	Forfeiture Ordered Amount: Purpose:	2/17/2022 \$3,500.00 UIC Single Well Bond
Certificate of Deposit	\$3,500.00	MARQUETTE BANK, CONRAD	ACT
Pamect Oil, Keith E. Tyner Db Conrad MT	7941 B1	Forfeiture Ordered Amount: Purpose:	2/17/2022 \$25,000.00 Blanket Bond
Other Bond	\$25,000.00	WESTERN SURETY COMPANY	ACT
Pamect Oil, Keith E. Tyner Db Conrad MT	7941 T1	Forfeiture Ordered Amount: Purpose:	2/17/2022 \$3,500.00 UIC Single Well Bond
Certificate of Deposit	\$3,500.00	MARQUETTE BANK, CONRAD	ACT

## Letter Sent

American Midwest Oil & Gas Corp. Billings MT	744 G2	Letter Sent Amount: Purpose:	2/23/2022 \$5,000.00 Single Well Bond
American Midwest Oil & Gas Corp. Billings MT	744 G1	Letter Sent Amount: Purpose:	2/23/2022 \$5,000.00 Single Well Bond
American Midwest Oil & Gas Corp. Billings MT	744 G4	Letter Sent Amount: Purpose:	2/23/2022 \$1,500.00 Single Well Bond
Kykuit Resources, LLC Winifred MT	557 M1	Letter Sent Amount: Purpose:	2/23/2022 \$50,000.00 Multiple Well Bond
Surety Bond	\$50,000.00	NGM Insurance Company	ACT

## Released

Jake Oil, LLC Billings MT	452 M2	Released Amount: Purpose:	3/24/2022 \$50,000.00 Multiple Well Bond
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**Montana Board of Oil and Gas Conservation  
Summary of Bond Activity**

2/15/2022 Through 4/13/2022

**Released**

Jake Oil, LLC  
Billings MT

452 T2

Released

3/24/2022

Amount:

\$10,000.00

Purpose:

UIC Single Well Bond

Incident Report

EXHIBIT 6

Company	Responsibility	Date	Incident	Oil Released	Water Released	Source	Contained	Latitude	Longitude	County	T-R-S
Samson Oil and Gas USA, Inc.	BOG	3/4/2022	Spill or Release	50 Barrels		Tank or Tank Battery	Yes	48.01437	-104.26208	Richland	26N-58E-8 SESW
Denbury Onshore, LLC	BOG	3/17/2022	Spill or Release		184 Barrels	Flow Line - Injection	No	46.37250	-104.16056	Fallon	7N-60E-11 NESE
White Rock Oil & Gas, LLC	BOG	3/26/2022	Fire			Well Head	Yes	48.20639	-104.21754	Roosevelt	28N-58E-3 NESW
Denbury Onshore, LLC	BOG	4/5/2022	Spill or Release		75 Barrels	Flow Line - Injection	Yes	46.70464	-104.53034	Wibaux	11N-57E-15 NWSE



## Docket Summary

4/14/2022 Hearing

24-2022	Kraken Oil & Gas LLC	Amend Order 22-2021 (Amend Order 105-2019, authorize the drilling of up to four horizontal wells with a common pad in temporary spacing unit, Bakken/Three Forks Formation, 25N-59E-30: all, 31: all, 200' heel/toe setbacks, 500' lateral. Apply for permanent spacing within 90 days of successful completion.) Amend that operations must commence by 4/14/2023.	Withdrawn	(tmp) 500' setback only impacts boundary between this docket and the spacing unit involving sections 29 & 32. Surrounding spacing units already have 500' setbacks  Withdrawn, email received 3/18/22.	<input type="checkbox"/>
25-2022	Kraken Oil & Gas LLC	Amend Order 23-2021 (Amend Order 107-2019, authorize the drilling of up to four horizontal wells with a common pad in temporary spacing unit, Bakken/Three Forks Formation, 25N-59E-29: all, 32: all, 200' heel/toe setbacks, 500' lateral. Apply for permanent spacing within 90 days of successful completion.) Amend that operations must commence by 4/14/2023.		(tmp) 500' setback only impacts boundary between this docket and the spacing unit involving sections 30 & 31. Surrounding spacing units already have 500' setbacks	<input type="checkbox"/>
26-2022	Kraken Oil & Gas LLC	Designate overlapping temporary spacing unit, Bakken/Three Forks Formation, 25N-59E-23: all, 24: all, 25: all, 26: all, 35: all, 36: all, 200' heel/toe setbacks and 500' lateral setbacks. Apply for permanent spacing within 90 days of completion. Operations must commence within one year of date of order. Amend Board Order 501-2013 and 307-2014 to clarify said order is limited to the Sundheim 26-35 #1H and Sundheim 26-35 #2H wells. Vacate Order 502-2013 to the extent it authorizes more than a single additional well to be drilled in the permanent spacing unit created pursuant to Order 500-2013. Vacate Orders 316-2014 (Temporary spacing unit and authorization for drilling up to 4 horizontal wells, Bakken/Three Forks Formation, 25N-59E-23: all, 24: all) & 46-2020 (Authorize the drilling of up to 3 horizontal wells with a common pad in temporary spacing unit, Bakken/Three Forks Formation, 25N-59E-23: all, 24: all).	Continued	Surrounding spacing units already have 500' setbacks authorized  Continued to June hearing, email received 3/18/22.	<input type="checkbox"/>
27-2022	Kraken Oil & Gas LLC	Authorize the drilling of up to three additional horizontal wells, overlapping temporary spacing unit, Bakken/Three Forks Formation, 25N-59E-23: all, 24: all, 25: all, 26: all, 35: all, and 36: all, 200' heel/toe setbacks and 500' lateral setbacks.	Continued	Continued to June hearing, email received 3/18/22.	<input type="checkbox"/>
28-2022	Kraken Oil & Gas LLC	Authorize the drilling of up to three additional wells in permanent spacing unit, Bakken/Three Forks Formation, 27N-57E-14: all, 23: all, 200' heel/toe, 500' lateral setbacks.	Continued	Continued to June hearing, email received 4/5/22.	<input type="checkbox"/>
29-2022	Kraken Oil & Gas LLC	Permanent spacing unit, Bakken/Three Forks Formation, 27N-57E-3: all, 10: all and 28N-57E-34: all (George 10-3-34 #2H, Blinda 10-3-34 #3H, and Jeri 10-3-34 #4H).		Related dockets: 29, 30-2022	<input type="checkbox"/>
30-2022	Kraken Oil & Gas LLC	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 27N-57E-3: all, 10: all and 28N-57E-34: all (George 10-3-34 #2H, Blinda 10-3-34 #3H, and Jeri 10-3-34 #4H).		Related dockets: 29, 30-2022	<input type="checkbox"/>

31-2022	Kraken Oil & Gas LLC	Designate overlapping temporary spacing unit, Bakken/Three Forks Formation, 27N-57E-15: all, 22: all, 27: all, 200' heel/toe setbacks and 500' lateral setbacks. Apply for permanent spacing within 90 days of completion. Operations must commence within one year of date of order. Amend Board Order 41-2018 to clarify said order is limited to the Fred 15-22 #1H well. Amend Board Order 38-2017 to clarify said order is limited to the Fallon 27-28 #1H well.	Related dockets: 31, 32-2022	<input type="checkbox"/>
32-2022	Kraken Oil & Gas LLC	Authorize the drilling of up to two additional horizontal wells, overlapping temporary spacing unit, Bakken/Three Forks Formation, 27N-57E-15: all, 22: all, 27: all, 200' heel/toe setbacks and 500' lateral setbacks.	Related dockets: 31, 32-2022	<input type="checkbox"/>
33-2022	Kraken Oil & Gas LLC	Designate overlapping temporary spacing unit, Bakken/Three Forks Formation, 27N-57E-4: all and 28N-57E-28: all, 33: all, 200' heel/toe setbacks and 500' lateral setbacks. Apply for permanent spacing within 90 days of completion. Operations must commence within one year of date of order. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well. Amend Board Order 61-2014 to clarify said order is limited to the Jar 1-28H well. Vacate Order 62-2014 (Authorization to drill up to three additional Bakken/Three Forks wells, permanent spacing unit, 28N-57E-28: all, 33: all).	Related dockets: 33, 34-2022	<input type="checkbox"/>
34-2022	Kraken Oil & Gas LLC	Authorize the drilling of up to two additional horizontal wells, overlapping temporary spacing unit, Bakken/Three Forks Formation, 27N-57E-4: all, 28N-57E-28: all, 33: all, 200' heel/toe setbacks and 500' lateral setbacks.	Related dockets: 33, 34-2022	<input type="checkbox"/>
35-2022 2-2022 F	Kraken Oil & Gas LLC	Designate overlapping temporary spacing unit, Bakken/Three Forks Formation, 27N-57E-9: all, 16: all, 21: all, 28: all, 200' heel/toe setbacks and 500' lateral setbacks. Apply for permanent spacing within 90 days of completion. Operations must commence within one year of date of order. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well. Amend Board Order 38-2017 to clarify said order is limited to Fallon 27-28 #1H well. Vacate Order 41-2017 (authorize the drilling of a horizontal well, temporary spacing unit, Bakken/Three Forks Formation, 27N-57E-16: all, 21: all).	Related dockets: 35, 36-2022	<input type="checkbox"/>
36-2022 3-2022 F	Kraken Oil & Gas LLC	Authorize the drilling of up to three additional horizontal wells, overlapping temporary spacing unit, Bakken/Three Forks Formation, 27N-57E-9: all, 16: all, 21: all, 28: all, 200' heel/toe setbacks and 500' lateral setbacks.		<input type="checkbox"/>
37-2022	Denbury Onshore, LLC	Exception to statewide drilling and temporary spacing rules, Deadwood Formation test well, 4N-62E: 17, 1,435' FNL, 135' FEL and vacate order 41-2021 (Re-enter and deepen the Unit 21-17 well, T4N-R62E-17: 435' FNL, 2200' FWL (NENW), (API #25-025-05044) to evaluate the Deadwood Sands).	Continued Continued to June, email recd 4/11/2022	<input type="checkbox"/>

38-2022	Denbury Onshore, LLC	Pilot Enhanced Recovery Project, Madison Formation, 10N-58E-8: S2SE, 9: SWSW, 16: W2, 17: E2, E2NW. Vacate Order 87-2021 (Pilot Enhanced Recovery Project, Madison Group, 10N-58E-8: SESW, SWSE, 16: SWSW, 17: W2NE, SENE, E2NW, NESW, SE, 20: NENE, 21: NWNW).	Continued	Continued to June, email recd 4/11/2022	<input type="checkbox"/>
39-2022	Lustre Oil Company LLC	Rescind Board Order 5-2021 removing A&S Mineral Development Company, LLC as the recognized operator of 14 wells identified in the application and recognize Lustre Oil Company, LLC as the operator of said wells.			<input type="checkbox"/>
40-2022	Chelin LLC	Change of operator from Falcon Energy Partners LLC and MLB, LLC to Chelin LLC.	Continued	Continued to June hearing, email received 3/24/22.  Per Chelin, a Lyon well will be added to the docket.	<input type="checkbox"/>
41-2022	Ridge Energy, LLC	Change of operator from Cowry Enterprises, Ltd. to Ridge Energy, LLC.			<input type="checkbox"/>
42-2022	Well Done Foundation, Inc.	Upon staff request for Board review of the transfer of plugging and reclamation responsibilities for approximately 64 orphaned wells located in Toole and Glacier Counties, Montana, to Well Done Foundation, Inc.			<input type="checkbox"/>
92-2021	Prima Exploration, Inc.	Permanent spacing unit, Bakken/Three Forks Formation, 25N-58E-13: all, 24: all (Sundance Kid #1H, Sundance Kid #2H, Sundance Kid #3H, and Sundance Kid #4H).		Related dockets: 92, 93-2022	<input type="checkbox"/>
93-2021	Prima Exploration, Inc.	Pooling, permanent spacing unit, Bakken/Three Forks Formation, 25N-58E-13: all, 24: all (Sundance Kid #1H, Sundance Kid #2H, Sundance Kid #3H, and Sundance Kid #4H). Non-consent penalties requested.		Related dockets: 92, 93-2022	<input type="checkbox"/>
99-2021	Falcon Energy Partners LLC	Permanent spacing unit, Middle Bakken Formation, 36N-3W-13: NENW (#1 Simmes Ranch 21-13).	Continued	Continued to June hearing, email received 3/24/22.  Continued to April hearing, email received 2/7/22.  Continued to February hearing, email received 11/19/21.	<input type="checkbox"/>
100-2021	Falcon Energy Partners LLC	Pooling, permanent spacing unit, Middle Bakken Formation, 36N-3W-13: NENW (#1 Simmes Ranch 21-13).	Continued	Continued to June hearing, email received 3/24/22.  Continued to April hearing, email received 2/7/22.  Continued to February hearing, email received 11/19/21.	<input type="checkbox"/>
43-2022	Butler Petroleum LLC	Show Cause: why it should not be required to plug and abandon its EPU 120 well, API # 25-085-21820, located in the SW¼NW¼ of Section 29, T29N-R51E, Roosevelt County, Montana.			<input type="checkbox"/>

44-2022	Cremer Energy Inc.	Show Cause: why it should not be required to plug and abandon its Cremer 2-24 well, API # 25-097-21064, located in the NW¼NE¼ of Section 24, T4N-R14E, Sweetgrass County, Montana.	<input type="checkbox"/>
45-2022	Heavy Water Haulers Inc.	Show Cause: why it should not be required to plug and abandon its Tranel 25-77 well, API # 25-065-21854, located in the SE¼SE¼ of Section 25, T11N-R24E, Musselshell County, Montana.	<input type="checkbox"/>
46-2022	Stewart, Lynn	Show Cause: why it should not be required to plug and abandon its wells in Toole County, Montana.	<input type="checkbox"/>
47-2022	Janssen Gas	Show Cause: why its plugging and reclamation bond should not be forfeited for failure to it should not begin to plug and abandon its wells in Powder River County, Montana prior to the April 14, 2022, public hearing .	<input type="checkbox"/>
48-2022	Powder River Gas, LLC	Show Cause: why its plugging and reclamation bond should not be forfeited for failure to it should not begin to plug and abandon its wells in Powder River County, Montana prior to the April 14, 2022, public hearing.	<input type="checkbox"/>
49-2022	Powers Energy Inc.	Show Cause: why its plugging and reclamation bond should not be forfeited for failure to it should not begin to plug and abandon its Jensen 1 well, API # 25-003-21202, located in the NW¼SE¼SE¼ of Section 28, T9S-R39E, Big Horn County, Montana prior to the April 14, 2022, public hearing.	<input type="checkbox"/>
50-2022	Forward Energy, LLC	Show Cause: why its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon or produce its wells in Yellowstone County, Montana prior to the April 14, 2022, public hearing.	<input type="checkbox"/>
108-2021	Black Gold Energy Resource Development, LLC	Show Cause: why penalties should not be considered for failure to remedy the field violations at its Indian Mound 1 well, Section 15, T23N-R55E, Richland County, Montana.	<input type="checkbox"/>
109-2021	Black Gold Energy Richland Facility, Inc.	Show Cause: why penalties should not be considered for failure to remedy the field violations at its Velma SWD 1-10 well, Section 10, T23N-R58E, Richland County, Montana.	<input type="checkbox"/>
13-2022	Roland Oil and Gas	Show Cause: why is should not begin to plug and abandon its wells in Glacier and Pondera Counties, Montana prior to the February 17, 2022, public hearing. Failure to begin to plug and abandon the wells 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.	<input type="checkbox"/>

## ALL APPLICATIONS, 4/14/2022

Docket	Applicant	Status	Request
24-2022	Kraken Oil & Gas LLC	Withdrawn	Well Density
25-2022	Kraken Oil & Gas LLC		Well Density
26-2022	Kraken Oil & Gas LLC	Continued	Temp. Spacing
27-2022	Kraken Oil & Gas LLC	Continued	Well Density
28-2022	Kraken Oil & Gas LLC	Continued	Well Density
29-2022	Kraken Oil & Gas LLC		Spacing
30-2022	Kraken Oil & Gas LLC		Pooling
31-2022	Kraken Oil & Gas LLC		Temp. Spacing
32-2022	Kraken Oil & Gas LLC		Well Density
33-2022	Kraken Oil & Gas LLC		Temp. Spacing
34-2022	Kraken Oil & Gas LLC		Well Density
35-2022	Kraken Oil & Gas LLC		Temp. Spacing
36-2022	Kraken Oil & Gas LLC		Well Density
37-2022	Denbury Onshore, LLC	Continued	Exception - Drilling
38-2022	Denbury Onshore, LLC	Continued	Enhanced Recovery
39-2022	Lustre Oil Company LLC		Vacate Order
40-2022	Chelin LLC	Continued	Change of Operator
41-2022	Ridge Energy, LLC		Change of Operator
42-2022	Well Done Foundation, Inc.		Change of Operator
92-2021	Prima Exploration, Inc.		Spacing
93-2021	Prima Exploration, Inc.		Pooling
99-2021	Falcon Energy Partners LLC	Continued	Spacing
100-2021	Falcon Energy Partners LLC	Continued	Pooling
43-2022	Butler Petroleum LLC		Show-Cause
44-2022	Cremer Energy Inc.		Show-Cause
45-2022	Heavy Water Haulers Inc.		Show-Cause
46-2022	Stewart, Lynn		Show-Cause
47-2022	Janssen Gas		Show-Cause
48-2022	Powder River Gas, LLC		Show-Cause
49-2022	Powers Energy Inc.		Show-Cause
50-2022	Forward Energy, LLC		Show-Cause
108-2021	Black Gold Energy Resource Development, LLC		Show-Cause
109-2021	Black Gold Energy Richland Facility, Inc.		Show-Cause
13-2022	Roland Oil and Gas		Show-Cause

## Bipartisan Infrastructure Law Sec. 40601: Initial Grants

### Large-scale Grants (up to \$25 million)

- Must submit application by May 13, 2022
- Must certify that no less than 90% of funds be obligated by definitely committing to a new or existing contract within 90 days from the date of receipt of funds
- Date of receipt of funds will be 30 days from submitting application
- Unobligated funds must be returned after one year

### Small-scale Grants (up to \$5 million)

- No immediate deadline to request funding
- Funds must be obligated within one year of the date of receipt of funds or returned
- Periods of performance and final obligations must be complete prior to September 30, 2030
- Date of receipt of funds will be 30 days from submitting application

- Additional funding available in subsequent formula or performance grants

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**SUMMARY PAGE**

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**Board Business Meeting April 13, 2022****BLUEBIRD ENERGY LLC – ROSEBUD COUNTY, MONTANA**

The Flying Monkey 1H well location has an unpermitted pit that has been receiving produced water from other wells and has some oil on the surface.

**RULE VIOLATIONS**

- ARM 36.22.1227 (1) Earthen Pits and Ponds.
  - Cannot use pit without obtaining a permit from the board.
- ARM 36.22.1207 (1) Earthen Pits and Open Vessels.
  - Oil or sludge may not be stored, disposed of, or retained in earthen storage pits.
  - Oil must be removed within 48 hours.

**CARDINAL OIL LLC – ROSEBUD COUNTY, MONTANA**

The Allen 10-31-22-27-1H well location has a reserve pit that has been receiving produced water from other wells and about 75% of the surface of the pit is covered in oil.

**RULE VIOLATIONS**

- ARM 36.22.1005 (5) Drilling Waste Disposal and Surface Restoration (5).
  - Reserve pits cannot be used for the disposal of any additional fluids or materials after the cessation of drilling and completion operations.
- ARM 36.22.1207 (1) Earthen Pits and Open Vessels.
  - Oil or sludge may not be stored, disposed of, or retained in earthen storage pits.
  - Oil must be removed within 48 hours.

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## Rule: 36.22.1207

Rule Title: EARTHEN PITS AND OPEN VESSELS

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Department: [NATURAL RESOURCES AND CONSERVATION, DEPARTMENT OF](#)  
 Chapter: [OIL AND GAS CONSERVATION](#)  
 Subchapter: [Production](#)



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### 36.22.1207 EARTHEN PITS AND OPEN VESSELS

(1) Waste oil, oil sludge, tank bottoms, merchantable oil, petroleum products, hazardous wastes, or hazardous or deleterious substances must not be stored, disposed of, or retained in earthen storage pits or in open vessels.

(2) The owner or operator may make temporary use of an unlined earthen pit to retain oil or water in the event of an emergency or to retain fluids generated in recompletion or workover operation. The oil, water, and contaminants must be removed from the emergency, recompletion or workover pit within 48 hours and disposed of in a manner that will not degrade surface water or groundwater or cause harm to soils. An owner or operator must apply for and obtain a permit under ARM [36.22.1227](#) to construct or operate a permanent emergency pit. Repeated use of an earthen pit or pits to contain oil or water spills from an improperly or inadequately designed or maintained production facility does not constitute an "emergency" for purposes of this rule.

History: [82-11-111](#), MCA; [IMP](#), [82-11-123](#), [82-11-124](#), MCA; Eff. 12/31/72; [AMD](#), 1992 MAR p. 654, Eff. 4/1/92.

MAR Notices	Effective From	Effective To	History Notes
	4/1/1992	Current	History: <a href="#">82-11-111</a> , MCA; <a href="#">IMP</a> , <a href="#">82-11-123</a> , <a href="#">82-11-124</a> , MCA; Eff. 12/31/72; <a href="#">AMD</a> , 1992 MAR p. 654, Eff. 4/1/92.

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### Rule: 36.22.1227

Rule Title: EARTHEN PITS AND PONDS

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Department: NATURAL RESOURCES AND CONSERVATION, DEPARTMENT OF  
 Chapter: OIL AND GAS CONSERVATION  
 Subchapter: Production


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### 36.22.1227 EARTHEN PITS AND PONDS

(1) No person shall construct or use an earthen pit or pond in association with a production facility without first obtaining a permit from the board. Such earthen pits or ponds that exist prior to the effective date of this rule must be permitted or closed and restored according to board specifications within 12 months after the effective date of this rule.

(2) Earthen pits or ponds that receive produced water containing more than 15,000 parts per million (ppm) total dissolved solids (TDS) in volumes greater than five barrels per day on a monthly basis must:

- (a) be constructed in cut material or at least 50 percent below original ground level;
- (b) be lined with an impermeable synthetic liner, or, if the bottom of the pit or pond is underlain by porous, permeable, sharp, or jagged material, the pit or pond must be lined with at least three inches of compacted bentonite prior to setting the impermeable synthetic liner;
- (c) be constructed above the high water table;
- (d) not be located in a floodplain as defined by ARM 36.15.101, or in irrigated cropland;
- (e) be bermed or diked and have at least three feet of freeboard at all times between the surface of the water and the top of the banks, berms, or dikes of the pit or pond;
- (f) be fenced, screened, and netted in accordance with ARM 36.22.1223; and
- (g) not be used for disposal of hazardous wastes or hazardous or deleterious substances.

(3) The board administrator may impose more restrictive earthen pit or pond construction or operation requirements as may be necessary to prevent degradation of water or harm to soils.

(4) Sections (2) (a) through (2) (f) of this rule do not apply to emergency pits as allowed by ARM 36.22.1207, nor does this rule apply to temporary earthen pits, including reserve pits, approved by the board under a valid permit to drill unless such pits remain open and unrestored for more than 12 months after the cessation of drilling or completion operations.

History: 82-11-111, MCA; IMP, 82-11-123, 82-11-124, MCA; Eff. 12/31/72; AMD, 1992 MAR p. 654, Eff. 4/1/92.

MAR Notices	Effective From	Effective To	History Notes
	4/1/1992	Current	History: <u>82-11-111</u> , MCA; <u>IMP</u> , <u>82-11-123</u> , <u>82-11-124</u> , MCA; Eff. 12/31/72; <u>AMD</u> , 1992 MAR p. 654, Eff. 4/1/92.

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### Rule: 36.22.1005

Rule Title: DRILLING WASTE DISPOSAL AND SURFACE RESTORATION

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Department: **NATURAL RESOURCES AND CONSERVATION, DEPARTMENT OF**  
 Chapter: **OIL AND GAS CONSERVATION**  
 Subchapter: **Drilling**


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### 36.22.1005 DRILLING WASTE DISPOSAL AND SURFACE RESTORATION

(1) The operator of a drilling well must contain and dispose of all solid waste and produced fluids that accumulate during drilling operations so as not to degrade surface water, groundwater, or cause harm to soils. Said waste and fluids must be disposed of in accordance with all applicable local, state and federal laws and regulations.

(2) When a salt-based or oil-based drilling fluid is used to drill a well located within a floodplain, as defined by ARM 36.15.101, or in irrigated cropland, drilling waste and produced fluids that accumulate during drilling operations must be disposed of off-site in a manner allowed by local, state, and federal laws and regulations unless an alternative on-site disposal method is approved in writing by the board administrator.

(3) The operator of a drilling well must construct, close, and restore any reserve pits in a manner that will prevent harm to the soil and will not degrade surface waters or groundwater. When a salt-based or oil-based drilling fluid is used, the reserve pit must be lined with a synthetic liner approved by the board administrator.

(4) Within 10 days after the cessation of drilling or completion operations, all hydrocarbons must be removed from earthen pits used in association with drilling or completion operations or such pits must be fenced, screened, and netted. Such pits that contain water with more than 15,000 parts per million total dissolved solids or salt-based drilling fluids must be fenced within 90 days after the cessation of drilling and completion operations.

(5) Earthen pits used in association with drilling and completion operations must not be used for the disposal of any additional fluids or materials after the cessation of drilling and completion operations.

(6) All earthen pits used in association with drilling and completion operations must be closed and the surface restored according to board specifications within one year after the cessation of drilling operations. Upon written application by the operator, an exception to the one-year pit closure requirement may be granted in writing by the board administrator upon a showing that:

(a) no dumping or disposal of waste or fluids in the pit will occur; and

(b) delayed closure of the pit will not present a risk of contamination to soils or water or a hazard to animals or persons.

History: Sec. 82-11-111, MCA: IMP, Sec. 82-11-123 and Sec. 82-11-124, MCA; Eff. 12/31/72; AMD, Eff. 7/5/75; AMD, 1992 MAR p. 654, Eff. 4/1/92

MAR Notices	Effective From	Effective To
	4/1/1992	Current

#### History Notes

History: Sec. 82-11-111, MCA: IMP, Sec. 82-11-123 and Sec. 82-11-124, MCA; Eff. 12/31/72; AMD, Eff. 7/5/75; AMD, 1992 MAR p. 654, Eff. 4/1/92

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

IN THE MATTER OF BLUEBIRD ENERGY, LLC AND ITS  
FAILURE TO PROPERLY MAINTAIN THE FLYING  
MONKEY 1H WELLSITE IN ROSEBUD COUNTY,  
MONTANA.

ADMINISTRATIVE ORDER 7-A-2022

Bluebird Energy, LLC is the operator of the Flying Monkey 1H well, API # 25-087-21748, located in the SW¼SW¼ of Section 14, T10N-R34E, Rosebud County, Montana.

An inspection performed on January 28, 2022, found that the pit associated with the Flying Monkey 1H well has several violations. The first violation is of ARM 36.22.1227 (1) that the pit is not permitted. The second violation is of ARM 36.22.1207(1) that the operator has been receiving produced water from other wells and storing it in the pit, which has oil on the surface. That rule states that oil or sludge cannot be stored, disposed of, or retained in earthen storage pits and that all oil must be removed within 48 hours.

On February 18, 2022, and March 28, 2022, certified letters were sent to Bluebird detailing the above listed field compliance issues at the Flying Monkey 1H well location. An April 13, 2022, deadline was given to address the compliance issues, or this matter would be brought up at the Board Business meeting.

An inspection performed prior to this meeting indicated that the issues remain.

IT IS THEREFORE ORDERED by the Board that Bluebird must immediately cease using and begin to remove all fluids from the pit associated with the Flying Monkey 1H well.

IT IS FURTHER ORDERED that Bluebird must appear and show cause at the June 16, 2022, public hearing why additional penalties should not be considered for failure to remedy the field violations.

IT IS FURTHER ORDERED that Bluebird is subject to a \$150 fine for each day after June 20, 2022, that the fluids are not removed from the pit. The daily penalty will remain in effect and continue to accrue until compliance is confirmed by inspection.

Dated this 13<sup>th</sup> day of April, 2022

Montana Board of Oil and Gas Conservation

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James W. Halvorson, Administrator

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

IN THE MATTER OF CARDINAL OIL, LLC AND ITS  
FAILURE TO PROPERLY MAINTAIN THE ALLEN 10-31  
22-27-H1 WELLSITE IN ROSEBUD COUNTY,  
MONTANA.

ADMINISTRATIVE ORDER 8-A-2022

Cardinal Oil, LLC (Cardinal) is the operator of the Allen 10-31 22-27-H1 well, API# 25-087-21750, located in the SE¼SE¼ of Section 22, T10N-R31E, Rosebud County, Montana.

An inspection performed on January 28, 2022, found that the pit associated with the Allen 10-31 22-27-H1 well has several violations. The first violation is of ARM 36.22.1005 (5) that states that reserve pits cannot be used for the disposal of any additional fluids or materials after the cessation of drilling and completion operations. The second violation is of ARM 36.22.1207(1) that the operator has been receiving produced water from other wells and storing it in the pit, which has oil on the surface. That rule states that oil or sludge cannot be stored, disposed of, or retained in earthen storage pits and that all oil must be removed within 48 hours.

On February 18, 2022, and March 28, 2022, certified letters were sent to Cardinal detailing the above listed field compliance issues at the Allen 10-31 22-27-H1 well location. An April 13, 2022, deadline was given to address the compliance issues, or this matter would be brought up at the Board Business meeting.

An inspection performed prior to this meeting indicated that the issues remain.

IT IS THEREFORE ORDERED by the Board that Cardinal must immediately cease using and begin to remove all fluids from the pit associated with the Allen 10-31 22-27-H1 well.

IT IS FURTHER ORDERED that Cardinal must appear and show cause at the June 16, 2022, public hearing why additional penalties should not be considered for failure to remedy the field violations.

IT IS FURTHER ORDERED that Cardinal is subject to a \$150 fine for each day after June 20, 2022, that the fluids are not removed from the pit. The daily penalty will remain in effect and continue to accrue until compliance is confirmed by inspection.

Dated this 13<sup>th</sup> day of April, 2022

Montana Board of Oil and Gas Conservation

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James W. Halvorson, Administrator

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

IN THE MATTER OF THREE FORKS RESOURCES, LLC  
AND ITS FAILURE TO MAINTAIN MECHANICAL  
INTEGRITY ON THE UTOPIA UNIT 33-13 WELL (API #  
25-051-21596).

ADMINISTRATIVE ORDER 9-A-2022

Three Forks Resources, LLC (Three Forks) is the operator of the Utopia Unit 33-13 injection well, API # 25-051-21596, located in the W $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 13, T33N-R4E, Liberty County, Montana.

On July 2, 2020, the Utopia Unit 33-13 well failed a Mechanical Integrity Test (MIT). Wells that fail a MIT must be immediately shut-in until either repaired, reworked, or plugged for abandonment within 180 days, in accordance with ARM 36.22.1414, and must be successfully retested for mechanical integrity before being placed back in injection service.

Board staff have had numerous discussions with Three Forks in an effort to get this matter resolved. On March 1, 2022, Three Forks was informed that if the well was not in compliance by the April 13, 2022, board business meeting, the matter would be referred to the Board.

At the April 13, 2022, business meeting, staff reported that Three Forks has not repaired, reworked, or plugged for abandonment the Utopia Unit 33-13 well.

Staff recommended a \$1,000 fine be assessed to Three Forks for its failure maintain mechanical integrity on the well.

IT IS THEREFORE ORDERED by the Board that Three Forks must show cause at the June 16, 2022, public hearing, as to why it should not immediately plug and abandon the Utopia Unit 33-13 injection well, API # 25-051-21596, located in the W $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 13, T33N-R4E, Liberty County, Montana. Board staff has authority to dismiss the docket if Three Forks achieves compliance prior to the June 16, 2022, public hearing.

IT IS FURTHER ORDERED by the Board that Three Forks is fined \$1,000 for failure to maintain mechanical integrity on the well.

Dated this 13<sup>th</sup> day of April, 2022

Montana Board of Oil and Gas Conservation

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James W. Halvorson, Administrator