

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
April 13 & 14, 2022

NOTICE OF PUBLIC HEARING

(CONSERVATION AND PREVENTION
(OF WASTE OF OIL AND GAS

The Board has returned to normal hearing procedures. Those planning on testifying or presenting should be present at the business meeting or hearing.

The Board of Oil and Gas Conservation of the State of Montana will hold its business meeting on Wednesday, April 13, 2022, at 2:00 p.m. in the hearing room at its office at 2535 St. Johns Avenue in Billings, Montana.

The agenda for that meeting is as follows:

1. Call to order
2. Public comment on agenda and non-agenda items
3. Approval of minutes of February 16, 2022, business meeting
4. Proposed amendment of ARM 36.22.307 and 36.22.1243 pertaining to reports from transporters, purchasers, and gasoline or extraction plants and remove the requirement for filing Forms No. 9 and No. 10.
5. D90 Energy, LLC
6. Reporting policy
7. Delinquent annual UIC fees
8. Financial report
9. Bond summary & incident report
10. Docket summary
11. Gas flaring exceptions
12. Inactive well review
13. Orphan well and federal grant update
14. Staff reports
15. Other business
16. Adjourn

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below at **9:00 a.m.** on Thursday, April 14, 2022, in the hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. 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.

Please take note that corporations, partnerships, limited-liability companies (LLCs), or any other legal entity that is not a natural person cannot appear before the Board of Oil and Gas Conservation except through an attorney licensed to practice law in the State of Montana. Failure of a designated and duly licensed legal representative to appear at the time and place identified in this hearing notice may result in imposition of sanctions for failure to appear before the Board.

Docket 24-2022

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 22-2021, 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, to provide that operations for the drilling of such wells must be commenced not later than April 14, 2023.

Docket 25-2022

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 23-2021, 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, to provide that operations for the drilling of such wells must be commenced not later than April 14, 2023.

Docket 26-2022

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

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Sections 23, 24, 25, 26, 35, and 36, T25N-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, provided that operations for the drilling of said well commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Orders 501-2013 and 307-2014 pertaining to Sections 25, 26, 35, and 36, T25N-R59E be amended to clarify that said orders are limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Sundheim 26-35 #1H and Sundheim 26-35 #2H wells and that Order 502-2013 that authorized additional wells in that spacing unit be vacated.

Applicant further requests to vacate Board Orders 316-2014 and 46-2020 that designated a temporary spacing unit comprised of all of Sections 23 and 24, T25N-R59E, and authorized the drilling of up to four horizontal wells within the spacing unit.

Docket 27-2022

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

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells anywhere within the overlapping temporary spacing unit comprised of all of Sections 23, 24, 25, 26, 35, and 36, T25N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Default docket requested.

Docket 28-2022

APPLICANT: KRAKEN OIL & GAS LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells anywhere within the permanent spacing unit comprised of all of Sections 14 and 23, T27N-R57E, Roosevelt County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Default docket requested.

Docket 29-2022

APPLICANT: KRAKEN OIL & GAS LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 3 and 10, T27N-R57E and all of Section 34, T28N-R57E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the George 10-3-34 #2H, Blinda 10-3-34 #3H, and Jeri 10-3-34 #4H wells.

Docket 30-2022

APPLICANT: KRAKEN OIL & GAS LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 3 and 10, T27N-R57E and all of Section 34, T28N-R57E, Roosevelt 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 George 10-3-34 #2H, Blinda 10-3-34 #3H, and Jeri 10-3-34 #4H wells.

Docket 31-2022

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

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Sections 15, 22, and 27, T27N-R57E, 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 commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Order 41-2018 pertaining to Sections 15 and 22, T27N-R57E, be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Fred 15-22 #1H well and that Board Order 38-2017 pertaining to Sections 27 and 28, T27N-R57E, be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Fallon 27-28 #1H well.

Docket 32-2022

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

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to two additional horizontal Bakken/Three Forks Formation wells anywhere within the overlapping temporary spacing unit comprised of all of Sections 15, 22, and 27, T27N-R57E, Richland and Roosevelt Counties, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Default docket requested.

Docket 33-2022

APPLICANT: KRAKEN OIL & GAS LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Section 4, T27N-R57E and all of Sections 28 and 33, T28N-R57E, Roosevelt 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, provided that operations for the drilling of said well commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Order 61-2014 pertaining to Sections 28 and 33, T28N-R57E, be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Jar 1-28H well, and that Order 62-2014 which authorized additional wells in that spacing unit be vacated.

Docket 34-2022

APPLICANT: KRAKEN OIL & GAS LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to two additional horizontal Bakken/Three Forks Formation wells anywhere within the overlapping temporary spacing unit comprised of all of Section 4, T27N-R57E and all of Sections 28 and 33, T28N-R57E, Roosevelt County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. Default docket requested.

Docket 35-2022
2-2022 FED

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

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Sections 9, 16, 21, 28, T27N-R57E 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 commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Order 38-2017 pertaining to Sections 27 and 28, T27N-R57E, be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Fallon 27-28 #1H well.

Applicant further requests to vacate Board Order 41-2017, which authorized the drilling of a horizontal well at an exception location in the statewide temporary spacing unit comprised of Sections 16 and 21, T27N-R57E, be vacated.

Docket 36-2022
3-2022 FED

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

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells anywhere within the overlapping temporary spacing unit comprised of all of Sections 9, 16, 21, and 28, T27N-R57E, Richland and Roosevelt Counties, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 37-2022

APPLICANT: DENBURY ONSHORE LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore LLC** to vacate Board Order 41-2021 and authorize the drilling of a Deadwood Formation oil and gas test well at a proposed well location approximately 1,435' FNL and 135' FEL in Section 17, T4N-R62E, Fallon County, Montana, as an exception to A.R.M. 36.22.702. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 38-2022

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to vacate Board Order 87-2021, which created a pilot enhanced recovery project consisting of portions of Sections 8, 16, 17, 20, 21 of T10N-R58E, and to designate a pilot enhanced recovery project pursuant to A.R.M. 36.22.1229 in the Madison Group including the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 8, SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9, W $\frac{1}{2}$ of Section 16, and the E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 17, T10N-R58E, Fallon County, Montana, for a period not to exceed eighteen months from the commencement of injection operations.

Docket 39-2022

APPLICANT: LUSTRE OIL COMPANY LLC – VALLEY COUNTY, MONTANA

Upon the application of **Lustre Oil Company, LLC** to rescind Board Order 5-2021 removing A&S Mineral Development Company, LLC as the recognized operator of 14 wells identified below and to recognize Lustre Oil Company, LLC as the operator of said wells.

<u>API #</u>	<u>Well Name</u>	<u>Township-Range</u>	<u>Section</u>	<u>Location</u>
25-105-21235	C. Reddig 2	31N-44E	30	SE $\frac{1}{4}$ SE $\frac{1}{4}$
25-105-21351	C. Reddig 3	31N-44E	31	NE $\frac{1}{4}$ NE $\frac{1}{4}$
25-105-21311	D. Olfert 2	31N-44E	33	SW $\frac{1}{4}$ NE $\frac{1}{4}$
25-105-21304	D. Olfert "C" 3	31N-44E	29	SW $\frac{1}{4}$ SE $\frac{1}{4}$
25-105-21229	K. Unrau Trust 1	31N-44E	28	W $\frac{1}{4}$ 2NE $\frac{1}{4}$
25-105-21258	Olfert "B" 1	31N-44E	33	SW $\frac{1}{4}$ SE $\frac{1}{4}$
25-105-21283	Olfert "B" 2	31N-44E	33	NE $\frac{1}{4}$ SE $\frac{1}{4}$
25-105-21338	Olfert "C" 1	31N-44E	29	SW $\frac{1}{4}$ SW $\frac{1}{4}$
25-105-21373	Olfert "C" 2	31N-44E	29	NE $\frac{1}{4}$ SW $\frac{1}{4}$
25-105-21411	Olfert "C" 4	31N-44E	29	NE $\frac{1}{4}$ SE $\frac{1}{4}$
25-105-21239	Tieszen 1	30N-44E	11	NW $\frac{1}{4}$ NW $\frac{1}{4}$
25-105-21218	Tieszen-Toews 1	30N-44E	3	NE $\frac{1}{4}$ NW $\frac{1}{4}$
25-105-21257	Tieszen-Toews 2	30N-44E	3	SW $\frac{1}{4}$ NE $\frac{1}{4}$
25-105-21272	Tieszen-Toews 3	30N-44E	3	SW $\frac{1}{4}$ NW $\frac{1}{4}$

Docket 92-2021
Continued from December 2021

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

Upon the application of **Prima Exploration, Inc.** to designate a permanent spacing unit comprised of all of Sections 13 and 24, T25N-R58E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Sundance Kid #1H, Sundance Kid #2H, Sundance Kid #3H, and Sundance Kid #4H wells.

Docket 93-2021
Continued from December 2021

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

Upon the application of **Prima Exploration, Inc.** to pool all interests in the permanent spacing unit comprised of all of Sections 13 and 24, 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 Sundance Kid #1H Sundance Kid #2H, Sundance Kid #3H, and Sundance Kid #4H wells.

Docket 99-2021
Continued from December 2021

APPLICANT: FALCON ENERGY PARTNERS LLC – TOOLE COUNTY, MONTANA

Upon the application of **Falcon Energy Partners LLC** to designate a permanent spacing unit comprised of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 13, T36N-R3W, Toole County, Montana, for the production of oil and associated natural gas from the Middle Bakken Formation with respect to the #1 Simmes Ranch 21-13 well.

Docket 100-2021
Continued from December 2021

APPLICANT: FALCON ENERGY PARTNERS LLC – TOOLE COUNTY, MONTANA

Upon the application of **Falcon Energy Partners LLC** to pool all interests in the permanent spacing unit comprised of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 13, T36N-R3W, Toole County, Montana, for the production of oil and associated natural gas from the Middle Bakken 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 #1 Simmes Ranch 21-13 well.

Docket 40-2022

APPLICANT: CHELIN LLC – TOOLE COUNTY, 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 the #1 Simmes Ranch 21-13 well, API # 101-24281, located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 13, T36N-R3W, in Toole County, Montana, from **Falcon Energy Partners LLC** to **Chelin LLC** and the West Coast Fee 1 well, API # 101-21752, located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 14, T34N-R4W, Toole County, Montana, from **MLB, LLC** to **Chelin LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 41-2022

APPLICANT: RIDGE ENERGY, LLC – RICHLAND COUNTY, 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 18 wells in Richland County, Montana, from **Cowry Enterprises, Ltd. to Ridge Energy, LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. A list of the wells is available online or in the Billings office for review.

Docket 42-2022

APPLICANT: WELL DONE FOUNDATION, INC.– TOOLE AND GLACIER COUNTIES, MONTANA

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. A list of the wells is available online or in the Billings office for review.

Docket 43-2022

SHOW-CAUSE HEARING

RESPONDENT: BUTLER PETROLEUM LLC – ROOSEVELT COUNTY, MONTANA

Upon the Board's own motion to require **Butler Petroleum LLC** to appear and show cause, if any it has, why it should not be required to plug and abandon its EPU 120 well, API # 25-085-21820, located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 29, T29N-R51E, Roosevelt County, Montana.

Docket 44-2022

SHOW-CAUSE HEARING

RESPONDENT: CREMER ENERGY, INC. – SWEETGRASS COUNTY, MONTANA

Upon the Board's own motion to require **Cremer Energy, Inc.** to appear and show cause, if any it has, why it should not be required to plug and abandon its Cremer 2-24 well, API # 25-097-21064, located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24, T4N-R14E, Sweetgrass County, Montana.

Docket 45-2022

SHOW-CAUSE HEARING

RESPONDENT: HEAVY WATER HAULERS INC. – MUSSELSHELL COUNTY, MONTANA

Upon the Board's own motion to require **Heavy Water Haulers Inc.** to appear and show cause, if any it has, why it should not be required to plug and abandon its Tranel 25-77 well, API # 25-065-21854, located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 25, T11N-R24E, Musselshell County, Montana.

Docket 46-2022

SHOW-CAUSE HEARING

RESPONDENT: LYNN STEWART – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Lynn Stewart** to appear and show cause, if any it has, why it should not be required to plug and abandon its wells in Toole County, Montana.

Docket 47-2022
SHOW-CAUSE HEARING

RESPONDENT: JANSSEN GAS – POWDER RIVER COUNTY, MONTANA

Upon the Board's own motion to require **Janssen Gas** to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon its wells in Powder River County, Montana prior to the April 14, 2022, public hearing.

Docket 48-2022
SHOW-CAUSE HEARING

RESPONDENT: POWDER RIVER GAS, LLC – POWDER RIVER COUNTY, MONTANA

Upon the Board's own motion to require **Powder River Gas, LLC** to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon its wells in Powder River County, Montana prior to the April 14, 2022, public hearing.

Docket 49-2022
SHOW-CAUSE HEARING

RESPONDENT: POWERS ENERGY INC. – BIG HORN COUNTY, MONTANA

Upon the Board's own motion to require **Powers Energy Inc.** to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon its Jensen 1 well, API # 25-003-21202, located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 28, T9S-R39E, Big Horn County, Montana prior to the April 14, 2022, public hearing.

Docket 50-2022
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 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.

Docket 108-2021
SHOW-CAUSE HEARING
Continued from December 2021

RESPONDENTS: 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 penalties should not be considered for failure to remedy violations at its Indian Mound 1 well, Section 15, T23N-R55E, Richland County, Montana.

Docket 109-2021
SHOW-CAUSE HEARING
Continued from December 2021

RESPONDENTS: BLACK GOLD ENERGY RICHLAND FACILITY, INC. – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Black Gold Energy Richland Facility, Inc.** to appear and show cause, if any it has, why penalties should not be considered for failure to remedy violations at its Velma SWD 1-10 well, Section 10, T23N-R58E, Richland County, Montana.

Docket 13-2022
SHOW-CAUSE HEARING
Continued from February 2022

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 it 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.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant