

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 13th day of April, 2022

Montana Board of Oil and Gas Conservation

James W. Halvorson, Administrator