

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

IN THE MATTER OF MIDWAY ENERGY, LLC INACTIVE
WELLS IN CARBON, MUSSELSHELL, AND STILLWATER
COUNTIES, MONTANA.

ADMINISTRATIVE ORDER 7-A-2023

On November 16, 2022, staff received an email and a phone call from a landowner requesting that the locations of the J. Orr 1, Tyler Orr 2, and Keller 3 wells, operated by Midway Energy, LLC (Midway), be plugged and abandoned and the locations restored. The wells had not had production in over two years. A subsequent review determined that eleven of Midway's fifteen wells it operates in Carbon, Musselshell, and Stillwater Counties, Montana, have been inactive for more than two years.

On December 20, 2022, a certified letter was mailed to Midway requesting a plan and schedule of abandonment for the inactive wells or justification with supporting documentation for leaving the inactive wells unplugged. This request was made in accordance with ARM 36.22.1307. No response was received.

On March 9, 2023, a follow up email was sent. Midway responded with a review of each well. No reduction of plugging liability had been included in Midway's response.

Scotti Gray, attorney, and Colin Moody, geologist and co-owner, appeared on behalf of Midway to provide an update. Midway testified it planned to: 1) reactive the ECA Foothills 1-H and ECA Foothills 2-H wells in June or July 2023; 2) plug and abandon the ECA Federal 3-H well in mid-June 2023; 3) sell the six wells in the Dean Dome Field and if Midway is unable to sell the wells it will plug and abandon the wells; 4) transfer the Burlington Northern 4-3 well to the surface owner; and 5) plug and abandon the Hunt Creek 1-H well in the spring of 2024.

Mr. Moody requested additional time to complete the above work due to limited contractor availability.

Staff expressed concerned about the Hunt Creek 1-H well. At the October 9, 2019, business meeting, Midway stated it planned to plug the Hunt Creek 1-H well and was waiting on bid proposals. Since 2019, no intent to abandon the Hunt Creek 1-H well has been received and the well remains unplugged.

As of the June 14, 2023, business meeting, Midway has reactivated one of its of its shut-in wells since taking over the wells four years ago.

IT IS THEREFORE ORDERED by the Board that Midway must provide staff a detailed well plan with a timeline and benchmarks for reactivating, transferring, or plugging its inactive wells prior to July 26, 2023. Staff will provide the Board an update at the August 9, 2023, business meeting of Midway's report and its progress to reduce its plugging liability.

IT IS FURTHER ORDERED that Midway appear at the December 7, 2023, public hearing to provide an update of its activities to reduce its plugging liability by either plugging wells or returning wells to production.

Dated this 14th day of June, 2023

Montana Board of Oil and Gas Conservation

Benjamin Jones, Administrator