

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

IN THE MATTER OF MONTANA ENERGY COMPANY,
LLC AND ITS FAILURE TO PROPERLY MAINTAIN ITS
WELLSITES IN STILLWATER COUNTY, MONTANA.

ADMINISTRATIVE ORDER 8-A-2023

Montana Energy Company, LLC (Montana Energy) is the operator of the following ten wells with compliance issues that need to be addressed according to rule violations:

ARM 36.22.1101 requires any rubbish or debris that might constitute a fire hazard shall be removed to a distance of at least 150 feet from the well site, tanks, and reservoirs. All waste oil shall be burned or disposed of in a manner to avert creating a fire hazard. The owner shall take all available precautions to prevent any oil or gas well from blowing open and shall take immediate steps and exercise due diligence to bring under control any "wild" or burning oil or gas well. The following wells have this compliance issue:

- Keating 1-26
- Keating 13-25
- Keating 1A-26
- Keating 4-25
- Hepp 10-23

ARM 36.22.1104 requires the owner or operator to promptly control and clean up any leak, spill, escape, or discharge, regardless of the amount of oil, produced water, water containing more than 15,000 ppm TDS. The following wells have this compliance issue:

- Keating 1-26
- Keating 13-25
- Keating 1A-26
- Keating 4-25
- Hepp 10-23

ARM 36.22.1201 requires wellhead equipment shall be installed and maintained in satisfactory condition so that static bottom-hole pressures and operating gas-oil ratios may be obtained at any time. Valves shall be installed so that pressures can be readily obtained on both casing and tubing. However, exceptions may be granted by the petroleum engineer or his authorized agent when warranted by operating practices. The following well has this compliance issue:

- Keating 1-26

ARM 36.22.1202 requires the owner shall permanently mark all wells, producing properties, and tanks in a conspicuous place with his name, lease name, and, as to a well, number of the well and legal description of the well. The following wells have this compliance issue:

- Keating 1-26
- Hepp 10-23
- Leuthold 9-35
- Castle (1-0308-2) 1
- Copulos (1-0309-1) 1A
- Leuthold 9-34
- Keating 6-23

ARM 36.22.1219 requires after completion of a gas well, no gas shall be permitted to escape into the air, except that required for periodic testing or cleaning of the well bore. The following wells have this compliance issue:

- Keating 13-25
- Keating 1A-26
- Keating 4-25
- Hepp 10-23

ARM 36.22.1223 requires (1) Open storage vessels, earthen pits, or ponds that contain oil must be fenced, screened, and netted. (2) Open receptacles, earthen pits, or ponds that contain produced water with more than 15,000 parts per million total dissolved solids must be fenced. (3) This rule does not apply to earthen pits used solely for the purpose of drilling, completing, recompleting, working over, or plugging a well. The following well has this compliance issue:

- Hepp 10-23

On May 19, 2023, a certified letter was sent to Montana Energy detailing the above listed compliance issues. An August 9, 2023, deadline was given to resolve the compliance issues or Montana Energy would be brought up at the board business meeting. No response was received to this letter.

On August 7, 2023, a follow up email was sent, and no response was received.

No compliance was achieved prior to the Board business meeting.

IT IS THEREFORE ORDERED by the Board that Montana Energy must have the well locations in compliance by the August 31, 2023, hearing application deadline. Failure to come into compliance by that date will result in Montana Energy being ordered to show cause at the October 5, 2023, public hearing, as to why penalties should not be imposed for failure to remedy the field violations.

IT IS FURTHER ORDERED that Board staff has the authority to dismiss the docket if compliance is achieved prior to October 4, 2023.

Dated this 9th day of August, 2023

Montana Board of Oil and Gas Conservation

Benjamin Jones, Administrator