

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

IN THE MATTER OF MONTANA ENERGY COMPANY,  
LLC FAILURE TO PROPERLY MAINTAIN ITS CTSU  
D116 WELLSITE IN ROSEBUD COUNTY, MONTANA, IN  
ACCORDANCE WITH ARM 36.22.1104.

ADMINISTRATIVE ORDER 4-A-2024

On January 9, 2024, Montana Energy Company, LLC (MEC) notified the field inspector that its wellhead on the CTSU D116, API # 25-087-05302, located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 16, T11N-R32E, Rosebud County, Montana had a spill from a leak around the wellhead. MEC reported that one barrel of thick oil had seeped from the tubing head collar on the location and that a berm was constructed around the wellhead to contain the leak.

On January 25, 2024, the spill enlarged to two barrels of oil, and it breached the original berm. An additional berm was constructed by MEC to contain the spill.

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, or gas involved.

On January 29, 2024, MEC removed the fluids from the spill and the contaminated soil, but the wellhead remained unrepaired.

During the month of February, the leak continued, and the fluids were regularly cleaned up by MEC.

On March 15, 2024, a field inspector found the leak had increased substantially and was now flowing an estimated one gallon per minute into the area around the wellhead that had been bermed. Staff contacted Carlos De La Torre, engineer, via telephone to request they immediately repair the problem. MEC shut-in its injection wells to see if that would relieve the pressure and slow the flow, but the wellhead continued to leak.

On March 18, 2024, a field inspector discovered the leak had become worse and was flowing over two gallons per minute. Emergency pits were dug by MEC to contain the fluids. Staff contacted MEC via telephone and email requesting MEC schedule a rig immediately to repair the leak and continue to maintain adequate freeboard in the emergency pit to prevent overflow.

On March 19, 2024, a certified letter and an email was sent to MEC and a deadline of April 10, 2024, was given to resolve the compliance issues or MEC would be discussed at the Board Business meeting. MEC responded that a rig and service companies were scheduled to arrive on location between April 8<sup>th</sup>-12<sup>th</sup>.

As of April 10, 2024, the leak has not been repaired and the wellhead continues to leak. Approximately 1,300 barrels of produced water have been removed from the containment pits and hauled to the evaporation pit at the production facility. There are several barrels of oil in the containment pits that have not been able to be recovered with the pumps.

IT IS THEREFORE ORDERED by the Board that MEC must repair the CTSU D116 well by the May 9, 2024, hearing application deadline or is subject to a \$100 fine for each day after the deadline that the violation remains unresolved. The fine will remain in effect until compliance is confirmed by inspection.

IT IS FURTHER ORDERED that failure to come into compliance by the May 9, 2024, hearing application deadline will result in MEC being ordered to show cause at the June 13, 2024, public hearing, as to why penalties should not be imposed for failure to remedy the field violation.

Dated this 10<sup>th</sup> day of April, 2024

Montana Board of Oil and Gas Conservation

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Benjamin Jones, Administrator