

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

IN THE MATTER OF HB OIL, LLC AND ITS INACTIVE
WELLS IN TOOLE COUNTY, MONTANA.

ADMINISTRATIVE ORDER 8-A-2024

HB Oil, LLC (HB Oil) appeared at the June 15, 2023, public hearing regarding the acquisition of 16 producing wells, all of which had been shut in for more than a year. HB Oil testified at that hearing that the previous operator, H&R Energy, LLC (H&R), was going to assist in working to get the wells operational. The transfer was approved with the request that a staff update be provided at the October 4, 2023, business meeting. At that meeting, no work had been done to the wells due to H&R's service rig being out of order. The Board requested staff to provide a subsequent update at the August 14, 2024, business meeting.

As of the August 14, 2024, business meeting, Board records indicate one well had been reactivated with production reported in only four of the last 12 months for that well. The other 15 wells have no reported production in over two years.

Board staff recommended HB Oil be required to appear at a hearing to provide the Board with an update on the progress of its efforts to reduce its plugging liability and to discuss whether maintaining the current bonding level provides adequate bond coverage.

IT IS THEREFORE ORDERED by the Board that HB Oil appear at the October 10, 2024, public hearing to provide an update of its efforts to reduce its plugging liability and to review its plugging and reclamation bonds to determine if the coverage is adequate under § 82-11-123(5), MCA.

Dated this 14th day of August, 2024

Montana Board of Oil and Gas Conservation

Benjamin Jones, Administrator