

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

IN THE MATTER OF CONTANGO RESOURCES, INC.
FAILURE TO MEET THE REQUIREMENTS OF ARM
36.22.1010(1), 36.22.1416(8), AND 36.22.1417(1) & (2) FOR
THE EBM2 309 WELL, API # 25-009-21088.

ADMINISTRATIVE ORDER 9-A-2024

Contango Resources, Inc. (Contango) is the operator of the EBM2 309, API # 25-009-21088, located in the SW¼SE¼SE¼ of Section 35, T9S-R23E, Carbon County, Montana.

On April 29, 2024, staff conducted a field visit to witness a mechanical integrity test (MIT). The well failed the MIT and Contango was given a verbal shut-in order and notice they had 180 days to plug or repair the well, in accordance with ARM 36.22.1416. During this visit, Contango's field operator provided staff a wellbore diagram indicating a cement retainer (CICR) was drilled out at 4,710'.

On June 14, 2024, the UIC director contacted Contango requesting documentation regarding the CICR, as Board records showed no indication of the CICR work being performed.

Contango provided staff a workover report that indicated on October 23, 2023, the packer and tubing was removed from the well and the CICR at 4710' was drilled out. When the packer was reset, the report indicated a pressure test was performed to 1,000 psi, which lost 220 psi in seven minutes. Contango proceeded to resume injection in the well.

On June 18, 2024, a certified letter was mailed to Contango informing them that the EBM2 309 well was in violation of following rules and that this matter would be brought up at the August 14, 2024, Board business meeting:

- 1) ARM 36.22.1010 (1) - No well may be reworked without first notifying the board on Form No. 2 and receiving approval. Within 30 days following completion of the well work, a subsequent report of the actual work performed must be submitted on Form No. 2.
- 2) ARM 36.22.1416 (8) – Subsequent to any mechanical integrity test, a well operation which causes the injection packer to be unseated or in which the tubing or packer was pulled, repaired, or replaced or that has experienced a loss of mechanical integrity will require that the well be retested for mechanical integrity before being placed in service.
- 3) 36.22.1417 (1) - The operator must give the board at least 48 hours advance notice of any mechanical integrity test. (2) The owner or operator must provide a subsequent report of any mechanical integrity test (MIT).

Brian Jackson, senior production engineer, appeared on behalf of Contango. Mr. Jackson acknowledged the violations and stated the violations were due to a communication breakdown within the company and that new procedures have been established within the company to prevent future violations.

Board staff recommended a penalty of \$4,000 for the violation be assessed.

IT IS THEREFORE ORDERED by the Board that Contango is fined \$4,000 for failure to meet the requirements of ARM 36.22.1010(1), 36.22.1416(8), and 36.22.1417(1)(2) for the EBM2 309 well.

Dated this 14th day of August, 2024

Montana Board of Oil and Gas Conservation

Benjamin Jones, Administrator