

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
MINUTES OF THE MEETING AND PUBLIC HEARING
June 11 & 12, 2025

CALL TO ORDER

The regular business meeting of the Montana Board of Oil and Gas Conservation was called to order by Chairman Steven Durrett at 2:00 p.m., Wednesday, June 11, 2025, at its office at 2535 St. Johns Avenue in Billings, Montana. Board members present were Chairman Steven Durrett, Roy Brown, Mac McDermott, Barbara Skelton, John Tietz, Corey Welter, and Jeff Wivholm. Staff present was Ben Jones, Ben Davis, John Gizicki, Terisa Oomens, Jennifer Breton, and Scot Bloomfield.

PUBLIC COMMENT ON AGENDA AND NON-AGENDA ITEMS

Mr. Patrick Montalban with Montalban Oil & Gas Operations, Inc, National Stripper Well Association (NSWA), and Domestic Energy Production Alliance (DEPA), presented Exhibit 1. Mr. Montalban outlined what steps are necessary for the government to take to reduce the regulatory burden on stripper well operators across the US. The methane rules and regulations from the Biden administration will put small independent oil and gas operators out of business. Stripper well production accounts for 10% of production across the US.

Mr. Montalban reviewed Exhibit 2, a report published by GSI Environmental Inc. regarding the quantifications of methane emissions from marginal (low production rate) oil and natural gas wells.

APPROVAL OF MINUTES

A motion was made by Mr. Welter, seconded by Ms. Skelton and unanimously passed, to approve the minutes of the April 9, 2025, business meeting.

PROPOSED AMENDMENT OF ARM 36.22.1223 PERTAINING TO FENCINGS, SCREENING, AND NETTING OF PITS

Mr. Jones reviewed draft rule amendment of ARM 36.22.1223 – fencing, screening, and netting of pits, attached as Exhibit 3. The draft rule proposes all produced water pits to be fenced regardless of the total dissolved solids (TDS) contents and includes a landowner waiver. The current rule requires pits that contain produced water with more than 15,000 part per millions (ppm) total dissolved solids (TDS) be fenced.

Mr. Charles Jansky, president of Somont Oil Company, Inc. (Somont), opposed the rule change. His written statement and the associated lawsuit regarding fencing is attached as Exhibit 4.

Korey Fauque, landowner and rancher in Sunburst, Montana, appeared in support of the rule change. Mr. Fauque also presented a petition in support of fencing produced water pits that is signed by Northern

Montana farmers, ranchers, and citizens, attached as Exhibit 5. Mr. Fauque also reviewed a water analysis report and pictures from several leases with issues in the area, attached as Exhibit 5.

Peter Taylor, attorney with Lund Law PLLC, represents landowners and appeared in support of the rule change. Mr. Taylor wanted to clarify a few statements made by Mr. Jansky. Mr. Taylor amended their complaint because their lawsuit wasn't going anywhere for four years. With the amendment, they are in litigation. When the quantity of the water is too great for a pit to hold, it is a DEQ issue, and an operator needs a permit with DEQ.

Bruce Gillespie, rancher and nutritional specialist, appeared in support of the rule change. Operators need to maintain fences and the fences need to be properly built. Mr. Gillespie believes that anything above 3,500 PPM is a water quality issue. Healthy soil is a good neighbor policy.

Wayne Gillespie, rancher, appeared in support of the rule change. If there is oil in the pit that cattle ingest, this causes health issues, so pits need to be fenced. Cattle can fall into pits if pits are not fenced and, in some cases, cannot get out.

Joe Alborano, an employee with Somont, opposed the rule change. He stated that Somont addresses oil on pits immediately. Lastly, a cow can still get through a legal fence.

Edward Barta with Northern Plains Resource Council (NPRC) supported the rule change as it will protect landowners and wildlife.

Sonny Capece, director of Montana Petroleum Association, opposed the rule change. Mr. Capece previously worked in agriculture and ranching, and this required cooperation on both sides. Mr. Capece noted that fencing regulation is defined and a part of 81-4-101, MCA. The Board of Livestock has jurisdiction over the rule. He thought a surface use agreement would help resolve this issue in the future.

Patrick Montalban, CEO of Montalban Oil & Gas Operations, Inc., stated that this is not a Board issue. The lease with a mineral owner covers this issue. The number one priority as an operator is to get along with the landowner. As a member of NSWA, Mr. Montalban is concerned about the number of small businesses that may go out of business with this rule and the increase of orphaned wells. He believes we need to protect the environment. We could restrict the volume of fluids into the pit. He also recommended all produced fluids should go downhole. Montana should take over primacy for aquifer exemptions.

Mr. Jones noted that states cannot receive primacy for aquifer exemptions. The Board does currently approve aquifer exemptions as a part of its class II underground injection control program, but has to receive concurrence from the EPA before an aquifer is officially exempt.

The Board had a discussion on the proposed rule amendment.

There are open-range laws regarding fencing to keep cattle out. Operators are responsible for damages.

Ms. Oomens noted the proposed rule amendment will not affect liability. The rule just cites an operator for

a rule violation and the Board cannot assess damages.

Mr. Tietz noted that the word fence is not capitalized in the rule and rule does not provide a definition of a fence. A fence is already required if there is oil in the pit. We are only eliminating the TDS limit for produced water.

Chairman Durrett agreed the Board already has an existing rule for the violation of when oil is in a pit. He wondered what the new rule will accomplish. Additionally, who will determine if a fence is legal? Will this be on the field inspectors?

Mr. Wivholm noted that water discharge is the bigger issue here and that is within DEQ's jurisdiction.

Mr. McDermott noted that there are huge pits that have been unfenced for 100 years. Fencing the big pits as a legal fence will be a big undertaking and very expensive for the operators.

Mr. Jones noted that it is not the Board's intention to determine legal fencing. This is expanding the scope of rulemaking significantly. If the operator does not have a fence and livestock are harmed after getting into the pit, the operator may be responsible for damages under statute. If the Board removes the 15,000 ppm TDS requirement, what will this accomplish when the main issue at hand is liability which is not for the Board to determine? It is hard to justify rulemaking when it is a very isolated issue, and the proposed rule change might not resolve the problem.

Mr. Tietz wants scientific data on the 15,000 ppm TDS requirement. This number was established in the early 1990's, likely as a midpoint between fresh and saltwater.

North Dakota doesn't define saltwater, but typically requires any pit containing produced water to be fenced. The TDS of produced water in North Dakota is typically significantly higher than 15,000 ppm.

Mr. Welter stated this boils down to a liability issue and the Board does not want to go there. The fencing issue is between the rancher and the oil producer.

Mr. Jones explained that the issue at hand involves a split estate, which falls outside the jurisdiction of the Board. He would not recommend the Board adopt the Department of Livestock's fencing rule, as it would not address the underlying issue. Implementing such a rule would exceed the scope of the Board's responsibilities, and a more appropriate resolution to the split estate conflict should be pursued through other avenues.

Today was an opportunity for public comment and to gather information. Mr. Jones has three options for the Board to consider: 1) appoint a subcommittee to look further into the matter 2) vote on the draft rule and initiate rulemaking or 3) don't enter rulemaking.

A subcommittee was appointed to look further into the matter. There will be a report at the August meeting of the committee's findings. The committee is made up of Mr. Tietz, Mr. Wivholm, and Ms. Skelton. Board staff will support the subcommittee.

Motion – Mr. Wivholm made the motion to approve a subcommittee to review amendment of ARM 36.22.1223 – fencing, screening, and netting of pits, and Mr. Tietz seconded. The motion passed unanimously.

PROPOSED AMENDMENT OF ARM 36.22.1242 PERTAINING TO THE OIL AND GAS PRIVILEGE AND LICENSE TAX

Mr. Jones reviewed the privilege and license tax (P&L tax) spreadsheets, attached as Exhibit 6.

Based on the forecast, a tax rate of nearly 0.30% is needed to meet the expenditures of the Board and other divisions; but due to the Board's special revenue account balance being high, if the P&L tax is reduced from 0.22% to 0.18%, the account balance will only be reduced from \$10.9 million to \$9.8 million at the end of the biennium. Lowering the P&L tax will allow the Board to take advantage of the recently passed SB 339 that allows excess funding from the privilege and license tax to go into the Board's damage mitigation account to plug orphan wells.

There is no reduction to the amount cities and counties receive, as cities and counties will continue to receive the maximum funding allowed by statute of 0.08%. There is no impact to industry and oil and gas producers will continue to pay 0.30%.

The Board is required to give the Department of Revenue a 90-day notice prior to the rule's effective date.

Due to a high account balance in the Board's special revenue account and conservative forecast, Mr. Jones recommended initiating the rulemaking process to lower the P&L tax rate from 0.22% to 0.18%.

Motion: Mr. McDermott made the motion to approve the recommendation to initiate rulemaking to reduce the privilege and license tax rate from the current rate of 0.22% to 0.18%. Mr. Brown seconded, and the motion passed unanimously.

Mr. Jones thanked NPRC and MPA's help on their support of SB339.

PHOENIX OPERATING LLC

Mr. Gizicki brought to the Board's attention Phoenix Operating LLC (Phoenix). Phoenix has four UIC violations related to the Samurai 1 SWD, API # 25-085-22087, outlined on Exhibit 7. Mr. Gizicki asked Phoenix what is being done to avoid these mistakes in the future.

Don Lee, attorney, and Mark Johnson, executive vice president of land, regulatory, and HSE, appeared on behalf of Phoenix. Mr. Johnson acknowledged the violations and took full responsibility. The violations were due to the company working with a consulting group which caused some communication issues. Additionally, Phoenix operates wells in North Dakota and was going off their regulations. Regardless, Mr. Johnson assured the Board this will not happen again in the future.

Mr. Jones noted that any UIC violations are reviewed by the EPA. UIC violations are taken very seriously

and the last operator to have a significant noncompliance UIC violation was issued a \$4,000 fine. At this time, Mr. Jones did not recommend a fine since the violations were not a significant noncompliance issue, but he wanted to make sure Phoenix avoids this in the future.

Mr. Lee announced that previous Board Member Don Bradshaw had recently passed away.

FINANCIAL REPORT

Mrs. Breton discussed the financial statement, attached as Exhibit 8.

BOND SUMMARY & INCIDENT REPORT

Mr. Jones presented the bond report, attached as Exhibit 9. There were no incidents reported since the last meeting.

DOCKET SUMMARY

Mr. Jones presented the docket summary, attached as Exhibit 10.

GAS FLARING EXCEPTIONS

Mr. Jones discussed the gas flaring report, attached as Exhibit 11.

There are three Petro-Hunt wells flaring in excess of 100 MCFG/day with an exception request. Due to no gas capturing infrastructure in the area, it is not economical for these wells to be connected to a pipeline. Mr. Jones recommended a year exception for Petro-Hunt.

There are four White Rock Oil & Gas, LLC (White Rock) wells flaring in excess of 100 MCFG/day with an exception request. The wells are connected to a gas pipeline, but due to capacity constraints White Rock is unable to sell the gas. Mr. Jones recommended a six-month exception for White Rock.

Motion: Mr. Welter made the motion to approve the recommendations. Mr. McDermott seconded, and the motion passed unanimously.

Mr. Jones noted that over the last few months OneOK and Highlands have had planned outages and capacity constraints, so there have been additional wells flaring during those outages.

INACTIVE WELL REVIEW

Mr. Davis reviewed a list of inactive well operators and their current statuses, attached as Exhibit 12.

Mr. Davis reviewed the letters submitted by BNV Energy Company LLC and Noah Energy, Inc. regarding its inactive wells. Mr. Davis recommended the Board take action at the August business meeting and in the meantime, staff will continue to monitor both operators.

Motion: Mr. Brown made the motion to approve the recommendation. Mr. Wivholm seconded, and the motion passed unanimously.

Mr. Davis recommended Hesla Oil, LLC (Hesla) and Habets Oil & Gas, LLC (Habets) be required to submit its plans and timeline for its inactive wells in Toole County, Montana by July 10, 2025, hearing application deadline.

Motion: Mr. Welter made the motion to approve the recommendation. Mr. Brown seconded, and the motion passed unanimously.

The Board issued Administrative Orders for Hesla and Habets, attached as Exhibit 13.

ORPHAN WELL AND FEDERAL GRANT UPDATE

Since the last meeting, seven wells have been plugged and abandoned, and 48 wells remain to be plugged.

The guidance documents for the remaining federal grants for plugging orphan wells have been pulled for review and are being rewritten. The documents are expected to be released to the public any day.

The Request for Proposal for the three wells orphaned by Bootstrap Oil LLC has been awarded to Welter Consulting Inc. With the damage mitigation account balance over \$1.2 million, if this contract is signed before fiscal year end, the Board should still get the RITT deposit beginning on July 1, 2025.

Mr. Jones and Mr. Gizicki continue to work on Class VI UIC Primacy documentation. There is a draft Invitation for Bid (IFB) currently being reviewed by the procurement office in Helena. Another component of Class VI will be the data management aspect. Mr. Jones is hopeful that a sole source agreement with Groundwater Protection Council (GWPC) will be an option. GWPC developed our current Risk-Based Data Management System (RBDMS) and knows how to tie the new system in with the division's current system.

STAFF REPORTS

Ben Jones

Poplar Resources LLC (Poplar) has shut down its operations and has filed bankruptcy. Poplar submitted plans to ensure the field was properly shut-in. Poplar is trying to find a buyer. Staff will continue to monitor the field.

Mr. Jones attended the IOGCC meeting last month. The main topics of discussion were the federal grants and class VI primacy. It was just announced that Texas received class VI primacy.

In April, Chairman Durrett and Mr. Jones met with the Legislative Audit Division again regarding Board operations and production accounting. The result of the audit will be discussed at a Legislative Audit Committee meeting. The outcome of the meeting may determine whether this will expand into a full audit.

Mr. Jones will be a presenter at the annual petroleum resources teacher workshop in Billings this week. The workshop provides teachers with an overview of the oil and gas exploration and production industry.

This year, a second workshop is going to be held in Savage, Montana that will take place at the end of the month. The Board has agreed to sponsor up to \$15,000 for the event. This aligns with the Board's statutory responsibilities under 82-11-111(7), MCA, to support research and educational activities concerning the oil and natural gas exploration and production industry.

Mr. Jones will be attending the annual Montana Association of Oil, Gas, and Coal Counties meeting in Baker next week.

There are a few candidates that will be interviewed for the compliance technician position.

Ben Davis

Mr. Davis provided the Board an update on well activity, attached as Exhibit 14.

John Gizicki

The EPA recently approved its first aquifer exemption expansion since Mr. Hudak's retirement in July 2022. Mr. Gizicki recently had his midyear review with the EPA to discuss the UIC program. The Class II grant has not been received yet and he expects it to be disbursed in the next few weeks.

EXEMPT STAFF PERFORMANCE REVIEW

The Board closed the next portion of the meeting to discuss staffing in which individuals' privacy exceeds the merits of public disclosure.

OTHER BUSINESS

The Board met in a closed executive session to discuss litigation strategy.

PUBLIC HEARING

The Board reconvened on Thursday, June 12, 2025, at 9:00 a.m. at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana, to hear the matters docketed for public hearing. As a result of the discussion, testimony, technical data, and other evidence placed before the Board, the following action was taken in each matter.

Docket 148-2025 – The application of Heritage Energy Operating, LLC was withdrawn.

Docket 149-2025 / 20-2025 FED – A motion was made by Mr. Welter, seconded by Mr. Brown and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 123-2025.

Docket 150-2025 / 21-2025 FED – A motion was made by Mr. Welter, seconded by Mr. Brown and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 124-2025.

Docket 151-2025 / 22-2025 FED – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 125-2025.

Docket 152-2025 / 23-2025 FED – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 126-2025.

Docket 153-2025 / 24-2025 FED – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 127-2025.

Docket 154-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 128-2025.

Docket 155-2025 / 25-2025 FED – The application of Kraken Oil & Gas LLC was continued to the August 2025 hearing.

Docket 156-2025 / 26-2025 FED – The application of Kraken Oil & Gas LLC was continued to the August 2025 hearing.

Docket 157-2025 / 27-2025 FED – The application of Kraken Oil & Gas LLC was continued to the August 2025 hearing.

Docket 158-2025 – The application of Kraken Oil & Gas LLC was continued to the August 2025 hearing.

Docket 159-2025 / 28-2025 FED – The application of Phoenix Operating LLC was continued to the August 2025 hearing.

Docket 160-2025 / 29-2025 FED – The application of Phoenix Operating LLC was continued to the August 2025 hearing.

Docket 161-2025 – The application of Black Dog Operating, LLC was withdrawn.

Docket 162-2025 – The application of was Thor Resources USA, LLC withdrawn.

Docket 163-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Brown and unanimously passed, to approve the application of Heritage Energy Operating, LLC as set forth in Board Order 129-2025.

Docket 164-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Brown and unanimously passed, to approve the application of Heritage Energy Operating, LLC as set forth in Board Order 130-2025.

Docket 165-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Brown and unanimously passed, to approve the application of Heritage Energy Operating, LLC as set forth in Board Order 131-2025.

Docket 166-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Brown and unanimously passed, to approve the application of Heritage Energy Operating, LLC as set forth in Board Order 132-2025.

Docket 167-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Brown and unanimously passed, to approve the application of Heritage Energy Operating, LLC as set forth in Board Order 133-2025.

Docket 168-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Brown and unanimously passed, to approve the application of Heritage Energy Operating, LLC as set forth in Board Order 134-2025.

Docket 169-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Brown and unanimously passed, to approve the application of Heritage Energy Operating, LLC as set forth in Board Order 135-2025.

Docket 170-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Brown and unanimously passed, to approve the application of Heritage Energy Operating, LLC as set forth in Board Order 136-2025.

Docket 171-2025 – The application of Heritage Energy Operating, LLC was continued to the August 2025 hearing.

Docket 172-2025 – The application of Heritage Energy Operating, LLC was continued to the August 2025 hearing.

Docket 173-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of White Rock Oil & Gas, LLC as set forth in Board Order 137-2025.

Docket 174-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of White Rock Oil & Gas, LLC as set forth in Board Order 138-2025.

Docket 175-2025 – A motion was made by Mr. Welter, seconded by Mr. Brown and unanimously passed, to approve the application of White Rock Oil & Gas, LLC as set forth in Board Order 139-2025.

Docket 176-2025 – The application of MorningStar Operating LLC was withdrawn.

Docket 177-2025 – The application of MorningStar Operating LLC was withdrawn.

Docket 178-2025 – The application of MorningStar Operating LLC was withdrawn.

Docket 179-2025 – The application of MorningStar Operating LLC was withdrawn.

Docket 180-2025 – The application of MorningStar Operating LLC was withdrawn.

Docket 181-2025 – The application of Phoenix Operating LLC was continued to the August 2025 hearing.

Docket 182-2025 – The application of Phoenix Operating LLC was continued to the August 2025 hearing.

Docket 183-2025 – A motion was made by Mr. Welter, seconded by Mr. McDermott and unanimously passed, to approve the application of Phoenix Operating LLC as set forth in Board Order 140-2025.

Docket 184-2025 – A motion was made by Mr. Welter, seconded by Mr. McDermott and unanimously passed, to approve the application of Phoenix Operating LLC as set forth in Board Order 141-2025.

Docket 185-2025 – The application of Kraken Oil & Gas LLC was continued to the August 2025 hearing.

Docket 186-2025 / 30-2025 FED – The application of Kraken Oil & Gas LLC was continued to the August 2025 hearing.

Docket 187-2025 / 31-2025 FED – The application of Kraken Oil & Gas LLC was continued to the August 2025 hearing.

Docket 188-2025 – The application of Kraken Oil & Gas LLC was continued to the August 2025 hearing.

Docket 189-2025 – The application of Kraken Oil & Gas LLC was continued to the August 2025 hearing.

Docket 190-2025 – The application of Slawson Exploration Company Inc was continued to the August 2025 hearing.

Docket 191-2025 – The application of Slawson Exploration Company Inc was continued to the August 2025 hearing.

Docket 192-2025 – A motion was made by Mr. Tietz, seconded by Mr. Wivholm and passed, to approve the application of Slawson Exploration Company Inc as set forth in Board Order 142-2025. Mr. Welter recused himself and took no part in this matter.

Docket 193-2025 – A motion was made by Mr. Tietz, seconded by Mr. Wivholm and passed, to approve the application of Slawson Exploration Company Inc as set forth in Board Order 143-2025. Mr. Welter recused himself and took no part in this matter.

Docket 194-2025 – The application of Rim Operating, Inc. was withdrawn.

Docket 195-2025 – The application of Rim Operating, Inc. was withdrawn.

Docket 196-2025 / 32-2025 FED – The application of Continental Resources Inc was continued to the August 2025 hearing.

Docket 197-2025 / 33-2025 FED – The application of Continental Resources Inc was continued to the August 2025 hearing.

Docket 198-2025 / 34-2025 FED – The application of Continental Resources Inc was continued to the August 2025 hearing.

Docket 199-2025 / 35-2025 FED – The application of Continental Resources Inc was continued to the August 2025 hearing.

Docket 200-2025 / 36-2025 FED – The application of Continental Resources Inc was continued to the August 2025 hearing.

Docket 201-2025 / 37-2025 FED – The application of Continental Resources Inc was continued to the August 2025 hearing.

Docket 202-2025 – The application of Black Gold Energy Indian Mound Facility, Inc. was withdrawn.

Docket 203-2025 – The application of West Shore Energy LLC was withdrawn.

Docket 204-2025 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of White Rock Oil and Gas, LLC was approved as set forth in Board Order 144-2025.

Docket 205-2025 – Board staff placed this application on the Default Docket for approval without hearing if no protests or requests for hearing were received by 10:00 a.m. on the day of the hearing. None were received. The application of White Rock Oil and Gas, LLC was approved as set forth in Board Order 145-2025.

Docket 206-2025 – The application of Coyote Resources LLC was continued to the August 2025 hearing.

Docket 101-2025 – The application of Phoenix Operating LLC was continued to the August 2025 hearing.

Docket 102-2025 – The application of Phoenix Operating LLC was continued to the August 2025 hearing.

Docket 109-2025 – The application of Kraken Oil & Gas LLC was continued to the August 2025 hearing.

Docket 110-2025 – The application of Kraken Oil & Gas LLC was continued to the August 2025 hearing.

Docket 130-2025 – A motion was made by Mr. Welter, seconded by Mr. Brwon and unanimously passed, to approve the application of Continental Resources Inc as set forth in Board Order 146-2025.

Docket 131-2025 – A motion was made by Mr. Welter, seconded by Mr. Brwon and unanimously passed, to approve the application of Continental Resources Inc as set forth in Board Order 147-2025.

Docket 142-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Brown and unanimously passed, to approve the application of MorningStar Operating LLC as set forth in Board Order 148-2025.

Docket 207-2025 & Docket 208-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, that Bad Water Disposal, LLC must remedy the field violations at the FLB Spokane 3 well by the July 10, 2025, hearing application deadline. Following the July 10, 2025, deadline, a penalty of \$250 per day be assessed until compliance is achieved and confirmed by inspection. Bad Water Disposal, LLC is to appear at the August 14, 2025, public hearing and show-cause, if any it has, why additional penalties should not be assessed for failure to remedy the field violations, failure to file delinquent injection reports, and failure to pay the penalty assessed for delinquent reporting. This is set forth in Board Order 149-2025.

Docket 209-2025 & Docket 210-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, that Big Sky Energy, LLC must begin to plug and abandon or transfer its wells in Carbon, Golden Valley, and Stillwater Counties, Montana, prior to August 14, 2025, public hearing. Failure to begin to plug and abandon or transfer the well may result in additional penalties or the forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA. Big Sky Energy, LLC is to appear at the August 14, 2025, public hearing and show-cause, if any it has, why its injection permit for the Chapman 13-2 saltwater disposal well, API # 25-009-21165, located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2, T7S-R21E, Carbon County, Montana should not be revoked for failure to pay the annual injection well operating fee and penalty. Big Sky Energy, LLC is fined \$1,000 for failure to appear at the June 12, 2025, public hearing. This is set forth in Board Order 150-2025.

Docket 211-2025 – A motion was made by Mr. Tietz, seconded by Mr. Welter and unanimously passed, that D90 Energy LLC must begin to plug and abandon or transfer its wells in Sheridan County, Montana, prior to August 14, 2025, public hearing. Failure to begin to plug and abandon or transfer the well may result in additional penalties or the forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA. D90 Energy LLC is to appear at the August 14, 2025, public hearing and show-cause, if any it has, why its injection permits should not be revoked for failure to pay the annual injection well operating fee and penalty. This is set forth in Board Order 151-2025.

Docket 213-2025 – The show-cause hearing of Diamond Halo Group LLC was dismissed.

Docket 214-2025 – The show-cause hearing of Enneberg Energy, Inc. was dismissed.

Docket 215-2025 – A motion was made by Mr. Welter, seconded by Mr. Brown and unanimously passed, that McOil Montana One LLC is fined \$1,000 for failure to appear at the June 12, 2025, public hearing. McOil Montana One LLC is to appear at the August 14, 2025, public hearing and show-cause, if any it has, why additional penalties should not be assessed for failure to file delinquent reports, failure to pay the penalties assessed for delinquent reports, and failure to appear at the June 12, 2025, public hearing. This is set forth in Board Order 152-2025.

Docket 216-2025 – The show-cause hearing of Ranck Oil Company, Inc. was dismissed.

Docket 217-2025 – A motion was made by Mr. Tietz, seconded by Mr. Brown and unanimously passed, that XOIL, INC must begin to reclaim the Richardson-Hoven 1-11 (API 25-091-21511) and the Simard 26-16 (API 25-085-21430) well locations prior to the August 14, 2025, public hearing. Failure to reclaim the well locations may result in additional penalties or the forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA. This is set forth in Board Order 153-2025.

Docket 218-2025 & Docket 90-2025 – A motion was made by Mr. Tietz, seconded by Mr. Welter and unanimously passed, that Montana Energy Company, LLC is to appear at the August 14, 2025, public hearing and show-cause, if any it has, why additional penalties, which could include a bond increase, should not be considered for failure to remedy the compliance issues. Montana Energy Company, LLC must pay the \$1,000 for failure to comply with Administrative Order 15-A-2024 prior to the July 10, 2025, hearing deadline. The \$100 daily fine remains in effect until compliance is achieved and confirmed by inspection. This is set forth in Board Order 154-2025.

Docket 92-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, that Yellowstone Petroleums, Inc.'s outstanding fine of \$1,000 must be paid by the July 10, 2025, hearing application deadline. Yellowstone Petroleums, Inc. must appear at the August 14, 2025, public hearing and show-cause, if any it has, why it should not immediately plug and abandon its wells in Carbon, Glacier, Pondera, and Toole Counties, Montana. This is set forth in Board Order 155-2025.

NEXT MEETING

The next business meeting of the Board will be Wednesday, August 13, 2025, at 2:00 p.m. at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. The next regular public hearing will be Thursday, August 14, 2025, beginning at 9:00 a.m. at the Board's hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. The filing deadline for the August 14th public hearing is July 10, 2025.

BOARD OF OIL AND GAS CONSERVATION OF THE STATE OF MONTANA

Steven Durrett, Chairman
Corey Welter, Vice-Chairman
Roy Brown, Board Member
Mac McDermott, Board Member
Barbara Skelton, Board Member
W. John Tietz, Board Member
Jeff Wivholm, Board Member

ATTEST:

Jennifer Breton, Program Specialist