

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
MINUTES OF THE MEETING AND PUBLIC HEARING
August 13 & 14, 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, August 13, 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, Rob Stutz, Jennifer Breton, and Scot Bloomfield.

PUBLIC COMMENT ON AGENDA AND NON-AGENDA ITEMS

No comments were made.

APPROVAL OF MINUTES

A motion was made by Mr. Welter, seconded by Mr. Brown and unanimously passed, to approve the minutes of the June 11, 2025, business meeting.

FENCINGS, SCREENING, AND NETTING OF PITS SUBCOMMITTEE REPORT

The subcommittee made up of Mr. Tietz, Mr. Wivholm, and Mrs. Skelton met three times since the June meeting. Mr. Tietz provided the subcommittee's report.

Initially, the subcommittee thought it was more justifiable to lower TDS limit from 15,000 to 10,000 ppm TDS in the ARM 36.22.1223 rule rather than requiring all produced water pits to be fenced. The lower TDS limit would align with EPA and Nebraska standards and Board's own freshwater definition. While the proposed change to lower the TDS limit from 15,000 ppm to 10,000 ppm is defensible, it would primarily affect central Montana and would not address the Kevin–Sunburst complaint.

There is no evidence of a widespread/statewide problem with produced water pit fencing. Many landowners prefer not to fence pits, and inspectors maintain strong relationships to address concerns locally.

The subcommittee recommended not proceeding with rulemaking at this time. The subcommittee requested field inspectors to get a better feel for the issue in their respective districts.

The biggest issue with the recent complaints was oil on pits, so staff drafted an enforcement policy with automatic fines if oil is not removed promptly from the pit.

The subcommittee reviewed a pit enforcement policy. Board rules already require pits with oil to be fenced, screened, and netted or have oil removed. The goal of the enforcement policy is to establish a clear, consistent, and enforceable process to ensure prompt removal of oil from unfenced pits or vessels, protecting the environment while providing timely and flexible compliance measures. The draft policy is attached as Exhibit 1.

This would not be a new rule, rather an enforcement policy of an existing rule.

The subcommittee recommended no changes to ARM 36.22.1223 at this time and to review and adopt the pit enforcement policy at the October business meeting.

Chairman Durrett thanked the committee members for their time.

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

Mr. Jones reviewed the proposal notice for the privilege and license tax (P&L tax) rule amendment, attached as Exhibit 2.

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 and pre-regulatory 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 would also be no impact to industry; 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.

Motion: Mr. Welter made the motion to approve the proposal notice to lower the P&L tax rate from 0.22% to 0.18% effective April 1, 2026. Mr. McDermott seconded, and the motion passed unanimously.

The Board approved Rob Stutz as the Board's rule reviewer.

FINANCIAL REPORT

Mrs. Breton discussed the financial statement, attached as Exhibit 3.

BOND SUMMARY & INCIDENT REPORT

Mr. Jones presented the bond report and the incident report, attached as Exhibit 4 & 5.

DOCKET SUMMARY

Mr. Jones presented the docket summary, attached as Exhibit 6.

GAS FLARING EXCEPTIONS

There were no flaring exceptions to review.

An operator recently exceeded the 60-day test period for flaring without an exception. A penalty policy exists for such violations; however, it was not posted online, and the operator, being new to the state, was unaware of it. Mr. Jones issued a warning and stated that the policy will be published on the website.

INACTIVE WELL REVIEW

Mr. Davis reviewed a list of inactive well operators and their current statuses, attached as Exhibit 7.

Mr. Davis recommended Hesla Oil, LLC (Hesla) be required to appear at the October 9, 2025, public hearing and show-cause, if any it has, why it should not immediately plug and abandon its wells Toole County, Montana. An overview of Hesla's inactive well review is attached as Exhibit 8.

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

The Board issued an Administrative Order for Hesla, attached as Exhibit 9.

ORPHAN WELL AND FEDERAL GRANT UPDATE

There are 24 wells remaining to be plugged by September 30, 2025. An extension may be requested from the DOI due to reclamation remaining on a few of the contracts. DOI has confirmed that it will accept an extension, if necessary.

The DOI is conducting a desk audit on the initial grant. Information has already been submitted to the auditors working on the grant. The auditors have requested an onsite visit with a plugging contractor and Liquid Gold has agreed to the onsite visit.

DOI has released new guidance documents for the remaining federal grants for plugging orphan wells. The stipulations that states must apply the Endangered Species Act, the National Historic Preservation Act, and methane testing were removed from the grants.

The DOI is not currently accepting new grant applications. Under the formula grant for plugging orphaned wells, Montana is eligible for approximately \$5 million. There are currently 130 coalbed methane wells on the orphan well list.

Prior to fiscal year end, the three orphaned Bootstrap Oil LLC wells were contracted to be plugged with

damage mitigation funds. The contract was in the amount of \$713,000 and the contractor has plugged the three wells. The Board should still get the RITT deposit beginning on July 1, 2025.

Mr. Gizicki discussed D&A Water Disposal LLC (D&A), an overview is attached as Exhibit 10. The Board forfeited this operator's bonds in April 2025. The Board was directed to pursue legal action to cover the plugging and reclamation costs. The draft complaint has not been filed with district court, so plugging costs can still be added to the lawsuit.

On location, there is an open pit containing oil, rusted tanks, and oil contaminated soil from the tanks and pit. Additionally, there has been a landowner complaint regarding the condition of the location.

Mr. Jones estimates the total plugging and clean up cost to be around \$330,000. Mr. Jones recommends keeping \$200,000 in reserves in the Damage Mitigation account. The current balance in the account is \$575,000.

The goal would be to plug and reclaim both wells and well locations to save on mobilization costs, but depending on the bids received, the scope of the solicitation might need to be reduced with the tank battery cleanup and pit reclamation as the top priority.

Staff noted that forfeited bonds goes into the damage mitigation account, and typically the funds don't go towards the specific operator's wells. The funds go towards the balance in the account and the orphan well ranking system is applied. At this time, these wells are the top priority wells to address.

Mr. Gizicki requested the Board to authorize the utilization of damage mitigation account funds to clean up the tank battery location and restore the surface and abandon the BN 12-11 SWD and BN 11-11 well.

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

Staff will work on the plugging contract.

A solicitation for a consultant to assist in developing a Class VI UIC Primacy application is currently open for bid. The contract will be using federal funds from the class VI primacy grant received last year.

The BLM recently approved a right of way in Carbon County to be used by Denbury for its carbon sequestration project. This right of way allows potential access to a tract of state land to drill a stratigraphic well to collect data need to develop a class VI permit application.

STAFF REPORTS

Ben Jones

Mr. Jones brought to the Board's attention WY Basin Operating LLC (WY Basin). WY Basin took over 54 wells from D90 Energy, LLC. Board staff subsequently contacted WY Basin multiple times with

questions regarding its unit operations, including the plan for the unit wells not bonded by WY Basin, and details regarding its operation of a North Goose Lake Unit enhance oil recovery injection well. To date, WY Basin has not responded to these inquiries.

Mr. Jones recommended WY Basin to appear at the Board's October 8, 2025, business meeting to provide a full update on its operations.

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

The Board issued an Administrative Order for WY Basin, attached as Exhibit 11.

Chairman Durrett and Mr. Jones have met with the Legislative Audit Division (LAD) twice over the last few months regarding the Board operations and production accounting. The staff member in charge of the audit has resigned and LAD has indicated that it might need to duplicate some of its past efforts to move forward.

Mr. Jones was a presenter at the first annual petroleum resources teacher workshop in Savage, Montana. The Board sponsored part of the workshop. The workshop provides teachers with an overview of the oil and gas exploration and production industry. A thank you note is attached as Exhibit 12.

Mr. Jones will be participating as a panel member at the annual Montana Petroleum Association meeting.

Mr. Jones provided a staff update. The compliance technician position has been filled internally by Allison Young Swallow, who was previously in an administrative assistant position. There are 16 candidates who have applied to fill that position.

John Gizicki

Montana is the host to EPA region 8 annual directors meeting that will take place October 21-23 in Billings. Weather pending, there will be a field trip on the 23rd to Red Dome, located southeast of Bridger.

The Class II grant has not been received.

Mr. Gizicki announced previous Roundup field inspector, Jerry Fraser, had recently passed away.

Ben Davis

Mr. Davis provided the Board an update on well activity, attached as Exhibit 13.

Mr. Davis brought to the Board's attention Brainstorm Energy, Inc. (Brainstorm). Brainstorm filed Sundry Notices to plug and abandon the Goeddertz 12, Goeddertz 18, and Goeddertz 21 wells in Toole County, Montana. The Conditions of Approval for those Sundry Notices required that the field inspector be notified at least 24 hours in advance of the start of plugging operations. The field inspector discovered plugging

operations had begun without notification from Brainstorm. An overview of the timeline with well location pictures are attached as Exhibit 14.

Mr. Davis recommended Brainstorm be required to properly plug and abandon the three wells in accordance with the approved Sundry Notices and the Conditions of Approval prior to the November 6, 2025, hearing application deadline. Failure to do so will require Brainstorm to appear and show cause at the December 11, 2025, public hearing, if any it has, why additional penalties should not be assessed for failure to properly complete plugging and abandonment operations in accordance with the Sundry Notice Conditions of Approval.

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

The Board issued an Administrative Order for Brainstorm, attached as Exhibit 15.

Poplar Resources LLC (Poplar) has shut down its operations and has filed bankruptcy. Poplar had submitted plans to ensure the field was properly shut-in. Staff recently received notice from the bankruptcy trustee that the wells will be abandoned from the bankruptcy process as the liability exceeds the value of the wells. This will likely lead to the Board having to orphan the wells. The notice is attached as Exhibit 16. This includes fee, federal, and tribal wells.

OTHER BUSINESS

No other business discussed.

PUBLIC HEARING

The Board reconvened on Thursday, August 14, 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 219-2025 – A motion was made by Mr. Welter, seconded by Mr. Brown and unanimously passed, to approve the application of Thor Resources USA, LLC as set forth in Board Order 156-2025.

Docket 220-2025 – A motion was made by Mr. McDermott, seconded by Mrs. Skelton and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 157-2025.

Docket 221-2025 – A motion was made by Mr. McDermott, seconded by Mrs. Skelton and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 158-2025.

Docket 222-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Welter and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 164-2025.

Docket 223-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Welter and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 165-2025.

Docket 224-2025 / 38-2025 FED – A motion was made by Mr. Wivholm, seconded by Mr. Welter and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 166-2025.

Docket 225-2025 / 39-2025 FED – A motion was made by Mr. Wivholm, seconded by Mr. Welter and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 167-2025.

Docket 226-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Welter and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 172-2025.

Docket 227-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Welter and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 173-2025.

Docket 228-2025 – The application of Kraken Oil & Gas LLC was continued to the October 2025 hearing.

Docket 229-2025 – A motion was made by Mr. Welter, seconded by Mr. McDermott and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 159-2025.

Docket 230-2025 – A motion was made by Mr. Welter, seconded by Mr. Wivholm and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 160-2025.

Docket 231-2025 – A motion was made by Mr. Welter, seconded by Mr. Wivholm and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 161-2025.

Docket 232-2025 – A motion was made by Mr. Brown, seconded by Mr. Welter and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 162-2025.

Docket 233-2025 – A motion was made by Mr. Wivholm, seconded by Mrs. Skelton and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 163-2025.

Docket 234-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Brown and unanimously passed, to approve the application of Phoenix Operating LLC as set forth in Board Order 179-2025.

Docket 235-2025 – The application of Phoenix Operating LLC was withdrawn.

Docket 236-2025 – The application of Devon Energy Williston, L.L.C. was continued to the October 2025 hearing.

Docket 237-2025 – The application of Devon Energy Williston, L.L.C. was continued to the October 2025 hearing.

Docket 238-2025 – A motion was made by Mrs. Skelton, seconded by Mr. Welter and unanimously passed, to approve the application of White Rock Oil & Gas, LLC as set forth in Board Order 180-2025.

Docket 239-2025 – A motion was made by Mrs. Skelton, seconded by Mr. Welter and unanimously passed, to approve the application of White Rock Oil & Gas, LLC as set forth in Board Order 181-2025.

Docket 240-2025 – The application of Kraken Oil & Gas LLC was withdrawn.

Docket 241-2025 – The application of Kraken Oil & Gas LLC was withdrawn.

Docket 242-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of Oasis Petroleum North America LLC as set forth in Board Order 182-2025.

Docket 243-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of Oasis Petroleum North America LLC as set forth in Board Order 183-2025.

Docket 244-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of Oasis Petroleum North America LLC as set forth in Board Order 184-2025.

Docket 245-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of Oasis Petroleum North America LLC as set forth in Board Order 185-2025.

Docket 246-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of Oasis Petroleum North America LLC as set forth in Board Order 186-2025.

Docket 247-2025 – A motion was made by Mr. Welter, seconded by Mr. Tietz and unanimously passed, to approve the application of Oasis Petroleum North America LLC as set forth in Board Order 187-2025.

Docket 248-2025 – The application of Whiting Oil and Gas Corporation was continued to the October 2025 hearing.

Docket 249-2025 – The application of Whiting Oil and Gas Corporation was continued to the October 2025 hearing.

Docket 250-2025 – The application of Whiting Oil and Gas Corporation was continued to the October 2025 hearing.

Docket 251-2025 – The application of Whiting Oil and Gas Corporation was continued to the October 2025 hearing.

Docket 252-2025 – A motion was made by Mr. Welter, seconded by Mrs. Skelton and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 188-2025.

Docket 253-2025 – A motion was made by Mr. Welter, seconded by Mrs. Skelton and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 189-2025.

Docket 254-2025 – A motion was made by Mr. Welter, seconded by Mrs. Skelton and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 190-2025.

Docket 255-2025 – A motion was made by Mr. Welter, seconded by Mrs. Skelton and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 191-2025.

Docket 256-2025 – The application of Whiting Oil and Gas Corporation was continued to the October 2025 hearing.

Docket 257-2025 – The application of Whiting Oil and Gas Corporation was continued to the October 2025 hearing.

Docket 258-2025 – A motion was made by Mr. Tietz, seconded by Mrs. Skelton and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 192-2025.

Docket 259-2025 – A motion was made by Mr. Tietz, seconded by Mrs. Skelton and unanimously passed, to approve the application of Whiting Oil and Gas Corporation as set forth in Board Order 193-2025.

Docket 260-2025 – The application of Whiting Oil and Gas Corporation was continued to the October 2025 hearing.

Docket 261-2025 – The application of Whiting Oil and Gas Corporation was continued to the October 2025 hearing.

Docket 262-2025 – 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 SDOCO, LLC was approved as set forth in Board Order 174-2025.

Docket 263-2025 – 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 Phoenix Operating LLC was approved as set forth in Board Order 175-2025.

Docket 264-2025 – A motion was made by Mr. Tietz, seconded by Mr. Welter and unanimously passed, that staff may proceed with administrative review and approval of the change of operator request from White Rock Oil & Gas, LLC to MorningStar Operating LLC. This is set forth in Board Order 194-2025.

Docket 265-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Welter and unanimously passed, that staff may proceed with administrative review and approval of the change of operator request from J&M Snake Creek Disposal, Inc. to Snake Butte Disposal, Inc. This is set forth in Board Order 195-2025.

Docket 266-2025 – A motion was made by Mr. Brown, seconded by Mr. Welter and unanimously passed, that staff may proceed with administrative review and approval of the change of operator request from Yellowstone Petroleums, Inc. to R.C.S. Oil, Inc.. This is set forth in Board Order 196-2025.

Docket 101-2025 – The application of Phoenix Operating LLC was withdrawn.

Docket 102-2025 – The application of Phoenix Operating LLC was withdrawn.

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

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

Docket 159-2025 / 28-2025 FED – The application of Phoenix Operating LLC was withdrawn.

Docket 160-2025 / 29-2025 FED – The application of Phoenix Operating LLC was withdrawn.

Docket 171-2025 – The application of Heritage Energy Operating, LLC was withdrawn.

Docket 172-2025 – The application of Heritage Energy Operating, LLC was withdrawn.

Docket 181-2025 – A motion was made by Mr. Wivholm, seconded by Mr. McDermott and unanimously passed, to approve the application of Phoenix Operating LLC as set forth in Board Order 177-2025.

Docket 182-2025 – A motion was made by Mr. Wivholm, seconded by Mr. McDermott and unanimously passed, to approve the application of Phoenix Operating LLC as set forth in Board Order 178-2025.

Docket 186-2025 / 30-2025 FED – A motion was made by Mr. Wivholm, seconded by Mr. Welter and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 168-2025.

Docket 187-2025 / 31-2025 FED – A motion was made by Mr. Wivholm, seconded by Mr. Welter and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 169-2025.

Docket 188-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Welter and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 170-2025.

Docket 189-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Welter and unanimously passed, to approve the application of Kraken Oil & Gas LLC as set forth in Board Order 171-2025.

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

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

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

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

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

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

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

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

Docket 206-2025 – 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 Coyote Resources LLC was approved as set forth in Board Order 176-2025.

Docket 267-2025 – A motion was made by Mr. Welter, seconded by Mr. McDermott and unanimously passed, that Docket 267-2025, Bad Water Disposal, LLC, is dismissed. This is set forth in Board Order 197-2025.

Docket 268-2025 – A motion was made by Mr. Welter, seconded by Mr. Wivholm and unanimously passed, that Big Sky Energy, LLC's plugging and reclamation bonds are forfeited. This is set forth in Board Order 198-2025.

Docket 269-2025 – A motion was made by Mr. Welter, seconded by Mr. Wivholm and unanimously passed, that Docket 269-2025, D90 Energy LLC, is continued until the October 9, 2025, public hearing. This is set forth in Board Order 199-2025.

Docket 270-2025 – A motion was made by Mr. Welter, seconded by Mr. Brown and unanimously passed, that Hesla Oil, LLC (Hesla) is fined \$1,000 for failure to appear at the August 14, 2025, public hearing. Hesla is to appear at the October 9, 2025, public hearing and show-cause, if any it has, why additional penalties should not be assessed for failure to pay the penalty assessed for delinquent reporting and failure to appear at the August 9, 2025, public hearing. This is set forth in Board Order 200-2025.

Docket 271-2025 – A motion was made by Mr. Welter, seconded by Mr. Brown and unanimously passed, that McOil Montana One LLC (McOil) is fined \$1,000 for failure to appear at the August 14, 2025, public hearing. McOil is to appear at the October 9, 2025, public hearing, if any it has, for why it should not immediately plug and abandon or transfer its wells in Toole County, Montana. This is set forth in Board Order 201-2025.

Docket 272-2025 – A motion was made by Mr. Wivholm, seconded by Mr. Brown and unanimously passed, that Montana Energy Company, LLC (MEC) must immediately increase its plugging and reclamation bond to \$100,000. MEC must remedy the field violations by September 14, 2025, or the \$100 daily fine will increase to a \$250 daily fine. The fine will remain in effect until compliance is confirmed by inspection. An officer of MEC is to appear at the October 9, 2025, public hearing and show-cause, if any it has, why additional penalties, which could include its production being declared illegal in accordance with ARM 36.22.1245, should not be considered for failure to remedy the compliance issues. The \$1,000 fine for failure to comply with Administrative Order 15-A-2024 is increased to \$2,000. MEC must submit an updated organization report (Form 1). This is set forth in Board Order 202-2025.

Docket 273-2025 – A motion was made by Mr. Welter, seconded by Mr. Brown and unanimously passed, that XOIL, INC's plugging and reclamation bond for XOIL is forfeited. This is set forth in Board Order 203-2025.

Docket 274-2025 & Docket 275-2025 – A motion was made by Mr. Welter, seconded by Mrs. Skelton and unanimously passed, that Yellowstone Petroleums, Inc's (Yellowstone) daily fine of \$250 is suspended until the September 4, 2025, hearing application deadline. Yellowstone must submit an approved plan to plug and abandon its Essex-Thompson 1 and Myhre 3-25 wells by the September 4, 2025, hearing application deadline or the daily fine of \$250 will increase to a \$500 daily fine. The fine will remain in effect until the abandonment plans have been received and approved. Docket 275-2025 is continued until the October 9, 2025, public hearing. This is set forth in Board Order 204-2025.

Docket 215-2024 – A motion was made by Mr. Welter, seconded by Mr. Brown and unanimously passed, that Powder Battalion Holdings LLC must begin to plug and abandon its wells in Big Horn County, Montana, prior to October 9, 2025, public hearing. Failure to begin to plug and abandon the wells 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 205-2025.

NEXT MEETING

The next business meeting of the Board will be Wednesday, October 8, 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, October 9, 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 October 9th public hearing is September 4, 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