

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

UPON THE BOARD'S OWN MOTION TO REQUIRE BENSUN ENERGY, LLC TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY IT SHOULD NOT BEGIN TO PLUG AND ABANDON OR TRANSFER ITS WELLS. THE FAILURE TO DO SO, AS REQUIRED BY BOARD ORDER 77-2019, MAY RESULT IN FORFEITURE OF THE PLUGGING AND RECLAMATION BOND IN ITS ENTIRETY, AS PERMITTED BY § 82-11-123(5), MCA.

ORDER 26-2020

Docket No. 113-2019

Report of the Board

The above entitled cause came on regularly for hearing on June 25, 2020, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. The notice of this hearing was delivered by certified mail to Bensun Energy, LLC (Bensun Energy) on June 9, 2020.
3. Mr. Benson contacted staff prior to the hearing to request a continuance due to a personal health issue and Covid-19. Mr. Benson is not an attorney.
4. No legal counsel or witness appeared at or called in to the hearing on behalf of Bensun Energy. The potential purchaser, Diamond Halo Group, LLC (Diamond Halo), also did not appear or call in for this docket.
5. Board Order 77-2019 issued at the August 15, 2019, hearing required that Bensun Energy either begin to plug and abandon its wells or transfer its wells to another operator by the October 10, 2019, public hearing.
6. Christy Strevey, CEO of Diamond Halo appeared at the Board's October 10, 2019, hearing and testified that the sale of the Bensun Energy wells to Deep River Petroleum, LLC and Diamond Halo would be finalized in 30 days. Board Order 91-2019 continued the matter to the December 5, 2019, hearing.
7. Board Order 125-2019 issued at the December hearing required that Diamond Halo appear at the February 13, 2020, hearing to present the change of operator request.
8. On December 5, 2019, a change of operator request transferring all Bensun Energy wells to Diamond Halo was received, along with a letter from Stockman Bank stating that a release of Bensun Energy's bonds would be necessary for the bank to transfer the bonds from Bensun Energy to Diamond Halo.

BOARD ORDER NO. 26-2020

9. Also on December 5, 2019, an email was received from Christy Strevey asking if a well could be excluded from the transfer. Since all Bensun Energy wells are covered by a limited multiple well bond, all wells would have to be included in the transfer or additional bonding would be necessary to cover any excluded wells.

10. Mr. Benson appeared at the February 13, 2020, hearing with a change of operator request transferring only the Gartner Denowh 31-7H well from Bensun Energy to Diamond Halo. Diamond Halo provided no plugging and reclamation bond and Diamond Halo Group, LLC was not registered with the Secretary of State.

11. Board Order 7-2020 issued at the February 13, 2020, hearing directed Bensun Energy to submit a revised change of operator request for the wells to be transferred to Diamond Halo, and that Diamond Halo submit plugging and reclamation bonds for the acquired wells by the April 30, 2020, hearing. The order further stated that failure to provide the change of operator request and appropriate bonding by that date could result in forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.

12. Due to concerns related to Covid-19, all show-cause or administrative dockets scheduled for April were continued to the June hearing.

13. No change of operator request or plugging and reclamation bond or bonds were received either prior to the original April 30, 2020, deadline established in Order 7-2020 or prior to this hearing.

14. Board staff has had no contact from Diamond Halo since the February hearing.

15. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

1. The Board concludes that the respondent has not demonstrated that the requirements of Title 82, Chapter 11, MCA and ARM 36.22.101, et seq. have been met.

2. The Board concludes that the respondent was properly notified of the hearing, per the requirements of § 82-11-141, MCA.

3. The Board concludes that the respondent failed to provide the change of operator request or to plug and abandon its wells, as required by Board Order 77-2019, allowing the forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.

BOARD ORDER NO. 26-2020

Order

IT IS THEREFORE ORDERED by the Board that the plugging and reclamation bond for Bensun Energy, LLC is hereby forfeited.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25<sup>th</sup> day of June, 2020.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

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Steven Durrett, Chairman

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Paul Gatzemeier, Vice-Chairman

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Mac McDermott, Board Member

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Linda Nelson, Board Member

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Dennis Trudell, Board Member

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Joseph Michael Weber, Board Member

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Corey Welter, Board Member

ATTEST:

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Jennifer Breton, Program Specialist

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

UPON THE BOARD'S OWN MOTION TO REQUIRE CARRELL OIL COMPANY DBA COCO TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY PENALTIES SHOULD NOT BE IMPOSED FOR FAILURE TO MAINTAIN MECHANICAL INTEGRITY FOR THE FIFER 3 (API # 25-069-05141) AND THE GOVT. 4 (API # 25-033-05028) ENHANCED OIL RECOVERY WELLS.

ORDER 27-2020

Docket No. 128-2019

Report of the Board

The above entitled cause came on regularly for hearing on June 25, 2020, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. Mr. Larry Carrell, personal representative and trustee of the estate of Lloyd Carrell, appeared as a witness for Carrell Oil Company DBA COCO (Carrell Oil).
3. The Fifer 3 well is not in compliance.
4. Mr. Carrell has a buyer for Carrell Oil's wells and the sale will be finalized on July 1, 2020. Mr. Carrell requested additional time for the buyer to review the Fifer 3 well prior to plugging it.
5. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that taking the following action is appropriate.

Order

IT IS THEREFORE ORDERED by the Board that Docket 128-2019 is continued until the August 6, 2020, public hearing.

BOARD ORDER NO. 27-2020

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25<sup>th</sup> day of June, 2020.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

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Steven Durrett, Chairman

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Paul Gatzemeier, Vice-Chairman

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Mac McDermott, Board Member

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Linda Nelson, Board Member

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Dennis Trudell, Board Member

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Joseph Michael Weber, Board Member

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Corey Welter, Board Member

ATTEST:

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Jennifer Breton, Program Specialist

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

UPON THE BOARD'S OWN MOTION TO REQUIRE PARMT LLC TO APPEAR AND SHOW-CAUSE, IF ANY IT HAS, FOR WHY ITS PLUGGING AND RECLAMATION BOND SHOULD NOT BE FORFEITED FOR FAILURE TO PLUG AND ABANDON ITS GUENTHER 2-8 WELL, API # 25-091-21565, LOCATED IN THE SW¼NE¼ OF SECTION 8, T33N-R58E, SHERIDAN COUNTY, MONTANA AS REQUIRED BY BOARD ORDER 120-2019, IN ACCORDANCE WITH § 82-11-123(5), MCA.

ORDER 28-2020

Docket No. 33-2020

Report of the Board

The above entitled cause came on regularly for hearing on June 25, 2020, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing. All parties, their attorneys, and interested persons were afforded the opportunity to present testimony and evidence at the hearing either in person or, because of the Covid-19 pandemic, via teleconference.
2. No one appeared on behalf of PARMT LLC (PARMT), nor has anyone from PARMT ever contacted Board staff regarding this docket.
3. PARMT was previously assessed fines of \$3,000 for failure to appear at the June 13, 2019, October 10, 2019, and December 5, 2019, public hearings and has accrued \$140 in penalties for delinquent reporting.
4. Board Order 120-2019 established a \$250 per day fine beginning on January 9, 2020, for each day that PARMT failed to submit an abandonment plan for its Guenther 2-8 well. At the time of hearing, the daily fine totaled \$41,500, and the total fines assessed against PARMT was \$44,640.
5. The delivery of the certified notice of this hearing was attempted on June 1, 2020, but the notice remained unclaimed.
6. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the respondent has not demonstrated that the requirements of Title 82, Chapter 11, MCA and ARM 36.22.101, et seq. have been met.

BOARD ORDER NO. 28-2020

Order

IT IS THEREFORE ORDERED by the Board that the plugging and reclamation bond for PARMT LLC is hereby forfeited.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25<sup>th</sup> day of June, 2020.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

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Steven Durrett, Chairman

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Paul Gatzemeier, Vice-Chairman

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Mac McDermott, Board Member

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Linda Nelson, Board Member

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Dennis Trudell, Board Member

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Joseph Michael Weber, Board Member

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Corey Welter, Board Member

ATTEST:

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Jennifer Breton, Program Specialist