

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
February 1 & 2, 2023

NOTICE OF PUBLIC HEARING

(CONSERVATION AND PREVENTION
(OF WASTE OF OIL AND GAS

The Board of Oil and Gas Conservation of the State of Montana will hold its business meeting on Wednesday, February 1, 2023, at 2:00 p.m. in the hearing room at its office at 2535 St. Johns Avenue in Billings, Montana.

The agenda for that meeting is as follows:

1. Call to order
2. Public comment on agenda and non-agenda items
3. Approval of minutes of December 7, 2022, business meeting
4. Forza Operating, LLC
5. Financial report
6. Bond summary & incident report
7. Docket summary
8. Gas flaring exceptions
9. Inactive well review
10. Orphan well and federal grant update
11. Staff reports
12. Other business
13. Adjourn

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below at **9:00 a.m.** on Thursday, February 2, 2023, in the hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. Interested persons have the opportunity to be heard for each docket. For more information or to request accommodation for a disability, please contact Jennifer Breton at (406) 656-0040, as soon as possible before the scheduled hearing.

Please take note that corporations, partnerships, limited-liability companies (LLCs), or any other legal entity that is not a natural person cannot appear before the Board of Oil and Gas Conservation except through an attorney licensed to practice law in the State of Montana. Failure of a designated and duly licensed legal representative to appear at the time and place identified in this hearing notice may result in imposition of sanctions for failure to appear before the Board.

Docket 1-2023

APPLICANT: HUNTINGTON ENERGY, LLC – SHERIDAN COUNTY, MONTANA

Upon the application of **Huntington Energy, LLC** to designate a permanent spacing unit comprised of the E½ of Section 25, T34N-R56E, Sheridan County, Montana, for the production of oil and associated natural gas from the top of the Gunton Formation to base of Red River Formation with respect to the L. Johansen 1 well.

Applicant requests to authorize the downhole commingling of production from the Gunton and Red River Formations.

Applicant further requests to vacate Board Order 44-1985 that delineated the Wrangler Field in Section 25, T34N-R56E and established field rules for spacing for the Red River Formation.

Docket 2-2023

APPLICANT: HUNTINGTON ENERGY, LLC – SHERIDAN COUNTY, MONTANA

Upon the application of **Huntington Energy, LLC** to pool all interests in the permanent spacing unit comprised of the E½ of Section 25, T34N-R56E, Sheridan County, Montana, for the production of oil and associated natural gas from the Gunton and Red River Formations and to authorize the recovery of non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to the L. Johansen 1 well.

Docket 3-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to amend Board Orders 18-2020 and 2-2022 to provide that operations for the drilling of a well in the overlapping temporary spacing unit comprised of all of Sections 22, 27, and 34, T26N-R59E must be commenced prior to February 17, 2024. All other provisions in said order remains unchanged and in full force and effect.

Docket 4-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Sections 4, 9, and 16, T24N-R59E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of said well must commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Order 208-2008 pertaining to Sections 4 and 9, T24N-R59E be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Delores 1-4H and that Order 209-2008 that authorized an additional well in that spacing unit be vacated.

Docket 5-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to two additional horizontal Bakken/Three Forks Formation wells anywhere within the overlapping temporary spacing unit comprised of all of Sections 4, 9, and 16, T24N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal wells.

Docket 6-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Sections 5, 8, and 17, T24N-R59E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of said well must commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Order 66-2010 pertaining to the E½ of Sections 5 and 8, T24N-R59E be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Sara 1-5H and that Order 24-2008 pertaining to the W½ of Sections 5 and 8, T24N-R59E be vacated.

Docket 7-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to two additional horizontal Bakken/Three Forks Formation wells anywhere within the overlapping temporary spacing unit comprised of all of Sections 5, 8, and 17, T24N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal wells.

Docket 8-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Sections 4, 5, 8, 9, 16, and 17, T24N-R59E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well at a location proximate to the common boundary between all of Sections 4, 9, and 16, T24N-R59E and all of Sections 5, 8, and 17, T24N-R59E, with a 200' heel/toe setback to the exterior boundaries thereof. Operations for the drilling of said well must commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 9-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to create a temporary spacing unit comprised of all of Sections 2, 11, 14, and 23, T24N-R59E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of said well must commence within one year of the date of the order issued by the Board. Applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests to vacate Board Orders 210-2014, 320-2014 47-2020 and 3-2022 that designated a temporary spacing unit comprised of all of Sections 2, 11, and 14, T24N-R59E and authorized additional wells in that spacing unit.

Docket 10-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 2, 11, 14, and 23, T24N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 11-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Section 35, T27N-R57E and all of Sections 2 and 11, T26N-R57E, Richland and Roosevelt Counties, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of said well must commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Order 36-2017 pertaining to Sections 35 and 36, T27N-R57E be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Farrah 35-36 #1H.

Applicant further requests to vacate Board Orders 260-2011, 406-2011, and 213-2013 that designated a temporary spacing unit comprised of all of Sections 2 and 11, T26N-R57E and allowed additional time to commence drilling.

Docket 12-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells anywhere within the overlapping temporary spacing unit comprised of all of Section 35, T27N-R57E and all of Sections 2 and 11, T26N-R57E, Richland and Roosevelt Counties, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal wells.

Docket 13-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to create an overlapping temporary spacing unit comprised of all of Section 36, T27N-R57E and all of Sections 1 and 12, T26N-R57E, Richland and Roosevelt Counties, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of said well must commence within one year of the date of the order issued by the Board. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well, and applicant will apply for permanent spacing within 90 days of successful well completion.

Applicant requests that Board Order 36-2017 pertaining to Sections 35 and 36, T27N-R57E be amended to clarify that said order is limited to oil and associated natural gas produced from the Bakken/Three Forks Formation from the Farrah 35-36 #1H.

Applicant further requests to vacate Board Order 440-2011 that designated a temporary spacing unit comprised of all of Sections 1 and 12, T26N-R57E.

Docket 14-2023

APPLICANT: KRAKEN OIL & GAS LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to authorize the drilling of up to three additional horizontal Bakken/Three Forks Formation wells anywhere within the overlapping temporary spacing unit comprised of all of Section 36, T27N-R57E and all of Sections 1 and 12, T26N-R57E, Richland and Roosevelt Counties, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal wells.

Docket 15-2023

APPLICANT: MONTANA BOARD OF OIL AND GAS CONSERVATION – RICHLAND AND SHERIDAN COUNTIES, MONTANA

Upon the Board's own motion to require **Empire North Dakota LLC** to appear and provide an update of its actions taken to reduce its plugging liability.

Docket 124-2022
Continued from December 2022

APPLICANT: EMPIRE NORTH DAKOTA LLC– RICHLAND COUNTY, MONTANA

Upon the application of **Empire North Dakota LLC** to authorize the drilling of an additional Red River Formation well within the permanent spacing unit comprised of the NE¼ of Section 34 and the NW¼ of Section 35, T26N-R57E, Richland County, Montana at a proposed well location approximately 1,980' FNL and 1,980' FEL in Section 34, as an exception to Board Order 55-1976 (Middle Sioux Pass Field).

Docket 127-2022
Continued from December 2022

APPLICANT: KARSTED OPERATING, LLC – DANIELS COUNTY, MONTANA

Upon the application of **Karsted Operating, LLC** to designate a permanent spacing unit comprised of the S½NW¼ and N½SW¼ of Section 19, T34N-R46E, Daniels County, Montana, for the production of oil and associated natural gas from the Mission Canyon Formation with respect to the Wilcoxon 19-2 well.

Docket 128-2022
Continued from December 2022

APPLICANT: FORZA OPERATING, LLC – TOOLE COUNTY, MONTANA

Upon the application of **Forza Operating, LLC** to designate a permanent spacing unit comprised of all of Section 34, T35N-R1E, Toole County, Montana, for the production of oil and associated natural gas from the Nisku Formation with respect to the Turner 34-1H well.

Docket 16-2023

APPLICANT: A. B. ENERGY LLC – TOOLE COUNTY, MONTANA

Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for 3 wells in Toole County, Montana, from **J. Burns Brown Operating Company** to **A. B. Energy LLC** and 4 wells in Toole County, Montana, from **Balko, Inc.** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. A list of the wells is available online or in the Billings office for review.

Docket 17-2023

APPLICANT: GRAYSON MILL OPERATING, LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for 51 wells in Richland and Roosevelt Counties, Montana, from **EOG Resources, Inc.** to **Grayson Mill Operating, LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA. A list of the wells is available online or in the Billings office for review.

Docket 18-2023
SHOW-CAUSE HEARING

RESPONDENT: FAIRWAYS EXPLORATION & PRODUCTION, LLC – TETON COUNTY, MONTANA

Upon the Board's own motion to require **Fairways Exploration & Production, LLC** to appear and show cause, if any it has, why it should not immediately plug and abandon its States 1-21 well, API # 25-099-21314, located in the NW¼NW¼ of Section 21, T27N-R8W, Teton County, Montana.

Docket 19-2023
SHOW-CAUSE HEARING

RESPONDENT: MYSTIQUE RESOURCES COMPANY– SHERIDAN COUNTY, MONTANA

Upon the Board's own motion to require **Mystique Resources Company** to appear and show cause, if any it has, why it should not immediately plug and abandon its Murray 1 well, API # 25-091-21621, located in the S½N½ of Section 1, T33N-R55E, Sheridan County, Montana.

Docket 20-2023
SHOW-CAUSE HEARING

RESPONDENT: NORTH RANGE EXPLORATION, LLC– YELLOWSTONE COUNTY, MONTANA

Upon the Board's own motion to require **North Range Exploration, LLC** to appear and show cause, if any it has, why it should not have to file missing completion data for the Pillars 32-2 well, API # 25-111-21276, located in the SW¼SW¼ of Section 32, T3S-R25E, Yellowstone County, Montana.

Docket 21-2023
SHOW-CAUSE HEARING

RESPONDENT: BALLANTYNE VENTURES LLC – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Ballantyne Ventures LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file reports and to pay the administrative penalty assessed for delinquent production reporting. In accordance with Board policy the amount due now is \$140.00. This docket will be dismissed if payment and reports are received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Ballantyne Ventures LLC to further penalties as prescribed by Board Policy.

Docket 22-2023
SHOW-CAUSE HEARING

RESPONDENT: BIG SKY ENERGY, LLC – CARBON, GOLDEN VALLEY, AND STILLWATER, COUNTIES, MONTANA

Upon the Board's own motion to require **Big Sky Energy, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file reports and to pay the administrative penalty assessed for delinquent production and injection reporting. In accordance with Board policy the amount due now is \$1080.00. This docket will be dismissed if payment and reports are received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Big Sky Energy, LLC to further penalties as prescribed by Board Policy.

Docket 23-2023
SHOW-CAUSE HEARING

RESPONDENT: BLACK GOLD ENERGY RICHLAND FACILITY, INC. – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Black Gold Energy Richland Facility, Inc.** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file reports and to pay the administrative penalty assessed for delinquent injection reporting. In accordance with Board policy the amount due now is \$140.00. This docket will be dismissed if payment and reports are received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Black Gold Energy Richland Facility, Inc. to further penalties as prescribed by Board Policy.

Docket 24-2023
SHOW-CAUSE HEARING

RESPONDENT: BOOTSTRAP OIL LLC – SHERIDAN COUNTY, MONTANA

Upon the Board's own motion to require **Bootstrap Oil LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file reports and to pay the administrative penalty assessed for delinquent production and injection reporting. In accordance with Board policy the amount due now is \$180.00. This docket will be dismissed if payment and reports are received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Bootstrap Oil LLC to further penalties as prescribed by Board Policy.

Docket 25-2023
SHOW-CAUSE HEARING

RESPONDENT: HAWLEY HYDROCARBONS, MERRILL&CAROL HAWLEY DBA – PONDERA COUNTY, MONTANA

Upon the Board's own motion to require **Hawley Hydrocarbons, Merrill&Carol Hawley Dba** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file reports and to pay the administrative penalty assessed for delinquent production reporting. In accordance with Board policy the amount due is \$140.00 and of that amount \$70.00 has been paid. This docket will be dismissed if payment and reports are received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Hawley Hydrocarbons, Merrill&Carol Hawley Dba to further penalties as prescribed by Board Policy.

Docket 26-2023
SHOW-CAUSE HEARING

RESPONDENT: HAWLEY OIL COMPANY – PONDERA AND TETON COUNTIES, MONTANA

Upon the Board's own motion to require **Hawley Oil Company** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file reports and to pay the administrative penalty assessed for delinquent production and injection reporting. In accordance with Board policy the amount due now is \$500.00. This docket will be dismissed if payment and reports are received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Hawley Oil Company to further penalties as prescribed by Board Policy.

Docket 27-2023
SHOW-CAUSE HEARING

RESPONDENT: LANDTECH ENTERPRISES, LLC – RICHLAND AND ROOSEVELT COUNTIES, MONTANA

Upon the Board's own motion to require **Landtech Enterprises, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file reports and to pay the administrative penalty assessed for delinquent injection reporting. In accordance with Board policy the amount due now is \$340.00. This docket will be dismissed if payment and reports are received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Landtech Enterprises, LLC to further penalties as prescribed by Board Policy.

Docket 28-2023
SHOW-CAUSE HEARING

RESPONDENT: LYON, JOHN J. – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Lyon, John J.** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file reports and to pay the administrative penalty assessed for delinquent production reporting. In accordance with Board policy the amount due now is \$120.00. This docket will be dismissed if payment and reports are received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Lyon, John J. to further penalties as prescribed by Board Policy.

Docket 29-2023
SHOW-CAUSE HEARING

RESPONDENT: MCOIL MONTANA ONE LLC – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **McOil Montana One LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file reports and to pay the administrative penalty assessed for delinquent production reporting. In accordance with Board policy the amount due now is \$220.00. This docket will be dismissed if payment and reports are received ten days prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects McOil Montana One LLC to further penalties as prescribed by Board Policy.

BOARD OF OIL AND GAS CONSERVATION

Jennifer Breton, Program Specialist