

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
BOARD OF OIL AND GAS CONSERVATION  
HELENA, MONTANA

CONSERVATION AND PREVENTION )  
OF WASTE OF OIL AND GAS )

NOTICE OF PUBLIC HEARING

The Board of Oil and Gas Conservation will hold a business meeting at 2:00 p.m., Wednesday, August 30, 2000, at its office located at 2535 St. Johns Avenue, Billings, Montana. The agenda for that meeting is:

1. Call to order
2. Approval of minutes of July 12, 2000, business meeting
3. Opportunity for public comment
4. Bond report
5. Financial report
6. Proposed 2001 hearing schedule
7. Hawley Companies - Martin #2 well and pit permits
8. Ron Sannes – Progress report and fine resolution
9. C-W Oil and Gas – Review of progress
10. Staff reports
11. Exempt staff evaluations

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below beginning at 8:00 a.m., Thursday, August 31, 2000, in the Billings Petroleum Club, Sheraton Hotel, Billings, Montana. For more information or to request accommodation for a disability, please contact Terri Perrigo at (406) 444-6675 or Tom Richmond at (406) 656-0040 as soon as possible before the scheduled hearing.

Docket No. 3-2000 FED and 127-2000

**APPLICANT: K2 AMERICA CORP. – GLACIER COUNTY, MONTANA**

Upon the application of **K2 AMERICA CORP.** to drill an exploratory oil test well to a depth sufficient to penetrate and test all zones and formations down to a total depth of approximately 2200 feet at a location approximately 231 FEL and 292 FNL of Section 33, T35N-R11W, Glacier County, Montana, with a 100 foot tolerance for topographic reasons. Said land is held in trust by the United States Department of the Interior, Bureau of Indian Affairs, for and on behalf of the Blackfeet Indian Tribe. Any decision made in this matter will be made by the United States Department of the Interior's Bureau of Land Management.

Docket No. 4-2000 FED and 128-2000

**APPLICANT: K2 AMERICA CORP. – GLACIER COUNTY, MONTANA**

Upon the application of **K2 AMERICA CORP.** to drill an exploratory oil and gas test well to a depth sufficient to penetrate and test all zones and formations to a total depth of approximately 4200 feet at a location approximately 380 FWL and 2235 FSL of Section 7, T34N-R11W, Glacier County, Montana, with a 100 foot tolerance for topographic reasons. Said land is held in trust by the United States Department of the Interior, Bureau of Indian Affairs, for and on behalf of the Blackfeet Indian Tribe. Any decision made in this matter will be made by the United States Department of the Interior's Bureau of Land Management.

Docket No. 129-2000

**APPLICANT: SUMMIT RESOURCES, INC. – BLAINE COUNTY, MONTANA**

Upon the application of **SUMMIT RESOURCES, INC.** to drill a Bowes Formation oil test well in a temporary spacing unit consisting of the SW¼NE¼ of Section 13, T34N-R19E, Blaine County, Montana, at a location 1476 FEL and 2205 FNL of said section with a 100 foot tolerance for topographic reasons.

Docket No. 130-2000

**APPLICANT: SUMMIT RESOURCES, INC. – BLAINE COUNTY, MONTANA**

Upon the application of **SUMMIT RESOURCES, INC.** to drill a Bowes Formation oil test well at a location 1969 FEL and 1457 FSL of Section 18, T34N-R20E, Blaine County, Montana, as an exception to ARM 36.22.702. Applicant also requests a 75 foot tolerance for topographic reasons.

Docket No. 131-2000

**APPLICANT: TYLER OIL COMPANY – ROSEBUD COUNTY, MONTANA**

Upon the application of **TYLER OIL COMPANY** for a Class II enhanced recovery permit for its Infinity 31-9 state well located 3385 FNL and 745 FEL of Section 31, T12N-R33E, Rosebud County, Montana. The source of the injected fluids will be produced water from Tyler Oil Company's Infinity 31-13A state well, which produces water from the Third Cat Creek Formation at a depth of 4414 to 4480 feet. The proposed injection zone is the Tyler "C" Formation.

Docket No. 132-2000

**APPLICANT: WASCANA OIL AND GAS, INC. – SHERIDAN COUNTY, MONTANA**

Upon the application of **WASCANA OIL AND GAS, INC.** to produce its Solberg 9-H horizontal well as a second well within the Flat Lake Field Ratcliffe Formation spacing unit comprised of the SE¼ of Section 19, T37N-R58E, Sheridan County, Montana.

Docket No. 133-2000

**APPLICANT: WASCANA OIL AND GAS, INC. – SHERIDAN COUNTY, MONTANA**

Upon the application of **WASCANA OIL AND GAS, INC.** to drill a dual lateral horizontal well as a second well within the Flat Lake Field Ratcliffe Formation spacing unit comprised of the SW¼ of Section 19, T37N-R58E, Sheridan County, Montana, said well to be located no closer than 140 feet to the north boundary of the spacing unit.

Docket No. 134-2000

**APPLICANT: WASCANA OIL AND GAS, INC. – SHERIDAN COUNTY, MONTANA**

Upon the application of **WASCANA OIL AND GAS, INC.** to establish shut-in rules for wells in that portion of the Flat Lake Field within the Nisku Formation Unit approved by Board Order 112-2000 pending a determination of effectiveness of the Unit Plan of Operations.

Docket No. 135-2000

**APPLICANT: WASCANA OIL AND GAS, INC. – SHERIDAN COUNTY, MONTANA**

Upon the application of **WASCANA OIL AND GAS, INC.** to declare that the Plan of Unit Operations for the Flat Lake Nisku Unit approved by Board Order 112-2000 is effective, the requisite percentage of cost-bearing and cost-free owners having approved the same.

Docket No. 136-2000

**APPLICANT: WASCANA OIL AND GAS, INC. – SHERIDAN COUNTY, MONTANA**

Upon the application of **WASCANA OIL AND GAS, INC.** for permission to inject water into the Nisku Formation in four water injection wells to be drilled in the West Flat Lake Nisku Unit, said wells to be drilled at the following locations in Sheridan County, Montana:

WFLNU WIW #1	1500 FWL, 500 FNL	Section 14, T37N-R57E
WFLNU WIW #2	2000 FEL, 1600 FNL	Section 17, T37N-R57E
WFLNU WIW #3	1700 FEL, 1900 FSL	Section 16, T37N-R57E
WFLNU WIW #4	2100 FEL, 2000 FSL	Section 12, T37N-R57E

The source of the injected fluids will be produced water from wells in the West Flat Lake Ratcliffe Unit. The water will be injected into the Devonian Nisku Formation.

Docket No. 137-2000

**APPLICANT: ENCORE OPERATING, L.P. – WIBAUX COUNTY, MONTANA**

Upon the application of **ENCORE OPERATING, L.P.** to convert its South Pine #11-32 well located in Section 32, T12N-R57E, Wibaux County, Montana, to water injection. Applicant proposes to inject water into the Interlake, Stony Mountain, and Red River Formations. The source of the injected fluids will be produced saltwater fluids from the South Pine Field.

Docket No. 138-2000

**APPLICANT: ENCORE OPERATING, L.P. – FALLON COUNTY, MONTANA**

Upon the application of **ENCORE OPERATING, L.P.** to convert its Cabin Creek #44-07 well in Section 7, T10N-R58E, Fallon County, Montana, to an injection well. The source of the injected fluids will be produced saltwater fluids and Mission Canyon source water from the Cabin Creek Field. The proposed injection zones are the Red River and Interlake.

Docket No. 139-2000

**APPLICANT: HOWELL PETROLEUM CORPORATION – CARBON COUNTY, MONTANA**

Upon the application of **HOWELL PETROLEUM CORPORATION** for permission to drill its USA #34-1 well in Section 34, T9S-R23E, Carbon County, Montana, at a location 1156 FSL and 1628 FEL of said section as an exception to ARM 36.22.702 (1).

Docket No. 140-2000

**APPLICANT: KLABZUBA OIL AND GAS, INC. – HILL COUNTY, MONTANA**

Upon the application of **KLABZUBA OIL AND GAS, INC.** to designate the S½ of Section 20 and the N½ of Section 29, T35N-R17E, Hill County, Montana, as a temporary spacing unit and to drill a gas well to test prospective zones and formations from the surface down to the base of the Second White Specks Formation at a location 1320 FEL and 50 FNL of said Section 29, with a 75 foot tolerance in any direction for topographic reasons.

Docket No. 141-2000

**APPLICANT: KLABZUBA OIL AND GAS, INC. – BLAINE COUNTY, MONTANA**

Upon the application of **KLABZUBA OIL AND GAS, INC.** to drill an additional Eagle Sand Formation gas well within the permanent spacing unit comprised of Section 1, T33N-R18E, Blaine County, Montana, at a location not closer than 660 feet to the spacing unit boundary with a 75 tolerance in any direction for topographic reasons.

Docket No. 93-2000  
Continued from July 13, 2000

**APPLICANT: SAGEBRUSH PETROLEUM, INC. – FALLON COUNTY, MONTANA**

Upon the application of **SAGEBRUSH PETROLEUM, INC.** to vacate the Plevna Field rules established by Board Orders 34-54 and 4-57 and to establish 160 acre permanent spacing units consisting of regular governmental quarter sections for the Judith River/Eagle Formations underlying the following described lands in Fallon County, Montana:

T5N-R59E

All of Sections 1, 2, 3, 11, 12, 13 and 24

T5N-R60E

All of Sections 5, 6, 7, 8, 16, 17, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31, 32 and 33

T6N-R59E

All of Sections 25, 26, 27, 34, 35 and 36

T6N-R60E

All of Sections 30 and 31.

Applicant requests that wells be located a minimum of 660 feet from the external boundaries of each spacing unit with a 75 foot tolerance for topographic reasons. Applicant further requests that its Hanson #20-16 well and its Thoms #28-16 well be designated as the permitted wells for the SE¼ of Section 20, T5N-R60E and the SE¼ of Section 28, T5N-R60E respectively.

Docket No. 122-2000  
Continued from July 13, 2000

**APPLICANT: KLABZUBA OIL & GAS, INC. – HILL COUNTY, MONTANA**

Upon the application of **KLABZUBA OIL & GAS, INC.** to drill a well to test prospective zones and formations from the surface to the base of the Sawtooth Formation at a location 850 FNL and 1500 FEL in Section 10, T33N-R15E, Hill County, Montana, with a 100 foot tolerance in any direction for topographic or geologic reasons as an exception to A.R.M. 36.22.702.

Docket No. 123-2000  
Continued from July 13, 2000

**APPLICANT: KLABZUBA OIL & GAS, INC. – HILL COUNTY, MONTANA**

Upon the application of **KLABZUBA OIL & GAS, INC.** to designate the S½ of Section 8 and the N½ of Section 17, T33N-R14E, Hill County, Montana, as a permanent spacing unit for the production of gas from the Eagle Sand Formation and to designate the Higgins #8-33-14 well as the permitted well for said permanent spacing unit.

Docket No. 124-2000  
Continued from July 13, 2000

**APPLICANT: POWDER RIVER GAS, L.L.C. – POWDER RIVER COUNTY, MONTANA**

Upon the application of **POWDER RIVER GAS, L.L.C.** to designate the SW¼ of Section 16, T4S-R48E, Powder River County, Montana, as a temporary spacing unit to drill up to five wells to the Fort Union Formation as a pilot project to test the coal bed methane potential, said wells to be located not closer than 330 feet to another well and not closer than 220 feet to the exterior boundaries of the spacing unit. All coal bed methane drilling permits are presently on hold as a result of pending litigation. If this application is approved, it will not be effective until that litigation is resolved.

Docket No. 125-2000  
Continued from July 13, 2000

**APPLICANT: POWDER RIVER GAS, L.L.C. – POWDER RIVER COUNTY, MONTANA**

Upon the application of **POWDER RIVER GAS, L.L.C.** to designate the NE¼ of Section 36, T3S-R47E, Powder River County, Montana, as a temporary spacing unit to drill up to five wells to the Fort Union Formation as a pilot project to test the coal bed methane potential, said wells to be located not closer than 330 feet to another well and not closer than 220 feet to the exterior boundaries of the spacing unit. All coal bed methane drilling permits are presently on hold as a result of pending litigation. If this application is approved, it will not be effective until that litigation is resolved.

Docket No. 126-2000  
Continued from July 13, 2000

**APPLICANT: POWDER RIVER GAS, L.L.C. – POWDER RIVER COUNTY, MONTANA**

Upon the application of **POWDER RIVER GAS, L.L.C.** to designate the NE¼ of Section 36, T4S-R47E, Powder River County, Montana, as a temporary spacing unit to drill up to five wells to the Fort Union Formation as a pilot project to test the coal bed methane potential, said wells to be located not closer than 330 feet to another well and not closer than 220 feet to the exterior boundaries of the spacing unit. All coal bed methane drilling permits are presently on hold as a result of pending litigation. If this application is approved, it will not be effective until that litigation is resolved.

DOCKET NO. 142-2000  
ORDER TO SHOW CAUSE

**RESPONDENT: ROCKY MOUNTAIN OPERATING COMPANY – BIG HORN COUNTY, MONTANA**

Upon the Board's own order requiring **ROCKY MOUNTAIN OPERATING COMPANY** to appear and show cause why the Board should not act to correct Rocky Mountain Operating Company's yearly spills from its four producing oil wells from the Tensleep Sandstone in Snyder Creek Field, Big Horn County, Montana.

DOCKET NO. 143-2000

ORDER TO SHOW CAUSE

**RESPONDENT: MOLEN DRILLING COMPANY – DANIELS COUNTY, MONTANA**

Upon the Board's own motion requiring Mr. Don Molen of **MOLEN DRILLING COMPANY** to appear and show cause why he should not be penalized for his failure to file certain reports for his Gendreau #1-24 well located in Section 24, T34N-R47E, Daniels County, Montana.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

Terri Perrigo, Executive Secretary