

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
June 24 & 25, 2015

CONSERVATION AND PREVENTION)
OF WASTE OF OIL AND GAS)

NOTICE OF PUBLIC HEARING

The Board of Oil and Gas Conservation of the State of Montana will hold a special session at 1:00 pm in regards to setbacks that will be open to public comment for one hour the day of its business meeting on Wednesday, June 24, 2015, in the hearing room at its office at 2535 St. Johns Avenue in Billings, Montana.

The Business Meeting will take place at 2:00 p.m. The agenda for that meeting is as follows:

1. Call to order
2. Approval of minutes of April 29, 2015 business meeting
3. Opportunity for public comment
4. Review of and action on settlement agreement for Hekkel litigation
5. Financial report
6. Plugging and reclamation priority
7. Bond summary & spill report
8. Docket summary
9. Gas flaring exceptions
10. Staff reports
11. Other business

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below at 8:00 a.m. on Thursday, June 25, 2015, 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 Erin Ricci at (406) 444-6675 or Jennifer Rath at (406) 656-0040, as soon as possible before the scheduled hearing.

Docket 99-2015

APPLICANT: DENBURY OFFSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Offshore, LLC**, for approval of a pilot enhanced recovery project in the Siluro-Ordovician Formation involving all of Section 30, T11N-R58E, Fallon County, Montana, for a period not to exceed eighteen months from the commencement of injection operations.

Docket 100-2015

APPLICANT: TRUE OIL LLC – RICHLAND COUNTY, MONTANA

Upon the application of **True Oil LLC** to drill up to three additional horizontal Bakken/Three Forks Formation wells at any location not closer than 200' (heel/toe setback)/500' (lateral setback) within the permanent spacing unit comprised of all of Sections 4 and 9, T25N-R58E, Richland County, Montana.

Docket 101-2015

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 33 and 34, T26N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Lysemose 33-34 #1H well.

Docket 102-2015

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 33 and 34, T26N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation and to authorize the recovery of non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to the Lysemose 33-34 #1H well.

Docket 103-2015

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 13 and 24, T27N-R57E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Higgins 13-24 #1H well.

Docket 104-2015

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 13 and 24, T27N-R57E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation and to authorize the recovery of non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to the Higgins 13-24 #1H well.

Docket 105-2015

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 31 and 32, T26N-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 placement on the Default Docket.

Docket 106-2015

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 6-2006 to authorize the drilling of a horizontal Bakken/Three Forks Formation well anywhere within the temporary spacing unit comprised of all of Sections 21 and 28, T26N-R59E, Richland County, Montana, 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 placement on the Default Docket.

Docket 107-2015

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

Upon the application of **Kraken Oil & Gas LLC** to create a temporary spacing unit comprised of all of Sections 9 and 16, T26N-R59E, Richland and Roosevelt 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 placement on the Default Docket.

Docket 108-2015

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

Upon the application of **Kraken Oil & Gas LLC** to vacate Board Order 277-2010 and to create a temporary spacing unit comprised of Sections 8 and 17, T26N-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 such wells must be commenced 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 placement on the Default Docket.

Docket 109-2015

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 266-2014 to authorize the drilling of a horizontal Bakken/Three Forks Formation well anywhere within the temporary spacing unit comprised of all of Sections 4 and 9, T25N-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. Operations must commence within one year of August 14, 2015. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 110-2015

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 204-2014 to authorize the drilling of a horizontal Bakken/Three Forks Formation well anywhere within the temporary spacing unit comprised of all of Sections 5 and 8, T25N-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. Operations must commence within one year of June 19, 2015. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 111-2015

APPLICANT: WOLF OPERATING, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Wolf Operating, LLC** to create a temporary spacing unit comprised of the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 14 and the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 15, T30N-R52E, Roosevelt County, Montana, for the purpose of drilling a Nisku Formation test well within said temporary spacing unit at a proposed location approximately 965' FNL and 472' FEL in Section 15, as an exception to A.R.M. 36.22.702. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 112-2015 and 10-2015 FED

APPLICANT: WOLF OPERATING, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Wolf Operating, LLC** to create a temporary spacing unit comprised of the NW $\frac{1}{4}$ of Section 14, T30N-R52E, Roosevelt County, Montana, for the purpose of drilling a Nisku Formation test well within said temporary spacing unit at a proposed location approximately 530' FNL and 934' FWL in Section 14, as an exception to A.R.M. 36.22.702. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 113-2015

APPLICANT: WOLF OPERATING, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Wolf Operating, LLC** to create a temporary spacing unit comprised of the S $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 22, T30N-R52E, Roosevelt County, Montana, for the purpose of drilling a Nisku Formation test well within said temporary spacing unit at a proposed location approximately 2,086' FNL and 438' FEL in Section 22, as an exception to A.R.M. 36.22.702. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 114-2015

APPLICANT: MALSAM FAMILY, LLC AND TODD MALSAM – BLAINE COUNTY, MONTANA

Upon the application of **Malsam Family, LLC and Todd Malsam**, for a complaint against J. Burns Brown Operating Co., John Brown, Jr., and Travis Brown for failure to provide notice within 180 days of activity that disturbs the land surface and inadequacy of the required notice that is in violation of Section 82-10-503(1), M.C.A., failure to negotiate a Surface Use Damage Agreement in good faith that is in violation of Section 82-10-503(1)(a), M.C.A., and failure to adequately reclaim the well site as required by the permit to drill.

Docket 115-2015

APPLICANT: PETRO-SENTINEL LLC – MUSSELSHELL COUNTY, MONTANA

Upon the application of **Petro-Sentinel LLC**, for an order removing Antelope Resources, Inc. as the recognized operator of the Thomas Cinderella 1-XR well located in Musselshell County, Montana, and substituting and recognizing Petro-Sentinel LLC as the operator of said well.

Docket 116-2015

APPLICANT: SYNERGY OFFSHORE, LLC – GLACIER COUNTY, MONTANA

Upon the application of **Synergy Offshore, LLC**, to drill the P635B well in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 35, T35N-R6W, Glacier County, Montana (Cut Bank Field) as a Class II enhanced oil recovery injection well in the Cut Bank Formation at a depth of approximately 2,800 ft. An aquifer exemption is being requested as the injection zone contains water with less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 117-2015

APPLICANT: SYNERGY OFFSHORE, LLC – GLACIER COUNTY, MONTANA

Upon the application of **Synergy Offshore, LLC**, to drill the R602 well in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, T34N-R6W, Glacier County, Montana (Cut Bank Field) as a Class II enhanced oil recovery injection well in the Cut Bank Formation at a depth of approximately 2,800 ft. An aquifer exemption is being requested as the injection zone contains water with less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 118-2015

APPLICANT: XTO ENERGY INC. – RICHLAND COUNTY, MONTANA

Upon the application of **XTO Energy Inc.** to designate a permanent spacing unit comprised of all of Sections 16 and 21, T24N-R56E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Elaine #34X-21BXC well.

Docket 119-2015

APPLICANT: XTO ENERGY INC. – RICHLAND COUNTY, MONTANA

Upon the application of **XTO Energy Inc.** to pool all interests in the permanent spacing unit comprised of all of Sections 16 and 21, T24N-R56E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Elaine #34X-21BXC well.

Docket 2-2015

Continued from February 2015

APPLICANT: INTERSTATE EXPLORATIONS, LLC – WIBAUX COUNTY, MONTANA

Upon the application of **Interstate Explorations, LLC** to designate a permanent spacing unit comprised of the E $\frac{1}{2}$ of Section 30, T14N-R60E, Wibaux County, Montana, for the production of oil and associated natural gas from the Red River Formation with respect to the Nelson #2-1 well.

Docket 3-2015
Continued from February 2015

APPLICANT: INTERSTATE EXPLORATIONS, LLC – WIBAUX COUNTY, MONTANA

Upon the application of **Interstate Explorations, LLC** to pool all interests in the permanent spacing unit comprised of the E½ of Section 30, T14N-R60E, Wibaux County, Montana, for the production of oil and associated natural gas from the Red River Formation and to authorize the recovery of non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to the Nelson #2-1 well.

Docket 46-2015
Continued from April 2015

APPLICANT: STATOIL OIL & GAS LP – RICHLAND COUNTY, MONTANA

Upon the application of **Statoil Oil & Gas LP** to pool all interests in the permanent spacing unit comprised of all of Sections 6 and 7, T26N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation and to authorize the recovery on non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to the Storvik 7-6 #2H well.

Docket 78-2015
Continued from April 2015

APPLICANT: OASIS PETROLEUM, INC. – ROOSEVELT COUNTY, MONTANA

Upon the application of **Oasis Petroleum, Inc.** to pool all interests in the permanent spacing unit comprised of all of Sections 33 and 34, T28N-R58E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation and to authorize the recovery of non-consent penalties in accordance with Section 82-11-202(2), M.C.A., with respect to the Ring Fed #2858 44-34H well.

Docket 120-2015
SHOW-CAUSE HEARING

RESPONDENT: PRIDE ENERGY COMPANY – ROOSEVELT COUNTY, MONTANA

Upon the Board's own motion to require **Pride Energy Company** to appear and show cause, if any it has, why it should not be required to immediately plug the Mable Wilson 1 well located in T27N, R59E, Section 33, Roosevelt County, Montana and restore the location.

Docket 121-2015
SHOW-CAUSE HEARING

RESPONDENT: CUSTOM CARBON PROCESSING, INC. – WIBAUX COUNTY, MONTANA

Upon the Board's own motion to require **Custom Carbon Processing, Inc.** to appear and show cause, if any it has, why additional penalties should not be imposed for failure maintain the wellsites of the Wojahn A 5-2 well located in Section 2, T13N, R60E, and the Michels A 8-3 well located in Section 3, T13N, R60E, Wibaux County, Montana.

Docket 122-2015
SHOW-CAUSE HEARING

RESPONDENT: COASTAL PETROLEUM COMPANY – VALLEY COUNTY, MONTANA

Upon the Board's own motion to require **Coastal Petroleum Company** to appear and show cause, if any it has, why additional penalties should not be assessed for failure to properly reclaim the State 7-16 well site located in Section 16, T36N, R36E, Valley County, Montana.

Docket 338-2014
SHOW-CAUSE HEARING
Continued from October 2014

RESPONDENT: K2 AMERICA CORPORATION – GLACIER COUNTY, MONTANA

Upon the Board's own motion to require **K2 America Corporation** to appear and show cause, if any it has, why its bond should not be forfeited for failure to provide a plan and timeline for plugging its wells and why additional penalties should not be assessed for failure to file production reports, failure to pay existing penalties, and failure to appear at the Board's February 26, 2015 public hearing.

Docket 362-2014
SHOW-CAUSE HEARING
Continued from December 2014

RESPONDENT: WEXCO EXPLORATION, LLC – SHERIDAN COUNTY, MONTANA

Upon the Board's own motion to require **Wexco Exploration, LLC** to appear and show cause, if any it has, why its bond should not be forfeited for failure to plug its Guenther 2-8 well, API: 25-091-21565, Section 8, T33N-R58E, and why additional penalties should not be assessed for failure to file correct production reports and failure to appear in response to prior show cause orders.

Docket 34-2015
SHOW-CAUSE HEARING
Continued from February 2015

RESPONDENT: CAVALIER PETROLEUM – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Cavalier Petroleum** to appear and show cause, if any it has, why it should not provide a plan and timeline for plugging its wells and why additional penalties should not be assessed for failure to pay the administrative penalty assessed for delinquent reporting and the fine assessed for not appearing at the Board's February 26, 2015 public hearing.

Docket 95-2015
SHOW-CAUSE HEARING
Continued from April 2015

RESPONDENT: KELLY OIL AND GAS, LLC – MUSSELSHELL COUNTY, MONTANA

Upon the Board's own motion to require **Kelly Oil and Gas, LLC** to appear and show cause, if any it has, why its plugging and reclamation bond covering the State E-2 well should not be forfeited and why additional penalties should not be imposed for failure to pay \$3,120.00 in current penalties and fees; for failure to maintain mechanical integrity on the State #1, State #2, and Shelhamer 1A injection wells, for failure to initiate a remedy for the field violations prior to the May 21, 2015 hearing deadline for the Stensvad 2x-25 and Dybvik KV-1 wellsites, for failure to respond to prior show-cause orders, and for failure to file production and injection reports.

Docket 96-2015
SHOW-CAUSE HEARING
Continued from April 2015

RESPONDENT: ALTURAS ENERGY LLC – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require Alturas Energy LLC to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to provide a plan and timeline for the plugging its wells, and for failure to pay the fine assessed for not appearing at the Board's April 30, 2015 hearing.

Docket 97-2015
SHOW-CAUSE HEARING
Continued from April 2015

RESPONDENT: AUGUSTA EXPLORATION, LLC – LEWIS AND CLARK COUNTY, MONTANA

Upon the Board's own motion to require **Augusta Exploration, LLC** to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to provide a plan and timeline for plugging its Krone-Augusta 31-32 well, API # 25-049-21111, located in Section 32, T18N-R5W, Lewis and Clark County, Montana and why additional penalties shouldn't be assessed for failure to appear at the Board's April 30, 2015 hearing.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant