

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
December 9 & 10, 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 its business meeting on Wednesday, December 9, 2015, 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. Approval of minutes of October 28, 2015 business meeting
3. Opportunity for public comment
4. Longevity & service awards
5. Drilling setback subcommittee report
6. Review of and action on settlement agreement for Omimex litigation
7. Financial report
8. Bond summary & incident report
9. Docket summary
10. Gas flaring exceptions
11. Staff reports
12. Other business
13. Exempt staff performance evaluations

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, December 10, 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 161-2015

APPLICANT: SM ENERGY COMPANY – RICHLAND COUNTY, MONTANA

Upon the application of **SM Energy Company** to amend Board Order 25-2015 to create a temporary spacing unit comprised of all of Sections 26 and 27, T26N-R59E, Richland County, Montana, to drill up to three 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 for the drilling of said well must be commenced not later than February 26, 2017. Applicant requests placement on the Default Docket.

Docket 162-2015

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

Upon the application of **Oasis Petroleum, Inc.** to designate a permanent spacing unit comprised of all of Sections 14 and 23, T26N-R58E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Carl Federal #2658 43-23H well.

Docket 163-2015

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

Upon the application of **Oasis Petroleum, Inc.** to designate a permanent spacing unit comprised of all of Sections 25 and 36, T26N-R58E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Loki #2658 12-25H well.

Docket 164-2015

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

Upon the application of **Oasis Petroleum, Inc.** to designate a permanent spacing unit comprised of all of Sections 26 and 35, T26N-R58E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Otis #2658 43-23H well.

Docket 165-2015

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

Upon the application of **Oasis Petroleum, Inc.** to designate a permanent spacing unit comprised of all of Sections 27 and 34, T26N-R58E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Stilt Federal #2658 42-22H well.

Docket 166-2015

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

Upon the application of **Oasis Petroleum, Inc.** to pool all interests in the permanent spacing unit comprised of all of Sections 27 and 34, T26N-R58E, 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 Stilt Federal #2658 42-22H well.

Docket 167-2015

APPLICANT: DENBURY ONSHORE, LLC - FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to convert the Unit 32-26 well (API #25-025-05401) in the SW¼NE¼ of Section 26, T9N-R58E, Fallon County, Montana (Monarch Field) to a Class II saltwater disposal well in the Charles "B" and Mission Canyon Formations at a depth of approximately 7,150-7,490 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 168-2015

APPLICANT: DENBURY ONSHORE, LLC - FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to convert the ELOB Unit 32-4 well (API #25-025-21353) in the SW¼NE¼ of Section 4, T7N-R60E, Fallon County, Montana (East Lookout Butte Field) to a Class II saltwater disposal well in the Dakota Formation at a depth of approximately 4,051-5,108 ft., and the Mission Canyon Formation at a depth of approximately 7,561-7,901 ft. An aquifer exemption is being requested as the injection zones contain water with less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 169-2015

APPLICANT: DENBURY ONSHORE, LLC - FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to convert the ELOB 41-9 well (API #25-025-21340) in the NE¼NE¼ of Section 9, T7N-R60E, Fallon County, Montana (East Lookout Butte Field) to a Class II saltwater disposal well in the Dakota Formation at a depth of approximately 4,042-5,104 ft., and the Mission Canyon Formation at a depth of approximately 7,504-7,835 ft. An aquifer exemption is being requested as the injection zones contain water with less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 170-2015

APPLICANT: MONTANA BOARD OF OIL AND GAS CONSERVATION - ROOSEVELT COUNTY, MONTANA

Upon the Board's own motion to expand the area of the aquifer exemption for the Picard 1-19 saltwater disposal well (API #25-085-21230) in the SW¼NW¼ of Section 19, T30N-R59E, Roosevelt County, Montana (Anvil Field), from the currently-permitted radius of 1,320 ft. to 1,980 ft., in the Dakota Formation at a depth of 5,504-5,655 ft. Staff notes this application is eligible for placement on the default docket.

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 136-2015

Continued from August 2015

APPLICANT: HORTON B. KOESSLER AND JAMES H. KOESSLER – RICHLAND COUNTY, MONTANA

Upon the application of **Horton B. Koessler and James H. Koessler** to vacate and rescind Board Order 353-2013 insofar as such order pertains to applicant. This order was issued at the request of Oasis Petroleum, Inc. and involves the pooling of interests within the permanent spacing unit comprised of all of Sections 14 and 23, T26N, 58E, Richland County, Montana.

Docket 137-2015

Continued from August 2015

APPLICANT: HORTON B. KOESSLER AND JAMES H. KOESSLER – RICHLAND COUNTY, MONTANA

Upon the application of **Horton B. Koessler and James H. Koessler** to vacate and rescind Board Order 16-2013 insofar as such order pertains to applicant. This order was issued at the request of Oasis Petroleum, Inc. and involves the pooling of interests within the permanent spacing unit comprised of all of Sections 26 and 35, T26N, 58E, Richland County, Montana.

Docket 138-2015
Continued from August 2015

APPLICANT: HORTON B. KOESSLER AND JAMES H. KOESSLER – RICHLAND COUNTY, MONTANA

Upon the application of **Horton B. Koessler and James H. Koessler** to vacate and rescind Board Order 594-2012 insofar as such order pertains to applicant. This order was issued at the request of Oasis Petroleum, Inc. and involves the pooling of interests within the permanent spacing unit comprised of all of Sections 25 and 36, T26N, 58E, Richland County, Montana.

Docket 147-2015
Continued from October 2015

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

Upon the application of **Oasis Petroleum, Inc** to pool all interests in the permanent spacing unit comprised of all of Sections 26 and 35, T26N-R58E, 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 Otis #2658 43-23H well.

Docket 148-2015
Continued from October 2015

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

Upon the application of **Oasis Petroleum, Inc** to pool all interests in the permanent spacing unit comprised of all of Sections 14 and 23, T26N-R58E, 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 Carl Federal #2658 42-23H well.

Docket 149-2015
Continued from October 2015

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

Upon the application of **Oasis Petroleum, Inc** to pool all interests in the permanent spacing unit comprised of all of Sections 25 and 36, T26N-R58E, 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 Loki #2658 12-25H well.

Docket 150-2015
Continued from October 2015

APPLICANT: OASIS PETROLEUM, INC. – RICHLAND & ROOSEVELT COUNTIES, MONTANA

Upon the application of **Oasis Petroleum, Inc** to designate a permanent spacing unit comprised of all of Sections 31 and 32, T27N-R58E, Richland and Roosevelt Counties, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Dad Frye #2758 24-32B well.

Docket 151-2015
Continued from October 2015

APPLICANT: OASIS PETROLEUM, INC. – RICHLAND & ROOSEVELT COUNTIES, MONTANA

Upon the application of **Oasis Petroleum, Inc** to pool all interests in the permanent spacing unit comprised of all of Sections 31 and 32, T27N-R58E, Richland and Roosevelt Counties, 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 Dad Frye #2758 24-32B well.

Docket 152-2015
Continued from October 2015

APPLICANT: OASIS PETROLEUM, INC. – RICHLAND & ROOSEVELT COUNTIES, MONTANA

Upon the application of **Oasis Petroleum, Inc** to drill up to four 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 31 and 32, T27N-R58E, Richland and Roosevelt Counties, Montana.

Docket 156-2015
Continued from October 2015

APPLICANT: BENSUN ENERGY, LLC – SHERIDAN COUNTY, MONTANA

Upon the request of **Bensun Energy, LLC** for approval of the transfer of the Richardson 25-1 (API #25-091-21852), Richardson 30-1 (API #25-091-21856), and Friedrich Trust 31-1 (API #25-091-21859) wells, all located in Sheridan County, Montana, from Statoil Oil & Gas LP to Bensun Energy, LLC and to determine the appropriate plugging and reclamation bond requirement for Bensun Energy, LLC.

Docket 171-2015
SHOW-CAUSE HEARING

RESPONDENT: STEALTH ENERGY USA, INC. – MUSSELSHELL & STILLWATER COUNTIES, MONTANA

Upon the Board's own motion to require **Stealth Energy USA, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file production reports and to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$160.00. This docket will be dismissed if payment and reports are received prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Stealth Energy USA, Inc. to further penalties as prescribed by Board Policy.

Docket 172-2015
SHOW-CAUSE HEARING

RESPONDENT: HINTO ENERGY, LLC – MUSSELSHELL COUNTY, MONTANA

Upon the Board's own motion to require **Hinto Energy, LLC** 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 October 29, 2015 public hearing.

Docket 173-2015
SHOW-CAUSE HEARING

RESPONDENT: MIOCENE OIL COMPANY – DANIELS COUNTY, MONTANA

Upon the Board's own motion to require **Miocene Oil Company** to appear and show cause, if any it has, why it should not provide a plan and timeline for plugging its Summer Night 21-1 well located in T33N-R48E, Section 21, Daniels County, Montana and why additional penalties should not be assessed for failure to pay the administrative penalty assessed for delinquent reporting.

Docket 174-2015
SHOW-CAUSE HEARING

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 the plugging and reclamation bonds for its injection wells should not be forfeited for failure to plug the State #1, State E-2, and Shelhamer 1A injection wells and why it should not provide a plan and timeline for the plugging and abandonment of its producing 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.

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.

Docket 159-2015
SHOW-CAUSE HEARING
Continued from October 2015

RESPONDENT: KYKUIT RESOURCES, LLC – BLAINE & FERGUS COUNTIES, MONTANA

Upon the Board's own motion to require **Kykuit Resources, LLC** 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 August 13, 2015 public hearing.

Docket 160-2015
SHOW-CAUSE HEARING
Continued from October 2015

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 its plugging and reclamation bond should not be forfeited for failure to 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.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant