

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
October 26 & 27, 2016

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 **public hearing on the proposed adoption of New Rule I pertaining to notification of application for permit to drill** on the day of its business meeting Wednesday, October 26, 2016, 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. Proposed adoption of New Rule I pertaining to notification of application for permit to drill
3. Public comment on the proposed Rule
4. Board action

The Board of Oil and Gas Conservation will hold its regular **business meeting** immediately following the public hearing on the proposed adoption. The agenda for that meeting is as follows:

1. Call to order
2. Approval of minutes of August 10, 2016, business meeting
3. Public comment on agenda and non-agenda items
4. Montana Oil Field Acquisition I, LLC
5. Mountain Pacific General Inc.
6. Financial report
7. Bond summary & incident 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, October 27, 2016, 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) 444-6731 or Jennifer Rath at (406) 656-0040, as soon as possible before the scheduled hearing.

Docket 34-2016

APPLICANT: SINCLAIR OIL & GAS COMPANY – SHERIDAN COUNTY, MONTANA

Upon the application of **Sinclair Oil & Gas Company** to designate a permanent spacing unit comprised of all of Sections 3 and 10, T32N-R56E, Sheridan County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Chisholm #1-3H well.

Docket 35-2016

APPLICANT: SINCLAIR OIL & GAS COMPANY – SHERIDAN COUNTY, MONTANA

Upon the application of **Sinclair Oil & Gas Company** to pool all interests in the permanent spacing unit comprised of all of Sections 3 and 10, T32N-R56E, Sheridan 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 Chisholm #1-3H well.

Docket 36-2016

APPLICANT: XTO ENERGY INC. – RICHLAND COUNTY, MONTANA

Upon the application of **XTO Energy Inc.** to designate a permanent spacing comprised of the SW¼ of Section 26, T22N-R58E, Richland County, Montana, to recomplete the Hartland #14X-26 well, located approximately 300' FSL, 300' FWL in Section 26, as a Madison Formation well.

Docket 37-2016

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 28 and 33, T23N-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 P&Q Farms #21X-28D well.

Docket 38-2016

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 28 and 33, T23N-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 P&Q Farms #21X-28BXC well.

Docket 39-2016

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 28, 29, 32, and 33, T23N-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 Dige #41X-29DXA well.

Docket 40-2016

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 143-2015, which created a temporary spacing unit comprised of Sections 35 and 36, T27N-R57E, Richland and Roosevelt County, Montana, for 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, to require operations for the drilling of such wells must be commenced not later than August 13, 2017. Applicant requests placement on the Default Docket.

Docket 41-2016

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 144-2015, which created a temporary spacing unit comprised of Sections 27 and 28, T27N-R57E, Richland and Roosevelt County, Montana, for 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, to require operations for the drilling of such wells must be commenced not later than August 13, 2017. Applicant requests placement on the Default Docket.

Docket 42-2016

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 145-2015, which created a temporary spacing unit comprised of Sections 33 and 34, T27N-R57E, Richland and Roosevelt County, Montana, for 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, to require operations for the drilling of such wells must be commenced not later than August 13, 2017. Applicant requests placement on the Default Docket.

Docket 43-2016

APPLICANT: BEREN CORPORATION - GLACIER COUNTY, MONTANA

Upon the application of **Beren Corporation** to convert the Larmon #6 well (API #25-035-06784) located in the SE¼NW¼ of Section 12, T36N-R6W, Glacier County, Montana (Cut Bank Field) to a saltwater disposal well in the Madison Formation at a depth of 3,133-3,146 ft. An aquifer exemption is being requested as the water in the injection formation contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 44-2016

APPLICANT: SYNERGY OFFSHORE, LLC - GLACIER COUNTY, MONTANA

Upon the application of **Synergy Offshore, LLC**, to convert the T-502 well (API #25-035-06239) located in the W $\frac{1}{2}$ W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 2, T34N-R6W, Glacier County, Montana (Cut Bank Field) to a saltwater disposal well in the Madison Formation at a depth of approximately 3,015 ft. An aquifer exemption is being requested as the water in the injection formation contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 45-2016

APPLICANT: SYNERGY OFFSHORE, LLC - GLACIER COUNTY, MONTANA

Upon the application of **Synergy Offshore, LLC**, to convert the P-235 well (API #25-035-06274) located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 35, T35N-R6W, Glacier County, Montana (Cut Bank Field) to a saltwater disposal well in the Madison Formation at a depth of approximately 3,069 ft. An aquifer exemption is being requested as the water in the injection formation contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 46-2016

APPLICANT: LEGACY RESERVES OPERATING, LP - DAWSON COUNTY, MONTANA

Upon the application of **Legacy Reserves Operating, LP** to convert the Guelff 41-35H well (API #25-021-21126) located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 35, T17N-R53E, Dawson County, Montana (Deer Creek Field) to a saltwater disposal well in the Dakota Formation at a depth of 4933-4990 ft. An aquifer exemption is being requested as the water in the injection formation contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 47-2016

APPLICANT: HIGHLANDS MONTANA CORPORATION - CUSTER COUNTY, MONTANA

Upon the application of **Highlands Montana Corporation** to drill a saltwater disposal well in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 16, T5N-R52E, Custer County, Montana (Wildcat) to the Dakota and Lakota Formations at a depth of approximately 4900 ft. An aquifer exemption is being requested as the water in the injection formations contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 48-2016

SHOW-CAUSE HEARING

RESPONDENT: SHADWELL RESOURCES GROUP, LLC – RICHLAND MONTANA

Upon the Board's own motion to require **Shadwell Resources Group, LLC** to appear and show cause, if any it has, why it should not have to complete or plug and abandon the Ft. Gilbert 3 SWD well (API # 25-083-21074) located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 32, T24N-R59E, Richland County, Montana prior to the October 27, 2016, public hearing and why it should not pay the \$1,000 fine assessed for not appearing at the Board's August 11, 2016 public hearing.

Docket 49-2016
SHOW-CAUSE HEARING

RESPONDENT: STORM CAT ENERGY (USA) OPERATING CORPORATION – BIG HORN COUNTY, MONTANA

Upon the Board's own motion to require **Storm Cat Energy (USA) Operating Corporation** to appear and show cause, if any it has, why it should not provide a plan and timeline for the plugging and abandonment or transfer of its three wells and why additional penalties should not be assessed for failure to pay the outstanding fine of \$1,340, and appear at the August 11, 2016 public hearing.

Docket 50-2016
SHOW-CAUSE HEARING

RESPONDENT: STRATEX OIL AND GAS, INC. – ROOSEVELT COUNTY, MONTANA

Upon the Board's own motion to require **Stratex Oil and Gas, Inc.** to appear and show cause, if any it has, why it should not provide a plan and timeline for the plugging and abandonment of its Tininenko 4-19 well (API # 25-085-21275) located in the W $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 19, T29N-R59E, Roosevelt County, Montana, and why additional penalties should not be assessed for failure to pay the outstanding fine of \$1,160, and appear at the August 11, 2016 public hearing.

Docket 51-2016
SHOW-CAUSE HEARING

RESPONDENT: MCMINN OPERATING COMPANY – PONDERA COUNTY, MONTANA

Upon the Board's own motion to require **McMinn Operating Company** to appear and show cause, if any it has, why it should not have to plug and abandon the Ryan Ranch LLC 1 well (API # 25-073-21836) located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 30, T30N-R6W, Pondera County, Montana, in violation of ARM 36.22.1303. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects McMinn Operating Company to further penalties as prescribed by Board Policy.

Docket 52-2016
SHOW-CAUSE HEARING

RESPONDENT: BLACK GOLD ENERGY RESOURCES DEVELOPMENT, LLC – RICHLAND COUNTY, MONTANA

Upon the Board's own motion to require **Black Gold Energy Resources Development, LLC** to appear and show cause, if any it has, why penalties should not be imposed for failure to report and clean up a spill at the Indian Mound 1 well located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 15, T23N-R55E, Richland County, Montana. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Black Gold Energy Resources Development, LLC to further penalties as prescribed by Board Policy.

Docket 53-2016
SHOW-CAUSE HEARING

RESPONDENT: BRAINSTORM ENERGY, INC. – HILL COUNTY, MONTANA

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

Docket 54-2016
SHOW-CAUSE HEARING

RESPONDENT: YELLOWSTONE PETROLEUMS, INC. – PONDERA COUNTY, MONTANA

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

Docket 55-2016
SHOW-CAUSE HEARING

RESPONDENT: MONTANA OIL FIELD ACQUISITION I, LLC – PONDERA AND TETON COUNTY, MONTANA

Upon the Board's own motion to require **Montana Oil Field Acquisition I, 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 \$220.00. 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 Montana Oil Field Acquisition I, LLC to further penalties as prescribed by Board Policy.

Docket 56-2016
SHOW-CAUSE HEARING

RESPONDENT: MOUNTAIN VIEW ENERGY, INC. – PONDERA COUNTY, MONTANA

Upon the Board's own motion to require **Mountain View Energy, Inc.** 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 \$120.00. 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 Mountain View Energy, Inc. to further penalties as prescribed by Board Policy.

Docket 97-2015
SHOW-CAUSE HEARING
Continued from August 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