

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
June 14 & 15, 2017

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, June 14, 2017, 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 April 5, 2017, business meeting
3. Public comment on agenda and non-agenda items
4. Proposed rulemaking
5. Financial report
6. Plugging and reclamation program update
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, June 15, 2017, 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 19-2017

APPLICANT: ENERPLUS RESOURCES USA CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **Enerplus Resources USA Corporation** to authorize the continuation of the pilot enhanced class II recovery project for the Bullwinkle-Yahoo #4-1-HSU well located in the permanent spacing unit comprised of all of Sections 3 and 4, T23N-R57E, Richland County, Montana for a period not to exceed 36 months from the commencement of injection operations.

Docket 20-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 122-2015, which created a temporary spacing unit comprised of Sections 4 and 9, T25N-R59E, Richland 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 14, 2018.

Docket 21-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 123-2015, which created a temporary spacing unit comprised of Sections 5 and 8, T25N-R59E, Richland 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 June 19, 2018.

Docket 22-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 120-2015, which created a temporary spacing unit comprised of Sections 31 and 32, T26N-R59E, Richland 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 June 25, 2018.

Docket 23-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 121-2015, which created a temporary spacing unit comprised of Sections 21 and 28, T26N-R59E, Richland 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 June 25, 2018.

Docket 24-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 116-2015, which created a temporary spacing unit comprised of Sections 9 and 16, T26N-R59E, Richland 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 June 25, 2018.

Docket 25-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 117-2015, which created a temporary spacing unit comprised of Sections 8 and 17, T26N-R59E, Richland 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 June 25, 2018.

Docket 26-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 262-2014, which created a temporary spacing unit comprised of Sections 14 and 23, T27N-R57E, 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 14, 2018.

Docket 27-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 141-2015, which created a temporary spacing unit comprised of Sections 15 and 22, T27N-R57E, 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, 2018.

Docket 28-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 380-2011 to authorize the drilling of a horizontal Bakken/Three Forks Formation well anywhere within the temporary spacing unit comprised of all of Sections 3 and 10, T27N-R57E, Roosevelt 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 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.

Docket 29-2017

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

Upon the application of **Kraken Oil & Gas LLC** to designate an overlapping temporary spacing unit comprised of all of Sections 13 and 24, T28N-R58E and all of Sections 18 and 19, T28N-R59E, Roosevelt County, Montana, for the purposes of drilling an additional horizontal Bakken/Three Forks Formation well oriented in a north-south azimuth proximate to the common boundary between existing permanent spacing units and the overlapping temporary spacing unit shall be limited to production from the proposed horizontal well.

Docket 58-2016

Continued from December 2016

APPLICANT: AZURE SKY, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Azure Sky, LLC**, to drill the Azure 1-1 SWD located in the SW¼-SW¼ of Section 11 (250 FWL and 1120 FSL), T27N-R59E, Roosevelt County, Montana (Wildcat) for a saltwater disposal well in the Dakota Formation at a depth of approximately 4894-5530 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 30-2017
SHOW-CAUSE HEARING

RESPONDENT: MONTANA OIL FIELD ACQUISITION I, LLC – PONDERA AND TOOLE COUNTIES, 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 its plugging and reclamation bond should not be forfeited for failure to plug its wells or to provide a plan for plugging its wells.

Docket 31-2017
SHOW-CAUSE HEARING

RESPONDENT: MOUNTAIN PACIFIC GENERAL INC. – CHOTEAU, GOLDEN VALLEY, HILL, PONDERA, RICHLAND, STILLWATER, SWEETGRASS, AND TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Mountain Pacific General Inc.** to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to plug its wells or to provide a plan for plugging its wells.

Docket 32-2017
SHOW-CAUSE HEARING

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

Upon the Board's own motion to require **Black Gold Energy Resource Development, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to clean up a spill at the Indian Mound 1 well located in the SW¼SW¼ of Section 15, T23N-R55E, Richland County, Montana.

Docket 338-2014
SHOW-CAUSE HEARING
Continued from June 2015

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 plugging and reclamation bond should not be forfeited for failure to provide a plan and timeline for plugging its wells.

Docket 49-2016
SHOW-CAUSE HEARING
Continued from October 2016

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.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant