

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
October 25 & 26, 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 has scheduled two meetings to gather input for rulemaking with regard to hydraulic fracturing. Changes to the hydraulic fracturing rules are required under Senate Bill 299, which was approved during the 2017 Legislative session. The meetings will provide an opportunity for interested persons to present information for the Board to consider as it prepares to draft rules and enter the formal rule making process. The meetings will be:

1. October 24, 2017, 6:00 pm to 8:00 pm at the Board of Oil and Gas Conservation hearing room, 2535 St. Johns Avenue, Billings, Montana.
2. November 1, 2017, 6:00 pm to 8:00 pm at the Richland County Fair & Rodeo Event Center, 2118 W Holly Street, Sidney, Montana.

The Board will hold its business meeting on Wednesday, October 25, 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 August 9, 2017, business meeting
3. Public comment on agenda and non-agenda items
4. Elm Coulee study
5. Longevity & service awards
6. Rulemaking update
7. Financial report
8. Privilege & License tax update
9. Plugging and reclamation program update
10. Bond summary & incident report
11. Docket summary
12. Gas flaring exceptions
13. Staff reports
14. 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 26, 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 Breton at (406) 656-0040, as soon as possible before the scheduled hearing.

Docket 47-2017

APPLICANT: TRUE OIL LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **True Oil LLC** to designate a permanent spacing unit comprised of the E½ of Section 20, T28N-R56E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Mission Canyon Formation with respect to the Consolidated State #42-20 well.

Docket 48-2017

APPLICANT: TRUE OIL LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **True Oil LLC** to pool all interests in the permanent spacing unit comprised of the E½ of Section 20, T28N-R56E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Mission Canyon 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 Consolidated State #42-20 well.

Docket 49-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 49-2011 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, T28N-R59E, 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 50-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 47-2010 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, T28N-R59E, 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 51-2017

APPLICANT: DENBURY ONSHORE, LLC– FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to create a temporary spacing unit comprised of the W½ of Section 29 and the NE¼, N½SE¼, and SE¼SE¼ of Section 30, T7N-R60E, Fallon County, Montana, to drill a horizontal Mission Canyon Formation well anywhere within said spacing unit but not closer than 170' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 52-2017

APPLICANT: DENBURY ONSHORE, LLC– FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to create a temporary spacing unit comprised of the E½, E½W½, W½NW¼, and the NW¼SW¼ of Section 19, T7N-R60E, Fallon County, Montana, to drill a horizontal Mission Canyon Formation well anywhere within said spacing unit but not closer than 170' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 53-2017

APPLICANT: DENBURY ONSHORE, LLC– FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to create an overlapping temporary spacing unit comprised of all of Section 18 and the N½ of Section 19, T7N-R60E, Fallon County, Montana, to drill a horizontal Mission Canyon Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof.

Docket 54-2017
2-2010 FED, Amendment No. 1

APPLICANT: ST. CROIX OPERATING, INC. – ROOSEVELT COUNTY, MONTANA

Upon the application of **St. Croix Operating, Inc.** to vacate or amend Board Order 153-2009 to authorize the drilling of a Duperow Formation test well within the temporary spacing unit comprised of SW¼SW¼ of Section 25, SE¼SE¼ of Section 26, NE¼NE¼ of Section 35 and NW¼NW¼ of Section 36, T32N-R48E, Roosevelt County, Montana, at a proposed well location of 130' FNL and 190' FWL of Section 36, T32N-R48E, Roosevelt County, Montana.. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 55-2017

APPLICANT: SYNERGY OFFSHORE LLC – GLACIER COUNTY, MONTANA

Upon the application of **Synergy Offshore LLC** to convert the S-802 well (API #25-035-06248) located in the NE¼NE¼ of Section 2 (342' FNL and 347' FEL), T34N-R6W, Glacier County, Montana (Cut Bank Field) to a saltwater disposal well in the Madison Formation at a depth of approximately 3015 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 56-2017

APPLICANT: HYDRA MT LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Hydra MT LLC** to re-enter the plugged Kittleson 3-5 well (API #25-083-21777) located in the NW¼NE¼ of Section 5 (1,120' FNL and 1,700' FEL), T25N-R59E, Richland County, Montana (Cattails Field) and recompleat it as a saltwater disposal well in the Dakota Formation at a depth of approximately 5,311-5,782 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 57-2017

APPLICANT: VANGUARD OPERATING, LLC – CARBON COUNTY, MONTANA

Upon the application of **Vanguard Operating, LLC**, to convert the EBET2-001 well (API #25-009-05059) located in the SW¼SW¼ of Section 27 (990' FSL and 990' FWL), T9S-R23E, Carbon County, Montana (Elk Basin Field) to an enhanced recovery injection well in the Embar-Tensleep Formation at a depth of approximately 5,370-5,551 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 58-2017

APPLICANT: WHITE ROCK OIL AND GAS, LLC – RICHLAND COUNTY, MONTANA

Upon the application of **White Rock Oil and Gas, LLC**, for an order pursuant to A.R.M. 36.22.1229 authorizing injection of Duperow gas produced from its Vaira #B-1 well (API #25-083-25018) into either the Duperow or Gunton Formation through the wellbore of its Vaira #2-35x well (API #25-083-22499), located in the NE¼ of Section 35, T25N-R54E, Richland County, Montana.

Docket 59-2017

APPLICANT: WHITE ROCK OIL AND GAS, LLC – RICHLAND COUNTY, MONTANA

Upon the application of **White Rock Oil and Gas, LLC**, to convert the Vaira 2-35x well (API #25-083-22499) located in the NW¼NE¼ of Section 35 (883' FNL and 2,037' FEL), T25N-R54E, Richland County, Montana (Spring Lake Field) to an enhanced recovery injection well in the Duperow Formation at a depth of approximately 10,349-10,361 ft., and/or a fluid disposal well in the Gunton Formation at a depth of approximately 11,414-11,436 ft. Staff notes this application is eligible for placement on the default docket.

Docket 34-2017
Continued from August 2017

APPLICANT: MCCARTNEY FAMILY MINERAL TRUST – ROOSEVELT COUNTY, MONTANA

Upon the application of the **McCartney Family Mineral Trust**, for an order to vacate the non-consent penalties against said trust imposed by Board Order 240-2014 for the Manush 1-12H well located in all of Sections 1 and 12, T29N-R58E, Roosevelt County, Montana.

Docket 44-2017
Continued from August 2017

APPLICANT: CLINE PRODUCTION COMPANY – ROSEBUD COUNTY, MONTANA

Upon the application of **Cline Production Company** to convert the CM Federal 34-30 well (API #25-087-21655) located in the SW¼SE¼ of Section 30 (1,875' FEL and 338' FSL), T12N-R33E, Rosebud County, Montana (Wildcat) to an enhanced recovery injection well in the Tyler "C" Formation at a depth of approximately 5,520-5,562 ft. Staff notes this application is eligible for placement on the default docket.

Docket 60-2017
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 its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon its Indian Mound 1 SWD well located in the NE¼SW¼SW¼ of Section 15, T23N, R55E, Richland County, Montana as required by Board Order 45-2017, in accordance with § 82-11-123(5), MCA.

Docket 61-2017
SHOW-CAUSE HEARING

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

Upon the Board's own motion to require **Stealth Energy USA, Inc.** to appear and show cause, if any it has, why additional penalties should not be assessed for failure to file delinquent production reports, for failure to pay the penalty assessed for delinquent reporting, and for failure to pay the \$1,000 fine assessed for not appearing at the August 10, 2017, public hearing.

Docket 62-2017
SHOW-CAUSE HEARING

RESPONDENT: BENSUN ENERGY, LLC. – FALLON, RICHLAND, AND SHERIDAN COUNTY MONTANA

Upon the Board's own motion to require **Bensun Energy, 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 \$260.00. This docket will be dismissed if delinquent reports and payment are received prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Bensun Energy, LLC to further penalties as prescribed by Board Policy.

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