

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
December 13 & 14, 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, December 13, 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 October 25, 2017, business meeting
3. Public comment on agenda and non-agenda items
4. Rulemaking update
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, December 14, 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 63-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 16-2011 to authorize the drilling of a horizontal Bakken/Three Forks Formation well anywhere within the temporary spacing unit comprised of all of Sections 15 and 22, T28N-R58E, 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 64-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 17-2011 to authorize the drilling of a horizontal Bakken/Three Forks Formation well anywhere within the temporary spacing unit comprised of all of Sections 16 and 21, T28N-R58E, 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 65-2017

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 50-2016 to authorize the drilling of five horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 25 and 26, 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 66-2017

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

Upon the application of **Kraken Oil & Gas LLC** to vacate Board Order 380-2011 in regards to the temporary spacing units comprised of all of Sections 4 and 9 and all of Sections 5 and 8, T27N-R57E, Roosevelt County, Montana.

Docket 67-2017

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

Upon the application of **Kraken Oil & Gas LLC** to vacate Board Orders 41-2017 and 42-2017 in regards to the temporary spacing units comprised of all of Sections 16 and 21 and all of Sections 17 and 20, T27N-R57E, Richland and Roosevelt Counties, Montana.

Docket 68-2017

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

Upon the application of **Kraken Oil & Gas LLC** to create a temporary spacing unit comprised of all of Sections 4 and 5, T27N-R57E, 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.

Docket 69-2017

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

Upon the application of **Kraken Oil & Gas LLC** to create a temporary spacing unit comprised of all of Sections 8 and 9, T27N-R57E, 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.

Docket 70-2017

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

Upon the application of **Kraken Oil & Gas LLC** to create a temporary spacing unit comprised of all of Sections 16 and 17, T27N-R57E, 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.

Docket 71-2017

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

Upon the application of **Kraken Oil & Gas LLC** to create a temporary spacing unit comprised of all of Sections 20 and 21, T27N-R57E, Richland and Roosevelt Counties, 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.

Docket 72-2017

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 8, 9, 16, and 17, T27N-R57E, Roosevelt County, Montana, for the purposes of drilling a horizontal Bakken/Three Forks Formation well at a location not closer than 200' (heel/toe setback) oriented in an east-west azimuth proximate to the common boundaries between the noted temporary spacing units. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well.

Docket 73-2017

APPLICANT: BALKO, INC. – TETON COUNTY, MONTANA

Upon the application of **Balko, Inc.** to convert the Briggs #1 well (API #25-099-21019) located in the NW¼SW¼ of Section 33, T27N-R4W, Teton County, Montana (Pondera Field) to a saltwater disposal well in the Madison Formation at a depth of approximately 2,165 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 74-2017

APPLICANT: BALKO, INC. – TETON COUNTY, MONTANA

Upon the application of **Balko, Inc.** to convert the Caskey 44-5 well (API #25-099-21253) located in the SE¼SE¼ of Section 5, T25N-R3W, Teton County, Montana (Runaway Field) to a saltwater disposal well in the Madison Formation at a depth of approximately 1,785 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 75-2017
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 show-cause, if any it has, why it should not provide a plan and timeline for the plugging and abandonment of its wells, and why additional penalties should not be assessed for failure to pay the penalty assessed for delinquent reporting and to appear at the October 26, 2017, public hearing.

Docket 76-2017
SHOW-CAUSE HEARING

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

Upon the Board's own motion to require **Bensun Energy, LLC** to provide to the Board a progress update of its efforts to come into full compliance with field violations and show-cause, if any it has, why additional penalties should not be assessed for failure to file delinquent production reports, failure to pay the penalty assessed for delinquent reporting, and for failure to appear at the October 26, 2017, public hearing.

Docket 77-2017
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 additional penalties should not be imposed for failure to file production reports and injection 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 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 Hinto Energy, LLC to further penalties as prescribed by Board Policy.

Docket 78-2017
SHOW-CAUSE HEARING

RESPONDENT: HOFLAND, JAMES D. – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require Hofland, James D. 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 \$140.00 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 Hofland, James D. to further penalties as prescribed by Board Policy.

Docket 60-2017
SHOW-CAUSE HEARING
Continued from October 2017

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 NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 15, T23N-R55E, Richland County, Montana as required by Board Order 45-2017, in accordance with § 82-11-123(5), MCA.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant