

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
BOARD OF OIL AND GAS CONSERVATION  
BILLINGS, MONTANA  
February 14 & 15, 2018

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, February 14, 2018, 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 December 13, 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. Highlands Montana Corporation
11. Staff reports
12. 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 **9:00 a.m.** on Thursday, February 15, 2018, 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 1-2018

**APPLICANT: DENBURY ONSHORE, LLC – POWDER RIVER AND CARTER COUNTIES, MONTANA**

Upon the application of Denbury Onshore, LLC for an order certifying a portion of the Bell Creek Consolidated Unit Area, Powder River and Carter Counties, Montana, as an expanded tertiary recovery project effective as of November 1, 2017, and to certify the production decline rates used to calculate incremental production in the project area, and such other and further relief as the MBOGC may deem appropriate.

**T8S-R54E**

Section 13: W2 NE, NW, N2SW, SWSW, NWSE

Section 14: All

Section 15: E2NE, E2SWNE, E2SW, SE

Section 21: E2SE

Section 22: E2, E2NW, SWNE, SW

Section 23: All

Section 24: NWNW

Section 25: W2NW, SW

Section 26: All

Section 27: All

Section 28: E2NE, SWNE, SE

Docket 2-2018

**APPLICANT: SLAWSON EXPLORATION COMPANY INC. – RICHLAND COUNTY, MONTANA**

Upon the application of **Slawson Exploration Company Inc.** to create a temporary spacing unit comprised of the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 3, SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 4, NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 9 and NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 10, T25N-R52E, Richland County, Montana, to recomplete the Saber 1-4H well, located approximately 530' FSL, 300' FEL in Section 4, as a Charles Formation well. Applicant requests placement on the Default Docket.

Docket 3-2018

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

Upon the application of Kraken Oil & Gas LLC to amend Board Order 193-2014 to authorize the drilling of a horizontal Bakken/Three Forks Formation well anywhere within the temporary spacing unit comprised of all of Sections 6 and 7, T25N-R59E, Richland 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 4-2018

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

Upon the application of Kraken Oil & Gas LLC to amend Board Order 363-2011 to authorize the drilling of a horizontal Bakken/Three Forks Formation well anywhere within the temporary spacing unit comprised of all of Sections 17 and 20, T25N-R59E, Richland 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 5-2018  
1-2018 FED

**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 4 and 9, 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 6-2018

**APPLICANT: DENBURY ONSHORE, LLC – DAWSON COUNTY, MONTANA**

Upon the application of **Denbury Onshore, LLC** to convert the NPRR-G (NCT-5) 1 well (API #25-021-05086) located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 25, T15N-R54E, Dawson County, Montana (Glendive Field) to a saltwater disposal well in the Mission Canyon and Lodgepole Formations at a depth of approximately 7,338-7,936 ft. Staff notes this application is eligible for placement on the default docket.

Docket 7-2018

**APPLICANT: DENBURY ONSHORE, LLC – DAWSON COUNTY, MONTANA**

Upon the application of **Denbury Onshore, LLC** to convert the S&H Rentals 23x-08 well (API #25-021-21121) located in the NE¼SW¼ of section 8, T14N-R55E, Dawson County, Montana (Glendive Field) to a saltwater disposal well in the Mission Canyon and Lodgepole Formations at a depth of approximately 7,134-7,748 ft. Staff notes this application is eligible for placement on the default docket.

Docket 73-2017  
Continued from December 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  
Continued from December 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 8-2018  
**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 begin to plug and abandon its wells prior to the February 15, 2018, public hearing. The failure to begin to plug and abandon the wells as required by this order may result in forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.

Docket 9-2018  
**SHOW-CAUSE HEARING**

**RESPONDENT: HIGHLINE EXPLORATION, INC. – BIG HORN COUNTY, MONTANA**

Upon the Board's own motion to require **Highline Exploration, 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 \$980.00. 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 Highline Exploration, Inc. to further penalties as prescribed by Board Policy.

Docket 60-2017  
**SHOW-CAUSE HEARING**  
Continued from December 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 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 76-2017  
**SHOW-CAUSE HEARING**  
Continued from December 2017

**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**  
Continued from December 2017

**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.

BOARD OF OIL AND GAS CONSERVATION

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Erin Ricci  
Administrative Assistant