

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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.

ORDER 1-2018

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, SWNW, SW

SECTION 23: ALL

SECTION 24: NWNW

SECTION 25: W2NW, SW

SECTION 26: ALL

SECTION 27: ALL

SECTION 28: E2NE, SWNE, SE

Docket No. 1-2018

Report of the Board

The above entitled cause came on regularly for hearing on February 15, 2018, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded an opportunity to present evidence, oral and documentary.
2. The Bell Creek Consolidated Unit is an existing tertiary recovery unit which was designated by the Board in Order 71-1991.
3. Denbury Onshore, LLC, is proposing to expand its carbon dioxide injection project into new areas by converting wells to carbon dioxide injection, altering existing well patterns, and returning wells to production.
4. The expansion area, designated Phases 5 and 6 by the operator, has not had economic production under waterflood and has been shut-in for approximately 2 years.

BOARD ORDER NO. 1-2018

5. The Board finds that the proposed operating changes constitute an expanded enhanced recovery project as defined by § 15-36-303(5), MCA.

6. The Board finds that as of October 31, 2017, there were no remaining economically recoverable waterflood reserves and that future production achieved as a result of the operating changes described above should be considered incremental production as defined in § 15-36-303(9)(b).

2. Approving and certifying applicant's operating changes for Phases 5 and 6 of the Bell Creek Consolidated unit will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes, as a matter of law, that the following order should be entered.

Order

IT IS THEREFORE ORDERED by the Board that the applicant's proposed operating changes for following described lands in Powder River and Carter Counties, Montana, constitute an expansion of an existing enhanced recovery project effective as of November 1, 2017.

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, SWNW, SW

SECTION 23: ALL

SECTION 24: NWNW

SECTION 25: W2NW, SW

SECTION 26: ALL

SECTION 27: ALL

SECTION 28: E2NE, SWNE, SE

IT IS FURTHER ORDERED that any future production achieved as a result of the proposed operational changes should be considered as incremental production.

BOARD ORDER NO. 1-2018

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of February, 2018.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Steven Durrett, Vice-Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Peggy Ames Nerud, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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.

ORDER 2-2018

Docket No. 3-2018

Report of the Board

The above entitled cause came on regularly for hearing on February 15, 2018, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded an opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the applicant demonstrated the requirements of § 82-11-201, MCA have been met.

Order

IT IS THEREFORE ORDERED by the Board that Order 193-2014 is amended to authorize the drilling of a horizontal Bakken/Three Forks well in the temporary spacing unit comprised of Sections 6 and 7, T25N-R59E, Richland County, Montana, anywhere in 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 be commenced within one year of the date of this order.

IT IS FURTHER ORDERED that applicant apply for permanent spacing within 90 days of successful completion of the proposed well.

BOARD ORDER NO. 2-2018

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of February, 2018.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Steven Durrett, Vice-Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Peggy Ames Nerud, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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.

ORDER 3-2018

Docket No. 4-2018

Report of the Board

The above entitled cause came on regularly for hearing on February 15, 2018, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded an opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the applicant demonstrated the requirements of § 82-11-201, MCA have been met.

Order

IT IS THEREFORE ORDERED by the Board that Order 363-2011 is amended to authorize the drilling of a horizontal Bakken/Three Forks well in the temporary spacing unit comprised of Sections 17 and 20, T25N-R59E, Richland County, Montana, anywhere in 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 be commenced within one year of the date of this order.

IT IS FURTHER ORDERED that applicant apply for permanent spacing within 90 days of successful completion of the proposed well.

BOARD ORDER NO. 3-2018

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of February, 2018.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Steven Durrett, Vice-Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Peggy Ames Nerud, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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.

ORDER 4-2018

Docket No. 5-2018 / 1-2018 FED

Report of the Board

The above entitled cause came on regularly for hearing on February 15, 2018, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded an opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the applicant demonstrated the requirements of § 82-11-201, MCA have been met.

Order

IT IS THEREFORE ORDERED by the Board that Order 380-2011 is amended to authorize the drilling of a horizontal Bakken/Three Forks well in the temporary spacing unit comprised of Sections 4 and 9, T27N-R57E, Roosevelt County, Montana, anywhere in 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 be commenced within one year of the date of this order.

IT IS FURTHER ORDERED that applicant apply for permanent spacing within 90 days of successful completion of the proposed well.

BOARD ORDER NO. 4-2018

IT IS FURTHER ORDERED that a federal communitization agreement for spacing units which contain both federal and non-federal land shall be submitted to the authorized officer of the Bureau of Land Management prior to or upon completion of a producible well.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of February, 2018.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Steven Durrett, Vice-Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Peggy Ames Nerud, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE APPLICATION OF DENBURY ONSHORE, LLC TO
CONVERT THE NPRR-G (NCT-5) 1 WELL (API #25-021-05086)
LOCATED IN THE SW¼SW¼ OF SECTION 25, T15N-R54E, DAWSON
COUNTY, MONTANA (GLENDDIVE FIELD) TO A SALTWATER
DISPOSAL WELL IN THE MISSION CANYON AND LODGEPOLE
FORMATIONS AT A DEPTH OF APPROXIMATELY 7,338-7,936 FT.

ORDER 7-2018

Docket No. 6-2018

Report of the Board

The above entitled cause came on regularly for hearing on February 15, 2018, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded an opportunity to present evidence, oral and documentary.

2. The evidence indicates that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the applicant demonstrated the requirements of ARM 36.22.1403 have been met.

Order

IT IS THEREFORE ORDERED by the Board that the application of Denbury Onshore, LLC is granted as applied for subject to stipulations on the sundry notice.

BOARD ORDER NO. 7-2018

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of February, 2018.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Steven Durrett, Vice-Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Peggy Ames Nerud, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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 (GLENDDIVE FIELD) TO A SALTWATER
DISPOSAL WELL IN THE MISSION CANYON AND LODGEPOLE
FORMATIONS AT A DEPTH OF APPROXIMATELY 7,134-7,748 FT.

ORDER 8-2018

Docket No. 7-2018

Report of the Board

The above entitled cause came on regularly for hearing on February 15, 2018, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded an opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the applicant demonstrated the requirements of ARM 36.22.1403 have been met.

Order

IT IS THEREFORE ORDERED by the Board that the application of Denbury Onshore, LLC is granted as applied for subject to stipulations on the sundry notice.

BOARD ORDER NO. 8-2018

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of February, 2018.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Steven Durrett, Vice-Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Peggy Ames Nerud, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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.

ORDER 9-2018

Docket No. 73-2017

Report of the Board

The above entitled cause came on regularly for hearing on February 15, 2018, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded an opportunity to present evidence, oral and documentary.

2. The evidence indicates that granting the application will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that the applicant demonstrated the requirements of ARM 36.22.1403 have been met.

Order

IT IS THEREFORE ORDERED by the Board that the application of Balko, Inc. is granted as applied for subject to stipulations on the sundry notice.

BOARD ORDER NO. 9-2018

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of February, 2018.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Steven Durrett, Vice-Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Peggy Ames Nerud, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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.

ORDER 5-2018

Docket No. 8-2018

Report of the Board

The above entitled cause came on regularly for hearing on February 15, 2018, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded an opportunity to present evidence, oral and documentary.
2. No one appeared on behalf of Stealth Energy USA, Inc. (Stealth).
3. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that respondent has not demonstrated that the requirements of Title 82, Chapter 11, M.C.A. and A.R.M. 36.22.101, et.seq. have been met.

Order

IT IS THEREFORE ORDERED by the Board that the plugging and reclamation bond for Stealth is hereby forfeited.

BOARD ORDER NO. 5-2018

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of February, 2018.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Steven Durrett, Vice-Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Peggy Ames Nerud, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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.

ORDER 6-2018

Docket No. 60-2017

Report of the Board

The above entitled cause came on regularly for hearing on February 15, 2018, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. Chris Blount appeared on behalf of Black Gold Energy Resource Development, LLC (Black Gold).
3. At the August 10, 2016, business meeting, Black Gold was brought to the Board for an unreported significant spill violation that took place on or before June 26, 2016, at the Indian Mound 1 SWD well located in the NE¼SW¼SW¼ of Section 15, T23N, R55E, Richland County, Montana.
4. Black Gold failed to file a spill report and failed to make any cleanup progress on the spill and was then docketed for the October 27, 2016, public hearing to show cause why additional penalties should not be assessed for failure to clean up the spill.
5. At the October 27, 2016, hearing, Chris Blount appeared and stated compliance would be achieved prior to the deadline of December 1, 2016, after which a \$250 fine per day was to be instated until compliance was achieved for the well. Black Gold did not achieve compliance prior to the deadline and the daily fine was instated.
6. At the June 15, 2017, public hearing, Black Gold's injection permit was suspended until further order of the Board and it was directed that no additional waste or materials were to be transported to or stored at the wellsite. Black Gold was to submit a written plan of its action to remedy the violation within 15 days of the June hearing and remedy the violations on or before August 10, 2017, public hearing. Black Gold did not submit a written plan and compliance was not achieved prior to this hearing.

BOARD ORDER NO. 6-2018

7. At the August 10, 2017, public hearing, Black Gold was ordered to begin to plug and abandon and reclaim the well location or provide an alternative remedy to present to the Board for the Indian Mound 1 SWD well prior to the October 26, 2017, public hearing. Black Gold did not submit a written plan and compliance was not achieved prior to the October 26, 2017, public hearing and the \$250 fine for each day after December 1, 2016, that the violations remain unresolved increased to a \$500 fine for each day after August 10, 2017. The fine remains in effect until compliance is confirmed by inspection. Black Gold was also fined \$2,000 for failure to appear at the June 15, 2017, and August 10, 2017, public hearings. This fine is still outstanding.

8. At the October 26, 2017, public hearing, Black Gold was ordered to submit a written plan of its action to remedy the violation within seven days of the October hearing for the daily fine to be suspended. On November 15, 2017, Black Gold submitted a written plan of action; the plan was turned in after the deadline, so the daily fine continued to accrue.

9. Black Gold did not achieve compliance prior to February 15, 2018, public hearing.

10. The fine has reached \$125,000.

11. At the time of hearing Mr. Blount testified that he would have the outstanding compliance issues addressed by July 1, 2018. He also requested that the Board reinstate Black Gold's injection permit for the Indian Mound 1 well which will financially assist Black Gold in the cleanup of the wellsite.

12. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that taking the following action is appropriate.

Order

IT IS THEREFORE ORDERED that Black Gold's injection permit for commercial injection into the 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 is reinstated until the June 14, 2018, public hearing.

IT IS FURTHER ORDERED that Board staff provide a progress report at the April 18, 2018, business meeting.

IT IS FURTHER ORDERED by the Board that Docket 60-2017 is continued until the June 14, 2018, public hearing.

BOARD ORDER NO. 6-2018

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of February, 2018.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Steven Durrett, Vice-Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Peggy Ames Nerud, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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.

ORDER 10-2018

Docket No. 76-2017

Report of the Board

The above entitled cause came on regularly for hearing on February 15, 2018, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded an opportunity to present evidence, oral and documentary.
2. Lance Benson appeared on behalf of Bensun Energy, LLC (Bensun). Mr. Benson requested the Board lift the shut-in order issued under Board Order 72-2017 and requested additional time to come into compliance with its outstanding issues.
3. Order 72-2017 was issued at the December 14, 2017, hearing. A fine of \$1,000 for failure to appear was assessed and Bensun was ordered to immediately cease operation of all its wells until reporting violations were remedied and authorization to resume production was granted by the Board's administrator.
4. On January 29, 2018, Bensun filed delinquent reports.
5. On February 14, 2018, Bensun paid the \$1,000 fine for failure to appear at the December hearing.
6. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that taking the following action is appropriate.

BOARD ORDER NO. 10 -2018

Order

IT IS THEREFORE ORDERED by the Board that Bensun is authorized to resume production from wells that were subject to the shut-in order issued under Board Order 72-2017.

IT IS FURTHER ORDERED that Board staff provide a progress report for the field violations at the April 18, 2018, business meeting.

IT IS FURTHER ORDERED by the Board that Docket 76-2017 is dismissed.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of February, 2018.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Steven Durrett, Vice-Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Peggy Ames Nerud, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF 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.

ORDER 11-2018

Docket No. 77-2017

Report of the Board

The above entitled cause came on regularly for hearing on February 15, 2018, at the Board's hearing room at 2535 St. Johns Avenue in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements, exhibits, and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity to present evidence, oral and documentary.
2. No one appeared on behalf of Hinto Energy, LLC (Hinto).
3. Hinto has not paid the outstanding fine in the amount of \$260 or filed production reports, as required under ARM 36.22.1242.
4. Hinto has filed for bankruptcy. Board staff contacted the bankruptcy court and it is aware of Hinto's reporting violation.
5. No reporting information was received from the court trustee at the time of hearing.
6. Staff recommended the docket be continued until the April 19, 2018, public hearing.
7. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board concludes that taking the following action is appropriate.

BOARD ORDER NO. 11-2018

Order

IT IS THEREFORE ORDERED by the Board that Docket 77-2017 is continued until the April 19, 2018, public hearing.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 15th day of February, 2018.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Steven Durrett, Vice-Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Peggy Ames Nerud, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist