

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
June 13 & 14, 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, June 13, 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 April 18, 2018, 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. Exempt staff performance reviews
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, June 14, 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 20-2018

APPLICANT: RIMROCK RESOURCES, INC. – YELLOWSTONE COUNTY, MONTANA

Upon the application of **Rimrock Resources, Inc.** to create a temporary spacing unit comprised of NW $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 33, T2N-R24E, Yellowstone County, Montana, to drill a Madison Formation oil and gas test at a location not less than 330' from the exterior boundaries thereof, as an exception to A.R.M. 36.22.702 (1, 2, & 7).

Docket 21-2018

APPLICANT: MONTANA LAND & EXPLORATION, INC. – BLAINE COUNTY, MONTANA

Upon the application of **Montana Land & Exploration, Inc.** to create a temporary spacing unit comprised of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 5, T34N-R21E, Blaine County, Montana, to drill an Upper Bowes Formation oil and gas test at a location not less than 330' from the exterior boundaries thereof, as an exception to A.R.M. 36.22.702 (1, 2, & 7).

Docket 22-2018

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to create a temporary spacing unit comprised of the SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 13, E $\frac{1}{2}$ SE, NW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, of Section 24, T4N-R61E and the SW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 19, W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 30, T4N-R62E, Fallon County, Montana, to drill a horizontal Mission Canyon Formation well anywhere within said spacing unit but not closer than 660' setback to the exterior boundaries thereof.

Docket 23-2018

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to create a temporary spacing unit comprised of the W $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ of Section 8 and the W $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 17, T4N-R62E, Fallon County, Montana, to drill a horizontal Mission Canyon Formation well at a proposed surface location approximately 1,838' FNL and 575' FEL in Section 17 and a proposed bottom hole location approximately 1,909' FSL and 320' FWL in Section 8.

Docket 24-2018

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to create an overlapping temporary spacing unit comprised the SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 17, T4N-R62E, Fallon County, Montana, and additional lands located in the State of North Dakota, to drill a south trending horizontal Mission Canyon Formation well at a proposed surface location approximately 1,904' FNL and 500' FEL in Section 17 and a proposed bottom hole location in North Dakota. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well.

Docket 25-2018

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to create a temporary spacing unit comprised of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 9, SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 10, W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 15, and the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 16, T6N-R60E, Fallon County, Montana, to drill a horizontal Mission Canyon Formation well anywhere within said spacing unit but not closer than 660' setback to the exterior boundaries thereof.

Docket 26-2018

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to create an overlapping temporary spacing unit comprised of the S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 4, SE $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 9, SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 10, NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 15 NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 16, T6N-R60E, Fallon County, Montana, to drill a north trending horizontal Mission Canyon Formation well anywhere within said spacing unit but not closer than 660' setback to the exterior boundaries thereof. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well.

Docket 27-2018

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to create a temporary spacing unit comprised of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 4, NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5, T6N-R60E, and the SE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 32, SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 33, T7N-R60E, Fallon County, Montana, to drill a horizontal Mission Canyon Formation well anywhere within said spacing unit but not closer than 660' setback to the exterior boundaries thereof.

Docket 28-2018

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to create an overlapping temporary spacing unit comprised of the NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 4, NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5, NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 9, T6N-R60E, and the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 33, T7N-R60E, Fallon County, Montana, to drill a south trending horizontal Mission Canyon Formation well anywhere within said spacing unit but not closer than 660' setback to the exterior boundaries thereof. The overlapping temporary spacing unit shall be limited to production from the proposed horizontal well.

Docket 29-2018

APPLICANT: DENBURY ONSHORE, LLC – FALLON COUNTY, MONTANA

Upon the application of **Denbury Onshore, LLC** to convert the 24-17B well (API #25-025-05218) located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17, T7N-R60E, Fallon County, Montana (Pennel Field) to a saltwater disposal well in the Madison Formation at a depth of approximately 7,150-7,600 ft. An aquifer exemption is being requested as 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 30-2018

APPLICANT: MOUNTAIN VIEW ENERGY, INC. – GLACIER COUNTY, MONTANA

Upon the application of **Mountain View Energy, Inc.** to convert the Red Creek 16C-2/9B-2 well (API #25-035-21898) located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2, T37N-R5W, Glacier County, Montana (Red Creek Field) to a saltwater disposal well in the Cut Bank Formation at a depth of approximately 2,690-2,704 ft., and the Madison Formation at a depth of approximately 2,824-2,844 ft. An aquifer exemption is being requested as 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 31-2018

SHOW-CAUSE HEARING

RESPONDENT: DRAWINGS, LLC – ROOSEVELT COUNTY, MONTANA

Upon the Board's own motion to require **Drawings, 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 \$200.00. 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 Drawings, LLC to further penalties as prescribed by Board Policy.

Docket 32-2018
SHOW-CAUSE HEARING

RESPONDENT: PINNACLE ENERGY GROUP, LLC – POWDER RIVER COUNTY, MONTANA

Upon the Board's own motion to require **Pinnacle Energy Group, 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 \$180.00. 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 Pinnacle Energy Group, LLC to further penalties as prescribed by Board Policy.

Docket 33-2018
SHOW-CAUSE HEARING

RESPONDENT: BENSUN ENERGY, LLC – 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 remedy the field violations at the Loucks 33-27 well (API #25-091-21676) located in the NW¼SE¼ of Section 27, T36N-R52E, Sheridan County, Montana. 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 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 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

Erin Ricci
Administrative Assistant