

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
BOARD OF OIL AND GAS CONSERVATION  
BILLINGS, MONTANA  
August 8 & 9, 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, August 8, 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 June 13, 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. Other business
12. Exempt staff performance reviews

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, August 9, 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 34-2018

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 4 and 9, T25N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Eagle 4-9 #2H well.

Docket 35-2018

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 4 and 9, T25N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks 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 Eagle 4-9 #2H well.

Docket 36-2018

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 5 and 8, T25N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Fletch 5-8 #1H well.

Docket 37-2018

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 5 and 8, T25N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks 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 Fletch 5-8 #1H well.

Docket 38-2018

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 31 and 32, T26N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Elroy 32-31 #1H well.

Docket 39-2018

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 31 and 32, T26N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks 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 Elroy 32-31 #1H well.

Docket 40-2018

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 3 and 10, T27N-R57E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Doris 10-3 #1H well.

Docket 41-2018

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 3 and 10, T27N-R57E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks 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 Doris 10-3 #1H well.

Docket 42-2018

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 14 and 23, T27N-R57E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Della 14-23 #1H well.

Docket 43-2018

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 14 and 23, T27N-R57E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks 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 Della 14-23 #1H well.

Docket 44-2018

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

Upon the application of **Kraken Oil & Gas LLC** to designate a permanent spacing unit comprised of all of Sections 15 and 22, T27N-R57E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Fred 15-22 #1H well.

Docket 45-2018

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

Upon the application of **Kraken Oil & Gas LLC** to pool all interests in the permanent spacing unit comprised of all of Sections 15 and 22, T27N-R57E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks 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 Fred 15-22 #1H well.

Docket 46-2018

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

Upon the application of **Denbury Onshore LLC** to create a temporary spacing unit comprised of the E $\frac{1}{2}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 7, and the W $\frac{1}{2}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8, T10N-R58E, Fallon County, Montana, to drill a horizontal Mission Canyon Formation well anywhere within said spacing unit but not closer than 660' to the exterior boundaries thereof.

Docket 47-2018

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

Upon the application of **Denbury Onshore LLC** to create a temporary spacing unit comprised of the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 16, the E $\frac{1}{2}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$  of Section 17, the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 20, and the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 21, T10N-R58E, Fallon County, Montana, to drill a horizontal Mission Canyon Formation well anywhere within said spacing unit but not closer than 660' to the exterior boundaries thereof.

Docket 48-2018

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

Upon the application of **Denbury Onshore LLC** to create a temporary spacing unit comprised of the S½SW¼ of Section 17, and the E½, N½NW¼, SE¼NW¼ of Section 20, T10N-R58E, Fallon County, Montana, to drill a horizontal Mission Canyon Formation well anywhere within said spacing unit but not closer than 660' to the exterior boundaries thereof.

Docket 49-2018

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

Upon the application of **Denbury Onshore, LLC** to create an overlapping temporary spacing unit comprised of the SE¼SE¼ of Section 19, the S½SW¼ of Section 20, the W½, W½SE¼ of Section 29, and the E½NE¼ of Section 30, T7N-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 50-2018

**APPLICANT: FALCON PETROLEUM PARTNERS, LLC – MUSSELSHELL COUNTY, MONTANA**

Upon the application of **Falcon Petroleum Partners, LLC** to drill a Heath Formation oil and gas test well at a proposed well location approximately 1,594' FNL and 2,030' FEL in Section 22, T11N-R28E, Musselshell County, Montana, as an exception to A.R.M. 36.22.702. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 21-2018

Continued from June 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 SW¼SW¼NE¼, SE¼SE¼NW¼, NE¼NE¼SW¼, NW¼NW¼SE¼ 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 51-2018

**SHOW-CAUSE HEARING**

**RESPONDENT: BALLANTYNE VENTURES LLC – TOOLE COUNTY, MONTANA**

Upon the Board's own motion to require **Ballantyne Ventures LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure 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 is received prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Ballantyne Ventures LLC to further penalties as prescribed by Board Policy.

Docket 52-2018  
**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 located in the NW¼SE¼ of Section 27, T36N-R52E, Sheridan County, Montana.

Docket 53-2018  
**SHOW-CAUSE HEARING**

**RESPONDENT: HAWLEY OIL COMPANY – PONDERA AND TETON COUNTIES, MONTANA**

Upon the Board's own motion to require **Hawley Oil Company** 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 \$440.00. 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 Hawley Oil Company to further penalties as prescribed by Board Policy.

Docket 54-2018  
**SHOW-CAUSE HEARING**

**RESPONDENT: NINE POINT ENERGY, LLC – SHERIDAN COUNTY, MONTANA**

Upon the Board's own motion to require **Nine Point Energy, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$220.00. This docket will be dismissed if payment is received prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Nine Point Energy, LLC to further penalties as prescribed by Board Policy.

Docket 55-2018  
**SHOW-CAUSE HEARING**

**RESPONDENT: SCOUT ENERGY MANAGEMENT LLC – FALLON, PHILLIPS, RICHLAND, ROOSEVELT, AND VALLEY COUNTIES, MONTANA**

Upon the Board's own motion to require **Scout Energy Management 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 \$8,280. 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 Scout Energy Management LLC to further penalties as prescribed by Board Policy.

Docket 56-2018  
**SHOW-CAUSE HEARING**

**RESPONDENT: WHITE ROCK OIL & GAS, LLC – RICHLAND COUNTY, MONTANA**

Upon the Board's own motion to require **White Rock Oil & Gas, LLC** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file injection 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 White Rock Oil & Gas, 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 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.

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