

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
BOARD OF OIL AND GAS CONSERVATION  
BILLINGS, MONTANA  
October 3 & 4, 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, October 3, 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 August 8, 2018, business meeting
3. Public comment on agenda and non-agenda items
4. Proposed amendment of ARM 36.22.307, 36.22.608, 36.22.1015, and 36.22.1016 pertaining to fracturing of oil and gas wells, and the repeal of ARM 36.22.1244 pertaining to the producer's certificate of compliance
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 **9:00 a.m.** on Thursday, October 4, 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 57-2018

**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 5 and 8, T28N-R59E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Katie Rose 5-8 #1H well.

Docket 58-2018

**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 5 and 8, T28N-R59E, 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 Katie Rose 5-8 #1H well.

Docket 59-2018

**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 4 and 9, T28N-R59E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Danielle 4-9 #1H well.

Docket 60-2018

**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 4 and 9, T28N-R59E, 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 Danielle 4-9 #1H well.

Docket 61-2018

**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 6 and 7, T25N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the RKT Carda 7-6 #1H well.

Docket 62-2018

**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 6 and 7, 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 RKT Carda 7-6 #1H well.

Docket 63-2018

**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 17 and 20, T25N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Mayson Phoenix 17-20 #1H well.

Docket 64-2018

**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 17 and 20, 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 Mayson Phoenix 17-20 #1H well.

Docket 65-2018

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

Upon the application of **Kraken Oil & Gas LLC** to drill up to four additional horizontal Bakken/Three Forks Formation wells at any location not closer than 200' (heel/toe setback)/500' (lateral setback) within the permanent spacing unit comprised of all of Sections 4 and 9, T25N-R59E, Richland County, Montana.

Docket 66-2018

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

Upon the application of **Kraken Oil & Gas LLC** to drill up to four additional horizontal Bakken/Three Forks Formation wells at any location not closer than 200' (heel/toe setback)/500' (lateral setback) within the permanent spacing unit comprised of all of Sections 5 and 8, T25N-R59E, Richland County, Montana.

Docket 67-2018

**APPLICANT: BEHM ENERGY, INC. – BLAINE COUNTY, MONTANA**

Upon the application of **Behm Energy, Inc.** to designate a permanent spacing unit comprised of the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 26, T35N-R20E, Blaine County, Montana, for the production of oil and associated natural gas from the Sawtooth Formation with respect to the Federal 1-26-35-20 well.

Docket 68-2018

**APPLICANT: BEHM ENERGY, INC. – BLAINE COUNTY, MONTANA**

Upon the application of **Behm Energy, Inc.** to pool all interests in the permanent spacing unit comprised of the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 26, T35N-R20E, Blaine County, Montana, for the production of oil and associated natural gas from the Sawtooth 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 Federal 1-26-35-20 well.

Docket 69-2018

**APPLICANT: ALTA VISTA OIL CORPORATION – BIG HORN COUNTY, MONTANA**

Upon the application of **Alta Vista Oil Corporation** to designate a permanent spacing unit comprised of all of Section 28, T9S-R41E, Big Horn County, Montana, for the production of oil and associated natural gas from the Mowry Formation with respect to the Slaughterville #1H well.

Docket 70-2018

**APPLICANT: ALTA VISTA OIL CORPORATION – BIG HORN COUNTY, MONTANA**

Upon the application of **Alta Vista Oil Corporation** to pool all interests in the permanent spacing unit comprised of all of Section 28, T9S-R41E, Big Horn County, Montana, for the production of oil and associated natural gas from the Mowry Formation with respect to the Slaughterville #1H well.

Docket 71-2018

**APPLICANT: CONTINENTAL RESOURCES, INC. – RICHLAND COUNTY, MONTANA**

Upon the application of **Continental Resources, Inc.** to create an overlapping temporary spacing unit comprised of all of Sections 15, 22, and 27, T26N-R54E, Richland County, Montana, to horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' to the North

and South boundaries and 500' to the East and West boundaries. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 72-2018

**APPLICANT: CONTINENTAL RESOURCES, INC. – RICHLAND COUNTY, MONTANA**

Upon the application of **Continental Resources, Inc.** to create an overlapping temporary spacing unit comprised of all of Sections 14, 23, and 26, T26N-R54E, Richland County, Montana, to horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' to the North and South boundaries and 500' to the East and West boundaries. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 73-2018

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

Upon the application of **Denbury Onshore, LLC** to create an enhanced recovery unit for oil and gas within the Red River Formation underlying certain lands in Fallon County, Montana, to be known as the Mystery Creek (Red River) Unit Area. The requested unit area in Fallon County, Montana is described as follows:

T9N-R58E

Section 2: Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$  (All)  
Section 10: S $\frac{1}{2}$   
Section 11: All  
Section 12: W $\frac{1}{2}$ W $\frac{1}{2}$   
Section 13: W $\frac{1}{2}$ W $\frac{1}{2}$   
Section 14: All  
Section 15: E $\frac{1}{2}$   
Section 22: NE $\frac{1}{4}$   
Section 23: All  
Section 24: All  
Section 25: All  
Section 26: All  
Section 35: All  
Section 36: All

T9N-R59E

Section 30: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$  (All)  
Section 31: All

Containing 8,158.28 acres, more or less.

Applicant further requests that after hearing the matter the Board enter its order providing for unit operation of the lands and formation thereunder as described above, approving the Unit Agreement and Unit Operating Agreement as constituting a plan of unit operations that is just and reasonable, vacating all existing spacing unit orders as to the unit area and unitized formation (except that no well shall be located closer than 660' to the unit boundaries); and declaring the order will become effective within the terms of Section 82-11-207, M.C.A. upon Applicant presenting proof of the requisite approval by the cost-bearing and cost-free owners of interests therein.

Docket 74-2018

**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 5, the SE $\frac{1}{4}$  of Section 6, NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 7, the W $\frac{1}{2}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 8, and the N $\frac{1}{2}$  of Section 17, T10N-R58E, Fallon County, Montana, to drill a horizontal Madison Group well anywhere within said spacing unit but not closer than 660' to the exterior boundaries thereof.

Docket 75-2018

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

Upon the application of **Denbury Onshore, LLC** to vacate all well spacing and setback requirements as to the Mission Canyon Formation for lands located within applicant's Pennel Unit area in Fallon County, Montana, with the exception of a 660' setback from the unit boundaries, as an exception to A.R.M. 36.22.703. The Pennel Unit area in Fallon County, Montana is described as follows:

T7N-R59E

Section 1: Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$  (all)  
Section 2: Lots 1, 2, SE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 12: NE $\frac{1}{4}$ , SE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$

T8N-R59E

Section 1: W $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$   
Section 2: S $\frac{1}{2}$   
Section 3: Lot 4, S $\frac{1}{2}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$   
Section 4: Lots 1, 2, 3, 4, S $\frac{1}{2}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$   
Section 5: Lots 1, 2, 3, S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 9: N $\frac{1}{2}$ , SE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$   
Section 10: All  
Section 11: All  
Section 12: All  
Section 13: All  
Section 14: All  
Section 15: All  
Section 16: NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 22: E $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$ , NW $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 23: All  
Section 24: All  
Section 25: All  
Section 26: N $\frac{1}{2}$ , SE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$   
Section 27: NE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 35: N $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 36: N $\frac{1}{2}$ , SE $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$

T7N-R60E

Section 4: Lots 3, 4, SW $\frac{1}{4}$   
Section 5: Lots 1, 2, 3, 4, S $\frac{1}{2}$   
Section 6: Lots 1, 2, 3, 4, 5, 6, E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$  (all)  
Section 7: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$  (all)  
Section 8: All  
Section 9: W $\frac{1}{2}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 15: W $\frac{1}{2}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ , SE $\frac{1}{4}$   
Section 16: All

Section 17: All  
Section 18: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$   
Section 19: Lots 1, 2, 3, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$   
Section 20: All  
Section 21: All  
Section 22: All  
Section 23: W $\frac{1}{2}$ NW $\frac{1}{4}$   
Section 26: All  
Section 27: All  
Section 28: All  
Section 29: All  
Section 30: NE $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$

T8N-R60E

Section 7: Lots 1, 2, 3, 4, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 17: W $\frac{1}{2}$ W $\frac{1}{2}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 18: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$  (all)  
Section 19: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$  (all)  
Section 20: All  
Section 21: W $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$   
Section 28: W $\frac{1}{2}$   
Section 29: All  
Section 30: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$  (all)  
Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$  (all)  
Section 32: All  
Section 33: All

Containing 29,527.49 acres, more or less.

Docket 76-2018

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

Upon the application of **Denbury Onshore, LLC** to convert the Unit 41-28 well (API #25-021-21194) in the NE $\frac{1}{4}$ -NE $\frac{1}{4}$  of Section 28, T14N-R55E, Dawson County, Montana (Gas City Field) to a saltwater injection well in the Mission Canyon and Lodgepole Formations at a depth of approximately 7245-7856 ft. Staff notes this application is eligible for 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 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 42-2018  
Continued from August 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  
Continued from August 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 77-2018  
**SHOW-CAUSE HEARING**

**RESPONDENT: PRONGHORN PETROLEUM JOINT VENTURE – FALLON COUNTY, MONTANA**

Upon the Board's own motion to require **Pronghorn Petroleum Joint Venture** to appear and show cause, if any it has, why its injection permit should not be revoked for the Halmans-Federal 1-26 in Section 26, T11N-R32E, Fallon County, Montana, for failure to pay the injection well fee; and, further, why the well should not be plugged and why Pronghorn Petroleum Joint Venture should not be subject to further penalties by the Board.

Docket 78-2018  
**SHOW-CAUSE HEARING**

**RESPONDENT: SHADWELL RESOURCES GROUP, LLC – RICHLAND COUNTY, MONTANA**

Upon the Board's own motion to require **Shadwell Resources Group, LLC** to appear and show cause, if any it has, why penalties should not be imposed for failure to remedy the field violations at the Velma SWD 1-10H well located in the NW¼NW¼ of Section 10, T23N, R58E, Richland County, Montana.

Docket 79-2018  
**SHOW-CAUSE HEARING**

**RESPONDENT: WIND RIVER HYDROCARBONS, INC. – VALLEY COUNTY, MONTANA**

Upon the Board's own motion to require **Wind River Hydrocarbons, Inc.** 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 Cornwell 1-14 well located in the NW¼NW¼ of Section 10, T30N, R38E, Valley County, Montana.

Docket 80-2018  
**SHOW-CAUSE HEARING**

**RESPONDENT: INTERMOUNTAIN LEASING, INC. – LIBERTY COUNTY, MONTANA**

Upon the Board's own motion to require **Intermountain Leasing, Inc.** 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 \$120.00 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 Intermountain Leasing, Inc. to further penalties as prescribed by Board Policy.

Docket 81-2018  
**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, which may include a plugging and reclamation bond increase, 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 as well as any other outstanding field violations.

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