

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

UPON THE APPLICATION OF STEPHENS PRODUCTION COMPANY TO CREATE A TEMPORARY SPACING UNIT COMPRISED OF LOTS 3 AND 4 IN SECTION 7, T8S-R53E AND LOTS 2 AND 3 OF SECTION 12, T8S-R52E, POWDER RIVER COUNTY, MONTANA, TO DRILL A MUDDY FORMATION TEST WELL AT A PROPOSED WELL LOCATION APPROXIMATELY 1,515' FSL AND 39' FWL IN SECTION 7, T8S-R53E, POWDER RIVER 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.

ORDER 1-2019

Docket No. 6-2019

Report of the Board

The above entitled cause came on regularly for hearing on February 14, 2019, 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. Member Steven Durrett was absent. 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. Testimony presented at the hearing indicated that all of Section 7, T8S-R53E and all Section 12, T8S-R52E are Federal minerals.
3. Jack Wunder with the Bureau of Land Management (BLM) stated for the record that the BLM had no objections to the application.
4. 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.

BOARD ORDER NO. 1-2019

Order

IT IS THEREFORE ORDERED by the Board that Lots 3 and 4 in Section 7, T8S-R53E and Lots 2 and 3 of Section 12, T8S-R52E, Powder River County, Montana, is designated a temporary spacing unit to drill a Muddy Formation test well at the proposed location of approximately 1,515' FSL and 39' FWL in Section 7, T8S-R53E, Powder River County, Montana, as an exception to A.R.M. 36.22.702.

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.

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

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 14th day of February, 2019.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Paul Gatzemeier, Board Member

Mac McDermott, 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 VACATE BOARD ORDER 23-1992, WHICH APPROVED A WATERFLOOD PROJECT IN THE SOUTH WOLF SPRINGS AMSDEN UNIT, YELLOWSTONE COUNTY, MONTANA. THE FEDERAL SECONDARY RECOVERY UNIT WAS TERMINATED BY THE BUREAU OF LAND MANAGEMENT EFFECTIVE AUGUST 31, 2017.

ORDER 3-2019

Docket No. 7-2019

Report of the Board

The above entitled cause came on regularly for hearing on February 14, 2019, 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. Member Steven Durrett was absent. 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. State approval of the South Wolf Springs Amsden Unit was granted under Board Order 23-1992.
3. The Bureau of Land Management terminated the unit effective August 31, 2017.
4. 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 by the Board that Board Order 23-1992 is hereby vacated.

BOARD ORDER NO. 3-2019

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 14th day of February, 2019.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Paul Gatzemeier, Board Member

Mac McDermott, 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 VACATE BOARD ORDER 80-1996, WHICH APPROVED A WATERFLOOD PROJECT IN THE MASON LAKE (1ST CAT CREEK) UNIT, MUSSELSHELL COUNTY, MONTANA. THE FEDERAL SECONDARY RECOVERY UNIT WAS TERMINATED BY THE BUREAU OF LAND MANAGEMENT EFFECTIVE FEBRUARY 6, 2016.

ORDER 4-2019

Docket No. 8-2019

Report of the Board

The above entitled cause came on regularly for hearing on February 14, 2019, 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. Member Steven Durrett was absent. 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. State approval of the Mason Lake (1st Cat Creek) Unit was granted under Board Order 80-1996.
3. The Bureau of Land Management terminated the unit effective February 6, 2016.
4. 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 by the Board that Board Order 80-1996 is hereby vacated.

BOARD ORDER NO. 4-2019

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 14th day of February, 2019.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Paul Gatzemeier, Board Member

Mac McDermott, 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 24X-07 WELL (API #25-025-21188) LOCATED IN THE SE¼SW¼ OF SECTION 7, T10N-R58E, FALLON COUNTY, MONTANA (CABIN CREEK FIELD) TO A SALTWATER DISPOSAL WELL IN THE MISSION CANYON FORMATION AT A DEPTH OF APPROXIMATELY 7,215-7,690 FT. AN AQUIFER EXEMPTION IS BEING REQUESTED AS WATER IN THE INJECTION FORMATION CONTAINS LESS THAN 10,000 MG/L TOTAL DISSOLVED SOLIDS.

ORDER 2-2019

Docket No. 9-2019

Report of the Board

The above entitled cause came on regularly for hearing on February 14, 2019, 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. Member Steven Durrett was absent. 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. Jarrett Hadley submitted a protest letter but was not present at the hearing.
3. 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. 2-2019

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 14th day of February, 2019.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Corey Welter, Board Member

I dissent

Dennis Trudell, 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 KYKUIT RESOURCES, 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 \$320.00. 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 KYKUIT RESOURCES, LLC TO FURTHER PENALTIES AS PRESCRIBED BY BOARD POLICY.

ORDER 5-2019

Docket No. 10-2019

Report of the Board

The above entitled cause came on regularly for hearing on February 14, 2019, 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. Member Steven Durrett was absent. 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 Kykuit Resources, LLC.
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 the respondent has not demonstrated that the requirements of Title 82, Chapter 11, MCA and ARM 36.22.101, et seq. have been met.

Order

IT IS THEREFORE ORDERED by the Board that Kykuit Resources, LLC is fined \$1,000 for failure to appear at the February 14, 2019, public hearing.

IT IS FURTHER ORDERED that Kykuit Resources, LLC is to appear at the April 11, 2019, public hearing 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 failure to appear at the February 14, 2019, public hearing.

BOARD ORDER NO. 5-2019

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 14th day of February, 2019.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Paul Gatzemeier, Board Member

Mac McDermott, 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 SHADWELL RESOURCES GROUP, LLC TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY ADDITIONAL PENALTIES SHOULD NOT BE IMPOSED FOR FAILURE TO PAY THE \$1,000 FINE THAT WAS ASSESSED FOR NOT APPEARING AT THE OCTOBER 4, 2018, HEARING BY THE DECEMBER 12, 2018, BUSINESS MEETING. SHADWELL RESOURCES, LLC PAID THE \$1,000 FINE ON JANUARY 7, 2019, BUT IS STILL REQUIRED TO APPEAR AT THE FEBRUARY 14, 2019, HEARING, AS DIRECTED BY BOARD ORDER 4-A-2018.

ORDER 6-2019

Docket No. 13-2019

Report of the Board

The above entitled cause came on regularly for hearing on February 14, 2019, 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. Member Steven Durrett was absent. 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. Kevin Leland, appeared on behalf of Shadwell Resources Group, LLC (Shadwell).
3. Shadwell paid the outstanding fine of \$1,000 and explained that Shadwell's unresponsiveness to Board's correspondence was due to its business address and the infrequency of which it was checked. A new address will be provided to the Board.
4. Staff recommended the docket be dismissed.
5. 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 of Oil and Gas Conservation of the State of Montana concludes that taking the following action is appropriate.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Docket 13-2019 is dismissed.

BOARD ORDER NO. 6-2019

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 14th day of February, 2019.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Paul Gatzemeier, Board Member

Mac McDermott, 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 (API # 25-083-21377) 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 7-2019

Docket No. 60-2017

Report of the Board

The above entitled cause came on regularly for hearing on February 14, 2019, 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. Member Steven Durrett was absent. 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. Chris Blount appeared on behalf of Black Gold Energy Resource Development, LLC (Black Gold).
3. Prior to the February Board hearing, Black Gold corrected the field violations that were addressed in Order 92-2018.
4. 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 by the Board that Docket 60-2017 is continued until the June 13, 2019, public hearing, at which time compliance will be reviewed and a determination will be made concerning the outstanding fine of \$125,000.

BOARD ORDER NO. 7-2019

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 14th day of February, 2019.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Ronald S. Efta, Chairman

Paul Gatzemeier, Board Member

Mac McDermott, Board Member

Dennis Trudell, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Breton, Program Specialist