

STATE OF MONTANA  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
BOARD OF OIL AND GAS CONSERVATION  
BILLINGS, MONTANA  
August 14 & 15, 2019

NOTICE OF PUBLIC HEARING

( CONSERVATION AND PREVENTION  
( OF WASTE OF OIL AND GAS

The Board of Oil and Gas Conservation of the State of Montana will hold its business meeting on Wednesday, August 14, 2019, 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 12, 2019, business meeting
3. Public comment on agenda and non-agenda items
4. Financial report
5. Plugging and reclamation program update
6. Bond summary & incident report
7. Docket summary
8. Gas flaring exceptions
9. Inactive well review
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, August 15, 2019, 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 68-2019

**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 #2H, Fletch 5-8 #3H, Fletch 5-8 #4H, and Fletch 5-8 #5H wells.

Docket 69-2019

**APPLICANT: LONEWOLF OPERATING, LLC – BLAINE COUNTY, MONTANA**

Upon the application of **Lonewolf Operating, LLC** to create a temporary spacing unit comprised of the  $W\frac{1}{2}W\frac{1}{2}W\frac{1}{2}SW\frac{1}{4}NW\frac{1}{4}$  of Section 5 and the  $E\frac{1}{2}SE\frac{1}{4}NE\frac{1}{4}$ ,  $E\frac{1}{2}W\frac{1}{2}SE\frac{1}{4}NE\frac{1}{4}$ ,  $E\frac{1}{2}W\frac{1}{2}W\frac{1}{2}SE\frac{1}{4}NE\frac{1}{4}$  of Section 6, T34N-R21E, Blaine County, Montana, to drill a Sawtooth Formation test well anywhere within said spacing unit but not closer than 330' setback to the exterior boundaries thereof, as an exception to A.R.M. 36.22.702(1, 2, & 7).

Docket 70-2019

**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 $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$  of Section 8, SW $\frac{1}{4}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$  of Section 9, N $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$  of Section 17, T10N-R58E, Fallon County, Montana, to drill a dual lateral Madison Group well anywhere within said spacing unit but not closer than 660' setback to the exterior boundaries thereof.

Docket 71-2019

**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 Section 36, T27N-R53E and all of Sections 1, 12, 13, 24, 25, T26N-R53E, Richland County, Montana, to drill a horizontal Bakken/Three Forks Formation well anywhere within said spacing unit but not closer than 200' (heel/toe setback) and 660' (lateral setback) to the exterior boundaries thereof. Applicant will apply for permanent spacing within 90 days of successful well completion. Applicant requests placement on the Default Docket.

Docket 72-2019

**APPLICANT: BALDWIN LYNCH ENERGY CORPORATION – CARBON COUNTY, MONTANA**

Upon the application of **Baldwin Lynch Energy Corporation** to convert the State 1-16 well, API # 25-009-21056, located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 16, T9S-R22E, Carbon County, Montana (North Clark's Fork Field) to a saltwater disposal well in the Virgelle Formation at a depth of approximately 5,560-5,640 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 73-2019

**APPLICANT: BLACK GOLD ENERGY DORE FACILITY, INC. – RICHLAND COUNTY, MONTANA**

Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for the Dore 1 well, API # 25-083-21281, located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 29, T24N-59E, Richland County, Montana from Poor Boy Oil, LLP to Black Gold Energy Dore Facility, Inc., and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 74-2019

**APPLICANT: FOOTHILLS EXPLORATION, LLC – GOLDEN VALLEY, MUSSELSHELL, ROSEBUD, STILLWATER, AND SWEETGRASS COUNTIES, MONTANA**

Request for a change of operator, and as required by Board policy, the Board will hold a hearing to consider approval of the transfer of plugging and reclamation responsibilities for certain wells identified in the applications from Bayswater Exploration & Production, LLC and Big Sky Energy, LLC to Foothills Exploration, LLC, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 75-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: GRASSY BUTTE, LLC – ROSEBUD COUNTY, MONTANA**

Upon the Board's own motion to require **Grassy Butte, LLC**, to appear and show cause, if any it has, why penalties should not be imposed for failure to maintain mechanical integrity for the Kesterson #5 saltwater disposal well (API # 25-087-21488).

Docket 76-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: SUMMIT GAS RESOURCES, INC. – BIG HORN COUNTY, MONTANA**

Upon the Board's own motion to require **Summit Gas Resources, Inc.** to appear and show cause, if any it has, why penalties should not be imposed for failure to maintain mechanical integrity for the Visborg 22-0841 11SA (API # 25-003-22690) and the DP 31-0842 05SA (API # 25-003-22725) saltwater disposal wells.

Docket 77-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: CLINE PRODUCTION COMPANY – ROSEBUD COUNTY, MONTANA**

Upon the Board's own motion to require **Cline Production Co.** to appear and show cause, if any it has, why penalties should not be imposed for failure to maintain mechanical integrity for the Kincheloe 3X-30 (API # 25-087-21285), Kincheloe 1-6 (API # 25-087-21346), Kincheloe 10-19 (API # 25-087-21239), and the Kincheloe 1-12 (API # 25-087-21354) enhanced oil recovery injection wells.

Docket 78-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: A & G OIL & GAS – TOOLE COUNTY, MONTANA**

Upon the Board's own motion to require **A & G Oil & Gas** 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 the following wells as required by Board Order 22-2019, in accordance with § 82-11-123(5), MCA.

- Normont 1 well, API # 25-101-23443, located in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 2, T34N-R2W, Toole County, Montana
- Rossmiller 3 well, API # 25-101-23440, located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 11, T34N-R2W, Toole County, Montana
- Mullady 11-30 well, API # 25-101-22933, located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 30, T35N-R3W, Toole County, Montana

Docket 79-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: COMPASS ENERGY, INC. – PONDERA COUNTY, MONTANA**

Upon the Board's own motion to require **Compass Energy, 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 Robert Aiken 6-24 well, API # 25-073-21260, located in the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 24, T30N-R4W, Pondera County, Montana as required by Board Order 23-2019, in accordance with § 82-11-123(5), MCA.

Docket 80-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: MOLEN DRILLING CO., INC. – SWEETGRASS COUNTY, MONTANA**

Upon the Board's own motion to require **Molen Drilling Co., 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 Cremer 1-23 well, API # 25-097-21003, located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 22, T2N-R15E, Sweetgrass County, Montana as required by Board Order 24-2019, in accordance with § 82-11-123(5), MCA.

Docket 81-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: TDW GAS PROCESSING, LLC – TOOLE COUNTY, MONTANA**

Upon the Board's own motion to require **TDW Gas Processing, 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 Adams 3 well, API # 25-101-22726, located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 20, T34N-R1W, Toole County, Montana as required by Board Order 25-2019, in accordance with § 82-11-123(5), MCA.

Docket 82-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: UNIONTOWN ENERGY MONTANA LLC – MUSSELSHELL COUNTY, MONTANA**

Upon the Board's own motion to require **UnionTown Energy Montana 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 Little Montana 1 well, API # 25-065-21879, located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 35, T10N-R28E, Musselshell County, Montana as required by Board Order 26-2019, in accordance with § 82-11-123(5), MCA.

Docket 83-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: TOI OPERATING – WIBAUX COUNTY, MONTANA**

Upon the Board's own motion to require **TOI Operating** to appear and show cause, if any it has, why it should not be required to immediately plug and abandon its Moerman 14-30 well, API # 25-109-21053, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 30, T18N-R59E, Wibaux County, Montana.

Docket 84-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: SAMSON OIL AND GAS USA, INC. – RICHLAND AND ROOSEVELT COUNTIES, MONTANA**

Upon the Board's own motion to require **Samson Oil and Gas USA, Inc.** to appear and show cause, if any it has, why penalties should not be imposed for failure to remedy the field violations by the July 11, 2019, deadline.

Docket 85-2019  
**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, including respondent's production being declared illegal under ARM 36.22.1245, should not be applied for failure to file delinquent production reports, failure to pay the penalty assessed for delinquent reporting, and for failure to pay the \$1,000 fine assessed for not appearing at the June 13, 2019, public hearing.

Docket 86-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: PARMT LLC – SHERIDAN COUNTY, MONTANA**

Upon the Board's own motion to require **PARMT LLC** to appear 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 pay the \$1,000 fine assessed for not appearing at the June 13, 2019, public hearing.

Docket 87-2019  
**SHOW-CAUSE HEARING**

**RESPONDENT: HOFLAND, JAMES D. – TOOLE COUNTY, MONTANA**

Upon the Board's own motion to require **Hofland, James D.** 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 \$180.00. 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 Hofland, James D. 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 (API # 25-083-21377) 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.

At the August 15, 2019, public hearing, compliance will be reviewed and a determination will be made concerning the outstanding fine of \$112,500.

Docket 81-2018  
**SHOW-CAUSE HEARING**  
Continued from October 2018

**RESPONDENT: BENSUN ENERGY – 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, API # 25-091-21676, well located in the NW¼SE¼ of Section 27, T36N-R52E, Sheridan County, Montana as well as any other outstanding field violations.

At the June 13, 2019, public hearing, the Board directed that Bensun Energy, LLC begin to plug and abandon its wells if the sale to DeepRiver Petroleum, LLC was not finalized within 30 days.

BOARD OF OIL AND GAS CONSERVATION

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Erin Ricci  
Administrative Assistant