

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

UPON THE APPLICATION OF WHITE ROCK OIL AND GAS, LLC,  
TO CONVERT THE VAIRA 2-35X WELL (API #25-083-22499)  
LOCATED IN THE NW¼NE¼ OF SECTION 35, T25N-R54E,  
RICHLAND COUNTY, MONTANA (SPRING LAKE FIELD) TO A  
PRODUCED-GAS INJECTION WELL IN THE RED RIVER  
FORMATION AT A DEPTH OF APPROXIMATELY 11,600-11,700 FT.

ORDER 1-2020

Docket No. 3-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 13, 2020, 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. Chairman 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. Uriah Price, attorney, Shawna Bonini, operations engineer, and Bill Grigg, CS Consulting team member, appeared on behalf of White Rock Oil and Gas, LLC (White Rock).
3. Board Order 56-2017 issued on October 26, 2017, authorized the injection of gas containing hydrogen sulfide produced from the Duperow Formation in the Vaira B-1 well into the Duperow and Gunton Formations in the Vaira 2-35X well upon staff approval of a safety plan.
4. The request in this application was to include the Red River Formation in the authorized injection interval for the Vaira 2-35X well.
5. The Red River Formation in the Vaira 2-35X well has produced oil and gas, and the formation does not currently contain hydrogen sulfide gas.
6. 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 the applicant has not demonstrated the requirements of § 82-11-124, MCA have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of White Rock is denied.

BOARD ORDER NO. 1-2020

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 13<sup>th</sup> day of February, 2020.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

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Paul Gatzemeier, Vice-Chairman

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Mac McDermott, Board Member

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Linda Nelson, Board Member

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Dennis Trudell, Board Member

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Joseph Michael Weber, Board Member

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Corey Welter, Board Member

ATTEST:

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Jennifer Breton, Program Specialist

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

REQUEST FOR A CHANGE OF OPERATOR, AND AS REQUIRED BY BOARD POLICY, THE BOARD WILL HOLD A HEARING TO CONSIDER APPROVAL OF THE TRANSFERS OF PLUGGING AND RECLAMATION RESPONSIBILITIES FOR CERTAIN WELLS IDENTIFIED IN THE APPLICATIONS FROM OMIMEX CANADA, LTD AND TOPAZ OIL & GAS, INC. TO SCOUT ENERGY MANAGEMENT LLC, AND TO DETERMINE IF THE PROPOSED PLUGGING AND RECLAMATION BOND COVERAGE IS ADEQUATE UNDER § 82-11-123(5), MCA.

ORDER 2-2020

Docket No. 124-2019

Report of the Board

The above entitled cause came on regularly for hearing on February 13, 2020, 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. Chairman 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. Uriah Price, attorney, and Chase Morrison, region manager, appeared on behalf of Scout Energy Management, LLC (Scout).

3. The Board and its staff reviewed Scout's change of operator request from Omimex Canada, LTD and Topaz Oil & Gas, Inc (Topaz).

4. Jack Wunder with the Bureau of Land Management (BLM) stated that Topaz failed to submit a federal communitization agreement for its three wells, as required under Board Order 403-2011. There were multiple attempts over the years to obtain the agreement from Topaz. Mr. Morrison stated that Scout will resolve the matter with the BLM.

5. The Board determined that Scout's existing plugging and reclamation bond of \$250,000 to cover its multiple producing wells was adequate and in accordance with § 82-11-123(5), MCA.

6. 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.

BOARD ORDER NO. 2-2020

Order

IT IS THEREFORE ORDERED by the Board that staff may proceed with administrative review and approval of the change of operator request.

IT IS FURTHER ORDERED that Scout must provide Board staff a summary of its plugging and reclamation plans for its non-producing wells by August 13, 2020.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 13<sup>th</sup> day of February, 2020.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

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Paul Gatzemeier, Vice-Chairman

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Mac McDermott, Board Member

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Linda Nelson, Board Member

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Dennis Trudell, Board Member

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Joseph Michael Weber, Board Member

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Corey Welter, Board Member

ATTEST:

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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 ZEIDERS BROS. OIL & GAS COMPANY, LLC TO APPEAR AND SHOW-CAUSE, IF ANY IT HAS, FOR WHY IT SHOULD NOT HAVE AN APPROVED PLAN TO PLUG AND ABANDON OR BEGIN THE PROCESS TO PLUG AND ABANDON ITS RUDOLPH HAYNIE 1-5 WELL, API # 25-055-21207, LOCATED IN THE SE¼NE¼ OF SECTION 5, T22N-R47E, MCCONE COUNTY, MONTANA BY THE JANUARY 9, 2020, HEARING APPLICATION DEADLINE.

ORDER 3-2020

Docket No. 5-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 13, 2020, 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. Chairman 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. Uriah Price, attorney, and John Zeiders appeared on behalf of Zeiders Bros. Oil & Gas Company, LLC (Zeiders Bros.).

3. Zeiders Bros. has outstanding fines of \$2,000 assessed by the Board for failure to appear at the October 10, 2019 and December 5, 2019, public hearings.

4. Board Order 119-2019 established a \$250 per day fine beginning on January 9, 2020, for each day that Zeiders Bros. failed to submit an abandonment plan for its Rudolph Haynie 1-5 well. At the time of hearing the daily fine totaled \$8,500, and the total of fines assessed against Zeiders Bros. was \$10,500.

5. Mr. Zeiders testified that he was not in control of the company for several months and was unaware of the \$250/day fine. He stated that he and a consultant were working on the abandonment plans for the well and would submit a sundry notice with its intent within the next few weeks.

6. The Board discussed dismissing the outstanding fine if Zeiders Bros. plugs its Rudolph Haynie 1-5 well.

7. 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.

BOARD ORDER NO. 3-2020

Order

IT IS THEREFORE ORDERED by the Board that the \$250 daily fine is stopped as of February 13, 2020.

IT IS FURTHER ORDERED that the outstanding fines in the amount of \$10,500 will be dismissed if Zeiders Bros. plugs and abandons its Rudolph Haynie 1-5 well, API # 25-055-21207, located in the SE¼NE¼ of Section 5, T22N-R47E, McCone County, Montana before the August 6, 2020, public hearing.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 13<sup>th</sup> day of February, 2020.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

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Paul Gatzemeier, Vice-Chairman

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Mac McDermott, Board Member

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Linda Nelson, Board Member

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Dennis Trudell, Board Member

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Joseph Michael Weber, Board Member

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Corey Welter, Board Member

ATTEST:

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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 PARMT LLC TO APPEAR AND SHOW-CAUSE, IF ANY IT HAS, FOR WHY IT SHOULD NOT HAVE AN APPROVED PLAN TO PLUG AND ABANDON OR BEGIN THE PROCESS TO PLUG AND ABANDON ITS GUENTHER 2-8 WELL, API # 25-091-21565, LOCATED IN THE SW¼NE¼ OF SECTION 8, T33N-R58E, SHERIDAN COUNTY, MONTANA BY JANUARY 9, 2020, HEARING APPLICATION DEADLINE.

ORDER 4-2020

Docket No. 6-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 13, 2020, 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. Chairman 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 PARMT LLC (PARMT).
3. PARMT was previously assessed fines of \$3,000 for failure to appear at the June 13, 2019, October 10, 2019, and December 5, 2019, public hearings and has accrued \$140 in penalties for delinquent reporting.
4. Board Order 120-2019 established a \$250 per day fine beginning on January 9, 2020, for each day that PARMT failed to submit an abandonment plan for its Guenther 2-8 well. At the time of hearing, the daily fine totaled \$8,500, and the total fines assessed against PARMT was \$11,640.
5. The delivery of the certified notice of this hearing was attempted on January 24, 2020, but the notice remained unclaimed.
6. 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.

BOARD ORDER NO. 4-2020

Order

IT IS THEREFORE ORDERED by the Board that PARMT must show cause at the April 30, 2020, public hearing and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to plug and abandon its Guenther 2-8 well, located in the SW¼NE¼ of Section 8, T33N-R58E, Sheridan County, Montana as required by Board Order 120-2019, in accordance with § 82-11-123(5), MCA.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 13<sup>th</sup> day of February, 2020.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

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Paul Gatzemeier, Vice-Chairman

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Mac McDermott, Board Member

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Linda Nelson, Board Member

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Dennis Trudell, Board Member

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Joseph Michael Weber, Board Member

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Corey Welter, Board Member

ATTEST:

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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 GRASSY BUTTE, LLC TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY IT SHOULD NOT HAVE AN APPROVED PLAN TO PLUG AND ABANDON OR BEGIN THE PROCESS TO PLUG AND ABANDON ITS KESTERSON #5 WELL, API # 25-087-21488, LOCATED IN THE SW¼NW¼ OF SECTION 34, T10N-R33E, ROSEBUD COUNTY, MONTANA BY JANUARY 9, 2020, HEARING APPLICATION DEADLINE.

ORDER 5-2020

Docket No. 7-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 13, 2020, 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. Chairman 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. Joel Young, owner, appeared on behalf of Grassy Butte, LLC (Grassy Butte).
3. Grassy Butte has outstanding fines of \$1,000 for failure to appear at the August 15, 2019, public hearing, \$1,000 fine for failure to maintain mechanical integrity at its Kesterson #5 well, and is delinquent on its \$200 annual injection well fee.
4. Board Order 123-2019 established a \$250 per day fine beginning on January 9, 2020, for each day that Grassy Butte failed to submit an abandonment plan for its Kesterson #5 well. At the time of hearing the daily fine had reached \$8,500.
5. The total outstanding fines amounts to \$10,700. Mr. Young agreed to a payment of \$2,200 today.
6. During an inspection prior to this hearing, the pit associated with the Kesterson #5 well was found to contain oil and was not netted as required under ARM 36.22.1223.
7. Mr. Young stated that he was working with engineers to establish a design for the netting and will remove the oil from the pit once weather allows.
8. Mr. Young also stated that he is working with a consultant to either plug the Kesterson # 5 well or transfer the well to the landowner for conversion to a stock water well.
9. 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.

BOARD ORDER NO. 5-2020

Conclusions of Law

The Board concludes that taking the following action is appropriate.

Order

IT IS THEREFORE ORDERED by the Board that the \$2,200 payment proposed by Joel Young be accepted.

IT IS FURTHER ORDERED that the \$250 daily fine is stopped as of February 13, 2020.

IT IS FURTHER ORDERED that the outstanding fine in the amount of \$8,500 will be dismissed if Grassy Butte either plugs and abandons or converts to a stock water well its Kesterson #5 well, API # 25-087-21488, located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 34, T10N-R33E, Rosebud County, Montana before the August 6, 2020, public hearing.

IT IS FURTHER ORDERED that a net be placed over its pit by April 1, 2020, and the oil must be skimmed from the pit as weather allows.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 13<sup>th</sup> day of February, 2020.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

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Paul Gatzemeier, Vice-Chairman

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Mac McDermott, Board Member

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Linda Nelson, Board Member

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Dennis Trudell, Board Member

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Joseph Michael Weber, Board Member

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Corey Welter, Board Member

ATTEST:

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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 TOI OPERATING TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY IT SHOULD NOT BEGIN THE PROCESS TO PLUG AND ABANDON THE FOLLOWING WELLS BY THE FEBRUARY 13, 2020, PUBLIC HEARING. FAILURE TO BEGIN TO PLUG AND ABANDON ITS WELLS MAY RESULT IN ADDITIONAL PENALTIES OR THE FORFEITURE OF THE PLUGGING AND RECLAMATION BOND IN ITS ENTIRETY, AS PERMITTED BY § 82-11-123(5), MCA.

ORDER 6-2020

- MOERMAN 14-30 WELL, API # 25-109-21053, LOCATED IN THE SW¼SW¼ OF SECTION 30, T18N-R59E, WIBAUX COUNTY, MONTANA
- STATUS OF THE MT AG. STA. 28-41 WELL, API # 25-083-21384, LOCATED IN THE NE¼NE¼ OF SECTION 28, T23N-R59E, RICHLAND COUNTY, MONTANA
- THEIL 14-23 WELL, API # 25-083-21193, LOCATED IN THE NE¼SW¼ OF SECTION 14, T22N-R59E, RICHLAND COUNTY, MONTANA

Docket No. 8-2020

Report of the Board

The above entitled cause came on regularly for hearing on February 13, 2020, 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. Chairman 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 TOI Operating (TOI).
3. The total of outstanding fine assessed against TOI is \$21,500.
4. The certified notice of this hearing was delivered on January 23, 2020.
5. Prior to the hearing, Ms. Teresa Benson, power of attorney for Orlen Caver, reported that she was unable to secure an attorney to appear on behalf of TOI and provided three letters from attorneys declining the representation.
6. 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.

BOARD ORDER NO. 6-2020

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 the plugging and reclamation bond for TOI Operating is hereby forfeited.

IT IS FUTHER ORDERED that the Board pursue legal action to recoup the fines and the costs of plugging the three wells.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 13<sup>th</sup> day of February, 2020.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

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Paul Gatzemeier, Vice-Chairman

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Mac McDermott, Board Member

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Linda Nelson, Board Member

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Dennis Trudell, Board Member

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Joseph Michael Weber, Board Member

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Corey Welter, Board Member

ATTEST:

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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 BENSUN ENERGY, LLC TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY IT SHOULD NOT BEGIN TO PLUG AND ABANDON OR TRANSFER ITS WELLS. THE FAILURE TO DO SO, AS REQUIRED BY BOARD ORDER 77-2019, MAY RESULT IN FORFEITURE OF THE PLUGGING AND RECLAMATION BOND IN ITS ENTIRETY, AS PERMITTED BY § 82-11-123(5), MCA.

ORDER 7-2020

Docket No. 113-2019

Report of the Board

The above entitled cause came on regularly for hearing on February 13, 2020, 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. Chairman 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. Lance Benson and Christy Strevey, CEO of Diamond Halo Group, LLC (Diamond Halo), appeared on behalf of Bensun Energy, LLC (Bensun).
3. At the October 10, 2019, hearing, Ms. Strevey stated that the sale of Bensun's wells to Deep River Petroleum and Diamond Halo would be finalized within 30 days. All outstanding fines were paid, and through Board Order 91-2019 the matter was continued until the December 5, 2019, public hearing.
4. A change of operator request transferring all of the Bensun wells to Diamond Halo was received on December 5, 2019. A letter was also received from Stockman Bank stating that a release of Bensun's bonds by the Board would be necessary for the bank to transfer the certificates of deposit from Bensun Energy LLC to Diamond Halo Group.
5. An email was received on December 5, 2019, from Christy Strevey asking if Diamond Halo would have to accept the Richardson 25-1 well, and a subsequent email from her, also received on December 5, 2019, requested that a line be drawn through the Richardson 25-1 well on the change of operator request.
6. The producing wells on Bensun's bond are covered by a multiple well bond and the bond could not be transferred to Diamond Halo unless all wells were included in the change of operator request or additional bonding was provided.
7. At the December 5, 2019, public hearing, Bensun was ordered to submit a revised signed change of operator request (Form 20) and appropriate bonding if wells are to be excluded from the transfer. No revised change of operator request was received prior to this hearing.

BOARD ORDER NO. 7-2020

8. At the hearing, Mr. Benson submitted a change of operator request to transfer only the Gartner Denowh 31-7H well, API # 25-083-21846, to Diamond Halo. No plugging and reclamation bond was provided.

9. Bensun still has field violations to be remedied prior to the administrative approval of any well transfers.

10. 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 Bensun must submit a revised signed change of operator request (Form 20) for the wells that are going to be transferred to Diamond Halo and Diamond Halo submit its plugging and reclamation bonds for the wells it is going to acquire by the April 30, 2020, public hearing.

IT IS FURTHER ORDERED that failure to provide the change of operator request and plugging and reclamation bonds, as required by this order may result in the forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 13<sup>th</sup> day of February, 2020.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

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Paul Gatzemeier, Vice-Chairman

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Mac McDermott, Board Member

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Linda Nelson, Board Member

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Dennis Trudell, Board Member

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Joseph Michael Weber, Board Member

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Corey Welter, Board Member

ATTEST:

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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 FIELD VIOLATIONS REMAIN AT 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.

ORDER 8-2020

Docket No. 131-2019

Report of the Board

The above entitled cause came on regularly for hearing on February 13, 2020, 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. Chairman 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. Board Order 121-2019 issued at the December 5, 2019, hearing, assessed a \$1,000 penalty against Black Gold for failure to appear and directed that the Indian Mound 1 SWD be shut-in until the outstanding field violations were addressed.
4. Black Gold's December injection report shows that there were 31 days of injection during the period of time that the well was subject to the shut-in requirement in Board Order 121-2019.
5. Black Gold remedied its outstanding field violations but failed to notify staff of the date of compliance. On January 16, 2020, the field inspector found Black Gold in compliance and the daily fine was stopped. The fine had accrued to \$17,000.
6. At the time of hearing, Black Gold had not submitted its delinquent May 2019 injection report, the \$60 fine assessed for the delinquent injection report, and the \$1,000 for failure to appear at the December 5, 2019, public hearing.
7. 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.

BOARD ORDER NO. 8-2020

Order

IT IS THEREFORE ORDERED by the Board that Black Gold is fined \$5,000 for unauthorized injection into the Indian Mound 1 SWD well, in violation of Board Order 121-2019.

IT IS FURTHER ORDERED that Black Gold must pay the outstanding fines now totaling \$6,060 prior to the March 26, 2020, hearing deadline.

IT IS FURTHER ORDERED that the daily fine of \$17,000 will be held in abeyance for two board hearings and will be dismissed if the Indian Mound 1 SWD well remains in compliance during that period.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 13<sup>th</sup> day of February, 2020.

BOARD OF OIL AND GAS CONSERVATION  
OF THE STATE OF MONTANA

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Paul Gatzemeier, Vice-Chairman

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Mac McDermott, Board Member

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Linda Nelson, Board Member

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Dennis Trudell, Board Member

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Joseph Michael Weber, Board Member

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Corey Welter, Board Member

ATTEST:

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Jennifer Breton, Program Specialist