

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION

**Telephonic Business Meeting Agenda
September 30, 2020 2:00 p.m.**

Physical location of Meeting: Board of Oil and Gas Conservation Hearing room, 2535 St. Johns Avenue, Billings, Montana

As required by Governor Bullock's directive, everyone on the premises must maintain at least six feet of separation from any other person. If necessary, individuals will be allowed to enter on a rotating basis, as needed, to comply with social distancing.

Due to COVID-19 considerations, please call into the meeting using the following directions

Conference Call Access:

Call-in Number: **1-646-558-8656 (toll-free)**

Meeting ID: 926 3352 5666 and then **press #**

Zoom Meeting URL: <https://mt-gov.zoom.us/j/92633525666>

Meeting Participation Instructions:

Many participants are anticipated. To enable this meeting to run smoothly:

- Place your phone on mute.
- Do not place your phone on hold.
- The board chair will manage the meeting. Do not speak until called upon by the chair. Opportunity for input will be provided.

The agenda for that meeting is as follows:

1. Call to order
2. Roll Call & Instructions
 - Steven Durrett, Chairman
 - Paul Gatzemeier, Vice-Chairman
 - Mac McDermott, Board Member
 - Linda Nelson, Board Member
 - Dennis Trudell, Board Member
 - Joseph Michael Weber, Board Member
 - Corey Welter, Board Member
3. Approval of minutes of August 5, 2020, business meeting
4. Public comment on agenda and non-agenda items
5. Proposed hearing schedule for 2021
6. Longevity & service awards
7. Scout Energy Management LLC
8. Financial report
9. Bond summary & incident report
10. Docket summary
11. Gas flaring exceptions
12. Staff reports
13. Other business
14. Adjourn

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION

**Telephonic Public Hearing Agenda
October 1, 2020 9:00 a.m.**

Physical location of Meeting: Board of Oil and Gas Conservation Hearing room, 2535 St. Johns Avenue, Billings, Montana

As required by Governor Bullock’s directive, everyone on the premises must maintain at least six feet of separation from any other person. If necessary, individuals will be allowed to enter on a rotating basis, as needed, to comply with social distancing.

Due to COVID-19 considerations, please call into the meeting using the following directions

Conference Call Access:

Call-in Number: **1-646-558-8656 (toll-free)**
Meeting ID: **994 2970 3902** and then **press #**
Zoom Meeting URL: <https://mt-gov.zoom.us/j/99429703902>

Meeting Participation Instructions:

Many participants are anticipated. To enable this meeting to run smoothly:

- Place your phone on mute.
- Do not place your phone on hold.
- The board chair will manage the meeting. Do not speak until called upon by the chair. Opportunity for input will be provided.

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below. 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 42-2020

APPLICANT: POPLAR RESOURCES LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Poplar Resources LLC** to certify the East Poplar Unit Area, Roosevelt County, Montana, as a tertiary recovery project effective July 1, 2020, and to certify the production decline rates used to calculate incremental production in the project area, and such other and further relief as the MBOGC may deem appropriate.

T28N-R51E

Section 1: All
Section 2: All
Section 3: All
Section 4: Lot 1, 2, 3, 4, S½NW¼,
S½NE¼, NE¼SW¼, SE¼
Section 9: NE¼, NE¼SE¼
Section 10: All
Section 11: All
Section 12: W½, N½NE¼,
SW¼NE¼
Section 13: W½
Section 14: All
Section 15: NE¼, NE¼NW¼,
E½SE¼
Section 22: E½NE¼, NE¼SE¼
Section 23: All
Section 24: NW¼, NW¼SW¼

T28N-R52E

Section 6: Lot 1, 2, 3, 4,

T29N-R50E

Section 11: SE¼SE¼
Section 12: S½
Section 13: All
Section 14: E½NE¼, NE¼SE¼
Section 22: E½, E½NW¼,
SW¼NE¼, SW¼
Section 24: NE¼NW¼, E½
Section 25: E½E½, NW¼NE¼
Section 36: E½E½

T29N-R51E

Section 7: Lot 3, 4, E½SW¼, SE¼
Section 8: S½SW¼
Section 16: SW¼NW¼, SW¼,

SW¼SE¼
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 21: All
Section 22: NW¼NW¼, S½NW¼,
SW¼, NW¼SE¼, S½SE¼
Section 26: W½W½
Section 27: All
Section 28: All
Section 29: All
Section 30: All
Section 31: All
Section 32: All
Section 33: All
Section 34: All
Section 35: W½NW¼

Docket 43-2020

APPLICANT: CLINE PRODUCTION COMPANY – ROSEBUD COUNTY, MONTANA

Upon the application of **Cline Production Company** for an order delineating a field for notice purposes under Board Rule 36.22.601(1)(a) and (b); providing for the operation as a Unit of an area to be known as the “Raymond-Coffee Tyler Unit”; approving or prescribing a plan of Unit operations therefore, approving a Unit Agreement and a Unit Operating Agreement for the Unit operation thereof; authorizing the conducting of a waterflood injection program (secondary recovery) in the proposed Unit area; and vacating existing spacing orders related thereto (except that no well shall be located closer than 220’ to the unit boundaries). The proposed Unit includes the following described lands:

Township 12 North - Range 32 East, MPM

Section 25: S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$

Section 26: SE $\frac{1}{4}$

Section 35: NE $\frac{1}{4}$

Rosebud County, Montana

Containing 800.00 acres, more or less

Docket 44-2020

APPLICANT: CLINE PRODUCTION COMPANY – ROSEBUD COUNTY, MONTANA

Upon the application of **Cline Production Company** to convert the Coffee 16-26 well (API #25-087-21651) located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 26, T12N-R32E, Rosebud County, Montana (Rattler Butte Field) to an enhanced recovery injection well in the Tyler A Sand at a depth of approximately 5,330 ft. An aquifer exemption has been requested since the injection zone contains water with less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 45-2020

APPLICANT: PRIMA EXPLORATION, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Prima Exploration, Inc.** to amend Board Order 108-2019 which authorized the drilling of up to four horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 13 and 24 T25N-R58E, Richland County, Montana, but not closer than 200’ (heel/toe setback) and 500’ (lateral setback) to the exterior boundaries thereof, to require operations for the drilling of such wells must be commenced not later than December 5, 2021.

Docket 46-2020

APPLICANT: PRIMA EXPLORATION, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **Prima Exploration, Inc.** to amend Board Order 109-2019 which authorized the drilling of up to four horizontal Bakken/Three Forks Formation wells anywhere within the temporary spacing unit comprised of all of Sections 18 and 19 T25N-R59E, Richland County, Montana, but not closer than 200’ (heel/toe setback) and 500’ (lateral setback) to the exterior boundaries thereof, to require operations for the drilling of such wells must be commenced not later than December 5, 2021.

Docket 47-2020

APPLICANT: LONEWOLF OPERATING, LLC – BLAINE COUNTY, MONTANA

Upon the application of **Lonewolf Operating, LLC** to create a temporary spacing unit comprised of the E $\frac{1}{2}$ E $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, and W $\frac{1}{2}$ E $\frac{1}{2}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31, T35N-R21E, Blaine County, Montana, to drill a Sawtooth Formation test well at any location not closer than 330' from the exterior boundaries thereof, as an exception to A.R.M. 36.22.702. Applicant will apply for permanent spacing upon successful well completion.

Docket 48-2020

APPLICANT: LONEWOLF OPERATING, LLC – BLAINE COUNTY, MONTANA

Upon the application of **Lonewolf Operating, LLC** to create a temporary spacing unit comprised of the E $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, T35N-R21E, Blaine County, Montana, to drill a Sawtooth Formation test well at any location not closer than 330' from the exterior boundaries thereof, as an exception to A.R.M. 36.22.702. Applicant will apply for permanent spacing upon successful well completion.

Docket 49-2020

APPLICANT: THREE FORKS RESOURCES, LLC – LIBERTY AND TOOLE 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 in Liberty and Toole Counties, Montana, identified in the application from **Croft Petroleum Co. to Three Forks Resources, LLC** and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 50-2020

APPLICANT: DIAMOND HALO GROUP, LLC – 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 assumption of the plugging and reclamation responsibilities for the orphaned Gartner Denowh 31-7H, API # 25-083-21846, located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 7, T23N-59E, Richland County, Montana by Diamond Halo Group, LLC, and to determine if the proposed plugging and reclamation bond coverage is adequate under § 82-11-123(5), MCA.

Docket 9-2020

Continued from April 2020

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, T28N-R58E, Roosevelt County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Mulder 22-15 #1H, Mulder 22-15 #2H, Mulder 22-15 #3H, and Mulder 22-15 #4H wells.

Docket 10-2020
Continued from April 2020

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, T28N-R58E, 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 Mulder 22-15 #1H, Mulder 22-15 #2H, Mulder 22-15 #3H, and Mulder 22-15 #4H well.

Docket 12-2020
Continued from April 2020

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 12 and 13, T25N-R59E, Richland County, Montana, for the production of oil and associated natural gas from the Bakken/Three Forks Formation with respect to the Lonestar 12-13 #1H and Lonestar 12-13 #2H wells.

Docket 13-2020
Continued from April 2020

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 12 and 13, 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 Lonestar 12-13 #1H and Lonestar 12-13 #2H wells.

Docket 14-2020
Continued from April 2020

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 316-2014 to authorize the drilling of up to three horizontal Bakken/Three Forks Formation wells from a common pad anywhere within the temporary spacing unit comprised of all of Sections 23 and 24, T25N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of such wells must be within one year of the date of the order issued by the Board. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 15-2020
Continued from April 2020

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

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 210-2014 and 320-2014 to authorize the drilling of up to four horizontal Bakken/Three Forks Formation wells from a common pad anywhere within the temporary spacing unit comprised of all of Sections 2, 11, and 14, T24N-R59E, Richland County, Montana, but not closer than 200' (heel/toe setback) and 500' (lateral setback) to the exterior boundaries thereof, provided that operations for the drilling of such wells must be within one year of the date of the order issued by the Board. Applicant will apply for permanent spacing within 90 days of successful well completion.

Docket 51-2020

SHOW-CAUSE HEARING

RESPONDENT: ROLAND OIL AND GAS – GLACIER AND PONDERA COUNTIES, MONTANA

Upon the Board's own motion to require **Roland Oil and Gas** 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 failure to appear at the August 6, 2020, public hearing.

Docket 52-2020

SHOW-CAUSE HEARING

RESPONDENT: ZEIDERS BROS. OIL & GAS COMPANY, LLC – MCCONE COUNTY, MONTANA

Upon the Board's own motion to require **Zeiders Bros. Oil & Gas, LLC** to appear and show cause, if any it has, why it should not immediately 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 before the October 1, 2020, public hearing and pay the outstanding fine in the amount of \$10,500, as required by Board Order 3-2020.

Docket 53-2020

SHOW-CAUSE HEARING

RESPONDENT: ALTA VISTA OIL CORPORATION – ROSEBUD COUNTY, MONTANA

Upon the Board's own motion to require **Alta Vista Oil Corporation** 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 Alta Vista Oil Corporation to further penalties as prescribed by Board Policy.

Docket 54-2020

SHOW-CAUSE HEARING

RESPONDENT: ANG HOLDING (USA) CORP. – BLAINE COUNTY, MONTANA

Upon the Board's own motion to require **ANG Holding (USA) Corp.** 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 \$1,860.00. 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 ANG Holding (USA) Corp. to further penalties as prescribed by Board Policy.

Docket 55-2020

SHOW-CAUSE HEARING

RESPONDENT: BBX OPERATING CO. LLC – ROOSEVELT COUNTY, MONTANA

Upon the Board's own motion to require **BBX Operating Co. 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 \$160.00. 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 BBX Operating Co. LLC to further penalties as prescribed by Board Policy.

Docket 56-2020
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 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 \$220.00. 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 Drawings, LLC to further penalties as prescribed by Board Policy.

Docket 57-2020
SHOW-CAUSE HEARING

RESPONDENT: HAWLEY HYDROCARBONS, MERRILL&CAROL HAWLEY DBA – PONDERA COUNTY, MONTANA

Upon the Board's own motion to require **Hawley Hydrocarbons, Merril&Carol Hawley DBA** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file production and injection reports and to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$420.00. 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 Hydrocarbons, Merril&Carol Hawley DBA to further penalties as prescribed by Board Policy.

Docket 58-2020
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 and injection reports and to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$900.00. 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 59-2020
SHOW-CAUSE HEARING

RESPONDENT: HAWLEY-NORTHROP– PONDERA COUNTY, MONTANA

Upon the Board's own motion to require **Hawley-Northrup** 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 \$160.00. 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-Northrup to further penalties as prescribed by Board Policy.

Docket 128-2019
SHOW-CAUSE HEARING
Continued from December 2019

RESPONDENT: CARRELL OIL COMPANY DBA COCO – PETROLEUM COUNTY, MONTANA

Upon the Board's own motion to require **Carrell Oil Company DBA COCO** to appear and show cause, if any it has, why penalties should not be imposed for failure to maintain mechanical integrity for the Fifer 3 (API # 25-069-05141) enhanced oil recovery well.

Docket 41-2020
SHOW-CAUSE HEARING
Continued from August 2020

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 Administrative Order 3-A-2020 issued at the June 24, 2020, business meeting should not remain in effect for the Velma SWD 1-10H well, API # 25-083-22531, located in the NW¼NW¼ of Section 10, T23N-R58E, Richland County, Montana. It was ordered that Shadwell Resources Group, LLC must immediately cease operations at the Velma SWD 1-10H well and that no additional fluids be transported to the location until violations are remedied, compliance is confirmed by inspection, and this order is lifted by the Administrator. Shadwell is subject to a \$250 fine for each day after August 24, 2020, that the violations remain unresolved.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant