

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
August 26 & 27, 2009

CONSERVATION AND PREVENTION)
OF WASTE OF OIL AND GAS)

NOTICE OF PUBLIC HEARING

The Board of Oil and Gas Conservation will hold its regular business meeting at 2:00 p.m., Wednesday, August 26, 2009, in the conference room of the Petroleum Club on the 22nd floor of the Crowne Plaza in Billings, Montana. The agenda for that meeting is:

1. Call to order
2. Approval of minutes of July 8, 2009 business meeting
3. Opportunity for public comment
4. Bond report
5. Financial report
6. Rule revision proposal
7. Default docket
8. Revisions to CBM Water Monitoring Guidelines
9. Burlington Resources Oil & Gas Company LP request for re-hearing on Docket 80-2009.
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 beginning at 8:00 a.m. Thursday, August 27, 2009, in the conference room of the Petroleum Club on the 22nd floor of the Crowne Plaza in Billings, Montana. For more information or to request accommodation for a disability, please contact Terri Perrigo at (406) 444-6970 or Tom Richmond at (406) 656-0040 as soon as possible before the scheduled hearing.

Docket 99-2009

APPLICANT: OASIS PETROLEUM LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Oasis Petroleum LLC** to create a temporary spacing unit comprised of all of Section 25, T29N-R58E and all of Section 30, T29N-R59E, Roosevelt County, Montana, to drill a horizontal Bakken Formation well anywhere within said spacing unit but not closer than 660 feet to the boundaries thereof. Applicant requests placement on the Default Docket.

Docket 100-2009

APPLICANT: PANTHER ENERGY COMPANY, LLC – RICHLAND COUNTY, MONTANA

Upon the application of **Panther Energy Company, LLC** to create a permanent spacing unit comprised of all of Section 31, T25N-R59E, Richland County, Montana, for production of oil and associated natural gas from the Bakken Formation.

Docket 101-2009

APPLICANT: ZENERGY OPERATING COMPANY, LLC - ROOSEVELT COUNTY, MONTANA

Upon the application of **Zenergy Operating Company, LLC** to create a temporary spacing unit comprised of all of Sections 12 and 13, T27N-R58E, Roosevelt County, Montana, to drill a horizontal Bakken Formation well anywhere within said spacing unit but not closer than 660 feet to the boundaries thereof. Applicant requests placement on the Default Docket.

Docket 102-2009

APPLICANT: ZENERGY OPERATING COMPANY, LLC - ROOSEVELT COUNTY, MONTANA

Upon the application of **Zenergy Operating Company, LLC** to create a temporary spacing unit comprised of all of Sections 24 and 25, T27N-R58E, Roosevelt County, Montana, to drill a horizontal Bakken Formation well anywhere within said spacing unit but not closer than 660 feet to the boundaries thereof. Applicant requests placement on the Default Docket.

Docket 103-2009

APPLICANT: NFR BEAR PAW BASIN LLC - HILL COUNTY, MONTANA

Upon the application of **NFR Bear Paw Basin LLC** to create a temporary spacing unit comprised of the N½ of Section 4, T34N-R17E and the S½ of Section 33, T35N-R17E, Hill County, Montana, to drill an Eagle/Niobrara Formation gas well at a location 306' FSL and 1668' FWL of said Section 33 with a 25-foot topographic tolerance as an exception to Board Order 55-2001 and A.R.M. 36.22.702. Application requests placement on the Default Docket.

Docket 104-2009

APPLICANT: NFR BEAR PAW BASIN LLC - HILL COUNTY, MONTANA

Upon the application of **NFR Bear Paw Basin LLC** to create a permanent spacing unit comprised of the W½ of Section 4 and the E½ of Section 5, T34N-R16E, Hill County, Montana, for production of Eagle Formation gas through the wellbore of the Pattison #5-9-34-16B well.

Docket 105-2009

APPLICANT: NFR BEAR PAW BASIN LLC - HILL COUNTY, MONTANA

Upon the application of **NFR Bear Paw Basin LLC** to create a permanent spacing unit comprised of the E½ of Section 19 and the W½ of Section 20, T35N-R17E, Hill County, Montana, for production of Eagle and Niobrara Formation gas through the wellbore of the East End #19-8-35-17 well.

Docket 106-2009

APPLICANT: NFR BEAR PAW BASIN LLC – BLAINE COUNTY, MONTANA

Upon the application of **NFR Bear Paw Basin LLC** to create a permanent spacing unit comprised of the W½ of Section 10, T25N-R18E, Blaine County, Montana, for the production of gas from the Judith River Formation, and to authorize the commingling of Eagle and Judith River Formation gas in the wellbore of the Reeves #10-12-25-18 well.

Docket 107-2009

APPLICANT: NFR BEAR PAW BASIN LLC – BLAINE COUNTY, MONTANA

Upon the application of **NFR Bear Paw Basin LLC** to create a permanent spacing unit comprised of the S½ of Section 7, T25N-R19E, Blaine County, Montana, for the production of gas from the Judith River Formation, and to authorize the commingling of Eagle and Judith River Formation gas in the wellbore of the Reeves #7-11-25-19B well.

Docket 108-2009

APPLICANT: XTO ENERGY INC. - RICHLAND COUNTY, MONTANA

Upon the application of **XTO Energy Inc.** to drill an additional horizontal Bakken Formation well in the permanent spacing unit comprised of all of Sections 9 and 16, T22N-R59E, Richland County, Montana, said well to be located anywhere within said spacing unit but not closer than 660 feet to the boundaries thereof. Applicant requests placement on the Default Docket.

Docket 109-2009

APPLICANT: CARDINAL OIL, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Cardinal Oil, LLC** to create a permanent spacing unit comprised of the E½ of Section 21, T30N-R57E, Roosevelt County, Montana, for production of oil from the Ratcliffe Formation, and to designate applicant's Johnson 7-21H well as the only well authorized for said spacing unit.

Docket 110-2009

APPLICANT: CARDINAL OIL, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Cardinal Oil, LLC** to create a permanent spacing unit comprised of the W½ of Section 14, T30N-R57E, Roosevelt County, Montana, for all production from the Ratcliffe Formation and designating the Jacobsen 1-14H well as the authorized well for said spacing unit.

Docket 111-2009

APPLICANT: CARDINAL OIL, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Cardinal Oil, LLC** to create a permanent spacing unit comprised of the N½ of Section 22, T30N-R57E, Roosevelt County, Montana, for all production from the Ratcliffe Formation and to designate the Jacobsen 1-22H well as the authorized well for said spacing unit.

Docket 112-2009

APPLICANT: CONTINENTAL RESOURCES, INC. - RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to create a temporary spacing unit comprised of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 9, the S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 10, the N $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 15, and the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 16, T25N-R55E, Richland County Montana, to drill a Red River Formation test well. Applicant requests placement on the Default Docket with automatic continuance in the event a protest or request to hear is received.

Docket 113-2009

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

Upon the application of **Continental Resources, Inc.** to drill an additional horizontal Bakken Formation well in the permanent spacing comprised of all of Section 25, T23N-R56E and all of Section 30, T23N-R57E, Richland County, Montana, said well to be located anywhere within said spacing unit but not closer than 660 feet to the exterior boundaries thereof. Applicant requests placement on the Default Docket.

Docket 114-2009

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

Upon the application of **Continental Resources, Inc.** to drill an additional horizontal Bakken Formation well in the permanent spacing unit comprised of all of Sections 26 and 35, T24N-R54E, Richland County, Montana, said well to be located anywhere within said spacing unit but not closer than 660 feet to the exterior boundaries thereof. Applicant requests placement on the Default Docket.

Docket 115-2009

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

Upon the application of **Continental Resources, Inc.** to drill an additional horizontal Bakken Formation well in the permanent spacing unit comprised of all of Sections 29 and 32, T25N-R55E, Richland County, Montana, said well to be located anywhere within said spacing unit but not closer than 660 feet to the exterior boundaries thereof. Applicant requests placement on the Default Docket.

Docket 116-2009

APPLICANT: CONTINENTAL RESOURCES, INC. - RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to drill an additional horizontal Bakken Formation well in the permanent spacing unit comprised of all of Sections 11 and 14, T25N-R52E, Richland County, Montana, said well to be located anywhere within said spacing unit but not closer than 660 feet to the exterior boundaries thereof. Applicant requests placement on the Default Docket.

Docket 117-2009

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

Upon the application of **Continental Resources, Inc.** to drill an additional horizontal Bakken Formation and/or Three Forks/Sanish Formation well in a 1280-acre temporary spacing unit comprised of all of Sections 20 and 29, T23N-R55E, Richland County, Montana, as an exception to A.R.M. 36.22.702. Applicant requests placement on the Default Docket.

Docket 118-2009

APPLICANT: DECKER OPERATING COMPANY, LLC - PHILLIPS COUNTY, MONTANA

Upon the application of **Decker Operating Company, LLC** authorize production of natural gas from the MRFU #3631-1 well in Section 36, T33N-R31E, Phillips County, Montana, at a location 489' from the north boundary of the SW¼ of said Section 36 and 707' from the east boundary of the SW¼ of said Section 36 as an exception to the Bowdoin Gas Field rules and to authorize the commingling of gas from different zones or formations. Applicant requests placement on the Default Docket.

Docket 119-2009 and 21-2009 FED

APPLICANT: FORT WORTH OPERATING COMPANY, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Fort Worth Operating Company, LLC** to create 160-acre temporary spacing units in the following governmental quarter sections in Roosevelt County, Montana, for all formations from the surface to the base of the Judith River Formation for the drilling of a gas test well in each such spacing unit at a location not less than 660 feet from the exterior boundaries thereof, as an exception to A.R.M. 36.22.702

:

Township 28N-Range 50E

Section 1: Lots 1, 2, 3, 4, S½N½, S½ (all)

Section 4: Lots 1, 2, 3, 4, S½N½, S½ (all)

Section 14: All

Section 25: All

Township 29N-Range 50E

Section 7: Lots 1, 2, 3, 4, E½, E½W½ (all)

Section 20: All

Township 27N-Range 51E

Section 3: All

Section 8: All

Township 28N-Range 51E

Section 33: All

Docket 120-2009

APPLICANT: IOFINA NATURAL GAS, INC. – HILL COUNTY, MONTANA

Upon the application of **Iofina Natural Gas, Inc.** to drill the IOFINJ #34-12-22 well located in the center of the SW¼ of Section 22, T34N-R12E, Hill County, Montana, with a 100-foot topographic tolerance, as a Class II injection well in the Sawtooth Formation at a depth of approximately 3600 feet. An aquifer exemption is being requested as part of the application, as water in the proposed injection zone contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the Default Docket.

Docket 121-2009

APPLICANT: IOFINA NATURAL GAS, INC. – HILL COUNTY, MONTANA

Upon the application of **Iofina Natural Gas, Inc.** to drill the IOFINJ #34-12-28 well located in the center of the NW¼ of Section 28, T34N-R12E, Hill County, Montana, with a 100-foot topographic tolerance, as a Class II injection well in the Virgelle Formation at a depth of approximately 1100 feet. An aquifer exemption is being requested as part of the application, as water in the proposed injection zone contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the Default Docket.

Docket 122-2009

APPLICANT: IOFINA NATURAL GAS, INC. – HILL COUNTY, MONTANA

Upon the application of **Iofina Natural Gas, Inc.** to drill the IOFINJ #35-11-10 well located in the center of the NW¼ of Section 10, T35N-R11E, Hill County, Montana, with a 100-foot topographic tolerance, as a Class II injection well in the Virgelle Formation at a depth of approximately 1100 feet. An aquifer exemption is being requested as part of the application, as water in the proposed injection zone contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the Default Docket.

Docket 32-2009

Continued from April 2009

APPLICANT: CONTINENTAL RESOURCES, INC. - RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to pool all interests in the permanent spacing unit comprised of Section 4, T23N-R55E, and Section 33, T24N-R55E, Richland County, Montana, on a surface acreage participation basis, for production of oil and associated natural gas from the Bakken Formation from the Dorothy 2-4H well. Applicant also requests imposition of non-joinder penalties in accordance with Section 82-11-202(2), M.C.A.

Docket 33-2009

Continued from April 2009

APPLICANT: CONTINENTAL RESOURCES, INC. - RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to pool all interests in the permanent spacing unit comprised of Section 4, T23N-R55E, and Section 33, T24N-R55E, Richland County, Montana, on a surface acreage participation basis, for production of oil and associated natural gas from the Bakken Formation from the Dorothy 3-33H well. Applicant also requests imposition of non-joinder penalties in accordance with Section 82-11-202(2), M.C.A.

Docket 34-2009
Continued from April 2009

APPLICANT: CONTINENTAL RESOURCES, INC. - RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to pool all interests in the permanent spacing unit comprised of Sections 8 and 17, T23N-R56E, Richland County, Montana, on a surface acreage participation basis, for production of oil and associated natural gas from the Bakken Formation from the Stoney Butte Farms 2-8H well. Applicant also requests imposition of non-joinder penalties in accordance with Section 82-11-202(2), M.C.A.

Docket 35-2009
Continued from April 2009

APPLICANT: CONTINENTAL RESOURCES, INC. - RICHLAND COUNTY, MONTANA

Upon the application of **Continental Resources, Inc.** to pool all interests in the permanent spacing unit comprised of Sections 8 and 17, T23N-R56E, Richland County, Montana, on a surface acreage participation basis, for production of oil and associated natural gas from the Bakken Formation from the Stoney Butte Farms 3-17H well. Applicant also requests imposition of non-joinder penalties in accordance with Section 82-11-202(2), M.C.A.

Docket 46-2009
Continued from April 2009

APPLICANT: NFR BEAR PAW BASIN LLC - HILL COUNTY, MONTANA

Upon the application of **NFR Bear Paw Basin LLC** to amend the St. Joe Road Field rules established in Board Order 276-2006 with respect to Section 8, T37N-R15E, Hill County, Montana, to designate the N½ and S½ of said Section 8 as two 320-acre permanent spacing units with 660-foot setbacks, and to authorize up to two wells per formation per spacing unit if such operations appear to be reasonable necessary for the economic recovery of gas there from.

Docket 55-2009
Continued from May 2009

APPLICANT: BAYSWATER EXPLORATION AND PRODUCTION, LLC - STILLWATER COUNTY, MONTANA

Upon the application of **Bayswater Exploration and Production, LLC**, to drill an Eagle and Virgelle Formation gas well in the NW¼SW¼ of Section 10, T2N-R20E, Rapelje Field, Stillwater County, Montana, at a location 1980' FSL and 660' FWL of said section as an exception to A.R.M. 36.22.702. Applicant requests placement on the Default Docket.

Docket 52-2009
SHOW-CAUSE HEARING
Continued from April 2009

RESPONDENT: MOUNTAIN PACIFIC GENERAL INC. - TOOLE AND PONDERA COUNTIES, MONTANA

Upon the Board's own motion to require **Mountain Pacific General Inc.** to appear and show cause, if any it has, why its bond should not be forfeited or penalties assessed for failure to abandon the Fossom #10-8 well (API # 25-101-21912) located in Section 8, T35N-R1E, Toole County, Montana, and for failure to provide a plugging plan for the Copenhaver #1 well (API # 25-073-21195) located in Section 32, T27N-R2E, Pondera County, Montana .

Docket 98-2009
SHOW-CAUSE HEARING
Continued from July 2009

RESPONDENT: HAWLEY HYDROCARBONS – PONDERA COUNTY, MONTANA

Upon the Board's own motion to require **Hawley Hydrocarbons** to appear and show cause, if any it has, why its bond should not be forfeited, its production shut-in, and/or other penalties assessed for failure to clean up the oil and water spill at the Copley-Haber lease located in Section 9, T27N-R4W, Pondera County, Montana.

BOARD OF OIL AND GAS CONSERVATION

Terri H. Perrigo
Executive Secretary