

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

IN THE MATTER OF THE APPLICATION OF
HEADINGTON OIL, LIMITED PARTNERSHIP
TO COMMINGLE OIL AND ASSOCIATED
NATURAL GAS PRODUCED FROM THE RATCLIFFE,
MISSION CANYON AND DUPEROW FORMATIONS
THROUGH ITS BAKKEN #32-2 WELL IN SECTION 2,
T21N-R58E, RICHLAND COUNTY, MONTANA
[CRANE FIELD]

ORDER NO. 199-2001

Docket No. 152-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. The major concern presented by this application is that the subject formations are subject to different spacing rules, i.e., the Ratcliffe and Mission Canyon Formations are subject to 160 acre spacing and the Duperow Formation is subject to 320 acre spacing.
3. Granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Headington Oil, Limited Partnership is authorized to commingle oil and associated natural gas produced from the Ratcliffe, Mission Canyon and Duperow Formations through its Bakken #32-2 well in the SWNE of Section 2, T21N-R58E, Richland County, Montana.

IT IS FURTHER ORDERED that the chemical analysis to apportion production among the three formations be performed not less than every six months and that analysis must be filed with the Board.

BOARD ORDER NO. 199-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
TYLER OIL COMPANY FOR APPROVAL OF A
WATERFLOOD UNIT FOR ENHANCED RECOVERY
PURPOSES FROM THE TYLER "C" SAND
UNDERLYING LOTS 5, 6, 7, 14, THE NW¼ OF LOT 8,
THE EAST 1320' OF LOT 15, THE S½SE¼ OF
SECTION 31, ALL OF T12N-R33E AND THE E½SE
OF SECTION 36, T12N-R32E, ROSEBUD COUNTY,
MONTANA.

ORDER NO. 200-2001

Docket No. 179-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.

2. All working interest owners in the lands proposed to be unitized have consented to formation of the Unit. There is only one mineral owner in the Proposed Unit and that is the State of Montana. The Minerals Management Bureau of the Montana Department of Natural Resources and Conservation will formally recommend approval of this Unit to the State Land Board but that agency has not yet acted on this matter.

3. Granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the Proposed Unit, Plan for Unit Operations, Unit Agreement, and Unit Operating Agreement for the West Rattler Butte Tyler "C" Unit are approved.

IT IS FURTHER ORDERED that all drilling and spacing orders affecting the lands in said Unit are rescinded and applicant will be allowed to drill wells at new locations or convert to injection wells anywhere within the Unit Area but not closer than 330 feet to the external boundary of the Unit Area.

THIS ORDER WILL NOT BECOME EFFECTIVE unless and until the State Land Board approves the Proposed Unit.

BOARD ORDER NO. 200-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
TYLER OIL COMPANY TO CONVERT ITS
12-31 STATE WELL IN LOT 6 OF SECTION 31,
T12N-R33E, ROSEBUD COUNTY, MONTANA
TO A WATER INJECTION WELL.

ORDER NO. 201-2001

Docket No. 180-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.

2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Tyler Oil Company is authorized to convert its 12-31 State well in Lot 6 of Section 31, T12N-R33E, Rosebud County, Montana, to a water injection well subject to the following conditions:

1. Injection pressure is limited to 2345 psig;
2. A successful mechanical integrity test must be performed before injection may begin.
3. Applicant must submit an injection well bond for the proposed injection well.
4. The State Land Board must approve the creation of the secondary recovery unit in which the 12-31 State well is located.

BOARD ORDER NO. 201-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF FLYING J
OIL & GAS INC. TO OPERATE ITS EARTHEN PIT AT
ITS FOOTHILLS #44-14H WELL FACILITY IN
SECTION 14, T6S-R17E, STILLWATER COUNTY,
MONTANA, AS A PERMANENT CATCH POND IN
ASSOCIATION WITH DISPOSAL OF PRODUCED
WATER BY AERATION SPRAYING FOR EVAPORATION.

ORDER NO. 202-2001

Docket No. 181-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Flying J Oil & Gas Inc. is authorized to operate its earthen pit at its Foothills #44-14H well facility in Section 14, T6S-R17E, Stillwater County, Montana, for a period of one year from the date of this order.

BOARD ORDER NO. 202-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
ROBINSON OIL COMPANY, LLC TO DRILL A
NATURAL GAS TEST WELL 1980' FNL AND
660 FEL OF SECTION 16, T32N-R2E, TOOLE
COUNTY, MONTANA, AND TO ADD SAID
SECTION 16 TO THE DEVON GAS FIELD
SUBJECT TO SAID EXCEPTION WELL LOCATION.

ORDER NO. 203-2001

Docket No. 183-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.

2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Robinson Oil Company, LLC is authorized to drill a natural gas test well 1980' FNL and 900' FEL of Section 16, T32N-R2E, Toole County, Montana, as an exception to A.R.M. 36.22.702 and Board Order 62-93.

IT IS FURTHER ORDERED that all of said Section 16 be added to and made a part of the Devon Gas Field subject to the exception well location granted herein.

BOARD ORDER NO. 203-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
ROBINSON OIL COMPANY, LLC TO AMEND THE
EAST KEVIN GAS FIELD RULES TO DELINEATE
THE N½ AND THE S½ OF SECTION 19, T34N-R1E,
TOOLE COUNTY, MONTANA, AS PERMANENT
SPACING UNITS FOR DRILLING OF WELLS AND
PRODUCTION OF NATURAL GAS FROM ALL
HORIZONS LYING ABOVE THE RIERDON FORMATION.

ORDER NO. 204-2001

Docket No. 184-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. Under the present East Kevin Field rules, spacing units must consist of the east and west half of a section.
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.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Robinson Oil Company, LLC is granted as applied for.

BOARD ORDER NO. 204-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
WESCO OPERATING, INC. TO REQUIRE
JOURNEY OPERATING, LLC TO SHUT-IN
THE COURCHENE NO. 2-D SALT WATER
DISPOSAL WELL IN THE SE¹/₄SE¹/₄ OF
SECTION 4, T30N-R46E, ROOSEVELT COUNTY,
MONTANA, UNTIL THE NISKU FORMATION
UNDERLYING ALL LANDS BEING WATERFLOODED
THEREBY ARE UNITIZED. [VOLT FIELD]

ORDER NO. 205-2001

Docket No. 185-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. The specific remedy requested by the applicant, i.e., shutting-in the Courchene No 2-D salt water disposal well, was addressed by the Board in a special meeting on Journey Operating, LLC's motion to dismiss this application. See Board Order 198-2001.
3. Wesco Operating, Inc. drilled its Carlson #31-9 Nisku well in 1975. Like the other three Nisku wells in the area, the Carlson well produced more water than oil from the beginning. The Wesco well was shut-in in 1993 and remains shut-in to this date. A comparison of the water and oil production as well as the percentage of oil for all four wells from the period 1987 through 1993 does not clearly establish any effect on the Carlson well caused by injection of produced Nisku water into the Nisku Formation through the injection well. When the Wesco Operating, Inc. well was shut-in in 1993, it was because Wesco had financial problems and not because the well had suddenly become non-commercial. Roosevelt County took over the well in 1993 and that same year it was leased to High Plains, which did no exploratory or production work on the lease. Wesco Operating, Inc. again leased the property in 1998.
4. The evidence does not indicate that applicant is entitled to any relief from this Board.

BOARD ORDER 205-2001

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Wesco Operating, Inc. is denied.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

I dissent. It appears from testimony and staff comments that the Carlson #31-9 and other wells in the field are being affected by the injection of water in an offsetting well. In effect, some sort of waterflood/sweep is taking place, which has not been authorized by our Board. By rejecting the Docket's request we have given tacit approval to an unauthorized flood/sweep. The issues of ownership and time confuse the easy resolution of the issue but do not change our basic charge as a Board.

Jack King, Board Member.

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

IN THE MATTER OF THE APPLICATION OF
J. BURNS BROWN OPERATING COMPANY TO
DESIGNATE THE S½ OF SECTION 2 AND THE
N½ OF SECTION 11, T35N-R14E, HILL COUNTY,
MONTANA, AS A TEMPORARY SPACING UNIT
FOR AN EAGLE FORMATION GAS WELL 100' FSL
AND 1000' FWL OF SAID SECTION 2 AS AN
EXCEPTION TO A.R.M. 36.22.702 WITH A 75 FOOT
TOLERANCE FOR TOPOGRAPHIC REASONS.

ORDER NO. 206-2001

Docket No. 186-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the S½ of Section 2 and the N½ of Section 11, T35N-R14E, Hill County, Montana, are designated as a temporary spacing unit for the Eagle Formation.

IT IS FURTHER ORDERED that applicant is authorized to drill an Eagle Formation gas well 100' FSL and 1000' FWL of said Section 2 as an exception to A.R.M. 36.22.702 with a 75 foot tolerance for topographic reasons.

BOARD ORDER NO. 206-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
CONSTITUTION GAS TRANSPORT CO., INC.
TO AMEND THE PUMPKIN CREEK FIELD RULES
TO DRILL ITS ALLEN BROTHERS, INC. #1-12-PC
WELL AND ITS BURLINGTON RESOURCES #1-25-PC
WELL IN SECTIONS 12 AND 25 RESPECTIVELY OF
T1S-R49E, POWDER RIVER COUNTY, MONTANA,
WITH SPECIAL SPACING UNITS FOR EACH WELL.

ORDER NO. 207-2001

Docket No. 187-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. 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.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that applicant is authorized to drill its Allen Brothers, Inc. #1-12-PC well 1050' FWL and 75' FSL of Section 12, T1S-R49E, Powder River County, Montana. The temporary spacing unit is designated as the SE $\frac{1}{4}$ of Section 11, the SW $\frac{1}{4}$ of Section 12, the NW $\frac{1}{4}$ of Section 13 and the NE $\frac{1}{4}$ of Section 14, all in T1S-R49E.

IT IS FURTHER ORDERED that applicant is authorized to drill its Burlington Resources #1-25-PC well 978' FNL and 1875' FWL of Section 25, T1S-R49E, Powder River County, Montana. The temporary spacing unit for said well consists of a 560 acre tract consisting of the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 23, the SW $\frac{1}{4}$ of Section 24, the W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24, the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 25 and the NW $\frac{1}{4}$ of Section 25, all in T1S-R49E.

BOARD ORDER 207-2001

IT IS FURTHER ORDERED that applicant must apply for permanent spacing within sixty (60) days of completion of a commercial well.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jack King, Board Member

Elaine Mitchell, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

I dissent. By excluding the 80 acre tract from the spacing unit, this application effectively prevents that tract from ever getting drilled, adversely affecting the correlative rights of those mineral owners.

Jerry Kennedy, Board Member

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

IN THE MATTER OF THE APPLICATION OF
PETE WOODS TO DELINEATE THE NW¼ OF
SECTION 19, T37N-R6E, LIBERTY COUNTY,
MONTANA, AS A SPACING UNIT FOR PRODUCTION
OF NATURAL GAS FROM THE MCQUIGG NO 1-19
WELL LOCATED 660' FNL AND 660' FWL OF SAID
SECTION 19.

ORDER NO. 208-2001

Docket No. 188-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the NW¼ of Section 19, T37N-R6E, Liberty County, Montana, is designated as a temporary spacing unit for production of natural gas from the McQuigg No. 1-19 well located 660' FNL and 660' FWL of said Section 19.

IT IS FURTHER ORDERED that applicant must apply for permanent spacing within ninety (90) days of the first run of gas from said well.

BOARD ORDER 208-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF XENO, INC.
TO DRILL NOT TO EXCEED FOUR WELLS WITHIN AND
UPON EACH OF THE FOLLOWING DESCRIBED LANDS
IN BLAINE COUNTY, MONTANA: T36N-R19E:
SECTION 1: ALL; SECTION 2: ALL; SECTION 3: ALL;
T37N-R19E: SECTION 19: ALL; SECTION 20: ALL;
SECTION 21: ALL; SECTION 22: ALL; SECTION 23: ALL;
SECTION 24: ALL; SECTION 25: ALL; SECTION 27: ALL;
SECTION 28: ALL; SECTION 29: ALL; SECTION 30: ALL;
SECTION 32: ALL; SECTION 33: ALL; SECTION 34: ALL;
SECTION 35: ALL; AND SECTION 36: ALL.

ORDER NO. 209-2001

Docket No. 189-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that applicant is authorized to drill up to four wells within and upon each of the lands described in the caption no closer than 990 feet to the section lines.

IT IS FURTHER ORDERED that applicant may commingle and produce natural gas from multiple zones, formations or horizons.

IT IS FURTHER ORDERED that this order does not apply to federal lands until the operator has submitted and received approval of a communitization agreement from the appropriate federal agency.

BOARD ORDER 209-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
XENO, INC. TO DRILL AN EAGLE FORMATION
GAS TEST WELL 660' FSL AND 2132' FEL OF
SECTION 36, T35N-R21E, BLAINE COUNTY,
MONTANA, AS AN EXCEPTION TO A.R.M.
36.22.702 AND BOARD ORDER 62-93 AND
TO DRILL A SECOND TEST WELL ON
SAID SECTION 36 AS A FURTHER EXCEPTION
TO THE RULES SET FORTH ABOVE.

ORDER NO. 210-2001

Docket No. 190-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that applicant is authorized to drill an Eagle Formation gas well 660' FSL and 2132' FEL of Section 36, T35N-R21E, Blaine County, Montana, as an exception to A.R.M. 36.22.702 and Board Order 62-93.

IT IS FURTHER ORDERED that applicant may drill a second test well on said Section 36 as an exception to the rules set forth above but no closer than 990 feet to the exterior boundaries of the section.

BOARD ORDER 210-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
XENO, INC. TO DRILL NOT TO EXCEED FOUR
WELLS ON SECTION 2, T35N-R20E, BLAINE
COUNTY, MONTANA, TO TEST FOR THE
PRESENCE OF EAGLE FORMATION NATURAL
GAS AS EXCEPTIONS TO A.R.M. 36.22.702 AND
BOARD ORDER 62-93 AND TO COMMINGLE AND
PRODUCE NATURAL GAS FROM MULTIPLE ZONES,
FORMATIONS OR HORIZONS.

ORDER NO. 211-2001

Docket No. 191-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Xeno, Inc. is authorized to drill not to exceed four wells on Section 2, T35N-R20E, Blaine County, Montana, to test for the presence of Eagle Formation natural gas as exceptions to A.R.M. 36.22.702 and Board Order 62-93. No wells can be closer than 990 feet to the exterior boundaries of the section.

IT IS FURTHER ORDERED that applicant is authorized to commingle and produce natural gas from multiple zones, formations or horizons.

BOARD ORDER NO. 211-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

Gary Willis, Board Member

ATTEST:

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
BURLINGTON RESOURCES OIL & GAS COMPANY
TO DISPOSE OF PRODUCED WATER IN THE
MISSION CANYON FORMATION THROUGH ITS
ELOB UNIT #14-36 WELL IN SECTION 36, T7N-R60E,
FALLON COUNTY, MONTANA.

ORDER NO. 212-2001

Docket No. 192-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.

2. The evidence indicates that granting the application in the manner hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that applicant is authorized to inject produced water in the Mission Canyon Formation through its ELOB Unit #14-36 well in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 36, T7N-R60E, Fallon County, Montana, subject to the condition that maximum injection pressure is limited to 2074 psig.

BOARD ORDER NO. 212-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
ENCORE OPERATING, L.P. TO CONVERT ITS
MONARCH 32-26 WELL IN SECTION 26,
T9N-R58E, FALLON COUNTY, MONTANA, TO
A SILURIAN INTERLAKE FORMATION
INJECTION WELL.

ORDER NO. 213-2001

Docket No. 193-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. The evidence indicates that granting the application as hereinafter set forth will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Encore Operating, L.P. is authorized to convert its Monarch 32-26 well in Section 26, T9N-R58E, Fallon County, Montana, to a Silurian Interlake Formation injection well subject to the following conditions:

1. The maximum injection pressure is limited to 2727 psig.
2. A successful mechanical integrity test must be completed before injection begins.

BOARD ORDER NO. 213-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
NEXEN OIL AND GAS U.S.A., INC. TO DRILL
A VERTICAL STRATIGRAPHIC TEST WELL
2200' FEL AND 1950' FNL OF SECTION 18,
T37N-R57E, SHERIDAN COUNTY, MONTANA,
FOR NISKU FORMATION CORING AND LOGGING
PURPOSES; TO DESIGNATE A TEMPORARY HORIZONTAL
WELL SPACING UNIT FOR THE NISKU FORMATION
COMPRISED OF THE SE¼ OF SECTION 7 AND THE NE¼
OF SECTION 18, T37N-R57E, SHERIDAN COUNTY,
MONTANA; TO UTILIZE THE VERTICAL TEST WELLBORE
IN DRILLING SAID PROPOSED HORIZONTAL WELL WITHIN
SAID TEMPORARY SPACING UNIT WITH A HORIZONTAL
DRAINHOLE TO ENTER THE POROSITY ZONE OF THE NISKU
FORMATION 1850' FEL AND 1800' FNL OF SAID SECTION 18;
AND TO DRILL TWO HORIZONTAL DRAINHOLE LEGS TO
EXTEND FROM THE ENTRY POINT INTO THE NISKU FORMATION
POROSITY ZONE WITH THE END POINT OF THE FIRST LEG TO BE
700' FEL AND 1300' FSL OF SECTION 7, T37N-R57E, AND THE
END POINT OF THE SECOND LEG TO BE 1800' FEL AND 750' FSL
OF SECTION 7, T37N-R57E. [FLAT LAKE FIELD]

ORDER NO. 214-2001

Docket No. 194-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. 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.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Nexen Oil and Gas U.S.A., Inc. is granted as applied for.

BOARD ORDER NO. 214-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE TERMINATION OF
BOARD ORDER 21-78, WHICH ESTABLISHED
THE SAWYER WATERFLOOD UNIT IN ROSEBUD
COUNTY, MONTANA. [SUMATRA FIELD]

ORDER NO. 215-2001

Docket No. 195-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. The evidence indicates that the Sawyer Waterflood Unit as established by Board Order 21-78 has been terminated under the provisions of Article 18 of the Unit Agreement for said water flood Unit.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Board Order 21-78 is repealed and set aside as being no longer effective.

BOARD ORDER NO. 215-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary

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

IN THE MATTER OF THE APPLICATION OF
TRUE OIL COMPANY TO DRILL A HEATH
FORMATION TEST WELL 860'FWL AND 1300'
FSL OF SECTION 7, T11N-R25E, MUSSELSHELL
COUNTY, MONTANA, WITH A 25 FOOT TOLERANCE
FOR TOPOGRAPHIC REASONS AS AN EXCEPTION
TO A.R.M. 36.22.702.

ORDER NO. 216-2001

Docket No. 196-2001

Report of the Board

The above entitled cause came on regularly for hearing on the 25th day of October, 2001, in the Billings Petroleum Club, 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. Board members David Ballard and Allen Kolstad were 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 and 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 opportunity to present evidence, oral and documentary.
2. 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.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that True Oil Company is authorized to drill a Heath Formation test well 860' FWL and 1300' FSL of Section 7, T11N-R25E, Musselshell County, Montana, with a 25 foot tolerance for topographic reasons as an exception to A.R.M. 36.22.702.

BOARD ORDER NO. 216-2001

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 25th day of October, 2001.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Denzil Young, Vice-Chairman

Jerry Kennedy, Board Member

Jack King, Board Member

Elaine Mitchell, Board Member

ATTEST:

Gary Willis, Board Member

Terri H. Perrigo, Executive Secretary