

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

CONSERVATION AND PREVENTION)
OF WASTE OF OIL AND GAS)

NOTICE OF PUBLIC HEARING

The Board of Oil and Gas Conservation will hold a business meeting at 2:00 p.m., Wednesday, April 4, 2001, at its office located at 2535 St. Johns Avenue, Billings, Montana. The agenda for that meeting is:

1. Call to order
2. Approval of minutes of February 14, 2001 business meeting
3. Opportunity for public comment
4. Bond report
5. Financial report
6. Coal bed methane update
7. Programmatic EIS update status
8. Staff reports

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, April 5, 2001, in the Billings Petroleum Club, Sheraton Hotel, Billings, Montana. For more information or to request accommodation for a disability, please contact Terri Perrigo at (406) 444-6675 or Tom Richmond at (406) 656-0040 as soon as possible before the scheduled hearing.

Docket No. 63-2001

APPLICANT: GABRIEL BERNARD PEARSON – TOOLE COUNTY, MONTANA

Upon the application of **GABRIEL BERNARD PEARSON** to amend Board Order 8-93, which delineated the Potter Gas Field as all of Section 5, T33N-R3W, Toole County, Montana, to reduce the spacing for said field to 160 acres consisting of regular quarter sections. Applicant also requests that the Potter Field be enlarged to include all of Section 32, T33N-R3W.

Docket No. 64-2001 and 8-2001 FED

APPLICANT: OCEAN ENERGY RESOURCES, INC. - HILL COUNTY, MONTANA

Upon the application of **OCEAN ENERGY RESOURCES, INC.** to drill an additional Eagle Sand Formation gas well at a location 1900 feet FSL and 2380 feet FWL of Section 34, T31N-R14E, Hill County, Montana, as an exception to Board Order 10-70, which established the Tiger Ridge Field.

Docket No. 65-2001

APPLICANT: WHITING PETROLEUM CORPORATION - RICHLAND COUNTY, MONTANA

Upon the application of the **WHITING PETROLEUM CORPORATION** to amend the Sioux Pass Field rules established by Board Orders 10-75 and 15-77 to permit the drilling of an additional Red River/Interlake Formation well in the SE¼ of Section 23, T25N-R57E, Richland County, Montana, at a location not closer than 660 feet to the spacing unit boundary.

Docket No. 66-2001

APPLICANT: HEADINGTON OIL, LIMITED PARTNERSHIP - RICHLAND COUNTY, MONTANA

Upon the application of **HEADINGTON OIL, LIMITED PARTNERSHIP** to drill an additional Stony Mountain/Red River Formation well in fractional Section 8, T22N-R60E, Richland County, Montana, at a location not closer than 450 feet from the East spacing unit boundary and 660 feet from the North, West and South spacing unit boundaries, as an exception to Board Order 42-77. Applicant also requests permission to commingle oil and associated natural gas produced from the Stony Mountain and Red River formations.

Docket No. 67-2001

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

Upon the application of **CONTINENTAL RESOURCES, INC.** to designate the NW¼ of Section 16, T30N-R45E, Valley County, Montana, as a permanent spacing unit for production of oil and associated natural gas from the Charles “C” Formation and to designate its Dahl #1-16 well as the permitted well for said spacing unit.

Docket No. 68-2001

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

Upon the application of **CONTINENTAL RESOURCES, INC.** to produce oil and associated gas from the Charles “C” Formation and the Nisku Formation to be commingled in the wellbore of the Dahl #1-16 well in the NW¼ of Section 16, T30N-R45E, Valley County, Montana.

Docket No. 69-2001

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

Upon the application of **CONTINENTAL RESOURCES, INC.** to designate the W½ of Section 6, T21N-R58E and the E½ of Section 1, T21N-R57E, Richland County, Montana, as a permanent spacing unit for production of oil and associated natural gas from the Red River Formation and to designate the Sorenson #14-6H well as the permitted well for said spacing unit.

Docket No. 70-2001

APPLICANT: CROFT PETROLEUM CO. – GLACIER COUNTY, MONTANA

Upon the application of **CROFT PETROLEUM CO.** for an Area Injection Permit for the Madison Formation underlying the Blackfoot Cut Bank Madison Sand Unit Area. Applicant has applied for an aquifer exemption for the Madison Formation in said area. Applicant further requests approval of the Muntzing B-3 well in the SWNW of Section 11, T37N-R6W, Glacier County, Montana, as an injection well into the Cut Bank and Madison formations.

Docket No. 71-2001

APPLICANT: ATHENA ENERGY L.L.C. – HILL COUNTY, MONTANA

Upon the application of **ATHENA ENERGY L.L.C.** to delineate all of Section 25, T37N-R9E, Hill County,

Montana, as a permanent spacing unit with special field rules established therefor authorizing applicant to drill, complete and produce its proposed Schaller 43-25 natural gas test well at a location 2180 feet FSL and 630 feet FEL of said Section 25.

Docket No. 72-2001

APPLICANT: ATHENA ENERGY L.L.C. – HILL COUNTY, MONTANA

Upon the application of **ATHENA ENERGY L.L.C.** to designate all of Section 18, T37N-R11E, Hill County, Montana, as a permanent spacing unit with special field rules established therefor authorizing applicant to drill, complete and produce its proposed McIntosh 43-18 natural gas test well at a location 2400 feet FSL and 660 feet FEL of said Section 18.

Docket No. 73-2001

APPLICANT: ENCORE OPERATING, L.P. – FALLON COUNTY, MONTANA

Upon the application of **ENCORE OPERATING, L.P.** for an exception to the Monarch Field rules established by Board Order 12-59 to permit the drilling of a Red River test well in the approximate center of the NE¼ of the NE¼ of Section 22, T9N-R58E, Fallon County, Montana, with a 175 foot tolerance for topographic reasons.

Docket No. 74-2001

APPLICANT: ENCORE OPERATING, L.P. – FALLON COUNTY, MONTANA

Upon the application of **ENCORE OPERATING, L.P.** for an exception to the Monarch Field rules established by Board Order 12-59 to permit the drilling of a Red River test well in the approximate center of the NE¼ of the SE¼ of Section 22, T9N-R58E, Fallon County, Montana, with a 175 foot tolerance for topographic reasons.

Docket No. 75-2001

APPLICANT: ENCORE OPERATING, L.P. – FALLON COUNTY, MONTANA

Upon the application of **ENCORE OPERATING, L.P.** for an order creating a temporary Red River horizontal well spacing unit consisting of Lots 1, 2, 3, 4, S½N½, NE¼SW¼, SE¼ of Section 1, T8N-R59E, Fallon County, Montana. Applicant also requests permission to drill a dual lateral Red River horizontal test well in said temporary spacing unit with the provision that all horizontal laterals within the Red River Formation shall be located not less than 660 feet from the exterior boundaries of said temporary spacing unit

Docket No. 76-2001

APPLICANT: BLACK HAWK RESOURCES – BLAINE COUNTY, MONTANA

Upon the application of **BLACK HAWK RESOURCES** to drill an Eagle gas test well at a location 990 feet FWL and 740 feet FNL of Section 33, T27N-R18E, Blaine County, Montana, as an exception to Board rule 36.22.702.

Docket No. 77-2001

APPLICANT: BLACK HAWK RESOURCES - BLAINE COUNTY, MONTANA

Upon the application of **BLACK HAWK RESOURCES** to drill an Eagle gas test well at a location 414 feet FSL and 505 feet FEL of Section 16, T27N-R18E, Blaine County, Montana, as an exception to the Sawtooth Mountain Field rules established by Board Order 45-76.

Docket No. 78-2001

APPLICANT: KLABZUBA OIL & GAS, INC. – HILL COUNTY, MONTANA

Upon the application of **KLABZUBA OIL & GAS, INC.** to drill a gas well at a location 500 feet FNL and 1320 feet FEL of Section 36, T35N-R15E, Hill County, Montana, with a 175 foot tolerance in any direction for topographic reasons as an exception to Board Order 90-2001.

Docket No. 79-2001

APPLICANT: KLABZUBA OIL & GAS, INC. - HILL COUNTY, MONTANA

Upon the application of **KLABZUBA OIL & GAS, INC.** to drill and produce an additional Greenhorn/Second White Specks Formation gas well at a location 2600 feet FNL and 1320 feet FEL of Section 19, T35N-R13E, Hill County, Montana, with a 150 foot tolerance in any direction for topographic reasons as an exception to A.R.M. 36.22.702.

Docket No. 80-2001

APPLICANT: KLABZUBA OIL & GAS, INC. – BLAINE COUNTY, MONTANA

Upon the application of **KLABZUBA OIL & GAS, INC.** to drill an Eagle Sand Formation gas well at a location 900 feet FNL and 600 feet FEL of Section 27, T33N-R18E, Blaine County, Montana, with a 75 foot tolerance in any direction for topographic reasons as an exception to Board Order 23-78, which delineated and established the field rules for the Lohman Gas Field.

Docket No. 81-2001

APPLICANT: LUFF EXPLORATION COMPANY – RICHLAND COUNTY, MONTANA

Upon the application of **LUFF EXPLORATION COMPANY** to designate Section 1, T26N-R57E, Richland County, Montana, as a multi-lateral horizontal well spacing unit for the Red River Formation as an exception to the North Sioux Pass Field rules established by Board Order 12-75.

Docket No. 82-2001

APPLICANT: XENO, INC. – BLAINE COUNTY, MONTANA

Upon the application of **XENO, INC.** to designate all of Section 27, T35N-R19E, Blaine County, Montana, as a permanent spacing unit for production of natural gas and to drill four wells within said Section 27, each well to be drilled in compliance with the set-back requirements of A.R.M. 36.22.702 and Board Order 62-93.

Docket No. 83-2001

APPLICANT: XENO, INC. – BLAINE COUNTY, MONTANA

Upon the application of **XENO, INC.** for permission to drill four wells within Section 13, T35N-R18E, Blaine County, Montana, as an exception to A.R.M. 36.22.702 and Board Order 62-93. Each well will be drilled in compliance with the set-back requirements in A.R.M. 36.22.702 and Board Order 62-93.

Docket No. 84-2001

APPLICANT: XENO, INC. – BLAINE COUNTY, MONTANA

Upon the application of **XENO, INC.** to drill, test and complete a third natural gas well within the N½ of Section 16, T35N-R19E, Blaine County, Montana, as an exception to Board Order 133-2000.

Docket No. 85-2001

APPLICANT: XENO, INC. – BLAINE COUNTY, MONTANA

Upon the application of **XENO, INC.** to drill four wells to test for the presence of natural gas within Section 9, T35N-R19E, Blaine County, Montana, as an exception to A.R.M. 36.22.702 and Board Order 62-93.

Docket No. 86-2001

APPLICANT: XENO, INC. – BLAINE COUNTY, MONTANA

Upon the application of **XENO, INC.** to designate the SW¼ of Section 25, T36N-R19E, Blaine County, Montana, as a temporary spacing unit for its proposed well to test for the presence of natural gas from the Judith River, Eagle and/or Niobrara Formations.

Docket No. 87-2001

APPLICANT: NEXEN OIL AND GAS U.S.A., INC. - SHERIDAN COUNTY, MONTANA

Upon the application of **NEXEN OIL AND GAS U.S.A., INC.** to designate Lots 1, 2, 7, 8, 9, and 10, (NE¼) of Section 6, T37N-R58E, Sheridan County, Montana, as a permanent spacing unit for commingled production from the Red River and Nisku formations and designating the No. 7 Anderson well as the permitted well for said spacing unit.

Docket No. 3-2001
Continued from February 15, 2001

APPLICANT: TOWN OF SACO – PHILLIPS COUNTY, MONTANA

Upon the application of the **TOWN OF SACO** to change the spacing for Bowdoin gas underlying the NE¼ of Section 7, T31N-R34E, Phillips County, Montana, to permit one well in each quarter-quarter section of said quarter section. Applicant has not indicated what setback, if any, it desires from the quarter-quarter section boundaries.

Docket No. 5-2001 "B"
Continued from February 15, 2001

APPLICANT: NEXEN OIL AND GAS U.S.A., INC. – SHERIDAN COUNTY, MONTANA

Upon the application of **NEXEN OIL AND GAS U.S.A., INC.** to amend the secondary parameters for the Flat Lake Nisku Unit and to declare that amendment of the Unit Plan of Operation is not subject to approval under provisions of Section 82-11-207, MCA.

Docket No. 6-2001
Continued from February 15, 2001

APPLICANT: PIONEER ENERGY CORPORATION – SHERIDAN COUNTY, MONTANA

Upon the application of **PIONEER ENERGY CORPORATION** to designate the SE¼ of Section 16, T35N-

R53E, Sheridan County, Montana, as a permanent spacing unit for the Bearpaw, Judith River, Eagle, Niobrara and Greenhorn formations.

Docket No. 7-2001
Continued from February 15, 2001

APPLICANT: PIONEER ENERGY CORPORATION – SHERIDAN COUNTY, MONTANA

Upon the application of **PIONEER ENERGY CORPORATION** to designate the NE¼ of Section 16, T35N-R53E, Sheridan County, Montana, as a permanent spacing unit for the Bearpaw, Judith River, Eagle, Niobrara and Greenhorn formations.

Docket No. 20-2001
Continued from February 15, 2001

APPLICANT: MOUNTAIN PACIFIC GENERAL, INC. – TOOLE COUNTY, MONTANA

Upon the application of **MOUNTAIN PACIFIC GENERAL, INC.** to designate the E½ of Section 7, T30N-R2E, Toole County, Montana, as a spacing unit for the production of gas from the surface down to the base of the Dakota Formation and to enlarge the Tiber Gas Field as established by Board Orders 143-81 and 21-84 to include said land. Applicant further requests that it be allowed to drill two wells in the requested spacing unit with no less than 1200 feet between wells and no well closer than 660 feet from the half-section boundary line with a 75 foot surface tolerance for “geographic geologic considerations.”

Docket No. 22-2001
Continued from February 15, 2001

APPLICANT: MOUNTAIN PACIFIC GENERAL, INC. – TOOLE COUNTY, MONTANA

Upon the application of **MOUNTAIN PACIFIC GENERAL, INC.** to enlarge the Tiber Field established by Board Orders 143-81 and 21-84 to include Sections 8, 17 and 18, T30N-R2E, Toole County, Montana, and to allow four wells per governmental section, said wells to be spaced not closer than 1200 feet between wells and not closer than 660 feet to the section line with a 75 foot tolerance allowed for “geographic geologic considerations.”

Docket No. 24-2001
Continued from February 15, 2001

APPLICANT: TYLER OIL COMPANY – ROSEBUD COUNTY, MONTANA

Upon the application of **TYLER OIL COMPANY** to use a drilling rig reserve pit at its Infinity 31-16 State ERB Tyler “C” Waterflood Unit located in Lot 10 of Section 31, T12N-R33E, Rosebud County, Montana, as an evaporation pit as an exception to ARM 36.22.1005.

Docket No. 58-2001

Continued from February 15, 2001

APPLICANT: OCEAN ENERGY RESOURCES, INC. – BLAINE COUNTY, MONTANA

Upon the application of **OCEAN ENERGY RESOURCES, INC.** to drill its Moore #15-5-27-18 well to the Eagle Sand Formation at a location 326 FWL and 1827 FNL of Section 15, T27N-R18E, Blaine County, Montana, as an exception to Board Orders 45-76 and 21-99 (Sawtooth Mountain Field).

Docket No. 93-2000
Continued from August 31, 2000

APPLICANT: SAGEBRUSH PETROLEUM, INC. – FALLON COUNTY, MONTANA

Upon the application of **SAGEBRUSH PETROLEUM, INC.** to vacate the Plevna Field rules established by Board Orders 34-54 and 4-57 and to establish 160 acre permanent spacing units consisting of regular governmental quarter sections for the Judith River/Eagle Formations underlying the following described lands in Fallon County, Montana:

T5N-R59E
All of Sections 1, 2, 3, 11, 12, 13 and 24
T5N-R60E
All of Sections 5, 6, 7, 8, 16, 17, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31, 32 and 33
T6N-R59E
All of Sections 25, 26, 27, 34, 35 and 36
T6N-R60E
All of Sections 30 and 31.

Applicant requests that wells be located a minimum of 660 feet from the external boundaries of each spacing unit with a 75 foot tolerance for topographic reasons. Applicant further requests that its Hanson #20-16 well and its Thoms #28-16 well be designated as the permitted wells for the SE¼ of Section 20, T5N-R60E and the SE¼ of Section 28, T5N-R60E respectively.

Docket No. 177-2000
Continued from December 14, 2000

APPLICANT: BIG SKY RANCHES, INC. – CUSTER COUNTY, MONTANA

Upon the application of **BIG SKY RANCHES, INC.** to flare gas from its State #8-16 well in Section 16, T3N-R51E, Custer County, Montana, for a period not to exceed ninety (90) days.

Docket No. 178-2000
Continued from December 14, 2000

APPLICANT: BIG SKY RANCHES, INC. – CUSTER COUNTY, MONTANA

Upon the application of **BIG SKY RANCHES, INC.** to flare gas from its State #13-16 well in Section 16, T3N-

R52E, Custer County, Montana, for a period not to exceed ninety (90) days.

Docket No. 179-2000
Continued from December 14, 2000

APPLICANT: BIG SKY RANCHES, INC. – CUSTER COUNTY, MONTANA

Upon the application of **BIG SKY RANCHES, INC.** to flare gas from its McIntosh #1-11 well in Section 11, T1N-R53E, Custer County, Montana, for a period not to exceed ninety (90) days.

Docket No. 180-2000
Continued from December 14, 2000

APPLICANT: PIONEER ENERGY CORPORATION – SHERIDAN COUNTY, MONTANA

Upon the application of **PIONEER ENERGY CORPORATION** to designate the NE¼ of Section 15, T35N-R53E, Sheridan County, Montana, as a permanent spacing unit for production of oil and associated gas from the Bearpaw, Judith River, Eagle, Niobrara and Greenhorn formations and to allow the production of one gas well for each formation in said spacing unit with 660 foot setbacks from the exterior boundaries thereof for well location purposes.

Docket No. 181-2000
Continued from December 14, 2000

APPLICANT: PIONEER ENERGY CORPORATION – SHERIDAN COUNTY, MONTANA

Upon the application of **PIONEER ENERGY CORPORATION** to designate the SW¼ of Section 14, T35N-R53E, Sheridan County, Montana, as a permanent spacing unit for the Bearpaw, Judith River, Eagle, Niobrara and Greenhorn formations and to allow the production of one gas well for each formation in said spacing unit with 660 foot setbacks from the exterior boundaries thereof for well location purposes.

Docket No. 182-2000
Continued from December 14, 2000

APPLICANT: PIONEER ENERGY CORPORATION – SHERIDAN COUNTY, MONTANA

Upon the application of **PIONEER ENERGY CORPORATION** to designate the SE¼ of Section 33, T36N-R53E, Sheridan County, Montana, as a permanent spacing unit for the Bearpaw, Judith River, Eagle, Niobrara and Greenhorn formations and to allow the production of one gas well for each formation in said spacing unit with 660 foot setbacks from the exterior boundaries thereof for well location purposes.

Docket No. 192-2000
Continued from December 14, 2000

APPLICANT: BALD EAGLE RESOURCES, INC. – LIBERTY COUNTY, MONTANA

Upon the application of **BALD EAGLE RESOURCES, INC.** to drill an additional well in the existing 640 acre pooled unit described as all of Section 33, T35N-R7E, Liberty County, Montana. The proposed additional well will be drilled in the NE¼ of said Section 33 and completed in the same formations and zones as the currently producing Mlinar B #1 well located in the SE¼NE¼NW¼ of said Section 33. Applicant also requests the Board to designate the S½ of Section 28, T35N-R7E, Liberty County, Montana, as a 320 acre spacing unit for a well to test the Spike Sand and one or more of the Bow Island Sands.

Docket No. 251-2000
ORDER TO SHOW CAUSE

Continued from February 15, 2001

RESPONDENT: MARNELL RESOURCES INC. – TOOLE COUNTY, MONTANA

Upon the Board's own motion requiring **MARNELL RESOURCES INC.** to appear and show cause why its operations should not be shut-in and its bond forfeited for failure to increase its bond to \$25,000 as required by ARM 36.22.1308 (1)(c).

Docket No. 253-2000
ORDER TO SHOW CAUSE
Continued from February 15, 2001

RESPONDENT: REUNION ENERGY COMPANY – TOOLE, GLACIER, FALLON AND ROSEBUD COUNTIES, MONTANA

Upon the Board's own motion requiring **REUNION ENERGY COMPANY** to appear and show cause why its operations should not be shut-in and its bond forfeited for failure to increase its bond to \$25,000 as required by ARM 36.22.1308 (1)(c).

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Terri Perrigo, Executive Secretary