

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, July 14, 2004, in the conference room at the Board's office at 2535 St. Johns Avenue in Billings, Montana. The agenda for that meeting is:

1. Call to order
2. Approval of minutes of May 19, 2004 business meeting
3. Opportunity for public comment
4. Bond Report
5. Financial Report
6. TOI Operating
7. Gas Flaring Requests
8. Default docket
9. 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, July 15, 2004, in the conference room of the Billings Petroleum Club on the 22nd floor of the Sheraton Hotel in 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. 198-2004

APPLICANT: CAMWEST II L.P. – SHERIDAN COUNTY, MONTANA

Upon the application of **CAMWEST II L.P.** to convert the Dwyer 3-1 well in the Dwyer Field in the SESE of Section 19, T32N-R59E, Sheridan County, Montana, for the purpose of water injection into the Lakota Formation.

Docket No. 199-2004

APPLICANT: SLAWSON EXPLORATION CO. – RICHLAND COUNTY, MONTANA

Upon the application of **SLAWSON EXPLORATION CO.** for a permit to drill an oil and gas well 400' FSL and 2140' FEL of Section 12, T25N-R52E, Richland County, Montana. This application has been protested by Continental Resources, Inc.

Docket No. 200-2004

APPLICANT: SOMONT OIL CO., INC. – TOOLE COUNTY, MONTANA

Upon the application of **SOMONT OIL CO., INC** to create a 40-acre spacing unit for the drilling of a test well in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17, T34N-R1W, Toole County, Montana, with any oil wells to be not closer than 220 feet from the boundary of the quarter quarter section line and no gas wells to be closer than 330 feet from the boundary of the quarter quarter section line. Applicant also requests that any production from the NW $\frac{1}{4}$ SW $\frac{1}{4}$ be shared among the mineral owners and their leases in proportion to respective surface acreage each mineral estate has in the 40-acre spacing unit. The applicant further requests that only one gas well per productive horizon be permitted in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 17.

Docket No. 201-2004

APPLICANT: SOMONT OIL CO., INC. – TOOLE COUNTY, MONTANA

Upon the application of **SOMONT OIL CO., INC** to allow an increased density in the Amanda Field for the S½ of Section 31, T37N-R3W; Sections 5, 6, 7, 8, 18 and the W½ of Section 17, T36N-R3W; and Sections 12 and 13, T36N-R4W, Toole County, Montana, with all drilling densities increased to two (2) wells per 320-acre spacing unit with one well permitted in each quarter section located no closer than 660 feet from section lines with a 75-foot topographic tolerance.

Docket No. 202-2004

APPLICANT: HAWLEY-DESIMON INC – PONDERA COUNTY, MONTANA

Upon the application of **HAWLEY-DESIMON INC.** to convert the Copley #4 well in the SWSENE of Section 15, T27N-R4W, Pondera County, Montana, at a location 2420' FNL and 1100' FEL to a salt water disposal well.

Docket No. 203-2004

APPLICANT: STAGHORN ENERGY, LLC – RICHLAND COUNTY, MONTANA

Upon the application of **STAGHORN ENERGY, LLC** to create a temporary spacing unit comprised of all of Sections 35 and 36, T22N-R59E, Richland County, Montana, and to drill a horizontal Bakken Formation well thereon at any location not closer than 660 feet to the boundaries of said temporary spacing unit.

Docket No. 204-2004

APPLICANT: LYCO ENERGY CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **LYCO ENERGY CORPORATION** to drill an additional horizontal Bakken Formation well in the permanent spacing unit established by Board Order 118-2004 comprised of all of Section 21, T24N-R55E, Richland County, Montana, at any location but not closer than 660 feet to the boundaries of said permanent spacing unit.

Docket No. 205-2004

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

Upon the application of **HEADINGTON OIL, LIMITED PARTNERSHIP** to create a temporary spacing unit comprised of all of Section 1, T22N-R57E, and all of Section 36, T23N-R57E, Richland County, Montana, for the drilling of a horizontal Bakken Formation well and authorizing said well to be located anywhere within said temporary spacing unit but not closer than 660 feet to the boundaries thereof.

Docket No. 206-2004

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

Upon the application of **HEADINGTON OIL, LIMITED PARTNERSHIP** to create a temporary spacing unit comprised of all of Sections 21 and 28, T23N-R57E, M.P.M., Richland County, Montana, to drill a horizontal Bakken Formation well and authorizing said well to be located anywhere within the temporary spacing unit but not closer than 660 feet to the boundaries thereof.

Docket No. 207-2004

APPLICANT: DEVON LOUISIANA CORPORATION – BLAINE COUNTY, MONTANA

Upon the application of **DEVON LOUISIANA CORPORATION** to drill an additional Eagle Sand Formation gas well 1600' FNL and 700' FEL of Section 11, T25N-R18E, Blaine County, Montana, with a 200-foot tolerance in any direction for topographic and/or archaeological reasons as an exception to A.R.M. 36.22.702.

Docket No. 208-2004

APPLICANT: DEVON LOUISIANA CORPORATION– HILL COUNTY, MONTANA

Upon the application of **DEVON LOUISIANA CORPORATION** to drill an additional Eagle Sand Formation gas well 2350' FSL and 400' FEL of Section 19, T30N-R16E, Hill County, Montana, with a 50-foot tolerance in any direction for topographic reasons as an exception to Board Orders 10-70 and 66-91. (Tiger Ridge Field)

Docket No. 209-2004

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

Upon the application of **ENCORE OPERATING, L.P.** to certify that its horizontal re-entry into the SP 23-13AH well (API # 25-109-21062) in Wibaux County, Montana, is qualified for the severance tax reductions available for said re-entries. (Pine Field)

Docket No. 210-2004

Withdrawn Prior to Publication

Docket No. 211-2004

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

Upon the application of **ENCORE OPERATING, L.P.** to designate all of Section 1, T13N-R55E, Dawson County, Montana, as a 640-acre temporary spacing unit for the Red River Formation, and to drill a stacked lateral horizontal test well in said temporary spacing unit providing that the horizontal laterals shall at no point penetrate the Red River Formation at a distance of less than 100 feet from the southern boundary and 660 feet from the remaining exterior boundaries of the temporary spacing unit as an exception to A.R.M. 36.22.703.

Docket No. 212-2004

APPLICANT: KEESUN CORP. – TOOLE COUNTY, MONTANA

Upon the application of **KEESUN CORP.** to enlarge the Cut Bank Field by adding thereto all of Sections 22 and 27, T37N-R4W, Toole County, Montana.

Docket No. 213-2004

APPLICANT: OMIMEX CANADA, LTD – BLAINE COUNTY, MONTANA

Upon the application of **OMIMEX CANADA, LTD** for an exception to A.R.M. 36.22.702 to allow the drilling of a second Eagle Formation natural gas well in Section 19, T35N-R21E, Blaine County, Montana, approximately 2000' FWL and 2400' FSL of said Section 19. Applicant further requests a 75-foot topographic tolerance in any direction and permission to commingle down hole natural gas from different zones, formations or horizons and to produce said natural gas through the same string of casing and well bore.

Docket No. 214-2004

APPLICANT: OMIMEX CANADA, LTD – BLAINE COUNTY, MONTANA

Upon the application of **OMIMEX CANADA, LTD** for an exception to A.R.M. 36.22.702 to allow the drilling of an Eagle Formation natural gas test well in Section 26, T35N-R21E, Blaine County, Montana, approximately 600' FNL and 1250' FEL of said Section 26. Applicant further request a 75-foot tolerance in any direction for topographic reasons and permission to commingle down hole natural gas from different zones, formations or horizons and to produce said natural gas through the same string of casing and well bore.

Docket No. 215-2004

APPLICANT: OMIMEX CANADA, LTD – BLAINE COUNTY, MONTANA

Upon the application of **OMIMEX CANADA, LTD** for an exception to A.R.M. 36.22.702 to drill two additional gas wells in said Section 30, T35N-R21E, Blaine County, Montana: the #8-30 Eagle Formation test well located approximately 1500' FNL and 1150' FEL, and the #11-30 Eagle Formation test well located approximately 2300' FSL and 2350' FWL. Applicant also requests a 75-foot tolerance in any direction for topographic reasons and permission to commingle down hole natural gas from different zones, formations or horizons and to produce said natural gas through the same string of casing and well bore.

Docket No. 216-2004

APPLICANT: OMIMEX CANADA, LTD – BLAINE COUNTY, MONTANA

Upon the application of **OMIMEX CANADA, LTD** for an exception to A.R.M. 36.22.702 to allow the drilling of a second Eagle Formation natural gas well in Section 31, T35N-R21E, Blaine County, Montana, approximately 1150' FSL and 1800' FEL of said Section 31. Applicant further requests a 75-foot tolerance in any direction for topographic reasons and permission to commingle down hole natural gas from different zones, formations or horizons and to produce said natural gas through the same string of casing and well bore.

Docket No. 217-2004

APPLICANT: OMIMEX CANADA, LTD – BLAINE COUNTY, MONTANA

Upon the application of **OMIMEX CANADA, LTD** for an exception to A.R.M. 36.22.702 to allow the drilling of an Eagle Formation natural gas test well in Section 33, T35N-R20E, Blaine County, Montana, approximately 850' FWL and 1200' FSL of said Section 33. Applicant further requests a 75-foot tolerance in any direction for topographic reasons and permission to commingle down hole natural gas from different zones, formations or horizons and to produce said natural gas through the same string of casing and well bore.

Docket No. 218-2004

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

Upon the application of **KLABZUBA OIL & GAS, INC.** to drill an additional Eagle Sand/Niobrara Formation gas well at a location 1065' FNL and 1764' FWL of Section 13, T36N-R15E, Hill County, Montana, with a 25-foot tolerance in any direction for topographic reasons as an exception to A.R.M. 36.22.702. Applicant further requests permission to commingle gas produced in the Dusek #13-3-36-15B well bore from the Judith River, Eagle Sand and/or Niobrara Formations.

Docket No. 219-2004

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

Upon the application of **KLABZUBA OIL & GAS, INC.** to designate the S½ of Section 19, and the N½ of Section 30, T33N-R17E, Hill County, Montana, as a temporary spacing unit and authorizing completion of the State #30-33-17 well in the Niobrara Formation within said tract at a location 200' FNL and 990' FEL of said Section 30, as an exception to A.R.M. 36.22.702.

Docket No. 220-2004

APPLICANT: PETRO-HUNT, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **PETRO-HUNT, LLC** to drill a well to a depth of approximately 7750 feet to test the Nisku Formation at a location approximately 990' FEL and 2450' FNL of Section 1, T29N-R48E, Roosevelt County, Montana. Applicant further requests that a temporary spacing unit be created consisting of the S½NE¼ and the N½SE¼ of said Section 1. Applicant requested this application be placed on the default docket but does not request automatic continuance in the event of protest.

Docket No. 221-2004
Withdrawn Prior to Publication

Docket No. 222-2004

APPLICANT: J. BURNS BROWN OPERATING COMPANY – BLAINE COUNTY, MONTANA

Upon the application of **J. BURNS BROWN OPERATING COMPANY** to drill an Eagle Formation gas well in a 640-acre temporary spacing unit consisting of the W½ of Section 16 and the E½ of Section 17, T35N-R18E, Blaine County, Montana, at a location 2600' FNL and 100' FWL of said Section 16, with a 75-foot tolerance for topographic reasons as an exception to A.R.M. 36.22.702.

Docket No. 223-2004

APPLICANT: PETROSEARCH OPERATING COMPANY, LLC – SHERIDAN COUNTY, MONTANA

Upon the application of **PETROSEARCH OPERATING COMPANY, LLC** to create a temporary spacing unit that encompasses 80 acres in the E½NW¼ and 80 acres in the W½NE¼ of Section 4, T37N-R55E, Sheridan County, Montana, as an exception to A.R.M. 36.22.702, and to drill a well anywhere within the 160-acre spacing unit but not closer than 660 feet to the outside boundaries thereof. Applicant further requests that the Board issue an order force pooling the interests in the proposed temporary spacing unit as mineral ownership in each of the 80-acre tracts are different. Applicant further requests that this matter be placed on the default docket.

Docket No. 224-2004

APPLICANT: SLAWSON EXPLORATION COMPANY, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **SLAWSON EXPLORATION COMPANY, INC.** to create a temporary spacing unit comprised of all of Sections 25 and 36, T25N-R52E, Richland County, Montana, to drill a Bakken Formation horizontal well and authorizing said well to be located anywhere within said temporary spacing unit but not closer than 660 feet to the boundaries thereof.

Docket No. 225-2004

APPLICANT: SLAWSON EXPLORATION COMPANY, INC. – RICHLAND COUNTY, MONTANA

Upon the application of **SLAWSON EXPLORATION COMPANY, INC.** to designate all of Sections 14 and 23, T24N-R53E, Richland County, Montana, as a temporary spacing unit to drill a Bakken Formation horizontal well and authorizing said well to be located anywhere within the temporary spacing unit but not closer than 660 feet to the boundaries thereof.

Docket No. 83-2004
Continued from April 2004

APPLICANT: LYCO ENERGY CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **LYCO ENERGY CORPORATION** for a permit to drill an oil and gas well 440' FNL and 490' FWL of Section 20, T26N-R51E, Richland County, Montana. This application is protested by Continental Resources, Inc.

Docket No. 96-2004
Continued from April 2004

APPLICANT: WESTPORT OIL & GAS COMPANY, L.P. – RICHLAND COUNTY, MONTANA

Upon the application of **WESTPORT OIL & GAS COMPANY, L.P.** to create a temporary spacing unit comprised of all of Sections 22 and 27, T23N-R57E, Richland County, Montana, for the drilling of a horizontal well in the Bakken Formation, said well to be located anywhere within said temporary spacing unit but not closer than 660 feet to the boundaries thereof.

Docket No. 140-2004
Continued from May 2004

APPLICANT: NANCE PETROLEUM CORPORATION– RICHLAND COUNTY, MONTANA

Upon the application of **NANCE PETROLEUM CORPORATION** to create a temporary spacing comprised of Lots 3, 4, N½SE¼, NE¼ of Section 33-T24N-R57E, Richland County, Montana, to drill a horizontal well in the Bakken Formation through re-entry of the Albin 1-33 well in NE¼NE¼ of said Section 33 and drilling the horizontal lateral approximately 3600 feet in a southerly direction but not closer than 660' to the boundaries of the temporary spacing unit as an exception to Board Order 54-94. (Mustang Field)

Docket No. 153-2004
Continued from May 2004

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

Upon the application of **KLABZUBA OIL & GAS, INC.** to designate the S½ of Section 31, T35N-R14E, Hill County Montana, as a temporary spacing unit to drill and produce its Cottonwood #31-14-35-14 gas well at a location 660' FSL and 1270' FWL with a 25-foot tolerance in any direction for topographic reasons as an exception to A.R.M. 36.22.702.

Docket No. 157-2004
Continued from May 2004

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

Upon the application of **ENCORE OPERATING, L.P.** to approve and certify the Little Beaver East Field in Fallon County, Montana, as a tertiary recovery project effective as of April 1, 2004, and to certify the production decline rates used to calculate incremental production in the project area.

Docket No. 158-2004
Continued from May 2004

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

Upon the application of **ENCORE OPERATING, L.P.** to approve and certify the Little Beaver Field in Fallon County, Montana, as a tertiary recovery project effective as of April 1, 2004, and to certify the production decline rates used to calculate incremental production in the project area.

Docket No. 181-2004
Continued from May 2004

APPLICANT: LYCO ENERGY CORPORATION – RICHLAND COUNTY, MONTANA

Upon the application of **WESTPORT OIL AND GAS COMPANY, INC.** to the application of Lyco Energy Corporation to renew its permit to drill the Coyote-Clara 22-12H well in the NWSW of Section 22, T23N-R57E, Richland County, Montana.

Docket No. 192-2004
Continued from May 2004

APPLICANT: EOG RESOURCES, INC – RICHLAND COUNTY, MONTANA

Upon the application of **EOG RESOURCES, INC.** to create a temporary spacing unit comprised of all of Section 35, T26N-R52E and all of Section 2, T25N-R52E, Richland County, Montana, to drill a horizontal well in the Bakken Formation and to authorize applicant to locate the proposed well anywhere within said temporary spacing unit but not closer than 660 feet to the boundaries thereof.

Docket No. 226-2004
ORDER TO SHOW CAUSE

RESPONDENT: GREAT PLAINS OPERATING COMPANY – McCONE COUNTY, MONTANA

Upon the Board's motion requiring **GREAT PLAINS OPERATING COMPANY** to appear and show cause why it should not immediately return its Peisker 14-10 injection well, which lost mechanical integrity on October 15, 2002, to compliance in accordance with A.R.M. 36.22.1414 (4).

Docket No. 227-2004
ORDER TO SHOW CAUSE

RESPONDENT: PACER RESOURCES, INC. – FALLON COUNTY, MONTANA

Upon the Board's own motion requiring **PACER RESOURCES, INC.** to appear and show cause why it should not immediately plug and abandon its BN 11-7, BN 1-3 and BN 1-27 wells in Fallon County, Montana.

Docket No. 228-2004
ORDER TO SHOW CAUSE

RESPONDENT: CONCEPT RESOURCES, INC.– STILLWATER COUNTY, MONTANA

Upon the Board's own motion requiring **CONCEPT RESOURCES, INC.** to appear and show cause why it should not immediately plug and abandon its Copulos 4-18 well in Stillwater County, Montana.

Docket No. 229-2004
ORDER TO SHOW CAUSE

RESPONDENT: EMCO ENERGY, INC.– McCONE COUNTY, MONTANA

Upon the Board's own motion requiring **EMCO ENERGY, INC.** to appear and show cause why it should not immediately plug and abandon its Rudolph Haynie 1-8 well in McCone County, Montana.

Docket No. 230-2004
ORDER TO SHOW CAUSE

RESPONDENT: NEWSTAR ENERGY USA, INC. – McCONE COUNTY, MONTANA

Upon the Board's own motion requiring **NEWSTAR ENERGY USA, INC.** to appear and show cause why it should not immediately restore the surface of its Rudolph Haynie 1-31 well in McCone County, Montana.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Terri Perrigo, Executive Secretary