

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

IN THE MATTER OF THE REQUEST FOR DELAY OF
CAVALIER PETROLEUM'S BOND FORFEITURE
ORDERED IN BOARD ORDER 155-2015.

ADMINISTRATIVE ORDER 8-A-2015

A certified letter was sent to Cavalier Petroleum (Cavalier) by board staff on December 15, 2014 for failure to file production reports and to pay the administrative penalty assessed for delinquent reporting. No response was received to this letter. Cavalier was then scheduled to show cause at the February 26, 2015 public hearing.

Cavalier failed to appear at the February 26, 2015 hearing, and also at subsequent hearings held on April 30, 2015, June 25, 2015, and August 13, 2015. Cavalier also failed to provide a schedule for plugging its wells, which led the Board to issue Board Order 155-2015 directing that Cavalier's plugging and reclamation bond be forfeited

The \$25,000 plugging and reclamation bond consisted of two instruments, a \$15,000 certificate of deposit and a \$10,000 surety bond. The certificate of deposit was forfeited and funds received into the Board's Damage Mitigation Account.

On December 9, 2015, Brian Lee appeared on behalf of Cavalier and requested a delay in the forfeiture of the surety bond held by Western Surety Company to allow time for final disposition of the wells covered by the plugging and reclamation bond..

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that collection of the \$10,000 surety bond is delayed to the Board's April 7, 2016 hearing.

IT IS FURTHER ORDERED that the matter will be placed on the docket of the Board's April 7, 2016 public hearing.

Dated this 9th day of December, 2015

Montana Board of Oil and Gas Conservation

James W. Halvorson, Administrator

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

IN THE MATTER OF DENBURY ONSHORE, LLC'S
FAILURE TO PERFORM MECHANICAL INTEGRITY
TESTS AND RECEIVE BOARD APPROVAL PRIOR TO
INJECTION IN THE FEDERAL 3302 (API #25-075-21099),
BCCMU 34-08 (API #25-075-21299), AND BCCMU 302
WELLS (API # 25-075-21451).

ADMINISTRATIVE ORDER 9-A-2015

Denbury Onshore, LLC (Denbury) was in violation of ARM 36.22.1416, which requires a mechanical integrity test and Board approval prior to injection. Unauthorized injection occurred into the following three injection wells:

- Federal 3302 well located in the NW NE of Section 33, T8S, R54E, Powder River County, Montana
- BCCMU 34-08 well located in the SE NE of Section 34, T8S, R54E, Powder River County, Montana
- BCCMU 302 well located in the NW NE of Section 3, T9S, R54E, Powder River County, Montana

Kevin Anderson appeared on behalf of Denbury at the Board's December 9, 2015 business meeting. He stated that the violations were due to staff reduction and reorganization of the company, and that Denbury took full responsibility.

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Denbury Onshore, LLC is fined \$1,000 per violation, totaling \$3,000.

Dated this 9th day of December, 2015

Montana Board of Oil and Gas Conservation

James W. Halvorson, Administrator