

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

UPON THE APPLICATION OF SINCLAIR OIL & GAS COMPANY TO DESIGNATE A PERMANENT SPACING UNIT COMPRISED OF ALL OF SECTIONS 3 AND 10, T32N-R56E, SHERIDAN COUNTY, MONTANA, FOR THE PRODUCTION OF OIL AND ASSOCIATED NATURAL GAS FROM THE BAKKEN/THREE FORKS FORMATION WITH RESPECT TO THE CHISHOLM #1-3H WELL.

ORDER 32-2016

Docket No. 34-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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 an opportunity to present evidence, oral and documentary.
2. The lands described in the caption were designated a temporary spacing unit for production from the Bakken/Three Forks interval by Montana Board of Oil and Gas Conservation Order 272-2011. Applicant has completed the Chisholm #1-3 well as a producing well.
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.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana conclude that the applicant demonstrated the requirements of § 82-11-201, MCA have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that all of Sections 3 and 10, T32N-R56E, Sheridan County, Montana, is designated a permanent spacing unit for production of oil and associated natural gas from the Bakken/Three Forks Formation from the Chisholm #1-3 well.

BOARD ORDER NO. 32-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE APPLICATION OF SINCLAIR OIL & GAS COMPANY TO POOL ALL INTERESTS IN THE PERMANENT SPACING UNIT COMPRISED OF ALL OF SECTIONS 3 AND 10, T32N-R56E, SHERIDAN COUNTY, MONTANA, FOR THE PRODUCTION OF OIL AND ASSOCIATED NATURAL GAS FROM THE BAKKEN/THREE FORKS FORMATION AND TO AUTHORIZE THE RECOVERY OF NON-CONSENT PENALTIES IN ACCORDANCE WITH SECTION 82-11-202(2), M.C.A., WITH RESPECT TO THE CHISHOLM #1-3H WELL.

ORDER 33-2016

Docket No. 35-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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 an opportunity to present evidence, oral and documentary.
2. Applicant is an interest owner and operator in the spacing unit identified in the caption as established by Montana Board of Oil and Gas Conservation Order 32-2016. The applicant has been unable to acquire voluntary pooling of all interests within the spacing unit.
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.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that the applicant demonstrated the requirements of § 82-11-202, MCA have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that all interests in the permanent spacing unit comprised of all of Sections 3 and 10, T32N-R56E, Sheridan County, Montana, are hereby pooled on the basis of surface acreage for production of oil and associated natural gas from the Bakken/Three Forks Formation.

IT IS FURTHER ORDERED that applicant is authorized to recover non-consent penalties in accordance with § 82-11-202(2), MCA, with respect to the Chisholm #1-3 well.

BOARD ORDER NO. 33-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE APPLICATION OF XTO ENERGY INC. TO POOL ALL INTERESTS IN THE PERMANENT SPACING UNIT COMPRISED OF ALL OF SECTIONS 28 AND 33, T23N-R59E, RICHLAND COUNTY, MONTANA, FOR THE PRODUCTION OF OIL AND ASSOCIATED NATURAL GAS FROM THE BAKKEN/THREE FORKS FORMATION AND TO AUTHORIZE THE RECOVERY OF NON-CONSENT PENALTIES IN ACCORDANCE WITH SECTION 82-11-202(2), M.C.A., WITH RESPECT TO THE P&Q FARMS #21X-28D WELL.

ORDER 48-2016

Docket No. 37-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was absent. Member Ron Efta recused himself and took no part in this matter. 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, 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 an opportunity to present evidence, oral and documentary.
2. Applicant is an interest owner and operator in the spacing unit identified in the caption as established by Montana Board of Oil and Gas Conservation Order 186-2014. The applicant has been unable to acquire voluntary pooling of all interests within the spacing unit.
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.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that the applicant demonstrated the requirements of § 82-11-202, MCA have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that all interests in the permanent spacing unit comprised of all of Sections 28 and 33, T23N-R59E, Richland County, Montana, are hereby pooled on the basis of surface acreage for production of oil and associated natural gas from the Bakken/Three Forks Formation.

IT IS FURTHER ORDERED that applicant is authorized to recover non-consent penalties in accordance with § 82-11-202(2), MCA, with respect to the P&Q Farms #21X-28D well.

BOARD ORDER NO. 48-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE APPLICATION OF XTO ENERGY INC. TO POOL ALL INTERESTS IN THE PERMANENT SPACING UNIT COMPRISED OF ALL OF SECTIONS 28 AND 33, T23N-R59E, RICHLAND COUNTY, MONTANA, FOR THE PRODUCTION OF OIL AND ASSOCIATED NATURAL GAS FROM THE BAKKEN/THREE FORKS FORMATION AND TO AUTHORIZE THE RECOVERY OF NON-CONSENT PENALTIES IN ACCORDANCE WITH SECTION 82-11-202(2), M.C.A., WITH RESPECT TO THE P&Q FARMS #21X-28BXC WELL.

ORDER 49-2016

Docket No. 38-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was absent. Member Ron Efta recused himself and took no part in this matter. 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, 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 an opportunity to present evidence, oral and documentary.
2. Applicant is an interest owner and operator in the spacing unit identified in the caption as established by Montana Board of Oil and Gas Conservation Order 186-2014. The applicant has been unable to acquire voluntary pooling of all interests within the spacing unit.
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.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that the applicant demonstrated the requirements of § 82-11-202, MCA have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that all interests in the permanent spacing unit comprised of all of Sections 28 and 33, T23N-R59E, Richland County, Montana, are hereby pooled on the basis of surface acreage for production of oil and associated natural gas from the Bakken/Three Forks Formation.

IT IS FURTHER ORDERED that applicant is authorized to recover non-consent penalties in accordance with § 82-11-202(2), MCA, with respect to the P&Q Farms #21X-28BXC well.

BOARD ORDER NO. 49-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE APPLICATION OF XTO ENERGY INC. TO POOL ALL INTERESTS IN THE PERMANENT SPACING UNIT COMPRISED OF ALL OF SECTIONS 28, 29, 32, AND 33, T23N-R59E, RICHLAND COUNTY, MONTANA, FOR THE PRODUCTION OF OIL AND ASSOCIATED NATURAL GAS FROM THE BAKKEN/THREE FORKS FORMATION AND TO AUTHORIZE THE RECOVERY OF NON-CONSENT PENALTIES IN ACCORDANCE WITH SECTION 82-11-202(2), M.C.A., WITH RESPECT TO THE DIGE #41X-29DXA WELL.

ORDER 47-2016

Docket No. 39-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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 an opportunity to present evidence, oral and documentary.
2. Applicant is an interest owner and operator in the spacing unit identified in the caption as established by Montana Board of Oil and Gas Conservation Order 342-2013. The applicant has been unable to acquire voluntary pooling of all interests within the spacing unit.
3. Hans Sheline, Nova NRG LLC (Nova) managing director and federal leasehold mineral owner of the lands in the Dige #41X-29DXA well, appeared to protest the application. The Bureau of Land Management (BLM) was the owner of record at the time of XTO's well proposal for the Dige #41X-29DXA well. The BLM elected in writing to not participate in the well. The federal lands were then leased to Nova. Nova believed it was not provided an opportunity to participate in the well.
4. Elaine Whitman submitted a protest letter, but was not present at the hearing.
5. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that taking the following action is appropriate.

BOARD ORDER NO. 47-2016

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that XTO Energy Inc. and Nova NRG LLC is to prepare legal briefs prior to the February hearing that outline their positions in the above application.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE APPLICATION OF KRAKEN OIL & GAS LLC TO AMEND BOARD ORDER 143-2015, WHICH CREATED A TEMPORARY SPACING UNIT COMPRISED OF SECTIONS 35 AND 36, T27N-R57E, RICHLAND AND ROOSEVELT COUNTIES, MONTANA, FOR A HORIZONTAL BAKKEN/THREE FORKS FORMATION WELL ANYWHERE WITHIN SAID SPACING UNIT BUT NOT CLOSER THAN 200' (HEEL/TOE SETBACK) AND 500' (LATERAL SETBACK) TO THE EXTERIOR BOUNDARIES THEREOF, TO REQUIRE OPERATIONS FOR THE DRILLING OF SUCH WELLS MUST BE COMMENCED NOT LATER THAN AUGUST 13, 2017.

ORDER 34-2016

Docket No. 40-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was absent. Member Corey Welter recused himself and took no part in this matter. 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, 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 an 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.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that the applicant demonstrated the requirements of § 82-11-201, MCA have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Board Order 143-2015 is hereby amended to provide that drilling operations must commence not later than August 13, 2017.

IT IS FURTHER ORDERED that a federal communitization agreement for spacing units which contain both federal and non-federal land shall be submitted to the authorized officer of the Bureau of Land Management prior to or upon completion of a producible well.

BOARD ORDER NO. 34-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE APPLICATION OF KRAKEN OIL & GAS LLC TO AMEND BOARD ORDER 144-2015, WHICH CREATED A TEMPORARY SPACING UNIT COMPRISED OF SECTIONS 27 AND 28, T27N-R57E, RICHLAND AND ROOSEVELT COUNTIES, MONTANA, FOR A HORIZONTAL BAKKEN/THREE FORKS FORMATION WELL ANYWHERE WITHIN SAID SPACING UNIT BUT NOT CLOSER THAN 200' (HEEL/TOE SETBACK) AND 500' (LATERAL SETBACK) TO THE EXTERIOR BOUNDARIES THEREOF, TO REQUIRE OPERATIONS FOR THE DRILLING OF SUCH WELLS MUST BE COMMENCED NOT LATER THAN AUGUST 13, 2017.

ORDER 35-2016

Docket No. 41-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was absent. Member Corey Welter recused himself and took no part in this matter. 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, 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 an 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.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that the applicant demonstrated the requirements of § 82-11-201, MCA have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Board Order 144-2015 is hereby amended to provide that drilling operations must commence not later than August 13, 2017.

IT IS FURTHER ORDERED that a federal communitization agreement for spacing units which contain both federal and non-federal land shall be submitted to the authorized officer of the Bureau of Land Management prior to or upon completion of a producible well.

BOARD ORDER NO. 35-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE APPLICATION OF KRAKEN OIL & GAS LLC TO AMEND BOARD ORDER 145-2015, WHICH CREATED A TEMPORARY SPACING UNIT COMPRISED OF SECTIONS 33 AND 34, T27N-R57E, RICHLAND AND ROOSEVELT COUNTIES, MONTANA, FOR A HORIZONTAL BAKKEN/THREE FORKS FORMATION WELL ANYWHERE WITHIN SAID SPACING UNIT BUT NOT CLOSER THAN 200' (HEEL/TOE SETBACK) AND 500' (LATERAL SETBACK) TO THE EXTERIOR BOUNDARIES THEREOF, TO REQUIRE OPERATIONS FOR THE DRILLING OF SUCH WELLS MUST BE COMMENCED NOT LATER THAN AUGUST 13, 2017.

ORDER 36-2016

Docket No. 42-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was absent. Member Corey Welter recused himself and took no part in this matter. 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, 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 an 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.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that the applicant demonstrated the requirements of § 82-11-201, MCA have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Board Order 145-2015 is hereby amended to provide that drilling operations must commence not later than August 13, 2017.

IT IS FURTHER ORDERED that a federal communitization agreement for spacing units which contain both federal and non-federal land shall be submitted to the authorized officer of the Bureau of Land Management prior to or upon completion of a producible well.

BOARD ORDER NO. 36-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE APPLICATION OF BEREN CORPORATION TO CONVERT THE LARMON #6 WELL (API #25-035-06784) LOCATED IN THE SE¼NW¼ OF SECTION 12, T36N-R6W, GLACIER COUNTY, MONTANA (CUT BANK FIELD) TO A SALTWATER DISPOSAL WELL IN THE MADISON FORMATION AT A DEPTH OF 3,133-3,146 FT. AN AQUIFER EXEMPTION IS BEING REQUESTED AS THE WATER IN THE INJECTION FORMATION CONTAINS LESS THAN 10,000 MG/L TOTAL DISSOLVED SOLIDS.

ORDER 37-2016

Docket No. 43-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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 an 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.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that the applicant demonstrated the requirements of ARM 36.22.1403 have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Beren Corporation is granted as applied for subject to stipulations on the sundry notice.

BOARD ORDER NO. 37-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE APPLICATION OF SYNERGY OFFSHORE, LLC, TO CONVERT THE T-502 WELL (API #25-035-06239) LOCATED IN THE W $\frac{1}{2}$ W $\frac{1}{2}$ NE $\frac{1}{4}$ OF SECTION 2, T34N-R6W, GLACIER COUNTY, MONTANA (CUT BANK FIELD) TO A SALTWATER DISPOSAL WELL IN THE MADISON FORMATION AT A DEPTH OF APPROXIMATELY 3,015 FT. AN AQUIFER EXEMPTION IS BEING REQUESTED AS THE WATER IN THE INJECTION FORMATION CONTAINS LESS THAN 10,000 MG/L TOTAL DISSOLVED SOLIDS.

ORDER 38-2016

Docket No. 44-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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 an 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.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that the applicant demonstrated the requirements of ARM 36.22.1403 have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Synergy Offshore LLC is granted as applied for subject to stipulations on the sundry notice.

BOARD ORDER NO. 38-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE APPLICATION OF SYNERGY OFFSHORE, LLC, TO CONVERT THE P-235 WELL (API #25-035-06274) LOCATED IN THE NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ OF SECTION 35, T35N-R6W, GLACIER COUNTY, MONTANA (CUT BANK FIELD) TO A SALTWATER DISPOSAL WELL IN THE MADISON FORMATION AT A DEPTH OF APPROXIMATELY 3,069 FT. AN AQUIFER EXEMPTION IS BEING REQUESTED AS THE WATER IN THE INJECTION FORMATION CONTAINS LESS THAN 10,000 MG/L TOTAL DISSOLVED SOLIDS.

ORDER 39-2016

Docket No. 45-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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 an 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.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that the applicant demonstrated the requirements of ARM 36.22.1403 have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Synergy Offshore LLC is granted as applied for subject to stipulations on the sundry notice.

BOARD ORDER NO. 39-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE APPLICATION OF HIGHLANDS MONTANA CORPORATION TO DRILL A SALTWATER DISPOSAL WELL IN THE NE¼NW¼ OF SECTION 16, T5N-R52E, CUSTER COUNTY, MONTANA (WILDCAT) TO THE DAKOTA AND LAKOTA FORMATIONS AT A DEPTH OF APPROXIMATELY 4900 FT. AN AQUIFER EXEMPTION IS BEING REQUESTED AS THE WATER IN THE INJECTION FORMATIONS CONTAINS LESS THAN 10,000 MG/L TOTAL DISSOLVED SOLIDS.

ORDER 40-2016

Docket No. 47-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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 an 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.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that the applicant demonstrated the requirements of ARM 36.22.1403 have been met.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the application of Highlands Montana Corporation is granted as applied for subject to stipulations on the sundry notice.

BOARD ORDER NO. 40-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE BOARD'S OWN MOTION TO REQUIRE SHADWELL RESOURCES GROUP, LLC TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY IT SHOULD NOT HAVE TO COMPLETE OR PLUG AND ABANDON THE FT. GILBERT 3 SWD WELL (API # 25-083-21074) LOCATED IN THE SW¼NE¼ OF SECTION 32, T24N-R59E, RICHLAND COUNTY, MONTANA PRIOR TO THE OCTOBER 27, 2016, PUBLIC HEARING AND WHY IT SHOULD NOT PAY THE \$1,000 FINE ASSESSED FOR NOT APPEARING AT THE BOARD'S AUGUST 11, 2016 PUBLIC HEARING.

ORDER 41-2016

Docket No. 48-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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 an opportunity to present evidence, oral and documentary.
2. Kevin Leland appeared on behalf of Shadwell Resources Group, LLC (Shadwell).
3. Shadwell paid the outstanding fine in the amount of \$1,000 and filed a sundry notice with its intent to plug and abandon the Ft. Gilbert 3 SWD well. Shadwell expects to plug the well by the December 15, 2016, public hearing.
4. Staff recommended the docket be continued and requested the authority to dismiss the docket if the well is plugged prior to the December 15, 2016, public hearing.
5. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that taking the following action is appropriate.

BOARD ORDER NO. 41-2016

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Docket 48-2016 is continued until the December 15, 2016 public hearing.

IT IS FURTHER ORDERED that Board staff has authority to dismiss the docket if the Ft. Gilbert 3 SWD located in the SW¼NE¼ of Section 32, T24N-R59E, Richland County, Montana is plugged prior to the December 15, 2016, public hearing.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE BOARD'S OWN MOTION TO REQUIRE STORM CAT ENERGY (USA) OPERATING CORPORATION TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY IT SHOULD NOT PROVIDE A PLAN AND TIMELINE FOR THE PLUGGING AND ABANDONMENT OR TRANSFER OF ITS THREE WELLS AND WHY ADDITIONAL PENALTIES SHOULD NOT BE ASSESSED FOR FAILURE TO PAY THE OUTSTANDING FINE OF \$1,340, AND APPEAR AT THE AUGUST 11, 2016 PUBLIC HEARING.

ORDER 42-2016

Docket No. 49-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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. Jacob Haseman, attorney, appeared on behalf of Storm Cat Energy (USA) Operating Corporation (Storm Cat) and reviewed Chris Naro's, president of Storm Cat, progress report.
3. Storm Cat has filed delinquent production reports but has not paid the outstanding fine in the amount of \$1,340. Storm Cat has filed bankruptcy in Colorado and acknowledged the new operator, Summit Gas Resources (Summit), will pay the outstanding fine. The sale will be final in December.
4. Storm Cat will transfer the MT State 9-42 36-06CK and the Remington 10-43 05-07CK wells to Summit.
5. Storm Cat and Summit agree to transfer the Porter 10-43 06-06CK well to the mineral and surface owner, Bruce Porter.
6. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that taking the following action is appropriate.

BOARD ORDER NO. 42-2016

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Docket 49-2016 is continued until the December 15, 2016, public hearing.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE BOARD'S OWN MOTION TO REQUIRE STRATEX OIL AND GAS, INC. TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY IT SHOULD NOT PROVIDE A PLAN AND TIMELINE FOR THE PLUGGING AND ABANDONMENT OF ITS TININENKO 4-19 WELL (API # 25-085-21275) LOCATED IN THE W $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ OF SECTION 19, T29N-R59E, ROOSEVELT COUNTY, MONTANA, AND WHY ADDITIONAL PENALTIES SHOULD NOT BE ASSESSED FOR FAILURE TO PAY THE OUTSTANDING FINE OF \$1,160, AND APPEAR AT THE AUGUST 11, 2016 PUBLIC HEARING.

ORDER 43-2016

Docket No. 50-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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. No one appeared on behalf of Stratex Oil and Gas, Inc.
3. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that respondent has not demonstrated that the requirements of Title 82, Chapter 11, M.C.A. and A.R.M. 36.22.101, et.seq. have been met.

Order

IT IS FURTHER ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Stratex Oil and Gas, Inc. begin to plug and abandon the Tininenko 4-19 well located in Section 19, T29N-R59E, Roosevelt County, Montana prior to the December 15, 2016, public hearing. The failure to begin to plug and abandon the well as required by this order may result in forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.

BOARD ORDER NO. 43-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE BOARD'S OWN MOTION TO REQUIRE MCMINN OPERATING COMPANY TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY IT SHOULD NOT HAVE TO PLUG AND ABANDON THE RYAN RANCH LLC 1 WELL (API # 25-073-21836) LOCATED IN THE SE $\frac{1}{4}$ SE $\frac{1}{4}$ OF SECTION 30, T30N-R6W, PONDERA COUNTY, MONTANA, IN VIOLATION OF ARM 36.22.1303. FAILURE TO APPEAR AT THE SHOW CAUSE HEARING OR TO MAKE SUITABLE ARRANGEMENTS PRIOR TO SAID HEARING SUBJECTS MCMINN OPERATING COMPANY TO FURTHER PENALTIES AS PRESCRIBED BY BOARD POLICY.

ORDER 44-2016

Docket No. 51-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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. No one appeared on behalf of McMinn Operating Company.
3. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that respondent has not demonstrated that the requirements of Title 82, Chapter 11, M.C.A. and A.R.M. 36.22.101, et.seq. have been met.

Order

IT IS FURTHER ORDERED by the Board of Oil and Gas Conservation of the State of Montana that McMinn Operating Company begin to plug and abandon the Ryan Ranch LLC 1 well located in Section 30, T30N-R6W, Pondera County, Montana prior to the December 15, 2016, public hearing. The failure to begin to plug and abandon the well as required by this order may result in forfeiture of the plugging and reclamation bond in its entirety, as permitted by § 82-11-123(5), MCA.

IT IS FURTHER ORDERED that McMinn Operating Company is fined \$1,000 for not appearing at the October 27, 2016, public hearing.

BOARD ORDER NO. 44-2016

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE BOARD'S OWN MOTION TO REQUIRE BLACK GOLD ENERGY RESOURCES DEVELOPMENT, LLC TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY PENALTIES SHOULD NOT BE IMPOSED FOR FAILURE TO REPORT AND CLEAN UP A SPILL AT THE INDIAN MOUND 1 WELL LOCATED IN THE SW $\frac{1}{4}$ SW $\frac{1}{4}$ OF SECTION 15, T23N-R55E, RICHLAND COUNTY, MONTANA. FAILURE TO APPEAR AT THE SHOW CAUSE HEARING OR TO MAKE SUITABLE ARRANGEMENTS PRIOR TO SAID HEARING SUBJECTS BLACK GOLD ENERGY RESOURCES DEVELOPMENT, LLC TO FURTHER PENALTIES AS PRESCRIBED BY BOARD POLICY.

ORDER 45-2016

Docket No. 52-2016

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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. Chris Blount appeared on behalf of Black Gold Energy Resource Development, LLC (Black Gold). Mr. Blount stated cleanup will begin immediately on the Indian Mount 1 well and expects cleanup to be completed prior to December 1, 2016.
3. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that taking the following action is appropriate.

BOARD ORDER NO. 45-2016

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Black Gold Energy Resource Development, LLC remedy the violations on or before December 1, 2016.

IT IS FURTHER ORDERED that Black Gold Energy Resource Development, LLC is subject to a \$250 fine for each day after December 1, 2016, that the violations remain unresolved. The fine will remain in effect until compliance is confirmed by inspection.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist

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

UPON THE BOARD'S OWN MOTION TO REQUIRE AUGUSTA EXPLORATION, LLC TO APPEAR AND SHOW CAUSE, IF ANY IT HAS, WHY ITS PLUGGING AND RECLAMATION BOND SHOULD NOT BE FORFEITED FOR FAILURE TO PROVIDE A PLAN AND TIMELINE FOR PLUGGING ITS KRONE-AUGUSTA 31-32 WELL, API # 25-049-21111, LOCATED IN SECTION 32, T18N-R5W, LEWIS AND CLARK COUNTY, MONTANA AND WHY ADDITIONAL PENALTIES SHOULDN'T BE ASSESSED FOR FAILURE TO APPEAR AT THE BOARD'S APRIL 30, 2015 HEARING.

ORDER 46-2016

Docket No. 97-2015

Report of the Board

The above entitled cause came on regularly for hearing on October 27, 2016, at the Board's hearing room at 2535 St. Johns Avenue in 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. Member Wayne Smith was 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, 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. No one appeared on behalf of Augusta Exploration, LLC (Augusta).
3. Board staff has been in contact with the federal receiver regarding Augusta's federal court litigation. Staff expected to receive confirmation from the receiver that Augusta has no remaining assets to plug and abandon the well prior to proceeding with bond forfeiture. No confirmation was received by the time of hearing.
4. Staff recommended the docket be continued until the December 15, 2016, public hearing.
5. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Conclusions of Law

The Board of Oil and Gas Conservation of the State of Montana concludes that taking the following action is appropriate.

BOARD ORDER NO. 46-2016

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that Docket 97-2015 is continued until the December 15, 2016, public hearing.

Done and performed by the Board of Oil and Gas Conservation of the State of Montana at Billings, Montana, this 27th day of October, 2016.

BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

Linda Nelson, Chairman

Steven Durrett, Board Member

Ronald S. Efta, Board Member

Paul Gatzemeier, Board Member

Peggy Ames Nerud, Board Member

Corey Welter, Board Member

ATTEST:

Jennifer Rath, Program Specialist