

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA
December 14 & 15, 2016

CONSERVATION AND PREVENTION)
OF WASTE OF OIL AND GAS)

NOTICE OF PUBLIC HEARING

The Board of Oil and Gas Conservation of the State of Montana will hold its business meeting on Wednesday, December 14, 2016, at 2:00 p.m. in the hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. The agenda for that meeting is as follows:

1. Call to order
2. Approval of minutes of October 26, 2016, business meeting
3. Public comment on agenda and non-agenda items
4. Proposed adoption of New Rule I pertaining to notification of application for permit to drill
5. Coalridge Disposal & Petroleum, Inc.
6. Longevity & service awards
7. Financial report
8. Bond summary & incident report
9. Docket summary
10. Gas flaring exceptions
11. Plugging and reclamation program and update
12. Staff reports
13. Other business
14. Exempt staff performance evaluations

The Board will conduct public hearings pursuant to Chapter 11 of Title 82 of the Montana Code Annotated on the matters described below at 8:00 a.m. on Thursday, December 15, 2016, in the hearing room at its office at 2535 St. Johns Avenue in Billings, Montana. Interested persons have the opportunity to be heard for each docket. For more information or to request accommodation for a disability, please contact Erin Ricci at (406) 444-6731 or Jennifer Rath at (406) 656-0040, as soon as possible before the scheduled hearing.

Docket 57-2016

APPLICANT: KRAKEN OIL & GAS LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Kraken Oil & Gas LLC** to amend Board Order 142-2015, which created a temporary spacing unit comprised of Sections 25 and 26, T27N-R57E, Roosevelt County, 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. Applicant requests placement on the Default Docket.

Docket 58-2016

APPLICANT: AZURE SKY, LLC – ROOSEVELT COUNTY, MONTANA

Upon the application of **Azure Sky, LLC**, to drill the Azure 1-1 SWD located in the SW¼-SW¼ of Section 11 (250 FWL and 1120 FLS), T27N-R59E, Roosevelt County, Montana (Wildcat) for a saltwater disposal well in the Dakota Formation at a depth of approximately 4894-5530 ft. An aquifer exemption is being requested as the water in the injection formation contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 46-2016
Continued from October 2016

APPLICANT: LEGACY RESERVES OPERATING, LP - DAWSON COUNTY, MONTANA

Upon the application of **Legacy Reserves Operating, LP** to convert the Guelff 41-35H well (API #25-021-21126) located in the NE¼NE¼ of Section 35, T17N-R53E, Dawson County, Montana (Deer Creek Field) to a saltwater disposal well in the Dakota Formation at a depth of 4933-4990 ft. An aquifer exemption is being requested as the water in the injection formation contains less than 10,000 mg/l total dissolved solids. Staff notes this application is eligible for placement on the default docket.

Docket 59-2016
SHOW-CAUSE HEARING

RESPONDENT: MOUNTAIN PACIFIC GENERAL INC. – CHOUTEAU, GOLDEN VALLEY, HILL, PONDERA, RICHLAND, STILLWATER, SWEETGRASS, AND TOOLE COUNTIES, MONTANA

Upon the Board's own motion to require **Mountain Pacific General Inc.** to appear and show cause, if any it has, why its \$250,000 plugging and reclamation bond should not be increased to \$250,000 as directed in Board Order 1-A-2010.

Docket 60-2016
SHOW-CAUSE HEARING

RESPONDENT: SEYMOUR, JAMES G. – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Seymour, James G** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file production reports and to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$380.00. This docket will be dismissed if payment and reports are received prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Seymour, James G to further penalties as prescribed by Board Policy.

Docket 61-2016
SHOW-CAUSE HEARING

RESPONDENT: SEYMOUR, JAMES & LORRAINE – TOOLE COUNTY, MONTANA

Upon the Board's own motion to require **Seymour, James & Lorraine** to appear and show cause, if any it has, why additional penalties should not be imposed for failure to file production reports and to pay the administrative penalty assessed for delinquent reporting. In accordance with Board policy the amount due now is \$140.00. This docket will be dismissed if payment and reports are received prior to the hearing. Failure to appear at the Show Cause hearing or to make suitable arrangements prior to said hearing subjects Seymour, James & Lorraine to further penalties as prescribed by Board Policy.

Docket 62-2016
SHOW-CAUSE HEARING

RESPONDENT: STRATEX OIL AND GAS, INC. – ROOSEVELT COUNTY, MONTANA

Upon the Board's own motion to require **Stratex Oil and Gas, Inc.** to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon 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 as required by Board Order 43-2016, in accordance with § 82-11-123(5), MCA.

Docket 63-2016
SHOW-CAUSE HEARING

RESPONDENT: MCMINN OPERATING COMPANY – PONDERA COUNTY, MONTANA

Upon the Board's own motion to require **McMinn Operating Company** to appear and show cause, if any it has, why its plugging and reclamation bond should not be forfeited for failure to begin to plug and abandon its 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 as required by Board Order 44-2016, in accordance with § 82-11-123(5), MCA.

Docket 97-2015
SHOW-CAUSE HEARING
Continued from August 2015

RESPONDENT: AUGUSTA EXPLORATION, LLC – LEWIS AND CLARK COUNTY, 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.

Docket 48-2016
SHOW-CAUSE HEARING
Continued from October 2016

RESPONDENT: SHADWELL RESOURCES GROUP, LLC – RICHLAND 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.

Docket 49-2016
SHOW-CAUSE HEARING
Continued from October 2016

RESPONDENT: STORM CAT ENERGY (USA) OPERATING CORPORATION – BIG HORN COUNTY, 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.

BOARD OF OIL AND GAS CONSERVATION

Erin Ricci
Administrative Assistant