

Send to Gallatin County Local Govt Comm.
Exhibit No. 7 CUP
Date April 5th
Bill No. HB 770
122/2

These conditions shall be met prior to commencement of any drilling:

Standard Conditions

1. Drilling operation of the coalbed methane test well shall proceed for a specific time period, not to exceed approximately six weeks. Applicant shall specify an approximate commencement and completion date to be announced and made available to the public. This conditional use permit will expire one year to the day following approval by the Bridger Canyon Planning & Zoning Commission.
2. Applicant shall comply with all stipulations imposed by the Montana Board of Oil and Gas Conservation (*Report of the Board of Oil and Gas Conservation of the State of Montana, Order No. 167-2001*; following these conditions).

Safety and Enforcement

3. Applicant shall prepare an emergency safety plan to be reviewed and approved by the County Disaster and Emergency Services Coordinator, Gallatin County Sheriff and Local Fire Districts prior to drilling. This plan shall identify all sub-contractors to be used on site and identify specifically all hazardous materials expected to be used on site at any given time (including quantity of hazardous materials). A separate detailed plan for mitigation of spills, contact, or water or air contamination of these materials shall be included which applies to all contractors and subcontractors. Applicant shall obtain a letter(s) satisfying completion of this condition.
4. Applicant shall provide, at their expense, safety and evacuation training in oil and gas hazards to the personnel of the Gallatin County Sheriff's Department, the Bozeman Fire Department, the Bridger Fire Department, the Fort Ellis Fire Department, and the Gallatin County Disaster and Emergency Services Department. Such training shall be completed prior to actual drilling.
5. Applicant shall provide any specialized equipment to the fire districts, to include a fire engine with a professional crew, including one EMT and one HAZMAT specialist, all of whom are certified for oil and gas well emergencies plus any specialized equipment that may be required. Fire engine and crew shall be present on site during all drilling operations. Applicant shall obtain a letter(s) from the appropriate fire district(s) noting that this condition has been satisfied.
6. Applicant shall comply with the Uniform Fire Code in all activities. Applicant shall provide a letter from the chief of the fire district indicating satisfaction of such compliance.
7. During drilling operations, applicant shall establish a direct line of communication between the proposed test well site and the Gallatin County Sheriff's Office and the Gallatin County Emergency Operations Center. Applicant shall verify that line of communication works.

8. Drilling shall not occur during a County Burn Ban or in the event a wildland fire in excess of 100 acres is closer than 20 miles from the site, unless operator has received special permission from the local fire district chief.
9. A designed "no smoking" area shall be established and posted within a 500-foot radius from proposed test well. The test well site shall be equipped with fire extinguishers, fire retardant safety blankets, eye wash facility, self-contained breathing apparatus, and any other safety devices in number, size and location as specified by the Gallatin Valley Fire Council, the local fire district chief, OSHA and MOSHA.
10. All workers on the test well site shall wear Nomex Fire retardant clothing, leather gloves, hard hats and eye-protecting goggles at all times.
11. Applicant shall bear full financial responsibility for any fires emanating from any drill rig or test well, or from those caused by any workers (including sub-contractors), associated with test well, test wells, and for any dwellings that are determined "in defensible" by the incident commander due to the proximity of oil or gas facilities during a wildland fire.
12. Applicant shall provide and pay for a third-party consultant to be located on-site full-time during drilling operations to assure that there are no violations of the conditional use permit, the Board of Oil and Gas permit, or any other applicable law (including monitoring noise levels and taking occasional readings as appropriate). The consultant shall report to the Bridger Canyon Zoning Enforcement Officer.

Water

13. Prior to drilling, applicant shall hire a third-party consultant to provide an inventory of existing wells, developed springs, and streams within a two-mile radius of the drilling site. The inventory information for wells shall include location, well logs (if available), total depth, and the geologic formation(s) that provide water to the wells. The inventory information for developed springs shall include location, estimated flow rate, and the geologic formation the springs discharge from. The inventory information for streams shall include location information and estimated flow rate. All inventory information shall be submitted for review to the Gallatin County Planning Department and the Gallatin Local Water Quality District.
14. Prior to drilling, applicant shall hire a third-party consultant to review water quality and quantity of wells within a two-mile radius of the drilling site. Quarterly samples shall be provided to and analyzed by a independent laboratory. Data shall be used to establish a baseline for future monitoring and shall be submitted for review to the Gallatin County Planning Department and the Gallatin Local Water Quality District.

15. Prior to drilling, applicant shall provide baseline data for Jackson Creek, both upstream and downstream of drilling operations. Quarterly samples shall be provided to and analyzed by an independent laboratory. Data shall be used to establish a baseline for future monitoring and shall be submitted for review by the Gallatin County Planning Department and Gallatin Local Water Quality District.
16. Prior to drilling, applicant shall prepare a mitigation plan for replacement of water at a comparable volume and quality for any wells or developed springs within a two-mile radius that are adversely impacted by the drilling and testing operation. The plan shall stipulate that the applicant pay landowners for any and all damages sustained to wells and developed springs that are shown to be caused by the drilling and testing operations. The mitigation plan shall be reviewed and approved by the Gallatin County Attorney, and submitted for review to the Gallatin County Planning Department.
17. Applicant shall measure the static (non-pumping) water levels of all of the inventoried wells within the two-mile radius prior to the drilling and testing operations, and monitor static water levels in the inventoried wells during the drilling and testing operations, and for two weeks after completion of the drilling and testing operations. Monitoring shall be conducted on a weekly basis at minimum and include at least one round of monitoring prior to drilling, two rounds of monitoring during drilling and testing operations, and two rounds of monitoring after completion of drilling and testing operations. All monitoring data shall be submitted for review to the Gallatin County Planning Department and the Gallatin Local Water Quality District.
18. Prior to drilling, applicant shall hire a third party consultant to provide a plan for water disposal which includes monitoring the quantity and quality of water produced at the site at least once a week. Such plan shall be reviewed and approved by the Montana Department of Environmental Quality and the Gallatin Local Water Quality District. Such plan and data accumulated shall be provided to the Gallatin County Planning Department. The water plan shall ensure that no water, including any and all storage of pumped groundwater, be discharged into the waters of Montana or the waters of the United States, before drilling can occur. This plan shall be reviewed and approved by the Gallatin County Planning Department.
19. During drilling operations applicant shall collect data to document the depth, productivity, and water quality of all water producing zones encountered during drilling, with special attention paid to water bearing zones at depths down to 600 feet below ground surface, which could reasonably be developed using conventional water-well drilling equipment. This information shall be submitted for review to the Gallatin County Planning Department and the Gallatin Local Water Quality District 30 days after test well sampling is completed.

20. Prior to drilling operations, applicant shall provide basic geologic information including a detailed geologic map, geologic cross-sections, formation stratigraphy, and mapped structural features (including known faults, joint patterns, and fracture patterns) within a two-mile radius of the drilling site. This information will only be used to evaluate the possibility for interconnection between the formations targeted for testing and the upper water bearing zones that could be used for domestic water supply. This information shall be submitted for review to the Gallatin County Planning Department and the Gallatin Local Water Quality District 30 days after test well sampled is completed. At the request of the applicant, this information may be considered proprietary and withheld from public review.
21. After completion of the drilling and testing operations, applicant shall provide basic well log information showing the actual depths and thicknesses of formations and water-bearing zones encountered during the drilling operation, including any faults or fracture systems that are encountered. This information shall be used to compare the stratigraphy and structure previously mapped in the area with the actual stratigraphy and structure encountered during drilling, to assure that drilling and testing operations do not pose a threat to area wells, developed springs, and streams. This information shall be submitted for review to the Gallatin County Planning Department and Gallatin Local Water Quality District 30 days after test well sampling completed.

Weeds

22. Prior to drilling operation, a Memorandum of Understanding shall be signed between the applicant and the County Weed Control District for control of noxious weeds as appropriate within vicinity prior to commencement of any drilling activity. A copy of the signed memorandum shall be provided to the Gallatin County Planning Department.

Roads/Traffic

23. Prior to drilling operation, applicant shall obtain a temporary encroachment permit from the County Road Department for use of Jackson Creek Road approach during operation. Applicant shall supply a copy of such encroachment permit to the Gallatin County Planning Department.
24. Applicant shall work with the County Road Department to determine and apply appropriate non-toxic dust control measures on access road as appropriate. Written agreement of any such measures shall be provided to the Gallatin County Planning Department.
25. Prior to drilling, applicant shall work with the Bozeman School District to determine appropriate travel times on Jackson Creek Road which avoid conflict with the school bus route. A letter from the school district and applicant regarding such arrangement shall be submitted to the Gallatin County Planning Department.

26. Applicant shall arrange that workers carpool to proposed site. All drilling-related traffic shall travel on Interstate 90 to Jackson Creek exit to access site and not travel on Jackson Creek north of site access.

Air

27. Applicant shall obtain necessary permits prior to the venting or flaring of methane gas.

Wildlife

28. Prior to drilling, applicant shall consult with an independent wildlife specialist to determine a wildlife mitigation plan. Applicant shall sign a memorandum of understanding regarding wildlife to be reviewed and approved.

Noise

29. Applicant shall provide a noise mitigation plan to Gallatin County Planning Department for review and approval prior to drilling, which includes the use of newer, quieter drilling pumps (hospital-grade mufflers). Applicant shall comply with stated hours of operation and no pile driving of casing shall occur outside the hours of 7:00 a.m. to 7:00 p.m. Noise levels shall be monitored by a third-party consultant hired by applicant.

Visual

30. Applicant shall cause all utility lines serving drilling site to be buried underground.
31. Prior to drilling, applicant shall locate and arrange drill pad as provided in applicant's current plan in an effort to mitigate the visual impacts of proposed test well. A complete drawing of alternative drill pad shall be provided for review and approval by the Gallatin County Planning Department. Drill pad area shall not exceed one acre in size.

Bond/Insurance

32. Applicant shall post a \$300,000 bond to protect landowners whose property and groundwater may be adversely affected by the exploratory well.
33. Applicant shall provide proof of liability insurance or surety bond in the amount of \$20 million to cover site-related accidents, to remain in full-force during drilling operations.

Clean-Up/Reclamation

34. All material, including sewage and any and all toxic and non-toxic material, used for the proposed test well shall be removed from the site and hauled to an authorized toxic waste dump within a reasonable period of time (not to exceed one month) following operation of the test well. Daily trash shall be removed immediately and shall not be allowed to accumulate onsite or blow off site.

35. No oil, lubricants or toxic materials will be allowed to drain onto ground surface. Reserve pit shall be lined with an appropriate non-permeable liner to avoid any and all seepage.
36. Applicant shall submit a plan for the removal of all drill cuttings, completion fluids, storage tank and wash-out water to the Gallatin Local Water Quality District and the Gallatin County Planning Department. This plan shall be approved before drilling can begin.
37. Site, including access road, shall be 100 percent reclaimed, with a reclamation plan to be submitted to and approved by the Gallatin County Planning Department prior to start of drilling. Such reclamation plan shall include an estimate of costs relating to such improvements and a performance bond covering 150 percent of such costs shall be submitted to Gallatin County before drilling can begin.

Additionally, applicant shall comply with the following stipulations imposed by the Montana Board of Oil and Gas Conservation:

1. Applicant may produce no more than 2000 bbls of water from the test well unless the applicant can demonstrate that additional water must be produced to obtain an accurate and representative sample of formation water. The Board's Administrator is authorized to review any request to produce additional water and approve or disapprove it.
2. Applicant will develop a water well mitigation agreement which will offer to supplement or replace the water source for the owner of any water well or spring which becomes impaired by the applicants' operations. The mitigation agreement will be offered to owners of wells or springs within a one-mile radius of the exploratory well and must provide for expansion of the area covered by the agreement by at least one half mile from any impaired well. The applicant will submit a copy of the proposed agreement to the Board's Administrator.
3. Applicant will provide a laboratory analysis of the produced water to the Board within 30 days of well completion at which time it will become public information.
4. Rig workers will carpool to the rig to reduce associated traffic on area roads.
5. Rig workers and tool pushers and company representatives will have appropriate safety training in the skills required by their respective duties. At a minimum, tool pushers and company representatives will have verifiable training in drilling safety, well control and first aid. A safety meeting will be held with rig crews and supervisors at least once per week during drilling operations.

6. Applicant will avoid delivery of goods or services to the well site during school bus loading or unloading times and will not schedule crew changes during those times.
7. The drilling rig is to be equipped with engine mufflers in good condition; the rig will be sited to avoid having engine exhausts pointed toward occupied dwellings.
8. Applicant will report the actual total volume of water produced from the well at the time the completion report (board form No. 4) is filed.
9. During moderate or high fire danger, applicant will maintain a 500-gallon supply of water, a pump capable of producing 40 psi and 250 feet of hose. A 4ABC fire extinguisher will be available on location. Vehicles will not be driven cross country or parked on grass. All vehicles will have on fire-fighting tool for each occupant. Each vehicle will have a minimum 2ABC fire extinguisher. No smoking will be allowed outside of enclosed vehicles or buildings.

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