

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

Trust Land Management Division



BRIAN SCHWEITZER, GOVERNOR

1625 ELEVENTH AVENUE

DIRECTOR'S OFFICE (406) 444-2074
TELEFAX NUMBER (406) 444-2684

PO BOX 201601
HELENA, MONTANA 59620-

February 13, 2006

MEMORANDUM

TO: Clive Rooney, NELO Area Manager
Julie David, MMB

FR: Hoyt Richards, Glasgow Unit

RE: Drilling of Renner State 34-31H
OG # 31-36205-05, Vincent Daly

RECEIVED

MAR 08 2006

LEGISLATIVE ENVIRONMENTAL
POLICY OFFICE

Clive:

Previously, I forwarded you an EA for your execution for the referenced well. In addition to the EA, I had provided a cover memo (February 3, 2006) detailing the stipulations to drill, and maps diagramming the silt fence, access, and fencing.

On February 4, 2006, I received noticed that the well location was being moved 150 feet to the West of the original location. I feel that the issues addressed in the February 3, 2006, EA are still valid. However, the map attached to the EA is not accurate. The exact same configuration is still present, but the well pad, fences, and silt fence should be moved approximately 150' to the West.

Please approve of this project for the second time and forward it to Julie. I am recommending the following new stipulations:

1. All access to the drilling site will occur on an access road that will be constructed to a width of a maximum of 60' wide.
2. Prior to construction of the well pad, the Lessee shall arrange an on-site meeting between their appointed representative and a DNRC field staff representative from the Glasgow Unit Office. The DNRC will explain the following construction requirements at this meeting:
 - a. A 3 wire (barbed) metal fence will be constructed as indicated on the attached map.
 - b. A 3 foot tall Silt fence will be constructed prior to disturbance of the land; the fence will be installed along the East side of the pad.
 - c. All disturbed areas will have the topsoil stripped to a depth of 8" and salvaged in stockpiles for reclamation purposes. All topsoil stockpiles will be placed on the South side of the drill pad.
 - d. A plan will be developed to detour water runoff around the perimeter of the pad.
3. The drill pad will have a 1' high, 1.5' wide dirt berm maintained at all times around the perimeter of the pad.
4. All vehicles associated with the drilling operation will be equipped with an all purpose fire extinguisher.

5. The oil and gas lessee shall be responsible for controlling any noxious weeds introduced by their activity and shall prevent or eradicate the spread of those noxious weeds on land adjoining the lease premises.
6. All gates will be left in the manner that they were found; all fences that may be disturbed will be repaired as soon as possible.
7. No littering of any type is allowed.
8. No vehicle oil changes or petroleum disposal shall occur on the drill pad area.
9. The reclamation of the well site will be implemented when the well has been shut in.
10. Areas of drill pad no longer needed for normal production activities will be reclaimed as per guidelines by Glasgow Unit Office personnel.
11. **The lessee shall contact the DNRC's Glasgow Unit Office prior to any performance of any reclamation activities to request a DNRC reclamation plan. The lessee shall follow all terms and conditions of the DNRC reclamation plan.**

I have agreed on a \$2500 settlement damage to the State, as this a new skeptical drilling program. Vincent Daly has been informed that if additional wells are instigated as a result of success in this area, normal surface damage values will be captured. There were no issues brought forward by the completion of the EA that could not be mitigated. I recommend approval of the EA, and proceeding with the issuing of a drilling permit. If you concur with my recommendation, please execute the EA, return a signed copy to GUO, and forward to Julie. Thank-you.

Richards, Hoyt

To: Rooney, Clive
Cc: David, Julie
Subject: Emailing: EAC-Renner 34-31H

Attachments: EAC-Renner 34-31H.DOC



EAC-Renner
34-31H.DOC (82 KB)

Clive, Julie never received our original EA. Hence I am forwarding her an electronic copy so she can issue a permit. I have printed it out and I am sending you a second copy today for your signature. Hoyt.

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DNRC - Trust Land Management Division

February 3, 2006

MEMORANDUM

TO: Clive Rooney, NELO Area Manager
Julie David, MMB

FR: Hoyt Richards, Glasgow Unit *HR*

RE: Drilling of Renner State 34-31H
OG # 31-36205-05, Vincent Daly

RECEIVED

FEB 03 2006

DNRC NELO

Clive:

Attached is an EA checklist for your review. Vincent Daly has petitioned to drill an oil well on the referenced Oil and Gas lease.

The State owns the mineral estate; the surface estate is State owned. Don Renner is the State's surface Lessee (State AGMB Lease # 3705 & 828).

I have agreed on a \$2500 settlement damage to the State, as this a new skeptical drilling program. Vincent Daly has been informed that if additional wells are instigated as a result of success in this area, normal surface damage values will be captured. There were no issues brought forward by the completion of the EA that could not be mitigated. I recommend approval of the EA, and proceeding with the issuing of a drilling permit. If you concur with my recommendation, please execute the EA, return a signed copy to GUO, and forward to Julie. Thank-you.

Julie:

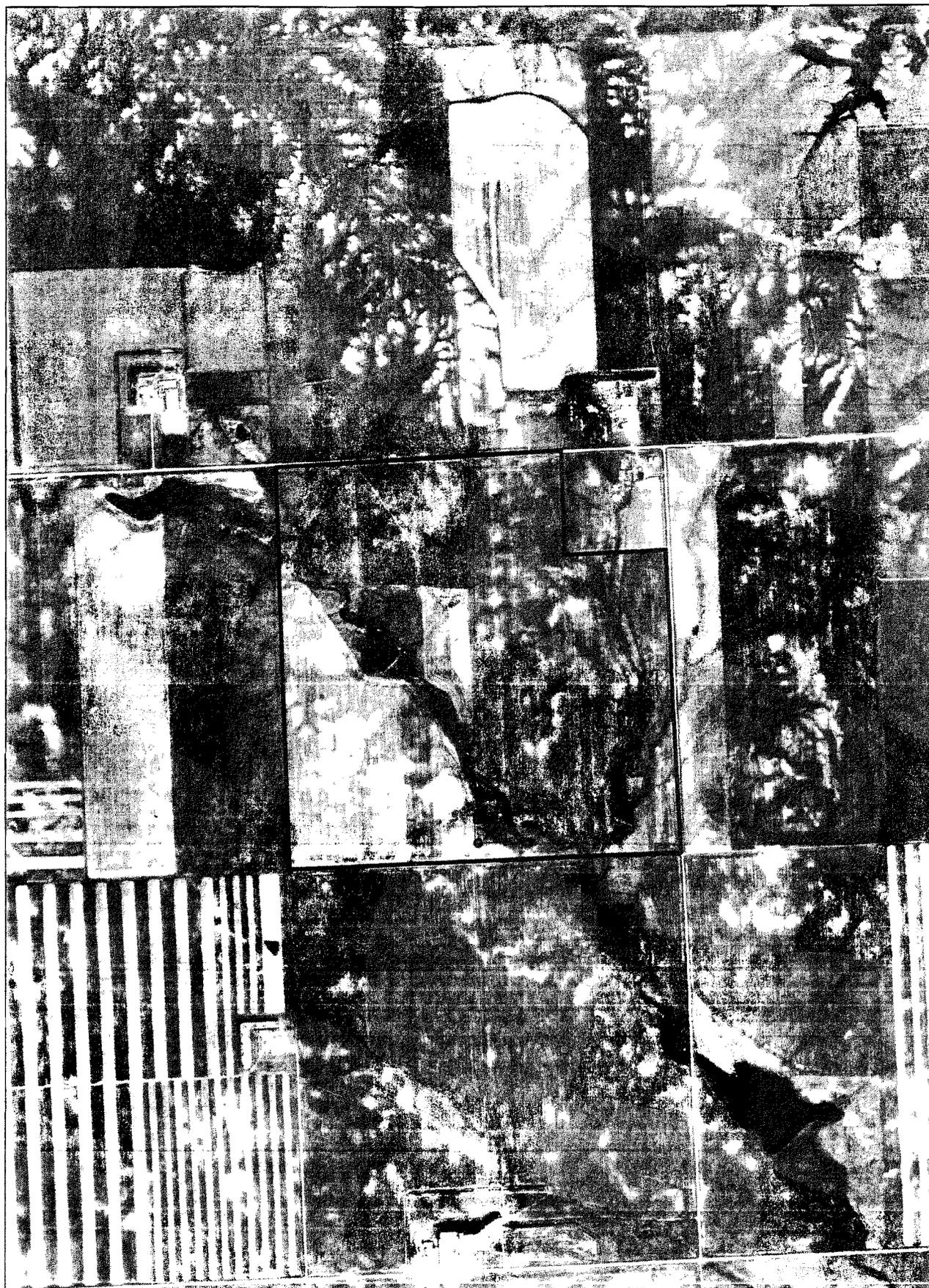
I recommend attaching the following stipulations to the permit to drill. Thank-you.

1. All access to the drilling site will occur on an access road that is constructed to a width of a maximum of 60' wide.
2. Prior to construction of the well pad, the Lessee shall arrange an on-sight meeting between their appointed representative and a DNRC field staff representative from the Glasgow Unit Office. The DNRC will explain the following construction requirements at this meeting:
 - a. A 3 wire (barbed) metal fence will be constructed as indicated on the attached map.
 - b. The NE corner of the well pad will be constructed in a manner that no disturbance will take place in the primary floodplain of the ephemeral creek.
 - c. A 3 foot wide Silt fence will be constructed prior to disturbance of the land; the fence will be installed in the location that is indicated on the attached map.
 - d. All disturbed areas will have the topsoil striped to a depth of 8" and salvaged in stockpiles for reclamation purposes. All topsoil stockpiles will be placed on the south side of the drill pad.
3. The drill pad will have a 1' high, 1.5' wide dirt berm maintained at all times around the perimeter of the pad.

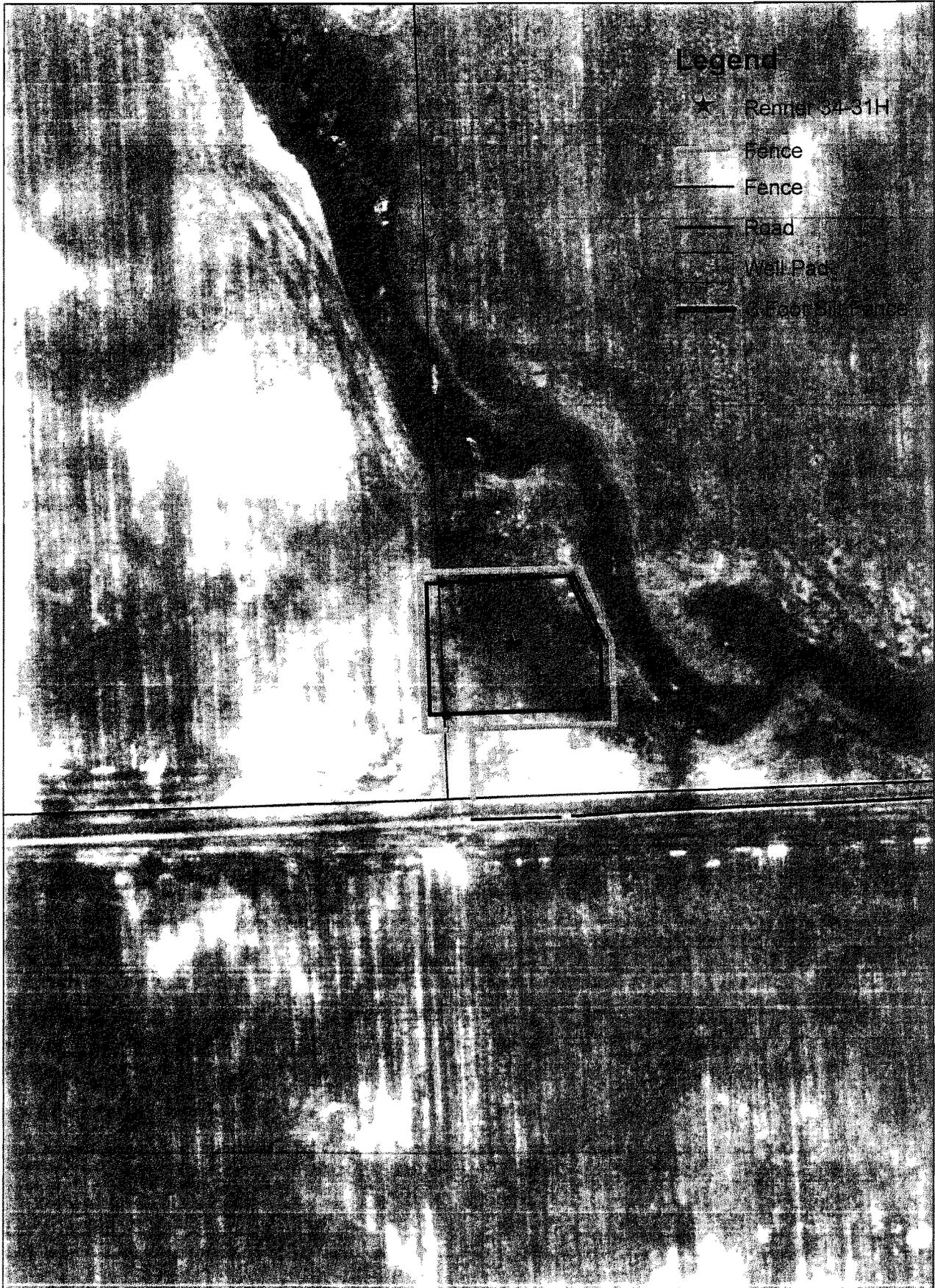
4. All vehicles associated with drilling operation will be equipped with an all purpose fire extinguisher.
5. The oil and gas lessee shall be responsible for controlling any noxious weeds introduced by their activity and shall prevent or eradicate the spread of those noxious weeds on land adjoining the lease premises.
6. All gates will be left in the manner that they were found; all fences that may be disturbed will be repaired as soon as possible.
7. No littering of any type is allowed.
8. No vehicle oil changes or petroleum disposal shall occur on the drill pad area.
9. The reclamation of the well site will be implemented when the well has been shut in.
10. Areas of drill pad no longer needed for normal production activities will be reclaimed as per guidelines by Glasgow Unit Office personnel.
11. **The lessee shall contact the DNRC's Glasgow Unit Office prior to any performance of any reclamation activities to request a DNRC reclamation plan. The lessee shall follow all terms and conditions of the DNRC reclamation plan.**

Julie, I have attached copies of the maps for your use.

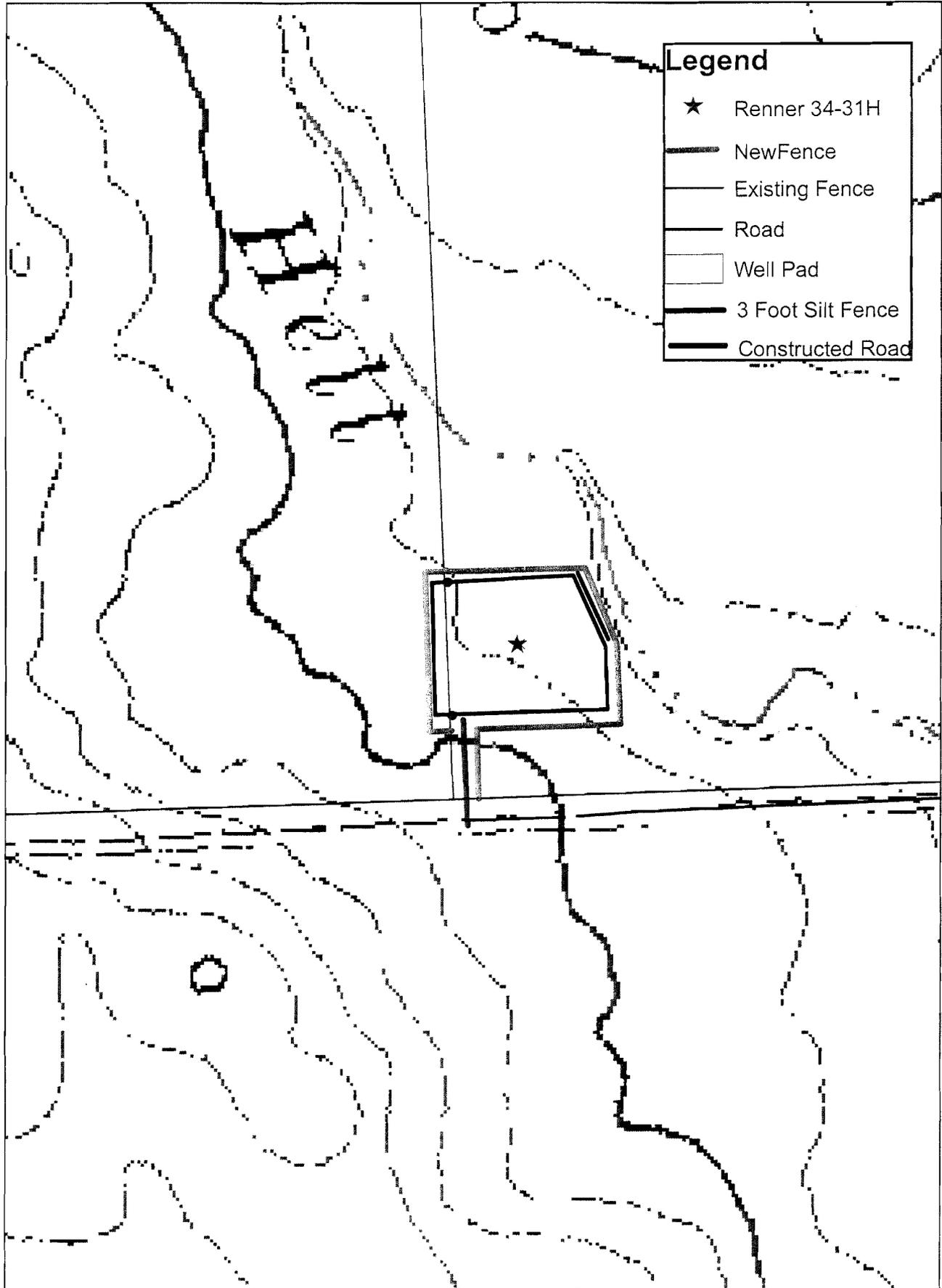
Renner 34-31H Map



Renner 34-31H Map



Renner 34-31H Map



CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Renner State 34-31H	Proposed Implementation Date: 2/15/05
Proponent: Vincent Daly Lessee, Canyon Resources Gas LLC- Operator	
Type and Purpose of Action: Vincent Daly is proposing to drill a horizontal well in the Bakken Formation.	
Location: SWSE drill bore, E2 for the Horizontal	County: Valley

I. PROJECT DEVELOPMENT

<p>1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.</p>	<p>Board of Oil and Gas received a request to drill. The DNRC/TLMD was petitioned to drill the Renner State 34-31H Well within the terms and conditions of the State of Montana lease # OG-36205-05. Canyon Resources Gas LLC has not provided a copy of the surface damages settlement signed by the state's surface lessee. Discussed and considered Don Renner (State's surface lessee).</p>
<p>2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:</p>	<p>Montana Board of Oil and Gas</p>
<p>3. ALTERNATIVES CONSIDERED:</p>	<p>Grant permission for Vincent Daly to construct a well pad, access road and drill the well, using mitigation measures to minimize impacts.</p> <p>Deny permission for Vincent Daly to construct the well.</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE	[Y/N] POTENTIAL IMPACTS
<p>4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE: Are fragile, compactible or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations?</p>	<p>N = Not Present or No Impact will occur. Y = Impacts may occur (explain below)</p> <p>General Discussion: The wells location is in close proximity to a natural drainage ephemeral creek. Upstream of the proposed well, approximately ¼ of a mile is a man made reservoir, that controls the water in the drainage. On both sides of this proposed project is highly disturbed agriculture ground. This project is proposed on both small grain lands and on disturbed hay lands.</p> <p>Action: The action alternative will not affect soil</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

	<p>quality, stability or moisture conditions.</p> <p>No-Action: There will be no impacts to these attributes of the landscape.</p>
<p>5. WATER QUALITY, QUANTITY AND DISTRIBUTION: Are important surface or groundwater resources present? Is there potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality?</p>	<p>The area surrounding the well location is considered agriculture land. The ephemeral creek is being proposed to have a well pad constructed within its primary flood plain.</p> <p>Action: By constructing in the primary floodplain, the ephemeral creek will become clogged, and water will be plugged. Water will spill out of the natural diversion channel and begin to cut into the existing agriculture land. In order to control soil erosion, the well pad will be modified from the proponents design, and no activities will take place in the flood plain. A 3 foot high Silt Erosion fence will be constructed prior to any moving of dirt. No equipment shall operate in the ephemeral creek flood plain. The Sil Erosion fence will be maintained during the life of the oil drilling act ivies, and through at the time that partial reclamation of the well pad takes place. By following the Board of Oil and Gas regulatory regulations, water quality, quantity, and distribution will not be influenced. The cutting fluid will be hauled away during drilling operations. No impacts are anticipated.</p> <p>No-Action; There will be no impacts to these attributes of the landscape</p>
<p>6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I airshed)?</p>	<p>Action: Air quality will be temporarily negatively impacted by implementing the proposed action.</p> <p>No-Action: There will be no impacts to these attributes of the landscape</p>
<p>7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present?</p>	<p>The area is primarily hay land (AGCR and Alfalfa, or small grain cropland.</p> <p>Action: The cropland and hay land will be significantly disturbed. In order to rehab as much of this land as possible, all topsoil will be scraped and safeguarded from water erosion. Upon instigation of reclamation, the topsoil will be redistributed back across the landscape. All topsoil salvaged will be stored on the uphill (south side of well pad) in order to minimize the potential for erosion or contamination of the salvaged stockpile soil.</p> <p>No-Action: There will be no impacts to these</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT	
	attributes of the landscape
8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish?	This area is not known to have substantial use by important wildlife, birds, or fish Action: Implementation of this action will not affect important wildlife, birds or fish. No-Action: There will be no impacts to these attributes of the landscape
9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES: Are any federally listed threatened or endangered species or identified habitat present? Any wetlands? Sensitive Species or Species of special concern?	Action: Implementation of this action will not affect endangered, fragile or limited environmental resources. No-Action: Implementation of this action will not affect unique, endangered or fragile limited resources.
10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?	The project is being proposed on lands that have been disturbed. Action: No known archaeological sites are known to exist. If a surface feature were to exist, ownership of this feature would adhere to the fee owner. No-Action: Implementation of this action will not affect archeological or historical sites.
11. AESTHETICS: Is the project on a prominent topographic feature? Will it be visible from populated or scenic areas? Will there be excessive noise or light?	Action: The project will be adjacent from county gravel road. Visual Resources will be affected during the drilling of the well. No-Action: Implementation of this action will not affect the aesthetics.
12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY: Will the project use resources that are limited in the area? Are there other activities nearby that will affect the project?	Action: The project will not use resources that are limited in this area. No-Action: Implementation of this action will not affect the demands on environmental resources of the land.
13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract?	No documents are known to exist Action: Implementation will not effect other environment plans or studies. No-Action: No action will take place.

III. IMPACTS ON THE HUMAN POPULATION

RESOURCE	{Y/N} POTENTIAL IMPACTS AND MITIGATION MEASURES
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<p>14.HUMAN HEALTH AND SAFETY: Will this project add to health and safety risks in the area?</p>	<p>Action: Temporary human health and safety risks will be added by the implementation of this project.</p> <p>No-Action: No human health or safety risk will be added because no action will be taking place.</p>
<p>15.INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?</p>	<p>Action: Implementation will add to industrial activities while decreasing the agricultural value activities of this land.</p> <p>No-Action: By not implementing this action, the industrial production of the land will not be increased while the agricultural activities will remain the same.</p>
<p>16.QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number.</p>	<p>Action: the Quantity of employment opportunities will increase.</p> <p>No-Action: Employment opportunities will not be created.</p>
<p>17.LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue?</p>	<p>Action: Implementation of the project will increase the State and local tax base and will also increase trust lands revenue if the well goes into production.</p> <p>No-Action: By not implementing this project, State, local, and Trust revenues will not be increase.</p>
<p>18.DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc) be needed?</p>	<p>Action: No demands on government services will be required by this project.</p> <p>No-Action: Government services will not be enhanced.</p>
<p>19.LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?</p>	<p>Action: The zoning regulations for this area will not be impacted.</p> <p>No-Action: The zoning regulations for this area will not be impacted.</p>
<p>20.ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES: Are wilderness or recreational areas nearby or accessed through this tract? Is there recreational potential within the tract?</p>	<p>Action: There are no wilderness areas in this vicinity. The recreational opportunities will not be impacted due to the fact that the surface owner (fee lands) controls recreational opportunities.</p> <p>No-Action: No impacts to the quality of recreation and wilderness activities will take place.</p>
<p>21.DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing?</p>	<p>Action: No additional housing demands are anticipated.</p> <p>No-Action: No additional housing demands are anticipated.</p>
<p>22.SOCIAL STRUCTURES AND MORES: Is some disruption of</p>	<p>Action: No disruption of native or traditional</p>

native or traditional lifestyles or communities possible?	lifestyles is anticipated. No-Action: No disruption of native or traditional lifestyles is anticipated.
23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?	Action: No cultural uniqueness or diversity quality shift is anticipated. No-Action: No cultural uniqueness or diversity quality shift is anticipated.
24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:	Action: None No-Action: None.

EA Checklist Prepared By: R. H. Gray, R. Chana Date: February 3, 2006

IV. FINDING	
25. ALTERNATIVE SELECTED:	Action
26. SIGNIFICANCE OF POTENTIAL IMPACTS:	N.S.I
27. Need for Further Environmental Analysis: <input type="checkbox"/> EIS <input type="checkbox"/> More Detailed EA <input checked="" type="checkbox"/> No Further Analysis	

EA Checklist Approved By:

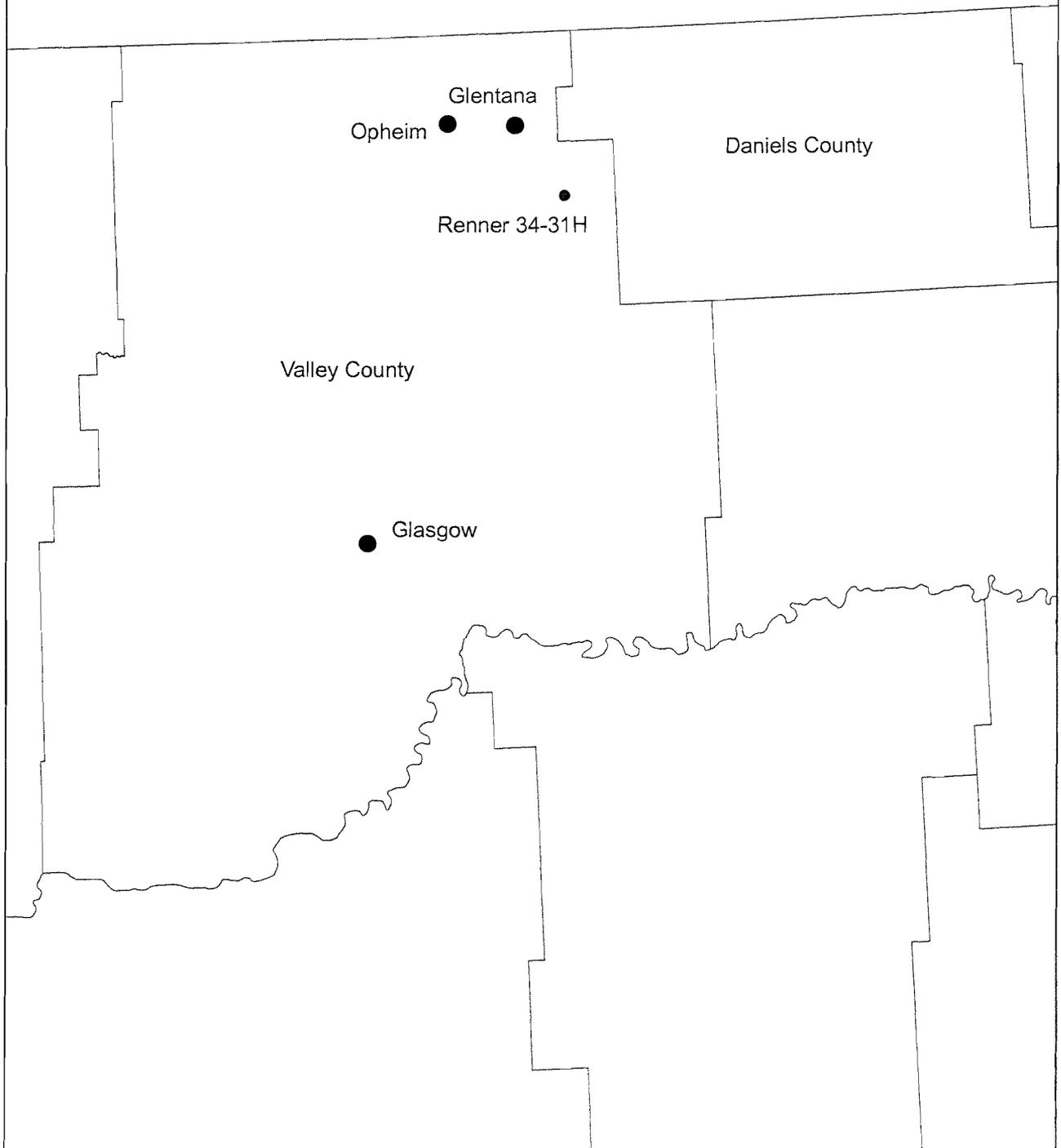
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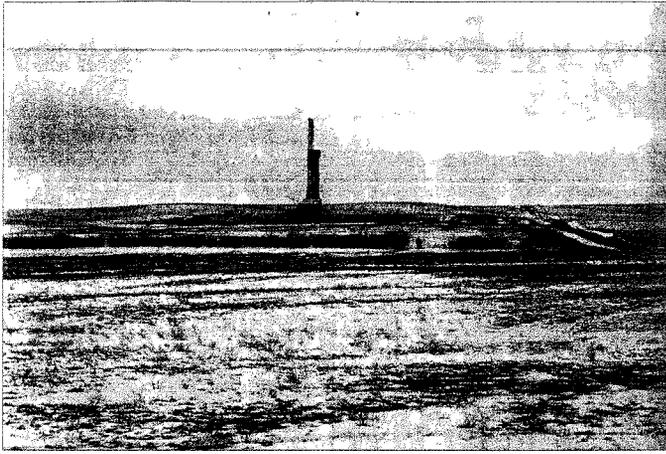
 Signature

Title

2/6/06
 Date: February 3, 2006

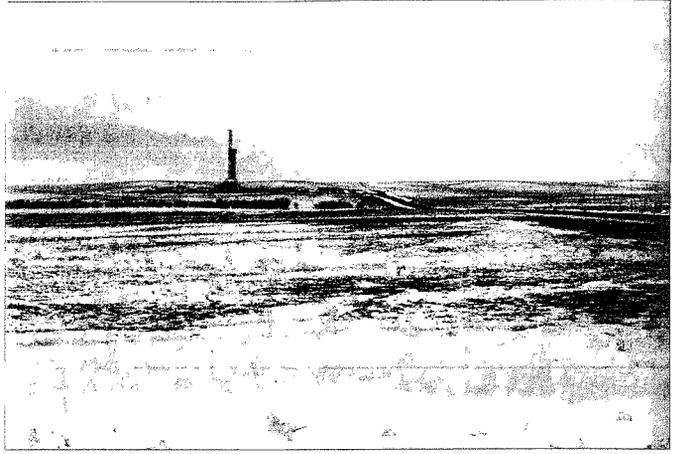
Renner 34-31H Vacininty Map



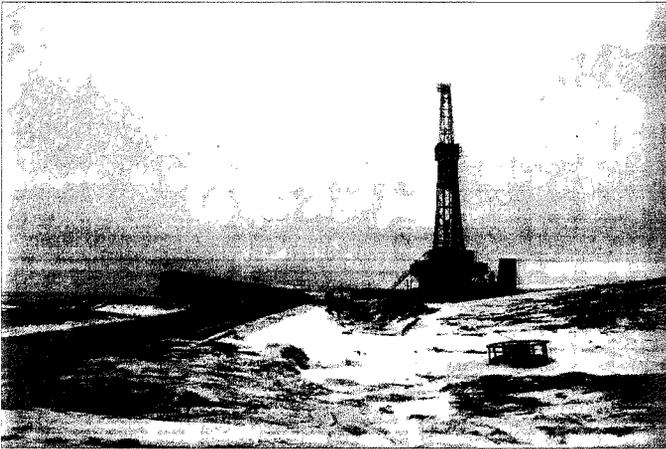


Picture of the Tarum well presently being drilled on fee land. The state land drill site is directly to the north (right) of the road on the rights side of the picture.

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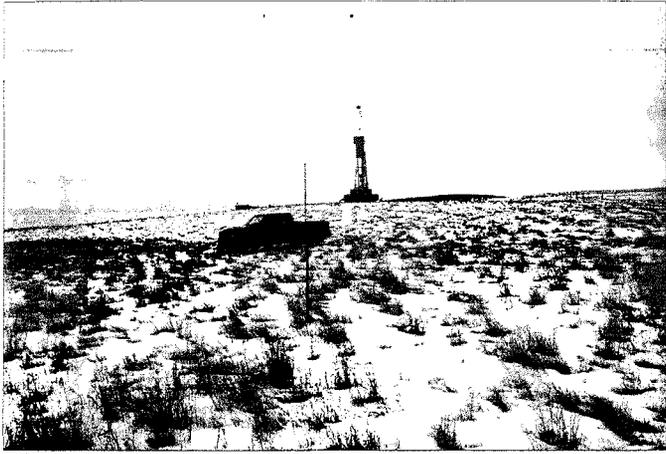
Picture is of the Tarum well located on fee land.

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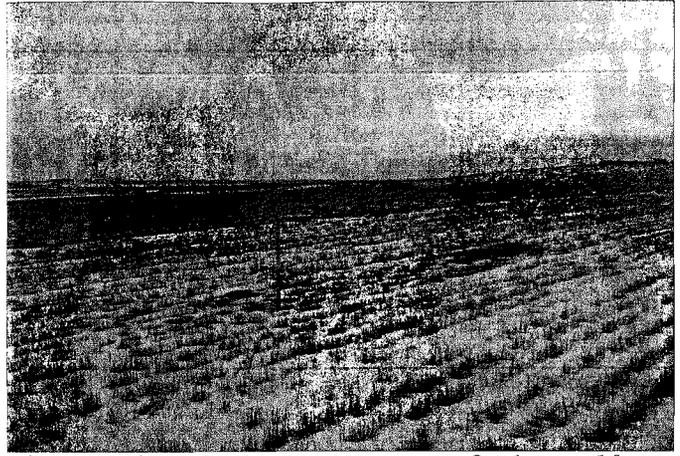
Picture is of the proposed NE corner of the well pad. This stake is down in the flood plain of an ephemeral creek.

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Picture is of the well bore staking on state land 35N 43E S31

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Picture is of the NW corner of the well pad.

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This picture shows the creek. in the center of the picture, the proposed pad for the Renner 34-31H well pad will enter the creek if it proceeds as proposed.

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