

**Montana Board of Oil and Gas Conservation
Environmental Assessment**

Operator: Klabzuba Oil & Gas, Inc.
Well Name/Number: East End 20-16-35-17B
Location: SE SE Section 20 T35N R17E
County: Hill, MT; **Field (or Wildcat)** Wildcat

Air Quality

(possible concerns)

Long drilling time: No, 3 to 4 days drilling time.
Unusually deep drilling (high horsepower rig): No, 2700' TD, single derrick drilling rig.
Possible H2S gas production: No
In/near Class I air quality area: No
Air quality permit for flaring/venting (if productive): Yes, DEQ air quality permit required under 75-2-211.

Mitigation:

- Air quality permit (AQB review)
 - Gas plants/pipelines available for sour gas
 - Special equipment/procedures requirements
 - Other: _____
- Comments: No special concerns – using small rig to drill to 2700'.

Water Quality

(possible concerns)

Salt/oil based mud: No, freshwater and freshwater mud system for surface and mainhole.
High water table: No
Surface drainage leads to live water: No, closest drainage is an unnamed ephemeral tributary drainage that forms the west edge of this location. Drainage drains to a stock pond and appears to terminate there.
Water well contamination: None, no water wells within 2 miles of this location.
Porous/permeable soils: No, silty sandy bentonitic soils
Class I stream drainage: No

Mitigation:

- Lined reserve pit
- Adequate surface casing
- Berms/dykes, re-routed drainage
- Closed mud system
- Off-site disposal of solids/liquids (in approved facility)
- Other: _____

Comments: 200' of surface casing cemented to surface adequate to protect freshwater zones. Also, fresh water mud systems to be used.

Soils/Vegetation/Land Use

(possible concerns)

Stream crossings: None

High erosion potential: No, small cut, up to 2.0' and small fill, up to 3.8', required.
Loss of soil productivity: No, location will be restored after drilling, if nonproductive. If productive, unused portion of drillsite will be reclaimed.
Unusually large wellsite: No, 200'X200' location size required.
Damage to improvements: Slight.
Conflict with existing land use/values: Slight

Mitigation

- Avoid improvements (topographic tolerance)
- Exception location requested
- Stockpile topsoil
- Stream Crossing Permit (other agency review)
- Reclaim unused part of wellsite if productive
- Special construction methods to enhance reclamation
- Other _____

Comments: Access will be over existing county road, Sheperd Road North and existing ranch trails. About 1100' of new access road will be built off an existing ranch trail into this location. Cuttings and mud solids will be buried in the earthen pits. Drilling fluids will be hauled to a nearby stock pond with surface owner approval. Pit will be backfilled after allowing pit to dry. No special concerns

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: Hutterite Colony, about 1.6 miles to the southwest of this location.

Possibility of H2S: None

Size of rig/length of drilling time: Small drilling rig/short 3 to 4 days drilling time

Mitigation:

- Proper BOP equipment
- Topographic sound barriers
- H2S contingency and/or evacuation plan
- Special equipment/procedures requirements
- Other: _____

Comments: No concerns

Wildlife/recreation

(possible concerns)

Proximity to sensitive wildlife areas (DFWP identified): Lake Thibadeau National Wildlife Refuge boundary about 2.25 miles to the southwest of this location.

Proximity to recreation sites: None identified.

Creation of new access to wildlife habitat: No

Conflict with game range/refuge management: No

Threatened or endangered Species: None identified.

Mitigation:

- Avoidance (topographic tolerance/exception)
- Other agency review (DFWP, federal agencies, DSL)
- Screening/fencing of pits, drillsite
- Other: _____

Comments: Private surface lands. No concerns

Historical/Cultural/Paleontological

(possible concerns)

Proximity to known sites: None identified

Mitigation

avoidance (topographic tolerance, location exception)

other agency review (SHPO, DSL, federal agencies)

Other: _____

Comments: On private surface lands. No concerns.

Social/Economic

(possible concerns)

Substantial effect on tax base

Create demand for new governmental services

Population increase or relocation

Comments: No concerns.

Remarks or Special Concerns for this site

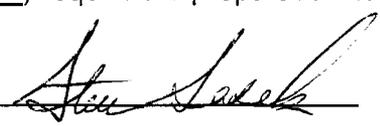
Well is a 2700' Second White Specks Formation development gas well.

Summary: Evaluation of Impacts and Cumulative effects

No long term impacts expected. Some short term impacts will occur, but can be mitigated in time.

I conclude that the approval of the subject Notice of Intent to Drill (does/**does not**) constitute a major action of state government significantly affecting the quality of the human environment, and (does/**does not**) require the preparation of an environmental impact statement.

Prepared by (BOGC): Steven Sasaki



(title:) Chief Field Inspector

Date: October 26, 2007

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website.

(Name and Agency)

Hill County water wells.

(subject discussed)

October 26, 2007

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____