

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION
BOARD OF OIL AND GAS CONSERVATION

BRIAN SCHWEITZER, GOVERNOR

OIL AND GAS CONSERVATION DIVISION



STATE OF MONTANA

July 1, 2008

Mr. Todd Everts
Environmental Quality Council
Room 106, State Capitol
Helena, MT 59620

Re: Environmental Assessment Reports

Dear Todd:

Enclosed please find a copy of the environmental assessments completed by this office covering the period from April 1 through June 30, 2008 with regard to applications for permits to drill oil or gas wells on state and privately owned lands in the State of Montana.

Let us know if you require any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Richmond".

Thomas P. Richmond
Administrator

km

Encs. 152

RECEIVED

JUL 02 2008

LEGISLATIVE ENVIRONMENTAL
POLICY OFFICE

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(406) 434-2422

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

Operator: Klabzuba Oil & Gas, Inc.
Well Name/Number: East End-Federal 27-6-35-17C
Location: SE NW Section 27 T35N R17E
County: Blaine, 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, 4000' TVD/4152'MD, 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 4000' TVD/4152'MD.

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, no drainages nearby this location.

Water well contamination: None, no water wells within 1 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: 420' 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 1.0' and small fill, up to 1.1', 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 and existing ranch trails. About 0.3 miles 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: No residences within 1 mile 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 3.5 miles to the west 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 4000'TVD/4152'MD Sawtooth Formation test well.

Summary: Evaluation of Impacts and Cumulative effects

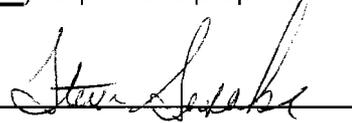
No long term impacts expected. Some short term impacts will occur, but can be mitigated in time.

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: March 28, 2008



Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website.

(Name and Agency)

Hill County water wells.

(subject discussed)

March 28, 2008

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____