Montana Board of Oil and Gas Conservation
Environmental Assessment

Operator: Kykuit Resources, LLC
Well Name/Number: Simac #1-1
Location: SE SW Section 1 T21N R19E
County: Fergus, **MT; Field (or Wildcat)** Wildcat

Air Quality

(possible concerns)
Long drilling time: No, 4 to 5 days
Unusually deep drilling (high horsepower rig): No, small single drilling rig TD 2800'.
Possible H2S gas production: No, sweet gas production .
In/near Class I air quality area: Not in a Class I air quality area.
Air quality permit for flaring/venting (if productive): Yes, DEQ air quality permit required under 75-2-211.

Mitigation:
X Air quality permit (AQB review)
__ Gas plants/pipelines available for sour gas
__ Special equipment/procedures requirements
__ Other:
Comments:

Water Quality

(possible concerns)
Salt/oil based mud: No, freshwater and freshwater mud system to be used.
High water table: No, high water table expected.
Surface drainage leads to live water: Closest drainage is an unnamed ephemeral tributary drainage to Cutbank Creek, about 1/16 of a mile to the northeast of this location.
Water well contamination: None, no water wells within 1 mile of this location. Surface hole will be drilled with freshwater to 250'. Steel surface casing will be run and cemented to surface to protect ground waters.
Porous/permeable soils: No, sandy bentonitic soils.
Class I stream drainage: No, Class I stream drainages nearby.

Mitigation:
__ Lined reserve pit
X Adequate surface casing
__ Berms/dykes, re-routed drainage
__ Closed mud system
__ Off-site disposal of solids/liquids (in approved facility)
__ Other:
Comments: Adequate surface casing to be set , 250' to protect ground waters.

Soils/Vegetation/Land Use

(possible concerns)

Steam crossings: No, streams to be crossed.
High erosion potential: No, moderate cut up to 10.6' and small fill up to 7.4', 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, small drillsite, 200'X200'.
Damage to improvements: None, surface use is cultivated lands.
Conflict with existing land use/values: Slight

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

Comments: Will utilize existing county, Knox Ridge Road and private two track trails. Short access off existing trail to be build, about 645' of new access will be built into this location. Unlined earthen pits will be utilized for drilling. Top water will be recycled to the next location and solids will be allowed to dry in the pits. When pits are dry they will be filled in with subsoil and topsoil spread.

Health Hazards/Noise

(possible concerns)
Proximity to public facilities/residences: Closest residences are about 1.5 miles to the east of this wellsite. The town of Winifred, about 6 miles to the southwest of this location.
Possibility of H2S: None, all formations are sweet gas producers in area of review.
Size of rig/length of drilling time: Small single derrick drilling rig/Short drilling time 4 to 5 days.

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

Comments: Adequate amount of surface casing and BOP equipment should mitigate any problems.

Wildlife/recreation

(possible concerns)
Proximity to sensitive wildlife areas (DFWP identified): None identified.
Proximity to recreation sites 8 miles to the northwest is the Upper Missouri River Breaks National Monument boundary.
Creation of new access to wildlife habitat: None
Conflict with game range/refuge management: None
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: Surface land is private. No concerns.

Social/Economic

(possible concerns)

__ Substantial effect on tax base

__ Create demand for new governmental services

__ Population increase or relocation

Comments: No, impact expected from the drilling of this well.

Remarks or Special Concerns for this site

No special concerns about this wellsite. This is a Cretaceous Mowry Formation test to be drilled to 2800' TD.

Summary: Evaluation of Impacts and Cumulative effects

No significant or long term impacts expected from the drilling of this well. Some short term impacts will occur.

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 Steven Sasaki

(title:) Chief Field Inspector

Date: March 31, 2008

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website

(Name and Agency)

Fergus County water wells

(subject discussed)

March 31, 2008
(date)

If location was inspected before permit approval:
Inspection date: _____
Inspector: _____
Others present during inspection:_____