

Montana Board of Oil and Gas Conservation
Environmental Assessment

Operator: Pennaco Energy/Marathon Oil Co.
Well Name/Number: State 6-36-9-42 WP
Location: SE NW 36 T9S R48E
County: Big Horn, MT; Field (or Wildcat) W/C

Air Quality

(possible concerns)

Long drilling time no
Unusually deep drilling (high horsepower rig) no
Possible H2S gas production No
In/near Class I air quality area no
Air quality permit for flaring/venting (if productive) no

Mitigation:

- Air quality permit (AQB review)
- Gas plants/pipelines available for sour gas
- Special equipment/procedures requirements
- Other: _____

Comments: rarely, wells may vent free methane temporarily during initial drilling/testing. This well is primarily a core test and will not be produced except for the gathering of data. Flaring of commercial quantities of gas is prohibited.

Water Quality

(possible concerns)

Salt/oil based mud No
High water table no
Surface drainage leads to live water no
Water well contamination no
Porous/permeable soils localized
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: will use fresh water, native clay mud. No water production except to gather water quality information is proposed.

Soils/Vegetation/Land Use

(possible concerns)

Stream crossings no
High erosion potential no
Loss of soil productivity no
Unusually large wellsite no
Damage to improvements no
Conflict with existing land use/values no

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: No special concerns for this site. Very small location and pit area. Truck mounted rig does not require much location preparation.

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences over 1/2 mile
Possibility of H2S No
Size of rig/length of drilling time

Mitigation:

- Proper BOP equipment (diverter)
- Topographic sound barriers
- H2S contingency and/or evacuation plan

Special equipment/procedures requirements
 Other: _____
Comments: no special concerns for this area.

Wildlife/recreation

(possible concerns)
Proximity to sensitive wildlife areas (DFWP identified) no
Proximity to recreation sites none in immediate area
Creation of new access to wildlife habitat no
Conflict with game range/refuge management no
Threatened or endangered Species no
Mitigation:
 Avoidance (topographic tolerance/exception)
xx Other agency review (DFWP, federal agencies, DSL)
 Screening/fencing of pits, drillsite
 Other: _____
Comments: No impact, minimal construction/drilling time and no infrastructure proposed at this time.

Historical/Cultural/Paleontological

(possible concerns)
Proximity to known sites none identified
Mitigation
 avoidance (topographic tolerance, location exception)
xx other agency review (SHPO, DSL, federal agencies)
 Other: _____
Comments: location on state lease

Social/Economic

(possible concerns)
 Substantial effect on tax base
 Create demand for new governmental services
 Population increase or relocation
Comments: No impacts at this time as no production is proposed

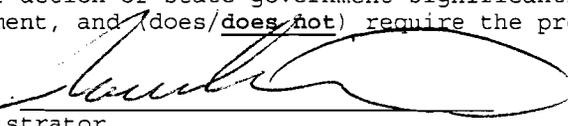
Remarks or Special Concerns for this site

 Well is a shallow coal bed methane test. Proposed action is to drill and core through coal zones of interest, set pipe and shut-in well until core results are analyzed. If potentially productive - further testing will require a water management plan. CBM production will require Board approval of POD and associated permits for water, air, etc.

Summary: Evaluation of Impacts and Cumulative effects

 Relatively minor impacts associated with this project, which is limited to exploration phase only. No production is proposed until test results are analyzed.

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): 
(title:) Administrator
Date: November 6, 2003
Other Persons Contacted:

(Name and Agency)

(subject discussed)

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____