

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

Operator: Coastal Petroleum Company
Well Name/Number: State 7-36
Location: SW NE Section 36T37N R36E
County: Valley, MT; **Field (or Wildcat)** W/C

Air Quality

(possible concerns)
Long drilling time no, 15 to 20 days drilling
Unusually deep drilling (high horsepower rig) no, 5600' TD
Possible H2S gas production yes
In/near Class I air quality area no
Air quality permit for flaring/venting (if productive) n/a

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 5600'

Water Quality

(possible concerns)
Salt/oil based mud no, freshwater and freshwater mud system on surface hole.
Mainhole will be drilled with saltwater and saltwater mud system.
High water table no
Surface drainage leads to live water No, closest drainage is Mc Eacheron Creek 1/2 mile to the northeast of this location.
Water well contamination none, no wells within 1 mile or more of this location.
Porous/permeable soils no, bentonite 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: 500' of surface casing cemented to surface adequate to protect freshwater zones. Also, fresh water mud systems to be used. Also, meets 10% surface casing for rank wildcat wells.

Soils/Vegetation/Land Use

(possible concerns)
Stream crossings none
High erosion potential no, moderate cut, up to 16.0' and small fill, up to 4.1', 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, 190'X250' 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: no special concerns

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences a building appears to be 3/4 of a mile to the east of location. A school appears to be 3.25 miles to the south at Thoeny, MT.

Possibility of H2S yes

Size of rig/length of drilling time Small drilling rig/short 15 to 20 days drilling time

Mitigation:

Proper BOP equipment

Topographic sound barriers

H2S contingency and/or evacuation plan

Special equipment/procedures requirements

Other: _____

Comments: Using existing county road. Appears to need about 1250' of new access to reach location. Cuttings will be buried in the lined reserve pit. Drilling fluids will be hauled to a commercial Class II disposal. Pit will be allowed to dry and then backfilled with clay and subsoil. Top soil will be spread over the location if the well is abandoned. no concerns

Wildlife/recreation

(possible concerns)

Proximity to sensitive wildlife areas (DFWP identified) n/a

Proximity to recreation sites no

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)

Other agency review (DFWP, federal agencies, DSL)

Screening/fencing of pits, drillsite

Other: _____

Comments: State of Montana Trust Lands will do surface EA.

Proximity to known sites None identified

Mitigation

avoidance (topographic tolerance, location exception)

other agency review (SHPO, DSL, federal agencies)

Other: _____

Comments: State of Montana Trust Lands. Trust Lands will do surface

EA.

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

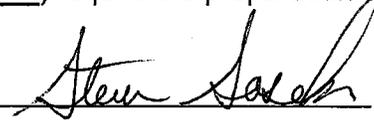
Well is a 5600' Bakken formation test

Summary: Evaluation of Impacts and Cumulative effects

No long term impacts expected. 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



(title:) Chief Field Inspector

Date: April 27, 2006

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website

(Name and Agency)

Blaine County water wells

(subject discussed)

April 27, 2006

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____