

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

**Operator:** MRC LLC  
**Well Name/Number:** Wallace 3-15  
**Location:** NE NW Section 15 T37N R4E  
**County:** Liberty MT; Field (or Wildcat) Whitlash

**Air Quality**

(possible concerns)

Long drilling time no, 4 to 5 days drilling time.

Unusually deep drilling (high horsepower rig) no, 2700' TD

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: Gas plant nearby. no special concerns – using small rig to drill to 2700'

**Water Quality**

(possible concerns)

Salt/oil based mud no, freshwater and freshwater mud system.

High water table no

Surface drainage leads to live water Yes, location is close to Bear Gulch drainage which has what appears to be a stock pond built in it, about 1/2 mile to the northwest of this location.

Water well contamination no, all water wells are 250' deep or shallower and about 3/4 of a mile away from 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: 250' of surface casing cemented to surface adequate to protect freshwater zones. Also, air/air mist and/or fresh water mud systems to be used. 5 1/2" production casing will be cemented to surface.

**Soils/Vegetation/Land Use**

(possible concerns)

Stream crossings no, stream crossings

High erosion potential no, small cut, up to 9.4' and a small fill, up to 2.2', 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, surface is grassland.  
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 gravel roads, Flat Coulee road. Will utilize about 1/4 mile of existing well access road off the Flat Coulee road. Will construct about 2700' of new road into this location. Cuttings will be buried in the earthen reserve pit. Fluids will be allowed to evaporate. No special concerns

---

### Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences Iverson Ranch is about 3/4 mile to the northwest and Wallace Ranch about 1/2 mile to the north of this location.

Possibility of H2S none

Size of rig/length of drilling time Small drilling rig/short 4 to 5 days drilling time

Mitigation:

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

Comments: no concerns. Distance and topographical features should mitigate any noise issues.

### Wildlife/recreation

(possible concerns)

Proximity to sensitive wildlife areas (DFWP identified) n/a None identified.

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 no

Mitigation:

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

Comments: 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: Private surface lands.

---

---

**Social/Economic**

(possible concerns)  
 Substantial effect on tax base  
 Create demand for new governmental services  
 Population increase or relocation  
Comments: Additional development well in the Whitlash Field. no concerns

---

---

**Remarks or Special Concerns for this site**

Well is a 2700' Madison formation test. Well is in an existing oil and gas field, Whitlash Field.

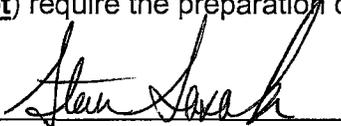
**Summary: Evaluation of Impacts and Cumulative effects**

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: June 20, 2006

Other Persons Contacted:  
\_\_\_\_\_

Montana Bureau of Mines and Geology, GWIC website

(Name and Agency)

Liberty County water wells

(subject discussed)

June 20, 2006

(date)

If location was inspected before permit approval:

Inspection date: \_\_\_\_\_

Inspector: \_\_\_\_\_

Others present during inspection: \_\_\_\_\_