

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

Operator: Petro Hunt, LLC
Well Name/Number: Candee 30A-2-1H
Location: NE NW Section 30 T24N R53E
County: Richland, MT; Field (or Wildcat) W/C

Air Quality

(possible concerns)

Long drilling time 40-50 days drilling time

Unusually deep drilling (high horsepower rig) No, triple drilling rig for 14,600' MD 9345' TVD

Possible H2S gas production slight

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, adequate surface casing 1900' to be set and cemented back to surface with proper BOP stack should mitigate any concerns. Triple rig to drill to 14,600' MD.

Water Quality

(possible concerns)

Salt/oil based mud use freshwater and freshwater mud system on surface and oil based mud system from base of surface casing to casing point. Horizontal hole to be drilled with brine water.

High water table no

Surface drainage leads to live water no, closest drainage is an unnamed ephemeral tributary drainage to North Fork, about 5/8 of a mile to the north of this location that drains to the west into East Redwater Creek.

Water well contamination no, closest water well is over 1 mile away. Surface casing will be drilled with freshwater, casing set to 1900' and cemented back to surface.

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: 1900' of surface casing cemented to surface adequate to protect freshwater zones. Also, fresh water mud systems to be used on surface hole.

Soils/Vegetation/Land Use

(possible concerns)

Stream crossings none.

High erosion potential no, moderate cut, up to 13.8' and moderate fill, up to 12.7', 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 Large, 400'X350' 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 roads. About 6470' of new access will be built off the existing county road into this location. Reserve pit liquids to be disposed of at Indian Mounds #1 SWD. Solids will be allowed to dry, pit liner folded over the top of the solids, spoil dirt to fill pit, top soil spread over pit area, and seeded to land owners specification. No special concerns

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences No residences within 1 mile of this drillsite.

Possibility of H2S slight

Size of rig/length of drilling time Triple drilling rig 40 to 50 days drilling time

Mitigation:

Proper BOP equipment

Topographic sound barriers

H2S contingency and/or evacuation plan

Special equipment/procedures requirements

Other: _____

Comments: no concerns, no residence within 1 mile from this wellsite. Proper BOP stack and surface casing should be able to control any problems that occurs.

Wildlife/recreation

(possible concerns)

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

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: on private land

Social/Economic

(possible concerns)
 Substantial effect on tax base
 Create demand for new governmental services
 Population increase or relocation
Comments: no concerns

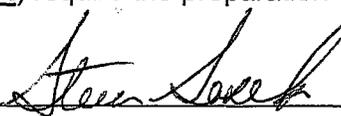
Remarks or Special Concerns for this site

Well is a 14,600' MD 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: June 27, 2006

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website
(Name and Agency)
Richland County water wells

(subject discussed)

June 27, 2006 _____

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____