DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

BOARD OF OIL AND GAS CONSERVATION

BRIAN SCHWEITZER, GOVERNOR

OIL AND GAS CONSERVATION DIVISION

STATE OF MONTANA

December 31, 2007

RECEIVED

JAN 0 3 2008

LEGISLATIVE ENVIRONMENTAL POLICY OFFICE

Mr. Todd Everts
Environmental Quality Council
Room 106, State Capitol
Helena, MT 59620

Re: Environmental Assessment Reports

Dear Todd:

Enclosed please find a copy of the environmental assessments completed by this office covering the period from October 1 through December 31, 2007 with regard to applications for permits to drill oil or gas wells on state and privately owned lands in the State of Montana.

Let us know if you require any further information.

Sincerely,

Thomas P. Richmond
Administrator

km

Encs. 150

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1625 ELEVENTH AVENUE
PO BOX 201601
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(406) 444-6675

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SOUTHERN FIELD OFFICE
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(406) 656-0040

NORTHERN FIELD OFFICE
201 MAIN STREET
PO BOX 690
SHELBY, MONTANA 59474-0690
(406) 434-2422

Montana Board of Oil and Gas Conservation
Environmental Assessment

Operator: Altamont Oil & Gas, Inc.
Well Name/Number: B. Ag 25-1
Location: SW SW Section 25 T29N R5W
County: Pondera **MT; Field (or Wildcat)** Lake Francis

Air Quality

(possible concerns)
Long drilling time: No, 3 to 4 days drilling time.
Unusually deep drilling (high horsepower rig): No, 2000' 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:
X 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 2000'TD.

Water Quality

(possible concerns)
Salt/oil based mud: No, freshwater, freshwater mud system, air, air mist.
High water table: No
Surface drainage leads to live water: No, closest drainage is Lone Man Coulee, ephemeral drainage, about 3/8 of a mile to the north and west of this location. Lone Man Coulee is a tributary to the Dry Fork of the Marias River.
Water well contamination: No, no water wells within 1 mile. Surface casing will be drilled with air and/or freshwater mud to 525' and steel surface casing set and cemented to surface from 525'. Closest water well is about 1.25 miles to the north of this wellsite and is 240' in depth.
Porous/permeable soils: No, sandy soils.
Class I stream drainage: No

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: 525' of surface casing will be set and cemented to surface adequate to protect freshwater zones. Also, fresh water mud systems or air to be used for drilling surface hole.

Soils/Vegetation/Land Use

(possible concerns)

Steam crossings: No, stream crossings, only ephemeral drainages to be crossed.
High erosion potential: No, small cut, up to 3.4' and small fill, up to 6.7', 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: No, 200'X200' location size required.
Damage to improvements: No, surface use is cultivated fields.
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: Access will be over existing county road, Division S and existing two track trail. A short road will be constructed, about 900' into this location. Drill cuttings will be buried in the unlined cuttings pit. Drilling fluids will be allowed to evaporate in the pits. No special concerns

Health Hazards/Noise

(possible concerns)
Proximity to public facilities/residences: Closest residence buildings about 1mile to the north, 1.25 miles to the southwest and 1.5 miles to the northwest of this location. No concerns.
Possibility of H2S: None
Size of rig/length of drilling time: Small drilling rig/short 3 to 4 days drilling time

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

Comments: No concerns

Wildlife/recreation

(possible concerns)
Proximity to sensitive wildlife areas (DFWP identified): None identified.
Proximity to recreation sites: Lake Frances about 1.5 miles to the northwest.
Creation of new access to wildlife habitat: None identified.
Conflict with game range/refuge management: None identified.
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: No concerns

Historical/Cultural/Paleontological

(possible concerns)

Proximity to known sites: None identified, private surface.

Mitigation

__ avoidance (topographic tolerance, location exception)

_X_ other agency review (SHPO, DSL, federal agencies)

__ Other:

Comments: Private surface. No concerns.

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 2000' Bow Island Formation test.

Summary: Evaluation of Impacts and Cumulative effects

No, significant impacts expected, some short term impacts are expected, but should be able to mitigate these short term impacts.

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: October 15, 2007

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website

(Name and Agency)

Pondera County water wells

(subject discussed)

October 15, 2007

(date)

If location was inspected before permit approval:

Inspection date: _____
Inspector: _____
Others present during inspection:_____