

CHECKLIST ENVIRONMENTAL ASSESMENT

Proposed Action: Approve Drilling Permit (Form 22)

Project/Well Name: State #2

Operator: KeeSun Corporation

Location: SW NE SW Sec. 16, T36N, R3W

County: Toole **MT;** **Field (or Wildcat):** Wildcat

Proposed Project Date: January 2017

I. DESCRIPTION OF ACTION

KeeSun Corporation plans to re-enter a gas well on state land with an objective formation being Bow Island. The proposed total depth is 931' TVD/MD. The bridge plug will be drilled out with air in the 4 1/2" casing. The only ground disturbance will be around the 4 1/2" casing and the digging of a small working pit to catch the cement cuttings.

II. AGENCIES REFERENCED

Montana Bureau of Mines and Geology, GWIC website (Toole County Wells).

US Fish and Wildlife, Region 6 website
ENDANGERED, THREATENED, PROPOSED AND CANDIDATE SPECIES MONTANA
COUNTIES, Toole County

Montana Natural Heritage Program Website (FWP)
Heritage State Rank= S1, S2, S3, T36N R3W

Montana Cadastral Website
Surface Ownership and surface use Section 16 T36N R3W

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

1. AIR QUALITY

Long drilling time: No
Unusually deep drilling (high horsepower rig): No

Possible H2S gas production: No H2S anticipated.
In/near Class I air quality area: No Class I air quality area in the area of review
Air quality permit for flaring/venting (if productive): Yes, DEQ air quality permit required under 75-2-211. AQB review.

Comments: No special concerns – using workover rig to drill to 931' TD.

2. WATER QUALITY

Salt/oil based mud:
High water table: No, high water table at this well location.
Surface drainage leads to live water: No, an unnamed ephemeral drainage is located about 1/10 of a mile to the east of this location.

Water well contamination: No water wells in the area.

Porous/permeable soils: Slightly, sandy loam.
Class I stream drainage: No.
Groundwater vulnerability area: 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)

Comments: Steel surface casing is set at 154' and cemented to surface to protect ground water. (Rule 36.22.1001).

3. SOILS/VEGETATION/LAND USE

Stream crossings: None anticipated
High erosion potential: No.

Loss of soil productivity: No, location will be restored after drilling if nonproductive. If productive, unused portion of drill site will be reclaimed.

Unusually large wellsite (Describe dimensions): No, an existing well location being utilized.

Damage to improvements: Slight, surface use is grassland.

Conflict with existing land use/values:

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

Access Road: Existing trails to be used.

Drilling fluids/solids: Pit will not be lined. Cement cuttings will be buried in the pit.

4. HEALTH HAZARDS/NOISE

Proximity to public facilities/residences: No residences within a 1 mile radius. The town of Sunburst, MT is located about 4.2 miles to the east.

Possibility of H₂S: No H₂S anticipated.

Size of rig/length of drilling time: workover rig, 2 days drilling time.

Mitigation:

Proper BOP equipment

Topographic sound barriers

H₂S contingency and/or evacuation plan

Special equipment/procedures requirements

Other:

5. WILDLIFE/RECREATION

Sage Grouse: NA. Not in Sage Grouse Program.

Proximity to sensitive wildlife areas (DFWP identified): 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: The only species listed as threatened in Toole County is the Red Knot. The Montana Natural Heritage Program (MTNHP) lists nine (9) species of concern: Hoary Bat, Little Brown Myotis, Golden Eagle, Burrowing Owl, Ferruginous Hawk, Chestnut-collared Longspur, Loggerhead Shrike, McCown's Longspur, and Brewer's Sparrow.

Mitigation:

- Avoidance (topographic tolerance/exception)
- Other agency review (DFWP, federal agencies, **DNRC Trust Lands**)
- Screening/fencing of pits, drill site
- Other:

Comments: State of Montana leased grazing surface lands. There may be possible historical/cultural/paleontological sites that maybe impacted by this wellsite. We ask the operator to consult with the surface owner as to his desires to preserve these sites or not, if they are found during construction of the wellsite. State of Montana "Trust Lands" minerals and surface. Trust Lands will do surface EA.

6. HISTORICAL/CULTURAL/PALEONTOLOGICAL

Proximity to known sites:

Mitigation

- avoidance (topographic tolerance, location exception)
- other agency review (SHPO, DNRC Trust Lands, federal agencies)

Other:

7. SOCIAL/ECONOMIC

Substantial effect on tax base

- Create demand for new governmental services
- Population increase or relocation

Comments: No concerns.

IV. SUMMARY

No long term impacts expected. Some short term impacts will occur, but can be mitigated. 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): /s/ John Gizicki
(title.): Compliance Specialist
Date: 01/24/2017