

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

Proposed Action: Approve Drilling Permit (Form 22)

Operator: Montana Land and Exploration, Inc

Well Name/Number: ML&E Rabbit Hills 7-14-34N-19E

Location: Section 14 T34N R19E

County: Blaine MT; Field (or Wildcat) Wildcat

Air Quality

(possible concerns)

Long drilling time: No, 4 to 5 days drilling time.

Unusually deep drilling (high horsepower rig): No, small single derrick drilling rig, about 500 HP (Estimated) to drill to 4,150' TD, Upper Bowes Formation test.

Possible H2S gas production: No H2S anticipated.

In/near Class I air quality area: No not in a Class I air quality area.

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 – using small rig to drill to 4,150' TD. If there aren't any gas gathering systems nearby, associated gas can be flared under Board Rule 36.22.1220.

Water Quality

(possible concerns)

Salt/oil based mud: No, freshwater, freshwater mud system.

High water table: No high water table anticipated.

Surface drainage leads to live water No, closest drainage is Coyote Coulee 1/10 of a mile to the south. Dry Fork Battle Creek is located 2/5 of a mile to the southwest.

Water well contamination: No, closest water well is just over 1/2 of a mile to the northwest. The depth of this stockwater well is 4,090'. Surface hole in this well will be drilled to 430' with freshwater based drilling fluid. Steel surface casing will be run and cemented to surface to protect ground water. (Rule 36.22.1001)

Porous/permeable soils: No, sandy silty bentonitic soils.

Class I stream drainage: No Class I stream drainages.

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: May be in groundwater vulnerability area.

Comments: 430' of surface casing cemented to surface adequate to protect freshwater zones (Rule 36.22.1001) Also, air/air mist and/or fresh water mud systems to be used. Pit liner may be required due to groundwater vulnerability area.

Soils/Vegetation/Land Use

(possible concerns)

Steam crossings: No, stream crossings anticipated.

High erosion potential: No, small cut of 3.0' required and small fill, up to 6.5', 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, about 350'X 200' location size required.

Damage to improvements: Slight, surface use is grass and sagebrush grazing land.

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 Sage Grouse Program received.

Comments: A new access road of 1.1 miles will be built off existing trail. The existing trail connects to Began Rd. Drilling fluids will remain in reserve pit after drilling and allowed to settle out solids. The fresh water left in reserve pit will be tested for suitability for land spreading. The remaining solids and fluids will be buried in the reserve pit.

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: No residences within a 1 mile radius.

Possibility of H2S: No H2S anticipated.

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: Adequate surface casing and operational BOP (3,000 psi annular) should mitigate any problems. (BOP's 3,000 psig annular) Rule 36.22.1014. No concerns

Wildlife/recreation

(possible concerns)

Sage Grouse: In General Habitat.

Proximity to sensitive wildlife areas (DFWP identified): No.

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: Only species identified as threatened or endangered is the Pallid Sturgeon, Black-footed Ferret, and the Piping Plover. NH tracker website lists fifteen (15) species of concern: Swift Fox, Sprague's Pipit,

Burrowing Owl, Ferruginous Hawk, Chestnut-collared Longspur, Greater Sage-Grouse, Black Tern, Long-billed Curlew, McCown's Longspur, Golden Eagle, Peregrine Falcon, Northern Redbelly Dace, Iowa Darter, Sauger, and Great Blue Heron.

Mitigation:

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

Comments: Private cultivated surface lands. There may be species of concern that maybe impacted by this wellsite. We ask the operator to consult with the surface owner as to what he would like done, if a species of concern is discovered at this location. The Board of Oil & Gas has no jurisdiction over private surface lands.. No concerns

Historical/Cultural/Paleontological

(possible concerns)

Proximity to known sites: None identified

Mitigation

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

Comments: Private cultivated surface lands. There may be species of concern that maybe impacted by this wellsite. We ask the operator to consult with the surface owner as to what he would like done, if a species of concern is discovered at this location. The Board of Oil & Gas has no jurisdiction over private surface lands.. 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 4,150' Upper Bowes Formation test.

Summary: Evaluation of Impacts and Cumulative effects

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: November 16, 2016

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website
(Name and Agency)
Blaine County water wells.
(subject discussed)

November 16, 2016 (date)

US Fish and Wildlife, Region 6 website
(Name and Agency)
ENDANGERED, THREATENED, PROPOSED AND CANDIDATE SPECIES MONTANA COUNTIES, Blaine County
(subject discussed)

November 16, 2016
(date)

Montana Natural Heritage Program Website (FWP)
(Name and Agency)
Heritage State Rank= S1, S2, S3, T34N R19E
(subject discussed)

November 16, 2016
(date)

Montana Cadastral Website
(Name and Agency)
Surface Ownership and surface use Section 14 T34N R19E
(subject discussed)

November 16, 2016 (date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: __ _____

Others present during inspection: _ _____