

CHECKLIST ENVIRONMENTAL ASSESSMENT

Proposed Action: Approve Drilling Permit (Form 22)

Project/Well Name: TCB 11-2-35 1H

Operator: Kraken Operating LLC

State: Montana

Location: NENE Section 14 T26N R57E

County: Richland

Field (or Wildcat): Wildcat

Proposed Project Date: 9/11/2024

I. DESCRIPTION OF ACTION

Triple derrick drilling rig to drill a single lateral horizontal Bakken Formation test, 25692'MD/10,024'TVD.

II. PROJECT DEVELOPMENT

A. PUBLIC INVOLVEMENT, AGENCIES, GROUPS, OR INDIVIDUALS CONTACTED

10 day from public notification opportunity to protest for hearing:

Published in Helena Independent Record on 6/15/2024.

Published in Sidney Herald on 6/15/2024.

No written demand for hearing has been filed per ARM 36.22.601 as of 6/25/2024.

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

US Fish and Wildlife, ENDANGERED, THREATENED, PROPOSED AND CANDIDATE SPECIES MONTANA COUNTIES, Richland County

Montana Natural Heritage Program Website (FWP)

Heritage State Rank= S1, S2, S3, T26 R57E

Montana Cadastral Website

Surface Ownership and surface use Section 14 T26N R57E

Montana Department of Natural Resources MEPA Submittal

B. ALTERNATIVES CONSIDERED

No Action Alternative: Permit to drill the well would not be issued by BOGC.

Action Alternative: Referred to the BOGC for further environmental review.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

A. AIR QUALITY

Long drilling time: No, 5-10 days.

Unusually deep drilling (high horsepower rig): No

Emission sources: Vehicles traveling on county road to location, combustion engines on location during drilling operations.

Fugitive dust from traveling operations and location during active drilling.

Possible H₂S gas production: Potentially in Mississippian formations.

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. AQB review.

Comments: No special concerns – Triple derrick drilling rig to drill a single lateral horizontal Bakken Formation test, 25692' MD/10,024' TVD. If there are no gas gathering systems nearby, associated gas can be flared under Board Rule 36.22.1220.

B. WATER QUALITY

Salt/oil based mud: Will drill with oil based invert drilling fluids for the intermediate casing hole.

Horizontal hole will be drilled with saltwater. Surface casing hole will be drilled with freshwater and freshwater mud system, Rule 36.22.100.1

High water table: No.

Surface drainage leads to live water: No, closest drainage is named Coal and Cedar Coulees that are ephemeral drainages about 800' East and 800' North. These two ephemeral drainages converge together creating Otis Creek which is categorized as an ephemeral stream. Drains into Missouri River about 2.75 miles to the north.

Water well contamination: The closest water well is a stock water well located about 1500' to the southeast towards County Road 342 and is 200' deep with static water level of 100'. GWIC lists another stock water well about ½ of a mile to the northwest and is 300 ft deep with static water level of 195'. The surface hole will be drilled with freshwater and freshwater mud to 1955' and steel surface casing will be run and cemented to surface to protect groundwater.

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

Class I stream drainage: None.

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)

Other:

Comments: Steel surface casing will be run and cemented to surface to protect ground water. (Rule 36.22.1001).

Comments: Surface hole will be drilled with a freshwater mud system to 1955'. Steel surface casing will be run to 1955' and cemented back to surface to protect freshwater zones in adjacent water wells, Rule 36.22.1001. Also, covering Fox Hills aquifer. Adequate surface casing and BOP equipment to prevent problems, (5,000 psi annular and double ram), Rule 36.22.1014.)

C. SOILS/VEGETATION/LAND USE

Vegetation: Grass land and shrubs.

Stream crossings: None anticipated.

High erosion potential: Yes, large cut of up to 28' and a large fill of up to 16.6', required.

Loss of soil productivity: No, location will be restored after drilling if unproductive.

Unusually large wellsite (Describe dimensions): A large well site 535'X 480' required for a four-well pad.

Damage to improvements: Slight, surface use appears to part of old well location, ag land, and grass lands.

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

Access Road: Access will be CR 342 and Highway 16. A new access of 473' will be built into location.

Drilling fluids/solids: Kraken will not be utilizing a drilling pit. Drilling fluids and solids will be transported to a state approved disposal facility.

D. HEALTH HAZARDS/NOISE

Proximity to public facilities/residences: No occupied structures within a 1/4-mile radius. Closest occupied structure is 1.1 miles away in NWNW Section 24 T26N R57E. The town of Fairview, MT is about 16.28 miles to the southeast.

Possibility of H2S: Possibility in Mississippian formations.

Size of rig/length of drilling time: 5-10 days.

Mitigation:

Proper BOP equipment

Topographic sound barriers

H2S contingency and/or evacuation plan

Special equipment/procedures requirements

Other:

E. WILDLIFE/RECREATION

Sage Grouse: No.

Proximity to sensitive wildlife areas (DFWP identified): None.

Proximity to recreation sites: None.

Creation of new access to wildlife habitat: No.
Conflict with game range/refuge management: No.

Threatened or endangered species: Richland County are the Pallid Sturgeon, Sicklefin Chub, Interior Least Tern, Whooping Crane, Piping Plover, and the Northern Long-eared Bat. **|**

Mitigation:

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

Comments: Private grass 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.

IV. IMPACTS ON THE HUMAN POPULATION

A. HISTORICAL/CULTURAL/PALEONTOLOGICAL

Proximity to known sites:

Mitigation

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

Other: The Board of Oil & Gas has no jurisdiction over private surface lands.

B. 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.

EA Checklist Prepared By:	Name: Ben Davis	Date: 7/12/2024
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