

United States
Department of the Interior
Bureau of Land Management

Miles City Field Office

Continental APD
English Federal 1-5H

Determination of NEPA Adequacy
DOI-BLM-MT-C020-2013-0054-DNA

For Further Information Please Contact:

Bureau of Land Management
Miles City Field Office
111 Garryowen Road
Miles City, Montana 59301
406-233-2800

BLM



Worksheet
Documentation of NEPA Adequacy (DNA)
U.S. Department of the Interior
Bureau of Land Management (BLM)

BLM Office: Miles City Field Office

NEPA Number: DOI-BLM-MT-C020-2013-054-DNA

Case File/Project No: MTM93515

Proposed Action Title/Type: The proposed action is to drill and produce one horizontal Bakken oil well in Richland County, Montana.

Location/Legal Description: T. 26 N., R. 53 E., Section 5, SW $\frac{1}{4}$ SE $\frac{1}{4}$ in Richland Co, MT (See Map 1-Well Location).

BACKGROUND:

This DNA has been prepared in response to an APD submitted by Continental Resources Inc. The proposed English Federal 1-5H well would be a horizontal oil well drilled from a proposed single well pad located on private surface overlaying a federal lease, and would produce from the Bakken formation. This location is private surface situated over federal minerals.

Description of the Proposed Action: This alternative includes drilling, completion, production, abandonment of a federal horizontal oil well and associated access road, well pad, and production facilities (See Table 1 and location map in APD). The operator proposes to begin these operations March 1, 2013, with drilling operations lasting approximately 20 days.

Table 1. Surface and Bottom Location of Proposed Well.

Well Name and Number/Lease No.	Surface and Bottom Locations of Proposed Well		Surface Owner
	Surface Hole	Bottom	
English Federal 1-5H MTM93515	T26N, R53E, Section 5, SW $\frac{1}{4}$ SE $\frac{1}{4}$	T27N, R53E, Section 32, NW $\frac{1}{4}$ NE $\frac{1}{4}$	Private

Well Site Drilling

The proposed well site would be located on private surface in native rangeland. The proposed well pad would be approximately 400 feet wide \times 450 feet long each. If the well is completed as successful producers, or if is unsuccessful, the surfacing would be removed from the location when the surface disturbance is reclaimed. Topsoil would be removed from the area needed for well pad construction and saved for reclamation. Trash would be disposed of in an enclosed container at an approved landfill. Self-contained toilets and closed septic systems would be used for sewage which would be disposed of in accordance with State regulations. A 125' long \times 50'

wide × 15' deep, lined cuttings pit would be excavated in "cut" material on the pad. The reserve pit would be lined with a leak resistant plastic liner a minimum 12 mils in thickness. The reserve pit would be fenced during drilling operations on three sides, and when the drill rig is removed, the fence would be completed on the fourth side of the reserve pit. This is done to keep out wildlife and livestock. The reserve pit would be netted to prevent bird mortality after the completion rig is moved from location. Drilling fluids and cuttings would be contained in the pit. Pooled fluids would be vacuumed out of the reserve pit and be disposed of at an approved facility, and the pits' solids will be allowed to dry in place in the pit and be buried. Produced fluids would be contained in sealed tanks until the construction of oil production facilities are completed. The proposed action for drilling operations is to drill the well horizontally with a lateral to a proposed total measured depth of about 18,662, approximately north, with horizontal displacement from surface locations approximately two miles to the bottom hole location in T. 27 N., R. 53 E., and would produce oil and gas from the Bakken Formation. The intermediate portion of the well would be drilled using an invert oil mud system. Intermediate casing would be set and cemented at 9,323' prior to the well being drilled horizontally in the Bakken Formation. The horizontal leg would be completed using a 4.5" liner.

Shallow aquifers would be protected by setting surface casing to about 1,000' feet and cementing back to surface. Potentially productive hydrocarbon zones and deeper aquifers are isolated by running intermediate casing to about 9,323. An appropriately sized Blow Out Preventor (BOP) would be used to control the well and prevent the accidental release of hydrocarbons or salt water into the environment.

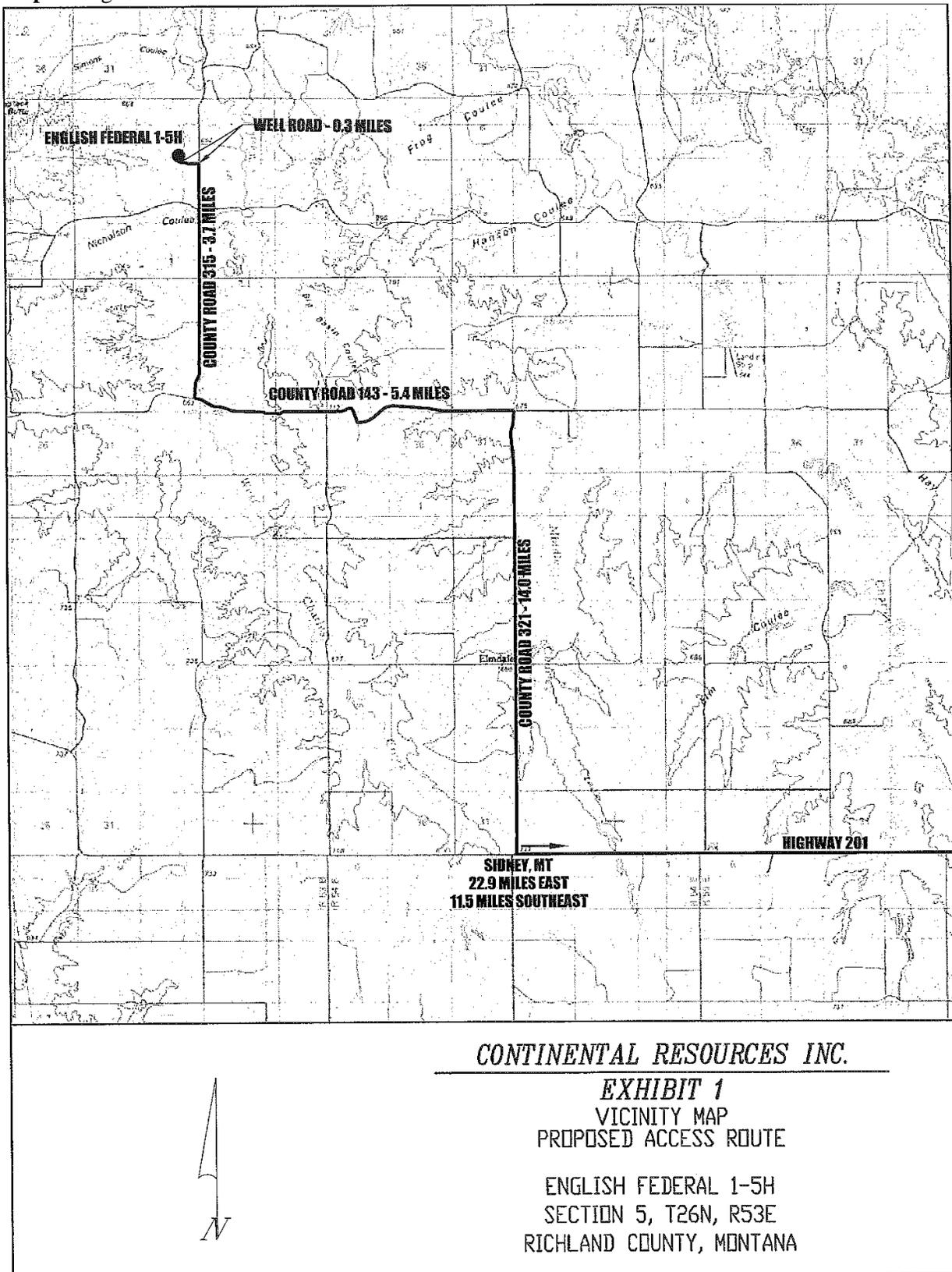
Well Site Production

The production and tank battery facilities for this well would be located onsite along access road. Tank battery and associated facilities planned for this well would consist of a heater treater, flare pit, three 400 barrel oil tanks and one 400 barrel saltwater tank. All tanks are 20 feet tall and 12 feet in diameter.

All above ground facilities would be painted Covert Green within six months of well completion and maintained as such to comply with visual quality objectives. The tanks, heater treater and separators would be surrounded on four sides by an impermeable dike of sufficient capacity to contain the contents plus one day's production. The operator would comply with all federal laws pertaining to noise control. The access roads and production pad would have scoria as the foundation for the surfacing material.

Continental would eradicate weeds on the entire project area with established guidelines of Federal, State, and Local Agencies, in accordance with an authorized pesticide use plan. Continental would require all vehicles entering and leaving location to be in clean condition to minimize transport and establishment of noxious weeds.

Map 1- English Federal 1-5H Well Location



Applicant: Continental Resources Inc.

County: Richland County, MT

DNA Originator: Dan Fox, Natural Resource Specialist

B. Land Use Plan (LUP) Conformance

LUP Name* Big Dry RMP/EIS Date Approved 4/96

Other document** DOI-BLM-MT-C020-2012-107-EA Date Approved 3/2012

**List applicable LUPs (for example, resource management plans; activity, project, management, or program plans; or applicable amendments thereto)*

The proposed action is in conformance with the applicable LUPs because it is specifically provided for in the following LUP decisions:

The proposed action is in conformance with the LUP, even though it is not specifically provided for, because it is clearly consistent with the following LUP decisions (objectives, terms, and conditions)

Big Dry - Production and Development p. 321-325

C. Identify applicable National Environmental Policy Act (NEPA) document(s) and other related documents that cover the proposed action.

List by name and date all applicable NEPA documents that cover the proposed action.

EA#: DOI-BLM-MT-C020-2012-107-EA Continental Resources Inc.

List by name and date other documentation relevant to the proposed action (e.g., source drinking water assessments, biological assessment, biological opinion, watershed assessment, allotment evaluation, rangeland health standard's assessment and determinations, and monitoring the report).

Cultural Resource Report: MT-020-12-407

D. NEPA Adequacy Criteria

1. Is the new proposed action a feature of, or essentially similar to, an alternative analyzed in the existing NEPA document(s)? Is the project within the same analysis area, or if the project location is different, are the geographic and resource conditions sufficiently similar to those analyzed in the existing NEPA document(s)? If there are differences, can you explain why they are not substantial? The existing analysis is adequate with regard to the proposed action. The referenced EA analyzed impacts related to drilling an oil well in the same geographical area. No significant new information or circumstances related to the proposed action have developed since completion of the referenced EA. The referenced EA was completed in the year 2012.

2. Is the range of alternatives analyzed in the existing NEPA document(s) appropriate with respect to the new proposed action, given current environmental concerns, interests, resource values? Yes, the RMP and EA analyzed alternatives, including "No Action".

3. Is the existing analysis valid in light of any new information or circumstances (such as rangeland health standard assessment, recent endangered species listings, updated lists of BLM-sensitive species)? Can you reasonably conclude that new information and new circumstance would not substantially change the analysis of the new proposed action? The existing analysis is adequate with regard to the proposed action. No significant new information or circumstances related to the proposed action have developed since completion of the referenced EA. The referenced EA was completed in 2012.

4. Are the direct, indirect and cumulative effects that would result from implementation of the new proposed action similar (both quantitatively and qualitatively) to those analyzed in the existing NEPA document? Yes, the actions proposed would have the same direct and indirect impacts as those analyzed in the RMP, and more specifically addressed in the referenced EA.

5. Are the public involvement and interagency review associated with existing NEPA document(s) adequate for the current proposed action? Yes, the RMP/FEIS had public and interagency review in its analysis. In addition, the public has had opportunity to review our EA upon the MCFO posting period, while the specialists were involved in the EA approval.

E. Interdisciplinary Analysis: Identify those team members conducting or participating in the preparation of this worksheet.

REVIEWERS	TITLE	ASSIGNMENT	DATE/INITIALS
Bobby Baker	Wildlife Biologist	Wildlife	1/2/13 BJB
Doug Melton	Archaeologist	Cultural Report	1/4/12 DM Cultural Report MT-020-12-407
Paul Helland	Petroleum Engineer	Subsurface Resources	1-2-2013 PH
Dan Benoit	Supervisory NRS	Reviewer	1/7/13 DAB



Environmental Coordinator 1/8/2013
Date

F. Mitigation Measures: List any applicable mitigation measures that were identified, analyzed, and approved in relevant LUPs and existing NEPA document(s). List the specific mitigation measures or identify an attachment that includes those specific mitigation measures. Document that these applicable mitigation measures must be incorporated and implemented.

See Conditions of Approval Below

CONCLUSION

Based on the review documented above, I conclude that this proposal conforms to the applicable land use plan and that the NEPA documentation fully covers the proposed action and constitutes BLM's compliance with the requirements of NEPA.

Note: If one or more of the criteria are not met, a conclusion of conformance and/or NEPA adequacy cannot be made and this box cannot be checked.

Wendy Warren, acting for _____ 1/9/2013
 Todd Yeager Date
 Field Manager
 Miles City Field Office



United States Department of the Interior



In Reply To:

BUREAU OF LAND MANAGEMENT
Miles City Field Office
111 Garryowen Road
Miles City, Montana 59301-7000
<http://www.blm.gov/mt>

3160 (MTC022)
MTM 93515

Continental Resources Inc.
Attn: Christi Scritchfield
P. O. Box 268870
Oklahoma City, OK 73126

Dear Mrs. Scritchfield

:

Your application to drill the English Federal 1-5H on Federal Lease MTM 93515 located in SW¹/₄SE¹/₄ of Section 5, T. 26 N., R. 53 E., Richland County, Montana, is approved subject to the provisions of the Application for Permit to Drill, including the drilling and surface use programs submitted with your application, plus the following Conditions of Approval.

CONDITIONS OF APPROVAL

1. Site Specific:

Migratory Bird Treaty Act. The Operator is responsible for compliance with provisions of the this Act by implementing one of the following measures; a) **avoidance by timing**; ground disturbing activities will not occur from April 15 to July 15, b) **habitat manipulation**; render proposed project footprints unsuitable for nesting prior to the arrival of migratory birds (blading or pre-clearing of vegetation must occur prior to April 15 within the area scheduled for activities between April 15 and July 15 of that year to deter nesting, or c) **survey-buffer-monitor**; surveys will be conducted within the area of the proposed action and a 300 foot buffer from the proposed project footprint between April 15 to July 15 if activities are proposed within this timeframe. If nesting birds are found, activities would not be allowed within 0.1 miles of nests until after the birds have fledged. If active nests are not found, construction activities must occur within 7 days of the survey. If this does not occur, new surveys must be conducted. Survey reports will be submitted to the BLM-Miles City Field Office.

Construction and drilling activities for the English Federal 1-5H well will not occur from December 1 to March 31 for the protection of mule deer and white-tailed deer winter range.

Construction and drilling activities for the English Federal 1-5H well will not occur from March 1 to June 15 to protect breeding, nesting, and brood-rearing activities for sharp-tailed grouse.

A. Access Road:

1. The proposed access roads shall be constructed according to the approved APD for each proposed location.
2. The proposed access roads shall be surfaced with scoria
3. The operator shall be responsible for locating and protecting existing pipelines, power lines, telephone lines and other related infrastructure.
4. The operator shall be responsible for obtaining all necessary authorizations and permits related to conducting operations for the proposed wells.
5. No construction or routine maintenance activities shall be performed during periods when the ground is frozen or is too wet to adequately support construction equipment. If such equipment creates ruts in excess of 4 inches deep upon travel ways, the soil shall be deemed too wet to adequately support construction equipment.
6. Vehicle traffic shall be confined to the approved access road and well sites. Off-road vehicle travel is not authorized. Maintain existing roads in good condition.
7. All access roads would be constructed according to Surface Operating Standards and Guidelines (The Gold Book) for road shape and drainage features at all times during construction.

B. Production Facilities:

1. The proposed location of production facilities shall be as described in the approved APDs.
2. The location shall be cleaned up of all debris, material and equipment after completion of construction activity.
3. The well pads shall be surfaced with scoria.
4. All above ground facilities shall be painted Covert Green 18-0617TPX within six months of well completion and maintained as such to comply with visual quality objectives.

C. Waste Disposal:

1. Any materials classified as nonexempt hazardous wastes shall be disposed of in an EPA approved facility.
2. Burning of materials or oil is not allowed.

D. Well Site Layout:

1. Erosion and sediment control (e.g. straw waddles, silt fencing, or geotextile fabric) shall be placed on the fill side of the pads and at the bottom of stockpiled topsoil and pit material to prevent material from entering drainages.
2. The well pads shall be constructed in accordance with the "cut/fill" diagram submitted in the corresponding approved APD.
3. At the beginning of construction, 6" of topsoil, if available, shall be removed entirely from each pad and areas of surface disturbance during the construction of roads and facilities, and stockpiled separately from overburden stockpiles for reclamation.
4. The topsoil and subsoil shall be stockpiled as designated in the APDs to prevent impacts to drainages. Erosion control measures, such as geotextiles, water bars, or certified weed-seed free straw or hay wattles, shall be installed on 3:1 or steeper slopes, or on slopes with bare soil.
5. Equipment cannot be stored on stockpiles.
6. A 2' high earthen dike shall be constructed along the "fill" sides of the well pads during drilling operations.

E. Drilling Operations:

1. The reserve pits shall be fenced on three sides during the drilling phase of the operation, and when the rig moves off location, the fourth side shall be enclosed. The fence shall be constructed to the following requirements: posts to be no more than 16' apart; fence wire: four wires of at least 12.5 gauge, double strand twisted; two stays between posts; wire stretched taut between brace panels, wire spacing from the ground up: 14", 22", 30", 42". Steel panels may be used to fence the pits. If steel panels are used, a steel post shall be placed every 50' to reinforce panels. Fence shall be maintained to prevent livestock and wildlife from entering the area.
2. Storage tanks must be on the pad and surrounded with a dike and trench sloped to the reserve pits.

3. A minimum of 2 feet of freeboard must be maintained above the fluid level in the reserve pits.
4. The reserve pits shall be lined with a leak resistant reinforced polyethylene liner as prescribed in the Gold Book. The liners shall be installed in accordance with the manufacturer's requirements on a surface covered with material that would not tear or puncture the liners.
5. If H₂S is encountered in excess of 100 ppm in the gas stream, the operator shall immediately ensure control of the well, suspend drilling ahead operations (unless detrimental to well control), and obtain materials and safety equipment to bring the operations into compliance with applicable provisions of Onshore Order No. 6. The operator shall notify the authorized officer of the event and the mitigating steps that have or are being taken as soon as possible, but no later than the next business day.
6. All pressure control equipment shall be in compliance with Onshore Order # 2 for a 5M system.
7. Water bars shall be constructed on all 3:1 or steeper slopes and drainages shall be restored to original grade.
8. Any variation from the approved route must be approved in advance by this office.
9. The operator is responsible for the suppression of any fires started as a result of operations. The contractor must have the necessary equipment, including fire extinguishers or water, to provide initial suppression of fire.

F. Interim Reclamation:

1. Interim reclamation shall occur within 6 months after completion of the well.
2. All disturbed areas not needed for production must be reclaimed and shall be scarified to a depth of 18 inches and re-contoured to the original contours with proper drainage established. Certified weed seed free mulch must be crimped into the soil at a rate of 1 ton per acre before seeding. All disturbed areas shall be seeded after October 1 (before ground freezes) or prior to May 15 (after ground thaws) at 6" drill row spacing at a depth of ¼" to ½" with the surface owner's preferred seed mixture on fee surface and BLM seed mix on federal surface (shown below). The seed mix shall be a certified weed-seed-free.

3. Interim reclamation shall be evaluated as a success if the area of disturbance is not needed for long-term operations are stabilized and re-contoured. Where all potential water erosion is effectively controlled and the vegetative stand is establish with at least 60% perennial native vegetation.

A.

B. BLM Seed Mixtures

Combination must include at least four of the following species:

<u>Species</u>	<u>lbs/acre, pure live seed</u>
Western wheatgrass*	3.0
Pascopyrum smithii, variety Rosanna	
Green needlegrass	2.0
Stipa viridula, variety Lodom	
Slender wheatgrass	2.0
Elymus trachycaulus ssp. trachycaulus, variety Pryor	
Needleandthread	1.0
Stipa comata	
Bluebunch wheatgrass	2.0
Pseudoroegneria spicata ssp. spicata, variety Goldar	
Sideoats Grama	2.0
Bouteloua curtipendula	
Little bluestem	2.0
Schizachyrium scoparium	

***Must be included in the mix. Thickspike wheatgrass may be substituted for wheatgrass only when western wheatgrass is unavailable.**

G. Pit reclamation:

1. The fluids from the pit shall be removed from the pit or the pit shall be netted at the conclusion of drilling operations. All pit(s) shall be emptied of all fluids within 90 days after well completion.
2. The pit shall not be cut or trenched.
3. The pit material shall be covered with a minimum of 3' of soil.

H. Final Reclamation:

1. A Sundry Notice shall be submitted to this office for Final Reclamation approval. The plan shall address the well sites and access roads.

2. The reclamation shall be evaluated as a success if the previously disturbed area is stabilized and character of land is to its pre-disturbance condition. Where all potential water erosion is effectively controlled and the vegetative stand is established with at least at 60% perennial native vegetation.
3. The well sites and access roads shall be re-contoured. Re-contoured areas shall be scarified, mulched and seeded. After scarification to a depth of 18 inches, topsoil must be spread evenly over the re-contoured area. Weed-free straw mulch must be then applied evenly over the re-contoured area at a rate of 1 ton per acre. The mulch must be crimped into the soil. The re-contoured area must then be seeded with a weed-seed-free seed mixture prescribed by the surface owner on fee surface, or with the seed mixture prescribed in the BLM Seed Mixture Table for use on BLM Surface. All disturbed areas shall be seeded after October 1 (before ground freezes) or prior to May 15 (after ground thaws) at 6" drill row spacing at a depth of ¼" to ½" Seed must be drilled on the contour.

2. Verbal Notifications

The following notifications shall be made to the BLM, Miles City Field Office (MCFO) (406) 233-2800 during the hours of 7:45am – 4:30pm Monday-Friday, or after business hours to the appropriate individual's home phone shown on the list attached.

- A. Notify this office verbally at least 48 hours prior to beginning construction.
 - B. Notify this office verbally at least 12 hours prior to spudding the well (to be followed up in writing within 5 days).
 - C. Notify this office verbally at least 12 hours prior to running any casing or conducting any BOP tests (to be followed up in writing within 5 days).
 - D. Notify this office verbally at least 6 hours prior to commencing any DST test.
 - E. Notify this office verbally at least 24 hours prior to plugging the well to receive verbal plugging orders.
 - F. Notify this office verbally at least 24 hours prior to removal of fluids from the reserve pit.
3. A complete copy of the approved Application for Permit to Drill (APD), including conditions, stipulations, and the H2S contingency plan (if required) shall be available for reference at the well site during the construction and drilling phases. A copy of the approved Surface Use Plan of Operations and Conditions of Approval (COAs) shall be provided to the surface owner(s) prior to initiating construction.

4. This drilling permit is valid for either two years from the approval date or until lease expiration, whichever occurs first.
5. If any cultural values (sites, artifacts, human remains, etc.) are observed during operation of this lease/permit/right-of-way, work is to be stopped immediately and resources are to be left intact and the Miles City Field Manager notified. The authorized officer would conduct an evaluation of the cultural values to establish appropriate mitigation, salvage or treatment. The operator is responsible for informing all persons in the area who are associated with this project that they would be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is immediately to stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days, the AO would inform the operator as to:
 - A. whether the materials appear eligible for the National Register of Historic Places;
 - B. the mitigation measures the operator would likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
 - C. a timeframe for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO may assume responsibility of identification, recordation and stabilization of the exposed materials or what may be required for mitigation. Otherwise the operator would be responsible for mitigation costs. The AO would provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator would then be allowed to resume construction.

If any cultural or paleontological resources are unearthed/discovered during the construction of the proposed Denbury well locations and associated actions, the operator shall cease work immediately and contact the appropriate official at the Bureau of Land Management Miles City Field Office as soon as possible, 406-233-2800.

6. The Operator shall be responsible for control of noxious weeds occurring as a result of lease operations. The surface owner shall be responsible for approval of the weed control program on fee surface. The weed control program on BLM administered surface will require the approval of the Authorized Officer.
7. The abandonment marker shall exhibit the same information required for the well sign. The abandonment marker (steel plate welded to surface casing 4' below ground level) shall be installed when the well is plugged.
8. Additional requirements may be imposed if changes in operational and/or environmental conditions dictate.

9. This office shall be notified in writing if the well pad has been constructed but no drilling operations have been initiated within 6 months of the construction.

You have the right to request a State Director Review of this decision and these Conditions of Approval pursuant to 43 CFR 3165.3(b). An SDR request, including all supporting documentation must be filed with the Montana State Office, State Director (MT-920) at 5001 Southgate Drive, Billings, Montana 59101-4669 within 20 business days of your receipt of this decision. If adversely affected by the State Director's decision, it can be further appealed to the Interior Board of Land Appeals (IBLA) pursuant to 43 CFR 3165.4, 43 CFR 4.411, and 43 CFR 4.413. Should you fail to timely request an SDR, or after receiving the State Director's decision, fail to timely file an appeal with IBLA, no further administrative review of this decision would be possible.

INFORMATIONAL NOTICE

This is not a complete list of requirements, but is an abstract of some major requirements.

1. General Requirements

- a. The lessee or designated operator shall comply with applicable laws and regulations; with the lease terms, Onshore Oil and Gas Orders; NTL's; and with other orders and instructions of the authorized officer. Any deviation from the terms of the approved APD require prior approval from BLM (43 CFR 3162.1(a)).
- b. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease due to a lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the authorized officer.

2. Drilling Operations (Onshore Order No. 2)

- a. If DST's are run, all applicable safety precautions outlined in Onshore Order No. 2 shall be observed.
- b. All indications of usable water (10,000 ppm or less TDS) shall be reported to the Miles City Field Office prior to running the next string of casing or before plugging orders are requested, whichever

occurs first.

3. Well Abandonment (43 CFR 3162.3-4, Onshore Order No. 1 - Sec. V)

Approval for abandonment shall be obtained prior to beginning plugging operations. Initial approval for plugging operations may be verbal, but shall be followed-up in writing within 30 days. Subsequent and final abandonment notifications are required and shall be submitted on Sundry Notice (Form 3160-5), in triplicate.

4. Reports and Notifications (43 CFR 3162.4-1, 3162.4-3)

- a. Within 30 days of completion of the well as a dry hole or producer, a copy of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample descriptions or data obtained and compiled during the drilling, workover, and/or completion operations shall be filed with a Completion Report (Form 3160-4), in duplicate.
- b. In accordance with 43 CFR 3162.4-3, this well shall be reported on the Oil and Gas Operations Report (OGOR, MMS-4054), starting with the month in which drilling operations commence, and continuing each month until the well is physically plugged and abandoned.
- c. Notify this office within 5 business days of production start-up if either of the following two conditions occur:
 - (1) The well is placed on production.
 - (2) The well resumes production after being off of production for more than 90 days.
"Placed on production" means shipment or sales of hydrocarbons from temporary tanks, production into permanent facilities or measurement through permanent facilities.

Notification may be written or verbal with written follow-up within 15 days, and must include the following information:

1. Operator name, address, and telephone number.
 2. Well name and number, county and state.
 3. Well location, "1/41/4", Section, Township, Range, P.M."
 4. Date well begins or resumes production.
 5. The nature of the well's production; that is crude oil, or crude oil casing gas, or natural gas and entrained liquid hydrocarbons.
 6. The Federal or Indian lease number.
 7. As appropriate, the Unit Agreement name, number and Participating Area name.
 8. As appropriate, the Communitization Agreement number.
- d. As per Onshore Order No. 6, A.2.b., the "operator shall initially test the H₂S concentration of the gas stream for each well or production facility..." Submit the results of this test within 30 days of filing Form 3160-4, "Well Completion or Recompletion Report and Log".

5. Environmental Obligations and Disposition of Production (43 CFR 3162.5-1, 3162.7-1 and 40 CFR 302-4)

- a. With BLM approval, water produced from newly completed wells may be temporarily stored in reserve pits up to 90 days. During this initial period, application for the permanent disposal method shall be made to this office in accordance with Onshore Order No. 7. If underground injection is proposed, an EPA or State permit shall also be obtained. If surface discharge of produced water is proposed, an MPDES permit shall also be required.
- b. Spills, accidents, fires, injuries, blowout and other undesirable events shall be reported to this office within the timeframes in NTL-3A.
- c. You are required to take all necessary steps to prevent any death of a migratory bird in pits or open vessels associated with the drilling, testing, completion, or production of this well. The death of any migratory bird found in such a pit or open vessel is a violation of the Migratory Bird Treaty Act and is considered a criminal act. Any deaths of migratory birds attributable to pits or open vessels associated with drilling, testing, completing or production operations must be reported to this office and the United States Fish and Wildlife Service within 24 hours.

We may require that the pit be designed or the open vessel be covered to deter the entry of birds in any facility associated with drilling, testing, completion or production of this well. Fencing, screening and netting of pits may be required as a means to deter bird entry. These conditions would most likely be imposed to prevent the entry of migratory birds if oil is left in pits or open vessels after the cessation of drilling or completion of operations, if water disposal pits consistently receive oil, or if pits or open vessels are used repeatedly for emergency situations which result in the accumulation of oil.

Voluntary pit fencing, screening and netting, or sealing vessels, is encouraged to avoid potential instances that may result in the death of a migratory bird.

- d. Gas produced from this well may not be vented or flared beyond an initial, authorized test period of 30 days or 50 MMCF following its completion, whichever first occurs, without the prior, written approval of the authorized officer. Should gas be vented or flared without approval beyond the test period authorized above, you may be directed to shut-in the well until the gas can be captured or approval to continue the venting or flaring as uneconomic is granted, and you shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

6. Well Identification (43 CFR 3162.6)

Each drilling, producing or abandoned well shall be identified with the operator's name, the lease serial number, the well number, and the surveyed description of the well (either footages or the quarter-quarter section, the section, township and range). The Indian lessor's name may also be required. All markings shall be legible, and in a conspicuous place.

7. Site Security (43 CFR 3162.7.5)

- a. Oil storage facilities shall be clearly identified with a sign, and tanks must be individually identified (43 CFR 3162.6(c)).
- b. Site security plans shall be completed within 60 days of production startup (43 CFR 3162.7-5(c)).

c. Site facility diagrams shall be filed in this office within 60 days after facilities are installed or modified (43 CFR 3162.7-5(d)(1)).

8. Public Availability of Information (43 CFR 3100.4)

All submitted information not marked "CONFIDENTIAL INFORMATION" will be available for public inspection upon request.

Thank you for your cooperation. If you have any questions, please contact a member of our staff at 406-233-2800, or at home, after business hours as shown on the attached list.

Sincerely,

Wendy Warren, acting for

Todd D. Yeager
Field Manager
Miles City Field Office

BUREAU OF LAND MANAGEMENT, MILES CITY FIELD OFFICE
ADDRESS AND CONTACTS:

ADDRESS: 111 Garryowen Road, Miles City, Montana 59301
PHONE: (406) 233-2800
BUSINESS HOURS: 7:45 A.M. to 4:30 P.M. (Mountain Time)

<u>Title</u>	<u>Name</u>	<u>Home Phone</u>
Authorized Officer (Manager – Division of Minerals)	David Breisch Cell	(406) 852-3511 (406) 853-2801
Petroleum Engineer	Paul Helland	(406) 951-4550
Supervisor –Natural Resource Specialist	Dan Benoit	(406) 234-7153
Natural Resource Specialist	Jon David	(406) 234-9156
Natural Resource Specialist	Rick Lang	(406) 232-6095
Natural Resource Specialist	Dan Fox	(406) 234-0209
Natural Resource Specialist	Irma Nansel	(406) 234-8981
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