

**United States Department of the Interior
Bureau of Land Management**

DOI-BLM-MT-C020-2016-0017-DNA

October 8, 2015

**KRAKEN OPERATING LLC
Dagney Rowin APDs**

***Location:* Richland Co, MT**

T. 26 N., R. 59 E., Sec. 21, NW¹/₄NW¹/₄,

U.S. Department of the Interior
Bureau of Land Management
Miles City Field Office
111 Garryowen Road
Miles City, MT 59301
Phone: 406-233-2800
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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-C020-2016-0017-DNA

Case File/Project No: MTM67971, MTM99449

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

Location/Legal Description: T. 26 N., R. 59 E., Sec. 21, NW¹/₄NW¹/₄, Richland Co, MT

Background: This DNA has been prepared in response to two APDs submitted by Kraken Operating LLC. The proposed wells would be horizontally drilled on a constructed well pad located on private surface, private minerals; they would penetrate a federal lease and produce from the Bakken formation. This location is private surface situated over private minerals (not located on the Federal lease).

Because the surface location of these wells is located on private land and off of the Federal lease, the requirements for protection of surface resources and mitigation of environmental impacts resulting from locating and constructing the well site would be primarily subject to state or local regulation.

Description of the Proposed Action: The proposed project includes the construction of a well pad, drilling, completion, production, and abandonment of two federal horizontal oil wells and associated production facilities. The operator proposes to begin the drilling operations about November 11, 2015, with drilling operations lasting approximately 30 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 | |
| Rowin 17-8 1H MTM67971 | T. 26 N., R. 59 E., Sec. 21, NW ¹ / ₄ NW ¹ / ₄ | T. 26 N., R. 59 E., Sec. 8, NE ¹ / ₄ NE ¹ / ₄ | FEE |
| Dagney 21-28 1H MTM99449 | T. 26 N., R. 59 E., Sec. 21, NW ¹ / ₄ NW ¹ / ₄ | T. 26 N., R. 59 E., Sec 28, SW ¹ / ₄ SW ¹ / ₄ | FEE |

Well Site Construction

Kraken proposes to drill the Rowen 17-8 1H and Dagney 21-28 1H in Richland County, MT. The well pad would be constructed in native grass land and would be approximately 400'x440'. The cuts range up to 32 feet at the elevation across the pad, and the fills range up to 25 feet. The total acreage of the proposed well location is 6.2 acres. The access road is 1,997 feet in length, 50 feet wide. The running surface is 18-20 feet in width with 5 foot ditches on either side. Total acreage of newly constructed access road is approximately 2.3 acres. A 107 feet gas flow line would be constructed. It would run north off the location and tie into the Oneok Pipeline. The disturbance from the construction of the well pad will tie into the edge of the Oneok Pipeline disturbance corridor. There will be no new disturbance from the construction of the flowline. After the wells are drilled, they would be tested and if commercial quantities of oil or gas are discovered, the wells would be completed for production and production facilities would be installed on the well pad.

Well Site Drilling

The drilling operation would start about November 15, 2015, after receipt of the approved APDs and would take approximately 30 days after spudding, followed by additional time for each well completion and installation of production facilities. The proposed wells would be horizontally drilled into the Bakken Formation to an approximate total measured depth (TMD) of 20,000 feet. Surface casing (9 5/8") would be set at approximately 1,800 feet and cemented back to the surface. The wells would then be drilled below the casing to an approximate TMD of 20,000 feet.

Fresh water mud would be used while drilling down to surface casing setting depth, and invert (oil based) mud system would be used for drilling the production casing section of the well. The horizontal section of the wells would be drilled using a brine drilling fluid. The wells would be fracture stimulated and completed for production if economically recoverable quantities of oil are found. The wells would be plugged according to federal requirements when no longer needed.

All drilling fluids, including any salts and/or chemicals utilized in the mud system would be contained within a semi-closed loop system and then hauled to an approved disposal facility. The water and/or oil based drilling fluids would be stored in 400 barrel (bbl), steel tanks on the location in an area that would be diked. These fluids would be recycled during drilling operation by centrifuging the returns to separate the drilled cuttings from the oil and water based fluids. Upon completion, remaining oil and water based fluids would be collected and disposed of at an approved facility.

Trash would be collected in a closed trash container and hauled to a permitted disposal site. Sewage would be contained in approved collectors and disposed of at an off-site approved facility. Disposal of all solids and liquids (drilling fluids/cuttings, produced water, trash, and sewage) would meet all state and county requirements.

Immediately after removal of the drilling rig, all debris and other materials not contained in the trash cage would be cleaned up and removed from the well location. No potentially adverse materials or substances would be left on the location.

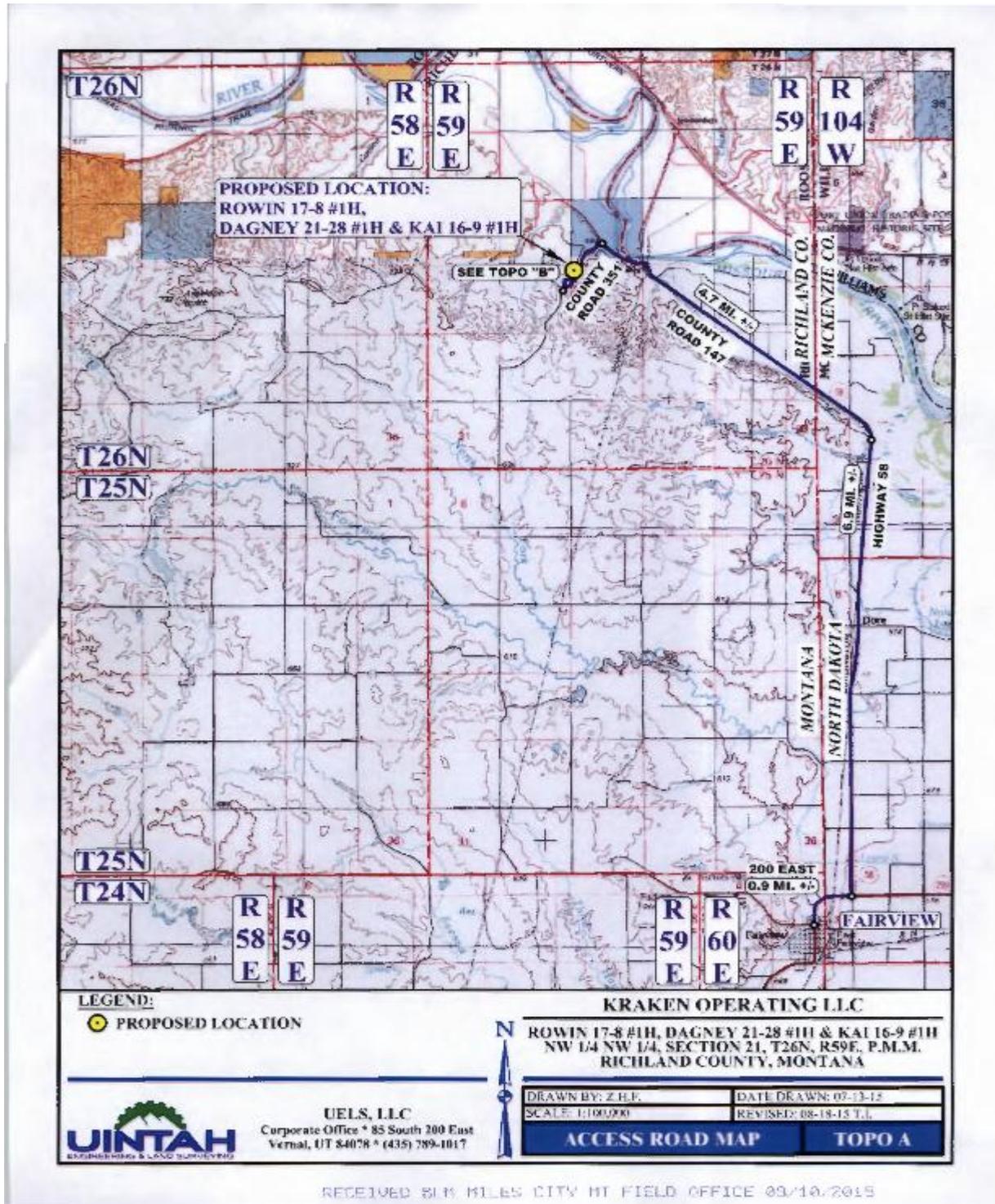
Well Site Production

The well pad surface production facilities for the proposed action would consist of three pump jacks (two federal and one fee), 1 flare pit, 3 heater treaters, 12 – 400 bbl. oil tanks, and 6 – 400 bbl. produced water tanks. The tanks and heater treaters would be surrounded on four sides by an impermeable dike which would hold 110% of the capacity of the largest vessel plus one day's production and would be independent of the back cut. Load lines would be located within the tank battery berm and would have a drip barrel installed under each outlet.

Well Site Completion

Bakken/ Three Forks wells typically undergo fracture stimulation as part of the well completion process. Fracture stimulation (i.e., hydraulic fracturing or "fracing") is a process used to maximize the extraction of underground resources by allowing oil or natural gas to move more freely from the rock pores to production wells that brings the oil or gas to the surface. The hydraulically created fracture acts as a conduit in the rock formation, allowing oil or gas to flow more freely through the fracture system, and to the wellbore where the oil or gas is produced to the surface.

Map 1- Proposed well site location and access road.



To create or enlarge fractures, fluid comprised typically of water and additives is pumped into the productive formation at a gradually increasing rate and pressure. Hydraulic fracturing fluid is approximately 98 percent water and propping agents (proppant), such as sands with the remainder being chemical additives. Chemicals used in stimulation fluids include acids, friction reducers, surfactants, potassium chloride (KCl), gelling agents, scale inhibitors, corrosion inhibitors, antibacterial agents, and pH adjusting agents and typically comprise less than 2% of the total fluid. When the pressure exceeds the rock strength, the fluids create or enlarge fractures that can extend several hundred feet away from the well. As the fractures are created, a propping agent (usually sand) is pumped into the fractures to keep them from closing when the pressure is released. After fracturing is completed, the majority of the injected fracturing fluids returns to the wellbore and is reused or disposed of at an approved disposal facility.

A typical fracture stimulation technique involves 20-30 stages which partition the wellbore into segments which are each separately fracture stimulated. This allows for more efficient use of frac fluid and proppant and a more evenly distributed treatment of the full length of the wellbore. This multi-stage hydraulic fracturing has allowed development of the Bakken/Three Forks formation that was previously uneconomic due to low permeability.

Well Site Production

If the wells are completed for production, the unused portions of the well pad would be recontoured and seeded, in accordance with the surface owner's requirements. A pumping unit would be installed at the wellhead, and the production facilities and flare pit would be installed on the drill pad with storage tanks placed in the area of cut ground. Production facilities would be painted to the landowner's specifications. Plans for production facilities would be submitted via Sundry Notice at a later date.

The well site would be reclaimed after the well is plugged in accordance with federal requirements. The surfacing material and culverts would be removed. The disturbed areas would be recontoured and seeded according to the surface owner's requirements. 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.

Applicant: Kraken Operating LLC.

County: Richland County, MT

DNA Originator: Dan Fox, Natural Resource Specialist

B. Land Use Plan (LUP) Conformance

LUP Name* BLM 2015 Miles City Resource Management Plan Date Approved 9/21/2015
Other document** DOI-BLM-MT-C020-2012-205-EA Date Approved 7/12/2012
**DOI-BLM-MT-C020-2012-272-EA Date Approved 9/28/2012

**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) BLM 2015 Miles City Approved Resource Management Plan (ARMP) page 3-13. MD MIN 10-12. BLM 2015 Miles City Resource Management Plan- Production and Development p. M-21 – M-29.

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-C020-2012-205 Whiting Oil and Gas. [MCFO EA Final\OIL & GAS EAs & DNAs\Whiting Pet\EA Whiting 3well Richland Co.docx](#)

EA#: DOI-BLM-MT-C020-2012-272-EA Brigham Oil & Gas LP [MCFO EA Final\OIL & GAS EAs & DNAs\Brigham O&G LP\EA Brigham 1well 28N 59E.docx](#)

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: M103011-MT-020-15-152

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 EAs analyzed impacts related to drilling similar oil wells. 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 range of alternatives analyzed in the referenced EAs, are appropriate with reference to the proposed action. No new environmental concerns, interests, resource values or circumstances have been revealed since the EA was published in 2012 that would indicate a need for additional alternatives.

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 EAs. The referenced EAs were completed in 2012. The effects analysis regarding the proposed action was extensive and appropriate.

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, Impacts from implementing the proposed action would fall within those analyzed in the referenced EAs. No new information has come to light regarding effects of the proposed action. The EA analysis included typical effects that would be expected at the site-specific level. There is no indication that implementing this project would result in different environmental effects than those anticipated in the EAs.

5. **Are the public involvement and interagency review associated with existing NEPA document(s) adequate for the current proposed action?** Yes, the public has had opportunity to review our EAs. The current proposed project information was posted on the BLM ePlanning website (BLM's national register for NEPA documents) on October 5, 2015 and also made available in the public room of the BLM Miles City Field Office.

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

| REVIEWERS | TITLE | ASSIGNMENT | DATE/INITIALS |
|---------------|--------------------|----------------------|---------------|
| Kent Undlin | Wildlife Biologist | Wildlife | 9/28/15 KU |
| Jon Hardes | Archaeologist | Cultural Report | 9/30/15 JH |
| Paul Helland | Petroleum Engineer | Subsurface Resources | 9-30-2015/PH |
| Shane Findlay | AFM | Reviewer | 10/20/15 SF |

/s/ Kathy Bockness
Environmental Coordinator

10/23/2015
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.

/s/ Todd D. Yeager
Todd D. Yeager
Field Manager
Miles City Field Office

10/23/2015
Date

Note: The signed Conclusion on this Worksheet is part of an interim step in the BLM's internal decision process and does not constitute an appealable decision. However, the lease, permit, or other authorization based on this DNA is subject to protest or appeal under 43 CFR Part 4 and the program-specific regulations.

CONDITIONS OF APPROVAL

1. Site Specific:

The following requirements will apply to ensure compliance with the MBTA for non-raptor species. 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 preclearing 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 by an operator funded, BLM-approved biologist 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.

As per the USFWS Standard Conditions and Recommendations, work would cease if whooping crane sightings occur within one mile of the proposed project area. In coordination of the Service, work may resume when the crane(s) have left the area.

A. Production Facilities:

1. If a tank battery is constructed on location, each tank setting, treater and separator must be surrounded on all sides by an impermeable dike of sufficient capacity to adequately contain 110% of the contents of the largest vessel within it, plus one (1) day's production.
2. Any portion of the tank battery, or other semi-permanent production facilities built on the well pad that is formed of backfill and not part of the cut shall be placed in 6 to 8 inch lifts and compacted using generally approved compaction equipment to about 90 percent proctor density (American Society for Testing and Materials (ASTM) D 1557- 70).

B. Drilling Operations:

1. Storage tanks must be on the pad and surrounded with a dike and trench sloped to the reserve pit.
2. All well control equipment shall comply with the minimum standards in Onshore Order #2 for a 5M system.
3. At a minimum, a cement bond log must be run from the deepest point of free fall in the intermediate casing to the base of the surface casing (or the TOC).
4. 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.

5. Use of Flex Hose choke line is allowed with the following conditions:
 1. Manufacturer's technical specification must be kept on site and available for inspection at all times. Flexible hoses once approved and installed must match the original manufacturer's technical specifications regarding all stated dimensions and ratings. Flexible hoses which have been altered, repaired, or remanufactured in any way from their original specification without approval or certification from the original manufacturer will not be allowed.
 2. Each flexible hose must be marked/stamped by the manufacturer with the following information clearly legible and accessible on the steel sections of each end of the flexible hose (end fittings, couplers, flanges, stiffeners, etc.):
 - a. Name or identification of the manufacturer.
 - b. Serial number.
 - c. The internal diameter of the flexible hose assembly.
 - d. The rated working pressure of the flexible hose assembly.

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.

2. Verbal Notifications

The following notifications shall be made to the BLM, Miles City Field Office (MCFO) and to the appropriate individual's phone shown on the list attached.

- A. Notify this office verbally at least 12 hours prior to spudding the well (to be followed up in writing within 5 days).
 - B. 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).
 - C. Notify this office verbally at least 6 hours prior to commencing any DST test.
 - D. Notify this office verbally at least 24 hours prior to plugging the well to receive verbal plugging orders.
 - E. 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 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. 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.
6. The operator shall be responsible for obtaining all necessary authorizations and permits related to conducting operations for the proposed well.
7. Additional requirements may be imposed if changes in operational and/or environmental conditions dictate.
8. 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.
9. If any cultural values (sites, artifacts, human remains, etc.) are observed during operation of this lease/permit/right-of-way, they are to be left intact and the Miles City Field Office notified. The authorized officer will 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 will 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 will inform the operator as to:
 - A. whether the materials appear eligible for the National Register of Historic Places;
 - B. the mitigation measures the operator will 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 35 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 will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume 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 will 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 DSTs 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, "¼¼", 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 well 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.

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

ADDRESS: 111 Garryowen Road, Miles City, Montana 59301
BUSINESS HOURS: 8:00 A.M. to 4:30 P.M. (Mountain Time)

For SPUD notices, running surface casing, and BOP notifications or any other drilling activities, please call the following:

| <u>Title</u> | <u>Name</u> | <u>Phone Number</u> |
|---|---------------|---------------------|
| ** (Primary contact) Supervisory Petroleum Engineering Technician | Brian Nansel | (406) 853-2840 |
| (Secondary contact) Petroleum Engineering Technician | Brian Hubbell | (406) 852-0078 |
| Petroleum Engineer | Paul Helland | (406) 233-3668 |

For construction notice, Major Undesirable Events (MUE) or any other surface related questions, please call the following:

| <u>Title</u> | <u>Name</u> | <u>Phone Number</u> |
|-----------------------------|-------------|---------------------|
| Natural Resource Specialist | Rick Lang | (406) 233-3667 |
| Natural Resource Specialist | Dan Fox | (406) 233-3664 |

****For all notifications after normal business hours, please call the Primary Contact listed above.**