

# Montana Board of Oil and Gas Conservation

## Finding of No Significant Impact and Notice of Decision

Pinnacle Gas Resources Inc.  
Deer Creek Fee Plan of Development Project  
Township 9S, Range 42E  
Big Horn County, Montana

### Proposed Action

Pinnacle Gas Resources Inc. (Pinnacle) proposes to drill, complete, and produce 33 new wells in the Hanging Woman West Field. Pinnacle submitted its Deer Creek Fee Plan of Development (POD) to the MBOGC in November of 2006 as Docket No. 455-2006. The Deer Creek Fee POD was approved by the MBOGC in November of 2006 by Order 385-2006. The MBOGC 2003 Record of Decision (ROD) and MBOGC Order 99-99 apply to this proposed action. The Deer Creek Fee project totals approximately 720 acres of surface area. Development will involve the Anderson, Canyon/Cook, and Wall coal seams. Water produced by CBNG development will be stored in evaporation ponds, used for irrigation, or treated at the proposed treatment facility; treated water may be discharged into surface waters of the state under a valid MPDES Permit. Any well(s) would be plugged and abandoned and surface restored if commercial quantities of gas are not discovered; partial reclamation of unused disturbed areas and utility disturbed areas would be required during the project life. The project area is limited to fee minerals. Surface is owned entirely by one private entity.

### Decision

The decision to approve the Deer Creek Fee project POD includes approval of the drilling, completion, and production of 33 CBNG wells located on fee minerals as well as the installation of roads, pipelines, and other associated infrastructure needed to produce the wells. The decision is effective immediately; drilling permits (Form No. 22) will be approved in the ordinary course of business following this decision.

The Board of Oil and Gas Conservation's General Rules and Regulations, as well as the statutory requirements under which the Rules are adopted generally apply to the proposed action. The operator has agreed to implement other actions to mitigate any significant impacts of its activities. Those mitigating measures include implementation of lease road speed limits to reduce wildlife mortality and dust emissions, monitoring the quantity of produced fluids and monitoring of any domestic wells or springs within the one-mile statutory radius as needed to determine potential impairment from the project.

Monitoring of reclamation and potential noxious weed invasion are also required and agreed to by the operator. Cultural and paleontological resources are the property of the surface owner and MBOGC does not assert any right to determine the disposition of any resources found; the operator however has agreed to notify and consult with the surface owner if any such resources are discovered during construction. The only surface owner of record is the Mary Jo Reavis Trust. The MBOGC cannot require the surface owner to manage property for wildlife mitigation or to require the owner to provide access to those

seeking to survey the property for cultural or wildlife resources. MBOGC defers to the surface owner for use of pesticides/herbicides on the property and does not regulate the use or possession of firearms on private property. Private owners retain the right to manage (or prohibit) general public access to the property.

**Finding of No Significant Impact**

Based upon this Environmental Assessment prepared for the Deer Creek Fee project, the mitigation voluntarily proposed by the operator, compliance with the requirements for monitoring and reporting associated with MDEQ's issuance of a discharge permit, and considering the scope and effect of the MBOGC's statutory and regulatory requirements, I determine that approval of the proposed action does not constitute a major state action significantly affecting the quality of the human environment, and does not require the preparation of an environmental impact statement.

<Original Signed>

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Thomas P. Richmond  
Administrator, Board of Oil and Gas Conservation

February 8, 2007

Date