

# **Montana Board of Oil and Gas Conservation**

## **Finding of No Significant Impact and Notice of Decision**

Pinnacle Gas Resources Inc.  
Coal Creek Field Plan of Development Project  
Township 8 South, Range 41 East  
Big Horn County, Montana

### **Proposed Action**

Pinnacle Gas Resources Inc. (Pinnacle) proposes to drill, complete and produce 48 new wells and complete and produce 10 previously drilled wells in this expansion of the existing Coal Creek CBM Field. The pilot project and the initial delineation and designation of the field boundaries were heard by the Board of Oil and Gas Conservation at public hearing in Dockets 350-2003 and 351-2003 respectively. The Board approved the field designation in Order 279-2003 and approved the plan of development subject to environmental assessment in Order 279-2003. The Coal Creek Field re-delineation and expansion was approved by the Board of Oil and Gas Conservation on April 28, 2005 by Order 152-2005. The original Coal Creek project area covered approximately 760 acres and the present development adds approximately 3,640 acres. Development will involve the Wall and Flowers/Goodale coals. Water produced by CBM development will be treated at the existing Coal Creek treatment plant operated by Pinnacle; treated water will be discharged under an existing MPDES permit while the residue brine will be trucked to a commercial disposal well. 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 utilities/flow line disturbed areas would be required during the project life. The project area is composed of private and federally owned minerals. Surface is owned entirely by private entities.

### **Decision**

The decision to approve the project plan of development includes approval of the drilling, completion, and production of 48 wells located on fee minerals, the completion and production of 10 existing wells on fee minerals; installation of roads, pipelines and 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 of 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

private 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 MBOGC cannot require the surface owner to manage private 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/herbicide 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 project, the mitigation voluntarily proposed by the operator, compliance with the requirements for monitoring and reporting associated with MDEQ's issuance of a MPDES 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.

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

August 19, 2005