

Montana Board of Oil and Gas Conservation
Environmental Assessment

Operator: Canyon Natural Gas, LLC
Well Name/Number: Stan-Fuhr. 24-26H
Location: SE SW Section 26 T34N R43E
County: Valley, MT; Field (or Wildcat) W/C

Air Quality

(possible concerns)

Long drilling time no, 30 to 40 days drilling time.

Unusually deep drilling (high horsepower rig) 900 HP Triple Derrick Drilling rig, 11,324' MD 6957' TVD

Possible H2S gas production yes

Air quality permit for flaring/venting (if productive) Yes, if productive, DEQ requirement

Mitigation:

Air quality permit (AQB review)

Gas plants/pipelines available for sour gas

Special equipment/procedures requirements

Other: _____

Comments: no special concerns – using large sized rig to drill to 11,324' MD

Water Quality

(possible concerns)

Salt/oil based mud Yes, freshwater and freshwater gel mud system on surface hole.

Mainhole low lime brine mud system. Saltwater on horizontal lateral.

High water table no

Surface drainage leads to live water. No, location is in an a low area that is an extension of an unnamed ephemeral tributary drainage to Hell Creek, ephemeral drainage.

Water well contamination no, surface hole will be drilled with freshwater and surface casing set and cemented to surface at 1500'. All water wells less than 400' in depth, closest water wells are at least 1/2 mile or further distance away from this location..

Porous/permeable soils no, bentonite soils

Class I stream drainage 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: If necessary reroute drainage around location. 1500' of surface casing cemented to surface adequate to protect freshwater zones. Also, fresh water mud systems to be used.

Soils/Vegetation/Land Use

(possible concerns)

Stream crossings no
High erosion potential no, small cut, up to 2.8' and small fill, up to 0.9', required.
Loss of soil productivity no, location will be restored after drilling, if nonproductive. If productive unused portion of drillsite will be reclaimed.
Unusually large wellsite no, 300'X400' location size required.
Damage to improvements no.
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
- Other _____

Comments: Will use existing county road, Frazer road to Baylor Rd. within 250' of this location. Approximately 180' of new access will be built into this location. Cuttings will be buried on site in the lined reserve pit. Liquids will be recycled to another location or hauled to saltwater disposal facility. No special concerns

Health Hazards/Noise

(possible concerns)
Proximity to public facilities/residences Residences 1/2 mile to the southwest and 3/4 mile to the northeast of this location. The town of Richland is about 11 miles to the northeast of this location.

Possibility of H2S yes

Size of rig/length of drilling time Triple drilling rig 30 to 40 days drilling time

Mitigation:

- Proper BOP equipment
- Topographic sound barriers
- H2S contingency and/or evacuation plan
- Special equipment/procedures requirements
- Other: _____

Comments: Proper BOP stack and sufficient surface casing should mitigate any concerns.

Wildlife/recreation

(possible concerns)
Proximity to sensitive wildlife areas (DFWP identified) n/a
Proximity to recreation sites none identified
Creation of new access to wildlife habitat none identified
Conflict with game range/refuge management none identified
Threatened or endangered Species none identified

Mitigation:

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

Comments: no concerns

Historical/Cultural/Paleontological

(possible concerns)

Proximity to known sites None identified

Mitigation

avoidance (topographic tolerance, location exception)

other agency review (SHPO, DSL, federal agencies)

Other: _____

Comments: on private land

Social/Economic

(possible concerns)

Substantial effect on tax base

Create demand for new governmental services

Population increase or relocation

Comments: no concerns

Remarks or Special Concerns for this site

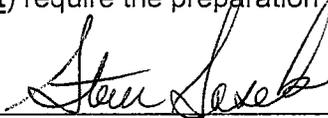
Well is a 11,324' Horizontal Bakken Formation test

Summary: Evaluation of Impacts and Cumulative effects

No, long term impacts expected. Some short term impacts will occur.

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.

Prepared by (BOGC): Steven Sasaki



(title:) Chief Field Inspector

Date: February 22, 2006

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website

(Name and Agency)

Valley County water wells

(subject discussed)

February 22, 2006
(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____