

**Montana Board of Oil and Gas Conservation
Environmental Assessment**

Operator: Clayton Williams Energy, Inc.
Well Name/Number: Ruegsegger 24H-1
Location: NE NE Section 24 T36N R52E
County: Sheridan, MT; Field (or Wildcat) W/C

Air Quality

(possible concerns)

Long drilling time no, 40 to 50 days drilling time.

Unusually deep drilling (high horsepower rig) 900 HP Triple Derrick Drilling rig, 11,214' MD 7594' TVD

Possible H2S gas production slight

In/near Class I air quality area no

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 11,214' MD

Water Quality

(possible concerns)

Salt/oil based mud Yes, freshwater and freshwater gel polymer mud system on surface hole. Mainhole saltwater based mud system. Freshwater on horizontal lateral.

High water table possible

Surface drainage leads to live water. No, closest drainage is an unnamed ephemeral drainage, next to location to the southwest. Muddy Creek, ephemeral drainage, about 1/2 of a mile to the west of this location. Appears stock pond built in creek bottom based upon the topo sheet.

Water well contamination no, surface hole will be drilled with freshwater and surface casing set and cemented to surface at 1200'. All water wells less than 400' in depth, nearby. Closest water well is in the same section NE NE NE, about 1/8 of a mile from this proposed well location. No depth of well given on DNRC water rights website. No well listed on GWIC website for this section.

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: 1200' 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 1.6' and small fill, up to 2.7', 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, 330'X300' 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 to within 1/8 of a mile of this location. Approximately 400' 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 Closest residence 1/8 mile to the northeast, 1/2 of a mile to the northeast and 1 mile to the east of this location are residences. The town of Outlook about 4 miles to the northeast.

Possibility of H2S slight

Size of rig/length of drilling time Triple drilling rig 40 to 50 days drilling time

Mitigation:

Proper BOP equipment

Topographic sound barriers

H2S contingency and/or evacuation plan

Special equipment/procedures requirements

Other: _____

Comments: no 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: Private Land 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

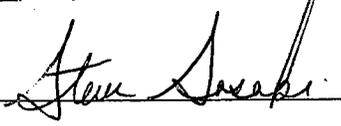
Remarks or Special Concerns for this site

Well is a 11,214' 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 27, 2006

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website
DNRC Water Rights website

(Name and Agency)
Sheridan County water wells

(subject discussed)

February 27, 2006

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____