

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

Operator: Zenergy Operating Company
Well Name/Number: Knudsen 19-18H
Location: SW SW Lot 3 Section 19 T28N R58E
County: Roosevelt , MT; Field (or Wildcat) Wildcat

Air Quality

(possible concerns)

Long drilling time: No, 30-40 days drilling time.

Unusually deep drilling (high horsepower rig): Triple derrick drilling rig, 900 HP-1000HP, to drill a single lateral horizontal Bakken Formation test, 19,394' MD/9,980' TVD.

Possible H2S gas production: Yes, slight.

In/near Class I air quality area: No Class I air quality area.

Air quality permit for flaring/venting (if productive): Yes, DEQ air quality permit required under 75-2-211.

Mitigation:

Air quality permit (AQB review)

Gas plants/pipelines available for sour gas

Special equipment/procedures requirements

Other: _____

Comments: Existing pipeline for H2S gas in the area.

Water Quality

(possible concerns)

Salt/oil based mud: Yes to oil based invert drilling fluids for intermediate casing hole. Horizontal hole will be drilled with saltwater. Surface casing hole, freshwater, and freshwater mud system to be used.

High water table: Yes high water table possible.

Surface drainage leads to live water: Yes, closest drainage is an unnamed ephemeral tributary drainage to Horse Tied Creek about 1/8 of a mile to the east northeast of this location. Within this drainage is a stock pond, about 3/4 of a mile to the north northwest from this location.

Water well contamination: No, closest water wells are about 1/2 of a mile to the east, southeast and 5/8 of a mile to the south from this location. Depth of these wells are 220' to 30'. This well will be drilled with freshwater and freshwater mud to 2,200' and steel surface casing will be run and cemented to surface to protect groundwater.

Porous/permeable soils: No, sandy silty soils.

Class I stream drainage: No, Class I stream drainages.

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: 2,200' surface casing will be drilled with freshwater, steel casing will be run to 2,200' and cemented back to surface. To protect freshwater zones in adjacent water wells. Also, covering Fox Hills aquifer. Adequate surface casing and BOP equipment to prevent problems.

Soils/Vegetation/Land Use

(possible concerns)

Steam crossings: None anticipated.

High erosion potential: No, location will require a small cut of up to 5.1' and a moderate fill of up to 10.5', required.

Loss of soil productivity: No, location to be restored after drilling, if nonproductive. If productive unused portion of this drillsite will be reclaimed.

Unusually large wellsite: No, large well site 430'X330'

Damage to improvements: Slight surface use appears to be a hay field.

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 Requires DEQ General Permit for Storm Water Discharge Associated with Construction Activity, under ARM 17.30.1102(28).

Comments: Access will be over state highway #2. New access road will be built into this location, about 0.5 mile into this location. Oil based invert drilling fluids will be recycled. Completion fluids will hauled to a commercial Class II disposal. Cuttings and solids will be buried/solidified with fly ashed on site in the lined reserve pit. The pit will be allowed to dry and the pit backfilled. No concerns.

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: Residences about 1/2 of a mile to the east from this location. The Town of Bainville, MT about 3.5 miles to the southeast of this location.

Possibility of H2S: Yes, slight.

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: Adequate surface casing cemented to surface with working BOP stack should mitigate any problems.

Wildlife/recreation

(possible concerns)

Proximity to sensitive wildlife areas (DFWP identified): None identified.

Proximity to recreation sites: None identified.

Creation of new access to wildlife habitat: No

Conflict with game range/refuge management: No

Threatened or endangered Species: Listed threatened or endangered species are Pallid Sturgeon, Interior Least Tern, Whooping Crane and Piping Plover in Roosevelt County.

Mitigation:

Avoidance (topographic tolerance/exception)

Other agency review (DFWP, federal agencies, DSL)

Screening/fencing of pits, drillsite

Other: _____

Comments: Private surface land, CRP or grass field. 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: Private surface land. No concerns.

Social/Economic

(possible concerns)

Substantial effect on tax base

Create demand for new governmental services

Population increase or relocation

Comments: Wildcat well. No concerns

Remarks or Special Concerns for this site

An exploratory single lateral horizontal Bakken Formation test, 19,394' MD/9,980' TVD.

Summary: Evaluation of Impacts and Cumulative effects

No long term impacts expected, some short term impacts will occur, but can be mitigated.

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): /s/Steven Sasaki

(title): Chief Field Inspector

Date: June 27, 2010

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website

(Name and Agency)

Roosevelt County water wells

(subject discussed)

June 27, 2010

(date)

US Fish and Wildlife, Region 6 website

(Name and Agency)

ENDANGERED, THREATENED, PROPOSED AND CANDIDATE SPECIES MONTANA

COUNTIES, Roosevelt County, Montana

(subject discussed)

June 27, 2010

If location was inspected before permit approval:

Inspection date: June 28, 2010 _____

Inspector: Schmidt _____

Others present during inspection: None _____