

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

Operator: TAQA North USA, Inc.
Well Name/Number: Heppner 10-11H
Location: NE SW Section 10 T37N R57E
County: Sheridan, MT; Field (or Wildcat) Flat Lake

Air Quality

(possible concerns)

Long drilling time: No, 20-30 days drilling time.

Unusually deep drilling (high horsepower rig): Heavy double derrick drilling rig 900-1000 HP (Estimated) to drill a Nisku formation single lateral horizontal well 11,871' MD/7931' TVD.

Possible H2S gas production: Slight

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

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 field infrastructure to handle gas. No concerns.

Water Quality

(possible concerns)

Salt/oil based mud: Intermediate string hole will be drilled with oil based invert mud system and openhole horizontal production hole will be drilled with fresh water polymer drilling fluids. Surface casing hole will be drilled with a freshwater, and freshwater mud system.

High water table: No high water table anticipated.

Surface drainage leads to live water: No, live water nearby. Closest drainage is an unnamed ephemeral drainage, about 1/4 of a mile to the west from this location.

Water well contamination: None, closest water wells in the area are about 1/4 of a mile to the north and 1/4 of a mile to the from this location. Depth of these stockwater wells are 126' and shallower. Surface hole will be drilled with freshwater and freshwater drilling mud. The surface casing setting depth, of 1200' should be below all freshwater zones.

Porous/permeable soils: No, sandy clay soils.

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

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: Freshwater drilling fluids will be land applied with surface owner approval.

Comments: 1200' surface casing well below freshwater zones in adjacent water wells. Also, covering Fox Hills aquifer. Adequate surface casing and BOP equipment to prevent problems in and around freshwater slough.

Soils/Vegetation/Land Use

(possible concerns)

Steam crossings: None anticipated.

High erosion potential: No, small cut, up to 5.8' and small fill, up to 5.6', required.

Loss of soil productivity: None, location to be restored after drilling well, if nonproductive. If productive unused portion of drillsite will be reclaimed.

Unusually large wellsite: No, large well site 430'X430'

Damage to improvements: Slight, surface use is a CRP 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 _____

Comments: Access will use existing county road, North Star Road. A short access road of about 214' will be built into this location. Surface hole (freshwater) cuttings will be mixed buried on site Oil based invert mud cuttings will be trucked to an approved waste disposal facility. Oil based drilling fluids will be recycled to the next location or returned to the mud company's recycling facility. Freshwater surface fluids and horizontal freshwater polymer fluids and cuttings will be land applied. No concerns.

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: Closest residence is about 1/4 of a mile to the south from this location.

Possibility of H2S: Yes, slight.

Size of rig/length of drilling time: Heavy double drilling rig 20 to 30 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: Only species identified as threatened or endangered are the Whooping Crane and Piping Plover.

Mitigation:

Avoidance (topographic tolerance/exception)

Other agency review (DFWP, federal agencies, DSL)

Screening/fencing of pits, drillsite

Other: _____

Comments: Private CRP surface lands. 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 CRP surface lands. No concerns.

Social/Economic

(possible concerns)

Substantial effect on tax base

Create demand for new governmental services

Population increase or relocation

Comments: No concerns. Unit well within an existing oil field, Flat Lake Field.

Remarks or Special Concerns for this site

Unit Nisku formation horizontal well, 11,871' MD/7931' TVD, within an existing oil field, Flat Lake Field.

Summary: Evaluation of Impacts and Cumulative effects

No long term impacts expected. Some short term impacts will occur, but can be mitigated in a short time.

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: September 8, 2010

Other Persons Contacted:

Montana Bureau of Mines and Geology, Groundwater Information Center website.

(Name and Agency)

Sheridan County water wells

(subject discussed)

August 27, 2010

(date)

US Fish and Wildlife, Region 6 website

(Name and Agency)

ENDANGERED, THREATENED, PROPOSED AND CANDIDATE SPECIES MONTANA
COUNTIES, Sheridan County

(subject discussed)

August 27, 2010 _____

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____