

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

Operator: Oasis Petroleum North America LLC
Well Name/Number: Dixie 7-6H
Location: SW SE Section 7 T27N 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 to drill a single lateral horizontal Bakken Formation test, 19,757'MD/10,207'TVD.

Possible H2S gas production: Yes, slight H2S possible.

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 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 will be drilled with freshwater and freshwater mud system.

High water table: No high water table anticipated.

Surface drainage leads to live water: Yes, closest drainage is an unnamed ephemeral tributary drainage to the Missouri River, about 1/4 of a mile to the south from this location. Within this ephemeral tributary drainage are stock ponds, about 3/4 of a mile to the southeast from this location.

Water well contamination: No, closest water wells are about 7/8 of a mile to the from this location. Depth of these wells are 10' or less. This well will be drilled with freshwater and freshwater mud to 2,145' and steel surface casing will be run and cemented to surface to protect groundwater.

Porous/permeable soils: No, sandy silty clay 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: 2,145' surface casing will be drilled with freshwater, steel casing will be run to 2,145' 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 moderate cut of up to 13.4' and a small fill of up to 4.9', 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'X350'

Damage to improvements: Slight surface use appears to be grassland.

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 county road, farm roads/SWD access. New access road will be built into this location, about 3,624' into this location from the SWD. 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 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: Nearest residences are over 1 mile and further in any direction from this location. The Town of Bainville, MT about 4.5 miles to the northeast from 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: Species identified as threatened or endangered are the Pallid Sturgeon, Interior Lease Tern, Whooping Crane and Piping Plover. Candidate species is the Sprague's Pipit. NH tracker website indicates species of concern are the Great Blue Heron, Piping Plover, Bobolink and Least Tern, these birds are migratory.

Mitigation:

Avoidance (topographic tolerance/exception)

Other agency review (DFWP, federal agencies, DSL)

Screening/fencing of pits, drillsite

Other: _____

Comments: Private surface land, grassland. No live water in the immediate area. Winter drilling operations anticipated and all birds listed will have migrated out of the area. 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, 19,757'MD/10,207'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: December 13, 2010

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website

(Name and Agency)

Roosevelt County water wells

(subject discussed)

December 13, 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)

December 9, 2010

Montana Natural Heritage Program Website

(Name and Agency)

Heritage State Rank= S1, S2, S3, Location T27N R58E

(subject discussed)

December 9, 2010 _____

(date)

If location was inspected before permit approval:

Inspection date: December 2, 2010

Inspector: Schmidt

Others present during inspection: None