

Montana Board of Oil and Gas Conservation Environmental Assessment

Operator: Samson Oil and Gas USA Montana, Inc.

Well Name/Number: Australia IV 12 KA 16

Location: SE SE Section 3 T28N R54E

County: Roosevelt, MT; Field (or Wildcat) Wildcat

Air Quality

(possible concerns)

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

Unusually deep drilling (high horsepower rig): Triple derrick drilling rig to drill to 15,256' MD/9420' TVD, single lateral Bakken Formation test.

Possible H₂S gas production: Yes, possible.

In/near Class I air quality area: Yes, in a Class I air quality area, within Fort Peck Indian Reservation boundaries.

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: Triple derrick drilling rig to drill a 15,256' MD/9420' TVD single lateral Bakken Formation test.

Water Quality

(possible concerns)

Salt/oil based mud: Yes, oil based invert mud system to be used out from under surface casing. Brine water will be used to drill the horizontal lateral. Freshwater drilling mud system will be used on surface hole.

High water table: None anticipated.

Surface drainage leads to live water: No, closest surface drainage nearby is unnamed ephemeral tributary drainage to Big Muddy Creek, about 5/8 of a mile to the south and Big Muddy Creek is about 2 1/16 of a mile to the east from this location.

Water well contamination: According to GWIC, the closest water wells are about 1/2 of a mile to the north, 5/8 of a mile to the east southeast and 1 mile to the southeast from this location. Depth of these wells range from 110' to 290'. Surface hole will be drilled with freshwater and steel casing set to 1800' and cemented back to surface. To protect shallow ground waters and the Judith River Formation.

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: 1800' surface casing well ensure shallow ground water aquifers are isolated. Adequate surface casing and BOP equipment to prevent problems.

Soils/Vegetation/Land Use

(possible concerns)

Steam crossings: None anticipated.

High erosion potential: No, a small cut, up to 3.62' and small fill, up to 2.39', 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, 400'X400'.

Damage to improvements: Slight, surface use is a cultivated 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: Existing county road, Slab Road and existing two track section line trail. A short access from the existing two track trail into location will be constructed, about 250'. Cuttings will be mixed buried in the lined reserve pit. Drilling fluids will be recycled. Completion fluids will be hauled to a approved commercial saltwater disposal. Drill cuttings, mud solids and pit liner will be disposed of at a certified landfill. The subsoil clays will be used to solidify the drill cuttings and fill the reserve pit.

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: Closest residences are about 1/2 of a mile to the north and 5/8 of a mile to the east from this location..

Possibility of H2S: Yes, possible H2S.

Size of rig/length of drilling time: Triple derrick 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 threatened and endangered species listed are the Pallid Sturgeon, Interior Least Tern, Piping Plover and Whooping Crane. Species listed as "Candidate Species" is the Sprague's Pipit. NH tracker website lists following species of concern in this Township and Range:

Eastern Red Bat, Great Blue Heron, Piping Plover and Least Tern.

Mitigation:

Avoidance (topographic tolerance/exception)

Other agency review (DFWP, federal agencies, DSL)

Screening/fencing of pits, drillsite

Other: _____

Comments: No concerns. Private cultivated surface lands, with no live water nearby.

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 cultivated 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.

Remarks or Special Concerns for this site

Drill a 15,256' MD/9420' TVD, single lateral Bakken Formation test.

Summary: Evaluation of Impacts and Cumulative effects

No long term impact expected with the drilling of this well, some short term impacts are expected.

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 19, 2011

Other Persons Contacted:

Montana Bureau of Mines and Geology, Groundwater Information Center website

(Name and Agency)

Roosevelt County water wells

(subject discussed)

June 19, 2011

(date)

US Fish and Wildlife, Region 6 website

(Name and Agency)

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

(subject discussed)

June 19, 2011 _____

(date)

Montana Natural Heritage Program Website (FWP)

(Name and Agency)

Heritage State Rank= S1, S2, S3, T28N R54E

(subject discussed)

June 19, 2011 _____

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____