

Montana Board of Oil and Gas Conservation Environmental Assessment

Operator: Oasis Petroleum North America LLC
Well Name/Number: Stilt Federal 2658 42-22H
Location: SE SW Section 22 T26N R58E
County: Richland, MT; Field (or Wildcat) Wildcat (Bakken Horizontal)

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, 20,759' MD/10,440' TVD.

Possible H2S gas production: Yes, slight H2S possible, Mississippian Formations.

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: If there are existing pipeline for natural gas in the area then gas must be tied into system or if no gathering system nearby associated gas can be flared under Board Rule 36.22.1220.

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 in the area of review.

Surface drainage leads to live water: No, closest drainage is an unnamed ephemeral tributary drainage to Otis Creek, about 1/4 of a mile to the east from this location.

Water well contamination: No, closest water wells are about 3/4 of a mile to the northwest and about 1 mile south from this location. The operator on his permit to drill indicated that they were setting 1960' of surface casing to cover the Base of the Fox Hills Formation. This well will be drilled with freshwater and freshwater mud to 1,960' 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 in the area of review.

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: 1,960' surface casing will be drilled with freshwater, steel casing will be run to 1,960' and cemented back to surface, to protect freshwater zones in adjacent water wells, also covering the Fox Hills aquifer. Adequate surface casing and operational BOP equipment will prevent problems.

Soils/Vegetation/Land Use

(possible concerns)

Steam crossings: None anticipated.

High erosion potential: Possible high erosion potential with moderate cut slope, location will require a moderate cut of up to 22.2' and a small fill of up to 7.3', 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, a very large well site, 540'X320' designed for two well placements, Stilt Federal 2658 42-22H and Dianne Federal 2658 42 -22H.

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

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 existing county roads and existing lease road. New access road will be built into this location, about 131' into this location from the existing lease road. 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 lined pit will be allowed to dry and the pit backfilled. No concerns.

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: No residences within a 1 mile radius from this location. The Town of Bainville, Montana is about 11 miles to the north and the Town of Fairview, Montana is about 11.3 miles to the southeast from this location.

Possibility of H2S: Yes, slight from Mississippian Formations.

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, Piping Plover, Interior Lease Tern and Whooping Crane. Candidate species are the Greater Sage Grouse and the Sprague's Pipit. NH tracker website indicates, three (3) species of concern: Piping Plover, Whooping Crane and Least Tern. NH Tracker website list one (4) potential species of concern: Hayden's

Shrew, Chimney Swift, Eastern Screech-Owl and Tennessee Warbler.

Mitigation:

- Avoidance (topographic tolerance/exception)
- Other agency review (DFWP, federal agencies, DSL)
- Screening/fencing of pits, drillsite
- Other: _____

Comments: Private surface grassland. There is Federal minerals that maybe intersected by the drilling of this well BLM permit is required and BLM will do a surface assessment for their permit. There may be species of concern that maybe impacted by this wellsite. We ask the operator to consult with the surface owner as to what he would like done, if a species of concern is discovered at this location. The Board of Oil & Gas has no jurisdiction over private surface lands.

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 grassland. There is Federal minerals that maybe intersected by the drilling of this well BLM permit is required and BLM will do a surface assessment for their permit. There may be possible historical/cultural/paleontological sites that maybe impacted by this wellsite. We ask the operator to consult with the surface owner as to his desires to preserve these sites or not, if they are found during construction of the wellsite. The Board of Oil & Gas has no jurisdiction over private surface lands.

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: 20,759'MD/10,440'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: April 7, 2012

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website _____

(Name and Agency)

Richland County water wells _____

(subject discussed)

April 7, 2012 _____

(date)

US Fish and Wildlife, Region 6 website

(Name and Agency)

ENDANGERED, THREATENED, PROPOSED AND CANDIDATE SPECIES MONTANA
COUNTIES, Richland County, Montana

(subject discussed)

April 7, 2012

Montana Natural Heritage Program Website

(Name and Agency)

Heritage State Rank= S1, S2, S3, Location T26N R58E

(subject discussed)

April 7, 2012 _____

(date)

If location was inspected before permit approval:

Inspection date: ____

Inspector: _____

Others present during inspection: _____