

Montana Board of Oil and Gas Conservation Environmental Assessment

Operator: Slawson Exploration Company, Inc.
Well Name/Number: Spear 1-26H
Location: NE NE Section 26 T22N R57E
County: Richland, MT; Field (or Wildcat) Wildcat

Air Quality

(possible concerns)

Long drilling time: No, 25-35 days drilling time.

Unusually deep drilling (high horsepower rig): Triple derrick drilling rig to drill a single lateral horizontal Bakken Formation well, 14,699' MD/10,369' TVD.

Possible H2S gas production: Slight chance H2S gas from Mississippian Formations.

In/near Class I air quality area: No Class I air quality area in the area of review.

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 pipelines 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. A single lateral 14,699' MD/10,369' TVD, Bakken Formation horizontal well test.

Water Quality

(possible concerns)

Salt/oil based mud: Yes intermediate string casing hole will be drilled with oil based invert drilling fluids and the horizontal lateral will be drilled with oil based invert drilling fluids. 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 the North Fork Fox Creek, about ¼ of a mile to the southeast from this location.

Water well contamination: No, closest water wells are about 5/8 of a mile to the south southwest and about 14,699' MD/10,369' TVD 1.5 mile to the west from this location. Depth of these water wells range from 75' to 260'. Surface hole will be drilled with freshwater and surface casing will be cemented to surface from 1550'. Recommend that surface hole be drilled to 1732' and 1732' of surface casing be run to cover the Base of the Fox Hills Formation.

Porous/permeable soils: No, silty sandy 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 **liquids** (in approved facility)

Other: _____

Comments: 1732' surface casing to be set to protect freshwater zones and to cover the Fox Hills

aquifer. Adequate surface casing and operational BOP equipment will prevent problems. (BOP's 5,000psig annular, pipe and blind rams) rule 36.22.1014.

Soils/Vegetation/Land Use

(possible concerns)

Steam crossings: None anticipated.

High erosion potential: No high erosion potential, location will require small cut, up to 4.3' and small fill, up to 8.8', 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, a large well site 450'X405' for two (2) wells, Spear 1-26H and Sickle (Federal) 1-25-30H.

Damage to improvements: Slight, surface use is cultivated land.

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 be over existing county road, #120 and existing unnamed county road. An access road will be built into location off the existing county road, about 5432' into this location. Closed Loop Mud System will be used. Cuttings will be buried in the lined cuttings pit. Oil based invert drilling fluids will be recycled. Completion fluids will be hauled to a Class II disposal. Pit will be allowed to dry before being backfilled. No concerns._____

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: No residences are within 1 mile from this location.

Possibility of H2S: Slight chance H2S, from Mississippian Formations.

Size of rig/length of drilling time: Triple drilling rig 25 to 35 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. (BOP's 5,000psig annular, pipe and blind rams) rule 36.22.1014.

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 Threatened or endangered species listed in Richland County by USFW service are 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 lists the following as "Species of Concern" one (1): Whooping Crane.

Mitigation:

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

Comments: Private cultivated surface lands. There maybe 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 are 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 cutlivated surface lands. There maybe 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: No concerns.

Remarks or Special Concerns for this site

A single lateral wildcat Bakken horizontal well test 14,699’MD/10,369’TVD.

Summary: Evaluation of Impacts and Cumulative effects

No long term impacts expected. Some short term impacts will occur.

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: July 5, 2012

Other Persons Contacted:

 (Name and Agency)

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

(subject discussed)

Water wells in Richland County

(date)

July 5, 2012

US Fish and Wildlife, Region 6 website

(Name and Agency)

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

(subject discussed)

July 5, 2012

(date)

Montana Natural Heritage Program Website (FWP)

(Name and Agency)

Heritage State Rank= S1, S2, S3, T22N R57E

(subject discussed)

July 5, 2012

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____