

Montana Board of Oil and Gas Conservation Environmental Assessment

Operator: TAQA North USA, Inc.
Well Name/Number: Jerde 10-1H-2
Location: NE NE Section 10 T37N R57E
County: Sheridan, MT; Field (or Wildcat) 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 Bakken formation single lateral horizontal well, 12,340' MD/7,871' 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 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 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.

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 oil based invert mud system. 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 just off the northwest corner from this location.

Water well contamination: None, closest water wells in the area are about 3/4 of a mile to the northwest, about 5/8 of a mile to the southwest, about 3/4 of a mile to the southwest, about 7/8 of a mile to the east and about 1 mile to the southeast from this location. Surface hole will be drilled with freshwater and freshwater drilling muds. The surface casing setting depth of 1250' should be below all freshwater zones.

Porous/permeable soils: Yes, sandy gravelly 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: Freshwater drilling fluids will be land applied with surface owner approval.

Comments: 1250' surface casing well below freshwater zones in adjacent water wells. Also, covering Fox Hills aquifer. Adequate surface casing and operational BOP equipment to prevent problems in and around freshwater slough. Oil based muds will be recycled. Cuttings will be trucked to an authorized disposal site.

Soils/Vegetation/Land Use

(possible concerns)

Steam crossings: None anticipated.

High erosion potential: No, moderate cut, up to 13.7' and moderate fill, up to 14.6', 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 wellsite, 450'X500' for two (2) wells, Jerde 10-1H-2 and Jerde 10-1H.

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: Access will use existing county road, Ueland Road and existing section line lease road. A short access road will be built into location off the section line lease road, about 14.5'. Surface hole (freshwater) cuttings will be mixed buried on site. Freshwater surface fluids will be land applied. 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. No concerns.

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: Closest residences are about 7/8 of a mile to the east, about 7/8 of a mile to the southwest, about 1 mile to the southeast and about 1 mile to the northeast from this location.

Possibility of H2S: Yes, slight, Mississippian Formations.

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 operational BOP stack should mitigate any problems. (BOP's 3,000 psig 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: Only species identified as threatened or endangered are the Whooping Crane and Piping Plover. Candidate species is the Sprague's Pipit. NH Tracker site indicates fourteen (14) species of concern: Baird's Sparrow, Le Conte Sparrow, Nelson's Sparrow, Sprague's Pipit, Ferruginous Hawk, Chestnut Collared Longspur, Piping Plover, Black Tern, Sedge Wren, Yellow Rail, Bobolink, Whooping Crane, McCowan's Longspur and Smooth Greensnake.

Mitigation:

Avoidance (topographic tolerance/exception)

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

Comments: Private cultivated surface lands. 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 are discovered at this location.

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. 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.

Social/Economic

(possible concerns)

- Substantial effect on tax base
- Create demand for new governmental services
- Population increase or relocation

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

Remarks or Special Concerns for this site

Wildcat Bakken formation horizontal well 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: July 13, 2012

Other Persons Contacted:

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

 (Name and Agency)
Sheridan County water wells
 (subject discussed)

July 13, 2012

(date)

US Fish and Wildlife, Region 6 website

(Name and Agency)

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

(subject discussed)

July 13, 2012 _____

(date)

Montana Natural Heritage Program Website (FWP)

(Name and Agency)

Heritage State Rank= S1, S2, S3, T37N R57E

(subject discussed)

July 13, 2012 _____

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____