

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

Operator: Continental Resources, Inc.
Well Name/Number: Hill 2-1H
Location: NW NE Section 1 T23N R55E
County: Richland, MT; **Field (or Wildcat)** W/C (Bakken Horizontal)

Air Quality

(possible concerns)
Long drilling time no, 50 to 60 days drilling time.
Unusually deep drilling (high horsepower rig) no, 16,443'MD and 14,867'MD
Possible H2S gas production slight
in/near Class I air quality area no
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: no special concerns – using triple rig to drill to 16,443'MD and 14,867'MD – 2 laterals

Water Quality

(possible concerns)
Salt/oil based mud yes, freshwater and freshwater mud system on surface hole and oil based saltwater mud system on mainhole. Saltwater for horizontal sections.
High water table no
Surface drainage leads to live water no, surface drainage is an ephemeral tributary to Buttes Creek, an ephemeral drainage also. The location is about 1/8 mile west of the tributary drainage.
Water well contamination no, closest water well is about 1/2 mile to the northeast of this location and is 160' in depth.
Porous/permeable soils no, bentonite soils
Class I stream drainage no

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: 1700' of surface casing cemented to surface adequate to protect freshwater zones.

Soils/Vegetation/Land Use

(possible concerns)
Stream crossings no, crossing.

High erosion potential no, small cut, up to 8.4' and small fill, up to 4.9', required.
Loss of soil productivity no, location will be restored after drilling, if nonproductive. If productive unused portion of drillsite will be reclaimed.

Unusually large wellsite no, 500'X270' location size required.

Damage to improvements slight

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 roads. An access road will be built from the existing producing well, Audrey No. 1-6 well in the adjoining section to the east. About 3600' of new road will be constructed into this location. Drill cuttings will be disposed of in the lined reserve pit. Drilling fluids will be trucked to a commercial Class II for disposal. Pit will be backfilled after remaining fluids have evaporated. No special concerns

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences Nearest residence is about 1 mile to the west of this location.

Possibility of H2S slight

Size of rig/length of drilling time Triple drilling rig/short 50 to 60 days drilling time

Mitigation:

- Proper BOP equipment
- Topographic sound barriers
- H2S contingency and/or evacuation plan
- Special equipment/procedures requirements
- Other: _____

Comments: no concerns

Wildlife/recreation

(possible concerns)

Proximity to sensitive wildlife areas (DFWP identified) n/a None identified.

Proximity to recreation sites no

Creation of new access to wildlife habitat no

Conflict with game range/refuge management no

Threatened or endangered Species no

Mitigation:

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

Comments: 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: on private land

Social/Economic

(possible concerns)

Substantial effect on tax base

Create demand for new governmental services

Population increase or relocation

Comments: no concerns

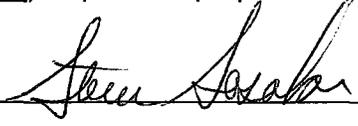
Remarks or Special Concerns for this site

Well is a 10,360' TVD, 16,443'MD and 10,371'TVD, 14,867'MD – 2 lateral Bakken horizontal well.

Summary: Evaluation of Impacts and Cumulative effects

No long term impacts expected from the drilling of this well. Some short term impacts will occur, but will be mitigated in 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): Steven Sasaki 
(title:) Chief Field Inspector

Date: April 18, 2006

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website.

(Name and Agency)

Richland County water wells. _____

(subject discussed)

April 18, 2006 _____

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____