

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

Operator: Stone Energy Corporation
Well Name/Number: Lone Tree Ranch 22-26
Location: NW NW Section 26 T23N R58E
County: Richland, MT; **Field (or Wildcat)** W/C

Air Quality

(possible concerns)

Long drilling time 20-30 days drilling time
Unusually deep drilling (high horsepower rig) No, triple drilling rig vertical well 9,542' TD
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: Gas plant available to take associated gas, No special concerns.

Water Quality

(possible concerns)

Salt/oil based mud use freshwater and freshwater mud system on surface, oil based drilling fluids for main hole.
High water table no
Surface drainage leads to live water no, surface slopes naturally to the north of location towards Lone Tree Creek 1/4 of a mile to the north.
Water well contamination no, all water wells within 1/2 mile of this location are shallower than 1661'.
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: 1661' of surface casing cemented to surface adequate to protect freshwater zones to cover base of Fox Hills formation. Also, fresh water mud systems to be used on surface hole. Reserve pit liquids to be recycled or hauled to a commercial disposal. Solids will be allowed to dry, pit liner folded over the top of the solids, spoil dirt to fill pit, top soil spread over pit area, and seeded to land owners specification.

Soils/Vegetation/Land Use

(possible concerns)

Steam crossings none.
High erosion potential no, small cut, up to 8.0' and small fill required up to 9.1, required'.
Loss of soil productivity no, location will be restored after drilling
Unusually large wellsite Large, 305'X400' 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: using existing county roads and existing ranch trails. Access off existing trail, approximately 4000' of new road into this location. Cuttings will be buried in the lined pit. Drill fluids will be recycled. Pit fluids will be hauled to a authorized disposal well. No special concerns

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences None nearby. No residences within 1 mile of this location.

Possibility of H2S slight

Size of rig/length of drilling time Triple 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: no concerns, proper BOP stack and surface casing should be able to control any problems that occurs.

Wildlife/recreation

(possible concerns)

Proximity to sensitive wildlife areas (DFWP identified) n/a 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 no

Mitigation:

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

Comments: Private surface. 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: Private surface. no concerns

Social/Economic

(possible concerns)
 Substantial effect on tax base
 Create demand for new governmental services
 Population increase or relocation
Comments: Existing oil production in this section. No concerns

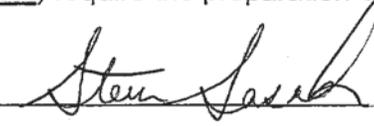
Remarks or Special Concerns for this site

Well is a 9,542' vertical Lodgepole formation test.

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): Steven Sasaki 
(title:) Chief Field Inspector
Date: June 22, 2006

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website
(Name and Agency)
Richland County water wells
(subject discussed)
June 22, 2006
(date)

If location was inspected before permit approval:
Inspection date: _____
Inspector: _____
Others present during inspection: _____