

Montana Board of Oil and Gas Conservation Environmental Assessment

Operator: Oasis Petroleum North America LLC
Well Name/Number: Stonewall Federal 2959 43-21H
Location: SW SE Section 21 T29N R59E
County: Roosevelt, MT; Field (or Wildcat) Wildcat (Bakken Horizontal)

Air Quality

(possible concerns)

Long drilling time: No, 30 to 40 days drilling time.

Unusually deep drilling (high horsepower rig): Triple derrick drilling rig to drill a single lateral horizontal Bakken Formation test, 20,455' MD/10,459' TVD.

Possible H2S gas production: Yes, slight H2S possible 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: Existing pipeline for gas in the area or if no gathering system nearby associated sweet gas and H2S 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, rule 36.22.1001.

High water table: No high water table anticipated in the area of review.

Surface drainage leads to live water: No, closest drainages are unnamed ephemeral tributary drainage to Little Muddy Creek, about 1/8 of a mile to the north and about 1/4 of a mile to the south from this location. Stock pond exists in the Little Muddy Creek drainage, about 1.75 miles to the southeast from this location.

Water well contamination: No, closest water wells are about 1 mile to the northwest (topographic map) and all other wells are 1 mile and further from this location. This well will be drilled with freshwater and freshwater mud to 2,157' and steel surface casing will be run and cemented to surface to protect groundwater, rule 36.22.1001.

Porous/permeable soils: No, sandy silty 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: _____

Comments: 2,157' surface casing will be drilled with freshwater, steel casing will be run to 2,157' and cemented back to surface, to protect freshwater zones in adjacent water wells, also covering the Fox Hills aquifer, rule 36.22.1001. Adequate surface casing and operational BOP equipment will prevent problems, rule 36.22.1014.

Soils/Vegetation/Land Use

(possible concerns)

Steam crossings: None anticipated.

High erosion potential: Yes potential for high erosion on cut and fill slope areas, location will require a moderate cut of up to 21.5' and a moderate fill of up to 18.7', 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, large well site 430' X 360'

Damage to improvements: Slight surface use appears to be 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 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 road, #17. About 1.44 miles of new access road will be built into this location from the existing county 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 and solidified on site in the lined reserve pit. The pit will be allowed to dry and the pit backfilled. No concerns.

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: Nearest residences is about 1 mile to the northwest from this location. The Town of Bainville, Montana is about 10.6 miles to the southwest from this location.

Possibility of H2S: Yes, slight chance H2S possible 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: Normal H2S safety equipment and training of rig employees adequate for the drilling of this well. Adequate surface casing cemented to surface with working BOP stack should mitigate any problems, 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: Species identified as threatened or endangered are the Pallid Sturgeon, Interior Lease Tern, Whooping Crane and Piping Plover. Candidate species is the Sprague's Pipit. NH tracker website indicates one (1) species of concern. It is the Whooping Crane.

Mitigation:

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

Comments: Private surface land. 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 land. 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 well test of 20,455' MD/10,459' 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: December 3, 2012

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website

(Name and Agency)

Roosevelt County water wells

(subject discussed)

December 3, 2012

(date)

US Fish and Wildlife, Region 6 website

(Name and Agency)

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

(subject discussed)

December 3, 2012

Montana Natural Heritage Program Website

(Name and Agency)

Heritage State Rank= S1, S2, S3, Location T29N R59E

(subject discussed)

December 3, 2012

(date)

If location was inspected before permit approval:

Inspection date: ____

Inspector: _____

Others present during inspection: _____