

Montana Board of Oil and Gas Conservation Environmental Assessment

Operator: Kraken Operating, LLC
Well Name/Number: Fischer 20 #1H
Location: NE NW Section 20 T25N R51E
County: Richland, MT; Field (or Wildcat) Wildcat

Air Quality

(possible concerns)

Long drilling time: No, 20-25 days drilling time.
Unusually deep drilling (high horsepower rig): Triple derrick rig to drill a single lateral horizontal Bakken Formation test, 12,924'MD/8,403'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: Triple derrick drilling rig to drill a single lateral horizontal Bakken Formation test, 12,924'MD/8,403'TVD. If there is an existing pipeline for associated gas/H₂S gas in the area and gas can be gathered or if no gathering system nearby associated gas/H₂S gas can be flared under Board Rule 36.22.1220.

Water Quality

(possible concerns)

Salt/oil based mud: Yes to intermediate string hole to be drilled with oil based invert (75/25 – 80/20) drilling fluids. Horizontal lateral will be drilled with oil based invert (75/25 – 80/20) drilling fluids. Surface casing hole will use freshwater and freshwater mud system, Rule 36.22.1001.
High water table: No high water table anticipated.
Surface drainage leads to live water: No, surface drainage does not lead to live water. Closest drainages are an unnamed ephemeral tributary drainages to East Redwater Creek, about 1/4 of a mile to the southeast and about 3/8 of a mile to the east from this location.
Water well contamination: None, closest water wells are about 1/2 of a mile to the south southeast, about 5/8 of a mile to the south southwest and about 7/8 of a mile to the northeast and all other water wells are 1 mile and further away from this location. Depth of these stock and domestic water wells range from 20' to 388'. This well will drill surface casing hole with freshwater and freshwater drilling fluids to 1550' (Rule 36.22.1001) and will run 1550' of steel surface casing and cement it to surface.
Porous/permeable soils: No, sandy 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: Lined cuttings pit for cutting disposal on wellsite.

Comments: 1550' surface casing well below freshwater zones in adjacent water wells. Also, covering Fox Hills aquifer, Rule 36.22.1001. Adequate surface casing and BOP equipment to prevent any problems (BOP's 5,000 psig annular, pipe and blind rams) rule

36.22.1014.

Soils/Vegetation/Land Use

(possible concerns)

Stream crossings: None anticipated, crossing only ephemeral drainages.

High erosion potential: Yes, possible high erosion potential due to moderate cut and fill on this location. Location needs a moderate cut, up to 13.7' and a moderate fill, up to 16.9', 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 well site 430'X400', single well location for the Fischer 20 #1H.

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: 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, #201. Operator will construct, about 3992' of new access road into this location from the existing county road #201. Oil based invert drilling fluids will be recycled. Completion fluids will be trucked to a Class II disposal. Operator will utilize a closed loop mud system. Cuttings and mud solids will be disposed of in the lined cuttings pit and solidified on the wellsite. No concerns.

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: Closest residence is about 5/8 of a mile to the southwest and all other residences are further than 2 miles away in any direction from this location.

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

Size of rig/length of drilling time: Triple drilling rig 20 to 25 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 a 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, none.

Conflict with game range/refuge management: No, none.

Threatened or endangered Species: Species identified as threatened or endangered are the Pallid Sturgeon, Interior Least Tern, Whooping Crane and Piping Plover. Candidate species are the Sprague's Pipit and the Greater Sage Grouse. NH tracker website indicates one (1) species of concern in this area, Iowa Darter.

Mitigation:

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

Comments: This is 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.

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: This is private cultivated 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.

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

Single lateral horizontal Bakken Formation test 12,924'MD/8,403'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: December 19, 2012

Other Persons Contacted:

Bureau of Mines and Geology, GWIC website

(Name and Agency)

Water wells in Richland County, Montana

(subject discussed)

December 19, 2012

(date)

US Fish and Wildlife, Region 6 website

(Name and Agency)

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

(subject discussed)

December 19, 2012

(date)

Montana Natural Heritage Program Website

(Name and Agency)

Heritage State Rank= S1, S2, S3 T25N R51E

(subject discussed)

December 19, 2012

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____