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SEP 15 2004
DNRC

DS-252

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Ranck Oil Company, Inc. O&G # 11,527-69

Proposed Implementation Date: September 2004

Proponent: Ranck Oil Company, Inc. Box 548 Cut Bank, MT 59427 (406) 873-2591

Type and Purpose of Action: To test the Bow Island Formation for the potential of economic natural gas production. This is a fairly large drilling project consisting of 5 proposed drill sites within a 2-section area. This assessment is for 3 of the 5 drill locations. A complete description of the drilling proposal is included within the AP

Location: T32N, R2E, Sec 30: Lots 1,2,3,4, E1/2W1/2
T32N, R2E, Sec 31: E1/2

County: Toole

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SEP 28 2004

I. PROJECT DEVELOPMENT

LEGISLATIVE ENVIRONMENTAL

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.

DNRC, Central Land Office, Conrad Under Surface Policy Office
Owner/Administrator (406) 278-7869
DNRC, MMB, Helena, MT (Minerals Administration) (406) 444-2074
Ranck Oil Company, Inc. Mineral Lessee, Operator
DNRC, MBOG, Shelby, MT (Production, Operations administration)
JMC Farms, 29495 Highway 2 Shelby, MT 59474 (Surface Lessee)

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

NONE:

3. ALTERNATIVES CONSIDERED:

Deny the request.

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE

[Y/N]

POTENTIAL IMPACTS

N = Not Present or No Impact will occur.
Y = Impacts may occur (explain below)

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:
Are fragile, compactable or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations?

[N] This assessment is for 3 drill test holes within the above listed locations. (See map attachment for exact locations.) The proponent intends to test from the surface to the base of the Black leaf formation for economic volumes of natural gas. The primary target will be the Bow Island formation. TD will be 1400 feet. All state surface is in native range consisting of Western Wheat grass, Green Needles grass, Sandberg Bluegrass, and Winterfat. Soil profile is moderately deep, consisting of silty clay loams. After drilling is completed, all surface disturbances will be backfilled, recontoured, and reseeded with the following mix. 7 lbs/acre each of Green Needle grass, Western Wheat grass, and Sandberg Bluegrass,

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

	and 2 lbs/acre Winterfat. If the seeding method is broadcast the poundage rate should be doubled. Travel will be during dry or frozen conditions only. Noxious weed monitoring will be required for 2 years following completion of drilling. A copy of surface damage notification with the surface lessee is pending at time of finalizing this assessment. There will be some fence damage, and some minimal vegetation loss as a result of this proposal.
5. WATER QUALITY, QUANTITY AND DISTRIBUTION: Are important surface or groundwater resources present? Is there potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality? Are cumulative impacts likely to occur as a result of this proposed action?	[N] Ground water is not expected during this drilling proposal.
6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I air shed)? Are cumulative impacts likely to occur as a result of this proposed action?	[N] Air quality will not be affected as a result of this project.
7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] Each drill site will be a 100 by 100 foot area. A schematic of the drill site layout is included with the drilling application. The reclamation requirements for the drilling area are outlined within item 4 of this assessment. There are no rare plants or cover types present within the proposed area.
8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There will not be any adverse impact to fish, wildlife, or birds resulting from this project.
9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES: Are any federally listed threatened or endangered species or identified habitat present? Any wetlands? Sensitive Species or Species of special concern? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There are no endangered or threatened species or habitat present on this site.
10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?	[N] During the field inspection there were no historic sites found. Lease records also indicated no evidence of cultural sites within the proposed drill site locations.
11. AESTHETICS: Is the project on a prominent topographic feature? Will it be visible from populated or scenic areas? Will there be excessive noise or light? Are cumulative impacts likely to occur as a result of this proposed action?	[N] This area is very remote and will not be visible to the general public.
12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY: Will the project use resources that are limited in the area? Are there other activities nearby that will affect the project? Are cumulative impacts likely to occur as a result of this proposed action?	[N]. The two major industries in this area are petroleum production and agriculture production. Both industries work well together in this area.
13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract? Are cumulative impacts likely to occur as a result of other private, state or federal current actions w/n the analysis area, or from future proposed state actions that are under MEPA review (scoping) or permitting review by any state agency w/n the analysis area?	[N] None.

III. IMPACTS ON THE HUMAN POPULATION	
RESOURCE	[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES
14. HUMAN HEALTH AND SAFETY: Will this project add to health and safety risks in the area?	[N] This project will not add to the health and safety of the area.
15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION; Will the project add to or alter these activities?	[Y] The results of this project can contribute to the industrial gas production of the area. This particular area is dependent upon both the petroleum and agricultural industries.
16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number. Are cumulative impacts likely to occur as a result of this proposed action?	[Y] This project will create several temporary contracting jobs during the permitting and drilling process.
17. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] This project will create tax revenue from the sale and production of natural gas.
18. DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc) be needed? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] Substantial traffic will occur during the drilling phase of this proposal. There are several production wells in this area and service roads are already in existence.
19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?	[N] There are no other management plans in effect on this particular site.
20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES: Are wilderness or recreational areas nearby or accessed through this tract? Is there recreational potential within the tract? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There are no wilderness or recreational sites accessed through this proposed location.
21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing? Are cumulative impacts likely to occur as a result of this proposed action?	[N] This project will not add to the population of the area.
22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or community's possible?	[N] This project will not disrupt any native or traditional lifestyle in the area.
23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?	[N] This project will not affect the cultural uniqueness or diversity of the area.
24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES: Is there a potential for other future uses for easement area other than for current management? Is future use hypothetical? What is the estimated return to the trust. Are cumulative impacts likely to occur as a result of this proposed action?	[Y] This project can benefit the state of Montana in terms of gas royalties from well production and license fees by granting this proposal.

A Checklist Prepared By: Steve R. Doo
Name

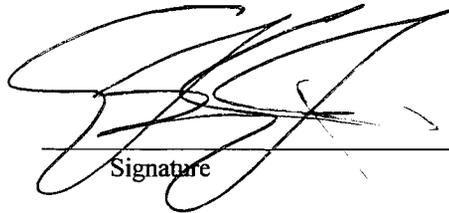
L.U.S.
Title

Date: 9-10-04

IV. FINDING

25. ALTERNATIVE SELECTED:	Grant Ranck Oil Co. authorization to drill the 3 gas wells.
26. SIGN4IFICANCE OF POTENTIAL IMPACTS:	The 3 proposed wells are located on native rangeland. Small-scale impacts to the soil resources around the well locations are expected. Small-scale impacts to the native rangeland around the locations are expected. No archaeological sites were observed within the project area. Ranck Oil will settle actual surface damages with State Land surface lessee. All disturbed areas will be recontoured and reseeded to native grass per recommendations within this EA checklist. If these 3 wells produce gas, the school trust will benefit in terms of increase royalty payments.
27. Need for Further Environmental Analysis: <input type="checkbox"/> EIS <input type="checkbox"/> More Detailed EA <input checked="" type="checkbox"/> No Further Analysis	

EA Checklist Approved By: Erik Eneboe Conrad Unit Manager - CLO
Name Title


Signature

September 13, 2004
Date

RANCH OIL COMPANY INC.

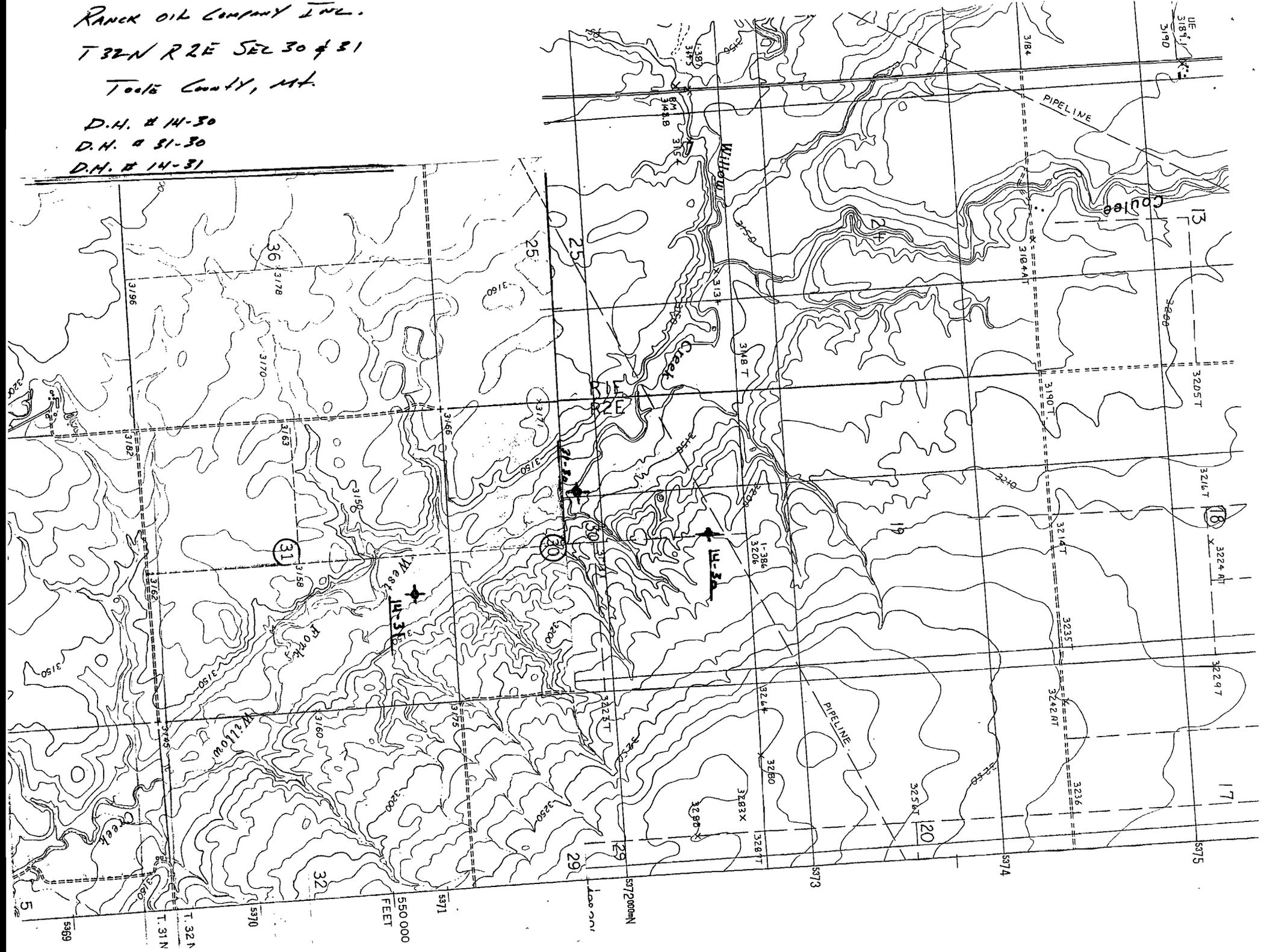
T 32-N R 2-E SEC 30 of 31

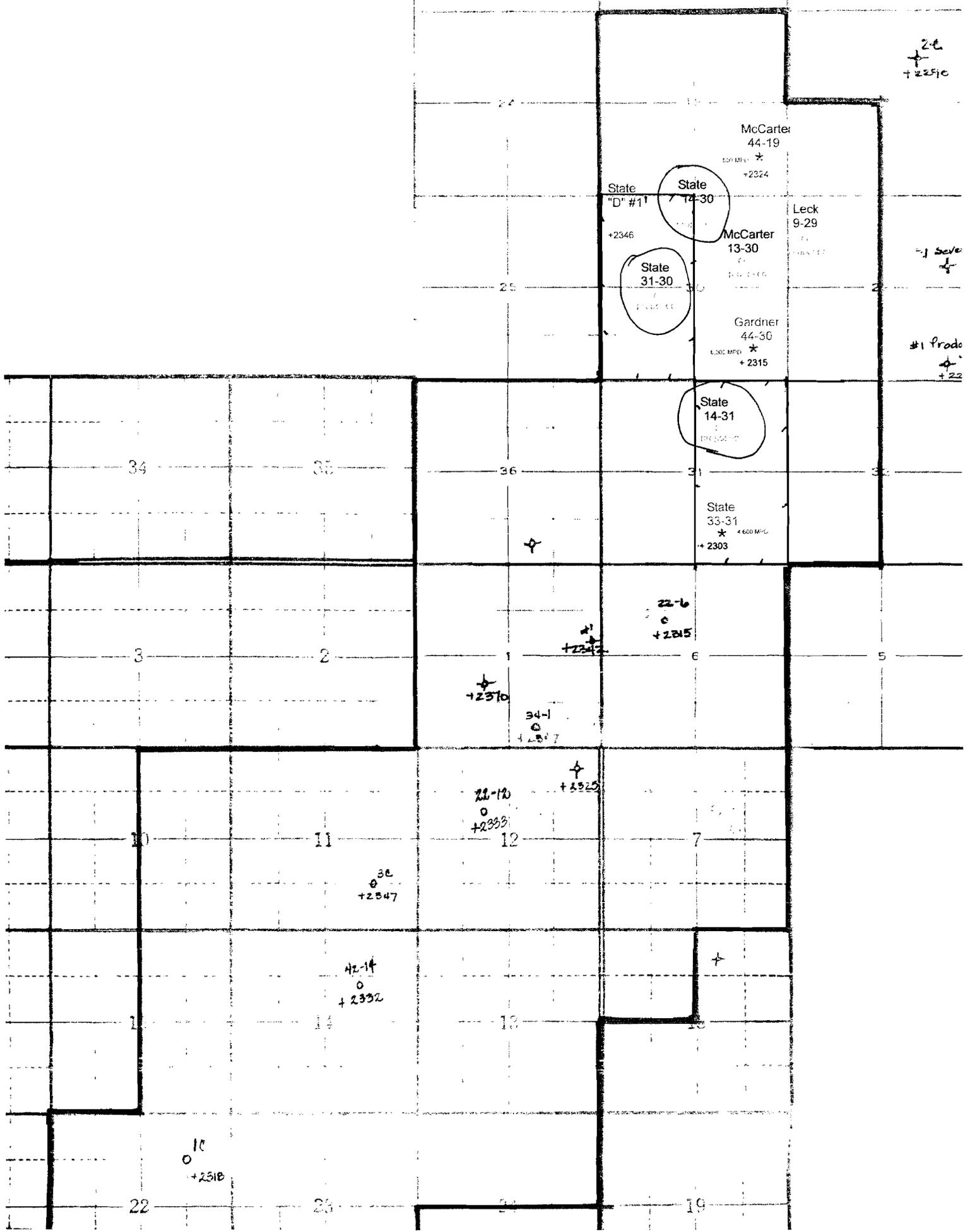
Toole County, MT.

D.H. # 14-30

D.H. # 31-30

D.H. # 14-31





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State
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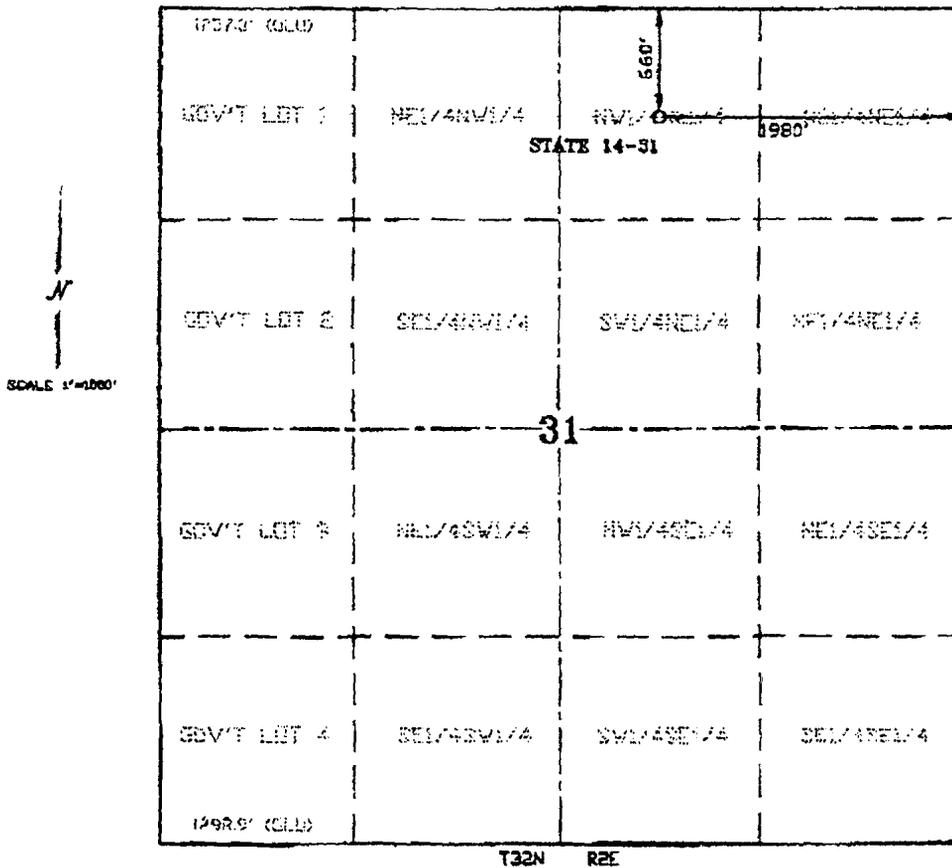
30
+2347

42-14
+2332

10
+2318

WELL LOCATION

STATE 14-31
 NW1/4NE1/4 SECTION 31, T32N, R2E, P.M.M.
 TOOLE COUNTY, MONTANA
 660' FNL X 1980' FEL
 ELEVATION BEFORE GRADING: 3128'



NO ATTEMPT HAS BEEN MADE BY THE SURVEYOR TO LOCATE UNDERGROUND STRUCTURES OR BURIED UTILITIES, AND APPROPRIATE AGENCIES AND SURFACE LANDOWNERS MUST BE CONTACTED FOR FIELD LOCATION OF ANY UNDERGROUND STRUCTURES OR BURIED UTILITIES BEFORE ANY CONSTRUCTION COMMENCES. CALL 1-800-424-5555 BEFORE ANY CONSTRUCTION COMMENCES.

NOTE: SUBDIVISION LINES AND GOVERNMENT LOT BOUNDARIES ARE SHOWN FOR DEPICTIVE PURPOSES ONLY AND SHOULD NOT BE USED FOR SCALING OR LOCATION PURPOSES.

ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF, I CERTIFY THAT AS A RESULT OF A SURVEY MADE ON THE GROUND TO THE NORMAL STANDARD OF CARE OF PROFESSIONAL LAND SURVEYORS PRACTICING IN THE STATE OF MONTANA, I FIND THE LOCATION OF THE STATE 14-31 AS SHOWN ON THE SUBJOINED DRAWING.

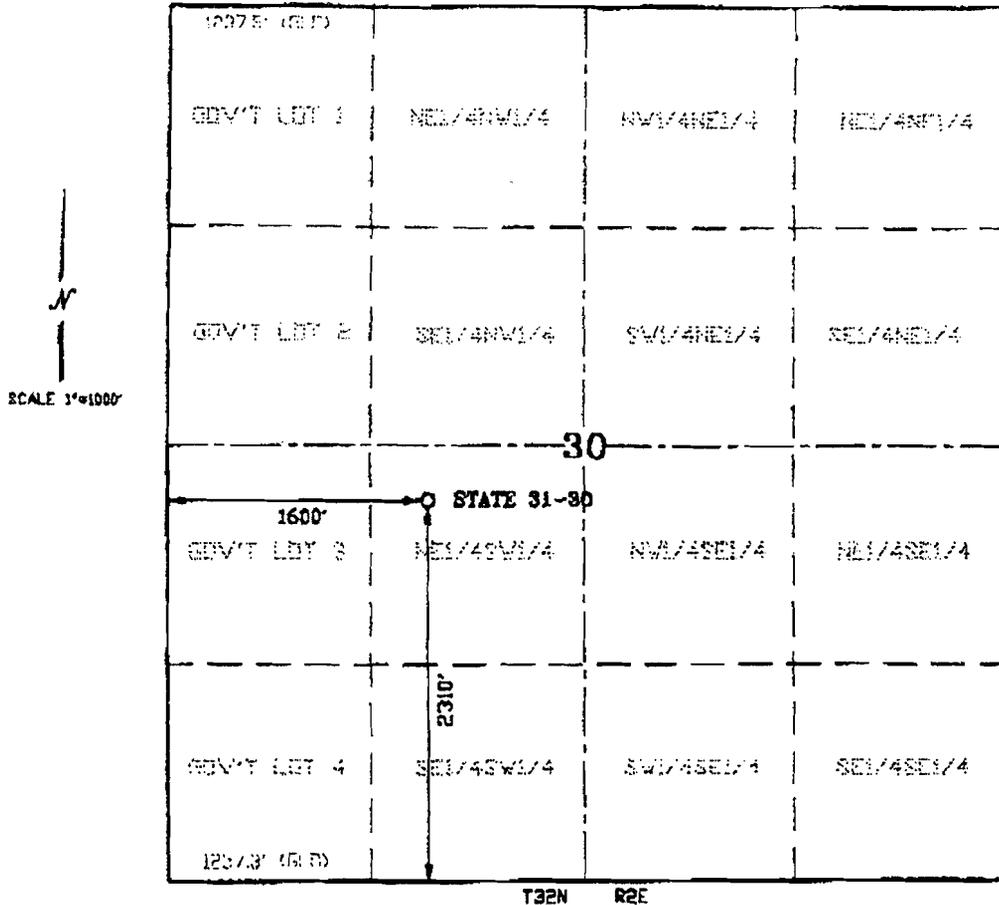
John M. Cicdon
 JOHN M. CICDON 4039 LS

ELEVATION BEFORE GRADING: 3126'
 BASIS - NAVD 29
 LAND USE: GRASSLAND

REQUESTED BY: RANCK OIL COMPANY, INC. P.O. BOX 548 CUT BANK, MONTANA 59427	SCALE 1"=1000'
STATE 14-31 NW1/4NE1/4 SECTION 31, T32N, R2E, P.M.M.	08-30-04
CICDON AND ASSOCIATES BOX 541 CHESTER, MONTANA 59622	JOB NO. 04-152
DRAWING NO. 04LSRANLVG	SHEET 1 OF 2

WELL LOCATION

STATE 31-30
NE1/4SW1/4 SECTION 30, T32N, R2E, P.M.M.
TOOLE COUNTY, MONTANA
2310' FSL X 1600' FWL
ELEVATION BEFORE GRADING: 3130'



NO ATTEMPT HAS BEEN MADE BY THE SURVEYOR TO LOCATE UNDERGROUND STRUCTURES OR BURIED UTILITIES, AND APPROPRIATE AGENCIES AND SURFACE LANDOWNERS MUST BE CONTACTED FOR FIELD LOCATION OF ANY UNDERGROUND STRUCTURES OR BURIED UTILITIES BEFORE ANY CONSTRUCTION COMMENCES. CALL 1-800-424-5555 BEFORE ANY CONSTRUCTION COMMENCES.

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John M. Cicon
JOHN M. CICON - 4039 LS

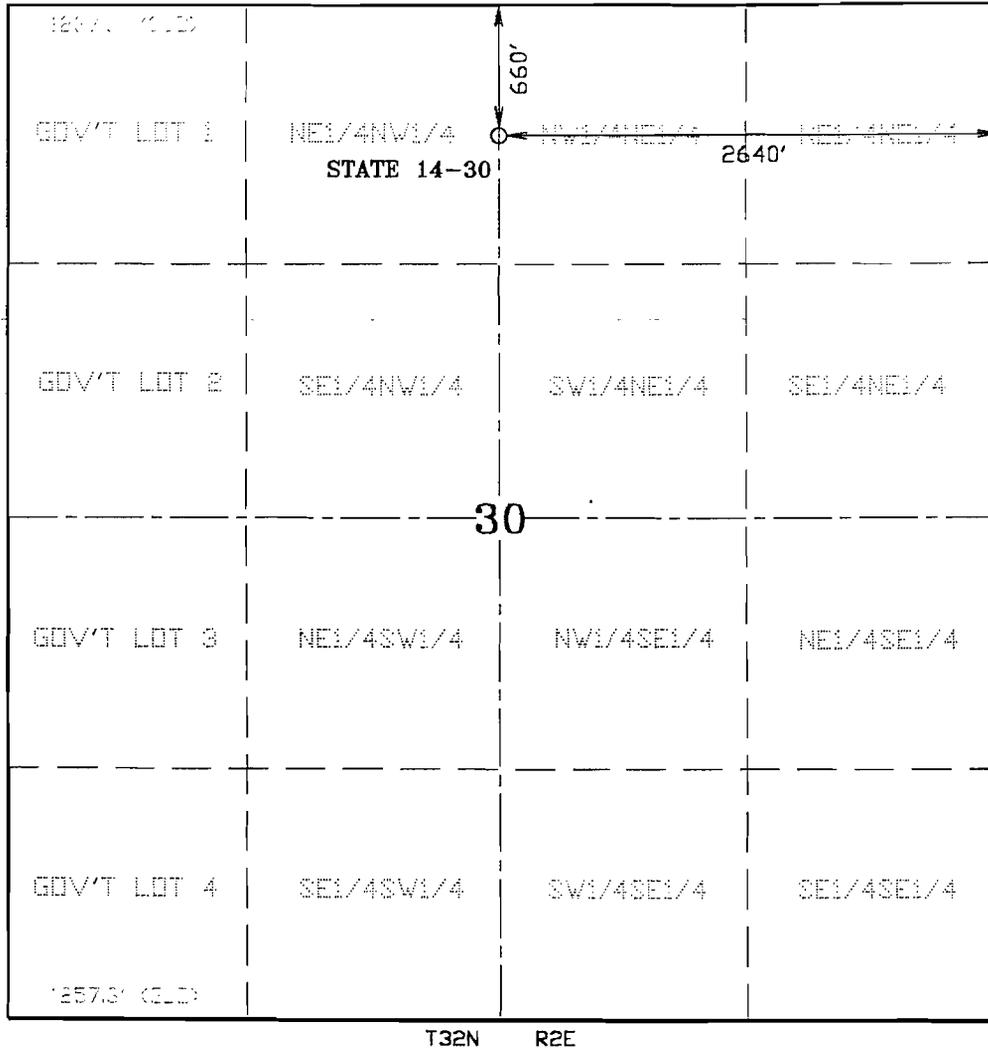
NOTE: SUBDIVISION LINES AND GOVERNMENT LOT BOUNDARIES ARE SHOWN FOR DEPICITIVE PURPOSES ONLY AND SHOULD NOT BE USED FOR SCALING OR LOCATION PURPOSES.

ELEVATION BEFORE GRADING: 3130'
BASIS - NAVD 29
LAND USE: GRASSLAND

REQUESTED BY: RANCK OIL COMPANY, INC. P.O. BOX 548 CUT BANK, MONTANA 59427	SCALE 1"=1000'
STATE 31-30 NE1/4SW1/4 SECTION 30, T32N, R2E, P.M.M.	08-30-04
CICON AND ASSOCIATES BOX 941 CHESTER, MONTANA 59522	JOB NO. 04-149
	DRAWING NO. 04M98RANL04G

WELL LOCATION

STATE 14-30
 N1/2N1/2 SECTION 30, T32N, R2E, P.M.M.
 TOOLE COUNTY, MONTANA
 660' FNL X 2640' FEL
 ELEVATION BEFORE GRADING: 3204'



NO ATTEMPT HAS BEEN MADE BY THE SURVEYOR TO LOCATE UNDERGROUND STRUCTURES OR BURIED UTILITIES; AND APPROPRIATE AGENCIES AND SURFACE LANDOWNERS MUST BE CONTACTED FOR FIELD LOCATION OF ANY UNDERGROUND STRUCTURES OR BURIED UTILITIES BEFORE ANY CONSTRUCTION COMMENCES. CALL 1-800-424-5555 BEFORE ANY CONSTRUCTION COMMENCES.

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 JOHN M. CICON 4039 LS

NOTE: SUBDIVISION LINES AND GOVERNMENT LOT BOUNDARIES ARE SHOWN FOR DEPICITIVE PURPOSES ONLY AND SHOULD NOT BE USED FOR SCALING OR LOCATION PURPOSES.

ELEVATION BEFORE GRADING: 3204'
 BASIS - NAVD 29
 LAND USE: GRASSLAND/CULTIVATION

REQUESTED BY: RANCK OIL COMPANY, INC. P.O. BOX 548 CUT BANK, MONTANA 59427	SCALE 1"=1000'
STATE 14-30 N1/2N1/2 SECTION 30, T32N, R2E, P.M.M.	08-25-04
 CICON AND ASSOCIATES BOX 541 CHESTER, MONTANA 59522	JOB NO. 04-148
	DRAWING NO. 04148RAN.DWG