

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: State 44EW-1699 CBM Natural Gas Exploratory Well
 Proposed Implementation Date: Prior to 12-06-04
 Proponent: Fidelity Exploration & Production Company
 Type and Purpose of Action: Drill an exploratory well to a proposed depth of 840 feet, to check the coal seams in an area with potential coal bed natural gas development.
 Location: SESE Sec.16, T9S R39E
 County: Bighorn

| I. PROJECT DEVELOPMENT | |
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| 1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project. | Surface lessee, Shawn and Troy Ankney contacted. |
| 2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED: | Permit to drill from BOGC |
| 3. ALTERNATIVES CONSIDERED: | Approve application No action |

| II. IMPACTS ON THE PHYSICAL ENVIRONMENT | |
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| 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, compactible or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations? | [N]Silty to clayey loam soils. Pits will be dug. Upon completion, they will be filled back in and reclaimed. This is a relatively level site, requiring little to no blade work. |
| 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? | [N]No de-watering and testing of natural gas will be required during this initial core test phase.  DEC 2 2004 |
| 6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I airshed)? | [N]What minimal emissions are released as part of this drilling process will quickly dissipate. |
| 7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present? | [N]There are no known rare or endangered plants. A brush hog will be used to remove woody vegetation. Little if any blade work will be required. The pits will be reclaimed with a native seed mix upon project completion. |

| II. IMPACTS ON THE PHYSICAL ENVIRONMENT | |
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| 8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish? | [N] Pronghorns, deer, and upland game birds including Sagegrouse may occupy the site as with the surrounding area. Whatever temporary disturbance is caused from the proposed activity, the effected species can move into the adjacent locales. |
| 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? | [N] This is an area dominated by some fairly dense stands of Wyoming Big Sage (10-15% annual production). This is pretty common throughout the area so a temporary disturbance will have little adverse effect upon species dependent on sagebrush as they can move to a locale that is undisturbed. The proposed well-site is within the two mile nesting buffer zone of a lek. This prevents any work from March 1st to June 15th. |
| 10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present? | [N] No sites were discovered during the on-site review. The staff archaeologist was consulted. |
| 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? | [N] |
| 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? | [N] |
| 13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract? | [N] The information from this core test will provide data to the applicant to analyze future coal bed natural gas development on this tract. If the data is favorable, future environmental reviews would be done to address production wells. |

| III. IMPACTS ON THE HUMAN POPULATION | |
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| 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] |

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| <p>15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?</p> | <p>[N]</p> |
| <p>16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number.</p> | <p>[N]</p> |
| <p>17. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue?</p> | <p>[N]</p> |
| <p>18. DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc) be needed?</p> | <p>[N] Access will be restricted to dry or frozen conditions and disallowed from March 1st to June 15th. No additional services are needed.</p> |
| <p>19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?</p> | <p>[N]</p> |
| <p>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?</p> | <p>[N] This is a remote location with no legal public access.</p> |
| <p>21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing?</p> | <p>[N]</p> |
| <p>22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?</p> | <p>[N]</p> |
| <p>23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?</p> | <p>[N]</p> |
| <p>24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:</p> | <p>[N]</p> |

