

DEPARTMENT OF NATURAL
RESOURCES AND CONSERVATION
NORTHEASTERN LAND OFFICE



DNRC - Trust Land Management Division

STATE OF MONTANA

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(406) 265-5236 FAX

RECEIVED

HAVRE UNIT OFFICE
PO BOX 868
210 SIXTH AVENUE
HAVRE, MONTANA 59501-0868

MAR 08 2006

January 30, 2006

LEGISLATIVE ENVIRONMENTAL
POLICY OFFICE

MEMORANDUM

TO: Clive Rooney, Area Manager, Northeastern Land Office
Wanda Walks, Mineral Leasing Section, Helena Office

FR: Dan Dobler, Havre Unit Manager, Northeastern Land Office *Dan Dobler*

RE: Seismic Permit No. 1476 – Hedges Creek 3-D
Tesla Exploration, Inc. / Devon Louisiana Corporation

Township 27 North, Range 19 East

Section 13: N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 14: N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$

Section 15: N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$, N $\frac{1}{2}$ S $\frac{1}{2}$

Section 16: All

Section 21: SW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$

Section 22: S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$

Section 23: S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$

Section 24: S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$

Section 25: All

Section 26: All

Section 27: N $\frac{1}{2}$, SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$

Section 28: N $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$

Section 36: All

Blaine County, Montana

Tesla Exploration, Inc. is proposing to conduct the Hedges Creek 3-D seismic project across the above referenced tracts of state land. Devon Louisiana Corporation is the State of Montana's oil and gas lessee for the above referenced tracts of state land. Devon Louisiana Corporation has hired Tesla Exploration, Inc. to conduct this seismic project on their behalf. This type of project will create low impact energy sources by using vibroseis equipment. This equipment is used to locate shallow natural gas producing formations. This project is very extensive and shall create a checkerboard pattern across the landscape.

This project will cross thirteen tracts of state grazing lands, fourteen tracts of private grazing lands, and six tracts of federal grazing lands in south-central Blaine County, Montana. The surface impacts will consist mainly from limited vehicular travel across the surface and soil compaction from the vibrating platform and tires on the seismic equipment. Tesla Exploration, Inc. will be required to contact the state's surface lessee, Cowan & Son Corporation, C/o Bill Cowan, regarding the proposed seismic project across their individual surface leases with the State of Montana.

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DNRC NELO

I have attached an Environmental Assessment Checklist for your review. Please review the EA Checklist, sign and date it, and return an executed copy to the Havre Unit Office. Please forward a copy of the executed EA Checklist to Connie Daruk, so that she may forward it to the Environmental Quality Council.

I have concluded in the Environmental Assessment Checklist that this project will have minor environmental impacts on the native rangeland and tame pastures associated with these tracts of state land. Surface damages to the native rangeland and tame pastures associated with these tracts of state land shall be minimal, if the proponent conducts this project during frozen or dry surface conditions and complies with the Department's terms and conditions for seismic activity on state land. Tesla Exploration, Inc. will be required to settle all surface damages with the state's surface lessee(s) within a reasonable time period following the completion of the seismic project.

I am recommending that the Department issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across the above referenced thirteen tracts of state land. Listed below are the stipulations for Seismic Permit No. 1476:

STIPULATIONS

1. Permittee shall contact the Havre Unit Office, 48 hours prior to commencing any surface activities at PO Box 868, Havre, MT 59501, phone (406) 265-5236.
2. The permittee shall be responsible for controlling any noxious weeds introduced by permittee's activity on state owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the leased premises.
3. These tracts of state land are known to contain archaeological, historic, and/or paleontological resources. If any of these resources are located within the direct route of a proposed seismic line, the permittee shall cease all activity and contact the Department's, Archaeologist and the Havre Unit Office immediately. The Department reserves the right to restrict surface activity on State land to protect significant archaeological, historic, and/or paleontological resources.
4. It is the responsibility of the permittee to make sure that the seismic company that has been contracted to do the seismic work under this permit has a valid permit with the county and has registered their bond with the Secretary of State's Office.
5. In order to prevent the introduction of noxious weeds on state lands, vehicles and ATV's used on state land must be power washed prior to use on the project.
6. The permittee shall contact the state's surface lessee(s), Cowan & Son Corporation, 48 hours prior to any seismic recording activity across these tracts of state land.
7. Seismic activity will occur on dry or frozen ground only. No activity will be allowed during muddy conditions.
8. No vehicle oil changes or petroleum disposal shall occur on these tracts of state land. There will be no off-road traffic other than necessary to accomplish the seismographic goals.
9. Vehicles will not be allowed to traverse steep slopes that are greater than 25% or areas with very thin soils that may be rutted and left open to erosion. All receiver lines will be placed on steep slopes by hand crews.
10. All gates will be closed, and all fences that are taken down will be repaired as soon as possible.

11. All flagging tape will be removed from the roads and fences leading into the site, along designated routes, and fence lines indicating where gates are located, once the project is completed.
12. There may be woody species present on these tracts of state land like snowberry, woods rose, and Russian olive. Trucks should avoid these species by going around them. If woody draws are present, these areas must be avoided. If the permittee wants to cross a woody draw they must receive written permission from the Havre Unit Office on the agreed upon crossing location.
13. The permittee shall settle all surface damages with the state's surface lessee(s) within a reasonable time period following the completion of the seismic project.
14. The following drainages and their associated tributaries will be off-limits to all seismic recording vehicles for this project and all receiver lines in these areas will be placed by hand crews: Hedges Creek, Als Creek, Cow Creek, and Gap Creek.
15. The permittee shall avoid all seismic recording activity within 300 feet of the TU Reservoir and Cow Creek Reservoir.

Enclosure: EA Checklist/Legal Descriptions for Seismic Permit No. 1476

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Seismic Permit No. 1476	Proposed Implementation Date: March 1, 2006
Proponent: Tesla Exploration, Inc., C/o Scott Lindenmuth, PO Box 383, Havre, MT 59501	
Type and Purpose of Action: Tesla Exploration, Inc. has applied for a seismic permit from the Montana DNRC to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land in south-central Blaine County. Devon Louisiana Corporation is the State of Montana's oil and gas lessee for these tracts of state land. Devon Louisiana Corp. has hired Tesla Exploration, Inc. to conduct the Hedges Creek 3-D seismic project on their behalf. Tesla will be conducting this project for the exploration of natural gas formations across these tracts of state land. The project will also involve fee and federal grazing lands in the surrounding area.	
Location: (See Attached Page for Complete Legal Descriptions)	Counties: Blaine County, Montana

I. PROJECT DEVELOPMENT

<p>1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.</p>	<p>The Department of Natural Resources and Conservation (DNRC) has been petitioned by Tesla Exploration, Inc. to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land. Devon Louisiana Corporation is the State of Montana's oil and gas lessee on these tracts of state land. Devon Louisiana Corporation has hired Tesla Exploration, Inc. to conduct this seismic project on their behalf. The Montana DNRC sent out a scoping letters to state surface lessee(s), Cowan & Son Corporation, C/o Bill Cowan, identifying the proposed seismic project across these thirteen tracts of state land.</p>
<p>2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:</p>	<p>The Montana DNRC's, Havre Unit Office, Minerals and Management Bureau, and the Montana Board of Oil & Gas are the only governmental agencies with jurisdiction for this type of activity on State School Trust Lands. The USDA Bureau of Land Management is the other governmental agency with jurisdiction for this type of activity on the federal lands that are involved with the Hedges Creek 3-D seismic project. Tesla Exploration, Inc. will need to obtain a seismic permit from the Montana DNRC, prior to conducting any seismic activities on state land. The seismic company that has been contracted to do the seismic work under this permit must have a valid permit with each county and have registered their bond with the Secretary of State's Office.</p>

3. ALTERNATIVES CONSIDERED:	<p>Action Alternative: The Montana DNRC will grant Tesla Exploration, Inc. permission to conduct the Hedges Creek 3-D seismic project for the exploration of natural gas formations across these tracts of state land. The Montana DNRC will issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p> <p>No Action Alternative: The Montana DNRC will deny Tesla Exploration, Inc. permission to conduct the Hedges Creek 3-D seismic project for the exploration of natural gas formations on state land. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>
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II. IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE	POTENTIAL IMPACTS
<p>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?</p>	<p>Action Alternative: The soils located on these tracts of state land will receive a minimal disturbance with this type of activity. The soils are suitable for this type of activity, but some soils may experience compaction due to the heavy equipment that is used for this type of activity. Furthermore, there are certain areas that are susceptible to erosion. These areas will be off-limits to all seismic recording vehicles for this project. All receiver lines will be laid out by hand crews in these areas. All vehicles and ATV's will not be allowed to traverse steep slopes that are 25% or greater, or areas of very thin soils that may be rutted and left open to erosion. Site specific stipulations have been added to ensure that the steep slopes and drainages will not be degraded by this project. The proposed seismic project will only take place while the ground is frozen or dry. No unusual geological features are present on these tracts of state grazing lands. There are no special reclamation considerations for this project, as long as the permittee follows the stipulations that have been laid out for this project by the Montana DNRC.</p> <p>No Action Alternative: The soils that are located on these tracts of state land will not be disturbed. These soils will not be susceptible to compaction or erosion, if the project is not permitted by the Montana DNRC. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

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?

Action Alternative: The location of the proposed seismic project does contain important surface and/or groundwater resources. Tesla Exploration is prohibited from all seismic recording activities within 300 feet of the TU Reservoir, Cow Creek Reservoir, any livestock reservoir, creek, well, or water storage facility in order to maintain the integrity of the water source. This type of activity does not have the potential to contaminate drinking water or degrade the present water quality found in this area. There is no potential to violate any ambient water quality standards by approving this project across these tracts of state land. The water quality, quantity, and distribution will not be impacted in this area.

No Action Alternative: The water quality, quantity, and distribution will not be impacted on these tracts of state land. Surface and groundwater resources will not be subject to disturbance by denying this project. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.

6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I airshed)?

Action Alternative: The project is expected to have a minimal impact on the air quality within the surrounding area of the proposed activity. There will be an increase in traffic across the designated roads in this area by the seismic company that will produce some dust particulates throughout the entire length of the project. However, after the seismic company completes the project, traffic will return to normal in this area. This project is not influenced by air quality regulations or zones.

No Action Alternative: The air quality that currently exists in this area will not be impacted on these tracts of state land. No pollutants or particulates will be produced in this area by the increase of traffic across designated roads and trails. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present?

The location of the proposed project contains native rangeland and tame pasture lands that are used primarily for livestock grazing purposes as well as wildlife habitat.

The vegetative communities found throughout the native rangeland include the following plants: western wheatgrass (*Agropyron smithii*), needle-and-thread (*Stipa comata*), blue grama (*Bouteloua gracilis*), green needlegrass (*Stipa viridula*), sedges (*Carex spp.*), Sandberg bluegrass (*Poa secunda*), cudweed sagewort (*Artemisia ludoviciana*), fringed sagewort (*Artemisia frigida*), dense clubmoss (*Selaginella densa*), silver sagebrush (*Artemisia cana*), woods rose (*Rosa woodsii*), river willow (*Salix exigua*), snowberry (*Symphoricarpos occidentalis*), Ponderosa pine (*Pinus ponderosa*), Rocky Mountain Juniper (*Juniperus scopulorum*), big sagebrush (*Artemisia tridentata*) chokecherry (*Prunus virginiana*) and American elm (*Ulmus Americana*).

The tame pastures consist of crested wheatgrass (*Agropyron cristatum*), smooth brome (*Bromus inermis*), and alfalfa (*Medicago sativa*).

Action Alternative: The proposed project is expected to have a minor environmental impact on the native and tame pasture grazing lands associated with these tracts of state land. The vegetative communities in the immediate area of disturbance will be matted down with this type of activity. No rare plants or cover types are present in the area of the proposed project. There will be no vehicular activity, other than specified on the plat map. The seismic company will not be allowed to traverse up, down, or across the steep slopes that are found within the proposed project area. Woody draws are present in this area and will be avoided by the seismic company during this project. Compaction from the seismic recording vehicles will reduce forage production in the short-term, but will have no impact on the long-term future forage productivity of these lands.

No Action Alternative: The vegetative communities on the native rangeland and tame pasture areas found throughout the proposed project area will not be disturbed. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

<p>8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish?</p>	<p>Action Alternative: The location of the proposed seismic project is used by many different types of wildlife and bird species. Wildlife will be temporarily displaced in this area, throughout the course of the entire seismic project. Wildlife and bird species found in this area will not be permanently relocated as a result of this type of activity. Once the project is completed, all wildlife and bird species will return to normal everyday activities across these tracts of state land.</p> <p>No Action Alternative: The terrestrial and avian life and their associated habitats currently found across this area will not be impacted. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>
<p>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?</p>	<p>Action Alternative: The timing of this project will take place while the ground is frozen or dry. This should minimize the overall disturbance to the grazing lands. This type of project may temporarily displace some wildlife species throughout the course of the project. However, these species will return to normal activities once the project is completed. Federally listed, threatened, and endangered species will be able to migrate through this area with minimal disturbance. There are no known sensitive species and/or species of special concern known to use this area as habitat. However, the potential of occasional use does exist. These species will not be impacted by the seismic activity across these tracts of state land. The seismic company will complete this project within a week and they will leave the area completely. All wildlife species found in this area will return to normal everyday activities once the seismic company finishes the project and leaves this area.</p> <p>No Action Alternative: The unique, endangered, fragile and/or limited environmental resources found within the area of the proposed disturbance will not be impacted. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?

Action Alternative: The Montana DNRC has surveyed the project area for existing cultural resources. Surface features have been observed during previous field evaluations on some of the tracts listed within the project area. The Montana DNRC Archaeologist, Patrick Rennie, has been contacted for his input on possible cultural resource concerns in this area with this type of activity. He has seen no evidence that seismic activity such as this can impact cultural resources, as long as the proponent conducts this type of activity during dry or frozen conditions and complies with the stipulations outlined by the Montana DNRC for this project.

No Action Alternative: The historical and archaeological resources that exist on some of these tracts of state land will not be impacted. The Montana DNRC's, Trust Land Management Division, Minerals Management Bureau will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across these tracts of state land.

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?

Action Alternative: The proposed project area is located approximately 35 miles south of Chinook, Montana. This project will be visible to the public from the Lloyd Road that runs along the western boundary of this project. The project will create some excessive noise during the initial stages of the project. However, the noise levels will return to normal once the project is completed and the seismic company pulls out of the area.

No Action Alternative: The aesthetic character currently associated with these tracts of native and tame grazing lands will not be diminished. This project will not be visible to the public. No excessive noise will be produced in this area, if the project is denied by the DNRC. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

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?

Action Alternative: The native and tame grazing lands will receive some minimal impacts with this type of activity. Soil compaction will occur from the use of seismic recording vehicles. Native vegetation will be matted down as well with the use of this type of equipment. Forage production will be lost in those areas that the seismic recording vehicles traveled over this year. The project will take place while the ground is frozen or dry, in order to limit the impact on the surrounding vegetative communities that currently exist on these tracts of state land. The project will not use resources that are limited in the area. There are no other activities in the area that will affect the timing of this project.

No Action Alternative: There will be no additional demands on the environmental resources of land, water, air or energy across these tracts of state land. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract?

Action Alternative: The Montana DNRC will continue to monitor mineral and surface management activities on these tracts of state land. The Montana DNRC will continue to assess the environmental impacts that these projects have on the surrounding ecosystem. The Montana DNRC will continue to administer the licensed surface activities that are currently taking place on these tracts of State School Trust land. The Montana DNRC does not currently have any other studies, plans, or projects on these tracts of state land at this time.

No Action Alternative: No further studies, plans, or projects will be needed to assess negative environmental impacts from seismic projects such as these, if this project is denied. The Montana DNRC Trust Land Management Division will continue to perform field appraisals on tracts of State School Trust land every ten years. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.

III. IMPACTS ON THE HUMAN POPULATION

RESOURCE	POTENTIAL IMPACTS AND MITIGATION MEASURES
<p>14. HUMAN HEALTH AND SAFETY: Will this project add to health and safety risks in the area?</p>	<p>Action Alternative: Tesla Exploration, its subcontractors, and/or their employees understand the risks involved with this type of project. They assume the risks involved in seismic project as an occupational hazard. The project will have no long-term impacts to the health and safety of the people found in this area.</p> <p>No Action Alternative: The human health and safety risks found in this area will continue to remain minimal. There will be no human health or safety risks to the seismic company, subcontractors, and/or its employees, if this project is denied. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>
<p>15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?</p>	<p>Action Alternative: The DNRC has set up stipulations for the seismic company to ensure that these grazing lands will receive minimal environmental impacts with this type of project. The proposed project will compact the soils where the seismic recording vehicles will be driving. Damages to the grazing land in the form of forage production loss will be settled with the state's surface lessee(s) within a reasonable time period following the completion of the seismic project.</p> <p>No Action Alternative: The industrial, commercial, and agricultural activities will not be altered on these tracts of state land. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>
<p>16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number.</p>	<p>Action Alternative: The project is located in a very rural area that is primarily used for livestock grazing purposes. The project will not alter the quantity and distribution of employment in this area. The project will create short-term jobs for the seismic company's employees, but will have no impact on the local quantity and distribution of employment.</p> <p>No Action Alternative: The quantity and distribution of employment will not be impacted in the surrounding area. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>

<p>17. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue?</p>	<p>Action Alternative: The project will not create or eliminate tax revenue in Blaine County. The local and state tax bases will remain the same.</p> <p>No Action Alternative: The local and state tax base will remain the same in Blaine County. The tax revenues in Blaine County will not be impacted. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</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>Action Alternative: The project will increase traffic on the existing roads, throughout the course of the entire project. Traffic will return to normal, once the seismic company has completed the project and left this area. The project will not require other services such as police, fire departments, or schools.</p> <p>No Action Alternative: No additional government services will be needed on these tracts of state land. There will not be an increase of substantial traffic added to the existing roads and trails in this area. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</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>Action Alternative: The goal of the Montana DNRC/TLMD is to manage the State of Montana's trust land resources to produce revenue for the trust beneficiaries, while considering environmental factors and protecting the future income-generating capacity of the land. Exploring for natural gas and oil formations on state land has to potential to increase the income-generating capacity of the land. If natural gas or oil formations are found on the state land, additional revenue may get be generated for the trust beneficiaries, through royalties from the sale of natural gas or oil via a commercially producing well.</p> <p>No Action Alternative: There will be no impacts to the locally adopted environmental plans or goals that the Montana DNRC/TLMD has for these tracts of state land. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</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>Action Alternative: The location of the proposed project does have recreational potential. Some of these tracts of state land do have legal access for recreational activities. Upland game bird hunting, big game hunting, bird watching, and hiking are just some of the types of recreational activities that take place in this area. The proposed project will not alter these activities. Recreational activities will return to normal once the seismic company is done with this project.</p> <p>No Action Alternative: The access to and quality of the wilderness and recreational activities found in this area will continue to remain the same. Only a portion of these tracts of state land have legal access and will continue to be used by people for recreational purposes. Those people wishing to recreate on these tracts of State land must possess a State Lands Recreational Use License or a State of Montana Conservation License. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>
<p>21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing?</p>	<p>Action Alternative: The density and distribution of population and housing will not be impacted with the approval of this seismic project. The proposed activity will increase traffic on the designated roads into the areas of the project. The increase in traffic will only occur during the initial stages of the seismic project. The location of the proposed project is in a rural area. This area is primarily used for livestock grazing purposes and wildlife habitat.</p> <p>No Action Alternative: The density and distribution of population and housing will not change in this area. The proposed project will not have any impact on the density and distribution of population and housing in this area regardless of the decision from the Montana DNRC. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>

<p>22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?</p>	<p>Action Alternative: This project will have a minimal impact on the native and traditional lifestyles found within this area. The social structures and mores will not be impacted with the proposed seismic project.</p> <p>No Action Alternative: The social structures and mores will continue to stay the same. The native and traditional lifestyles found in this area will not be disrupted. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>
<p>23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?</p>	<p>Action Alternative: The proposed activity will not cause a shift in any of the unique qualities found within the surrounding area. The seismic project will not change the cultural uniqueness or the diversity currently found on these tracts of state land.</p> <p>No Action Alternative: The cultural uniqueness of the land will not be disturbed. The proposed action will not cause a shift in any of the unique qualities of this area. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>
<p>24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:</p>	<p>Action Alternative: Tesla Exploration, Inc. is proposing to conduct the Hedges Creek 3-D seismic project to explore for natural gas and oil within the different soil formations below these tracts of state land. They may find formations that possess the right characteristics to hold natural gas and/or oil and propose to drill an exploratory well to tap into this resource. This activity would present another proposed activity to the Montana DNRC. The Montana DNRC will deal with that project, if and when it comes along.</p> <p>No Action Alternative: There are no other appropriate social and/or economic circumstances to discuss in this Environmental Assessment Checklist. The Montana DNRC will not issue Tesla Exploration, Inc. a seismic permit to conduct the Hedges Creek 3-D seismic project across thirteen tracts of state land.</p>

EA Checklist Prepared By: Dan Dobler
Name

Havre Unit Manager
Title

Dan Dobler
Signature

January 30th, 2006
Date

IV. FINDING	
25. ALTERNATIVE SELECTED:	Action
26. SIGNIFICANCE OF POTENTIAL IMPACTS:	N.S. I.
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: Clive Rooney
Name

Area Manager, Northeastern Land Office
Title


Signature

2/6/6
Date

Seismic Permit No. 1476

Tesla Exploration, Inc. - Hedges Creek 3-D Project

Blaine County, Montana

Township 27 North, Range 19 East

Section 13: N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 14: N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$

Section 15: N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$, N $\frac{1}{2}$ S $\frac{1}{2}$

Section 16: All

Section 21: SW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$

Section 22: S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$

Section 23: S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$

Section 24: S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$

Section 25: All

Section 26: All

Section 27: N $\frac{1}{2}$, SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$

Section 28: N $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$

Section 36: All