

DEPARTMENT OF NATURAL
RESOURCES AND CONSERVATION

NORTHEASTERN LAND OFFICE

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DNRC NELO



(406) 265-5236 Telephone
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HAVRE UNIT OFFICE
PO BOX 868
210 SIXTH AVENUE
HAVRE, MONTANA 59501-0868

STATE OF MONTANA

March 15, 2006

DNRC - Trust Land Management Division

MEMORANDUM

TO: Clive Rooney, Area Manager, Northeastern Land Office
Julie David, Supervisor, Mineral Leasing Section

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

RE: Klabzuba Oil & Gas A Family Limited Partnership - Lessee
Montana Land & Exploration, Inc. - Operator
State Of Montana Oil & Gas Lease OG-35,394-04
Township 33 North, Range 21 East
Section 36: N $\frac{1}{2}$, SW $\frac{1}{4}$
Blaine County, Montana
SW Cherry Patch #8-36 Well (SENE)

D. D. H.
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LEGISLATIVE ENVIRONMENTAL
POLICY OFFICE

Montana Land & Exploration, Inc. is proposing to drill an exploratory natural gas well and construct an access road into the well site on the above referenced tract of state land. Montana Land & Exploration, Inc. will be conducting the drilling operations on behalf of Klabzuba Oil & Gas a Family Limited Partnership, as they are the State of Montana's oil and gas lessee. Montana Land & Exploration, Inc. will bury a pipeline across the state land, if the natural gas well is capable of commercial production. The proposed pipeline route will be inspected for cultural and other resource concerns, prior to any surface activity across this tract of state land. I conducted an on-site inspection of this project with Trent Sizemore, Agent for Montana Land & Exploration, Inc. and I have outlined my concerns within the drilling stipulations listed on the attached page.

Enclosed you will find an Environmental Assessment Checklist for your review. I have concluded in the Environmental Assessment Checklist, that no large-scale or negative impacts to the state grazing land are expected, as long as Montana Land & Exploration, Inc. follows the drilling stipulations that I have set in place for this project. Please review the EA Checklist, sign and date it, and return a finalized copy to me. Please forward a copy of the EA Checklist to Connie Daruk in Helena, so that she may forward it onto the EQC. I used a global positioning system to map the drill pad area on this tract of state land. The access road will come in from the east across an existing two-track trail that almost ties in with the proposed well location. Enclosed you will find an aerial photo map and a topographic map with the drill pad area plotted in. I am recommending that the Department issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road across this tract of state land. If you have any further questions, please contact me at the Havre Unit Office.

Enclosures:

Natural Gas Exploratory Well Drilling Stipulations for Oil & Gas Lease No. 35,394-04

Proposed SW Cherry Patch #8-36 Well (SENE) - Blaine County, Montana

1. Permittee shall contact the Havre Unit Office, PO Box 868, Havre, MT 59501, (406) 265-5236, 48 hours prior to any surface activity.
2. The permittee shall also contact the State's surface lessee, Joseph Brummer, 48 hours prior to any surface activity. The permittee shall settle all surface damages with the State of Montana and Joseph Brummer, prior to conducting any surface activities on this tract of state land.
3. The permittee shall be responsible for controlling any noxious weeds introduced by the permittee's activity on the state land and shall prevent or eradicate the spread of those noxious weeds onto deeded land adjoining the premises.
4. This tract may contain buried significant archaeological, historical, or paleontological resources. If any of these resources are located, the permittee shall cease all drilling activity and contact the appropriate Area Office, Unit Office, and Department Archaeologist in Helena immediately. The Department reserves the right to restrict surface activity for the purposes of protecting significant cultural resources.
5. In order to prevent the introduction of noxious weeds on the state land, all equipment used for this project must be initially power washed prior to use.
6. Natural gas drilling activity may occur on dry or frozen ground only. No activity will be allowed during muddy conditions.
7. No vehicle oil changes or petroleum disposal shall occur on this tract of state land.
8. There will be no off-road traffic other than that necessary to accomplish the gas well drilling and the construction of an access road into the well site.
9. All gates will be closed and all fences that are taken down will be repaired as soon as possible.
10. The topsoil removed from the site must be located upslope of the project. Subsoil, excessive dirt, and pit stockpiles must be located down-slope of the project and used first for fill.
11. The access road must be kept to a minimal size in order to minimize the impact to the native rangeland resource.
12. Turn-arounds must be kept to their initial size and they are not to be expanded on. The tear drop must be as close to the drill pad as possible.
13. All disturbed areas shall be seeded with State of Montana Certified or Registered seed. The seed mixture shall be planted in the amounts specified in pounds of pure live seed per acre (PLS/acre). The seed mixture shall consist of 5 lbs. PLS/acre 'Rosana' western wheatgrass, 5 lbs. PLS/acre 'Pryor' slender wheatgrass, 6 lbs. PLS/acre 'Lodorm' green needlegrass, and 2 lb. PLS/acre yellow sweetclover (seed poundage is to be doubled if area is broadcast seeded). The seeding will be repeated until a satisfactory stand is established as determined by the Havre Unit Office.

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Proposed Exploratory Natural Gas Well SW Cherry Patch #8-36 Well (SENE)	Proposed Implementation Date: April 15, 2006
Proponent: Montana Land & Exploration, Inc., 2100, 101 – 6th Avenue, S.W., Calgary, Alberta T2P 3P4, Canada	
Type and Purpose of Action: Montana Land & Exploration, Inc (ML&E, Inc.) is proposing to drill an exploratory natural gas well and construct and access road across a tract of state grazing land in north-central Blaine County. Montana Land & Exploration, Inc. will be conducting the drilling operations on behalf of Klabzuba Oil & Gas a Family Limited Partnership, as they are the State of Montana's oil and gas lessee. The Montana Department of Natural Resources and Conservation's (DNRC), Trust Land Management Division (TLMD) is responsible for administrating all mineral activity on State School Trust Lands. The State of Montana owns the mineral rights on this entire section of land and it owns the surface in the N½ and SW¼ of this section. Montana Land & Exploration, Inc. will have to bury a pipeline to transport the natural gas off the state land, if the well is capable of commercial production. The proposed pipeline will be reviewed by the Havre Unit Office at that time and only if the well is successful and capable of commercial production.	
Location: SE¼NE¼; Sec. 36, T33 North, R21E	County: 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 Montana Department of Natural Resources and Conservation has been petitioned by Montana Land & Exploration, Inc. to drill an exploratory natural gas well and construct an access road into the well site on the above referenced tract of state land. The mineral rights on this entire section of land are owned by the State of Montana. Trent Sizemore, Agent for Montana Land & Exploration, Inc. has contacted the State's surface lessee, Joseph Brummer, regarding their intentions to drill a natural gas well and construct an access road into the well site across this tract of state land. Damages to the native rangeland resource are in the process of being settled with the Havre Unit Office and Joseph Brummer for this project. If successful, the proposed natural gas well would generate additional revenue for ML&E, Inc., Klabzuba Oil & Gas a Family Limited Partnership, and the School Trust Fund of Montana in the form of royalties from the sale of natural gas.</p>
<p>2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:</p>	<p>The Montana DNRC/TLMD's; Havre Unit Office, Minerals Management Bureau, and the Montana Board of Oil and Gas are the only governmental agencies that have jurisdiction for this type of activity on State School Trust Land. Montana Land & Exploration, Inc. will need to obtain a drilling permit from the Montana DNRC, prior to conducting this project on this tract of state land.</p>

<p>3. ALTERNATIVES CONSIDERED:</p>	<p>Action Alternative: Grant Montana Land & Exploration, Inc. permission to drill an exploratory natural gas well and construct an access road into the well site on this tract of State School Trust Land. Mitigation measures will be used to limit the impact on the native rangeland resource. The Montana DNRC will issue ML&E, Inc. a permit to drill an exploratory natural gas well and construct an access road into the well site on this tract of state land.</p> <p>No Action Alternative: Deny Montana Land & Exploration, Inc. permission to drill an exploratory natural gas well and construct an access road across this tract of State School Trust land. The Montana DNRC will not issue ML&E, Inc. a permit to drill an exploratory natural gas well and construct an access road into the well site on this tract 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 proposed natural gas well is located approximately 7 miles northwest of Harlem, Montana. Montana Land & Exploration, Inc. will disturb the soils on this tract of grazing land by constructing a well site, access road, and drilling an exploratory natural gas well. The proposed natural gas well is located on the fringe of the Milk River Valley and contains mostly clay and clay loam soils. The soils in this area are suitable for this type of activity. During construction of the site, mitigation measures will be used to stockpile the topsoil upslope from the project, so that it may be used for reclaiming the site. The subsoil and excessive dirt will be stock piled in a separate pile, down-slope from the project and used first for fill. Montana Land & Exploration, Inc. will use an existing two-track trail that almost ties in with the proposed well site. All disturbed areas will be reclaimed under the terms and conditions found in the Natural Gas Well Drilling Stipulations for this project. There are no special reclamation considerations for this project. No unusual geologic features are present in the area of the proposed disturbance. The Montana DNRC has already set up a reclamation plan for reclaiming the well site and the trail into the natural gas well.</p> <p style="text-align: right;">(Continued on Next Page)</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

<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>(Continued from Previous Page)</p> <p>No Action Alternative: The soils on this tract of state grazing land will not be disturbed. There will be no need for a reclamation plan to reclaim the disturbed areas. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road into the well site across this tract of state land.</p>
<p>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?</p>	<p>Action Alternative: The project is expected to have a minimal impact on the surface and groundwater resources found in the surrounding area. Drilling an exploratory natural gas well will not impact the water quality, quantity, and distribution in this area. The location of the proposed natural gas well is in a rural area that is primarily used for livestock grazing purposes and wildlife habitat. There is no potential to violate any ambient water quality standards. Drinking water will not be contaminated with this type of activity. The water quality will not be degraded. Montana Land & Exploration, Inc. will re-distribute the clays that are brought up in the drilling process back down into the well casing.</p> <p>No Action Alternative: The water quality, quantity, and distribution currently found on this tract of state land will not be impacted. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road into well site across this tract of State School Trust land.</p>
<p>6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I airshed)?</p>	<p>Action Alternative: Drilling an exploratory natural gas well and constructing an access road into the well site will produce some particulates, during the initial drilling and construction stages. The project is not influenced by air quality regulations or zones. Once the pad is completed and the gas well is drilled, the air quality will return to normal. There will no longer be substantial traffic in and out of this tract of state land, once the project has been completed.</p> <p>No Action Alternative: The air quality will not be impacted in this area and no dust particulates will be produced. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road into the well site across this tract of state land.</p>

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 vegetative community found in this area of the proposed disturbance includes the following plant species: western wheatgrass (*Agropyron smithii*), needle-and-thread (*Stipa comata*), blue grama (*Bouteloua gracilis*), green needlegrass (*Stipa viridula*), threadleaf sedge (*Carex filifolia*), sandberg bluegrass (*Poa secunda*), cudweed sagewort (*Artemisia ludoviciana*), fringed sagewort (*Artemisia frigida*), dense clubmoss (*Selaginella densa*), silver sagebrush (*Artemisia cana*), and woods rose (*Rosa woodsii*).

Action Alternative: The vegetative communities in the immediate area of the disturbance will be permanently altered with this type of project. The project area does not contain any rare plants or cover types. The area of disturbance is on native rangeland. This area is primarily used for livestock grazing purposes and wildlife habitat. The topsoil excavated from the site will be stock piled upslope from the project and used last to reclaim the disturbed area. The area of disturbance will be reclaimed with a mixture of native grasses and yellow sweetclover. The reclamation plan seed mixture has been laid out as a stipulation in the Natural Gas Exploratory Well Drilling Stipulations.

No Action Alternative: The vegetative communities currently found on this tract of state grazing land will not be permanently altered. Native grasses, forbs, and shrubs will not be destroyed. The vegetative cover, quantity, and quality will remain in its natural state. The topsoil will not be disturbed and there will be no need for a reclamation plan. No natural gas activity will occur on this tract of state land at this time. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road into the well site across this tract of State School Trust Land.

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:
Is there substantial use of the area by important
wildlife, birds or fish?

Action Alternative: The habitat found within the immediate area of disturbance will be impacted with the construction of a natural gas well and access road. The area of disturbance will be small in scope and shall be reclaimed with the terms and conditions outlined in the Natural Gas Exploratory Well Drilling Stipulations. The disturbed area will be reclaimed with a mixture of native grasses and yellow sweetclover. The area of the proposed project is best described as a short grass prairie habitat type. Many different types of wildlife species use this area for habitat. The proposed project will not have any long-term impacts on the wildlife species that currently inhabit this area. Wildlife will be able to migrate through this area with minimal impact. Some wildlife species may be temporarily displaced with all the drilling activity, but once the project is completed wildlife will return to normal everyday habits. No wildlife species will be permanently relocated as a result of this project. The reclamation plan to reseed the disturbed area back to native grasses and yellow sweetclover will enhance the habitat by controlling erosion and providing additional forage for livestock and wildlife.

No Action Alternative: The terrestrial and avian life and their associated habitats found within this area will not be altered. Wildlife and birds will continue to use this area as habitat. Livestock grazing will continue to be the only authorized surface activity on this tract of state land. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract of State School Trust land.

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?

Action Alternative: The proposed natural gas well and access road will have a minimal impact on the unique, endangered, fragile, and limited environmental resources present in this area. There are no wetlands located in the immediate area of disturbance. No sensitive species or species of special concern will be threatened by this project. Listed, threatened, or endangered species will be able to migrate through this area with minimal impact. There is no confirmed use of this area by threatened or endangered species, however the potential of occasional use does exist.

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II. IMPACTS ON THE PHYSICAL ENVIRONMENT

<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 style="text-align: center;"><u>(Continued from Previous Page)</u></p> <p>No Action Alternative: The unique, endangered, fragile and limited environmental resources found on this tract of State School Trust land will not be impacted. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road across this tract of State School Trust land.</p>
<p>10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?</p>	<p>Action Alternative: Staff from the Montana Department of Natural Resources and Conservation have inspected the proposed well site and access road for historical and archaeological resources. The proposed well site is located on native rangeland. No visual surface features were identified in the immediate area of the proposed disturbance. If buried historical or archaeological resources are discovered at any time during construction of the access road or the well site, the proponent will cease all activity and contact the MT DNRC's, Havre Unit Office (406)-265-5236.</p> <p>No Action Alternative: There are no known historical or archaeological resources present in the area of the proposed project. Unknown historical or archaeological features buried under the surface will not be altered. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road across this tract of State School Trust land.</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

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 natural gas well will be a prominent topographic feature if the well is successful and capable of commercial production. The natural gas well will be visible to the public from US Hwy. 2, which is approximately ¼ of a mile to the south. The project is located approximately 7 miles northwest of Harlem, Montana. The land is primarily used for livestock grazing purposes and wildlife habitat. The project will produce some excessive noise throughout the entire process of drilling the natural gas well. Once the well is drilled, the noise levels will return to normal in this area.

No Action Alternative: The aesthetics that are currently found on this tract of state land will not be lost. The natural gas well will not become a prominent topographic feature. This tract of state land will continue to be used solely for livestock grazing purposes and wildlife habitat. No excessive noise will be produced by the drilling rig and its crew. Wildlife species will not be temporarily displaced in this area. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract of state land.

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: This project will demand the environmental resources of natural gas and a small portion of land for the drill pad area, access road, and pipeline, if the well is capable of commercial production. The demands on the environmental resources of air and water will be minimal. Once the project is completed, the proponent will reclaim the site, even if the well does produce justifiable gas flow. If the well is showing good natural gas production, the proponent will need to bury a natural gas pipeline to transport the natural gas off the state land.

No Action Alternative: There will be no demands on the environmental resources of land, water, air, or energy that currently exist on this tract of state land. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract of state land.

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

<p>13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract?</p>	<p>Action Alternative: The Montana DNRC will continue to explore for natural gas resources on tracts of land that have mineral rights owned by the State of Montana. The mineral rights belong to the State of Montana and revenue brought in from these developments will continue to be used for educational purposes within the State of Montana's School Trust Fund. The MT DNRC will continue to explore and develop natural gas facilities on state land, as long as they are environmentally sound. 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. The Montana DNRC/TLMD will continue to monitor the surface licensed grazing activity and set stocking rates on this tract of grazing land every ten years in accordance with State of Montana law.</p> <p>No Action Alternative: This project will not impact other studies, plans, or projects that the MT DNRC has for this tract of land. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract of state land.</p>
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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: ML&E, Inc., its subcontractors, and/or their employees understand the risks associated with drilling an exploratory natural gas well and constructing an access road into the well site on this tract of state land. ML&E, Inc., its subcontractors, and their employees assume these risks as occupational hazards. This project will not add to the human health and safety risks found in this area.</p> <p>No Action Alternative: The project will not add to the health or human safety risks found in this area. ML&E, Inc. will not assume any occupational hazards by not drilling the natural gas well. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract 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: Drilling an exploratory natural gas well and constructing an access road will create new industrial activity on this tract of state land. If ML&E, Inc. is successful in drilling a producing natural gas well; the School Trust Fund of Montana will generate additional revenue through royalties from the sale of natural gas. The forage production on the native rangeland will be temporarily reduced, due to the well pad disturbance. However, after the reclamation process is completed, forage production on this tract of grazing land will be enhanced in this area. In the long run, the reclamation plan to seed native grasses back into this area will increase the long-term forage productivity and enhance erosion control on these soils.</p> <p>No Action Alternative: The industrial, commercial, and agricultural activities will not be altered on this tract of state land. There will be no additional revenue generated in royalties to the School Trust Fund of Montana or for ML&E, Inc. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract 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 will provide ML&E, Inc. with revenue generated by the sale of natural gas. The State of Montana's, School Trust Fund will also benefit from royalties through the sale of natural gas. This project will not move or eliminate jobs within the surrounding area. The project will provide Montana Land & Exploration, Inc.'s employees with additional work.</p> <p>No Action Alternative: The quality and distribution of employment will not be impacted in this area. Montana Land & Exploration, Inc. is scheduled to drill several natural gas wells in this area this year. If they are not allowed to drill this natural gas well they will simply move on to the next well on the schedule. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract 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 create additional tax revenue in Blaine County, if the well is capable of commercial production. The project will have an impact on the local and state tax base, if the well is successful. If the natural gas is sold on the open market, the revenue generated from this well will increase the local and state tax base.</p> <p>No Action Alternative: The local and state tax base will remain the same. Tax revenue will not be impacted in Blaine County by not drilling the natural gas well. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract 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 create some substantial traffic during the initial phases of drilling the natural gas well and constructing an access road. ML&E, Inc. has been informed, as to where the access road into the well site will be placed. There is an existing two-track trail to the east that almost ties into the proposed drill pad area. The project will not create a demand for government services. The project will not require the services of fire protection, police, or schools.</p> <p>No Action Alternative: There will be no additional demand for government services on this tract of state land. The Montana DNRC/TLMD will continue to monitor grazing management activity and set stocking rates for this tract of grazing land owned by the State of Montana. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract 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 project will not interfere with any other locally adopted environmental plans or goals that the Montana DNRC has for this tract of state land. No zoning plans will be in effect for the construction of the natural gas well or access road. The Montana DNRC will continue to explore and develop natural gas facilities on lands in which, the State of Montana owns the mineral rights. Environmental Assessment Checklists will continue to be the basis of conclusion for future development or further study of projects such as this.</p> <p style="text-align: right;">(Continued on Next Page)</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 style="text-align: center;"><u>(Continued from Previous Page)</u></p> <p><u>No Action Alternative:</u> There are no other known locally adopted environmental plans or goals for this tract of state land. The Montana DNRC will continue to work with natural gas companies to explore and develop natural gas production on tracts of land in which the State of Montana owns the mineral rights. Our mission at the Montana DNRC is to produce revenue for the trust beneficiaries, while considering the long-term environmental impacts to the land. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract 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><u>Action Alternative:</u> The proposed natural gas well is located on a legally accessible tract of state land. The proposed project area is accessible to the public for recreational purposes via US Hwy. 2. This tract of state land does have recreational potential for hunting, hiking, and bird watching. The main recreational activities that occur here are hunting and hiking. The natural gas well and access road will have a minimal impact on the recreational activities that will occur on this tract of state land in the future.</p> <p><u>No Action Alternative:</u> This tract of state land is legally accessible to the public for recreational purposes. The recreational potential for this tract of state land will continue to remain low to moderate. The Montana DNRC does have recreational authority, provided by the Montana Fish, Wildlife, & Parks on all tracts of state land. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract 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 project will not add to the population or require additional housing. The density and distribution of population and housing will continue to be low in this rural area. The project will be completed in two to three days and the drill crew will leave the site. If the natural gas well is capable of commercial production, ML&E, Inc. will have to bury a pipeline to transport the natural gas off the state land. This activity may require the presence of ML&E employees for an additional day or two.</p> <p>No Action Alternative: The density and distribution of population and housing will continue to remain low in this rural ranching and farming community. The Montana DNRC/TLMD is the sole agency responsible for any surface and subsurface activity on this tract of state land. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract of state land.</p>
<p>22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or community's possible?</p>	<p>Action Alternative: The project will not disrupt any native or traditional lifestyles in this community. Drilling an exploratory natural gas well and constructing an access road will not change the social structures and mores found in this area. Natural gas exploration, development, and production are slowly becoming somewhat high in this area. ML&E, Inc. has been responsible for their actions in the past and they are willing to do whatever it takes to make people happy and get the job done environmentally safe.</p> <p>No Action Alternative: The native and traditional lifestyles will not be impacted in this rural ranching and farming community. The people who live in this area are very much open to natural gas exploration, development, and production on their own lands. The natural gas well will not be drilled. The native and traditional lifestyles in this area will continue to remain the same. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract 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 natural gas well will not cause a shift in any of the unique qualities found in this area. No cultural artifacts or surface features were observed or noted in the area of disturbance. Natural gas production is important to the people in this area, because it provides jobs and additional income for the people in the surrounding communities.</p> <p>No Action Alternative: The cultural uniqueness and diversity of this area will remain the same. This tract of state land will continue to be used for wildlife habitat and livestock grazing purposes, which is administered through a surface lease by the Montana DNRC/TLMD. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road on this tract of state land.</p>
<p>24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:</p>	<p>Action Alternative: The project will generate additional revenue for the Montana DNRC/School Trust Fund and ML&E, Inc. through the sale of natural gas, if the gas well is capable of commercial production. The surrounding communities will benefit from projects such as this through lodging, gas, and food purchased by the drilling crew and ML&E, Inc.</p> <p>No Action Alternative: The potential for additional revenue to the State of Montana, ML&E, Inc., and the people in the surrounding area will be lost. The native grazing land will not be impacted by the natural gas well drilling activity. The Montana DNRC will not issue Montana Land & Exploration, Inc. a permit to drill an exploratory natural gas well and construct an access road across this tract of State School Trust Land. There are no other appropriate social or economic circumstances to discuss within this Environmental Assessment Checklist.</p>

EA Checklist Prepared By: Dan Dobler
Name

Havre Unit Manager
Title

Dan Dobler
Signature

March 15th, 2006
Date

IV. FINDING	
25. ALTERNATIVE SELECTED:	Achua
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

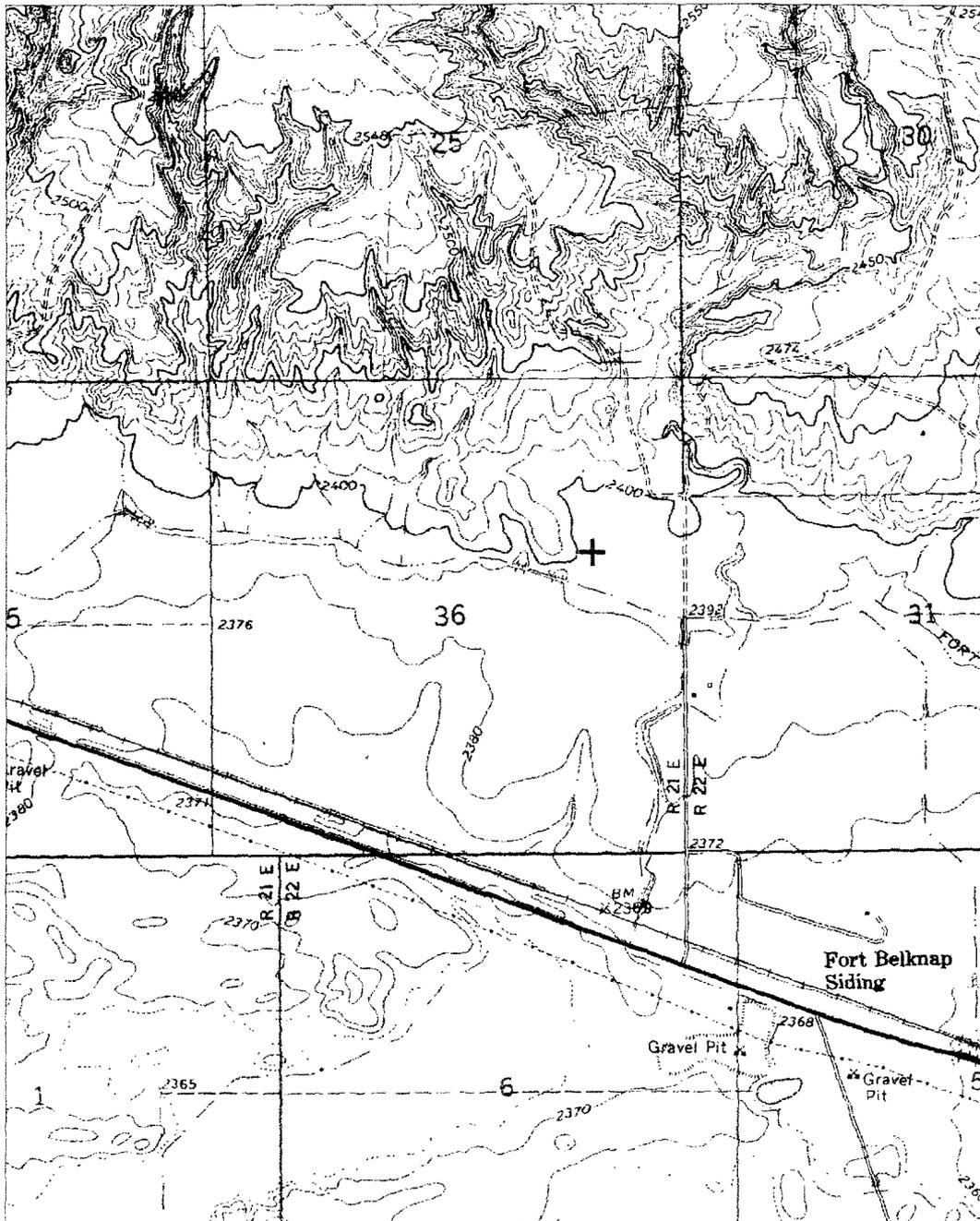
Area Manager, Northeastern Land Office
Title



Signature

3/16/16

Date



Montana Land & Exploration, Inc.
 SW Cherry Patch #8-36 Well (SENE)

US State Plane 1983
 Montana 2500
 NAD 1983 (Conus)

Scale 1:24,000

N



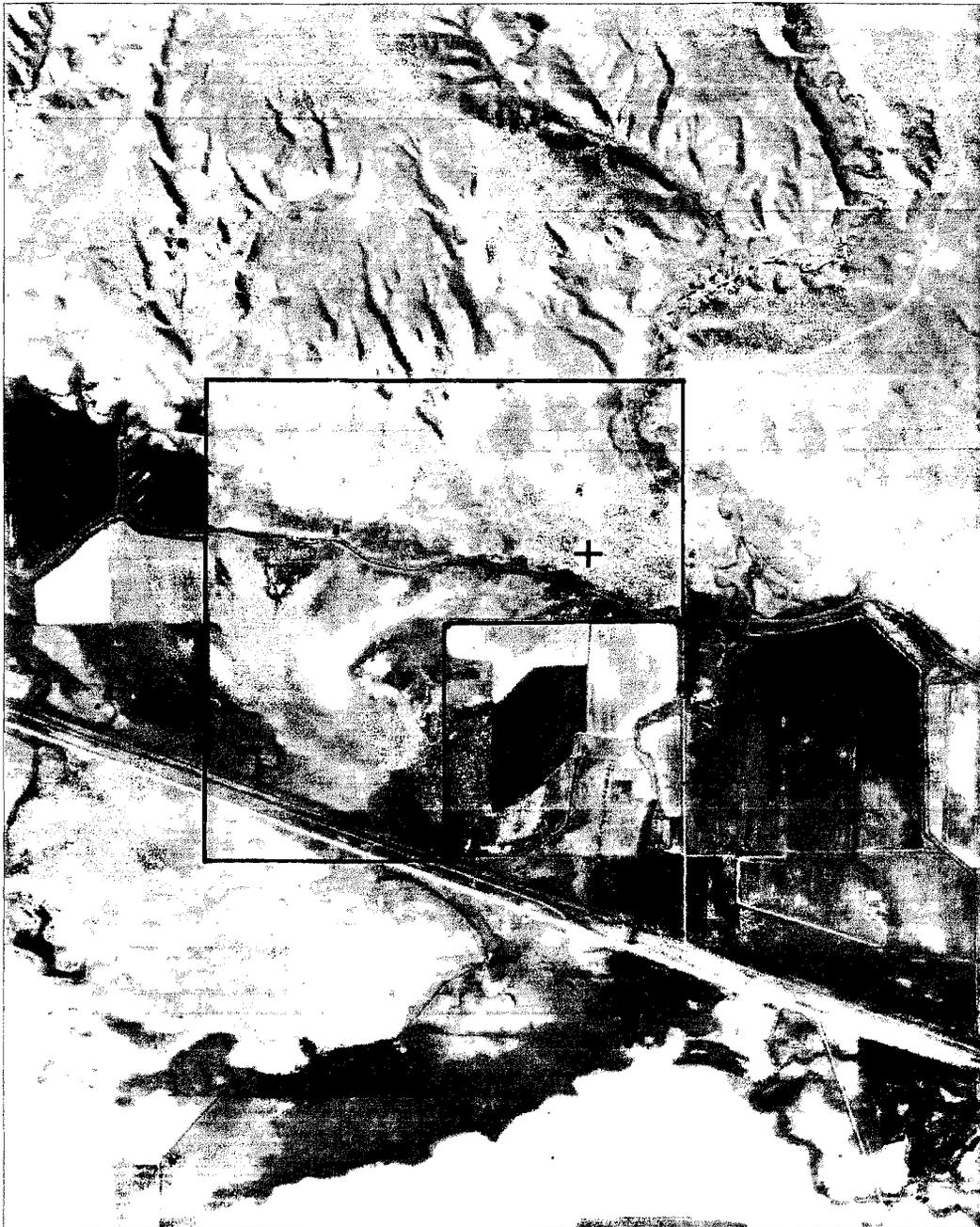
Feet

D-SW Cherry Patch #8-36 Well SENE.cor

3/14/2006

GPS Pathfinder® Office





Montana Land & Exploration, Inc.
SW Cherry Patch #8-36 Well (SENE)

US State Plane 1983
Montana 2500
NAD 1983 (Conus)

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Scale 1:24,000



Feet

D-SW Cherry Patch #8-36 Well SENE.cor

3/14/2006

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