

DS-252

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Proposed Oil Well and Access Road OG-37061-06	Proposed Implementation Date: March 5, 2008
Proponent: FH Petroleum	
Type and Purpose of Action: The proponent plans to drill an oil well on State School Trust Land.	
Location: NW1/4NW1/4; Section 16,T10N, R18E	County: Wheatland County, Montana

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 proponent has petitioned the Montana Department of Natural Resources and Conservation (DNRC) to drill a wildcat oil well and construct an access road on the above referenced Location. Surface and Mineral rights are owned by the State of Montana. Frank Haughton of FH Petroleum has agreed to pay surface damages to the surface lessee John Swanz, and to the State of Montana.</p>
<p>2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:</p>	<p>The Montana DNRC/TLMD – Northeastern Land Office (NELO), Minerals Management Bureau – Helena, Montana, and the Montana Board of Oil and Gas are the agencies that have jurisdiction for this type of activity on State School Land.</p>
<p>3. ALTERNATIVES CONSIDERED:</p>	<p>Action Alternative: Grant FH Petroleum permission to drill the proposed well and construct an access road into the site on this tract of School Land with appropriate mitigation measures.</p> <p>No Action Alternative: Deny FH Petroleum permission to drill the proposed well and construct an access road into the site on this tract of School Land.</p>

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IMPACTS ON THE PHYSICAL ENVIRONMENT

<p>4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE: Are fragile, compactable or unstable soils present? Are there unusual geological features? Are there special reclamation considerations?</p>	<p>[N] No fragile, compactable, or unstable soils are present. No unusual geological features. Special reclamation considerations are addressed in the Special Stipulations – attached.</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>[Y] Nearby surface water resources will be protected from degradation with appropriate mitigation measures during drill pad and road construction.</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>[N]</p>
<p>7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present?</p>	<p>[Y] Vegetative communities will be permanently altered but reclaimed. No rare plants or cover types are present.</p>
<p>8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish?</p>	<p>[Y] This area is important to various wildlife species including whitetail deer, and Sharptail Grouse. Other various common upland species are incidentally present.</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>[Y] Bald Eagles may be present occasionally during the winter months. Little Careless Creek drainage is located west and north of the proposed drill site.</p>
<p>10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archeological, or paleontological resources present?</p>	<p>[N]</p>
<p>11. AESTHETICS: Is the project on a prominent topographical feature? Will it be visible from populated or scenic areas? Will there be excessive noise or light?</p>	<p>[N]</p>

IMPACTS ON THE PHYSICAL ENVIRONMENT

<p>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?</p>	<p>[N]</p>
<p>13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract?</p>	<p>[N]</p>

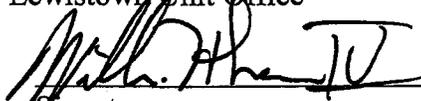
III. IMPACTS ON THE HUMAN POPULATION

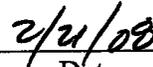
<p>14. HUMAN HEALTH AND SAFETY: Will this project add to health and safety risk in the area?</p>	<p>[N]</p>
<p>15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?</p>	<p>[Y] The proposed project will add to oil production if successful.</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]</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>

III. IMPACTS ON THE HUMAN POPULATION

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?	[Y] This tract has public access and is frequently used for hunting.
21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing?	[N]
22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?	[N]
23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?	[N]
24. OTHER APPROPRIATE SOCIAL AND ECONOMICAL CIRCUMSTANCES:	[N]

EA Checklist Prepared By:
Bill Creamer, Land Use Specialist, Lewistown Unit Office


Signature


Date

SEE SPECIAL STIPULATIONS – ATTACHED

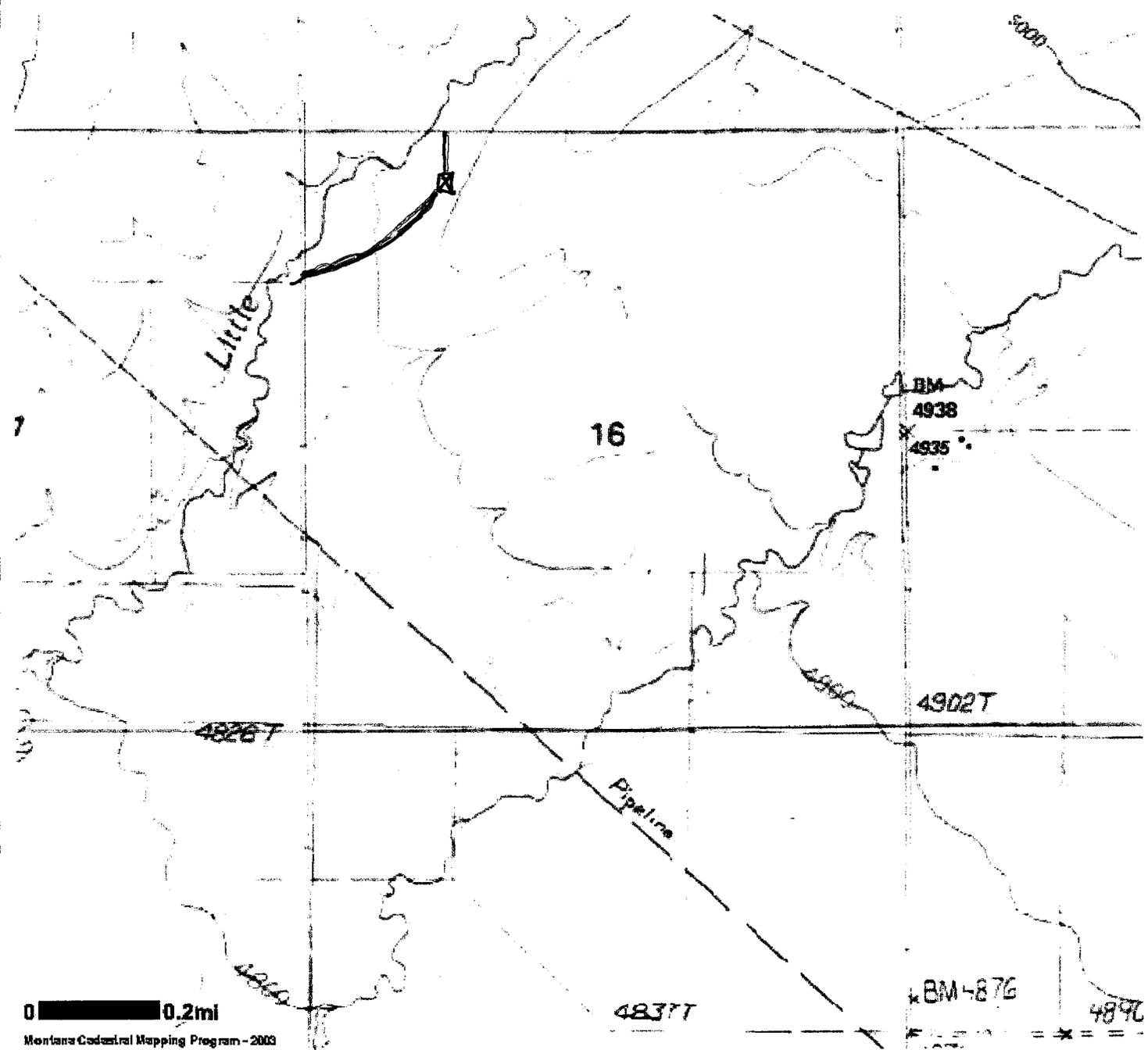
Exploratory Oil Well Drilling Stipulations for Oil & Gas Lease No. OG-37061-06

Proposed Oil Well - State Section 16, Township 10 North, Range 18 East - Wheatland County, Montana

1. Permittee shall contact the Lewistown Unit Office prior to road and pad construction, and prior to drilling the oil well.
2. Permittee shall contact the State's surface lessee, (John R Swanz, Judith, Gap, MT 406 473-2201), 48 hours prior to any drilling activity. The permittee shall settle all surface damages prior to any surface activity.
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 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, vehicles and ATV's used on this project must be initially power washed prior to use.
6. **Pad construction, road construction and oil 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 to the well site. Attached is a topographic map showing the routes the Department would like you to use to accomplish these tasks.
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.
11. Construction of the drill pad, and the drill pad itself must not encroach into the wetland area west and north of the proposed site. This will require moving the SW corner stake 40' to the east. Permittee will be responsible for preventing runoff and silt from entering the wetland area by constructing berms, banks, ditches, installing fabric dams or other measures as necessary.
12. The access road must be kept to a minimal size in order to minimize the impact to the native rangeland resources. Main access road is from the county road east across State Land, then north to well site.

Access road must avoid the creek bank. Secondary access road goes from the well site north across State Land, to adjacent private land. FH Petroleum must verify access, damages, and stipulations with the landowner (John Swanz) prior to building secondary access road. See attached map.

13. 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.
14. 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 4 lbs. PLS/acre 'Rosana' western wheatgrass, 3.5 lbs. PLS/acre 'Pryor' slender wheatgrass, 4 lbs. PLS/acre 'Lodorm' green needlegrass, and 1 lb. PLS/acre Ladak 65 alfalfa (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 Lewistown Unit Office.



- ☒ - Well site
- Main Access Road
- Secondary Access Road