

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Klabzuba State 36-6-34-13 Well	Proposed Implementation Date: Spring/Summer 2008
Proponent: Klabzuba Oil & Gas Inc.	
Type and Purpose of Action: The proponent has petitioned to drill a natural gas well on the referenced location and develop a two track access road to the well site. If the well is productive, at a later date Klabzuba may petition to install a gas pipeline within the referenced legal description in order to transport gas off the site. Also, if the well is productive and groundwater is associated with the gas production, Klabzuba may need to dig an evaporation pit or install an evaporation tank for the excess ground water.	
Location: NW 4 SE 4 NW 4 , S36, T34N R13E	County: Hill

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>MT Department of Natural Resources and Conservation (DNRC) Trust Land Division (TLMD), DNRC Minerals Management Bureau, Montana Board of Oil and Gas, and the State surface lessee (James & Janet Branden) have all been informed by Klabzuba Oil & Gas Inc. of their desire to drill a natural gas well on the referenced location. Personnel from the DNRC TLMD conducted an onsite inspection of the proposed gas well location.</p>
<p>2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:</p>	<p>The Montana Board of Oil and Gas, the DNRC Trust Land Management Division and Minerals Management Division are the only government agencies that have jurisdiction over this proposed gas well. Klabzuba Oil & Gas Inc. will need to obtain a permit from the Montana DNRC to drill the natural gas well, prior to conducting any surface activities on this tract of state grazing land.</p>
<p>3. ALTERNATIVES CONSIDERED:</p>	<p>Action Alternative: Allow the proponent to drill a natural gas well and develop a two track access road within the referenced location.</p> <p>NO Action Alternative: Deny the proponent permission to drill a natural gas well and develop an access road within the referenced location.</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, compactable or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations?</p>	<p>Action Alternative: No Action Alternative:</p> <p>Action Alternative: The soils within the proposed project area consist mainly of Telstad-Joplin loams with 0-4% slope. During the construction phase of the proposed gas well, heavy equipment will construct a drill pad approximately 200' X 200' for a drill rig to set up on. Pits for soil excavated during the drilling operation will be constructed. The construction of the well pad and holding pits will result in soils from the A and B horizons being temporarily displaced and piled next to the construction site. Upon completion of the well, the soils will be put back in place and contoured to match the existing landscape. If the well produces an adequate amount of gas, a well house approximately 10'X15' will be placed over the wellhead. Soils along the proposed two track access road will be compacted. Mitigation measures including no motorized vehicle use when the soils are wet or muddy will reduce soil compaction issues associated with construction and maintenance of the proposed gas well.</p> <p>NO Action Alternative: The soils will not be affected.</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 water quantity or quality in the area will not be affected.</p> <p>NO Action Alternative: Water quality and quantity will not be affected in this area.</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: During the construction phase of the well pad and during the drilling of the well, some airborne dust particles will be created. The dust will be temporary and localized. If the gas well is productive, some gas odor may be present around the well. The odor will be localized.</p> <p>NO Action Alternative: Air quality will not be affected.</p>
<p>7.VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present?</p>	<p>Action Alternative: The vegetation where the well and well pad are proposed consists of native grasses, forbs and shrubs and Russian wild rye. If construction of the well and well pad are approved, the vegetation within the project area will be destroyed. Upon completion of the well and well pad, all disturbed areas will be reseeded using native grass species.</p> <p>NO Action Alternative: Vegetation in this area will not be effected.</p>

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: During the construction phase of this proposed gas well, there will be some disturbance to local wildlife species. Any disturbances will be local and temporary. If an excess water pit is needed, a fence will be erected to keep ungulate wildlife species and livestock out. Avian and smaller wildlife species will be able to access the water in the pit; However, the water will not be toxic and will not adversely affect animals that come in contact with it.

NO Action Alternative: Wildlife species will not be affected.

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: At this time, there are no known unique, endangered, fragile or limited environmental resources within the proposed project area.

NO Action Alternative: No resources in the area will be affected.

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

Action Alternative: Personnel from the DNRC TLMD Havre office inspected the proposed well site and no cultural sites were observed. The DNRC archaeologist has been informed of the proposed well construction and has no cultural concerns.

NO Action Alternative: Cultural sites will not be affected.

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 well site is in a remote area of Hill County but is visible from Fresno Reservoir. The proposed well and well house will be visible from the reservoir.

NO Action Alternative: The aesthetics of this area will not be altered.

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: No demands on environmental resources will occur.

NO Action Alternative: No resources will be affected.

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

Action Alternative: There is a DNRC grazing lease associated with the surface of the State land where the well is proposed. Construction of the proposed well will not affect grazing activities in the area.

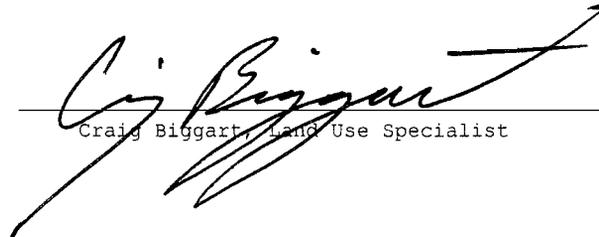
NO Action Alternative: There will be no impact to the DNRC grazing lease.

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: There will be some health and safety concerns during the construction of this proposed gas well. Workers are aware of any health and safety risks and recognize them as occupational hazards. Once the construction has been completed, there will be no health and safety concerns associated with this project.</p> <p>NO Action Alternative: There will be no health and safety concerns in this area.</p>
<p>15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?</p>	<p>Action Alternative: If productive, the proposed gas well will increase commercial gas production in this area.</p> <p>NO Action Alternative: Commercial gas activities and production in this area will not increase.</p>
<p>16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number.</p>	<p>Action Alternative: This proposed project would help secure continued employment for workers employed by the gas company. Employees of other companies associated with the construction and maintenance of the gas well will also benefit from the construction of this well.</p> <p>NO Action Alternative: The quantity and distribution of employment in this area will not be affected.</p>
<p>17. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue?</p>	<p>Action Alternative: State and local tax revenue will be increased from the sale of the gas produced from the proposed well. In addition, employment security for employees that work for companies associated with this project and the gas industry will help the state and local tax base.</p> <p>NO Action Alternative: Taxes will not be affected.</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: Demands for government services will not be affected.</p> <p>NO Action Alternative: Demands for government services will not be affected.</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: No zoning or management plans will be affected.</p> <p>NO Action Alternative: No zoning or management plans will be affected.</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 main recreation activity in this area is hunting. The development of this proposed gas well would not affect hunting opportunities in this area.</p> <p>NO Action Alternative: Recreational activities will not be affected.</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: Population and housing will not be effected.</p> <p>NO Action Alternative: Population and housing will not be effected.</p>
<p>22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?</p>	<p>Action Alternative: Social structures will not be affected.</p> <p>NO Action Alternative: Social structures will not be affected.</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 cultural uniqueness and diversity of this area will not be affected.</p> <p>NO Action Alternative: The cultural uniqueness and diversity of this area will not be affected.</p>
<p>24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:</p>	<p>Action Alternative: This proposed project will have no effect on social or economic circumstances in this area.</p> <p>NO Action Alternative: Social or economic circumstances will not be effected.</p>

EA Checklist Prepared By:


 Craig Biggart, Land Use Specialist

Date: March 21, 2008

IV. FINDING

25. ALTERNATIVE SELECTED:	<i>To allow the proponent to drill the gas well and develop a two track access road.</i>
26. SIGNIFICANCE OF POTENTIAL IMPACTS:	<i>Minimal negative impacts are expected with this project.</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 *Barney D. Smith*
Barney Smith, Lewistown Unit Manager

Date: *3/24/08*