

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Convert Well #3 to water injection flood well by placing a 2" fiberglass and a 2" drisco line to Satellite Manifold #1 on Lease #OG-6423-61A.

Proposed Implementation Date: Fall 2009

Proponent: MCR LLC. P.O. Box 716 Shelby, MT 59474

Type and Purpose of Action: Well #3 is an existing oil well within the Swift Sunburst formation. MCR is proposing to convert this well to a water flood by connecting into Satellite Manifold #1 which is located 300' to the South of Well #3. They will need to place 300' each of a 2" fiberglass line and a 2" drisco line in order to accomplish this well conversion. This project will cross the Flat Coulee Road, which MCR has obtained permission to due from Liberty County. The majority of the proposed construction area has been previously disturbed in road building and oil and gas production with a very small portion of native rangeland being disturbed. The placement of the line is covered under Lease #OG-6423-61A.

Location: T37N, R4E, Sec 11 SESE
(Common Schools)

County: Liberty

I. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.

DNRC, Subsurface/Surface owner
MCR LLC, proponent
James & Marlene Grammar, Surface Lessee

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

There are no other agencies with jurisdiction on this project.

3. ALTERNATIVES CONSIDERED:

Approve the request.
Deny the request

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE

[Y/N]

POTENTIAL IMPACTS

N = Not Present or No Impact will occur.
Y = Impacts may occur (explain below)

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE: Are fragile, compactable or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations? Are cumulative impacts likely to occur as a result of this proposed action?

[N] Soils and geology in this area are suitable for the installation of the water flood lines. The topography is flat to gently rolling and the line will be installed across a county road. Equipment will cause localized areas of soil compaction and will disturb the soil were the water flow lines are being placed. Reclamation requirements are to backfill and level the trench created in the installation of the water flow lines. Then, seed the impacted area with the existing grass types and seeding rates that are listed in item 7 of this assessment.

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

	Cumulative impacts on soil resources are not expected as the majority of the area has been previously disturbed in road construction and oil and gas production.
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? Are cumulative impacts likely to occur as a result of this proposed action?	[N] Surface and sub surface ground water will not be impacted as a result of this proposal.
6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I air shed)? Are cumulative impacts likely to occur as a result of this proposed action?	[N] The proposed action will not impact the air quality.
7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] Vegetation will be impacted, as 300' each of a 2" fiberglass line and 2" drisco line will be installed by the utilization of a trencher. Noxious and annual weeds within the proposed construction areas are a concern, but this concern will be mitigated as the applicants are responsible for controlling weeds within the construction areas. Cumulative impacts on the vegetative resources are not expected as the proposed construction areas will be reclaimed and reseeded. The reseeded mixture will consist of a grass seed mixture of 30% Western Wheatgrass, 30% Green Needle grass, 20% Slender Wheatgrass, 20% Idaho Fescue. If drilled the rate will be 7#/acre. If broadcast the rate will double.
8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish? Are cumulative impacts likely to occur as a result of this proposed action?	[N] The area where the construction is taking place is not close to any area currently being used by wildlife. Cumulative impacts are not likely to occur as the project area is located in land that is used for grazing. Construction may temporarily displace the area wildlife, but no long term impacts will take place to their habitat.
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? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There are no species of special concern or any other sensitive habitat types associated with the proposed project area.
10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?	[N] During the field inspection there were no historic sites found within the proposed pipeline installation area.
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? Are cumulative impacts likely to occur as a result of this proposed action?	[N] Installation of the water flood lines will not affect the aesthetics of the land in any way as it will not be visible. It will lead to no erosion of the soil resources on the tract as the lines are located below the soil surface.
12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, and AIR OR ENERGY: Will the project use resources that are limited in the area? Are there other activities nearby that will affect the project? Are cumulative impacts likely to occur as a result of this proposed action?	[N] The demand on environmental resources such as land, water, air, or energy will not be affected by the proposed project. The proposed project will not consume resources that are limited in the area. There are no other projects in the area that will affect the proposed project.

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? Are cumulative impacts likely to occur as a result of other private, state or federal current actions w/n the analysis area, or from future proposed state actions that are under MEPA review (scoping) or permitting review by any state agency w/n the analysis area?</p>	<p>[N] There are no other studies, plans or projects that will affect this proposed action.</p>
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III. IMPACTS ON THE HUMAN POPULATION

RESOURCE	[Y/N] 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>[N] This project will not add to the health and safety of the area.</p>
<p>15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?</p>	<p>[Y] The results of this project will contribute to the industrial oil production of the area. This particular area is dependent upon both the petroleum and agricultural industries.</p>
<p>16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number. Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[N] This project will not create any new jobs, as the project will be completed in house by the proponent.</p>
<p>17. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[Y] This project will create tax revenue from making more oil available for sale created by this injection well.</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? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[N] This project is of a small scale and being funded by MCR LLC. There will be no excessive stress placed of the existing infrastructure of the area.</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] The proposed project is in compliance with Federal, State, and County laws. No other management plans are in effect for the area.</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? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[N] The proposed project is not expected to impact general recreation activities on this State Land.</p>
<p>21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[N] The project is of a very small scale and will not affect the density and distribution of population or housing in the surrounding area.</p>
<p>22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?</p>	<p>[N] The proposed project will not alter the social structure of the surrounding native communities.</p>
<p>23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?</p>	<p>[N] The proposed project will not impact the cultural uniqueness and/or cultural diversity of the area.</p>
<p>24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES: Is there a potential for other future uses for easement area other than for current management? Is future use hypothetical? What is the estimated return to the trust. Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[Y] This project will benefit the school trust in terms of continued oil royalties from State Lease #OG-6423-61A. Cumulative impacts are not likely as the area is only used for grazing and the water flood lines will not affect the long-term viability of grazing on the tract.</p>

