

CHECKLIST ENVIRONMENTAL ASSESSMENT

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| Project Name: | Cascade Colony Lagoon |
| Proposed Implementation Date: | 6/1/2010 |
| Proponent: | Cascade Colony, 508 Birdtail Rd., Sun River, MT 59483, 406-264-5364 x108 |
| Location: | NWSWSW sec. 36, T20N, R2W |
| County: | Cascade |
| Trust: | Common School |

I. TYPE AND PURPOSE OF ACTION

Installation of surface runoff diversions, a sump and a storage lagoon, to capture runoff from existing corral areas so it does not enter stream channels. Liquid manure from other barns would also be piped to the lagoon for storage prior to disposal.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

The proponent who owns the surrounding land.

The NRCS has been contacted as the project would be receiving Federal funding.

NRIS was searched (by the NRCS) to determine if there were any threatened or endangered species.

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

NRCS for the project funding.

3. ALTERNATIVES CONSIDERED:

A) No Action – allow continued mixing of clean surface runoff with manure loaded runoff from existing corral areas.

B) Proposal - Install diversions, a sump and a storage lagoon to capture corral runoff on state land (which would then be pumped as fertilizer on farm fields for disposal). Initial term of the license would be through September 30, 2015 (to comply with the funding period for their pending NRCS grant for the project).

C) Pipe to location off State Land. This option was considered briefly, however the location of section line, stream courses and reservoir do not provide sufficient space. This alternative was not considered further.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

Resource conditions for most variables have been addressed in the Environmental Evaluation completed by the NRCS, in the context of the overall project which includes actions on private as well as state trust land. As necessary, clarification of conditions relative to only the trust land have been explained in this document.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

Barns and corral areas have previously been allowed on the state land, incorporated as part of the grazing/agricultural lease. Surface runoff carrying manure from these corrals has adversely affected natural stream courses through mixing during storm and runoff events. The main objective of this project is to create physical separation of the corral runoff from the streams. Manure laden water from the corrals on state land and liquid manure piped to the site from private lands, would be stored in a lined lagoon. The waste in the lagoon would then be pumped, hauled to agricultural fields and would be applied as fertilizer.

Implementation of the proposal would improve water quality below the corral area.

6. AIR QUALITY:

What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

The manure waters collected in the lagoon would only be a few hundred feet from the corral area where the effluent originates. Thus, there would be no noticeable difference in air quality.

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

Surface disturbance would include construction of berms around corral areas, and burying of pipelines. These areas would be revegetated after construction. Only the sump and the actually lagoon would be converted from vegetated land surface to impermeable material. The area of these would be less than 2 acres.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

The proposed lagoon area is in a small pasture adjacent to the corral areas. There would be no identifiable changes to any wildlife habitat.

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

No threatened, endangered or sensitive species occupy the project site.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

A review of existing records did not indicate any historical or archaeological resources in the project area. In addition, a surface grid search was conducted by the NRCS and no sites were found. Additional review would be conducted by the NRCS at the time of construction.

11. AESTHETICS:

Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

The County roadway passes through the Colony headquarters. The lagoon would be on the opposite side of the barns and corrals, not readily visible from the roadway.

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

none

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

The Environmental Evaluation and associated documents completed by the NRCS are attached.

DNRC has lease evaluation records on file at the Central Land Office.

| IV. IMPACTS ON THE HUMAN POPULATION |
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| <ul style="list-style-type: none">• <i>RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.</i>• <i>Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.</i>• <i>Enter "NONE" if no impacts are identified or the resource is not present.</i> |
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14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

Confinement of manure runoff from the corral areas, to keep that water separate from clean surface water and stream courses would benefit health conditions down drainage.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

The Cascade Colony operates intensive livestock operations at their headquarters, essential for their livelihood. DNRC has allowed the barn and corrals to be on the lease since many years ago. The corrals are the main non-point source for manure runoff which can enter the streams. Moving the operations to a different location would be prohibitively expensive and a severe impact to the Colony operations.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

No effect, other than some short term contract employment.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

Improvements on state lands are taxable to the lessee. (The state trust lands themselves are not taxed.)

18. DEMAND FOR GOVERNMENT SERVICES:

Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

No changes. DNRC management costs, due to the intensive use on this tract, are already high.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

none

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

While state lands with legal access are available for recreational use, this portion of the tract is within the Colony headquarters and provides no recreational use. The Colony has participated in the MT-FWP Block Management Program, allowing public hunting of their lands, though the BMA specifications prohibit use around the Colony Headquarters. This tract of state land is within the BMA and use must comply with the BMA specifications.

There is therefore no viable recreational use on this tract.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.

No change

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

The Cascade Colony is for most purposes a self contained operation. The project would have no adverse affect on their community.

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

No effects

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

The license fee could be calculated at 6.5% of the land value per year. Assuming a land value of \$1200/acre, two acres of use and 6.5% rate, the annual rental would be \$156.00. For similar operations on other leases, DNRC assesses a rate of \$100/acre per year. This method would indicate an annual payment of \$200.

Due to the intensive use in this portion of the lease, the Department is already assessing a "sacrifice" area rate of \$20.00/acre here, rather than a simple AUM rate. Two acres of sacrifice area assessment could be deducted if this license is approved, or the rate for the license could be reduced to \$160 per year. The funds are all to the benefit of the Common School Trust.

The proximity of this state parcel to the Colony Headquarters makes it an integral part of the Colony Operations. There is ongoing intensive use and expansion pressure on these lands. There is no real opportunity for multiple uses that do not involve Colony operations. There is no viable recreational use. The Department has high management costs to monitor and respond to this use. A modifying action which was discussed was a land exchange. In concept, the Colony would be willing to exchange either some of their existing crop land, or to purchase crop land elsewhere to exchange. If a suitable parcel was identified, (meeting land exchange policy), there could be a benefit to both parties. The Colony could acquire control of this tract adjacent to their headquarters, and the State could acquire lands of similar acreage and income potential which have reduced management costs and increased potential for recreational and other uses. The Colony has indicated agreement to accept a clause in any approved Land Use License for this proposal, to pursue a viable land exchange within the term of the license.

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| EA Checklist Prepared By: | Name: D.J. Bakken | Date: 5/1/2010 |
| | Title: Helena Unit Manager | |

V. FINDING

25. ALTERNATIVE SELECTED:

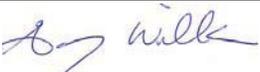
I have selected the modified proposal. This alternative will provide a Land Use License to the Cascade Colony for the period 6/1/2010 through 9/30/2015. The purpose will be to construct diversions, a sump, and a storage lagoon for surface runoff from corrals (existing on state land) and for liquid waste piped from barns on private land. The LUL will include a provision for the review and proposal of a viable land exchange between the Colony and DNRC. The future land exchange proposal will require it's own environmental review and consideration by the State Land Board.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

The design objectives of the proposal are to reduce impacts from manure runoff from existing corrals. No direct, indirect or cumulative adverse impacts have been identified.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

EIS
 More Detailed EA
 No Further Analysis

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| EA Checklist Approved By: | Name: Garry Williams | |
| | Title: Area Manager, Central Land Office | |
| Signature: |  | Date: 5/3/2010 |

Cascade Colony

36, T20N, R2W

