

## CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Armstrong Peerless # 1-7	Proposed Implementation Date: July 21, 2011
Proponent: Kodiak Oil and Gas.	
Type and Purpose of Action: Armstrong Operating, Inc., is proposing to drill a Wildcat in the lodgepole Formation.	
Location: NW¼, Section 7, T34.0N R46.0E	County: Daniels

### 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>Board of Oil and Gas received a request to drill. The DNRC/TLMD was petitioned to drill a well under the terms and conditions of the State of Montana lease # OG-34510-05. Armstrong Operating, Inc. will provide a copy of the surface damages settlement signed by the surface owner.</p> <p>Brain Hagan, State surface lessee was contacted. Brian expressed concern of the road being constructed across a shelter belt which is a physical improvement of his lease. Mr. Hagan was also concerned with a well that was drilled in section 17 of this section that the reclamation had not taken place to his satisfaction.</p>
<p>2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:</p>	<p>Montana Board of Oil and Gas</p>
<p>3. ALTERNATIVES CONSIDERED:</p>	<p>Grant permission for Armstrong Operating, Inc. to install and maintain construct the well using mitigation measures to minimize impacts.</p> <p>Deny permission for Armstrong Operating, Inc. to construct the well.</p>

### II. IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE	[Y/N] 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>N = Not Present or No Impact will occur. Y = Impacts may occur (explain below)</p> <p>General Discussion: The well location is located in cropland. The soils have been disturbed through continual mechanical and chemical means.</p> <p>Action: The action alternative will not affect soil quality, stability or moisture conditions.</p> <p>No-Action: There will be no impacts to these</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT	
	attributes of the landscape.
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>The area surrounding the well does not have surface groundwater present.</p> <p>Action: By following the Board of Oil and Gas regulatory regulations, water quality, quantity, and distribution will not be influenced.</p> <p>No-Action: There will be no impacts to these attributes of the landscape</p>
6.AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I airshed)?	<p>In general, this area is considered to be of high quality air standards. Farming and ranching operations may temporarily influence air quality while activities are taking place. When the activity is complete, air quality quickly restores itself to a high standard.</p> <p>Action: Air quality will be temporarily negatively impacted by implementing the proposed action.</p> <p>No-Action: There will be no impacts to these attributes of the landscape</p>
7.VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present?	<p>An existing road is present on the section line. This road is a two track and has mainly Agcr grass species present.</p> <p>Action: The area is existing cropland. These agriculture lands will have a small area disturbed. The road will be disturbed with existing vegetation permanently destroyed.</p> <p>No-Action: There will be no impacts to these attributes of the landscape</p>
8.TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish?	<p>This area is not known to have substantial use by important wildlife, birds, or fish</p> <p>Action: Implementation of this action will not affect important wildlife, birds or fish.</p> <p>No-Action: There will be no impacts to these attributes of the landscape</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>Action: Implementation of this action will not affect endangered, fragile or limited environmental resources.</p> <p>No-Action: Implementation of this action will not affect unique, endangered or fragile limited resources.</p>
10.HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological	The place where this action is to take place has previously been disturbed. If artifacts or sites

II. IMPACTS ON THE PHYSICAL ENVIRONMENT	
resources present?	<p>where present, they would have been previously disturbed.</p> <p>Action: No known archaeological sites are known to exist.</p> <p>No-Action: Implementation of this action will not affect archeological or historical sites.</p>
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?	<p>The project is located 1.25 miles south of a county road.</p> <p>Action: The drilling rig is lit up and is highly visible at night.</p> <p>No-Action: Implementation of this action will not affect the aesthetics.</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>Action: The project will not use resources that are limited in this area.</p> <p>No-Action: Implementation of this action will not affect the demands on environmental resources of the land.</p>
13.OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract?	<p>No documents are known to exist</p> <p>Action: Implementation will not affect other environment plans or studies.</p> <p>No-Action: No action will take place.</p>

III. IMPACTS ON THE HUMAN POPULATION	
RESOURCE	[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES
14.HUMAN HEALTH AND SAFETY: Will this project add to health and safety risks in the area?	<p>Action: Temporary human health and safety risks will be added by the implementation of this project.</p> <p>No-Action: No human health or safety risk will be added because no action will be taking place.</p>
15.INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?	<p>Action: Implementation will add to industrial activities while decreasing the agricultural valued activities of this land. The surface lessee will be compensated for his crop at a very high rate as compared to the harvest and selling of the crop.</p> <p>No-Action: By not implementing this action, the industrial production of the land will not be increased while the agricultural activities will remain the same.</p>
16.QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so,	<p>Action: the Quantity of employment opportunities will increase.</p>

estimated number.	No-Action: Employment opportunities will not be created.
17.LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue?	Action: Implementation of the project will increase the State and local tax base and will also increase trust lands revenue if the well goes into production. No-Action: By not implementing this project, State, local, and Trust revenues will not be increase.
18.DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc) be needed?	Action: No demands on government services will be required by this project. No-Action: Government services will not be enhanced.
19.LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?	Action: The zoning regulations for this area will not be impacted. No-Action: The zoning regulations for this area will not be impacted.
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?	Action: There are no wilderness areas in this vicinity. Recreational activities may be displaced while the drilling operation is taking place. . No-Action: No impacts to the quality of recreation and wilderness activities will take place.
21.DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing?	Action: No additional housing demands are anticipated. No-Action: No additional housing demands are anticipated.
22.SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?	Action: No disruption of native or traditional lifestyles is anticipated. No-Action: No disruption of native or traditional lifestyles is anticipated.
23.CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?	Action: No cultural uniqueness or diversity quality shift is anticipated. No-Action: No cultural uniqueness or diversity quality shift is anticipated.
24.OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:	Action: None No-Action: None.

EA Checklist Prepared By: R. Hoyt Richards /s/ Glasgow Unit Manager Date: July 26, 2011

IV. FINDING

25. ALTERNATIVE SELECTED:	Action
26. SIGNIFICANCE OF POTENTIAL IMPACTS:	No significant impacts
27. Need for Further Environmental Analysis:  [ ] EIS      [ ] More Detailed EA      [ X] No Further Analysis	

EA Checklist Approved By:

Name

Title

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s/Clive Rooney/s  
Signature

Date: July 26, 2011