

## CHECKLIST ENVIRONMENTAL ASSESSMENT

<b>Project Name:</b>	<b>Bowes Sawtooth Unit – Oil and Gas Lease OG-1998-47 Well Number A336H</b>
<b>Proposed Implementation Date:</b>	April, 2012
<b>Proponent:</b>	Citation Oil & Gas Corp. - Lessee and Operator
<b>Location:</b>	Township 32 North, Range 19 East, Section 36: All Bowes Sawtooth Unit A336H (SWNW)
<b>County:</b>	Blaine County, Montana
<b>Trust:</b>	Common Schools

### I. TYPE AND PURPOSE OF ACTION

Citation Oil & Gas Corporation is requesting a permit to drill an oil well on the above referenced State Land tract.

### 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 Montana Department of Resources and Conservation/ Trust Lands Management Division (DNRC/TLMD) – Northeastern Land Office (NELO), Minerals Management Bureau (MMB), Montana Board of Oil and Gas Conservation (MBOGC), and Conrad Farms Inc. – lessee of Lease #1118 are all involved in the proposed project.

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

No other governmental agencies have jurisdiction over this proposal.

#### 3. ALTERNATIVES CONSIDERED:

**Alternative A (No Action)** – Under this alternative, the DNRC does not issue a permit to drill an oil well on the above referenced State Land tract.

**Alternative B (Proposed Action)** – Under this alternative, the DNRC does issue a permit to drill an oil well on the above referenced State Land tract.

### 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.*

The proposed well site is in a field that is currently being farmed. There are no unusual geologic features in the proposed project area.

No cumulative effects to the soils are anticipated.

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**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.*

There are no surface water resources in the proposed project area.

No important groundwater resources are expected to be impacted.

No cumulative effects to the water resources are anticipated.

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**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.*

Drilling activity may generate some airborne dust. These activities will minimally affect air quality for a very limited amount of time.

No cumulative effects to air quality are anticipated.

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**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.*

The proposed project area is in a field that is currently farmed in a crop – fallow rotation. No rare plants or cover types are present.

No cumulative effects to vegetation are anticipated.

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**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 project area is currently farmed. There is very little habitat value for wildlife.

No cumulative effects to fish and wildlife are anticipated.

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**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.*

A search of the Natural Heritage Program identified 3 Species of Concern that may occur in the area of the proposed project. All three species are fish. There are no fish in the proposed project area.

There are no known sage grouse leks within 10 miles of the proposed well site.

No cumulative effects to habitat are anticipated.

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**10. HISTORICAL AND ARCHAEOLOGICAL SITES:**

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

The proposed project site is currently farmed. A field survey was conducted on March 23, 2012. No historical, archeological, or paleontological resources were found on the proposed project area.

There are no known historical, archeological, or paleontological resources on the proposed project site.

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**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 state land does not provide any unique scenic qualities. The proposed project is not located on a prominent topographic feature.

The proposed project is in a rural part of Blaine County Montana. The proposed project is not near any populated or scenic areas. There may be some noise associated with drilling.

The proposed activity is expected to have minimal negative effects to aesthetics.

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**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.*

No demands on limited resources are required for this project.

No direct or cumulative effects to environmental resources are anticipated.

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**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.*

There are no other projects or plans being considered on the tract listed on this EA.

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

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**14. HUMAN HEALTH AND SAFETY:**

*Identify any health and safety risks posed by the project.*

There are some human safety risks associated with the operation of drilling equipment. The proponent and their employees accept these risks.

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**15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:**

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

The proposed oil well has the potential to generate revenue for the Common Schools Trust if successful.

The proposed project will not add or alter industrial, commercial, or agriculture activities or production.

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**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.*

The proposed project will create a limited number of jobs. These positions are already held by employees of the proponent. No new jobs will be created.

No cumulative effects to the employment market are anticipated.

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**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.*

There are no direct or cumulative effects to taxes or revenue for the proposed project.

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**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*

There will be no increases in traffic, no changes in traffic patterns, and no need for additional fire protection, or police services.

There will be no direct or cumulative effects on government services.

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**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.*

There are no zoning or other agency management plans affecting these lands.

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**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.*

No impacts to the recreational value within the tract are anticipated.

There will be no direct or cumulative effects on recreation or wilderness activities.

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**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*

The proposal does not include any changes to housing or developments.

No direct or cumulative effects to population or housing are anticipated.

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**22. SOCIAL STRUCTURES AND MORES:**

*Identify potential disruption of native or traditional lifestyles or communities.*

There are no native, unique or traditional lifestyles or communities in the vicinity that would be impacted by the proposal.

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**23. CULTURAL UNIQUENESS AND DIVERSITY:**

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

The proposed project will have no effect on any unique quality of the area.

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**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 proposed oil well has the potential to generate revenue for the Common Schools Trust if successful.

<b>EA Checklist Prepared By:</b>	<b>Name:</b> Bill Creamer
	<b>Title:</b> Land Use Specialist
<b>Signature:</b> /s/ Bill Creamer	<b>Date:</b> 4/2/12

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<b>V. FINDING</b>
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**25. ALTERNATIVE SELECTED:**

I have selected the Proposed Alternative B, and recommend that the DNRC does issue a permit to drill an oil well on the above referenced State Land tract.

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**26. SIGNIFICANCE OF POTENTIAL IMPACTS:**

I have evaluated the potential environment effects and have determined that no negative long-term environmental impacts will result from the proposed activity.

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**27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:**

EIS       More Detailed EA       No Further Analysis

<b>EA Checklist Approved By:</b>	<b>Name:</b> Barny D. Smith
	<b>Title:</b> Unit Manager, Northeastern Land Office
<b>Signature:</b> /s/ Barny D. Smith	<b>Date:</b> 4/2/12