

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Apache Lindley Oil Wells Well (SENE)
Proposed Implementation Date:	August, 2012
Proponent:	Apache Corporation
Location:	T36N, R46E Sec 24: All 640 acres – Mineral Estate Only
County:	Daniels County
Trust:	Common Schools

I. TYPE AND PURPOSE OF ACTION

The proponent has requested permission to drill up to 16 horizontal oil wells from the single pad location reviewed in this document, starting with the Lindley 19-9H-B well and the Lindley 19-10H-T well. Wells will be drilled into Section 24, T36N-R46E and Section 19, T36N-R47E. The state owns the mineral estate in both sections, and a portion of surface in Section 24 (all except the SW quarter). The pad size will be approximately 5 acres in size. This document is a review of the well pad area; therefore, all wells drilled within the confines of the evaluated pad area will be covered by this review.

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 Department of Natural Resources and Conservation (DNRC) Northeastern Land Office (NELO), Minerals Management Bureau (MMB), Apache Exploration Corporation, Montana Board of Oil and Gas Conservation (MBOG), Tade Inc., the Montana Fish, Wildlife, and Parks (MFWP), and Henry E. Delagrave (surface owners) are all involved with this project.

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

The DNRC MMB, NELO and MBOG have jurisdiction over this proposed project.

The proponent is responsible for acquiring all required permits for the proposed project.

DNRC is aware that Apache Corp. has been in contact with the Department of Environmental Quality (DEQ) regarding a Storm Water Pollution Protection Plan (SWPPP).

3. ALTERNATIVES CONSIDERED:

Alternative A (No Action) – Under this alternative, the Department does not grant permission to drill two proposed oil wells and construct an access road to drill wells on Sec 24, T36N, R46E in Daniels County Montana.

Alternative B (the Proposed Action) – Under this alternative, the Department does grant permission to drill two oil wells and construct an access road to drill wells on Sec 24, T36N, R46E in Daniels County Montana.

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.

Surface geology at this location consists of exposed dark gray shale from the Lebo member of the Fort Union Formation. The soils on this site are primarily Farmland-Cherry silty loams. These soils have little resistance to compaction, but have a high likelihood of restoring functional and structural integrity after being disturbed. There are no unusual geologic features, or any special reclamation considerations. These soil types have a low moisture holding capacity.

Alternative A: No disturbance will occur, and existing agriculture activities will take place.

Alternative B: Soils will be disturbed as a result of the proposed actions.

Mitigation: The pad area and the access road will have the A-horizon scraped and stored and safeguarded from erosion. The B-horizon soil profile will be stockpiled in separate locations.

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.

This area traditionally has surface water present during high precipitation times, or during annual spring thaws. A large reservoir (Killenbeck reservoir) provides recreational opportunities and lies directly to the west of the proposed site. Numerous overflow areas are adjacent to the well site and provide a direct water route to the Butte Creek.

Alternative A: No disturbance will occur, and existing water quality, quantity and distribution will continue as it known today.

Alternative B: The proponent is proposing to store all fluids on site in containers. This storage will eliminate the need for the containment of fluids on site.

No important groundwater resources will be impacted by the proposed project.

No cumulative effects to the water resources are anticipated.

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.

Air quality in this area is generally considered good. At times, when agriculture activities are ongoing, increase amounts of air pollutants become airborne. The nearest Class I air shed to this site is the Fort Peck Indian Reservation located approximately 16 miles to the south.

Alternative A: No disturbance will occur, and existing air quality will continue as it known today.

Alternative B: It is anticipated that local air quality will temporarily degrade during road and oil well pad site construction, due to airborne dust particles. Truck traffic will also increase air born pollutants.

Mitigation: The proponent will apply water to the road surfaces to keep air born particles to a minimum.

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 site of the proposed oil well is on cultivated land generally seeded with either small grains or alternative crops. This year the land is seeded with peas.

A search of the Montana Natural Heritage Program for Species of Concern shows no species of concern on or near the project area. Rare plants or cover type generally do not exist in farmland.

Alternative A: No disturbance will occur, and existing agriculture activities will continue to take place.

Alternative B: The current crop community will be destroyed in the pad and access road areas. Revegetation and reseeding requirements will be determined by the surface owner and the proponent. If the wells are productive, the unused portion of the wellpad will be reclaimed.

No long term cumulative effects to vegetation are anticipated.

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 project area may be used by various wildlife species including antelope, whitetail and mule deer, raptors, songbirds, rabbits, coyotes and other common species. In general, cropland provides no security cover, and protection cover to species.

Alternative A: No disturbance will occur, and existing habitats will continue as they are today.

Alternative B: Wildlife use in and around the road and well pad areas will decrease during construction and at other times of high human traffic. In addition, edge effect will increase and this will positive influence species (coyote, rabbits, fox, etc.) that prefer edge habitats and negatively influence those species that do not like edge effect. These disruptions are expected to be of short duration and cause minimal negative impacts to the overall wildlife use in the area.

Comments from the MFWP indicate that widening of the access road to the proposed pad site should be done on the west side of the section line to limit impacts to wildlife currently using the adjacent CRP land on Section 24.

Mitigation: All construction will be done in such a manner as to impact existing agriculture land and minimize disturbance to existing CRP lands. No cumulative effects are anticipated.

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.

The proposed pad site is located 1.5 miles upgradient of Butte Creek - a major creek in this area and a direct tributary to the Poplar River. Butte Creek has numerous fish, amphibian, and other water bearing life that inhabit the creek. A DEQ SWPPP permit along with the proponents own Spill Prevention Containment and

Control (SPCC) plan will aid in preventing silt runoff as well as any petroleum product in the case of a leak, from reaching Butte Creek.

There are no wetlands in the project area.

There are no known unique, endangered, fragile or limited environmental resources on this site.

No cumulative effects to habitat are anticipated.

Alternative A: No disturbance will occur, and existing attributes will continue as known today.

Alternative B: Little to no impact to fragile or limited resources are anticipated.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

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

The wellpad site is proposed on private surface which has been cultivated; therefore, any historical, archaeological, or paleontological resources which may have at one time existed on the surface would have been destroyed. The proponent will be responsible for reporting and protecting new historical, archaeological, or paleontological resources if any are discovered as a result of the proposed project. Department staff walked the area.

Alternative A: No disturbance will occur, and existing historical and archeological sites, if any, will continue as it known today.

Alternative B: Little to no impact to historical and archaeological sites would result from the proposed action.

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.

This area is a traditional farm/ranch environment. The landscape is generally reflective of these activities.

Alternative A: No disturbance will occur, and existing Aesthetics will continue as they are today.

Alternative B: The wells site is located 3.5 miles north of US Highway 5. At night, lights from drilling activity may be viewed by some as a negative aesthetic, but will be temporary.

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.

Traditional ranching/farming currently drives the workforce in the surrounding community and the small town of Scobey. If this proposed program is successful, future demands for gravel, demands on county roads, housing, water, etc. required to support the development would be expected.

Alternative A: No disturbance will occur, and existing demands will continue as they are today.

Alternative B: The successful completion of the well to a producing status may lead to the deployment of full oil field development. This development will put additional pressure on local and state resources.

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 tracts listed in this EA Checklist.

IV. IMPACTS ON THE HUMAN POPULATION

- *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.

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

Alternative A: No activities will occur, and existing health and safety issues will continue.

Alternative B: There will be some health and safety concerns associated with the operation of heavy equipment. The proponent and their employees are aware of any health and safety hazards and accept them as occupational hazards. Increased truck traffic on the road as a result of drilling and completing operations may also pose as a safety risk.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

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

The surrounding area is generally undeveloped for oil and gas operations. If successful, additional services may be needed to support these activities.

This project will not add to or deter from other industrial or commercial activities in this area, but will take some crop land out of production.

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 Daniels County presently has an unemployment rate of 3.3%. There are very few available individuals to add to the workforce.

Alternative A: No activities will occur, and workforce will continue.

Alternative B: It is anticipated that if the well is commercially successful, high-workforce demands may be required. Opportunity to hire local residents is presently low; therefore, it is anticipated that Apache Corporation will need to supply employees, or rely on out-of-area employees migrating to the vicinity to fill needed positions.

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.

The Daniels County is a small county with a limited opportunity to increase tax base to the community.

Alternative A: No activities will occur, and existing tax base and revenues will remain unchanged.

Alternative B: There will be an increase to local and state tax bases. The success of this project could significantly add to the tax base as the project may generate additional production tax revenue.

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

This area is generally considered remote with farming/ranching activities driving the demands for government services.

Alternative A: No demands on government services will take place.

Alternative B: If successful, the project could increase demand on government services such as city and county road maintenance, city and county planning departments, city water and sewer utilities, schools, and fire and police services.

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.

Two programmatic EIS's on oil and gas activity have been completed by the Board of Oil and Gas Conservation (BOGC) in 1989 and 2003 (BOGC, 1989 & 2003), and are incorporated in this EA by reference. The DNRC Trust Land Management Division (TLMD) adopts the conclusions and information contained in these EIS's.

The Daniels County has not zoned its land in the county.

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.

There are no wildernesses or recreational areas nearby or access routes through this tract. There will be no negative effects on the limited recreational potential on this tract as a result of the proposed project.

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

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

Presently, Northeastern MT has withstood a high demand on housing due to the development of the Bakken oil field, in which Daniels County has had a slight demand for housing.

Alternative A: No activities will occur, and existing demands for housing will continue as they are today.

Alternative B: Upon the successful completion of this and subsequent proposals, increased demands on housing and populations are expected. Other effects could include installation of man camps or temporary housing, and increased rental and housing values.

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

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

Traditional lifestyles are principally influenced by the traditional ranching and farming operations that make up the community. There is a large reservation (Fort Peck Indian Reservation) that is located directly to the south.

Alternative A: No activities will occur, and existing lifestyles will continue as they are today.

Alternative B: There will be some change to traditional ways of life.

23. CULTURAL UNIQUENESS AND DIVERSITY:

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

Traditional lifestyles are basically influenced by the surrounding ranching and farming operations that make up the community.

Alternative A: No activities will occur, and existing cultural uniqueness will continue.

Alternative B: The cultural qualities of the area may undergo change. If the proposed actions are successful, then some changes to existing lifestyles may occur.

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.

There is a potential for the proposed project to locate extractable oil and gas resources on the State Mineral Estate. The development of a producing oil and gas well would generate additional revenue to the Common Schools Trust.

EA Checklist Prepared By:	Name: Hoyt Richards
	Title: Glasgow Unit Manager
Signature: /s/	Date: August 15, 2012

V. FINDING

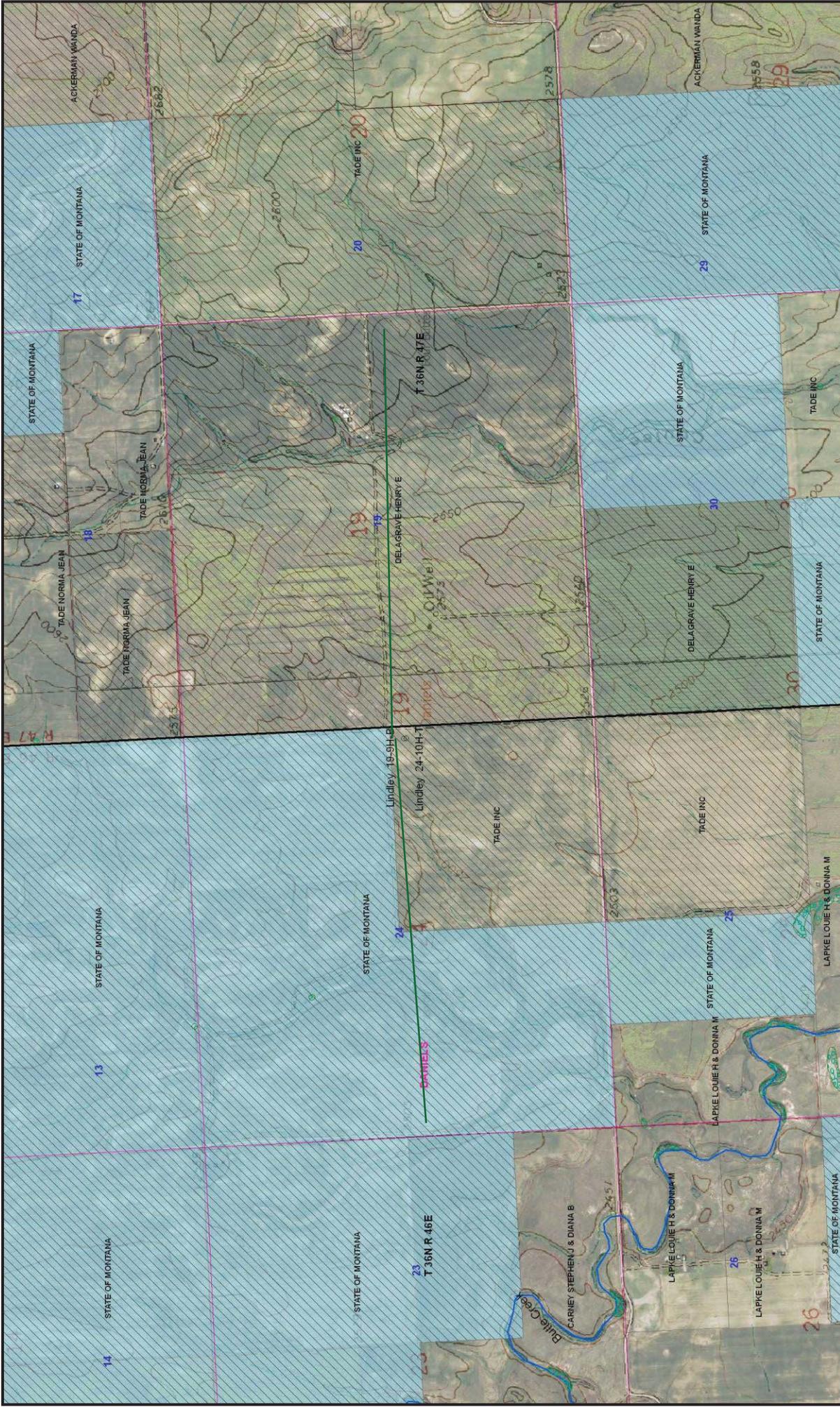
25. ALTERNATIVE SELECTED: Alt B, Action

26. SIGNIFICANCE OF POTENTIAL IMPACTS: No significant impact

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

EIS
 More Detailed EA
 No Further Analysis

EA Checklist Approved By:	Name: Clive Rooney
	Title: Northeast Land Office Manger
Signature: s/Clive Rooney/s	
Date: 8/15/12	



Apache Corporation – Lindley Pad Wells

- State Surface Ownership
- State Mineral Ownership