

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Drilling of oil well Stateline 13-3635H	Proposed Implementation Date: Fall of 2012
Proponent: EOG Resources, Inc. 600 17 th Street, Suite 1000N, Denver Colorado 80202, Lessee: Slawson Exploration 727N Waco Ste400, Wichita, Kansas 67203	
<p>Type and Purpose of Action: The applicant proposes to drill an exploratory oil well on deeded land with State of Montana mineral ownership. The oil well is identified as Stateline 13-3635H under Oil & Gas Lease No. OG-39858-10. The access road will be located starting at existing Highway No. 2 and proceed due one-quarter mile to the well drilling site. This type of access is the shortest route to the well site location. The access road is presently a two track trail that will require some road work to accommodate well drilling equipment. There is also a hill that will require some cutting to make an acceptable grade for semi-tractor trail rigs to access the well pad. The road will be kept to a minimum width suitable for heavy equipment and semi- tractor trailer rigs and will be .782 acres in size. The drill pad will be 4.790 acres in size according to Uintah Engineering and Land Surveying who surveyed and staked well site and access road. Attached to this document are copies of photos taking on-site showing well pad site. The drilling rig will be drilling a horizontal well under section 36 and section 35.</p>	
Location: Lot 3, Section 36 Township 28 North Range. 59 East	County: Roosevelt

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>EOG Resources Incorporated contacted the Department of Natural Resources and Conservation, Helena Office, Minerals Management Bureau. Linda Angeloni Mineral Resource Specialist, Minerals Management Bureau contacted the Glasgow Unit Office to request the Environmental Assessment of the well drilling. EOG Resources Incorporated has applied for a permit to construct a well pad and access road and drill an exploratory oil well on deeded land with State of Montana minerals. EOG Resources Incorporated has contacted the surface land owner John Hernandez and discussed with him the access road and well site location. Mr. Hernandez will be compensated for the surface damage from the access road and well pad site disturbance.</p>
<p>2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:</p>	<p>The other agencies that would have jurisdiction for this type of project would be the Montana Board of Oil and Gas Conservation, 2535 St Johns Avenue, Billings Montana 59102. There may be other State and local government agencies that have some type of jurisdiction concerning the well drilling.</p>
<p>3. ALTERNATIVES CONSIDERED:</p>	<p>Action Alternative: Grant a permit to EOG Resources Incorporated to drill an exploratory oil well on deeded land. .</p> <p>No Action Alternative: Deny a permit to EOG Resources Incorporated to drill an exploratory oil well on deeded land.</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE	POTENTIAL IMPACTS
<p>4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE: Are fragile, compatible or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations?</p>	<p>The soils on this tract of land are Dooley sandy loam, 0 to 4% slope, Williams Zahill loams, 2 to 8% slopes, Zahill loam, 8 to 15% slope.</p> <p>Action Alternative: The soils on the drill pad and access road will be disturbed. The topsoil will be stockpiled on the edges of the oil well pad and access road edge. The topsoil will be used during the reclamation process. The Glasgow Unit Office will develop an extensive reclamation plan that will replace topsoil on all disturbed areas. The road location will cross fairly flat to somewhat semi-steep hill. There may be some soil loss to occur from spring water runoff on the road and road edges. Some of the water erosion runoff will be mitigated with waddles/water bars. The access road will be located on the section for the shortest distance from existing Highway No. 2 to the well drilling site. The soil types that will be disturbed by this project are sandy loams.</p> <p>No Action Alternative: This alternative will have no impacts to the soil types on the State land.</p>
<p>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>	<p>This tract of land has no prairie potholes or surface water ponding sources within one quarter</p> <p>Action Alternative: This type of project on this type of ecological site will not impact the water quality, quantity and distribution. There are no surface water resources located on the proposed well drilling site. There are no minor or major drainages on or near site that would provide areas of concern for surface water runoff erosion. Human water drinking sources are located one quarter mile away from project location.</p> <p>No Action Alternative: This alternative will have no impacts to the water quality, quantity and distribution.</p>
<p>6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I airshed)?</p>	<p>Tract will have extensive heavy equipment moving dirt on the well pad site and access road that causes dirt to become airborne. The airborne dirt will only occur during the access road and well pad construction.</p> <p>Action Alternative: This type of project on the land surface will have minimal impacts to the air quality. The large diesel engines used for the well drilling process will cause some pollutants to be become airborne at the well drilling site. The immediate well drilling pad site will be impacted by the air borne pollutants. There will also be some dirt particulate to become air borne during the construction of the well pad site. The air borne dirt particulate will remain in the vicinity of the well pad area and along the access road during the construction phase of the project.</p> <p>No Action Alternative: There would be no impacts to the air quality on the State land under this alternative.</p>
<p>7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present?</p>	<p>The well pad area and access road contain the following plant species: Western wheatgrass, Needleandthread grass, Blue gramma grass, red threeawn, Prairie sandreed, Crested wheatgrass and fringe sagewort. Site also contained some scattered large surface rock.</p> <p>Action Alternative: The area of impact has various</p>

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native grass, tame grass and native forb vegetation. The project area is currently used for livestock grazing. The surface topsoil will be restored upon well abandonment, through the reclamation plan developed by Glasgow Unit Office for this specific tract of land. The topsoil will be re-spread over the re-contoured and re-shaped well pad site. Native grass species will be seeded on the access road and the well pad site. Area slopes next to the active well will be seeded to native vegetation, if well is successful.

No Action Alternative: There would be no impacts to the native rangeland vegetation under this alternative.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish?

The area is used by song birds, sharptail grouse and whitetail deer.

Action Alternative: The project area and the surrounding deeded land contain habitat and nesting environments for waterfowl specifically, and for wildlife, upland birds and song birds. The project area is not large and expected impacts will be no impacts to minimal impacts to habitat resources on this tract of land. The impacts to the waterfowl, wildlife, upland birds and song birds; is not dependent on the 5.572 acres associated with the well pad. The Montana Natural Heritage Program lists the following species of concern: Bobolink and Whooping crane. The on-site inspection of the project site showed no nesting activity present/past nesting sites. Montana Fish Wildlife & Parks was asked to submit comment on the oil well drilling, The following are the comments: Thank you for the opportunity to provide comment of the proposed well site location for DNRC minerals in Roosevelt County at the described location. A review of the well site location has been conducted by Montana Fish Wildlife and Parks (MFWP). Given the well location on native prairie, and near a stream riparian zone. MFWP has the following site specific recommendations: All ephemeral or permanent wetlands and streams-short term vegetation disturbances be limited to a minimum of 50 meters and long-term disturbances be limited to a minimum of 100 meters from wetlands and streams. Large intact parcels of native or introduced grassland-Restrict surface occupancy to previously disturbed areas or edges of garland blocks. No surface use during the grassland songbird-nesting season (April 1 - July 15). Pre-development surveys for sharp-tailed grouse leks. If lek(s) are found, no surface occupancy within 25 miles of any sharp-tail grouse lek and no surface use within 2 miles of the lek during spring lek, nesting and brood-rearing seasons (March 1-June 15). Riparian vegetation - there should be no disturbances of riparian vegetation during the nesting season-(April 1-July 15). MFWP also recommends the following standard stipulations: Rocky out-crops-all disturbances limited to a minimum of 200 meters from rocky out-crops. Caves or cave-like structures -all disturbances be limited to a minimum of 100 meters from caves or cave-like structures. Raptor nests-all disturbances should be limited to a minimum of 1000 meters from nests. Thank you for the opportunity of comment on this matter. Drew Henry-Wildlife Biologist, Montana Fish Wildlife and Parks.

No Action Alternative: There will be no impacts to

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	<p>the wildlife habitat types associated with the State land under this alternative.</p>
<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>	<p>The environment is a native/tame grass rangeland site with no unique environmental attributes.</p> <p>Action Alternative: The area of impact contains no known unique, endangered, fragile or limited environmental resources. The on site inspection of the project area showed that there are no wetlands near or in the general area of the access road or the well pad site. The construction of the well pad and access road will cause waterfowl and other wildlife to avoid the immediate area of the project site.</p> <p>No Action Alternative: There will be no impacts to the environmental resources of the State land under this alternative.</p>
<p>10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?</p>	<p>This tract of land contains some scattered metal and other general garbage debris of which nothing of historical value. Site contains some large surface rock but is not an archeological site.</p> <p>Action Alternative: This tract of deeded land was inspected for historical or archaeological sites by Randy Dirkson, Land Use Specialist for the Glasgow Unit Office of the Department of Natural Resources and Conservation. Mr. Dirkson found no evidence of historical or archaeological sites on the access road or the drill pad area. Previous disturbances of the soil surface by the current and former surface owners have reduced the possibility of finding historic or archaeological sites on this tract of land.</p> <p>No Action Alternative: There would be no impacts to the historical or archaeological sites under this alternative.</p>
<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>	<p>The project area is located one quarter mile from a county road and will be visible to the general public.</p> <p>Action Alternative: This type of project on this specific tract of land will have minimal impacts to the aesthetics on the surface of this tract of land. The project area is located in a rural area consisting of dryland agriculture for small grain crops, dryland hay production and tame and native grass land for livestock grazing. The nearest human establishment is to the project area is small trailer house man camp less than one quarter mile from the access road and well pad. The Stateline Club a gambling/dining area is located one quarter mile do north of the well pad site. The nearest town site of Bainville is located seven miles west of the project area.</p> <p>No Action Alternative: There would be no impacts to the aesthetics under this alternative.</p>
<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>	<p>The project will be located on 3.95 acres of land that is currently producing tame grass and alfalfa for hay and grazing purposes.</p> <p>Action Alternative: This type of project on this specific tract of land will place no demands on the environmental resources of land, water, air or energy. The current use for this tract of land that the project will be located on is livestock grazing. There are large expanses of land with similar attributes on all of the surrounding lands. Other surrounding lands are used for dryland agriculture that produce small grains and pulse crops.</p>

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	<p>No Action Alternative: Under this alternative there will be no demands on environmental resources of land, water, air or energy.</p>
<p>13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract?</p>	<p>There are other oil well establishment activities occurring north, west and south of the proposed project area.</p> <p>Action Alternative: This type of project on this specific tract of land will not impact other studies, plans or projects that the land owner or surrounding land owners may have in place on their deeded land. The project will have minimal impacts to the dryland agriculture and livestock grazing activities occurring on the surrounding deeded lands.</p> <p>No Action Alternative: There would be no impacts to other environmental documents pertinent to the State land under this alternative.</p>

III. IMPACTS ON THE HUMAN POPULATION

RESOURCE	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>The project will employ highly skilled labor force for the construction of the access road, well pad and the drilling of the exploratory oil well.</p> <p>Action Alternative: This type of project on this tract of deeded land has various human health and safety risks. The risks are understood by the employer and employee as occupational hazards in oil well pad construction, road construction and oil well drilling. The impacts will be mitigated by the use of a skilled professional work force with experience in drilling oil wells. The project will have no impacts on human health or safety on lands that surround the project area.</p> <p>No Action Alternative: There would be no impacts to human health or safety risks under this alternative.</p>
<p>15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?</p>	<p>The project area will be a small portion of the native rangeland that is used by the land owner for livestock grazing. The land owner will still have ample acreage for livestock grazing on surrounding lands.</p> <p>Action Alternative: The project will have minimal impact to the current use of grazing for livestock. The project will have no impacts to the surrounding dryland agriculture and livestock grazing activities on other deeded lands. The project will have no impacts to the surface owner's activities on the deeded land surrounding the project area. The surface activities in the immediate vicinity of the project site, is livestock grazing.</p> <p>No Action Alternative: There would be no impacts to industrial, commercial and agricultural activities under this alternative.</p>
<p>16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number.</p>	<p>The project will be creating/job continuation for the construction of the access road, well pad and oil well drilling.</p> <p>Action Alternative: The project will have no impacts on the quality and quantity and distribution of employment. Jobs for this project are on going with companies that will be used for the access road, well pad construction and well drilling process.</p>

	<p>No Action There would be no impacts to quantity and distribution of employment under this alternative.</p>
<p>17. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue?</p>	<p>It is assumed that a successful oil well will increase the local and state tax base.</p> <p>Action Alternative: The project may or may not have impacts on the local and state tax base and tax revenues. Should the oil well drilling project be successful, there may be tax revenues that the writer of this document is not aware of.</p> <p>No Action Alternative: There would be no impacts to local or state tax base under this alternative.</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?</p>	<p>The project may create additional road traffic on county roads and highway no. 2 in the area. The increased traffic may require county road crews and highway maintenance crews to spend additional time on road maintenance.</p> <p>Action Alternative: The project will place no demands for government services. If the oil well is successful there may be future additional traffic on county roads. The additional traffic would be from tanker trucks that would remove the oil from the deeded land. There would also be additional well site traffic from company repair personnel who inspect oil wells on a daily basis.</p> <p>No Action Alternative: There would be no demand for government services under this alternative.</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>EOG Resources Incorporated is following all county and state plans for this type of project to occur on this tract of land.</p> <p>Action Alternative: The project will not impact locally adopted environmental plans and goals. If the oil well drilling project is successful and oil pumping occurs on the deeded land. Well site management would be handled by the Montana Board of Oil and Gas. The Montana Department of Natural Resources and Conservation, Oil & Gas Division management plan would address well production and maintenance of the well site facilities.</p> <p>No Action Alternative: There would be no impacts to the locally adopted plans or goals under this project.</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?</p>	<p>There are no wilderness areas or areas of critical environmental concern near the project site.</p> <p>Action Alternative: The area of impact has some recreational values such as hunting upland birds and bird watching. The project is short term and there will be minimal to no impacts to the recreational values associated with this tract of land. If the oil well drilling project is successful, there would be some minor impacts to the future hunting and bird watching activities on a small portion of this tract of land. This impact to recreational hunting and bird watching would primarily be located on lot 3, the location of the oil well.</p> <p>No Action Alternative: There would be no impacts to recreational activities under this alternative.</p>
<p>21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing?</p>	<p>The surface land owner has started a man camp about one quarter mile north of project area.</p> <p>Action Alternative: The project will not impact the density and distribution of population and housing. Housing for the well drilling crews will be provided by the well drilling company on site or at the nearest town site. The project will not impact the construction of the man camp by the surface owner.</p>

	<p>No Action Alternative: There would be no impacts to density and distribution under this alternative.</p>
<p>22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?</p>	<p>The tradition life style of the local community is rural agricultural lifestyles. There are also oil field workers living in the vicinity of the project. The project will not impact this lifestyle.</p> <p>Action Alternative: The project will not disrupt the traditional lifestyles of the local community. The project is located in a rural area that is not associated with a large population of people. The project will not impact local farm/ranch and oil field worker lifestyles associated with this area.</p> <p>No Action Alternative: There would be no impacts to the traditional lifestyles under this alternative.</p>
<p>23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?</p>	<p>The cultural uniqueness of this area and the surrounding area is native rangeland and dryland agriculture. There are some scattered livestock grazing near the project site. The project will have very minimal impacts to this type of rural culture.</p> <p>Action Alternative: The project will not impact the cultural uniqueness and diversity of the area. The project will not impact surrounding native and tame grass rangeland habitats or dryland agricultural activities associated with this area of Roosevelt County.</p> <p>No Action Alternative: There would be no impacts to the cultural, uniqueness and diversity under this alternative.</p>
<p>24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:</p>	<p>The project may increase the economics of the local area through this type of project.</p> <p>Action Alternative: The project will benefit the applicant for the production and sale of oil. The project will also provide additional revenue to the School Trust from oil well production royalties. The surface land owner will also receive surface damage payments for the access road and the well pad site.</p> <p>No Action Alternative: There would be no impacts to the social and economic circumstances under this alternative.</p>

EA Checklist Prepared By:

Randy Dixon
 Randy Dixon
 Land Use Specialist

Date: 10/4/12

<p>IV. FINDING</p>	
<p>25. ALTERNATIVE SELECTED:</p>	<p>Action Alternative: The action alternative was selected. This alternative will grant EOG Resources Incorporated, the necessary permits to construct an access road, build oil, well pad and drill an exploratory oil well on deeded land. This alternative will provide for additional revenue for the surface land owner and royalties to the School Trust.</p>
<p>26. SIGNIFICANCE OF POTENTIAL IMPACTS:</p>	<p>Action Alternative: The project will have minimal impacts to the surface land owner's natural resources. Reclamation planning and mitigation measures by the Department of Natural Resources and Conservation, Glasgow Unit Office personnel will allow the project area to be productive for future generations. The reclamation of the well pad site will occur upon well site abandonment and will reclaim the area to former native rangeland grazing for livestock</p>

27. Need for Further Environmental Analysis:	
<input type="checkbox"/> EIS	<input type="checkbox"/> More Detailed EA <input checked="" type="checkbox"/> No Further Analysis

EA Checklist Approved By:

Name
R. Hoyt Richards
Signature

Title
11/2/12
Date:



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