

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Somont Toole County Water Flood
Proposed Implementation Date:	Fall 2012
Proponent:	Aladdin Oil Company, Inc., 16126 Chasemore Drive, Spring, TX 77379-Lessee Somont Oil Company, Inc., 419 Ferdig Road, Oilmont, MT 59466-Operator
Location:	Section 36, T35N, R2W State #57-E2SW4NW4 1980'FNL, 1540'FEL-Oil Well State #58-SENE 2190'FNL, 660'FEL-Oil Well State #59-SWNE 2420'FNL, 1970'FEL-Oil Well State #60-NENE 660'FNL, 280'FEL-Oil Well State #61-NESW 1545'FSL, 1990'FWL-Injection Well
County:	Toole
Trust:	Common Schools

I. TYPE AND PURPOSE OF ACTION

Aladdin Oil Company, Inc.-lessee and Somont Oil Company, Inc.-operator have requested permission to connect State Wells #57, #58, #59, and #60 together with a 2" production line in order to transfer the oil across Benjamin Road to a tank battery. Also, they are requesting to install a 2 7/8" high pressure injection line to flow water from an existing evaporation pit across Benjamin Road to an injection building on state land. From the injection building they plan to place the 2 7/8" line to State Well #61 which will serve as the injection well for the water flood. After installation of the production lines, injection lines, and injection house has been completed, the disturbed areas will be reclaimed. The area will be recontoured and the topsoil redistributed over the area. The site will then be returned to native rangeland or agricultural land. The well sites will be accessed by using existing two-track roads with a limited amount of cross country travel, (see attached map). The proposed action will temporarily disturb a small portion of the landscape. Negative impacts to the soil resources are expected in the short-term. Long-term, cumulative, and/or irreversible impacts to the ecosystem are not expected.

II. PROJECT DEVELOPMENT

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

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

Aladdin Oil Company, Inc.-Lessee
Somont Oil Company, Inc.-Operator
DNRC-Surface and Mineral Owner
Normont Farms-Surface Lessee-Lease #4799
Charles and Virginia Rohlf-Surface Lessee-Lease #9795
Montana Board of Oil and Gas Conservation

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

Montana Board of Oil and Gas Conservation has approved the water flood plan. Aladdin Oil Company, Inc. has the State of Montana Oil and Gas lease #OG-39088-09 associated with this state land. DNRC is not aware of any other agencies with jurisdiction or other permits needed to complete this project.

3. ALTERNATIVES CONSIDERED:

Alternative A (No Action) – Deny Aladdin Oil Company, Inc.-Lessee and Somont Oil Company, Inc.-Operator permission to install the production lines, injection lines, and injection house.

Alternative B (the Proposed action) – Grant Aladdin Oil Company, Inc.-Lessee and Somont Oil Company, Inc.-Operator permission to install the production lines, injection lines, and injection house using the Conrad Unit Office’s recommendations to minimize adverse environmental impacts.

<p align="center">III. IMPACTS ON THE PHYSICAL ENVIRONMENT</p>

- | |
|--|
| <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> |
|--|

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.

Soils at the proposed project site are silty in texture. These soils and slopes are generally suitable for the installation of the production lines, injection lines, and injection house. Equipment will cause localized areas of soil compaction and will disturb the soil where the buried pipelines and injection house are being placed. Reclamation requirements are to compact and level the trenching scar created in the installation of the buried pipeline. Then, seed the impacted area with the existing grass types and seeding rates that are listed in item 7 of this assessment. Cumulative impacts on soil resources are not expected as the use of a trencher will minimize the surface disturbance caused by the construction project.

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 is one documented and/or recorded water rights associated with the proposed tract. Water right 41N-240600 located in the NWSWNE, Section 36, T35N, R2W for an unnamed tributary of closed basin for stock and wildlife/waterfowl has been filed by the Montana State Board of Land Commissioners. Well #57 is in the vicinity of this water right, but since it is a reentry into a plugged well, damage to this closed basin is not anticipated. Other water quality and/or quantity issues will not be impacted by the proposed action.

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.

Dirt work associated with installation of the production lines, injection lines, injection house, and vehicle traffic on the access roads will generate airborne dust. These activities will minimally affect air quality for a very limited amount of time. No cumulative effects to air quality are anticipated.

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.

Vegetation will be minimally impacted as approximately 3,888.00’ of buried production line, 4,769.00’ of buried injection line, and a 25’X50’ injection house are placed on state land. The production and injection line will be installed by the utilization of a trencher. The vegetation consists of native species and agricultural land used for small grain production. Noxious and annual weeds within the proposed construction areas are a concern, but this concern will be mitigated as the applicants are responsible for controlling weeds within the construction areas. The sites will either be returned to grazing land or agricultural land following site reclamation. The proposed action will impact a small portion of the landscape. The grazing land will be reclaimed and reseeded with the

following species: western wheatgrass 35%, slender wheatgrass 35%, blue bunch wheatgrass 15%, Green Needlegrass, 10%, and Lewis blue flax 5%. The agricultural land will be returned to small grain production.

A review of Natural Heritage data through the NRIS was conducted and there were no plant species of concern noted or potential species of concern noted on the NRIS survey.

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 area is not considered critical wildlife habitat. However, this tract provides habitat for a variety of big game species (mule deer, whitetail deer, pronghorn antelope), predators (coyote, fox, badger), upland game birds (sharp tail grouse, Hungarian partridge), other non-game mammals, raptors and various songbirds. The proposal does not include any land use change which would yield changes to the wildlife habitat. The proposed action will not impact wildlife forage, cover, or traveling corridors. Nor will this action change the juxtaposition of wildlife forage, water, or hiding and thermal cover. Wildlife usage is expected to return to “normal” (pre-action usage) following the drilling operations. The proposed action will not have long-term negative effects on existing wildlife species and/or 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.

There are no threatened or endangered species, sensitive habitat types, or other species of special concern associated with the proposed project area. At this time, no known unique, endangered, fragile or limited environmental resources have been identified within the proposed project area.

A review of Natural Heritage data through the NRIS was conducted. T35N, R2W: There were five animal species of concern and zero potential species of concern noted on the NRIS survey: Birds-Ferruginous Hawk, Chestnut-collared Longspur, McCown’s Longspur, and Brewer’s Sparrow. Mammals-Hoary Bat. This particular tract of native rangeland and agricultural land does not contain many, if any of these species. If any are present, they will be dispersed into the surrounding permanent cover and return to the project area once it is completed.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

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

A cultural resource inventory was completed by the Conrad Unit Office on October 4, 2012. No cultural resources were found within the project area, so it is assumed that cultural resources will not be impacted by this proposed project. Also, Patrick Rennie, DNRC archeologist, was contacted and did not see any cultural resources concerns with the proposed project area.

Discovery of new cultural resources is also addressed in the Special Stipulations attached to the permit.

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 proposed action will occur in a remote area and will not cause a large change in the aesthetic character of the land. The main industries in this area are agricultural, grazing, and oil and gas production. All pipelines will be buried. Daytime noise levels may slightly increase during the time of the project, but noise levels will return to “normal” (pre-action conditions) after the project is completed. No other changes to the aesthetics character of the land area are expected.

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.

The demand on environmental resources such as land, water, air, or energy will not be affected by the proposed action. The proposed action will not consume resources that are limited in the area. There are no other projects in the area that will affect the proposed project.

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.

IV. IMPACTS ON THE HUMAN POPULATION
--

- | |
|--|
| <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> |
|--|

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

The proposed wells will no change human safety in the area.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

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

Water flood operations have typically increased oil production by a substantial amount in other oil and gas fields. The new infrastructure will connect 4 new wells recently drilled and also inject water into one well that was recently drilled. This will benefit Common School Trusts. Activities associated with the proposed action will minimally affect the surface use of the land (agricultural and grazing). All pipeline routes will be reclaimed and returned to agricultural and grazing land as soon as practical. All actual damages to the surface have been mitigated between the surface lessee and the proponent. The project will not add to or deter from other industrial, commercial, or agricultural activities in the area.

No direct or cumulative impacts are anticipated as a result of the proposal.

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 action will benefit local contractors, laborers and generally add to the economy of surrounding communities.

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 proposed action will add to the 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

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.

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.

The proposed action is in compliance with State and County laws. No other management plans are in effect for the area.

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.

This tract of state land is rural and generally has low recreational value. The tract is legally accessible and the proposed action is not expected to impact general recreational and wilderness activities on this state 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

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

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.

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

23. CULTURAL UNIQUENESS AND DIVERSITY:

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

The proposed action will not impact the cultural uniqueness or diversity of the area.

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 proponents have interest in the State of Montana Oil and Gas Lease #OG-39088-09 that is associated with this state tract. This lease entitles them to reasonable development of oil and gas wells on this tract after DNRC approval. The Common School trust will be compensated for all oil removed from the producing wells.

EA Checklist Prepared By:	Name: Tony Nickol	Date: November 8, 2012
	Title: Land Use Specialist, Conrad Unit, Central Land Office	

V. FINDING

25. ALTERNATIVE SELECTED:

Grant Aladdin Oil Company and Somont Oil Company permission to install the production lines, injection lines, and injection house.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

The proposed wells flow lines and water flood operations are considered reasonable use of the surface in accordance with the Oil and Gas Lease. This project is located in the heart of the Kevin / Sunburst oil and gas field. This field is well developed with active oil and gas production present on adjacent lands. Small-scale impacts to the surface along the pipeline routes are expected. No archaeological sites were observed within the project area. Actual surface damages have been settled with our surface lessee. All disturbed areas will be recontoured and reseeded to the seed mixture outlined in this EA. Tank batteries the will hold state production will be located on adjacent private land. DNRC has received land owner concurrence for this placement and for unconditional access to inspect state production.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

EIS

More Detailed EA

No Further Analysis

EA Checklist Approved By:	Name: Erik Eneboe
	Title: Conrad Unit Manger, CLO, DNRC
Signature: 	Date: December 5, 2012

