

DS-252

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Somont State Well #7-12	Proposed Implementation Date: Autumn of 2004
Proponent: Somont Oil Company Inc. 431 Ferdig Rd. Oilmont, MT 59466 (406) 337-3313 Highland West Resources, 7599 South Gallup Street, Littleton, Colorado 80120	
Type and Purpose of Action: To test the Bow Island thru to the Reirdon Formations for natural gas production.	
Location: T36N, R4W, Sec 7 NWSW	County: Toole

RECEIVED

SEP 28 2004

I. PROJECT DEVELOPMENT

LEGISLATIVE ENVIRONMENTAL POLICY OFFICE

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.	DNRC, Central Land Office, Conrad Unit Office (Sub-surface/surface Owner/Administrator) (406) 278-7869 DNRC, MMB, Helena, MT (Minerals Administration) (406) 444-2074 Somont Oil Company Inc. (Operator) (406) 337-3313 DNRC, MBOG, Shelby, MT (Production/Operations administration) Ralph Swenson, Box 845 Cut Bank, MT 59427 (Surface Lessee) Highland West Resources (Mineral Lessee)
2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:	NONE:
3. ALTERNATIVES CONSIDERED:	Deny the request.

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE	[Y/N] POTENTIAL IMPACTS
	N = Not Present or No Impact will occur. Y = Impacts may occur (explain below)
4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE: Are fragile, compactable or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations?	[N] This proposal will take place on northern glaciated plains. The topography is made up of large glacial hummocks. This area is considered type section prairie pothole terrain. The soil profile is quite deep and consists of light to moderate silty to silty clay loams. The surface has an abundance of glacial erratics through out. The dominant vegetation composition is made up of Idaho Fescue, Western Wheat grass, and Green Needle grass. Travel will be during dry conditions only. Periodic noxious weed monitoring will be required for a couple years following the completion of drilling. The reclamation requirements will be backfilling and recountouring all settling and suction pits. Recountouring the cut and fill of the drill location site. All debris and spills will also be removed and

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

	<p>properly disposed of. Seeding requirements will be 7 lbs/acre each of Idaho Fescue, Western Wheat grass, and Green Needle Grass.</p> <p>There are 6 stipulations for lease # 33,063-98 and are attached to this assessment as Exhibit "A".</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? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[Y] Ground water could be encountered when drilling this particular hole. The area above the Kevin Rim hosts a large under-ground aquifer. However, the Amanda Field has tremendous historical production with no evidence of ground water contamination. MBOG has tight regulations pertaining to ground water protection during drilling operations.</p>
<p>6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I air shed)? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[N] Air quality will not be affected as a result of this project.</p>
<p>7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[Y] A 100 by 100-foot area will be temporarily altered for drilling purposes. The current well site lies within native range. Access routes are already in place. Access for this proposal starts at the southeast corner, thence north 1976' to drill site. If the well is unsuccessful the drill site will be rehabilitated back to the original condition. If the well is successful a production line will be tied to a major gathering line within the area.</p>
<p>8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[N] There will not be any adverse impact to fish, wildlife, or birds resulting from this project.</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? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[N] There are no endangered or threatened species or habitat present on this site.</p>
<p>10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?</p>	<p>[N] During the field inspection of the site there were no historic sites found. Lease records also indicated no evidence of cultural sites within this particular area. Lease records are available for adjacent state lands only.</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? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[N] This area is very remote and will not be visible to the general public.</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? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>[N]. The two major industries in this area are petroleum production and agriculture production. Both industries work well together in this area.</p>
<p>13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract? Are cumulative impacts likely to occur as a result of other private, state or federal current actions w/n the analysis area, or from future proposed state actions that are under MEPA review (scoping) or permitting review by any state agency w/n the analysis area?</p>	<p>[N] None.</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?	[N] This project will not add to the health and safety of the area.
15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION; Will the project add to or alter these activities?	[Y] The results of this project can contribute to the industrial gas production of the area. This particular area is dependent upon both the petroleum and agricultural industries.
16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number. Are cumulative impacts likely to occur as a result of this proposed action?	[Y] This project will create several temporary contracting jobs during the permitting and drilling process.
17. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] This project will create tax revenue from the sale and production of natural gas.
18. DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc) be needed? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] Substantial traffic will occur during the drilling phase of this proposal. There are several production wells in this area and service roads are already in existence.
19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?	[N] There are no other management plans in effect on this particular site.
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? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] The proposal lies adjacent to the west boundary of Fitzpatrick Lake. The primary use is for waterfowl hunting.
21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing? Are cumulative impacts likely to occur as a result of this proposed action?	[N] This project will not add to the population of the area.
22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or community's possible?	[N] This project will not disrupt any native or traditional lifestyle in the area.
23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?	[N] This project will not affect the cultural uniqueness or diversity of the area.
24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES: Is there a potential for other future uses for easement area other than for current management? Is future use hypothetical? What is the estimated return to the trust. Are cumulative impacts likely to occur as a result of this proposed action?	[Y] This project can benefit the state of Montana in terms of gas royalties from well production and license fees by granting this proposal.

A Checklist Prepared By: Stan R. Dhuw
Name

LUS
Title

Date: 9-12-04

IV. FINDING

25. ALTERNATIVE SELECTED:	Grant Somont Oil Co., Inc and Highland West Resources authorization to drill the requested gas well.
26. SIGN4IFICANCE OF POTENTIAL IMPACTS:	The proposed well is located on native rangeland. Small-scale impacts to the soil resources around the well location are expected. Small-scale impacts to the native rangeland around the location are expected. No archaeological sites were observed within the project area. Somont Oil Co. and Highland West Resources will settle actual surface damages with State Land surface lessee. All disturbed area will be recontoured and reseeded to native grass per recommendations within this EA checklist. If this well produces gas, the school trust will benefit in terms of increase royalty payments.
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: Erik Eneboe Conrad Unit Manager - CLO
Name Title

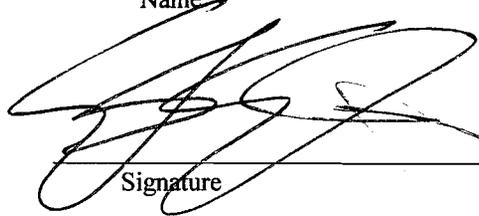

Signature September 13, 2004
Date

Exhibit "A"

Lease No.

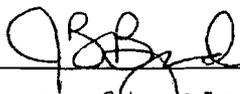
33,063-98

SURFACE OWNERSHIP:

STATE OWNED.

STIPULATIONS:

1. Lessee shall notify and obtain approval from the Department of Natural Resources & Conservation (DNRC) - Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in the TLMD's approval. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on State Lands.
2. Prior to the drilling of any well, Lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the TLMD. After a well is drilled and completed, Lessee shall send one copy of all logs run and Form 4A "Completion Report", with attached geologic report, if any, to the TLMD. A copy of the Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to the TLMD whenever any subsequent change in well status or operator is intended, or has occurred.
3. The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the tract.
4. The Lessee shall be responsible for controlling any noxious weeds introduced by Lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the leased premises.
5. The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.
6. No activity shall be allowed within 100 feet of any perennial or seasonal stream, pond, lake, prairie potholes, wetland, spring, reservoir, well, or irrigation ditch, canal, or related facilities without prior approval of the TLMD.



dba Highland West Resources Lessee

