

## CHECKLIST ENVIRONMENTAL ASSESSMENT

<b>Project Name:</b> Petro-Canada's State 36-43 Wellsite	<b>Proposed Implementation Date:</b> March 23, 2006
<b>Proponent:</b> Petro-Canada Resources (USA) Inc.	
<b>Type and Purpose of Action:</b> Drilling, coring and testing a cbm exploratory well.	
<b>Location:</b> T8S-R44E Sec.36 SWSE	<b>County:</b> Big Horn

### I. PROJECT DEVELOPMENT

1.	PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.	Site inspection with lessee, Alan Lloyd and Petro-Canada's representative, David Gremel.
2.	OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:	Permit to drill from BO
3.	ALTERNATIVES CONSIDERED:	No Action Approve request Change location

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### II. IMPACTS ON THE PHYSICAL ENVIRONMENT

### LEGISLATIVE ENVIRONMENTAL POLICY OFFICE

RESOURCE	[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES	N = Not present or No Impact will occur. Y = Impacts may occur (explain below)
4.	GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE: Are fragile, compactible or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations? Are cumulative impacts likely to occur as a result of this proposed action?	[ N ] Soils are a silty-clayey loam. Little to no blade work is anticipated as the drill site is basically level. Pits will be dug and filled back in and reclaimed. A brush hog will be used to clear away dense sagebrush at the drill site and a short access route from the county road to the west.
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?	[ Y ]Water will be pumped from the well into frac tanks that will be set up at the drill site location. Water samples will be collected at the wellhead and taken to a lab for analysis. Water from the frac tanks will be disposed of at a yet to be determined approved disposal site or other beneficial use such as dust suppression on roads. The well will be shut-in until further evaluation has been completed.
6.	AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I airshed)? Are cumulative impacts likely to occur as a result of this proposed action?	[ N ]There will be minimal emissions released as part of the drilling process but these are not anticipated to be beyond what is reasonably expected for this type of drilling operation and will be quickly dissipated.
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?	[ N ]There are no known rare or endangered plants present at the drill site or access route. A brush hog will be used to remove woody vegetation over the access route and pad site. Little if any blade work will be required. The pits will be reclaimed with a native seed mix upon project completion.
RESOURCE	[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES	
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?	[ N ]A wildlife evaluation of the area was conducted by Hayden-Wing Assoc, LLC Environmental Consultants out of Laramie, WY. Their evaluation revealed nothing that would require timing stipulations for the proposed work. For specifics, refer to their attached report.
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?	[ N ]This is an area dominated by some dense stands of Wyoming Big Sage, approximately 20% annual production. This is common throughout the area so a temporary disturbance will have little adverse effect upon species dependent on sagebrush as they can easily move to undisturbed areas.
10.	HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?	[ N ]No sites were discovered during the on-site review. The staff archaeologist was consulted.

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?	[ N ]
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?	[ N ]
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?	[ N ]The information from this well will provide data to the applicant to analyze future coal bed natural gas development on this tract. If the data is favorable, future environmental reviews would be done to address production wells.

### 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 are?	[ N ]
15.	INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?	[ N ]
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?	[ N ]
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?	[ N ]
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?	[ N ]Access will be restricted to dry or frozen conditions. No additional services are needed.
19.	LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?	[ N ]
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 drill site is a couple hundred yards east of a remote county road. Hunting is the primary recreational use of this tract. The proposed activity will have no affect on recreational potential of the tract.
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 ]
22.	SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?	[ N ]
23.	CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?	[ N ]
24.	OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES: Is there a potential for other future uses for easement area other than for timber 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?	[ N ]

EA Checklist Prepared By:	Gary Brandenburg	SLO-LUS	3-10-06
	Name	Title	Date

IV. FINDING

25. ALTERNATIVE SELECTED:

Approve Request

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

Minimal surface impacts are expected with the plan as submitted. Since the area will be cleared with a brush hog the only expected dirt work will be a small pit that will be reclaimed as soon as it dries out, as will all other disturbed areas. Drilling can expect to last about a week and then the well will be shut in and no further action will take place under this proposal.

27. Need for Further Environmental Analysis:

EIS       More Detailed EA       No Further Analysis

EA Checklist Approved By:	Sharon Moore	Area Manager
	Name	Title
	Sharon Moore	3/10/06
	Signature	Date

## Special Stipulations for Petro-Canada's State 36-43 CBM Exploratory Well

Section 36, T8S-R44E

Big Horn County

1. Work is to be restricted to dry or frozen conditions.
2. All disturbed areas will be reclaimed to DNRC-SLO specifications.
3. The applicant will be required to construct a fence to keep livestock out of the pit during and after drilling until such time as it has been reclaimed and seeding established. Removal of this fence will be the responsibility of the applicant.
4. The applicant shall contact the surface lessee, Alan Lloyd and the SLO 48 hours prior to drilling activities.
5. The drill rig and other motorized vehicles must be power-washed prior to entering the access route and drill site.
6. Unless authorized by the SLO, frac tanks will be limited to a total of two.
7. The applicant must provide SLO water quality samples.
8. Water disposal is dependent on water quality and the disposal method must have prior approval of DNRC-SLO. In addition applicant must comply with any other agencies rules and regulations pertinent to water disposal or discharge.
9. Once applicant completes testing the well then well must be plugged or shut in. Well cannot be produced without further review and authorization.