Connie Marak

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Fidelity Well No. 2577
Proposed Implementation Date:	Summer of 2006
Proponent:	Fidelity Exploration and Production Company
Location:	T8N-R59E-Sec 36 NW 1/4
County:	Fallon

DNRC - Trust Land Management Division

I. TYPE AND PURPOSE OF ACTION

Fidelity Exploration has requested to construct a natural gas well, pad site, pipeline and access road on the section mentioned above. This section of land is managed by the Montana Department of Natural Resources Eastern Land Office. This NG well will be drilled into the Eagle Formation of the Cedar Creek Field and in the Pennel Unit. The well depth will be approximately 2000 feet. The size of the pad is to be constructed at 200ftX180ft, this will be reduced once drilling operations have been completed. The pad size will be approximately 30X50ft and will be constructed using scoria shale.

II. PROJECT DEVELOPMENT

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

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

Fidelity has completed the proper applications to begin drilling and construction of the well site. The Eastern land office has completed a field evaluation of the site and surrounding area. The grazing lessee has been contacted and is in the process of settling surface damages.

RECEIVED

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

None

JUN 30 2006

LEGISLATIVE ENVIRONMENTAL POLICY OFFICE

3. ALTERNATIVES CONSIDERED:

Alternative A- Allow Fidelity to construct the well site and begin drilling. This alternative would continue the current land use of grazing, and mineral (Hydrocarbon) extraction. Plus allow for increased revenue to the school trust through mineral royalties and surface damage payments. All construction of this project will be reclaimed upon termination of the well.

Alternative B- Deny Fidelity the right to begin construction. Current land use of grazing and mineral management would not change. The value of state owned natural gas may not be captured.

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.

Site is composed of mostly clay to silty clay loam. Geologic features in the area include weathered clay buttes, shale hills and some sites of hard pan. Erosion risks in this area are typically moderate to high. Topography on the site is gently rolling

Alternative A- Some soil disturbance will occur at the drill site and pad through cutting and filling to level the pad. There will also be some further cut fill operations on the road with crown building of the road surface. The road will be constructed to all-weather standards. There will also be a minimal amount of disturbance from the

implementation and construction of the pipeline. This disturbance will be minimal to moderate in nature. Any construction would be designed to reduce the amount of erosion on the site.

Alternative B- No Impact.

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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.

Alternative A- No Significant Impact

Alternative B- No Impact

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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.

Alternative A- Pollutants and Particulates will be increased during the construction of the project. After the completion of the project pollutant and particulate levels will return to near normal.

Alternative B- No Impact

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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.

Alternative A- There will be disruption to some of the vegetation currently growing at the site. General plant species on this site include Western Wheatgrass, Bluebunch Wheatgrass, Green Needle Grass, Needle and Thread, Blue Grama and various Sedge, Forbs and Shrubs. No rare plant species were noted during the inspection. After the reclamation has taken place the site will be seeded back to native grass species.

Alternative B- No Impact

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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.

Alternative A-There will be minimal disruption to the wildlife that inhabit the area. The primary species in the area consist of Antelope, Mule Deer, Burrowing Rodents, Jack Rabbits, Raptors, Migratory Prairie birds and others. The entire area is covered with oil and gas wells and all forms of wildlife seem to tolerate it and thrive in the area.
Alternative B- No Impact

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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.

Alternative A- A search of the Montana Natural Heritage Program database has shown that there are no threatened or endangered species on this section. It also shows no evidence of sensitive species in the area of this tract.

Alternative B- No Impact

10. HISTORICAL AND ARCHAEOLOGICAL SITES:
Identify and determine effects to historical, archaeological or paleontological resources.

Alternative A- Alternative A-Upon inspection of the parcels by the Eastern Land Office staff no significant findings were noted on this parcel.
Alternative B- No Impact

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.

Alternative A- This will temporally change the appearance of the landscape. But the addition of reclamation efforts will make the site aesthetically pleasing after termination of this well project. Noise levels will be increased during the project but will return to normal after the completion.

Alternative B- No Impact

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.

Alternative A-This project would have an effect on the amount of limited resources. The amount of natural gas to be extracted is currently unknown. It would not affect other projects in the area because all surrounding gas wells belong to Fidelity

Alternative B- No Impact

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.

None

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- There may be potential safety risks for laborers but the potential risk is minimal with proper safety efforts.

Alternative B- No Impact

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:
Identify how the project would add to or alter these activities.

Alternative A- It would have a positive effect on Industrial, Commercial and Agricultural Activities and Production.

Alternative B- No Impact

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.

Alternative A- This project has the potential to create jobs with further development possibilities.

Alternative B- No Impact

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.

Alternative A- Tax Revenue is currently unknown at this time

Alternative B- No Impact

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

Alternative A- Traffic would be increased but this is a remote area so little assistance would be needed.

Alternative B- No Impact

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.

Alternative A- No Significant Impact

Alternative B- No Impact

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.

Alternative A- No Significant Impact
Alternative B- No Impact

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.

Alternative A- No Significant Impact

Alternative B- No Impact

22. SOCIAL STRUCTURES AND MORES:
Identify potential disruption of native or traditional lifestyles or communities.

Alternative A- No Significant Impact

Alternative B- No Impact

23. CULTURAL UNIQUENESS AND DIVERSITY:
How would the action affect any unique quality of the area?

Alternative A- No Significant Impact

Alternative B- No Impact

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.

Alternative A- Allowing this project would generate revenue for the school trust the amount is currently unknown at this time. Revenue would come in the form of mineral royalties and surface damages
Alternative B- No Impact

EA Checklist Prepared By:	**Name:**	Scott Aye	**Date:**	6-5-06
	Title:	Land Use Specialist		

V. FINDING

25. ALTERNATIVE SELECTED:

Alternative A

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

Minimal and acceptable

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

[ ] EIS [ ] More Detailed EA [X] No Further Analysis

EA Checklist Approved By:	**Name:**	Rick Strohmyer		
	Title:	Eastern Land Office: Area Manager		
Signature:	Rick Strohmyer		**Date:**	6-6-06