

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Gas & Oil pipeline between oil well locations

Proposed Implementation Date: Spring 2012

Proponent: Banner Transportation and Hiland Operating

Type and Purpose of Action: Install gas & oil pipeline across state land to oil well sites.

Location: S15 & 16 T26N R54E

County: Richland

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>Banner & Hiland are requesting permission to install a gas & oil pipeline between oil well locations across state land.</p>
<p>2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:</p>	<p>Board of Oil & Gas</p>
<p>3. ALTERNATIVES CONSIDERED:</p>	<p>Allow Banner & Hiland to put in pipelines. Deny Banner & Hiland permission to build.</p>

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)
<p>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?</p>	<p>[Y] Disturbance will occur, but we generally see grass recover within a year after project is complete. A reclamation plan is in place if project is unsuccessful and site is abandoned. Action: The implementation of this action can be done in a manner that minimizes damage to the land. No Action: No affect.</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>[N] Water resources are not affected by this project. Action: Mitigation measures will be implemented if water resources are going to be affected. No Action: No affect.</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT	
<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>[Y] Action: Pollutants and air particulates will be increased by the project. Dirt particles as well as pollutant air particles will increase during the construction stage. After construction, the air born particles will return to their normal state. No Action: No affect.</p>
<p>7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present?</p>	<p>[N] The area where this project is proposed is presently in native vegetation. The primary grass species are western wheatgrass, blue gramma, and needle & thread grass. On date of inspection, no rare plants were observed. No Action: No affect.</p>
<p>8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish?</p>	<p>[N] The area where project is proposed has no documented use of important wildlife, birds or fish. Action: Disturbance will take place in an area and during a time when wildlife, birds or fish should not be adversely affected. No Action: No affect.</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>[N] Numerous species of concern are listed for this region. A search of the Montana Natural Heritage Database Program shows no threatened or endangered species within the project area. Action: No affect. No Action: No affect.</p>
<p>10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?</p>	<p>[N] Eastern Land Office Staff inspected the site and observed no cultural or paleontologic resources in project area. Action: If cultural sites within the project corridor are impacted, alternatives will be assessed and a reroute may take place.</p>

II. IMPACTS ON THE PHYSICAL ENVIRONMENT	
	No Action: No affect.
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?	[N] The area is not accessible to the public. Intense oil & gas activity is now taking place in the area. Action: The installation of the project will be visible during the construction stage. After construction the project will be noticeable, but it won't be the only site in the area. No Action: No affect.
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?	[N] Action: The action alternative will increase oil & gas activity and transportation. No Action: No affect.
13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract?	[N] NONE.

III. IMPACTS ON THE HUMAN POPULATION	
RESOURCE	POTENTIAL IMPACTS AND MITIGATION MEASURES: (Y/N)
14. HUMAN HEALTH AND SAFETY: Will this project add to health and safety risks in the area?	[N] Action: The installation of this project and its maintenance will increase the health and safety risk to the people using the area. No Action: No affect.
15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?	[N] The area is primarily grazing and farmland, the proposed project will temporarily disrupt some of those activities, but livestock and wildlife have proven to co-exist with these developments and things return to normal in a short period of time. Action: The implementation of the action alternative will have a positive effect on the oil and gas industry.

	<p>The project will also influence local contracts.</p> <p>No Action: The no action alternative will negatively affect the oil and gas industry and development. Potential available resources will not be discovered and developed to their fullest potential.</p>
<p>16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number.</p>	<p>[N]</p> <p>Action: The project has the potential to create jobs with further development.</p> <p>No Action: Potential jobs will not be created.</p>
<p>17. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue?</p>	<p>[N] Action: The action alternative will increase revenue to the trust. The School Trust will receive royalties from development and license fees during project construction.</p> <p>No Action: No additional tax revenues will be created by the no action 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>[N]</p> <p>Action: Oil and gas development has already greatly increased traffic demands. This action will not add to that demand.</p> <p>No Action: No affect.</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>[N]</p> <p>Action: These entities will not be affected.</p> <p>No Action: No affect.</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>[N]</p> <p>Action: No impacts.</p> <p>No Action: No affect.</p>
<p>21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing?</p>	<p>[N]</p> <p>Action: No impacts.</p> <p>No Action: No affect.</p>

<p>22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?</p>	<p>[N] Action: Native or traditional lifestyles will not be affected. No Action: No affect.</p>
<p>23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?</p>	<p>[N] Action: A shift in the unique quality of this area is not anticipated by the implementation of the proposed project. No Action: No affect.</p>
<p>24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:</p>	<p>[N]</p>

EA Checklist Prepared By: /s/ Marc Aberg, Lands Program Manager

5/23/2012

<p>IV. FINDING</p>	
<p>25. ALTERNATIVE SELECTED:</p>	<p>Allow Banner Transportation & Hiland Operating to install an oil & gas pipeline between oil well locations across state land.</p>
<p>26. SIGNIFICANCE OF POTENTIAL IMPACTS:</p>	<p>NONE</p>
<p>27. Need for Further Environmental Analysis: <input type="checkbox"/> EIS <input type="checkbox"/> More Detailed EA <input checked="" type="checkbox"/> No Further Analysis</p>	

EA Checklist Approved By: /s/ Chris Pileski Area Manager 5/23/2012
Name Title Date