

CHECKLIST ENVIRONMENTAL ASSESSMENT

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|--------------------------------------|---|
| Project Name: | Easement application and LUL application for the installation of a new 4" natural gas pipeline. |
| Proposed Implementation Date: | Spring/Summer 2016 |
| Proponent: | City of Shelby 112 First Street South Shelby, MT 59474 |
| Location: | W2NW4, Section 36, T32N, R2W |
| County: | Toole |
| Trust: | Common Schools (CS) |

I. TYPE AND PURPOSE OF ACTION

The City of Shelby has requested to install a new 4" buried natural gas pipeline across one tract of state land. The proposed easement route is located along the west edge of the tract. The new 4" buried natural gas pipeline will be part of a project to provide Humic Growth Solutions Inc. with natural gas. The City of Shelby will tie into NorthWestern Energy's natural gas pipeline approximately 2.5 miles north of the Humic facilities. The table below lists easement and LUL acreages.

| Township | Range | Section | Natural Gas Pipeline Location | Acres Affected | Trust |
|----------|-------|---------|-------------------------------|----------------|-------|
| 32N | 2W | 36 | W2NW4 (Easement) | 0.83 | CS |
| 32N | 2W | 36 | W2NW4 (LUL) | 2.07 | |

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:
Provide a brief chronology of the scoping and ongoing involvement for this project.
 City of Shelby -Proponent
 DNRC-Surface Owner
 Kathryn Davis-Surface Lessees, Lease #7998

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:
 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 the City of Shelby permission to install the new 4" buried natural gas pipeline.
 Alternative B (the Proposed action) – Grant the City of Shelby permission to install the new 4" buried natural gas pipeline.

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.

Soils at the proposed project sites are silty in texture. The topography is gently rolling and the new 4" buried natural gas pipeline will be installed just off of the west edge of the W2NW4 through native rangeland. The soils and slopes are generally suitable for the installation of the new 4" buried natural gas pipeline. The drinking water pipeline will be installed to a depth of 48". Equipment will cause localized areas of soil compaction and will disturb the soil where the new 4" buried natural gas pipeline is installed. Reclamation requirements are to compact and level the disturbed soil in the proposed project area. There are two steep coulees that will be crossed by the proposed water line. Any erosion concerns will be mitigated by the placement of straw waddles to control any surface erosion. Cumulative impacts on soil resources are not expected as only minimal surface disturbance will be caused by the construction of the new 4" buried natural gas pipeline.

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 are two water rights associated with this tract; however none of these water rights will be impacted by the proposed easement. 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.

The proposed action will not impact the air quality.

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 1,805.00' or 0.34 miles of new 4" buried natural gas pipeline will be installed by the utilization of a static plow. The vegetation consists of primarily native rangeland with a few areas of tame grass species. 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. Cumulative impacts on the vegetative resources are not expected as the proposed construction areas will be reclaimed and reseeded. The reseeding mixture will consist of a grass seed mixture of 35% Western Wheatgrass, 35% Slender Wheatgrass, 15% Bluebunch Wheatgrass, 10% Green Needlegrass, and 5% Lewis Blue Flax. If drilled the rate will be 8#/acre, but if broadcast seeded the rate will be 16#/acre.

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 installation of the new buried natural gas line. 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 for T32N, R2W. There were zero species of concern and two potential species of concern noted on the NRIS survey: Birds-Short-eared Owl. Fish-Burbot. This particular tract of native rangeland 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.

KLJ conducted a Class III intensity level cultural and paleontological resources inventory of the area of potential effect on state land. During the course of inventory a trash/debris dump (24TL1142) and a low-profile cairn (24TL1143) were recorded. Both resources will be avoided with ground disturbing developments, so the proposed project will have *No Effect* to *Antiquities* as defined under the Montana State Antiquities Act. A formal report of findings has been prepared and is on file with the DNRC and the Montana State Historic Preservation Officer.

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.

Installation of new 4" buried natural gas pipeline will not affect the aesthetics of the land in any way as it will not be visible. It will lead to no erosion of the soil resources on the tracts as the pipeline is located below the soil surface.

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

- *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.

The proposed project will not 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.

The results of this project will add to the industrial, commercial, or agricultural activities or production in the area as it will provide employment for 15-22 employees.

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.

This project will not create any new jobs, as the project will be completed in house by the proponent.

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

This project is of a small scale and being funded by City of Shelby. There will be no excessive stress placed of the existing infrastructure of the area.

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.

The proposed project area is adjacent to the Highway #2 and the BNSF RR ROW. It is located in native rangeland. 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.

This project will benefit the school trust in terms of the \$50.00 fee generated from the easement application. The easement on the Common Schools trust land will affect 0.83 acres X \$200.00 per acre equals \$166.00 of revenue generated from the future easement.

The project will also benefit the common school trust in terms of the \$25.00 fee generated from the LUL application. The LUL will affect 2.07 acres and will be billed at fair market value.

Cumulative impacts are not likely as the area is used for agriculture and grazing and the new 4" buried natural gas pipeline will not affect the long-term viability of agriculture and grazing on this tract.

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| EA Checklist Prepared By: | Name: Tony Nickol | Date: June 2, 2016 |
| | Title: Land Use Specialist, Conrad Unit, Central Land Office | |
| | | |

V. FINDINGS

25. ALTERNATIVE SELECTED:

Alternative B (the Proposed action) – Grant the City of Shelby permission to install the new 4" buried natural gas pipeline.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

This easement corridor does not have any unique characteristics, critical habitat and/or other special environmental conditions. Significant impacts are not anticipated as a result of the selected alternative.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

EIS

More Detailed EA

No Further Analysis

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| EA Checklist Approved By: | Name: Erik Eneboe |
| | Title: Conrad Unit Manger, CLO, DNRC |
| Signature:  | Date: June 3, 2016 |

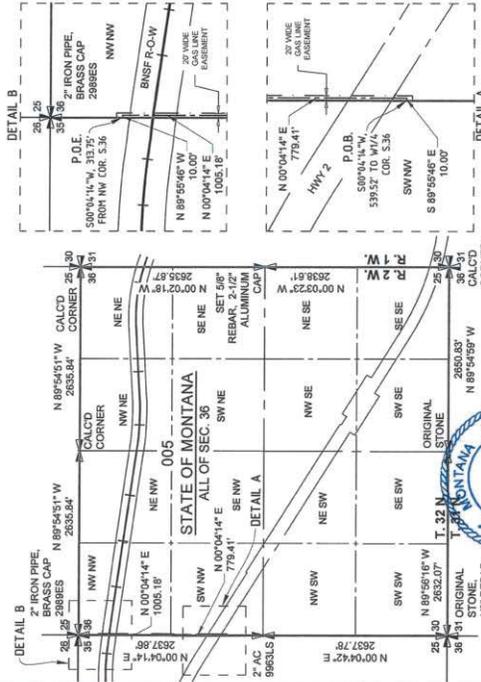
EXHIBIT A
GAS LINE EASEMENT DESCRIPTION

CITY OF SHELBY
LAND OWNER: STATE OF MONTANA

A strip of land 20 feet in width for the construction and maintenance of a gas line over, across and through the property situated in Section 36, Township 32 North, Range 2 West, Toole County, P.M. Montana, of which is more particularly described as follows:

COMMENCING at the West quarter corner of said Section 36; Thence N 00°04'14" E, 539.52 feet to the POINT OF BEGINNING, which is the centerline of a 20 foot wide easement having 10 feet wide on each side; Thence S 89°55'46" E, 10.00 feet; Thence N 00°04'14" E, 779.41 feet to the South Line of NW 1/4; Thence N 00°04'14" E, 1005.18 feet; Thence N 89°55'46" W, 10.00 feet to the West Section line of said Section 36, which is the POINT OF ENDING, from which the Northwest Section Corner of said Section 36 bears N 00°04'14" E, 313.75 feet. The sidelines of said easement shall be shortened or elongated to conform to the grantor's property lines.

The easement contains 0.83 acres more or less and is subject to all existing easements and documents of record.



| SEC 36 | REMAINDER | EASEMENT |
|---------|-----------|----------|
| 1/4 SEC | 1/4 SEC | 1/4 SEC |
| NW 1/4 | NW 1/4 | NW 1/4 |
| 39.534 | 39.534 | 0.472 |
| SV NV | SV NV | SV NV |
| 39.644 | 39.644 | 0.362 |

| GLD RECORD | SEC 36 | REMAINDER | EASEMENT |
|------------|---------|-----------|----------|
| | 1/4 SEC | 1/4 SEC | 1/4 SEC |
| | NW 1/4 | NW 1/4 | NW 1/4 |
| | 39.534 | 39.534 | 0.472 |
| | SV NV | SV NV | SV NV |
| | 39.644 | 39.644 | 0.362 |

OWNERSHIP DESCRIPTION:
S. 36 TWP. 32N R. 2W STATE: MONTANA
COUNTY: TOOLE
TYPE: 20' WIDE GAS LINE EASEMENT
TOTAL L.F.: 1805 ± TOTAL AREA: 0.83 AC ±

LEGEND

- SECTION CORNER AS NOTED
 - 1/4 CORNER AS NOTED
 - POINT OF BEGINNING
 - POINT OF ENDING
- Note:**
All distances are ground, international feet
All bearings are Geodetic North
Basis of bearings = Northwest Section Line S. 36



Drawn By: J. Stefanik Surveyed By: J. Stefanik Approved By: M. Ries Project No: 4415018 Date: 5/20/2016
May 20, 2016 - 10:41 am - P:\City\MT\Gas\1415018-Hwy2 Water Main Extension\05_CAD\CAD\1415018_Site_Easement.dwg
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