

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Somont Section 36 Water Flood - Proposed Oil Wells- State 66, 67, 68, 69, and 70.
Proposed Implementation Date:	Spring/Summer 2014
Proponent:	Somont Oil Company, Inc., 419 Ferdig Road, Oilmont, MT 59466
Location:	Section 36, T35N, R2W State #66-NW4SE4 2240' FSL, 2420' FEL State #67-NE4SW4, 1800' FSL, 2000'FWL State #68-NW4SE4, 1800' FSL, 2460'FEL State #69-NW4SE4 2420' FSL, 2020'FEL State #70-NE4SW4, 1650' FSL, 2520'FWL
County:	Toole
Trust:	Common Schools

I. TYPE AND PURPOSE OF ACTION

Somont Oil Company, Inc. has requested permission to drill five oil wells on state land. All five of the state wells are within the Somont Section 36 water flood unit which was previously approved by the Department. The wells will be drilled into the Swift formation to a total depth of 1,335.00'. State wells 66, 68, and 69 are located on land that is classified grazing. State wells 67 and 70 are located on land that is classified agricultural. A drilling pad will be constructed and a rig will drill the well. If sufficient quantities of oil are present, then a commercial well site will be developed. Also, 1,300.00' of new and existing access trails will be minimally improved. If the wells are commercially viable, 1,300.00' of new flow line and electrical line will be installed alongside the new trails to the wells. The new flow lines and electrical lines will be connected into the existing flow lines and electrical lines that exist as part of the current Somont Section 36 water flood unit. If tests indicate that commercial quantities of recoverable oil are not present, then the well will be plugged in conformance with standards approved by the Montana Board of Oil and Gas Conservation. After drilling operations have been completed, the disturbed areas will be reclaimed. The area will be recontoured and the topsoil redistributed over the area. The site will then be returned to native rangeland or agricultural land. The proposed action will temporarily disturb a small portion of the landscape. Negative impacts to the soil resources are expected in the short-term. Long-term, cumulative, and/or irreversible impacts to the ecosystem are not expected.

II. PROJECT DEVELOPMENT

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

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

Somont Oil Company, Inc.
DNRC-Surface and Mineral Owner Normont Farms-Surface Lessee-Lease #4799
Charles and Virginia Rohlf-Surface Lessee-Lease #9795
Montana Board of Oil and Gas Conservation

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

Montana Board of Oil and Gas Conservation permit form 22 has been approved for each of the wells. The API numbers for each well are as follows: 25-101-242470000-well #66, 25-101-242480000-well #67, 25-101-242490000-well #68, 25-101-242500000-well #69, 25-101-242510000-well #70. Somont Oil Company, Inc. has the State of Montana Oil and Gas lease #OG-39088-09 associated with this state land. 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 Somont Oil Company, Inc. permission to drill the 5 oil wells, minimally improve the new and existing access trails, and place the flow lines and electrical lines.

Alternative B (the Proposed action) – Grant Somont Oil Company, Inc. permission to drill the 5 oil wells, minimally improve the new and existing access trails, and place the flow lines and electrical lines using the Conrad Unit Office’s recommendations to minimize adverse environmental impacts.

<p align="center">III. IMPACTS ON THE PHYSICAL ENVIRONMENT</p> <ul style="list-style-type: none">• <i>RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.</i>• <i>Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.</i>• <i>Enter “NONE” if no impacts are identified or the resource is not present.</i>
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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 well sites are silty in texture. Topography is gently rolling hills and suitable for oil production and access road use. The proposed action may cause localized areas of soil erosion and compaction from the manipulation of vehicles and equipment on the surface. The top 12 inches of soil will be removed from the well site and stock piled for reclamation purposes. New and existing roads will be used to access well sites. A small amount of cross country travel will occur. Road improvements will be held to a minimum. Access roads may only be used when the topsoil is dry or frozen to minimize soil erosion and compaction. The proposed action will temporarily disturb a small portion of the landscape. Reclamation and returning these sites to rangeland production, wells 66, 68, and 69, and agricultural production, wells 67 and 70 will minimize long-term soil loss. No long-term negative impacts on the soil resources are expected. The rangeland areas will be reseeded per the seeding recommendations included in item #7.

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 is one documented and/or recorded water rights associated with the proposed tract. Water right 41N-240600 located in the NW4SW4NE4, Section 36, T35N, R2W for an unnamed tributary of closed basin for stock and wildlife/waterfowl has been filed by the Montana State Board of Land Commissioners. There are no wells proposed in the area of this water right, so damage to this closed basin is not anticipated. 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.

Dirt work associated with pad building, access road building, well drilling, and vehicle traffic on the access roads will generate airborne dust. These activities will minimally affect air quality for a very limited amount of time. No cumulative effects to air quality are anticipated.

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.

About 0.23 acres (per well) of classified grazing land (wells-66, 68, and 69), and agricultural land (wells-67 and 70) will be impacted by the removal of topsoil and the manipulation of vehicles on the ground surface at the well site locations and the access roads. Also, 1,300.00' of new and existing access trails will be minimally improved. If the wells are commercially viable, 1,300.00' of new flow line and electrical line will be installed alongside the new trails to the wells. The new flow lines and electrical lines will be connected into the existing flow lines and electrical lines that exist as part of the current Somont Section 36 water flood unit. The proponent will be responsible for noxious weeds that may arise from implementing this proposed action. The sites will either be returned to grazing land or agricultural land following site reclamation. The proposed action will impact a small portion of the landscape. The grazing land will be reclaimed and reseeded with the following species: western wheatgrass 35%, slender wheatgrass 35%, blue bunch wheatgrass 15%, Indian rice grass, 10%, and Lewis blue flax 5%. The agricultural land will be returned to small grain production.

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 drilling operations. 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. T35N, R2W: There were five animal species of concern and zero potential species of concern noted on the NRIS survey: Birds-Ferruginous Hawk, Chestnut-collared Longspur, McCown's Longspur, and Brewer's Sparrow. Mammals-Hoary Bat. This particular tract of native rangeland and agricultural land 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.

A cultural resource inventory was completed by the Conrad Unit Office on August 11, 2010, October 4, 2012, and June 18, 2014. No cultural resources were found within the project area, so it is assumed that cultural resources will not be impacted by this proposed project.

Discovery of new cultural resources is also addressed in the Special Stipulations attached to the permit.

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.

The proposed action will occur in a remote area and will not cause a large change in the aesthetic character of the land. The main industries in this area are agricultural, grazing, and oil and gas production. If a producing well is developed, a small portion of the lands aesthetic character will be changed. Daytime noise levels may slightly increase during the time of the project, but noise levels will return to "normal" (pre-action conditions) after the project is completed. No other changes to the aesthetics character of the land area are expected.

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. However, these wells are part of a large water flood project that Somont Oil Company Inc. has been constructing over the last four years. These additional wells are part of this project.

<p style="text-align: center;">IV. IMPACTS ON THE HUMAN POPULATION</p>

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| <ul style="list-style-type: none">• <i>RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.</i>• <i>Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.</i>• <i>Enter "NONE" if no impacts are identified or the resource is not present.</i> |
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14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

The proposed wells will no 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 intent of the proponent's action is too located and remove oil for commercial sale. If tests indicate the existence of economically recoverable quantities of oil, producing wells will be established, and extraction will follow. If producing wells are developed, the Common School Trust will receive royalty payments at current market rate for all oil produced by the wells. Activities associated with the proposed action will minimally affect the surface use of the land (agricultural and grazing). A minimal amount of acreage will be taken out of production if producing wells are developed. All actual damages to the surface have been mitigated between the surface lessee and the proponents. The project will not add to or deter from other industrial, commercial, or agricultural activities in the area.

No direct or cumulative impacts are anticipated as a result of the proposal.

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.

The proposed action will create several well drilling jobs and generally add to the economy of surrounding communities.

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

There will be no increases in traffic, no changes in traffic patterns, and no need for additional fire protection, or police services.

There will be no direct or cumulative effects on government services.

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.

This tract of state land is rural and generally has low recreational value. 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.

The proponent has interest in the State of Montana Oil and Gas Lease #OG-39088-09 that is associated with this state tract. This lease entitles them to reasonable development of oil and gas wells on this tract after DNRC approval. The Common School trust will be compensated for all oil removed from a producing well. The surface lessees will be compensated for actual damages for the wells that are placed on their leases.

EA Checklist Prepared By:	Name: Tony Nickol	Date: June 18, 2014
	Title: Land Use Specialist, Conrad Unit, Central Land Office	

V. FINDING

25. ALTERNATIVE SELECTED:

Grant Somont Oil Company, Inc. authorization to drill the 5 oil wells, minimally improve the new and existing access trails, and place the flow lines and electrical lines.

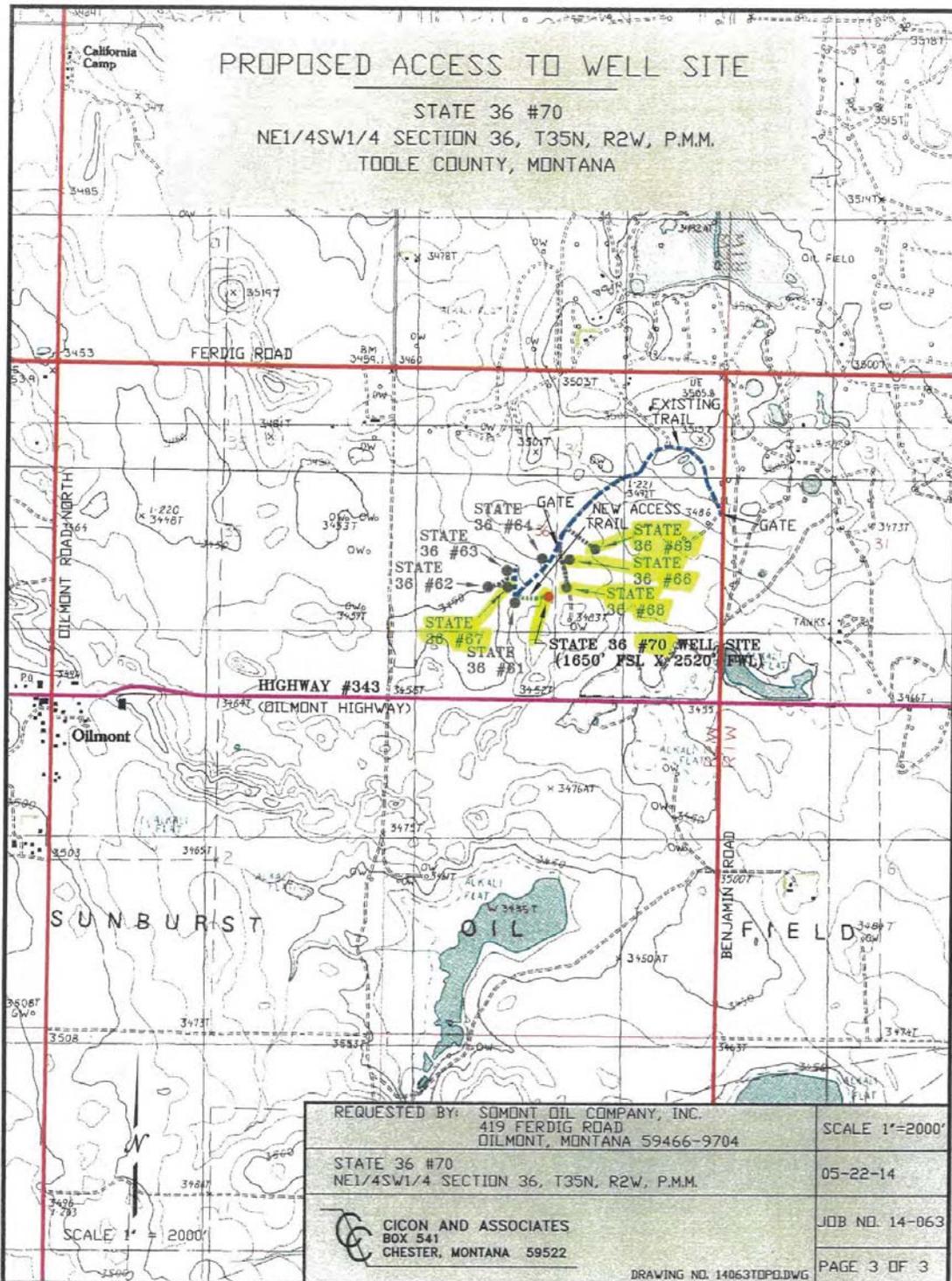
26. SIGNIFICANCE OF POTENTIAL IMPACTS:

Significant impacts are not expected to occur as a result of the proposed oil wells on state. The proposed wells are located in the heart of the Kevin / Sunburst oil and gas field and are within the existing water flood unit which was previously reviewed and approved by the Department. Small-scale impacts to the surface on the drill locations and flowline routes are expected. Existing access roads will be used and a limited amount of road improvements will occur. No archaeological sites were observed within the project area. Actual surface damages have been settled with our surface lessee. All disturbed areas will be recontoured and reseeded to the seed mixture outlined in this EA. If the wells are economical to produce, the common school trust will receive royalty payments. If wells are not developed for production, they will be plugged and abandoned in accordance with BOOG regulations. Other mitigation measures which are common and effective have been incorporated into the proposed action to minimize the potential for environment impact.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

EIS More Detailed EA No Further Analysis

EA Checklist Approved By:	Name: Erik Eneboe Title: Conrad Unit Manger, CLO, DNRC
Signature: 	Date: June 25, 2014



PROPOSED ACCESS TO WELL SITE

STATE 36 #70
 NE1/4SW1/4 SECTION 36, T35N, R2W, P.M.M.
 TOOLE COUNTY, MONTANA

REQUESTED BY: SOMONT OIL COMPANY, INC. 419 FERDIG ROAD DILMONT, MONTANA 59466-9704	SCALE 1"=2000'
STATE 36 #70 NE1/4SW1/4 SECTION 36, T35N, R2W, P.M.M.	05-22-14
 CICON AND ASSOCIATES BOX 541 CHESTER, MONTANA 59522	JOB NO. 14-063
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