DS-252

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: State 1X Oil Well Proposal

Proposed Implementation Date: May - 2008

Proponent: Porker Oil Co., / Duane Enneberg, P.O. Box 152 Kevin, MT 59454

Type and Purpose of Action: The purpose of this proposal is to drill test the top of the Madison Formation (Mission Canyon) for the potential of commercial oil production. The hole location is a twin to a hole drilled in the late 20's. The original hole has long been plugged. The drill location is still clearly visible however, as the site is marked by a well established stand of crested wheat grass. The original well tested 1200 bopd. This type of production is unrealistic today as the formation pressures have all been depleted. Wells in this area produce by gravity migration at 1 to 10 bopd. An abundance of well control data prompted a detailed structural study of the Madison Formation in this area in the late 70's, and this particular well location is near an intersection of two prominent fracture zones. If the hole penetrates this area it could very well develop into a commercial well.

Location: T35N, R1W, Sec 30 (220' FWCL x 319' FSL)
3490.7 GL
(common School)

County: Toole

I. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.	DNRC, MMB: Subsurface/Surface owner Porker Oil Company: Proponent Daniel Roark: Surface Lessee
2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:	Montana Board of Oil & Gas (APD) Montana DNRC Under O&G Lease # 6823-62
3. ALTERNATIVES CONSIDERED:	Deny the request

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)
4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE: Are fragile, compactable 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] This proposal will take place on northern glaciated plains. The general topography consists of a lake playa and glaciated uplands. The soils are dominated by variable silt to clay textures. The drill pad will be 150' by 150'. There will be a 3 foot cut at the north east corner and a 3 foot fill at the south west. (See attached grading schematic.) Soils will be scraped and stock piled prior to grading. There will be two blow pits, a suction and shale pit, and a well head cellar and trench to be excavated within the rig lay out. All pits will be earthen. The access route to the site will require approximately 90' of traverse from an established trail. The 90' traverse will be compacted, but will reestablish after the project is completed and traffic subsides. After completion¸ all pits will be backfilled, cuts will be reshaped, and the soil profile graded back to slope. Seeding recommendation will be outlined as an attachment to this assessment.
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] If the well is deemed commercial, then cumulative impacts will occur. Wells in the area that produce oil from the Madison Formation will make 300% water to oil. Connate water production for this lease is confined to an existing evaporation basin that is licensed by DNRC to this particular lessee.
6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I air shed)? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] If the well goes into production there will be H2S emitions that will vent to atmosphere. Producing wells within this lease generate a minimal amount of H2S

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

	however.
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] Vegetation will be affected, as the proposed action will impact .52 acres. Vegetation will be re established after project completion. Cumulative impacts are not likely to occur.
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?	[Y] The water chemistry of adjacent wells on this lease have been monitored and tested since April of 2004. Analysis show the water is suitable for livestock consumption. There are some migratory birds that utilize the area seasonally.
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] There are no endangered or threatened species or habitat present on this site.
10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?	[N] During the field inspection there were no historic sites found. The lease records also indicated no cultural sites present.
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] There are no prominent topographic features in the proposed area.
12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, and 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] There are basically only two major industries within this proposed area. They are agricultural and petroleum industries and both work quite well together.
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] None

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 area?	[N] This project will not add to the health and safety of the area.
15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?	[Y] The results of this project will contribute to oil production of the area. This particular area is dependent upon both the petroleum and agricultural industries.
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] This project will create a few jobs. The project requires surveying, dirt work contractor, drilling crews, pipe contractors, cementers, and wire line loggers.
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?	[Y] This project will create tax revenue from the sale of continued oil production and associated land fees and licenses.
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?	[Y] There will be a short duration influx of traffic resulting from this project. After completion the traffic will moderate to normal use.
19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?	[N] None
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?	[N] There are no wilderness or recreational sites accessed through this 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] None
22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?	[N] None
23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?	[N] None
24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES: Is there a potential for other future uses for easement area other than for current	[Y] This project can benefit the State of Montana in terms of continued license

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?	fees, and oil production royalties produced from lease #6823-62.

EA Checklist Prepared By: Steve Dobson LUS Conrad Unit Date: 4-28-08

Name Title

V. FINDING	
25. ALTERNATIVE SELECTED:	Grant Porker Oil Co. authorization to drill the State #1X well.
26. SIGN4IFICANCE OF POTENTIAL IMPACTS:	The proposed well is located on state surface used as grazing land. Small-scale impacts to the surface on the drill location are expected. No archaeological sites were observed within the project area. Surface damages have been settled with the DNRC for $900.00. Actual surface damages have been settled with our surface lessee for $100.00. Following drilling, all disturbed area will be recontoured and reseeded to the seed mixture outlined in this EA. If this well is economical to produce, the common school trust will receive royalty payments.
27. Need for Further Environmental Analysis: [ ] EIS [ ] More Detailed EA **[X] No Further Analysis**	

EA Checklist Approved By: Erik Eneboe Conrad Unit Manager - CLO

Name Title

/S/ ERIK ENBOE May 1, 2008

Signature Date

April 24, 2008

TO: Erik Eneboe, Unit Manger, CLO, Conrad

FROM: Steve Dobson, LUS, CLO, Conrad

RE: Stipulations for State 1X
T35N – R1W – Sec 30
Toole County
Lease # 6823-62 OG

1. Access is via approximately 90' off road traverse from existing two tract trail. (See Attached Access Map.)

2. Travel during dry or frozen conditions only.

3. Top 6 inches of soil profile shall be scraped and stockpiled from drill location.

4. After completion the well site shall be reshaped to original grade and topsoil shall be reapplied.

5. All disturbed areas will be reseeded with 35% western wheatgrass, 35% slender wheatgrass, 20% green needle grass, and 10% alfalfa. Rate will be 7 lbs/acre PLS. Rate will be doubled if the seeding method is broadcast. Seeding will be in after September 1st or prior to May 15th depending upon a spring or fall reclamation implementation.