

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	D&H Energy, LLC Oil and & Gas Pipeline Installation OG-20298-79
Proposed Implementation Date:	Fall 2022
Proponent:	D&H Energy, LLC, PO Box 186, Shelby, MT 59474
Location:	SE4 of Section 32 T35N, R1E
County:	Toole
Trust:	Common Schools (CS)

I. TYPE AND PURPOSE OF ACTION

D&H Energy, LLC (D&H) proposes the installation of an oil and gas pipeline to oil well Celsius State 32-1 (32-1) located on state land, referred to herein as the "Project". The oil and gas pipeline will connect the 32-1 well of lease # OG-20298-79, to an existing oil and gas pipeline and result in approximately 3,960 square feet of disturbance, see **Attachment A**, Project Location Map. The installation of the oil and gas pipeline will serve as a winter heat source for the 32-1 well which will result in an increase in production of the well and result in a longer production life for lease # OG-20298-79.

II. PROJECT DEVELOPMENT

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

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

The Project is located on state-owned land and D&H is the proponent. Agencies involved in the permitting process include the Montana Department of Natural Resources and Conservation, (DNRC) – Trust Land Management Division – Minerals Management Bureau, and the Montana Board of Oil and Gas Conservation (MBOGC).

Ag & Grazing: Surface Lessee – Lease # 832 – Willow Ridge Ranch
Minerals: Sub-surface Lessee – Lease # OG-20298-79 – D&H Energy, LLC

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

The Project will be permitted under lease # OG-20298-79. 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 D&H permission to install the oil and gas pipeline.

Alternative B (the Proposed action) – Grant D&H permission to install the oil and 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.

Soil Properties:

There is one type of soil found within the Project footprint.

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EXHIBIT

P234

(504B) Telstad – Joplin loams, 0 to 4 percent slopes

These soils consist of very deep (more than 80 inches), well-drained soils. These soils are found within ground moraines. Available water supply, 0 to 60 inches is about 10.0 inches (Telstad) and about 9.8 inches (Joplin); the mean annual precipitation for the region is 10 to 14 inches. (Soil Survey of Toole County, Montana Part I, 2002).

Soil Stability:

K – Factor:

The soil identified within the Project footprint has a Soil Erodibility (K) Factor of 0.28 (Soil Survey of Toole County, Montana Part I, 2002). The K Factor range is 0.02 to 0.69 (0.69 being the most susceptible to sheet and rill erosion by water.) The K Factor is low for the Project site which indicates a low susceptibility to erosion by water.

Wind Erodibility Group:

The soil identified within the Project footprint has a Wind Erodibility Group (WEG) of 6 (Soil Survey of Toole County, Montana Part I, 2002). The WEG range is 1 – 8 (1 being the most susceptible to wind erosion and 8 being the least susceptible). The WEG is low for the Project site which indicates a low susceptibility to erosion by wind.

Suitabilities and Limitations for Use:

Shallow Excavations:

The soil identified within the Project footprint was identified as “somewhat limited” (Soil Survey of Toole County, Montana Part I, 2002). “Somewhat limited” indicates the soils have features that are moderately favorable for shallow excavations. NRCS indicates that “the limitations can be overcome or minimized by special planning, design, or installation” (2002).

BMPs:

D&H proposes to strip and stockpile the topsoil from excavation activities, to be used for reclamation purposes. As part of the stipulations under lease # OG-20298-79, the DNRC will require D&H to re-seed the disturbed area with a seed mixture approved by the DNRC – Conrad Unit Office.

Determination:

Effect, Not Likely to Adversely Effect. The Project has the potential to impact soils, however, given its low to susceptibility to erosion, its suitability for shallow excavations, and the implementation of the BMPs described above, the Project is not expected to have negative cumulative effects on soil.

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.

Surface or Groundwater Resources:

Black Coulee is located 475 feet north of the Project and flows west to east and Willow Creek is located 950 feet east of the Project and flows north to south. There is a permitted “Place of Use” surface water reservoir for stock located approximately 1,215 feet north of the Project footprint under Water Right 41N 35181 00. For additional information see <http://wrqs.dnrc.mt.gov/default.aspx>.

BMPs:

D&H proposes to strip and stockpile the topsoil from excavation activities, to be used for reclamation purposes. As part of the stipulations under lease # OG-20298-79, the DNRC will require D&H to re-seed the disturbed area with a seed mixture approved by the DNRC – Conrad Unit Office.

Determination:

Effect, Not Likely to Adversely Effect. The Project has the potential to impact Black Coulee, Willow Creek, and the permitted "Place of Use" surface water reservoir for stock through stormwater runoff of disturbed soils. However, given the estimated disturbance acreage (≈ 3,960 square feet), and the BMPs the Project is not expected to have negative cumulative effects on water quality.

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.

Air Quality:

There are no Non-attainment areas located on or near the Project, per the Environmental Protection Agency (EPA) Nonattainment area maps (NEPAssist, 2022). The proposed activities will not result in any new air emissions.

Determination:

No Effect. It is not anticipated that the Project would result in negative cumulative effects on 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.

Vegetative Community:

Vegetation around the Project site consists of native grazing land containing Western Wheatgrass (*Pascopyrum smithii*), Winterfat (*Krascheninnikovia lanata*), Bluegrama (*Bouteloua gracilis*), Sandberg Bluegrass (*Poa secunda*), Prairie Junegrass (*Koeleria macrantha*), Threadleaf Sedge (*Carex filifolia*), Needle and Thread (*Hesperostipa comata*), Fringed Sagewort (*Artemisia frigida*), Silver Sagebrush (*Artemisia cana*), and various forbs. Noxious weeds were not identified within the Project footprint. The Natural Heritage Program database did not identify any potential plant species of concern within Township 35N Range 1E.

BMPs:

Compliance with lease # OG- OG-20298-79 will require D&H to replace topsoil, re-seed with a native seed mix, and monitor for noxious weeds. The recommended re-seeding mix shall consist of 35% of Western Wheatgrass (*Pascopyrum smithii*), 35% Slender Wheatgrass (*Elymus trachycaulus*), 15% Bluebunch Wheatgrass (*Pseudoroegneria spicata*), 10% Green Needlegrass (*Nassella viridula*), and 5% Lewis Blue Flax (*Linum lewisii*) or Purple Prairie Clover (*Dalea purpurea*). The mix shall be Certified Noxious Weed Seed Free, drilled at a seeding rate of 8 lbs/acre Pure Live Seed (PLS), if broadcast seeding, poundage shall be doubled and harrowed, and seeding shall occur either in the fall (after September 15) or early spring (before May 1).

Determination:

Effect, Not Likely to Adversely Effect. Project activities will result in a temporary disturbance of the vegetative community within the Project footprint. The BMPs proposed above will mitigate any long-term adverse effects and therefore negative cumulative effects on vegetative resources are not expected.

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.

Habitat:

The Project site is not considered Critical Habitat per the EPA. The surrounding area provides habitat for a variety of big game species, predators, upland game birds, other non-game mammals, birds of prey, and various songbirds.

BMPs:

Compliance with lease # OG-20298-79 will require D&H to replace topsoil, re-seed with a native seed mix, and monitor for noxious weeds.

Determination:

Effect, Not Likely to Adversely Effect. The Project has the potential to impact wildlife temporarily through the operation of heavy equipment during actual construction days. However, the Project will not impact wildlife forage, cover, or travel 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 oil and gas pipeline. Overall, the Project is not expected to have negative cumulative effects on wildlife or 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.

Species of Concern/Threatened/Endangered:

Federally listed mammal species that occur in Montana include Black-footed Ferret (*Mustela nigripes*), Canada Lynx (*Lynx canadensis*), Grizzly Bear (*Ursus arctos horribilis*), and Northern Long-eared Bat (*Myotis septentrionalis*). Federally listed avian species that occur in Montana include Piping Plover (*Charadrius melodus*), Red Knot (*Calidris canutus rufa*), Whooping Crane (*Grus americana*), and Yellow-billed Cuckoo (*Coccyzus americanus*). For additional information and additional species (fish, plants, & insects) see <https://ecos.fws.gov/ecp/report/species-listings-by-state?stateAbbrev=MT&stateName=Montana&statusCategory=Listed>

The National Heritage Program database identifies the Sprague's Pipit (*Anthus spragueii*) as species of concern within Township 35N, Range 1E.

Wetlands:

The National Wetland Inventory (NWI) identifies a Freshwater Emergent Wetland habitat with a classification code of PEM1C approximately 475 feet north of the Project (Black Coulee), and approximately 950 feet east of the Project (Willow Creek). The NWI also identifies a Freshwater Pond with a classification code of PABFh approximately 1,215 feet north of the Project (reservoir) for a complete description of wetland classification codes, go to <https://www.fws.gov/wetlands/data/Mapper.html>.

BMPs:

Compliance with lease # OG-20298-79 will require D&H to replace topsoil, re-seed with a native seed mix, and monitor for noxious weeds.

Determination:

The Project has the potential to impact wildlife temporarily through the operation of heavy equipment during actual construction days. However, the Project will not impact wildlife forage, cover, or travel 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 flowlines. The Project also has the potential to impact wetlands through stormwater runoff from disturbed soils, however, given the BMPs, the Project is not expected to have negative cumulative effects on wildlife or habitat.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

Historical and Archeological Sites:

A Class I (literature review) level review was conducted by the DNRC staff archaeologist for the area of potential effect (APE). This entailed inspection of project maps, DNRC's sites/site leads database, land use records, General Land Office Survey Plats, and control cards. The Class I search results revealed that no cultural or paleontological resources have been identified in the APE, but it should be noted that Class III level inventory work has not been conducted there to date. No additional archaeological investigative work will be conducted in response to this proposed development. However, if previously unknown cultural or paleontological materials are identified during project related activities, all work will cease until a professional assessment of such resources can be made.

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.

Visual and Noise:

The Project is located approximately 9.5 miles east of Oilmont, Montana (unincorporated), adjacent to Oilmont Highway (south) and Suphellen Road (east).

BMPs:

Compliance with lease # OG-20298-79 will require D&H to replace topsoil, re-seed with a native seed mix, and monitor for noxious weeds.

Determination:

Effect, Not Likely to Adversely Effect. The Project has the potential to have visual and noise impacts to the public who utilize Oilmont Highway and Suphellen Road. However, given the short duration of the Project, all Project materials will be buried, and reclamation is required, it is not expected to have cumulative impacts on aesthetics.

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 on environmental resources.

Environmental Resource Demand:

The 32-1 well is currently set up to pull oil from the various formations (Bow Island through Duperow). Adding in the oil and gas pipeline will provide a winter heat source for the 32-1 well which will result in an increase in production of the well and result in a longer production life for lease # OG-20298-79.

Determination:

Effect, Not Likely to Adversely Effect. The Project has the potential to affect mineral resources through normal operations of the 32-1 well, however, oil production is not expected to have negative cumulative effects on environmental resources.

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.

Surrounding land is owned by the state with a surface use of grazing under State Lease # 832. Any future development in the area will likely be restricted to utility or mineral development, with minimal impacts on the surface. Future development of projects are not expected to have negative cumulative effects.

IV. IMPACTS ON THE HUMAN POPULATION
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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.

Human Health and Safety:

Personnel involved with the Project activities include D&H personnel, where health and safety risks consist of the normal day-to-day operations of managing oil and gas wells, pipelines, and tank batteries.

Determination:

No Effect. Any risk to human health and safety will be restricted to D&H personnel during the normal day-to-day operations of managing oil and gas wells, flowlines, and tank batteries and it is assumed that D&H will abide by all Occupational Safety and Health Administration laws.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

Land Use:

The current land use on which the pipeline will be installed consists of 156.00 grazing acres, and 4.00 unsuitable acres (32-1 oil well).

Production:

Adding in the oil and gas pipeline will provide a winter heat source for the 32-1 well which will result in an increase in production of the well and result in a longer production life for lease # OG-20298-79. The annual rental fee for lease # OG-20298-79 is \$1.50/ac/year on 160 acres. The royalty rate for not exceeding 3,000 barrels for the calendar month is 12½%, exceeding 3,000 barrels but not exceeding 6,000 barrels for the calendar month is 17½%, and exceeding 6,000 barrels for the calendar month is 25%.

BMPs:

Compliance with lease # OG-20298-79 will require D&H to replace topsoil, re-seed with a native seed mix, and monitor for noxious weeds.

Determination:

Effect, Beneficial Effect. The Project is expected to increase the overall production of lease # OG-20298-79 since it will be able to operate during the winter months, while not impeding the existing production of the surface for State Lease # 832. The Project is not expected to have negative cumulative effects on future land use activities.

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.

Determination:

No Effect. The Project would not result in any new jobs nor eliminate any, therefore negative cumulative effects on the employment market are not expected.

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.

Revenues:

See **Section 15** above.

Effect, Beneficial Effect. The Project is expected to increase the overall production of lease # OG-20298-79 since it will be able to operate during the winter months, while not impeding the existing production of the surface for State Lease # 832. The Project is not expected to have negative cumulative effects on future land use activities.

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

Demand for Government Services:

The Project is accessed by Oilmont Hwy. Additional government services (e.g. fire protection, police, schools, etc.) are not required for oil and gas production. This Project is of a small scale and being funded by D&H. There will be no excessive stress placed on the existing infrastructure of the area.

Determination:

No Effect. Future Project activities are not expected to impact traffic, increase demand for government services, or place excessive stress on the existing infrastructure of the area. Therefore, the Project is not expected to have negative 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.

Determination:

No Effect. The Project is in compliance with State and County laws and will be permitted under lease # OG-20298-79. 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.

Legal Access and Recreation Opportunities:

The Project is located on legally accessible land via Oilmont Highway (south) and Suphellen Road (east). Recreation potential consists of hunting.

Determination:

No Effect. The Project will not result in any new permanent impacts on the surface of the land, impact access, or recreational opportunities. The Project is not expected to have negative cumulative effects on recreational and wilderness activities.

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

Determination:

No Effect. The Project will not require additional housing and is not expected to have negative cumulative effects on population and housing.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

Social Structures:

The Project is not located within 10 miles of a Hutterite colony and is approximately 33 miles east of Blackfoot Nation. No archeological sites were identified within the Project footprint.

Determination:

No Effect. The Project is consistent with the surrounding land use, therefore, negative cumulative effects on native or traditional lifestyles or communities are not expected.

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

Determination:

No Effect. The Project will not result in any new activities to occur in the area and therefore it is not expected to have negative cumulative effects on the unique quality 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.

Adding in the oil and gas pipeline will provide a winter heat source for the 32-1 well which will benefit the Common School Trust in terms of increased compensation for oil production and longer production life for lease # OG-20298-79. The annual rental fee for lease # OG-20298-79 is \$1.50/ac/year on 160 acres. The royalty rate for not exceeding 3,000 barrels for the calendar month is 12½%, exceeding 3,000 barrels but not exceeding 6,000 barrels for the calendar month is 17½%, and exceeding 6,000 barrels for the calendar month is 25%. The Project will not impede the current surface production of State Lease # 832.

Any future development in the area will likely be restricted to utility or mineral development, with minimal impacts on the surface. Future development of projects is not expected to have negative cumulative effects.

EA Checklist Prepared By:	Name: Michaela Hanson	Date: 9/16/2022
	Title: Land Use Specialist, Conrad Unit, Central Land Office	

V. FINDINGS

25. ALTERNATIVE SELECTED:

Alternative B (the Proposed action) – Grant D&H permission to install the oil and gas pipeline.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:


No significant impacts are expected. A temporary disturbance will occur as a result of the proposed action, but it has been determined the effects will not be cumulative or significantly adverse. Granting of the Project will benefit trust beneficiaries of lease # OG-20298-79.

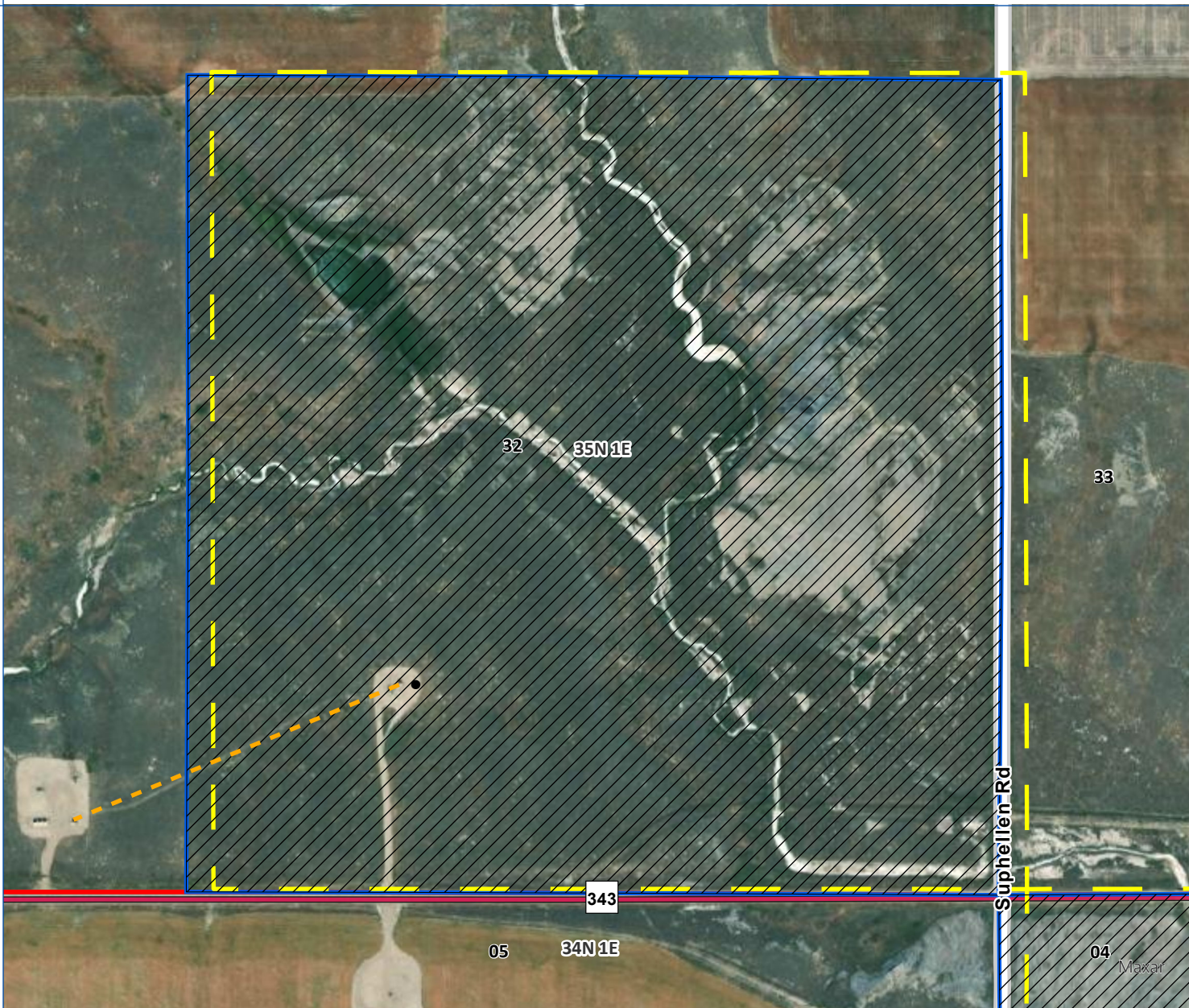
27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

EIS

More Detailed EA

No Further Analysis

EA Checklist Approved By:	Name: Erik Eneboe
	Title: Conrad Unit Manager, CLO, DNRC
Signature: 	Date: September 20, 2022

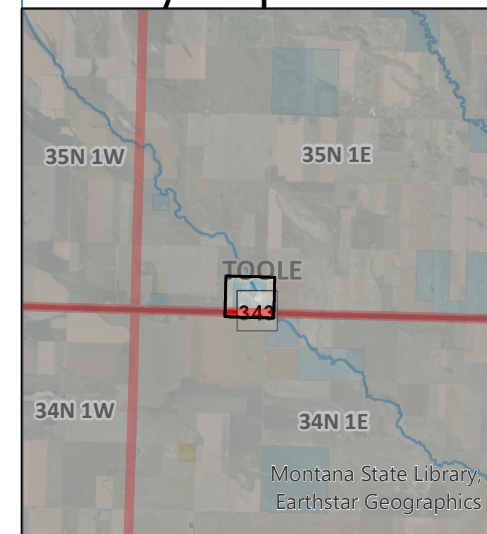


Legend

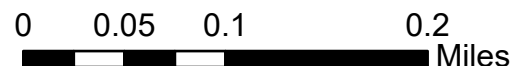
- - - Oil & Gas Pipeline
- Oil Well
- Oil & Gas Active Lease
- Ag & Grazing Lease
- Surface Tracts
- PLSS Township

Surface Lease No. 832
 Surface Lessee: Willow Ridge Ranch
 Mineral Lease No. OG-20298-79
 Mineral Lessee: D&H Energy, LLC
 STRID: SE4, Section 32, T35N, R1E

Vicinity Map



Attachment A Project Location Map



Author:
Michaela Hanson

9/16/2022