

**U.S. Department of the Interior
Bureau of Land Management**

Anchorage Field Office

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Anchorage, Alaska 99507

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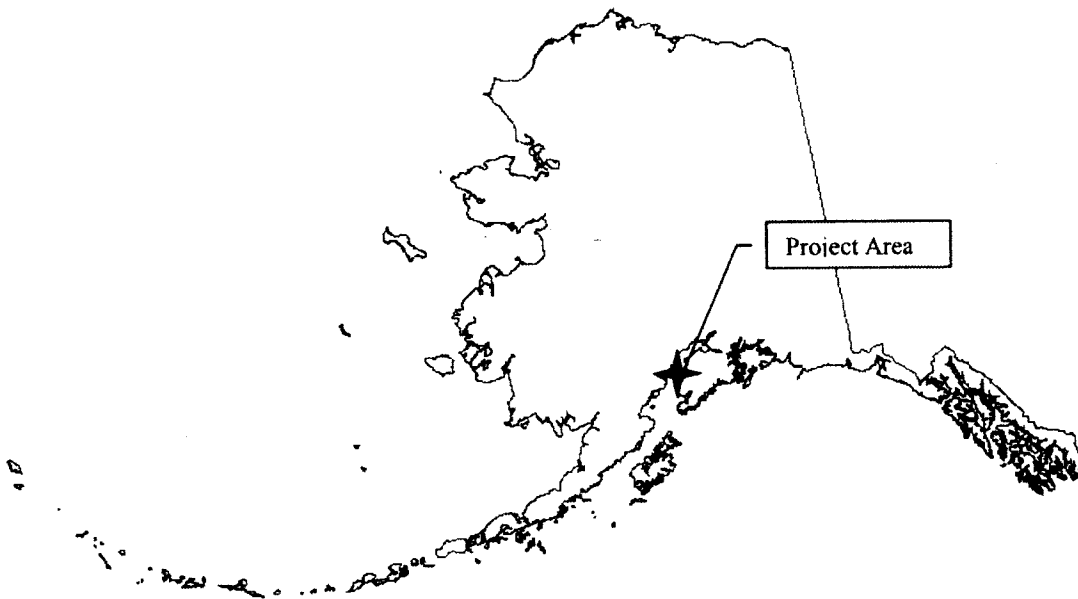
<http://www.blm.gov/ak/st/en/fo/ado.html>

**Energy Policy Act of 2005, Statutory Categorical Exclusion
Drilling of Natural Gas Well – KBU 42-6X**

Applicant: Marathon Oil Company

Lease/Serial/Case File Number: A-028142

Environmental Document No: DOI-BLM-AK-9320-2009-0011-SCX



Location:

Seward Meridian

T. 4 N., R. 11 W., Section 7

Kenai Peninsula Borough, Alaska

Prepared By:

Sindra Wolfsen

Physical Scientist

March 10, 2009

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1.0. Description of Proposed Action:

See surface use plan of operations for well, KBU 23-8, dated: Feb. 26, 2009, incorporated herein as if fully set forth, Appendix A, attached.

2.0. Section 390 of the Energy Policy Act of 2005 provides:

NEPA REVIEW.—Action by the Secretary of the Interior in managing the public lands, or the Secretary of Agriculture in managing National Forest System Lands, with respect to any of the activities described in subsection (b) shall be subject to a *rebuttable presumption* that the use of a categorical exclusion under the National Environmental Policy Act of 1969 (NEPA) would apply if the activity is conducted pursuant to the Mineral Leasing Act for the purpose of exploration or development of oil or gas.

[Emphasis added. 42 U.S.C. §15942(a)]

3.0. Statutory Categorical Exclusions:

The Energy Policy Act of 2005 provides at Sections 390 (b):

(b) ACTIVITIES DESCRIBED—The activities referred to in subsection (a) are the following:

(1) Individual surface disturbances of *less than 5 acres* so long as the total surface disturbance on the lease is *not greater than 150 acres* and *site-specific analysis* in a document prepared pursuant to *NEPA* has been previously completed.

a. Proposed surface disturbance:

Less than five (5) acres.

Greater than five (5) acres.

b. Total disturbance on the lease:

Less than one hundred fifty (150) acres after proposed surface disturbance

Greater than one hundred fifty (150) acres after proposed surface disturbance

c. Date of site specific NEPA analysis for surface disturbance: _____

d. Environmental Document ID: _____

(2) Drilling an oil or gas well at a location or well pad site at which *drilling has occurred previously within 5 years prior to the date of spudding the well.*

a. Well Pad ID: **Kenai Unit Pad 41-7** _____

b. Anticipated date of spudding the proposed well: 2009 _____

c. Name/number and date of last well completion or workover at proposed drill site: Well KU 9, completed 10/28/2008 _____

d. Time between b and c above: >1 year

- i. Less than five (5) years.
 - ii. Greater than five (5) years.
- (3) Drilling an oil or gas well within a developed field for which an *approved land use plan or any environmental document prepared pursuant to NEPA analyzed such drilling as a reasonably foreseeable activity*, so long as such plan or document was approved within 5 years prior to the date of spudding the well.
 - a. Field Name/Unit name or ID: **Kenai Unit/Kenai Field**_____
 - b. Plan Name: **Ring Of Fire Resource Management Plan**_____ or Environmental Document ID: _____
 - i. Plan or environmental document analyzed drilling as reasonably foreseeable.
 - ii. Plan or environmental document did not analyze drilling as reasonably foreseeable.
 - iii. Date of ROD or FONSI: March, 2008_____
 - iv. Anticipated date of spudding the proposed well: 2009_____
 - v. Time between spudding of proposed well and date of ROD or FONSI:
 - a. Less than five (5) years.
 - b. Greater than five (5) years.
- (4) Placement of a *pipeline in an approved right-of-way corridor*, so long as the corridor was approved within 5 years prior to the date of placement of the pipeline.
 - a. Right-of-way Case/Serial No: _____
 - b. Date of right-of-way grant: _____
 - c. Date of placement of pipeline: _____
 - d. Time between date of grant of right-of-way and placement of pipeline (first date of ground disturbance associated with pipeline installation):
 - 1. Less than five (5) years.
 - 2. Greater than five (5) years.
- (5) *Maintenance of a minor activity*, other than any construction or major renovation or a building or facility

I certify that the foregoing is true and correct:


Preparer(s): Sindra Wolfson

Date: March 10, 2009

4.0. Extraordinary Circumstances

The use of the new statutory CXs is not dependent on the Council for Environmental Quality (CEQ) process for approving new CXs. Additionally, the CXs established by Section 390 are not subject to the requirement in 40 CFR 1507.3 that would preclude their use when there are extraordinary circumstances. This is because the CXs addressed in this guidance are established by statute and not under the CEQ procedures pursuant to 40 CFR 1507.3 and 1508.4.

[Bureau of Land Management Instruction
Memorandum 2005-247, Attachment 2]

5.0. Decision

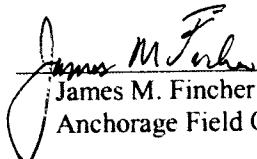
The proposed action is in conformance with a resource management plan or a record of decision, 43 C.F.R. § 1610.8(a)(3) (2006). I have reviewed the proposal to ensure the appropriate categorical exclusion, as described in Section 390 of the Energy Policy Act of 2005, has been correctly applied. There is a rebuttable presumption that the use of a categorical exclusion under the National Environmental Policy Act of 1969 (NEPA) would apply as the activity will be conducted pursuant to the Mineral Leasing Act for the purpose of exploration or development of oil or gas, 42 U.S.C. §15942(a).

It is therefore my decision to implement the action, as described, with the following mitigation measure(s):

The operator shall:

1. Prevent and control nonnative invasive plant/ noxious weed infestations.
2. Leave the area of operations clean and free of all debris.
3. Take all reasonable and feasible precautions to avoid attracting wildlife to food and garbage that may be stored on site.
4. If the well has not been spudded by _____, this APD will expire and the operator is to cease all operations related to preparing to dill the well.

Authorized Officer: _____


James M. Fincher
Anchorage Field Office Manager

Date _____

3/19/2008

Lease/Serial/Case File No: A-028142

Environmental Document No: DOI-BLM-AK-9320-2009-0011-SCX (KBU 42-6X)

Appendix A Surface Use Plan of Operations

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF STAKING

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side		5. Lease Serial No. A-028142
		6. If Indian, Allottee or Tribe Name Salamatof
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other _____		7. If Unit or CA/Agreement, Name and/or No. Kenai Beluga Unit
2. Name of Operator Marathon Oil Company		8. Well Name and No. KBU 42-6X
3a. Address 3201 C. Street, Suite 800 Anchorage, AK 99503	3b. Phone No. (include area code) 713-296-3273	9. Field or Exploratory Area Kenai Gas Field
4. Section, Township, Range, Meridian or Block and Survey or Area 537' FNL, 1,036' FEL, Sec. 7, T4N, R11W, S.M.		10. County or Parish, State Kenai Peninsula, AK

11. SURFACE LOCATION OF WELL

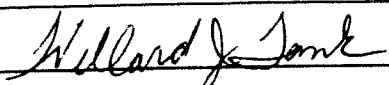
- Attach: a) Sketch showing road entry onto pad, pad dimensions and reserve pit.
b) Topographical or other acceptable map showing location, access road, and lease boundaries.

12. Formation Objective(s) Beluga / Upper Tyonek	13. Estimated Well Depth 10,285' MD, 8,557' TVD
14. Additional Information (as appropriate; shall include surface owner's name, address and, if known, telephone number)	

RECEIVED

FEB 27 2009

Anchorage Field Office

15. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Willard J. Tank	Title Advanced Senior Drilling Engineer
Signature 	Date February 26, 2009

Note: Upon receipt of the Notice, the Bureau of Land Management (BLM) will schedule the date of the onsite predrill inspection and notify you accordingly. The location must be staked and access road flagged prior to the onsite.

Operators must consider the following prior to the onsite:

- a) H₂S Poetential
- b) Cultural Resources (Archeology)
- c) Federal Right of Way or Special Use Permit

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Name (Printed/Typed)	Title	Date
Approved by	Office	

Surface Use Plan for KBU 42-6X

Surface Location: 537' FNL, 1,036' FEL, Sec. 7, T4N, R11W, S.M.

a. Existing Roads

Existing roads which will be used for access to KBU 42-6X are shown on the attached map. Kenai, Alaska is the nearest town to the site and is also shown on the topographic map.

1. Marathon owns the existing lease road and will maintain the road in a proper manner before, during, and after drilling operations. Plans for maintaining the road would include grating and adding road materials to maintain road grade. This is an unpaved road.
2. Marathon will not use any roads under Forest Service jurisdiction.

b. New or Reconstructed Access Roads

No new roads will be required to access KBU 42-6X.

c. Location of Existing Wells

Well KBU 42-6X will be drilled on Kenai Gas Field pad 41-7. A signed surveyor's drawing is enclosed that shows existing wells and the location of KBU 42-6X.

d. Location of Existing and/or Proposed Production Facilities

The locations of existing production facilities in the Kenai Gas Field pad 41-7 are shown on the signed surveyor's drawing. A flowline will be installed from the KBU 42-6X wellhead to the existing production facilities.

e. Location and Types of Water Supply

A water supply well exists on the pad that KBU 42-6X will be drilled from. This is shown on the surveyor's drawing. Marathon has a Temporary Use Water Permit (A2007-89) from the Alaska Department of Natural Resources. The well is approved for potable use a Class C water system by the Alaska Department of Environmental Conservation.

f. Construction Materials

No major construction is planned on the pad at this time. Leveling of the pad for this work will be done with minimal materials needed. No new dikes or ditches will be constructed. No additional road material will be brought on the pad. There are no topsoil or material stockpiles on the pad.

g. Methods of Handling Waste;

1. Mud and Cuttings

Cuttings will be dewatered on location. The drilling waste and fluids will be hauled via vacuum truck to Pad 41-18 of the Kenai Gas Field for disposal into a Class II disposal well (AOGCC Disposal Injection Order No.9, Permit #81-176). Marathon obtains a temporary waste storage approval from the ADEC for temporary onsite storage.

2. Solid Waste

All household and approved non-hazardous solid waste will be hauled to the Kenai Peninsula Borough Soldotna Landfill. Oily materials (rags and/or plastic liner) are

disposed by a third party.

3. Completion Fluids

Clear fluids will be injected into approved disposal wells Kenai Gas Field # 2 (Alaska Oil and Gas Conservation Commission Disposal Injection Order No. 4) or hauled to Pad 41-18 of the Kenai Gas field and injected in Well WD #1, an approved disposal well (AOGCC Permit #7-194).

4. Chemicals

Unused chemicals will be returned to the vendors that provided them. Efforts will be made to minimize the use of all chemicals.

5. Sewage

There is no discharge onsite and all waste water will be hauled to the Kenai sanitation facility by a qualified 3rd party.

h. Ancillary Facilities

A minimal camp will be established on the pad to house various supervisory and service company personnel. Approximately five mobile trailer house type structures will be utilized for this purpose. No camps, airstrips, or staging areas will be constructed. Bottled water will be used for human consumption. Potable water will be obtained from the existing water well on the pad. A qualified 3rd party will collect and transport sanitary wastes to their ADEC approved disposal facility. No additional structures will be necessary.

i. Well Site Layout

Please see the attached plats identifying the pad and the location of drilling rig over KBU 42-6X, with the approximately planned orientation. The Glacier rig utilizes a closed loop system, no earthen pits are utilized. All fluids are contained in steel tanks as part of the rig package.

j. Plans for Surface Reclamation

KBU 42-6X will be drilled from an existing pad. Reclamation of the pad will occur after the abandonment of KBU 42-6X and the other existing wells on the pad, and will be restored to the satisfaction of the the surface owners and the U.S. Bureau of Land Management.

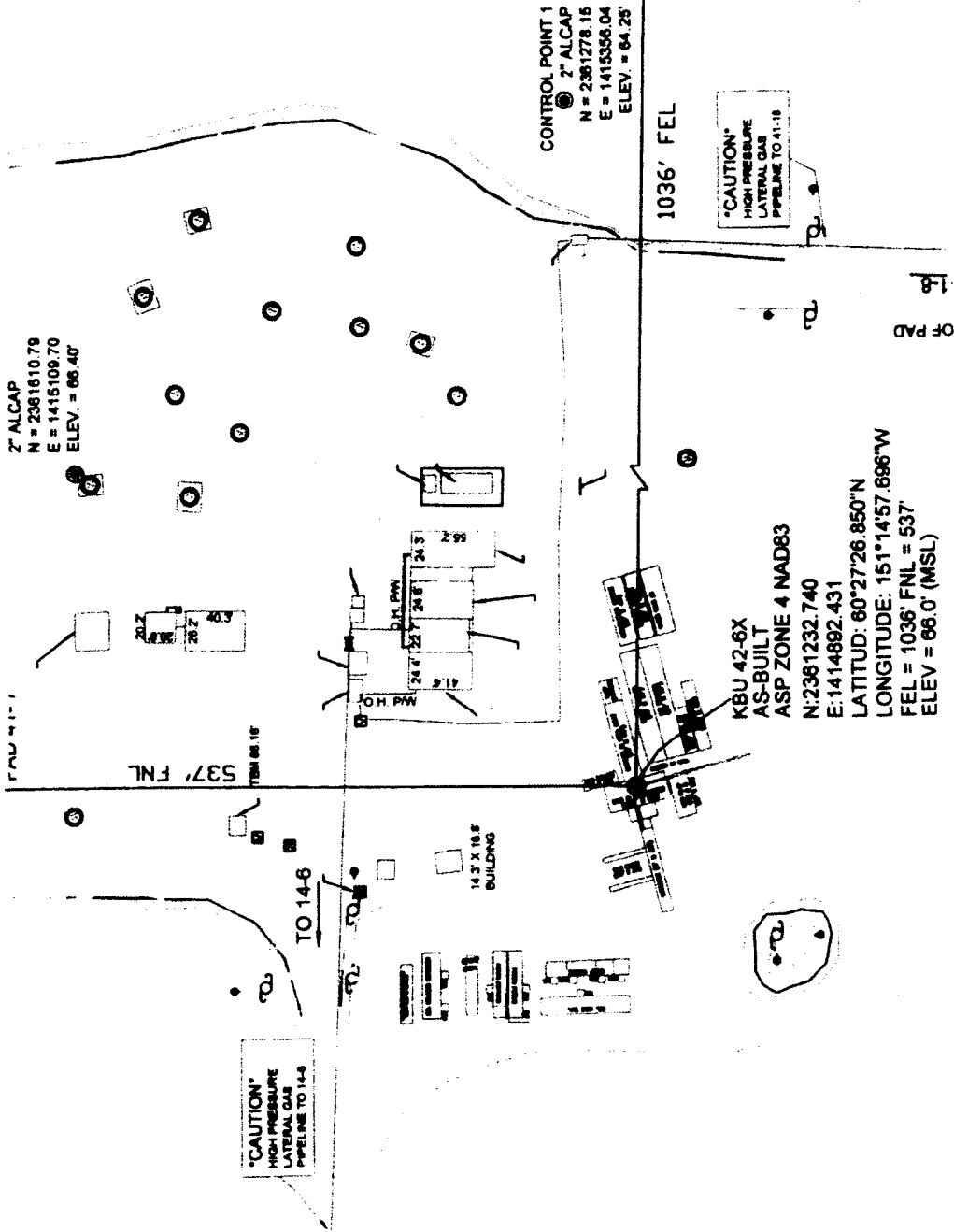
k. Surface ownership

The surface owner of the land in the Kenai Gas Field Unit is Salamatof Native Association. The minerals are under the jurisdiction of the U.S. Bureau of Land Management. A copy of the surface use plan has been provided to the surface owner, as required.

l. Other Information

1. Marathon's Glacier drilling rig has multiple containment features including a timber-diked plastic liner laid on top of the drilling pad. Each rig component sitting on top of the plastic liner has it's own containment system.
2. All rig operations are preceded by a pre-job safety meeting. Marathon acknowledges that all personnel, contract or Marathon employee, can stop the job if there is a safety or environmental concern.

SECTION LINE A



OF P2

