

**FINDING OF NO SIGNIFICANT IMPACT & DECISION RECORD
FOR
Williams Production Company
Carr Draw Federal POD V Addition II
ENVIRONMENTAL ASSESSMENT – WY-070-EA09-123**

DECISION: BLM’s decision is to approve a combination of alternatives C and D as summarized below and described in the attached EA and authorize Williams’ Carr Draw Federal V Addition II Coal Bed Natural Gas (CBNG) POD comprised of the following 8 Applications for Permit to Drill (APDs):

The following 8 wells will be approved, as follows:

	Well Name	Well #	Qtr/Qtr	Sec.	TWP	RNG	Lease #
1	CARR DRAW V ADD 2 CARU	21-1BG*	NENW	1	50N	76W	WYW146290
2	CARR DRAW V ADD 2 CARU	21-1GW	NENW	1	50N	76W	WYW146290
3	CARR DRAW V ADD 2 CARU	34-1BG	SWSE	1	50N	76W	WYW146290
4	CARR DRAW V ADD 2 CARU	34-1GW	SWSE	1	50N	76W	WYW146290
5	CARR DRAW V ADD 2 CARU	32-1GW	SWNE	1	50N	76W	WYW146290
6	CARR DRAW V ADD 2 CARU	32-1BG	SWNE	1	50N	76W	WYW146290
7	CARR DRAW V ADD 2 CARU	12-12BG	SWNW	12	50N	76W	WYW147336
8	CARR DRAW V ADD 2 CARU	12-12GW	SWNW	12	50N	76W	WYW147336

The following access road, infrastructure and associated facilities are not being approved as proposed:

- The entire engineered access road beginning from the 21-1BG/GW well location through the state section 16, and access to the Carr Draw V Addition II POD utilizing the existing primitive road through the SW of section 25, T51N, R76W within 0.25 mile of the Fortification lek.
- All proposed over head power.

This approval is subject to adherence with all of the operating plans and mitigation measures contained in the Master Surface Use Plan of Operations, Drilling Plan, Water Management Plan, and information in individual APDs. This approval is also subject to operator compliance with all mitigation and monitoring requirements contained within the Powder River Oil and Gas Project Final Environmental Impact Statement and Resource Management Plan Amendment (PRB FEIS) approved April 30, 2003.

Project History:

The cumulative effects analysis was completed in September 2007 and is described in the BLM’s 2007 environmental report (BLM 2007). With the cumulative effects analysis completed, Williams requested that the BLM reconsider the 14 deferred wells. The environmental report (BLM 2007) discussed the importance of security patches to elk, areas of greater than 250 acres which provide hiding cover from disturbance sources such as CBNG development, and identified security habitat south of the Carr Draw V Addition II wells. During the Carr Draw V Addition II analysis, it was discovered that six of the proposed wells could impact elk security habitat and therefore need further analysis. No action will be taken on these six wells at this time. These six wells have been removed from the analysis of the Carr Draw V Addition II Federal POD and have been added into the analysis of the Carr Draw III West Federal POD to the south.

These six wells below were analyzed and approved within the Carr Draw III West Federal POD:

	Well Name	Well #	Qtr/Qtr	Sec.	TWP	RNG	Lease #
1	CARR DRAW V ADD 2 CARU	21-3BG*	NENW	3	50N	76W	WYW135623
2	CARR DRAW V ADD 2 CARU	21-3GW	NENW	3	50N	76W	WYW135623
3	CARR DRAW V ADD 2 CARU	23-2BG	NESW	2	50N	76W	WYW135623
4	CARR DRAW V ADD 2 CARU	23-2GW	SWSE	2	50N	76W	WYW135623
5	CARR DRAW V ADD 2 CARU	41-3GW	NENE	3	50N	76W	WYW135623
6	CARR DRAW V ADD 2 CARU	41-3BG	NENE	3	50N	76W	WYW135623

This approval is subject to adherence with all of the operating plans and mitigation measures contained in the Master Surface Use Plan of Operations, Drilling Plan, Water Management Plan, and information in individual APDs. This approval is also subject to operator compliance with all mitigation and monitoring requirements contained within the Powder River Oil and Gas Project Environmental Impact Statement and Resource Management Plan Amendment (PRB FEIS) approved April 30, 2003.

SUMMARY OF SELECTED ALTERNATIVE

The selected alternative includes Alternative C and appropriate components of Alternative D as described in the EA that will alleviate site specific impacts to sage-grouse and habitat. Timing restrictions on surface-disturbing activities are incorporated from Alternative C.

The following items summarize components of Alternative D included in the selected alternative:
(Need to summarize components of alternative D)

1. No surface use will be permitted within the 0.25 mile CSU for the Fortification lek.

RATIONALE: The decision to authorize the selected alternative, as summarized above, is based on the following:

1. The Operator, in their POD, has committed to:
 - Comply with all applicable Federal, State and Local laws and regulations.
 - Obtain the necessary permits from other agencies for the drilling, completion and production of these wells including water rights appropriations, the installation of water management facilities, water discharge permits, and relevant air quality permits.
 - Offer water well agreements to the owners of record for permitted water wells within ½ mile of a federal CBNG producing well in the POD.
 - Provide water analysis from a designated reference well in each coal zone.
2. The Operator has certified that a Surface Use Agreement has been reached with the Landowners.
3. The selected alternative will not result in any undue or unnecessary environmental degradation.
4. It is in the public interest to approve these wells, as the leases are being drained of federal gas, resulting in a loss of revenue for the government. Furthermore, approval of this development will help meet the nation's future needs for energy reserves, and will help to stimulate local economies by maintaining stability for the workforce.
5. The selected alternative incorporates appropriate local sage-grouse research and the best available science from across the species' range in development of the attached conditions of approval.

Mitigation measures from the range of alternatives were selected to best meet the purpose and need, and will be applied by the BLM to alleviate environmental impacts. Mitigating measures designed to reduce impacts to sage-grouse and sage-grouse habitat include: eliminate existing and proposed overhead power; utility pipelines only constructed along existing access roads to reduce habitat fragmentation; 30-day site-stabilization and interim reclamation for soils with poor reclamation potential, and elimination of surface use within the 0.25 mile CSU for the Fortification lek.

6. Approval of this alternative is in conformance with the PRB FEIS, and the Approved Resource Management Plan for the Public Lands Administered by the Bureau of Land Management, Buffalo Field Office, April 2001 (refer to Appendix E of that document relative to adaptive management).
7. The selected alternative incorporates components of the Wyoming Governor's Sage Grouse Implementation Team's "core population area" strategy and executive order and local research to provide appropriate protections for sage-grouse, while meeting the purpose and need for the Carr Draw Federal POD V Addition II.

FINDING OF NO SIGNIFICANT IMPACT: Based on the analysis of the potential environmental impacts, I have determined that NO significant impacts are expected from the implementation of the selected alternative, and, therefore, an environmental impact statement is not required.

In conformance with Appendix E, *Record of Decision, Powder River Oil and Gas Project Environmental Impact Statement and Resource Management Plan Amendment* BLM Buffalo Field Office has initiated actions within the PRB FEIS analysis area in response to additional information regarding impacts to sage-grouse. These measures include:

1. Early initiation of a Resource Management Plan (RMP) revision, based on the evaluation of monitoring data generated under the mitigation monitoring and reporting plan (MMRP) in the PRB FEIS Record of Decision
2. Establishment of sage-grouse "focus" areas, encompassing approximately 1 million acres of sage-grouse habitat. These areas are managed under strict guidelines designed to preserve sage-grouse habitat for development of alternatives during the RMP process (Appendix B).
3. Initiation of a population viability analysis in the Powder River Basin. This is a 24-month project involving the USGS, BLM Miles City Field Office, BLM Buffalo Field Office, and the University of Montana.
4. Development of alternatives that modify the proposed action to reflect the best available science in sage-grouse management.
5. Development of conditions of approval, specific to sage-grouse management, that incorporate some recommendations from recent research, the NE Local Sage-grouse Working Group, and the Petroleum Association of Wyoming.

The implementation of the selected alternative best meets the stated purpose and need for the proposed action. With the application of mitigating measures selected from alternatives C and D, sage-grouse population viability in the Powder River Basin will not be compromised due to the larger scope of planning actions and research initiated by the BLM, Buffalo Field Office.

ADMINISTRATIVE REVIEW AND APPEAL: Under BLM regulations, this decision is subject to administrative review in accordance with 43 CFR 3165. Any request for administrative review of this decision must include information required under 43 CFR 3165.3(b) (State Director Review), including all supporting documentation. Such a request must be filed in writing with the State Director, Bureau of Land Management, P.O. Box 1828, Cheyenne, Wyoming 82003, no later than 20 business days after this Decision Record is received or considered to have been received.

Any party who is adversely affected by the State Director's decision may appeal that decision to the Interior Board of Land Appeals, as provided in 43 CFR 3165.4.

Field Manager: John W. A. _____ Date: 9/25/09 _____