



Bureau of Land Management
Anchorage Field Office
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**Categorical Exclusion
Drilling of a Natural Gas Well – BC 19**

**Applicant: Marathon Oil Company
Case File Number: A-028083
AK-010-08-CX-041**



Location:
Section 34, T. 7 N., R. 10 W., Seward Meridian
Kenai Peninsula Borough, Alaska

Prepared By:
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Physical Scientist
June 24, 2008

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Anchorage Field Office
CATEGORICAL EXCLUSION (CX) FORM

CX No.: AK-010-08-CX-041

Lease/Serial/Case File No.: A-028083

Proposed Action:

Drilling of a natural gas well: Beluga River Unit (BC 19)

Location of Proposed Action:

Section 34, T. 7 N., R. 10 W., Seward Meridian, Kenai Peninsula Borough, Alaska.

Description of Proposed Action:

Marathon Oil Company wishes to drill a natural gas well, BC 19 on existing BCU Pad 3, in the Beluga River Field within the boundaries of lease/case number A-028083. The proposed surface location is anticipated to be 1196' from the north line (FNL) and 1657' from the west line (FWL) in (NWNE) Section 34, T.7N., R.10W., Seward Meridian. The estimated total vertical depth (TVD) of the well is 8,500', with a measured depth (MD) of 8,945'.

Existing roads will be used to access BCU Pad 3, on which, there is no major construction planned. There will, however, be a flowline installed from the BC-19 wellhead to the existing production facilities. The flowline will remain, in its entirety, on the same existing pad from which the well will be drilled. A water supply well exists on BCU Pad 3 for the mixing of muds and other general operations.

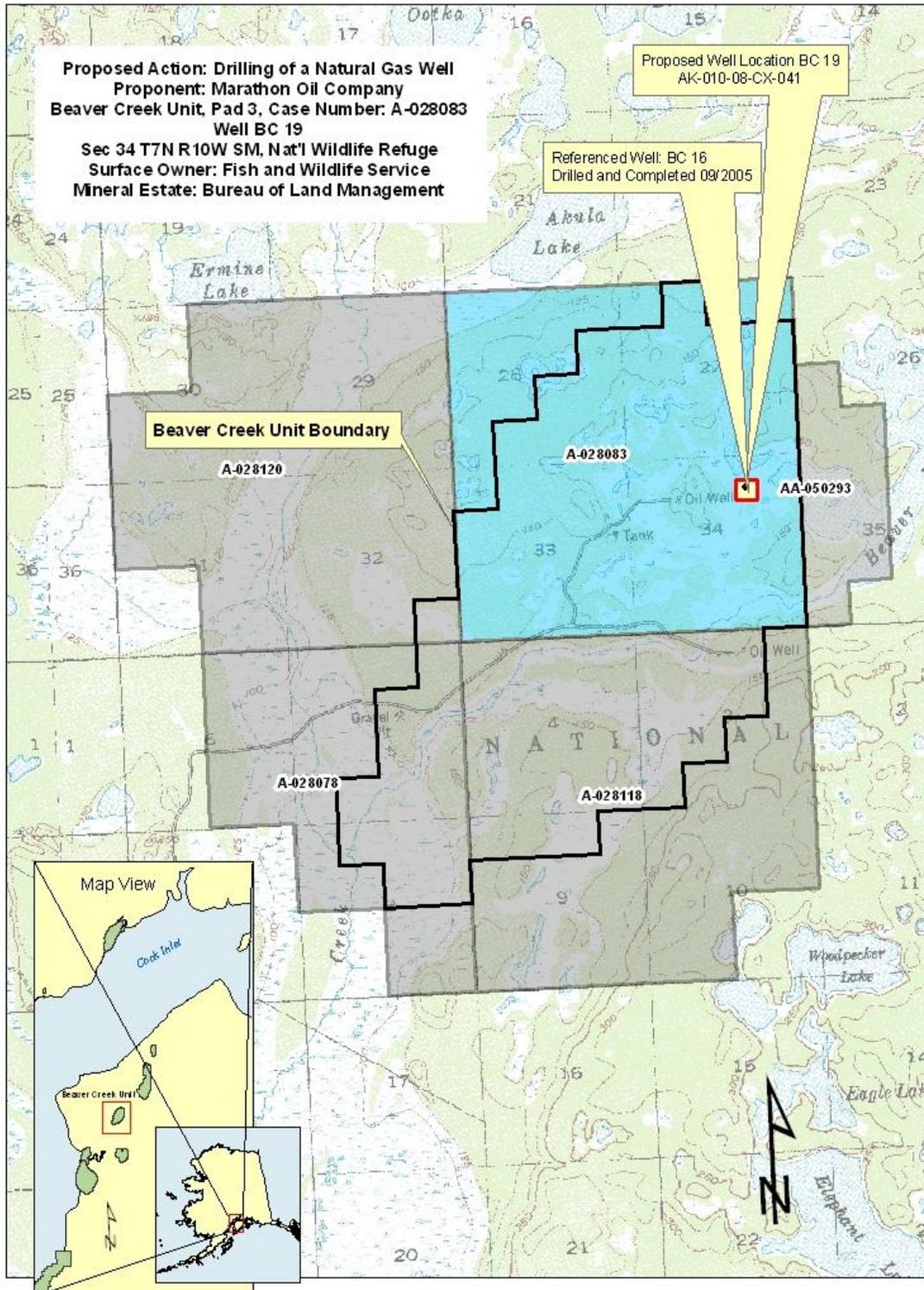
Cuttings will be dewatered on location. The cuttings and excess mud will be hauled to and disposed of on Pad 41-18 of the Kenai Gas Field and into Well KU 24-7, a Class II disposal well (AOGCC Disposal Injection Order No. 9, Permit #81-176). All household and approved industrial garbage will be hauled to the Kenai Peninsula Borough, Soldotna Landfill. Clear fluids will be injected into approved disposal wells: Beaver Creek#2 (Alaska Oil and Gas Conservation Commission Injection Order No. 4); or hauled to Pad 34-31 of the Kenai Gas Field and injected into well WD #1, an approved disposal well (AOGCC Permit #7-194).

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

A minimal camp will be established on the pad to house various supervisory and service company personnel. Approximately five trailer house type structures will be required for this purpose. Bottled water will be used for human consumption. Potable water will be obtained from the existing water well on the pad. S & R, a local waste handler, will collect and transport sanitary wastes to their Alaska Department of Environmental Conservation (ADEC) approved disposal facility. No additional structures will be necessary.

BC-19 will be drilled on an existing pad; reclamation of the pad will occur after abandonment of BC-19 and other existing wells on the pad. Approval of the plan of reclamation will be obtained from The U.S. Fish and Wildlife Service. Subsurface minerals are under the jurisdiction of the Bureau of Land Management.

Proponent: Marathon Oil Company



PART I - PLAN CONFORMANCE REVIEW

Township 7 North, Range 10 West, Seward Meridian, Alaska is within the boundaries of the Ring of Fire Record of Decision and Approved [Resource] Management Plan (March, 2008), p.12 Sec. J. Minerals – Fluid Leasables, J-1: Goal, states to:

“Maintain or enhance opportunity for mineral exploration and development while maintaining other resource values. Pubic lands and the Federal mineral estate will be made available for orderly and efficient exploration, development and production unless withdrawal or other administrative action is justified in the national interest. In addition to oil and gas, geothermal resources would be available for leasing in areas open to oil and gas leasing. Areas closed to oil and gas leasing are also closed to geothermal leasing.”

PART II - NEPA REVIEW

A. Categorical Exclusion Review.

The Energy Policy Act of 2005 provides that an:

“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.”

[42 U.S.C. §15942(a)]

The Act of 2005 specifically provides that where: *2. Drilling an oil and gas well at a location or well pad site at which drilling has occurred within five years prior to the date of spudding the well,*” the Federal action is presumed to be categorically excluded from further NEPA analysis, 42 U.S.C. §15942(b)(2).

Section 390 CX #2 justification: the well upon which the proposed BC 19’s Sec. 390 CX #2 is based is well BC 16; completed in September of 2005. The BC 16 well was drilled on the same existing BCU Pad 3 where the proposed well will be drilled.

B. Departmental List of Extraordinary Circumstances Review.

BLM National Environmental Policy Act Handbook H-1790-1 (2008) states that:

CATEGORICAL EXCLUSIONS ESTABLISHED BY THE ENERGY POLICY ACT

Section 390 of the Energy Policy Act of 2005 established five statutory CXs that apply only to oil and gas exploration and development pursuant to the Mineral Leasing Act. The CXs do not apply to geothermal actions. These CXs are listed in

Appendix 2, *Using Categorical Exclusions Established by the Energy Policy Act of 2005.*

Energy Policy Act CXs do not require review for extraordinary circumstances.

I certify that this proposed action is appropriately applied as the Energy Policy Act's Section 390 Categorical Exclusion No. 2; is oil and gas exploration and development related; and thus neither requires review for extraordinary circumstances, nor further NEPA analysis.

Preparer(s): _____
/s/ Sindra Wolfsen

Date: June 25, 2008

PART III – DECISION

The proposed action is in compliance with the National Environmental Policy Act of 1969 with a management framework plan or 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. Further, there is 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, 42 U.S.C. §15942(a).

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

The operator will:

- Prevent and control nonnative invasive plant/ noxious weed infestations;
- Leave areas of operation clean of all debris and take all feasible precautions to avoid attracting wildlife to food and garbage;
- Protect water quality and comply with state and federal water quality standards;
- Prepare and implement a Hazardous Materials Emergency Contingency Plan before transportation, storage, or use of fuel or hazardous substances by or before January 1, 2009;
- Maintain Material Safety Data Sheet information on all hazardous substances used by the operator;
- Prepare and/or provide a comprehensive spill prevention and response contingency plan, per 40 CFR 112, by or before January 1, 2009;
- Prepare and/or provide a reclamation plan for the pad on which the proposed action will occur by or before January 1, 2009; and
- Mark all fuel containers, including barrels and propane tanks with the responsible party's name, product type and year filled (and purchased).

Authorized Official: Douglas Ballou
Acting Field Manager

Date: August 8, 2008