

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
GRAND JUNCTION FIELD OFFICE
2815 H Road,
Grand Junction, Colorado 81506

Decision Record

DOI-BLM-CO-130-2012-0021-EA

UNIT and LEASE NUMBERS:

Units: COC-047635A (Horseshoe Canyon Unit/Participating Area)
COC-047700X (Winter Flats Unit/Participating Area)
COC-072921X (Homer Deep Exploratory Unit)

Leases: COC-012733A, COC-012736, COC-067159, COC-012737 (Homer Deep Unit)
COC-012651A (Winter Flats Unit)
COC-012643A, COC-012644 (Horseshoe Canyon Unit)
COC-046161, COC-055607 (Wagon Track Non-Unitized Area)

LOCATION:

Sixth Principal Meridian

Parts of the following: Township 8 South, Ranges 97, 98, 99, 100 West
Township 9 South, Ranges 97, 98, 99, 100 West

PROJECT NAME: De Beque Exploratory Proposal

APPLICANT: Black Hills Plateau Production, LLC (Black Hills)

DECISION: It is my decision to approve the Black Hills De Beque Exploratory Proposal (BHDEP) as described in DOI-BLM-CO-130-2012-0021-EA, including protective design features that are contained in the proposal and in the BLM-appended Protection/Mitigation Measures developed as part of the Environmental Assessment.

This approval also incorporates the following:

- All permitted wells, pads and associated infrastructure must conform to attached mitigation measures. The BLM Grand Junction Field Office Standard Conditions of Approval (COAs) and the COAs specific to Black Hills' proposal (Site-Specific Conditions of Approval) are contained in Attachment A.
- Applications for Permit to Drill (APDs) for proposed Homer Deep Unit (HDU) wells HDU 9-11 and HDU 9-41 are hereby approved, with attached mitigation measures.

The Black Hills De Beque Exploratory Proposal is a 3-year program of oil and gas exploration on federal and private leases. The Proposed Action includes up to 24 wells on 12 new well pads and consists of construction, operation, maintenance and abandonment of well pads, wells, roads, gas gathering pipelines, produced water lines, water supply lines and centralized facilities.

ALTERNATIVES CONSIDERED BUT NOT SELECTED

The No Action Alternative was analyzed in detail but not selected.

RATIONALE: Analysis of the Proposed Action demonstrates that, with mitigation, it will allow Black Hills to exercise their valid Federal lease rights, with an acceptable level of impacts to other natural resources. The Environmental Assessment has concluded that there would be no significant negative impacts and that implementation of the Action would meet Colorado Standards for Public Land Health. This Decision will provide for the orderly, economical and environmentally sound exploration and development of Federal fluid mineral resources on oil and gas leases in force. The Action will allow for production of up to 144 billion cubic feet of natural gas over the life of the project (20 years), subject to the mitigation measures listed below.

The U.S. Fish and Wildlife Service concurs with the BLM that the BHDEP is not likely to adversely affect special status plant species *Colorado hookless cactus* or *DeBeque phacelia*. Alternative cultural resource mitigation per a Memorandum of Agreement will lessen possible effects to historic properties on un-inventoried private lands and potential cumulative effects to historic sites and settings. Visual impacts will be addressed by proper siting, irregular shaping of areas of vegetation removal, down-directed rig lighting and site-specific Visual Contrast Rating evaluations. Noise abatement measures will meet State standards and adaptive mitigation will be required in areas of human sensitivity. It may include paneled noise shields, barriers, or enclosures. A closed-loop drilling system and multi-well pad design will reduce disturbance and minimize each well pad footprint, reduce fresh water use and eliminate the need for a reserve pit. Conveying fresh and produced water by pipeline will reduce truck traffic, resulting in fewer disturbances to wildlife, less dust and air pollution, lowered traffic impacts to road users and less damage to road infrastructure. Application of protective seasonal timing limitations for vegetation removal, surveys for nesting raptors during breeding seasons, mesh screens over open tanks, use of bird excluders on exhaust stacks and reporting sick/dead birds should greatly reduce the probability of impacts on migratory and resident birds. Storm water management plans and permits from the State's Water Quality Control Division will require installation, monitoring and maintenance of site-specific adaptive BMPs to reduce soil erosion and sediment transport. Proper siting of pads, roads, and pipelines away from defined drainages and leaving vegetated buffer strips between disturbed areas and drainages will also help decrease soil movement, limit sediment introduction to local streams, protect soils and safeguard water quality. Topsoil salvage and management practices like berming to maintain biotic activities/native seed banks will support revegetation of disturbances and habitat during all stages of the Proposed Action. Reestablishment of native forbs, shrubs and grasses will be part of interim and final reclamation.

Approval of this action would be consistent with BLM management goals and prescriptions for the area. Any approvals would include the Stipulations attached to the Federal leases, the BLM Grand Junction Field Office's Standard Conditions of Approval, and Site-Specific Conditions of

Approval developed during this EA or during the consideration of future APDs. All Stipulations and Conditions of Approval are consistent with the BLM land use plan.

This Decision balances the Proposed Action with protection of other resources and resource uses consistent with the applicable laws, regulations, BLM policy and Resource Management Plan goals and objectives, standards and guidelines, and multiple-use decisions.

MITIGATION MEASURES: Standard and Site-Specific Conditions of Approval as well as project-specific protective design features may be found in Attachment A.

MONITORING: BLM routinely monitors and inspects to ensure surface and production compliance throughout the life of the project. Black Hills also has myriad responsibilities to monitor and report various aspects of their project activities. BLM inspection and enforcement activities are designed to observe any environmental effects of the project and to make sure that the operator complies with all lease stipulations, Conditions of Approval, and permit requirements as well as with all applicable laws, regulations and policy.

COMPLIANCE WITH MAJOR LAWS: The BLM's Decision complies with applicable laws, regulations and policy, including the Endangered Species Act, Migratory Bird Treaty Act, Clean Water Act, Clean Air Act, Paleontological Resources Preservation Act, Archaeological Resources Protection Act, and the National Historic Preservation Act.

PUBLIC INVOLVEMENT: Scoping (internal and external) was the primary mechanism used by the BLM to identify topics of concern relative to the proposal. Internal scoping was initiated when the project was presented to the BLM Grand Junction Field Office interdisciplinary team on December 5, 2011. External scoping began with a press release and posting the proposal on the BLM GJFO's website on January 11, 2012. The project was also posted to the BLM GJFO's on-line NEPA register on January 19, 2012.

On January 7, 2013, the BLM issued another news release and a posting on the BLM GJFO website, to inform the public that the Preliminary EA was being made available for a 30-day public comment period. That public comment period concluded on February 6, 2013. The BLM received 13 comment letters during that period. They were considered as part of further analysis and during the decision-making process.

FINDING OF NO SIGNIFICANT IMPACT: A Finding of No Significant Impact (FONSI) was prepared, based on the information contained in the EA and on my consideration of criteria for significance (40 CFR 1508.27). Based on the EA, it is my determination that: 1) the implementation of the proposed action will not have significant environmental impacts; 2) the Proposed Action is in conformance with the Grand Junction Resource Management Plan; and 3) the Proposed Action does not constitute a major federal action having significant effect on the human environment. No EIS is necessary.

APPEAL PROCEDURES: This decision shall take effect immediately upon the date it is signed by the Authorized Officer. It shall remain in effect while any appeal is pending, unless the

Interior Board of Land Appeals issues a stay (43 CFR 2801.10(b)). Any appeal of this decision must follow the procedures set forth in 43 CFR Part 4. Within 30 days of the decision, a Notice of Appeal must be filed in the office of the Authorized Officer at the Grand Junction Field Office, 2815 H Road, Grand Junction, Colorado 81506, with copies sent to the Regional Solicitor, Rocky Mountain Region, 755 Parfet St., Suite 151, Lakewood, CO 80215, and to the Department of the Interior, Board of Land Appeals, 801 North Quincy St, MS300-QC, Arlington, VA, 22203. If a statement of reasons for the appeal is not included with the notice, it must be filed with the Interior Board of Land Appeals at the above address within 30 days after the Notice of Appeal is filed with the Authorized Officer.

DOCUMENT PREPARER: Julia Christiansen

ENVIRONMENTAL COORDINATOR: Collin Ewing

SIGNATURE OF AUTHORIZED OFFICIAL:



Katie A. Stevens
Field Manager
Grand Junction Field Office

5/2/2013
Date