

**United States Department of the Interior
Bureau of Land Management**

**Finding of No Significant Impact
Environmental Assessment
DOI-BLM-CO-S010-2013-0034**

**November 2014
YG-2 Lateral**

***Location:* Montezuma County, Colorado**

***Applicant/Address:* Kinder Morgan CO₂ Company, LP
17801 US Highway 491
Cortez, CO 81321**

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INTRODUCTION:

The Bureau of Land Management (BLM) has conducted an environmental analysis (DOI-BLM-CO-S010-2013-0034) for a proposed action to address Kinder Morgan CO₂ Company's (Kinder Morgan's) Application for Permit to Drill a lateral into federal minerals from the existing private surface/private mineral well named YG-2. This project is located in Montezuma County, CO. The well pad is on private land approximately 200 feet from the boundary of Canyons of the Ancients National Monument, while the lateral bottom hole location would be within the boundary of the monument. The project would allow for development of Kinder Morgan's Federal Lease COC 026376, consistent with the lease's terms and conditions, through drilling a lateral and, if successful, production of commercial quantities of CO₂ gas from this Federal oil and gas lease. The Proposed Action (Alternative B) includes using existing road and well pad to drill a lateral on the YG-2. The underlying need for the proposal would be met while accomplishing the following objectives:

1. Extract commercial quantities of CO₂ gas from the lessee's Federal oil and gas leases, COC 026376, consistent with the lease's terms and conditions.

The project is located approximately 12 miles northwest of Cortez, Colorado in Section 14, Township 37 North, Range 18 West. The project will use existing well pad, road and pipeline infrastructure on private land, so will create no new surface disturbance. EA # DOI-BLM-CO-S010-2013-0034, available at the Tres Rios Field Office, is incorporated by reference for this Finding of No Significant Impact (FONSI). A no action alternative and one action alternative were analyzed in the EA.

FINDING OF NO SIGNIFICANT IMPACT:

Based upon a review of the EA and the supporting documents, I have determined that Alternative B (selected alternative) is not a major federal action and will not significantly affect the quality of the human environment, individually or cumulatively with other actions in the general area. No environmental effects meet the definition of significance in context or intensity as defined in 40 CFR 1508.27 and do not exceed those effects described in the 1985 San Juan/San Miguel RMP/FEIS, the 1991 RMP Amendment/FEIS, and the 2010 Canyons of the Ancients RMP/FEIS. Therefore, an environmental impact statement is not needed.

This finding is based on the context and intensity of the project as described:

Context: The project is a site-specific action using existing infrastructure on private surface land that by itself does not have international, national, regional, or state-wide importance."

Intensity: The following discussion is organized around the Ten Significance Criteria described in 40 CFR 1508.27 and incorporated into resources and issues considered (includes supplemental authorities Appendix 1 H-1790-1) and supplemental Instruction Memorandum, Acts, regulations and Executive Orders.

The following have been considered in evaluating intensity for this proposal:

- 1. Impacts may be both beneficial and adverse.** The proposed action would affect resources as described in the EA. Mitigating measures to reduce effects to cultural resources, water resources, vegetation, invasive weeds, T&E species, wildlife and migratory birds were incorporated in the design of the action alternatives and in the Conditions of Approval in Appendix A of the EA. None of the environmental effects discussed in detail in the EA and associated appendices are considered significant, nor do the effects exceed those described in the 1985 San Juan/San Miguel RMP/FEIS, the 1991 RMP Amendment/FEIS, and the 2010 Canyons of the Ancients RMP/FEIS.
- 2. The degree to which the selected alternative will affect public health or safety** Alternative B is not expected to significantly affect public health and safety. As described in the EA, the proposed action would not significantly affect groundwater resources, air quality and vehicle traffic due to the design features proposed by Kinder Morgan.
- 3. Unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farm lands, wetlands, wilderness, wild and scenic rivers, or ecologically critical areas.** The following components of the Human Environment and Resource Issues are not affected because they are not present in the project area: prime or unique farmlands, wilderness or wilderness study areas, floodplains, wetlands or riparian areas, vegetation disturbance or wild and scenic rivers.

Surveys were conducted for cultural and historic resources. Cultural Resources components of the Human Environment and Resource Issues were analyzed in detail in Chapter 4. None of these would be significantly impacted because the project, with the Conditions of Approval in Appendix A of the EA, will avoid, or decrease the intensity of affect. In addition, design features of the proposed action commit to conducting raptor surveys and avoiding disturbance to nests if drilling will take place during raptor breeding season.

- 4. The degree to which the effects on the quality of the human environment are likely to be highly controversial.** The effects on the quality of the human environment are not likely to be highly controversial. Oil and natural gas well drilling and road and pipeline construction has been occurring historically in the general area, and the effects are generally well understood. In addition, mitigation measures as described in the Conditions of Approval in Appendix A of the EA and incorporated into the selected action would reduce anticipated effects.
- 5. The degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks.** Effects associated with oil and gas well drilling and road and pipeline construction are well known and documented. Kinder Morgan operates over 100 active wells in Montezuma and Dolores Counties, CO. There

are no predicted effects on the human environment that are considered to be highly uncertain or involve unique or unknown risks.

6. **The degree to which the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration.** Alternative B, with Conditions of Approval in Appendix A of the EA, is within the scope of the current Resource Management Plans (RMP) and is not expected to establish a precedent for future actions with significant effects or represent a decision in principle about a future consideration. The selected alternative was considered by the interdisciplinary team within the context of past, present, and reasonably foreseeable future actions. Significant cumulative effects are not predicted. A complete analysis of the direct, indirect, and cumulative effects of the selected alternative and all other alternatives is described in Chapter 4 of the EA
7. **Whether the action is related to other actions with individually insignificant but cumulatively significant impacts – which include connected actions regardless of land ownership.** The interdisciplinary team evaluated the possible actions in context of past, present and reasonably foreseeable actions. Significant cumulative effects are not predicted. A complete disclosure of the effects of the selected alternative is contained in Chapter 4 of the EA.
8. **The degree to which the action may adversely affect districts, sites, highways, structures, or other objects listed in or eligible for listing in the National Register of Historic Places or may cause loss or destruction of significant scientific, cultural, or historical resources.** The project, with Conditions of Approval in Appendix A of the EA, will not adversely affect districts, sites, highways, structures, or other objects listed in or eligible for listing in the National Register of Historic Places, nor will it cause loss or destruction of significant scientific, cultural, or historical resources. A cultural inventory has been completed for the proposed action, and consultation with SHPO has been completed in accordance with Section 106 of the NHPA.
9. **The degree to which the action may adversely affect an endangered or threatened species or its habitat that has been determined to be critical under the Endangered Species Act of 1973, or the degree to which the action may adversely affect: 1) a proposed to be listed endangered or threatened species or its habitat, or 2) a species on BLM's sensitive species list.** Mitigating measures to reduce impacts to wildlife and fisheries have been incorporated into the design of the proposed action. The project will use existing road, well pad and pipeline infrastructure, with no new surface disturbance. No vegetation will be removed. There is no habitat for threatened and endangered species within the disturbance area. Design features of the proposed action include a commitment to survey for raptors and avoid disturbance to nests if drilling takes place during the breeding season.
10. **Whether the action threatens a violation of a federal, state, local, or tribal law, regulation or policy imposed for the protection of the environment, where non-federal requirements are consistent with federal requirements.** The project does not violate any known federal, state, local or tribal law or requirement imposed for the protection of the environment. State, local, and tribal interests were given the opportunity to participate in the environmental analysis process, as outlined in EA

Sections 1.7 and 5.2. In addition, the project is consistent with applicable land management plans, policies, and programs.



Connie Clementson
Field Manager
Tres Rios Field Office



Date

United States Department of the Interior Bureau of Land Management

Decision Record
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Background Information

The YG-2 Lateral was analyzed in an Environmental Assessment (DOI-BLM-CO-S010-2013-0034-EA) and found to have no significant impacts, thus an Environmental Impact Statement (EIS) is not required. The EA and Finding of No Significant Impact are attached.

Decision

It is my decision to authorize the proposed action-Alternative B (selected alternative) as identified in the YG-2 Lateral Environmental Assessment (DOI-BLM-CO-S010-2013-0034-EA), with the design features listed in the APD and Conditions of Approval in Appendix A of the EA. The selected alternative would approve one (1) Application for Permit to Drill (APD) for drilling a lateral into federal minerals from the existing private surface CO₂ well named YG-2.

Authorities: The authority for this decision is contained in of the Mineral Leasing Act of 1920, as amended, the Mining and Minerals Policy Act of 1970 (30 U.S.C. 21), the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761-1777), the Federal Onshore Oil and Gas Leasing Reform Act of 1987 (30 U.S.C. 195 et seq.), and applicable BLM Onshore Oil and Gas Orders (43 CFR 3160), as well as the 1985 San Juan/San Miguel Planning Area Resource Management Plan, the 1991 San Juan/San Miguel Management Plan Amendment, and the 2010 Canyons of the Ancients Resource Management Plan.

Compliance and Monitoring: Compliance will be conducted during drilling phase to insure that all terms and conditions specified in the lease and the approved APD are followed. In the event production is established from the lateral, periodic inspections as identified through the Inspection and Enforcement Strategy and independent well observations will be conducted. File inspections will include a review of all required reports and the Monthly Report of Operations will be evaluated for accuracy. The well location, access road and flowline and production line rights-of-way will be monitored during the term of the lease for compliance with pertinent Regulations, Onshore Orders, Notices to Lessees, or subsequent COAs until final abandonment is granted; monitoring will help determine the effectiveness of mitigation and document the need for additional mitigation measures, if deemed necessary. Responsibility for implementation of the compliance schedule and monitoring plan will be assigned to the Fluid Mineral staff in the Tres Rios Field Office. Inspectors include the Petroleum Engineering Technician, the Petroleum Engineer, Natural Resource Specialist and Land Law Examiner.

Terms / Conditions / Stipulations: The Conditions of Approval listed in Appendix A of the EA.

PLAN CONFORMANCE AND CONSISTENCY:

The Proposed Action is subject to and has been reviewed for conformance with the following land use plans and amendment (43 CFR 1610.5, BLM 1617.3):

- Plan:** San Juan/San Miguel Planning Area Resource Management Plan (BLM 1985)
Date Approved: September 1985
Page Number: Page 17—“BLM actively encourages and facilitates the development by private industry of public land mineral resources so national and local needs are satisfied and economically and environmentally sound exploration, extraction, and reclamation practices are provided.”
- Amendment:** Record of Decision, San Juan/San Miguel Planning Area Resource Management Plan Amendment (BLM 1991) (The FEIS is also known as the Amendment to the RMP)
Date Approved: October 1991
Page Number: Page 11—“Facilitate orderly, economic, and environmentally sound exploration and development of oil and gas resources using balanced multiple-use management.” Page 2-2 of the FEIS states, “an EA would be completed on each APD or group of APDs in addition to the FEIS.”
- Plan:** Canyons of the Ancients Resource Management Plan (BLM 2010)
Date Approved: June 2010
Page Number: Page 5 – “The Monument Proclamation requires that existing lease rights be honored. However, it also requires that development should not create any significant new impacts to cultural resources or to other objects that the Monument was established to protect. In order to implement management objectives, the preferred management strategy is to protect cultural resources, their associated settings, and surface and subsurface resources, especially in areas of high site density.”

The Proposed Action would fulfill the objective and intent of the 1985 San Juan/San Miguel RMP and the 1991 Amendment that public land mineral resources are developed in an environmentally sound way. The Proposed Action would fulfill the objective and intent of the 2010 Canyons of the Ancients National Monument RMP that mineral resources be developed in an environmentally sound way with special emphasis on protecting cultural resources within the monument, and thus is in conformance with both RMPs.

Alternatives Considered:

Alternative A, the No Action Alternative, considered denying the APD for the drilling of the YG-2 lateral. The Alternative B with design features, and with the Conditions of Approval in Appendix A of the EA, met the purpose and need and took care of pending issues, so no further alternatives were developed.

Rationale for Decision:

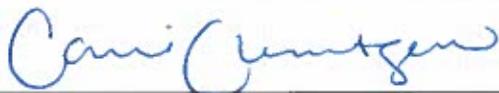
Alternative B, with the Conditions of Approval in Appendix A of the EA, has been selected because it meets the purpose and need and has no pending issues. It approves the APD for the

drilling of the YG-2 lateral. Alternative A, the No Action Alternative, would not fulfill the purpose and need of allowing for development of leased fluid minerals. No other alternatives were brought forward for analysis because Alternative B with the Conditions of Approval in Appendix A of the EA, met the purpose and need and took care of pending issues.

This action conforms to the above Resource Management Plans. Public scoping and comment period is described in Section 1.7 and 5.2 of the EA. This included onsite tours and a 30-day public comment period. Four comments were received, one supporting the project, two with questions, and one with concerns about the NEPA process and archaeological protections. These are located in the project file.

Protest/Appeal Language:

Application for Permit to Drill (43 CFR 3165.3(b)): Any party who is adversely affected by the decision of the State Director after State Director review, under 43 CFR 3165.3(b), of a decision may appeal that decision to the Interior Board of Land Appeals pursuant to the regulations set out in 43 CRF Part 4.



Connie Clementson
Field Manager
Tres Rios Field Office



Date