

Finding of No Significant Impact (FONSI)

DOI-BLM-CO-S0500-2015-0029-EA

Gunnison Energy LLC and SG Interests I, Ltd submitted separate proposals to the Bureau of Land Management (BLM) in the form of Applications for Permit to Drill (APDs) to develop several Federal fluid mineral estate leases in which each company is considered the operator. The project area is located in northwest Gunnison County approximately 11 miles north of Somerset, Colorado. The Proposed Action is for a maximum of 25 wells on a maximum of five well pads including construction, completion, production/operation, and abandonment. Of the five well pad locations, one currently exists which is appropriately sized for additional development and already includes the necessary infrastructure such as pipeline and acceptable access roads. The other four well pads are new construction. Access to these four new well pads will make use of nearby existing access roads where possible, however portions of which will require upgrade. Also, there are new local and resource roads planned which are necessary to access the four new well pads from existing roads. Pipelines connecting the wells on these four new pads must also be constructed to the nearest tie in with existing infrastructure.

The four new well pads would be constructed and usable within the first drilling season and drilling wells on the pads would occur periodically over the next two to five years. Three of the drill pads are on lands having public ownership of the surface (US Forest Service (USFS)) and Federal mineral estate, one well pad is on split estate lands with private surface and Federal mineral estate, and one well pad is on fee/fee lands with private surface and private mineral estate.

Based on review of the EA (DOI-BLM-CO-S0500-2015-029-EA) and the supporting documents, it is determined that the project will not have a significant effect on the quality of the human environment, individually or cumulatively with other actions in the general area. No environmental effects from the assessment or evaluation of the Proposed Action or No Action alternatives meet the definition of significance in context or intensity, as defined by 43 CFR 1508.27; nor do they exceed those effects as described in the BLM Uncompahgre Basin RMP/EIS (July 1989) and Record of Decision (ROD) or where applicable, the USFS Grand Mesa, Uncompahgre and Gunnison National Forests Amended Land and Resource Management Plan, dated September 1991. Therefore, an environmental impact statement is not required. This finding is based on the context and intensity of the project as discussed in the EA and described below.

Context:

For approval of the APDs, the context of the environmental effects is based on the environmental analysis in the EA. The environmental analysis focused primarily on use and management of lands under federal oil and gas leases in the North Fork Valley on USFS lands and private lands; however some resources were analyzed at a larger scale (i.e., air) to include potential cumulative effects.

The project area is located in northwest Gunnison County approximately 11 miles north of the town of Somerset, Colorado. The project would initially disturb up to 32 acres to construct the four new well pads, and necessary access road and pipeline infrastructure. Following implementation of interim reclamation practices upon the well pads, access roads and final reclamation of pipeline corridors, the long-term surface disturbance will be reduced to approximately 14 acres. There are four main vegetation types within the project area which include both mature and sapling Aspen stands, Sagebrush/Snowberry mix and grass/forb with scattered sagebrush and snowberry and private land pasture grass/forb mix.

The area is characterized as a sparsely populated agricultural area, and the dominant uses of public lands are for livestock grazing, recreational users, and wildlife. There are some ranch structures (e.g., seasonal private residences and sheds) in the vicinity of the project area; two occur within 1,300 and 2,000 feet respectively of the fee/fee Spadafora well pad and another occurs within 1,700 feet of the Henderson well pad, all on private surface.

There are two USFS grazing allotments (one for sheep and one for cattle) that coincide with the project area (see section 3.2.19.1 of the EA).

Within the project area, wildlife habitat exists that is capable of supporting sensitive species such as the Northern leopard frog, four species of bats, and five species of birds, one of which is also included in the list of Birds of Conservation Concern (Brewer's Sparrow). Seven species listed as Birds of Conservation Concern have either been observed or potentially occur within the project area. Four of the five well pads and much of the associated infrastructure in the project area is mapped as winter concentration areas where elk are more likely to occur in winter.

Recreation use including Off-Highway Vehicle (OHV) use in the area is primarily related to big game hunting (elk). Secondary recreation in this area is motorized travel, typically OHVs on designated routes. Winter snowmobile use is very low, excepting the use of CR/NFSR 265 to access the STP trail and Hubbard Park. Other minor activities in the project area include color viewing in the fall, limited hunting of species other than elk, and wildlife viewing.

None of the lands affected are within special management areas, roadless areas or Congressionally designated areas.

Intensity:

Intensity is a measure of the severity, extent, or quantity of effects, and is based on information from the effects analysis of this EA and the references in the project record. The effects of this project have been appropriately and thoroughly considered with an analysis that is responsive to concerns and issues raised by the public. The agencies have taken a hard look at the environmental effects using relevant scientific information and knowledge of site-specific conditions gained from field visits.

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 in Appendix 1 of 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 that may be beneficial and adverse:

If successful, the exploration for oil and/or gas resources on leased public lands would provide short and long term jobs in the local economy and payment of royalties would be made to the State and Federal treasury. Potential adverse impacts on natural resources such as big game and special status wildlife species as discussed in the EA would be minimized by implementation of the operators' design features and conditions of approval (COAs) identified in the EA.

While potentially harmful chemicals and additives may be used during drilling and completions operations and there is a possibility they could be released in volumes that could adversely affect human health or the environment, the operators provide for safe containment and disposal of each type of potential waste and the use of these materials are expected to enhance the recovery of the natural gas resource.

2) Public health and safety:

As further described in the EA at sections 3.2.1, 3.2.13, 3.2.14, and 3.2.15, potential impacts to public health and safety, including safety of workers, would be avoided by adherence to standard practices required for well drilling activities. Any oil or hazardous material that is discharged would be captured, removed and disposed of in compliance with state and Federal regulations. Implementation of the design features and COAs outlined in the EA including containment measures provided for in each of the operator's Spill Prevention, Control and Countermeasures (SPCC) plans, as well as compliance with COGCC and CDPHE regulations would minimize the potential for accidental releases of hazardous substances and would protect surrounding soils and surface and groundwater resources. Implementation of these measures would also minimize impacts to public health and safety.

3) Unique characteristics of the geographic area:

There are no cultural or historical resources, parklands, prime farmlands, wild and scenic rivers, or ecologically critical areas that will be affected by this decision. Wetlands may be present in the vicinity of the project area; however, effects are minimized or negated through placement of locations and infrastructure that maintain buffer function, through the application or design features submitted by the operators and by agency COAs. See EA Sections 3.2.2, 3.2.3, 3.2.4, 3.2.11, 3.2.12, 3.2.13, 3.2.14, and 3.2.15.

4) Degree to which effects are likely to be highly controversial:

Oil and gas development in this area is consistent with many other energy developments in the vicinity and within the regional landscape. Commenters have philosophical differences of opinions on whether state or Federal laws or regulations are adequate protection; however, this is not a decision that attempts to change law, regulation or policy. It is recognized that energy development as a topic polarizes opinions; however, this decision is focused on a specific area with valid, existing leases with the right of development. While commenters encourage the use of certain technologies to try to reduce all impacts to zero; the analyzed effects of implementing

this Proposed Action combined with other development in the cumulative effects area are minimal, and result in minimal exceedances of thresholds or standards set to protect public health or safety. Based on the review of the direct, indirect and cumulative effects in the EA and its use of best available science, including operator committed design features and the adherence to the agencies' COAs; therefore, the environmental effects are reduced, therefore the effects are less controversial.

5) Degree to which effects are highly uncertain or involve unique or unknown risks:

The effects of well construction are well known, and none of the effects on any resource evaluated in the EA are considered uncertain or involve unique or unknown risks. The BLM and USFS have experience implementing and mitigating comparable actions. All drilling and construction methods proposed to be employed are accepted standard and best management practices. The Proposed Action includes plans for reclaiming areas disturbed, and the success of which would be monitored by BLM and USFS as required by regulation.

6) Consideration of whether the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration.

Neither USFS approval of the individual SUPO components of project-related APDs, BLM's approval of all the project-related APDs, nor this decision on the Proposed Action will set a precedent. Similar approvals for energy developments occur locally, regionally and nationally. The process for processing these developments is codified in regulation for both the BLM and USFS assuring each SUPO/APD is evaluated on a case-by-case basis on its own merits. It is concluded that this decision does not establish a precedent for future actions.

7) Consideration of whether the action is related to other actions with cumulatively significant impacts:

Consideration of the cumulative effects by resource (i.e., air quality, water, wildlife, etc.) with past, present, and potential future actions in the region occurred in Section 3.3 of the EA. No significant impacts or violations of thresholds or standards were identified for the greater cumulative effects area.

8) Scientific, cultural or historical resources, including those listed in or eligible for listing in the National Register of Historic Places:

There are no new known cultural resources in the proposed project area (EA Section 3.2.2). Mitigation for cultural resources that may be exposed due to natural weathering has been provided in the list of applicable agency COAs.

9) Threatened and endangered species and their critical habitat:

No concerns for members of mammals, amphibians, plants or avian species considered threatened or endangered have been identified. Cumulative water depletions from the Colorado River Basin are considered likely to jeopardize the continued existence of the Colorado pikeminnow, humpback chub, bonytail, and razorback sucker and result in the destruction or adverse modification of their critical habitat. In 2008, BLM prepared a

Programmatic Biological Assessment (PBA) that addressed water depleting activities associated with BLM's fluid minerals program in the Colorado River Basin in Colorado, including water used for well drilling, hydrostatic testing of pipelines, and dust abatement on roads. In response, the U.S. Fish and Wildlife Service (FWS) prepared a Programmatic Biological Opinion (PBO) that addressed water depletions associated with fluid minerals development on BLM lands including Federal mineral estate. The PBO included reasonable and prudent alternatives which allowed BLM to authorize oil and gas wells that result in water depletion while avoiding the likelihood of jeopardy to the endangered fishes and avoiding destruction or adverse modification of their critical habitat. The reasonable and prudent alternative authorized BLM to solicit a one-time contribution to the Recovery Implementation Program for Endangered Fish Species in the Upper Colorado River Basin (Recovery Program) in an amount based on the average annual acre-feet depleted by fluid minerals activities on BLM lands. This contribution was ultimately provided to the Recovery Program through an oil and natural gas development trade association. On an annual basis, water depletion associated with the Proposed Action will be reported into the BLM Uncompahgre Field Office fluid minerals water depletion log that is submitted to the BLM Colorado State Office to assure actual depletions are within the acceptable limits of the PBO.

With implementation of project design features and BLM/USFS project specific COAs provided in the EA, effects to BLM/USFS sensitive animal species would be avoided or minimized.

10) Any effects that threaten a violation of Federal, State or local law or requirements imposed for the protection of the environment:

The Proposed Action does not violate any known Federal, State, or local law or requirement imposed for the protection of the environment. In addition, the Proposed Action is consistent with applicable land management plans, policies and programs, see EA Section 1.4, 1.5, 1.6 and 1.7.2.1.2.

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SIGNATURE OF AUTHORIZED OFFICIAL:


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DATE SIGNED:

12/7/15