FINDING OF NO SIGNIFICANT IMPACT & DECISION RECORD

PROJECT SPONSER: Dugan Production

ENVIRONMENTAL ASSESSMENT: Farmington Field Office, NM-F010-2011-224
FINDING OF NO SIGNIFICANT IMPACT: Based on the analysis of the potential environmental impacts of the proposed action in the attached environmental assessment, I have determined that no significant impacts are expected and, therefore, an environmental impact statement is not required.

DECISION: It is my decision to approve Alternative B as described in the attached Environmental Assessment (EA) and authorize the Dugan Production, Federal B Com #91, Application for Permit to Drill (APDs), as follows:

Well Name	Number	Township	Range	Section	Quarter	Lease Number
Fed. B Com	91	30 N	11 W	31	NE/SW	NMNM 019411

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, and information in individual APDs. This approval is also subject to operator compliance with mitigation and monitoring requirements contained within the Farmington Proposed Resource Management Plan Final Environmental Impact Statement (PRMP/FEIS) approved September 29, 2003

RATIONALE: The decision to authorize Alternative B, as described in the attached Environmental Assessment (EA), is based on the following:
- Alternative B will not result in any undue or unnecessary environmental degradation.
- The project area is in Brack's Cactus and Aztec Gilias prime habitat but there were no individual plants found during the biological survey.
- Although there will be more new disturbance with Alt. B, there will be less long term disturbance after interim reclamation.
- The original Alt. C was to twin the Federal B 1 (P&A) well pad and vertically drill. The Operator had safety concerns with fracing back into the P&A well bore due to the cementing job.
- The Operator requested that the Alt. C be a directional drill to reduce the potential of fracing into the existing well bore and to get to his original bottom hole. The directional drill is barely technically feasible due to the shallow depth and the short reach.
- Mitigation measures applied by the BLM as Conditions of Approval will alleviate or minimize environmental impacts.
- The proposed action is tiered to the PRMP/FEIS and in conformance with the Farmington Resource Management Plan (RMP) as approved by the Record of Decision signed September 29, 2003. The RMP is the guiding land use plan for the Public Lands Administered by the Farmington Field Office of the Bureau of Land Management (BLM).

ADMINISTRATIVE REVIEW AND APPEAL: Under BLM regulations, this decision record is subject to administrative review in accordance with 43 CFR 3165. Any request for administrative review of this decision record 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, 1474 Rodeo Road, Santa Fe, NM 87505, 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.

Environmental Protection Specialist — Date: 9-8-11

Chief, Branch of Environmental Protection & Realty — Date: 9/8/11

Farmington Field Manager — Date: 9/8/11