UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Farmington District
Farmington Field Office
6251 N College Blvd., Ste. A
Farmington, NM 87402

DECISION RECORD

for the

Logos Operating, LLC
Dragonfly Nos. 111H, 112H
Oil & Natural Gas Well

NEPA No. DOI-BLM-NM-FO-*010-2015-0092*
(ATS-F010-15-14,15)

I. Decision

I have decided to select Alternative B for implementation as described in the Dragonfly #111H, 112H EA. Based on my review of the Environmental Assessment (EA) and project record, I have concluded that Alternative B was analyzed in sufficient detail to allow me to make an informed decision. I have selected this alternative because the proposed project would allow Logos operating, LLC, access to their proposed drilling site in order to horizontally drill for oil and gas within their valid existing lease.

II. Conformance and Compliance

The proposed action is in conformance with the 2003 BLM-FFO Resource Management Plan (RMP). Pursuant to 40 CFR 1508.28 and 1502.21, this site-specific Environmental Assessment (EA) tiers into and incorporates by reference the information and analysis contained in the BLM-FFO Proposed Resource Management Plan/Final Environmental Impact Statement (PRMP/FEIS) (BLM 2003a). The RMP was approved by the September 29, 2003 Record of Decision (ROD) (BLM 2003b), and updated in December 2003.

It is the policy of the BLM to make mineral resources available for disposal and to encourage development of mineral resources to meet national, regional, and local needs, consistent with national objectives of an adequate supply of minerals at reasonable market prices. At the same time, the BLM strives to ensure that mineral development is carried out in a manner that minimizes environmental damage and provides for the rehabilitation of affected lands. (BLM 2003b, 2-2 – 2-3)

III. Finding of No Significant Impact

I have reviewed the direct, indirect and cumulative effects of the proposed activities documented in the EA for Dragonfly #111H, 112H. I have also reviewed the project record for this analysis. The effects of the proposed action and alternatives are disclosed in the Alternatives and Environmental Consequences sections of the EA. I have determined that construction of a well

pad, access road and pipelines will allow Logos operating, LLC reasonable access to the mineral lease in order to develop the existing lease as described in the EA will not significantly affect the quality of the human environment. Accordingly, I have determined that the preparation of an Environmental Impact Statement is not necessary.

IV. Other Alternatives Considered

Natural gas and oil wells can be drilled vertically or directionally/horizontally. Vertical drilling places a well pad directly above the bottom hole, while directional/horizontal drilling allows for flexibility in the placement of the well pad and associated surface facilities. Directional/horizontal drilling often allows for "twinning," or drilling two or more wells from one shared well pad. Directional/horizontal drilling applications throughout the San Juan Basin have become relatively common. Generally, the use of this technology is applied when it is necessary to avoid or minimize impacts to surface resources.

Factors such as reservoir depth, angle of deviation, lateral displacement, completion technique, and risk are considered before deciding on the use of directional drilling applications. In addition, operating factors such as production efficiency; rod, pump, and tubing wear; and workover frequency is also a consideration. Generally, directional well completion and operating costs are 20 to 25 percent higher than vertical well drilling costs. The primary economic factors that determine the feasibility of directional applications include, but are not limited to, incremental drilling, completion, and operating costs; oil and gas reserves; rates of production; oil and gas prices; royalties and taxes; and return on investment.

Alternatives considered for the twinned Dragonfly No. 111H & No.112H include the placement of facilities at end of the proposed access road and alongside the existing resource road, approximately 2,000-feet north of the wellheads. The negatives for alternate placement, determined by Logos, are outlined below:

- Increased land disturbance and well pad construction costs of building a pad for the drilling site and a pad for the remote production facility with an estimated increased cost of $40,000.

- Increased land disturbance and capital expenses for pipeline and construction to deliver the produced fluids to the remote facility. This requires approximately 2000' of additional pipeline material and installation with an estimated cost of $49,000.

- Increased operational complexity of monitoring the well site and production facility at two separate locations.

- Increased operational complexity of treating, pigging, monitoring, and freeze prevention on the long production lines.

The overall review indicates that Logos will gain no operational efficiencies going to the alternative site, but will incur additional land disturbance requirements and an estimated $89,000 of additional expenses.

V. Rationale for the Decision

Pursuant to 40 Code of Federal Regulations (CFR) 1508.28 and 1502.21, this site-specific environmental assessment (EA) tiers to and incorporates by reference the information and analysis contained in the Farmington Proposed Resource Management Plan/Final Environmental Impact Statement [(PRMP/FEIS) BLM 2003a]. This EA is in conformance with the management goals set forth in the Resource Management Plan (RMP) for the Farmington Field Office (FFO) of the BLM, which was approved by the Record of Decision (ROD) signed September 29, 2003 (BLM 2003b). Specifically, this action is in conformance with the following: It is the policy of the

BLM to make mineral resources available for disposal and to encourage development of mineral resources to meet national, regional, and local needs, consistent with national objectives of an adequate supply of minerals at reasonable market prices. At the same time, the BLM strives to ensure that mineral development is carried out in a manner that minimizes environmental damage and provides for the rehabilitation of affected lands (2003b, 2-2). The PRMP/FEIS, RMP, and ROD are available for review at the BLM Farmington Field Office, 6251 College Blvd., Farmington, NM, or electronically at:

[The proposed action is in conformance with the 2003 BLM-FFO Resource Management Plan (RMP). Pursuant to 40 CFR 1508.28 and 1502.21, this site-specific Environmental Assessment (EA) tiers into and incorporates by reference the information and analysis contained in the BLM-FFO Proposed Resource Management Plan/Final Environmental Impact Statement (PRMP/FEIS) (BLM 2003a). The RMP was approved by the September 29, 2003 Record of Decision (ROD) (BLM 2003b), and updated in December 2003.

Specifically, the proposed project supports the following BLM policy:

> It is the policy of the BLM to make mineral resources available for disposal and to encourage development of mineral resources to meet national, regional, and local needs, consistent with national objectives of an adequate supply of minerals at reasonable market prices. At the same time, the BLM strives to ensure that mineral development is carried out in a manner that minimizes environmental damage and provides for the rehabilitation of affected lands. (BLM 2003b, 2-2 – 2-3)

[Regulations under 43 CFR 1610.5 requires the proposed action to be in conformance with the terms and the conditions of the RMP as approved by the ROD signed September 29, 2003 (BLM 2003b) and updated in December 2003.

I have determined that the activities described in the proposed action will not adversely affect or cause loss or destruction of scientific, cultural, or historical resources, including those listed in or eligible for listing in the National Register of Historic Places (40 CFR 1508.27(b)(8)). Cultural resource surveys were completed BLM report Number 2015 (II) 019.1 F. Cultural resources were identified within the project area. The identified sites will be avoided in all cases and monitoring and installing site protection fencing will be required during construction, drilling and reclamation within the Tazhiike (Turkey Track) TCP. According to existing ethnographic data (Kelley et al. 2006), a portion of the project falls in or near Tazhiike ("Turkey Tracks"), an area that may be associated with traditional stories. Requests for information or consultation with regards to the original well pad and access from Crow Mesa Road were sent to Huerfano and Nageezi Chapter Houses and Navajo Nation Historic Preservation Department (NNHPD) on 3/12/2015 (*see the Record of Review for 2015(II)019F*). A letter reply from NNHPD received on 5/4/2015 did not specifically address potential impacts from this project or confirm the presence of areas of traditional importance. A second letter regarding this associated upgrade of one half-mile of the Crow Mesa Road was originally sent to the chapter houses and NNHPD on 5/19/2015. After the NNHPD's copy was returned undeliverable twice, it was emailed on 7/22/2015 and successfully delivered on 8/7/2015. The project as a whole was discussed during a meeting with NNHPD on 6/10/2015, with review and determinations of effect to follow. To date, no opinion has been given by NNHPD as to the presence of or potential impacts to sacred sites in the vicinity of this project. Recent attempts to contact NNHPD about this and other projects by phone and email (7/30, 8/11) have been unsuccessful. Based on existing data and the circumstances of the project (i.e., the predominant use of existing disturbance, the location amidst several other active fluid mineral wells and along a major travel corridor, and the lack of direct effects to the landforms mentioned in the ethnographic description of Tazhiike), the project is thought to have a negligible potential to adversely affect Traditional Cultural Properties or other sacred sites, should any be present in the vicinity.

Should correspondence be received indicating the presence of and potential for adverse impacts to Traditional Cultural Properties or other sacred sites, FFO will work closely with Logos

Operating and NNHPD to ensure appropriate mitigations are enacted, to the extent practicable at the concurrent stage of the planning and construction process.

Kelley, Klara, Rena Martin, Richard Begay, Ted Neff, and Clifford Werito.
2006 "We Will Help You With What We Know," Diné (Navajo) Traditional Cultural Places in Dinétah. Ted Neff, ed. Museum of Northern Arizona Environmental Solutions, Inc., Flagstaff, Arizona.

The proposed activities are not likely to adversely affect any endangered or threatened species or its habitat that has been determined to be critical under the Endangered Species Act (40 CFR 1508.27(b)(9)). The project area is not within any Sensitive species or Threaten and Endangered habitat.

VI. Public Involvement

The Notice of Staking was made available for the public to review at the Farmington Field Office. No comments were received. The project was posted on the Farmington Field Office NEPA log www.blm.gov/nm/st/en/fo/Farmington_Field_Office/ffo_document_library/apd_ea_2015.html. A 30-day public comment period will begin on 08-27-2015 and end on 10-2-2015.

The proposed Chaco 23-08 3 Wells Project received one comment on September 22, 2015 via e-mail.

The comment was authored by the Western Environmental Law Center (WELC), and named as co-commenters with the San Juan Citizens Alliance (SJCA), Dine Citizens Against Ruining Our Environment (Dine CARE), WildEarth Guardians, and the Natural Resources Defense Council (RDC).

The comment expressed concern that the continued development of the Mancos Shale/Gallup Formation and ongoing BLM Farmington Field Office approval of horizontal and multi-stage fracking will have the following impacts:

1. The drilling and fracking threatens the region's air, water, fish, and wildlife, and fails to reduce greenhouse gases or combat climate change;

2. The commenters claim the Farmington BLM Resource Management Plan (RMP) is outdated and does not adequately address the impacts of the Mancos shale development. They state no oil and gas leasing should take place until the RMP is amended and an EIS completed. The commenters claim that NEPA requires further study on the impacts of developing the Mancos Shale deposits.

The BLM response to the comment is as follows:

The BLM is entitled to continue relying on analysis in the 2003 RMP for the Farmington Field Office. The APDs that the Western Environmental Law Center has asked the BLM to reject or deter are supported by NEPA analysis under the 2003 RMP and by the EAs prepared for each APD. These EAs have concluded that there is no significant impact to the environment resulting from approval of the APDs.

VII. Administrative Review and Appeal

Under BLM regulations, this Decision Record (DR) is subject to administrative review in accordance with 43 CFR 3165. Any request for administrative review of this DR, with or without oral presentation, 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, 301 Dinosaur Trail, Santa Fe, NM 87508, no later than 20 business days after this DR 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.

This decision to authorize a right-of-way may be appealed to the Interior Board of Land Appeals (IBLA), Office of the Secretary, in accordance with the regulations contained in 43 CFR Part 4. Any appeal must be filed within 30 days of this decision. Any notice of appeal must be filed with Timothy J. Wakefield, Field Manager, Bureau of Land Management, Farmington Field Office, 6251 College Boulevard, Suite A, Farmington, NM 87402. The appellant shall serve a copy of the notice of appeal and any statement of reasons, written arguments, or briefs on each adverse party named in the decision, not later than 15 days after filing such document (see 43 CFR 4.413(a)). Failure to serve within the time required will subject the appeal to summary dismissal (see 43 CFR 4.413(b)). If a statement of reasons for the appeal is not included with the notice, it must be filed with the IBLA, Office of Hearings and Appeals, U. S. Department of the Interior, 801 North Quincy St., Suite 300, Arlington, VA 22203 within 30 days after the notice of appeal is filed with Timothy J. Wakefield, Acting Field Farmington Field Office Manager.

Notwithstanding the provisions of 43 CFR 4.21(a)(1), filing a notice of appeal under 43 CFR Part 4 does not automatically suspend the effect of the decision. If you wish to file a petition for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal.

A petition for a stay is required to show sufficient justification based on the following standards:

(1) The relative harm to the parties if the stay is granted or denied;
(2) The likelihood of the appellant's success on the merits;
(3) The likelihood of immediate and irreparable harm if the stay is not granted; and
(4) Whether the public interest favors granting the stay.

In the event a request for stay or an appeal is filed, the person/party requesting the stay or filing the appeal must serve a copy of the appeal on the Office of the Field Solicitor: United States Dept. of the Interior, Office of the Solicitor, Southwest Regional Office, 505 Marquette Avenue NW, Suite 1800, Albuquerque, NM 87102

/s/Victoria Barr
Victoria Barr
District Manager
Farmington Field Office

10/16/15
Date