

FINDING OF NO SIGNIFICANT IMPACT

For

Lance Oil and Gas Inc. Augusta Unit Zeta

Based on the analysis of the potential environmental impacts, (see Attachment 1 – Fortification Elk Cumulative Impact Assessment and Attachment 2 – Augusta Unit Zeta Cumulative Impacts Under Each Alternative) and on the application of mitigation measures for the Fortification elk herd and sage-grouse, I have determined that NO significant impacts are expected from the implementation of the selected alternative C and, therefore, an environmental impact statement is not required.

Approval of this alternative is in conformance with the PRB-FEIS, and the Approved Resource Management Plan for the Public Lands Administered by the Bureau of Land Management, Buffalo Field Office, April 2001 (refer to Appendix E of that document relative to adaptive management). This FONSI incorporates by reference the Augusta Unit Zeta Plan of Development Environmental Assessment (WY-070-08-154) and the 2007 Environmental Report: Coalbed Natural Gas Effects on the Fortification Creek Area Elk Herd.

Previous Effects Analysis for the Fortification Elk Herd

2003 Powder River Basin Oil and Gas Project Final Environmental Impact Statement (PRB FEIS)

The PRB FEIS considered cumulative impacts to elk within the Buffalo Field Office, but did not specifically address the isolated Fortification elk herd within CBNG forecasted development throughout and completely surrounding the herd unit.

2007 Environmental Report

The 2007 Environmental Report identified past and present effects of road-building, oil and gas development and other activities on the elk herd and forecasted effects from full field 80-acre spacing development in the entire elk yearlong range, but did not analyze the incremental effects of proposed development and mitigation measures contemplated in site-specific environmental analyses.

Site specific measure applied to Augusta Unit Zeta to lessen impacts to the Fortification elk herd:

Surface disturbing activities will be restricted within identified elk critical winter range November 15 to April 30 and elk parturition range May 1 to June 30 for the life of the project.

Wyoming Game & Fish Department verbally commented to the BLM on June 11, 2009 at a meeting held in Casper, Wyoming that the security habitat threshold proposed in the RMP amendment should not necessarily apply to the entire yearlong range. Population viability of the Fortification Creek elk herd will not be threatened by the projected impacts of the Augusta Unit Zeta POD.

Elk displacement is anticipated to be temporary, with complete displacement during the drilling and construction phases, followed by 50% of the elk returning during the production phase. Mitigating measures were selected from the range of alternatives in this context to best meet the purpose and need for the proposed action. With the application of mitigating measures selected from Alternative C, population viability of the Fortification elk herd will not be compromised.

Site specific measure applied to Augusta Unit Zeta to lessen impacts to sage-grouse: Surface-disturbing activities will be restricted during sage-grouse breeding and nesting periods (March 1 to June 15). This condition will be implemented on an annual basis for the life of the project. See Appendix 1 to the EA for areas where the timing limit applies.

In conformance with Appendix E, *Record of Decision, Powder River Oil and Gas Project Environmental*

Impact Statement and Resource Management Plan Amendment BLM Buffalo Field Office has initiated actions within the PRB FEIS analysis area in response to additional information regarding impacts to sage-grouse. These measures include:

1. Early initiation of a Resource Management Plan (RMP) revision, based on the evaluation of monitoring data generated under the mitigation monitoring and reporting plan (MMRP) in the PRB-FEIS Record of Decision.
2. Establishment of sage-grouse “focus” areas, encompassing approximately 1 million acres of sage-grouse habitat. These areas are managed under strict guidelines designed to preserve sage-grouse habitat for development of alternatives during the RMP process (Appendix 1).
3. Initiation of a population viability analysis in the Powder River Basin. This is a 24-month project involving the USGS, BLM Miles City Field Office, BLM Buffalo Field Office, and the University of Montana.
4. Development of alternatives that modify the proposed action to reflect the best available science in sage-grouse management.
5. Development of conditions of approval, specific to sage-grouse management, that incorporate some recommendations from recent research, the NE Local Sage-grouse Working Group, and the Petroleum Association of Wyoming.

The selected alternative incorporates components of the Wyoming Governor's Sage Grouse Implementation Team’s “core population area” strategy and executive order and local research to provide appropriate protections for sage-grouse, while meeting the purpose and need for the AUZ project (WYGF, 2009).

The selected alternative was developed with the recognition that: 1) many of the project components modified to mitigate elk impacts may also benefit sage-grouse; 2) portions of the analyzed alternatives may not correspond to the desires of the surface owner in the project area; and 3) appropriate local sage-grouse research and the best available science from across the species’ range was incorporated in development of conditions of approval attached. The implementation of the selected alternative best meets the stated purpose and need for the proposed action. With the application of mitigating measures selected from Alternative C, sage-grouse population viability in the Powder River Basin will not be compromised.

ADMINISTRATIVE REVIEW AND APPEAL: Under BLM regulations, this decision is subject to administrative review in accordance with 43 CFR 3165. Any request for administrative review of this decision 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, P.O. Box 1828, Cheyenne, Wyoming 82003, 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.

Field Manager, Buffalo Field Office

Date