

**Decision on Action and Application for Categorical Exclusion
For Activities Associated with Oil and Gas Development
Section 390, Energy Policy Act of 2005**

Hensley Draw Federal POD
Redstone Resources, Inc.
CX08-3-087, CX08-3-088, and CX08-3-089
Bureau of Land Management
Buffalo Field Office

Description of the Proposed Action

Redstone Resources, Inc. proposes a plan of development (POD), Hensley Draw POD, for three coal bed natural gas wells and associated infrastructure. The Hensley Draw POD is located immediately east of the Long Draw Unit 2 POD EA# WY-070-07-208 signed on 9/28/2007.

Proposed Well Information

This POD applies to the location as follows

Well Name & Number	QTR	Sec.	Twp	Rng	Lease #	CX #
Hensley Draw Bulkely 21-17	NENW	17	53	73	WYW143950	WYW-070-08-3-087
Hensley Draw Hensley 12-18	SWNW	18	53	73	WYW143550	WYW-070-08-3-088
Hensley Draw Hensley 21-18	NENW	18	53	73	WYW143550	WYW-070-08-3-089

A typical wellhead is illustrated on Figure 1 of the Master Surface Use Plan (MUSP). The wellhead will be enclosed within a small cubical building approximately four feet square and six feet high. No wells for this POD will require designed pads. Surface Disturbance for each well site will be approximately 100 feet by 75 feet.

The proposed wells are located on private surface. Title to the oil and gas mineral interest is federally owned.

Highway 14-16 runs north and south through the center of the POD.

Access for wells 12-18 and 21-18 begins on an existing improved road with a two-track with spot up-grades extending from the improved road to access the individual well sites. Well 21-17 will be accessed via a proposed two-track. Two-track roads will be minimal disturbance single-lane roads. They will be for dry use weather use and will be returned to a near natural condition upon completion of use.

Roads will not exceed 8% grade except for short segments. Running surface of proposed roads will not exceed 14 feet for two-track roads. Crowned and ditched improved roads will be surfaced with a minimum of four inches of gravel and total surface disturbance will be 30 feet.

To operator will route POD utilities immediately adjacent to or within existing and proposed roads to minimize surface disturbance. Utility corridors consist of gas gathering pipelines, water pipelines, and electrical lines buried in a common trench. All utilities will be installed within the proposed road disturbance where practical. Where practical, the utilities will be installed in the center or adjacent to the two-track roads.

Improved roads and non-improved POD roads will be maintained to the standards of BLM (*Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development, Fourth Edition-2007; The Gold Book*). Improved roads are proposed where access is needed to POD buildings or compressors.

Available topsoil will be removed and windrowed prior to construction. Topsoil stockpiled for an extended period of time, 6 months or longer, will be stabilized with a cover crop.

Produced water and natural gas will be transported from the wellhead through separate pipes to appropriate existing infrastructure.

Produced water will be discharged through 3 existing outfalls into 3 existing reservoirs. WYPDES discharge permits WY0050911 and WY0044351 authorize discharge into Horse Creek and Wildcat Creek.

	IMPOUNDMENT Name / Number	Qtr/Qtr	Sec	TWP	RNG	Capacity (Acre Feet)	Surface Disturbance (Acres)	Lease #
1	Hensley 17	SWSE	17	53	73	19.2	4	WYW 3094
2	Hensley 18	NESW	18	53	73	9.8	3	FEE
3	Knutson Enlargement	SWNE	6	53	73	14.3	6	FEE

Electric power to the wells will be routed through a power line which will be buried with the water and natural gas pipes in a common trench. No overhead power lines will be installed. POD buildings and compressors will be used in this project. The POD building and compressors are located together and are approximately 60' x 60'. Both sites will be fenced.

All compressors and POD buildings used for this POD are existing.

Water for well drilling will be transported to individual well locations in trucks. Approximately 10 truckloads of water will be required for drilling and completion activities at each well. Water with salinity levels less than 10,000 mg/liter will be used for drilling and cementing.

PROPOSED ACTION

Activity	Length (Ft)	Width (Ft)	Acres of disturbance
Hensley Draw Bulkely 21-17	100	75	.17
Access Road without corridors	1,960	14	0.63
Pipeline not within road corridors	2,085	16	0.77
Total Initial Disturbance			1.57

Activity	Length (Ft)	Width (Ft)	Acres of disturbance
Hensley Draw Hensley 12-18	100	75	.17
Access Road with corridors	1,875	30	1.29

Access Road without corridors	335	14	0.11
Pipeline not within road corridors	335	16	0.12
Total Initial Disturbance			1.69

Activity	Length (Ft)	Width (Ft)	Acres of disturbance
Hensley Draw Hensley 21-18	100	75	0.17
Access Road with corridors	3,095	30	2.13
Access Road without corridors	1,010	14	0.32
Pipeline not within road corridors	560	16	0.21
Total Initial Disturbance			2.83

This approval is subject to adherence with operating plans and mitigation measures contained in the Surface Use Plan of Operations and Drilling Plans in the APD. This approval is also subject to adherence with the attached Conditions of Approval.

The total surface disturbance for this action consists of: 6.09 acres

AFFECTED ENVIRONMENT

Soil

The Hensley Draw Bulkely 21-17 well site and access routes areas have fragile soils and erosive conditions that shall be stabilized in a manner which eliminates erosion until a self-perpetuating non-weed native plant community has stabilized the site.

Cultural

Class III cultural resource inventories were conducted for the Hensley Draw POD project, following the Secretary of the Interior's Guidelines and Standards. A Class III inventory specifically for the project was conducted by NPAS (BLM project no. 70080096). The inventory covered approximately 698 acres; this inventory recorded, rerecorded, or revisited 2 sites and 4 isolates. Sites and isolates are defined as specified by the *2006 State Protocol Between the Wyoming Bureau of Land Management State Director and the Wyoming State Historic Preservation Officer*. The following cultural resources are located in or near the APE (area of potential effect).

Site Number	Site Type	National Register Eligibility
48CA6674	Site	NE
48CA6675	Site	NE
IR1	Isolate	NE
IR2	Isolate	NE
IR3	Isolate	NE
IR4	Isolate	NE

There are no eligible sites within the APE of the proposed project. BLM review, conducted by Wendy Sutton, has determined that 1 isolate will be impacted by the current project. The impacted isolate (IR2) has been recommended as not eligible to the National Register of Historic Places. As such, this resource is not considered an historic property. Following the Wyoming State Protocol, Section VI(A)(1) the Bureau of Land Management electronically notified the Wyoming State Historic Preservation Officer (SHPO) on 9/15/2008 that the proposed project would result in *no historic properties affected/no effect* (DBU_WY_2008_2131).

If any cultural values [sites, artifacts, human remains (Appendix L PRB FEIS)] are observed during operation of this lease/permit/right-of-way, they will be left intact and the Buffalo Field Manager notified. Further discovery procedures are explained in the *Standard COA* (General)(A)(1).

Wildlife Analysis

The wildlife biologist has reviewed the proposal and determined that the project is consistent with the Final Environmental Impact Statement (WY-070-02-065) and programmatic biological opinion (ES-6-WY-07-F012) from the Powder River Basin Oil and Gas Project. No impacts are anticipated that were not analyzed in the Long Draw Unit 2 POD EA.

Plan Conformance

The proposed action is in conformance with the terms and the conditions of the Approved Resource Management Plan for the Public Lands Administered by the Bureau of Land Management, Buffalo Field Office (BFO), April 2001 and the PRB FEIS, as required by 43 CFR 1610.5

Plan of Operations

The proposal is designed in conformance with all Bureau standards and incorporates appropriate best management practices, required and designed mitigation measures determined to reduce the effects on the environment.

A surface use plan of operations describing all proposed surface-disturbing activities has been reviewed and is approved pursuant to Section 17 of the Mineral Leasing Act, as amended.

Compliance with the Energy Policy Act of 2005

The proposed activity has been determined to be statutorily categorically excluded from NEPA documentation in accordance with Section 390 of the National Energy Policy Act of 2005.

The applicable Categorical Exclusion reference in section 390 of the Energy Policy Act of 2005 is exclusion number (b)(3) which is *drilling an oil or gas well within a developed field for which an approved land use plan or any environmental document prepared pursuant to NEPA analyzed such drilling as a reasonably foreseeable activity, so long as such plan or development was approved within 5 years prior to the date of spudding the well.*]

The environmental assessment for Long Draw Unit 2 POD was approved on 9/28/2007 and identifies the developing the Hensley Draw POD as reasonably foreseeable.

This document has been reviewed and has been determined to consider potential environmental effects associated with the proposed activity at a site specific level and effects of the same type and magnitude.

Decision and Rationale on Action

I have decided to implement Redstone Resource, Inc.'s Hensley Draw POD for three coal bed natural gas wells and associated infrastructure with the following Conditions of Approvals:

1. All permanent above-ground structures (e.g., production equipment, tanks, etc.) not subject to safety requirements will be painted to blend with the natural color of the landscape. The paint used will be a color which simulates "Standard Environmental Colors." The color selected for the project area is Carlsbad Canyon, 2.5Y 6/2.
2. Provide 4" of aggregate where grades exceed 8% for stability and erosion prevention.
3. Adequate drainage control must be in place at all stages of construction and low water crossings installed as soon as feasible.
4. If a dry hole, all rehabilitation work, including seeding, will be initiated within **30 days** after plugging operations are completed (pending seasonal conditions).
5. Interim Reclamation of disturbed areas will adhere to the following guidance (as per the Wyoming Policy on Reclamation (IM WY-90-231):
 - A. The reclaimed area shall be stable and exhibit none of the following characteristics:
 - i. Large rills or gullies.
 - ii. Perceptible soil movement or head cutting in drainages.
 - iii. Slope instability on, or adjacent to, the reclaimed area in question.
 - B. The soil surface must be stable and have adequate surface roughness to reduce runoff and capture rainfall and snow melt. Additional short-term measures, such as the application of mulch, shall be used to reduce surface soil movement.
 - C. Vegetation canopy cover (on unforested sites), production and species diversity (including shrubs) shall approximate the surrounding undisturbed area. The vegetation shall stabilize the site and support the planned post disturbance land use, provide for natural plant community succession and development, and be capable of renewing itself.
This shall be demonstrated by:
 - i. Successful onsite establishment of species included in the planting mixture or other desirable species.
 - ii. Evidence of vegetation reproduction, either spreading by rhizomatous species or seed production.
 - D. The reclaimed landscape shall have characteristics that approximate the visual quality of the adjacent area with regard to location, scale, shape, color and orientation of major landscape features and meet the needs of the planned post disturbance land use.
6. All topsoil removed during construction activities will be respread for interim reclamation success.
7. The Hensley Draw Bulkely 21-17 well site and access routes areas have fragile soils and erosive conditions that shall be stabilized in a manner which eliminates erosion until a self-perpetuating non-weed native plant community has stabilized the site. Stabilization efforts shall be finished within 30 days of the completion of construction activities. Utility corridors will be expediently reclaimed following construction and maintained in a professional and workmanship manner avoiding tire rutting, settling and erosion.

8. Line pit at the Hensley Draw Bulkely 21-17 well location due to shallow loamy soils, severe erosion potential, and being near the drainage.
9. The operator will drill seed on the contour to a depth of 0.5 inch, followed by cultipaction to compact the seedbed, preventing soil and seed losses. To maintain quality and purity, the current years tested, certified seed with a minimum germination rate of 80% and a minimum purity of 90% will be used. In lieu of a different specific mix desired by the surface owner, use the following:

Loams and Clay Loams

Hensley Draw Bulkely 21-17

Hensley Draw Hensley 21-18

Seed Mix

Species	% in Mix	Lbs PLS*
Western Wheatgrass (<i>Pascopyrum smithii</i>)	25	4
Green Needle Grass (<i>Nassella viridula</i>)	25	4
Thickspike Wheatgrass (<i>Elymus lanceolatus ssp. lanceolatus</i>)	18.75	3
Bluebunch wheatgrass (<i>Pseudoroegneria spicata ssp. Spicata</i>)	18.75	3
Purple prairie clover (<i>Dalea purpurea</i>)	6.25	1
Winterfat (<i>Krascheninnikovia lanata</i>) or fourwing saltbrush (<i>Atriplex canescens</i>)	6.25	1
Totals	100%	16 lbs/acre
Winter wheat cover crop		8-10

- (1) **Lbs. Pure live Seed PLS/ Acre, assuming drilled application**
- (2) **Requires fall seeding**

Sandy Ecological location
Hensley Draw Hensley 12-18

Seed Mix

Species		% in Mix	Lbs PLS*
Western Wheatgrass (<i>Pascopyrum smithii</i>)		25	4
Prairie sandreed (<i>Calamovilfa longifolia</i>)		18.75	3
Indian ricegrass (<i>Achnatherum hymenoides</i>)		25	4
Needleandthread (<i>Hesperostipa comata</i> ssp. <i>comata</i>) or Blue Bunch wheatgrass (<i>Pseudoroegneria spicata</i> ssp. <i>spicata</i>)		18.75	3
Fourwing saltbrush (<i>Atriplex canescens</i>)		12.5	2
Totals		100%	16lbs/acre
Winter wheat cover crop			8-10

(3) **Lbs. Pure live Seed PLS/ Acre, assuming drilled application**

(4) **Requires fall seeding**

10. No surface disturbing activity shall occur within 0.5 mile of all identified raptor nests from February 1 through July 31, annually, prior to a raptor nest occupancy survey for the current breeding season. This timing limitation will affect the following:

Township/Range	Section	Wells and Infrastructure
53/73	8	All proposed access / pipeline corridors in this section.
53/73	17	Well: Bulkley Fed 21LC-1733 All proposed access / pipeline corridors in this section.

- a. Surveys to document nest occupancy shall be conducted by a biologist following BLM protocol, between April 15 and June 30. All survey results shall be submitted in writing to a Buffalo BLM biologist and approved prior to surface disturbing activities. Surveys outside this window may not depict nesting activity. If a survey identifies active raptor nests, a 0.5 mile timing buffer will be implemented. The timing buffer restricts surface disturbing activities within 0.5 mile of occupied raptor nests from February 1 to July 31.
- b. Nest productivity checks shall be completed annually through the first five years following project completion. The productivity checks shall be conducted no earlier than June 1 or later than June 30 and any evidence of nesting success or production shall be recorded. Survey

results will be submitted to a Buffalo BLM biologist in writing no later than July 31 of each survey year. This applies to the following nest(s): BLM ID #s 768 and 5914.

11. If an undocumented raptor nest is located during project construction or operation, the Buffalo Field Office (307-684-1100) shall be notified within 24 hours.
12. Well metering, maintenance and other site visits within 0.5 miles of raptor nests should be minimized as much as possible during the breeding season (February 1 – July 31).

The attached COAs and/or terms and conditions provide justification for this decision and may not be segregated from project implementation without further NEPA review. In addition, I have reviewed the plan conformance statement and have determined that the proposed activity is in conformance with the applicable land use plan(s). Further, I have reviewed the proposal to ensure the appropriate exclusion category as described in Section 390 of the Energy Policy Act of 2005 has been correctly applied. It is my determination that no further environmental analysis is required.

The above described action must be completed by 9/28/2012.

Implementation Date

This project will be implemented on or after the below date.

Chris E. Hanson
Field Manager

Date

Administrative Review or Appeal Opportunities

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.

Contact Person

For additional information concerning this decision, contact
Meleah Corey
Buffalo Field Office
1425 Fort Street
307-684-1070

