

DECISION RECORD
For
Ballard Petroleum Holdings, LLC
Ballard Wildhorse Federal #14-18 HM

DECISION: It is my decision to approve Ballard Petroleum Holdings, LLC application for permit to drill (APD) Ballard Wildhorse Federal #14-18 HM, as described in US Forest Service Douglas District Ranger Office (FS) Decision Memo (DM) dated August 11, 2010. The project includes one APD:

Well Name/Number	T	R	Section	QTR/	QTR	Lease Number
Wildhorse Federal #14-18 HM	54N	69W	18	SW 1/4	NE 1/4	WYW 141187

This decision to approve the above APD is pursuant to:

- 40 CFR 1502.9(c)(2), 40 CFR 1501.6, and 1508.26 (Council of Environmental Quality, Environmental Impact Statement);
- 43 CFR 3160 (Onshore Oil and Gas Order No. 1);
- BLM Handbook H-1790-1, Chapter 3.3.2, Chapter 4, Chapter 12.1 and 12.2, Appendix 2 – 5; and
- US Forest Service Record of Decision for the Final Environmental Impact Statement and Land and Resource Management Plan Thunder Basin National Grassland (FEISLRMP) (2002); and Final Environmental Impact Statement for the Lands and Resource Management Plans , 2001 Revision.

This approval is subject to adherence with all of the operating plan and mitigation measures contained in the BLM general, site-specific, and supplemental Conditions of Approval, Drilling Plan, Water Management Plan, and information in the APD as described in or referenced by the FS DM and its appendixes.

RATIONALE: The decision to adopt and approve this action, as further described in the attached FS DM, is based on the following:

1. The Operator, in their well application materials, committed to:
 - Comply with all applicable Federal, State and Local laws and regulations.
 - Obtain the necessary permits, if any, from other agencies for the drilling, completion and production of this well including water rights appropriations, the installation of water management facilities, water discharge permits, and relevant air quality permits.
2. The Operator certified that a Surface Use Agreement has been reached with the Landowner.
3. The action will not result in any undue or unnecessary environmental degradation.
4. It is in the public interest to approve this well, as the leases are being drained of federal gas or oil, resulting in a loss of revenue for the government.
5. Mitigation measures applied by the BLM or FS, as appropriate, will alleviate or minimize environmental impacts.
6. The proposed action is in conformance with the US Forest Service Record of Decision for the Final Environmental Impact Statement and Land and Resource Management Plan Thunder Basin National Grassland (FEISLRMP) (2002), and to the Final Environmental Impact Statement for the Lands and Resource Management Plans, 2001 Revision.

7. This decision is supported by and in conformance with the Interagency Agreement signed November 11, 1991 between the USFS and the BLM for oil and gas operations and with Onshore Oil and Gas Order Number 1 and its preamble.
8. This is an Energy Development so the Extraordinary Circumstances are inapplicable.
9. Based upon an independent review by the BLM, the scope and content of the FS FEIS and Decision Memo-FONSI is procedurally and technically adequate and largely meets CEQ, DOI, and BLM standards.

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: John W. Sp Date: 11/5/10

FINDING OF NO SIGNIFICANT IMPACT (FONSI)

For

Ballard Petroleum Holdings, LLC Ballard Wildhorse Federal #14-18 HM

FINDING OF NO SIGNIFICANT IMPACT:

On the basis of the information contained in the FEIS, and all other information available to me, it is my determination that: (1) The decision to approve one well, the Ballard Wildhorse Federal #14-18 HM will not have significant environmental impacts beyond those already addressed in BLM's Powder River FEIS (2003); to the US Forest Service Record of Decision for the Final Environmental Impact Statement and Land and Resource Management Plan Thunder Basin National Grassland (FEISLRMP) (2002), and to the Final Environmental Impact Statement for the Lands and Resource Management Plans, 2001 Revision to which it is tiered (2) The decision to authorize this well is in conformance with the Buffalo Field Office Resource Management Plan (RMP) (1985, 2001, 2003); and (3) The decision to authorize this well does not constitute a major federal action having a significant effect on the human environment. Therefore, an environmental impact statement or a supplement to the existing environmental impact statement is not required or an environmental assessment is not required and exceptional circumstances do not apply.

This finding is based on my consideration of the Council on Environmental Quality's (CEQ) criteria for significance (40 CFR 1508.27), both with regard to the context and to the intensity of the impacts described in the FEIS, RMP, the Decision Record, and the US Forest Service Douglas Ranger District Decision Memo. The aforementioned documents and all sources specifically cited in the Decision Record for this action are all incorporated by reference in this FONSI.

CONTEXT:

Mineral development (coal, oil and gas, bentonite, and uranium) is a long-standing and common land use within the Powder River Basin. More than one fourth of the nation's coal production comes from the Powder River Basin. The PRB FEIS and the FEISLRMP reasonably foreseeable development predicted and analyzed the development of 51,000 CBNG wells and 3,200 oil wells. The additional oil well development described in the Decision Record and the Douglas Ranger District Decision Memo is insignificant within the national, regional, and local context.

INTENSITY:

The implementation of the Decision Record and the Douglas Ranger District Decision Memo will result in beneficial effects in the forms of energy and revenue production however; there will also be adverse effects to the environment. Design features and mitigation measures have been included within the Decision Record to prevent significant adverse environmental effects.

The well does not pose a significant risk to public health and safety. The geographic area of the well does not contain unique characteristics identified within the FEISLRMP, or other legislative or regulatory processes.

Relevant scientific literature and professional expertise were used in preparing the Decision Record and the BLM general, site-specific, and supplemental Conditions of Approval. The scientific community is reasonably consistent with their conclusions on environmental effects relative to oil and gas development. Research findings on the nature of the environmental effects are not highly controversial, highly uncertain, or involve unique or unknown risks.

The FEISLRMP predicted and analyzed oil development of the nature proposed with this well and similar wells. The approved well does not establish a precedent for future actions with significant effects.

This well will not adversely affect cultural or historical resources for there are none present. This well will not adversely affect any species listed under the Endangered Species Act nor will the well adversely affect those species designated critical habitat. Approving this well will not result in any unanticipated effects that would threaten a violation of Federal, State, or local law, or requirements imposed for the protection of the environment.

Field Manager: Shawn A. [Signature] Date: 11/5/10