

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

Triangle Unit North Additions
Citation Oil and Gas Corporation
WY 070-CX07-3 and WY 070-CX07-2
Bureau of Land Management
Buffalo Field Office

Description of the Proposed Action

	Well Name	Well Number	Qtr/Qtr	Sec	T	R	Lease Number	CX Number
1	Triangle CBM Unit	41-9W	NENE	9	46	75	WYW15181	-2-048
2	Triangle CBM Unit North	12-19	SWNW	19	47	75	WYW0310921	-3-030
3	Triangle CBM Unit North	32-28	SWNE	28	47	75	WYW130610	-3-031
4	Triangle CBM Unit North	32-29	SWNE	29	47	75	WYW130610	-3-032
5	Triangle CBM Unit North	41-30	NENE	30	47	75	WYW42614	-3-033

Citation Oil and Gas Corporation (the operator) has proposed to add 4 wells within the Triangle CBM Unit North POD area and one well within the original Triangle CBM Unit POD area. The 4 wells within the Triangle Unit North POD area were analyzed within the original Triangle Unit North POD, which was approved 9-18-2006 (EA# WY-070-06-282). The well within the Triangle Unit (41-9W) is located on the same location as a well which was included in the original Triangle Unit POD, approved 2-20-2004 (EA# WY-070-04-019).

The wells within the Triangle Unit North POD were all located along pipeline and access corridors which were permitted with that POD. The only new additional disturbance for these wells will be 0.25 acres per well location. The volume of water produced in association with the Coal Bed Natural Gas (CBNG) will be added to the original existing water infrastructure. The water quality will be the same and the total quantity produced by the wells in the POD will increase by 35 gpm per well or 140 gpm. The proposed water management strategy for the Triangle Unit North POD will remain the same as analyzed and approved in the initial proposal.

The 41-9W well is proposed to be drilled to test the Wyodak coal zone 76 feet from the original well approved at that location which is producing from the Big George coal zone. The water produced in association with the CBNG (35 gpm) will be added to the existing water management system in the area through existing infrastructure. The additional surface disturbance for this well will be 0.1 acre.

The total surface disturbance for this action consists of 1.1 acres for the well locations.

The Triangle Unit reported an average water production of 540 gpm for January 2007 from 156 producing CBNG wells or an average of 3.5 gpm per well. CBNG wells typically produce a maximum volume of water per well immediately after completion, then water production declines and gas production increases. These 5 wells will potentially initially add 175 gpm to the water management system in the Triangle Unit. The water infrastructure was originally designed to handle 35 gpm per well for 156 wells or 5460 gpm. The addition of the water produced from the additional 5 wells is within the capacity of the water management system.

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. Categorical Exclusion 3 allows for drilling a well within a developed field for which an approved land use plan or any environmental document prepared pursuant to NEPA analyzed drilling as a reasonably foreseeable activity, so long as such plan or document was approved within five (5) years prior to the date of spudding the well.

The following documents have been reviewed and have been determined to consider potential environmental effects associated with the proposed activity at a site specific level.

The environmental assessment for Triangle Unit POD (EA# WY-070-04-019) was approved on 2-20-2004 and the environmental assessment for Triangle Unit North POD (EA# WY-070-06-282) was approved on 9-18-2006. These assessments identify the drilling of additional CBNG wells as reasonably foreseeable.

Persons and Agencies Consulted

Previously reviewed and accepted Class III inventories (BFO # 70060164 and 70030093) adequately covered the proposed project area. No cultural resources are within the area of potential effect. On 4/3/07, the Bureau electronically notified the Wyoming State Historic Preservation Office (SHPO) following section V(A)(2) of the Wyoming State Protocol, of a finding of no effect for the proposed project.

The U. S. Fish & Wildlife Service was consulted under Section 7 for this proposed Action.

The wildlife biologist has reviewed and certified the Biological Assessment and has determined that:

- The Section 7 consultation in the above referenced EA is consistent with the PRB FEIS tiered consultation in place for this project, but was modified to include an additional 1.1 acres of disturbance.

Four of the wells were originally analyzed during the onsite for Citation's Triangle Unit North POD, modifications to the well sites were made during the onsite to reduce the impacts to sage-grouse and raptors. At the time the Triangle Unit North POD was being approved, there were

more than eight wells per section. After evaluating the project, Citation decided to drop the wells to speed the project approval. Under the original Powder River Basin Oil and Gas Project biological opinion (USFWS 2002 #ES-6-WY-02-F006) well density was not to exceed 8 wells per section, under the new Powder River Basin Oil and Gas Project biological opinion well densities greater than 8 wells per section are covered (USFWS 2007 # ES-61411/W.02?WY07F0075).

The four wells associated with Triangle Unit North tier to the biological opinion ES61411/W.02/WY06F0262 and the well associated with Triangle Unit tiers to biological opinion ES-61411/W.02/WY7990.

Decision and Rationale on Action

I have decided to implement approval of the applications to drill 5 CBNG wells within the Triangle Unit and Triangle Unit North PODs with the following Conditions of Approval (COAs):

1. The operator will comply with the Plans of Development and all the Conditions of Approval included in the original Triangle Unit and Triangle Unit North PODs.
2. The operator will provide copies of the coring results and analysis for the 41-9W well to the BFO Petroleum Engineer.
3. Please contact Kathy Brus, Natural Resource Specialist, @ (307) 684-1087, Bureau of Land Management, Buffalo, if there are any questions concerning these COAs.

The above 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.

Implementation Date

The above described action must be completed by 02-20-2009.

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
Kathy Brus, Natural Resource Specialist
Buffalo Field Office, BLM
1425 Fort Street
Buffalo, WY 82834
(307)684-1087