

DECISION RECORD
Devon Energy Production Company, L.P. Durham Ranches 2 Plan of Development (POD)
Categorical Exclusion 3 (CX3), WY-070-390CX3-14-318 to 320
Bureau of Land Management, Buffalo Field Office, Wyoming

DECISION. The BLM approves the 3 applications for permit to drill (APDs) from Devon Energy Production Company, L.P. (Devon) to drill 3 oil and gas wells and construct its associated infrastructure as described in the CX3 analysis, WY-070-390CX3-14-318 to 320, all incorporated here by reference.

Compliance. This decision complies with or supports:

- Federal Land Policy and Management Act of 1976 (FLPMA) (43 USC 1701); DOI Order 3310.
- National Environmental Policy Act of 1969 (NEPA) (42 USC 4321).
- National Historic Preservation Act of 1966 (16 USC 470).
- Endangered Species Act of 1974 (16 USC 1531).
- Buffalo and Powder River Basin Final Environmental Impact Statement (FEISs), 1985, 2003 (2011).
- Buffalo Resource Management Plan (RMP) 1985, Amendments 2001, 2003, 2011.

A summary of the details of the approval follows. The consolidated CX3 analysis, WY-070-390CX3-14-318 to 320 includes the project description, including site-specific mitigation measures which are incorporated by reference into that CX3 from earlier analysis. The proposed wells are approximately 1 mile north of Wright, Campbell County, Wyoming.

Approvals. BLM approves the following APDs and associated infrastructure:

Well Name/ Well #	Qtr	Sec	Twp	Rng	Lease	CX #: WY-070-
Durham Ranches Fed 14-114472-2XPH	NWNE	23	44N	72W	WYW99013	-390CX3-14-318
Durham Ranches Fed 28-334472-4XTH	NENE	28	44N	72W	WYW107259	-390CX3-14-319
Durham Ranches Fed 28-334472-4XPH	NENE	28	44N	72W	WYW107259	-390CX3-14-320

Limitations. There are no denials or deferrals; see the conditions of approval (COAs).

THE FINDING OF NO SIGNIFICANT IMPACT (FONSI). Congress, the Department of Interior and BLM affirmed there was no significant impact of a like-structured project when they created this CX3 and its limiting parameters. Thus a FONSI and an EIS is not required.

COMMENT OR NEW INFORMATION SUMMARY. Since receipt of these APDs, BLM received a clarified policy on bond review, WY Instruction Memorandum (IM)-2013-009.

DECISION RATIONALE. The approval of this project is because:

1. Mitigation measures and COAs, analyzed in the CX3, in environmental impact statements or environmental analysis to which the CX3 tiers or incorporates by reference, will reduce environmental impacts while meeting the BLM's need.
2. The approved project conditioned by its design features and COAs, will not result in any undue or unnecessary environmental degradation. The impact of this development cumulatively contributes to the potential for local greater sage-grouse (GSG) extirpation yet its effect is acceptable because it is outside priority habitats and is within the parameters of the PRB FEIS/ROD and current BLM and Wyoming GSG conservation strategies. There are no conflicts anticipated or demonstrated with current uses in the area. This decision approving the Durham Ranches 2 POD complies with the Energy Policy Act of 2005, Section 390, 43 CFR 1610.5, 40 CFR 1508.4, and 43 CFR 46.215.

3. Approval of this project conforms to the terms and the conditions of the 1985 Buffalo RMP (BLM 1985) and subsequent update (BLM 2001) and amendments (BLM 2003, 2011). This project complies with the breadth and constraints of CX3, Energy Policy Act of 2005, and subsequent policy.
4. The selected alternative will help meet the nation's energy need, revenues, and stimulate local economies by maintaining workforces.
5. The operator, in their POD, shall:
 - Comply with all applicable federal, state, and local laws and regulations.
 - Offer water well agreements to the owners of record for permitted water wells within 0.5 mile of a federal producing well in the POD (PRB FEIS ROD, p. 7).
6. The project is clearly lacking in wilderness characteristics because it lacks federal surface.
7. This decision does not foreclose the lessee or operator to propose a new or supplementary plan for developing the federal oil and gas leases in this project area, including submission of additional APDs to drain minerals in accord with lease rights and law. This decision does not foreclose the lessee or operator to propose using external pumping units via a sundry application process.
8. Devon certified there is a surface access agreement with the landowner.
9. This approval is subject to adherence with all of the operating plans, design features, and mitigation measures contained in the master surface use plan of operations, drilling plan, water management plan, and information in individual APDs.

ADMINISTRATIVE APPEAL: This decision is subject to administrative appeal in accord with 43 CFR 3165. Request for administrative appeal 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: _____/s/ Duane W. Spencer_____

Date: _____8/28/14_____

**Categorical Exclusion 3 (CX3), WY-070-390CX3-14-318 to 320
Applications for Permit to Drill (APDs), Section 390, Energy Policy Act of 2005
Devon Energy Production Company, L.P. Durham Ranches 2 Plan of Development (POD)
Bureau of Land Management, Buffalo Field Office, Wyoming**

Description of the Proposed Action.

The proposal is to explore for and possibly develop oil and gas reserves in geologic formations leased by Devon Energy Production Company, L.P. (DEVN) in Wyoming, (see Table 1). The proposal is drilling 3 horizontal oil and gas wells to drain the Turner and Parkman formations. The affected surface owner is Durham Ranches which results in standard split jurisdiction “federal lands” fee surface overlaying federal minerals. DEVN proposes to drill, complete, produce, and eventually reclaim the locations. Associated infrastructure will include tank batteries, access roads, and temporary water tanks for completion purposes. No gathering pipelines are proposed. Any future gathering pipelines or other infrastructure will have a study submitted and receive a separate NEPA analysis.

DEVN submitted the Durham Ranches 2 POD as notices of staking (NOSs) on November 7, 2013 to the BLM. Onsite inspections held on March 24, 2013 evaluated the proposal and modified it as necessary to mitigate environmental impacts. An additional well was added to the project for evaluation at the onsite. DEVN submitted applications for permit to drill (APDs) on May 30, 2014. The BLM sent a post-onsite deficiency letter to DEVN on June 13, 2014.

Table 1. Proposed Well

Well Name/ Well #	Qtr	Sec	Twp	Rng	Lease	CX #: WY-070-
Durham Ranches Fed 14-114472-2XPH	NWNE	23	44N	72W	WYW99013	-390CX3-14-318
*Durham Ranches Fed 28-334472-4XTH	NENE	28	44N	72W	WYW107259	-390CX3-14-319
*Durham Ranches Fed 28-334472-4XPH	NENE	28	44N	72W	WYW107259	-390CX3-14-320

*located on the same pad

The BLM’s need for this project is to determine whether, and if so, and under what conditions to support the Buffalo Resource Management Plan’s (RMP) goals, objectives, and management actions (2003 Amendment) with permitting the operator’s exercising of conditional lease rights to develop federal fluid minerals. APD information is an integral part of this CX, which BLM incorporates here by reference. Conditional fluid mineral development supports the RMP, the Mineral Leasing Act of 1920, the Federal Land Policy Management Act (FLPMA), and other laws and regulations.

Table 2. Summary of Surface Disturbance

Facility	Surface Disturbance
Engineered Pads	2 @ varies (17 acres)
Template Roads	1.5 miles @ 70’ corridor (12.7 acres)
Temporary Water Surface Lines	*5.5 miles (0 acres – no surface disturbance)
Power Drops	2
Overhead Power	0.3 miles @ 15’ corridor (.5 acres)
Total Acre Disturbance	30 acres

- ~7000’ of surface line will be placed along access roads (existing/proposed)

The project area is in Campbell County 1 mile north of Wright, Wyoming.

For more details on project area access, design features, construction practices of the proposed action, drilling/completion details and details regarding reclamation refer to the master surface use plan (MSUP,

pp.1-21) in the administrative record (AR). The plan was written and reviewed to ensure that environmental impacts to both surface and subsurface resources are minimized. Also see the individual APDs for a map showing the proposed access roads, existing roads and well locations. In addition, see Durham Ranches 1 POD, WY-070-EA13-83, Sections 2, 3, and 4 for specifics regarding project area, general construction/reclamation practices.

The estimated time to construct a well pad is 7-14 days, estimated time to drill the well is 30 days, and the estimated time for completion activities are set to begin 45-60 days thereafter and last 30 days. DVN estimates that during the drilling phase of each individual well (6 to 8 week period per well) the average daily traffic (ADT) to and from the location is approximately 2 large trucks (water hauler, cement trucks, etc.) and 6 personal pickup trucks per day. During the well completion operation, a 3 to 4 week period per well, the ADT increases to 4 to 6 large trucks and 6 personal pickup trucks per day. The ADT for traffic during production is unknown at this time.

Plan Conformance, Compliance, and Justification with the Energy Policy Act of 2005.

The Energy Policy Act of 2005, Section 390(a) subjects oil or gas exploration or development to a rebuttable presumption that the use of a categorical exclusion under the National Environmental Policy Act (NEPA) applies. Thus BLM must use an Energy Policy Act, Section 390(b), CX unless BLM rebuts the presumption. This consolidated CX3 analysis is NEPA compliance categorically excluded from an EA or EIS or their analysis; it is not an exclusion from all analysis. (40 CFR 1508.4 and BLM H-1790, p. 17.) The proposal conforms with the terms and conditions of the approved Resource Management Plan (RMP) for the public lands administered by the BLM, BFO, 1985, the PRB FEIS, 2003 (2011), and the Record of Decision (ROD) and Resource Management Amendments for the Powder River Oil and Gas Project, Amendments of 2001, 2011 (PRB FEIS) as required by 43 CFR 1610.5, 40 CFR 1508.4, and 43 CFR 46.215. This area is clearly lacking in wilderness characteristics as it lacks federal surface. BLM finds that the conditions and environmental effects found in the senior EAs and PRB FEIS remain valid. The applicable categorical exclusion from the Energy Policy Act of 2005, Section 390, 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 document was approved within 5 years prior to the date of spudding the well.*

BLM has 3 requirements to use a Section 390 CX3, (BLM H-1790, Appendix 2, #3, p. 143):

- 1) The proposed APD is in a developed oil or gas field (any field with a completed confirmation well). BLM earlier identified over 115 townships from the Montana to Converse County borders that comprise the PRB fluid mineral developed field and this proposal is in the developed field. Table 3 is a list of NEPA analyses that are within or adjacent to the project area. This information shows the reader that BLM conducted analysis.

Table 3. Overlapping Oil & Gas NEPA Analyses, in the surrounding area, that Account for Reasonable Foreseeable Activity

POD Name	NEPA Document	# Wells / Type / # Drilled	Decision
Durham Ranches 1 POD	WY-070-EA13-83	4/oil/0	2/21/13
Cherokee Ridge POD	WY-070-EA11-265	3/oil/2	9/1/11

This CX3 also incorporates by reference the descriptions and analysis of similar horizontal drilling, hydraulic fracturing, air and water analyses from Crazy Cat East EA, WY-070-EA13-028 and Barlow Ranch Federal EA, WY-070-EA12-173.

- 2) There are existing NEPA analyses (and the RMP) containing reasonably foreseeable activity scenario for this action. There are several existing NEPA documents that reasonably foresaw activity to spud

additional wells to fill in 80 acre well-spacing (see Table 1.3). BLM's analysis in Table 3 shows that of the 7 approved APDs; only 2 are drilled, leaving 5 APDs available to support this proposal's reasonably foreseeable activity. The reasonably foreseeable development (RFD) for this and adjacent areas includes oil/gas exploration on 640 acre spacing and possible 320 acre spacing on leases surrounding the Durham Ranches 1 POD. Document WY-070-EA13-83 discusses DNV's development (pp. 4-5) to potentially drill 2 wells to the Parkman Formation and 2 wells to the Turner Formation in each section of the surrounding area. In addition, all approved EAs tier into the PRB FEIS. The PRB EIS analyzed foreseeable development in the PRB. The PRB foreseeable development included 3,200 oil wells; and drilling CBNG wells on 80 acre-spacing resulting in about 51,000 CBNG wells and 3,200 oil wells.

- 3) The tiered NEPA analyses were finalized or supplemented within 5 years of spudding (drilling) the proposed well.

This CX3 tiers to the EAs listed above in Table 3.

In summary the EAs in Table 3 analyzed in detail the anticipated direct, indirect, residual, and cumulative effects that would result from the approval of these APDs. This proposal is similar to both the qualitative and quantitative analysis in the above mentioned Durham Ranches 1 POD. The BFO reviewed the tiered-to NEPA analyses and found that they considered potential environmental effects associated with the proposal at a site specific level. The APD's surface use and drilling plans are incorporated here by reference and show adequate protection of surface lands and ground water, including the Fox Hills Formation.

Plan of Operations.

The proposal conforms to all Bureau standards and incorporates appropriate best management practices, required and designed mitigation measures determined to reduce the effects on the environment. BLM reviewed and approved a surface use plan of operations describing all proposed surface-disturbing activities pursuant to Section 17 of the Mineral Leasing Act, as amended. This CX3 analysis also incorporates and analyzes the implementation of committed mitigation measures contained in the MSUP, drilling plan, in addition to the Standard COAs found in the PRB FEIS ROD, Appendix A.

Water Resources.

The historical use for groundwater in this area was for stock or domestic water. A search of the WY State Engineer Office (WSEO) Ground Water Rights Database showed 7 registered stock and 4 domestic water wells within 1 mile of the surface hole location in the project area with depths from 135 to 800 feet. For additional information on groundwater, refer to the PRB FEIS, pp. 3-1 to 3-36.

Adherence to the drilling COAs, the setting of casings at appropriate depths, following safe remedial procedures, and using proper cementing procedures should protect possible fresh water aquifers. The target formation is the Turner and Parkman Formation with total vertical depths approximately 9500 ft. and 5600 ft. respectively. Specific to protection of the Fox Hills Formation as described in the drilling plan the operator will run surface casing to 2,250 feet, total vertical depth and cement to surface to protect potential shallow aquifers. The Fox Hills Formation occurs at a depth approximately 5600 feet. The top of cement for the intermediate casing will be isolated from the intermediate casing shoe to 3000 feet to protect potential fresh water aquifers. This will ensure that ground water will not be adversely impacted by well drilling and completion operations. A gamma ray log will be run from TVD to surface. The gamma ray log will be run either with a wire line or LWD (logging while drilling) tools. The gamma ray log will indicate the top and bottom of Fox Hills Formation. Also as described in Appendix 1 of the Drilling Plans the operator will utilize one of the following techniques to properly identify the cement top is above the Fox Hills Formation: a) Radioactive Cement Tracer and associated tools, b) Cement Bond

Log, or c) Temperature Survey. This will help ensure that ground water of the Fox Hills Formation will not be adversely impacted by well drilling and completion operations.

At the time of permitting, the volume of water that will be produced in association with these federal minerals is unknown. The operator will have to produce the wells for a time to be able to estimate the water production. In order to comply with the requirements of Onshore Oil and Gas Order #7, Disposal of Produced Water, the operator will submit a Sundry to the BLM within 90 days of first production which includes a representative water analysis as well as the proposal for water management.

Historically, the quality of water produced in association with conventional oil and gas has been such that surface discharge would not be possible without treatment. Initial water production is quite low in most cases. There are three common alternatives for water management: Re-injection, deep disposal, or disposal into pits. All alternatives would be protective of groundwater resources when performed in compliance with state and federal regulations. Impacts anticipated occurring and mitigation considered will be similar to those analyzed in the following EA which is adjacent or overlapping to the project area and is incorporated here by reference: Durham Ranches 1 POD, WY-070-EA13-83, pp. 14.

Soils/Vegetation

BLM obtained detailed soils identification and data for the project area from the North Johnson / Campbell County Survey Area, Wyoming Soil Survey Geographic (SSURGO) Database (WY719). NRCS performed the soil survey according to National Cooperative Soil Survey standards. The BLM uses county soil survey information to predict soil behavior, limitations, or suitability for a given activity or action. The agency's long term goal for soil resource management is to maintain, improve, or restore soil health and productivity, and to prevent or minimize soil erosion and compaction. Soil management objectives are to ensure that adequate soil protection is consistent with the resource capabilities. Many of the soils and landforms of this area present distinct challenges for development, and /or eventual site reclamation. Impacts anticipated occurring and mitigation considered with the implementation of the proposal will be similar to those analyzed in the following EA: Durham Ranches 1 POD, WY-070-EA13-83, pp. 12-14.

Wetlands/Riparian

The PRB FEIS has a detailed discussion on wetland and riparian ecosystems in northeastern WY, pp. 3-108 to 3-113. Wetlands and riparian areas are important water-related features in the arid landscape of northeastern WY. There is small area of riparian habitat (~40 ac.) that is bisected by an access road serving a fee mineral conventional well that will be used for the proposed well. The siting of the well pad (up on a bench) is such that potential impacts to the area will be minimal to none. Also design features of pad site are such that cut and fill do not exceed nine feet and with the application of erosional/stabilization mitigation measures erosional concerns are minimal. The PRB FEIS disclosed effects to wetland and riparian areas from oil and gas development, including a discussion of direct and indirect impacts, cumulative impacts, and residual impacts, pp. 4-173 to 4-179.

Invasive Species

Impacts anticipated occurring and mitigation considered will be similar to those analyzed in the following adjacent or overlapping EA: Durham Ranches 1 POD, WY-070-EA13-83, pp. 14-15.

Wildlife

BLM reviewed the 3 APDs and determined that the proposal, combined with the COAs (and design features), is: (1) consistent with the FEIS and its supplements, the RMP and the above tiered EAs; and (2) consistent with the programmatic biological opinion (ES-6-WY-02-F006), which is an update from the PRB FEIS, Appendix K. The proposed well and infrastructure are a result of attempts by DVN and the BLM to reduce impacts to identified wildlife resources. The affected environment and environmental

effects for wildlife are anticipated to be similar to the above tiered NEPA documents. Grouse Mountain Environmental Consultants performed a wildlife report for the proposed action. A table analyzing effects on specific threatened or endangered and special status (sensitive) species (SSS) is in the AR.

Raptors

One unidentified raptor nest (BLM# 11041) is 0.4 miles to the south of the proposed Durham Ranches Fed 14-114472-2XPH well. The nest was reported in 2013 as “Remnants” and was inactive. The BLM does not recommend mitigation for this nest.

Greater Sage-Grouse (GSG)

Both well pad locations are within 4 miles of the NW Wright Lek, but are outside of the 2 mile timing restriction buffer and are not in GSG habitat. No GSG mitigation is recommended due to an adequate biological buffer.

Migratory Birds

The proposal is in mixed grass and sage, providing poor nesting cover for sagebrush obligate migratory birds of conservation concern. DVN commits to effectively exclude migratory birds from all facilities that pose a mortality risk, including, but not limited to, heater treaters, flare stacks, and secondary containment where escape may be difficult or wildlife toxicants are present.

Black-tailed Prairie Dogs

DVN moved the original access road to the Durham Ranches Fed #s: 28-334472-4XTH and 4XPH to the west to avoid conflicts with the water treatment facility. The new location will impact a black-tailed prairie dog colony; but effects should be minimal as the proposed route follows the colony edge much of the way, leaving the majority of the colony untouched; therefore BLM recommends no mitigation.

Cultural

Per Section 106 of the National Historic Preservation Act, BLM must consider impacts to historic properties (sites that are eligible for or listed on the National Register of Historic Places (NRHP)). For an overview of cultural resources that are in BFO-area, refer to the *Draft Cultural Class I Regional Overview, Buffalo Field Office* (BLM, 2010). A Class III (intensive) cultural resource inventory (BFO project no. 70140085) was performed to locate specific historic properties which may be impacted by the proposal. The following resources are in or near the proposal area.

Cultural Resources Near the Proposal and National Register of Historic Places (NRHP) Eligibility

Site Number	Site Type	NRHP Eligibility
48CA5297	Historic Road	Not Eligible

Some of the project area analyzed in this EA occurs on deep alluvial deposits. Alluvial deposits typically have a high potential for buried cultural resources, which are nearly impossible to locate during a Class III inventory (Ebert & Kohler 1988:123; Eckerle 2005:43). Buried archeological sites typically preserve artifacts, features and other materials in situ and are often evaluated as significant resources.

BLM policy states that a decision maker’s first choice should be avoidance of historic properties (BLM Manual 8140.06(C)). If historic properties cannot be avoided, mitigation measures must be applied to resolve the adverse effect. No historic properties will be impacted by the proposed project. Following the 2014 *State Protocol Between the Wyoming Bureau of Land Management State Director and The Wyoming State Historic Preservation Officer*, Section V(D)(i) and V(E)(iv), the BLM notified the Wyoming State Historic Preservation Officer (SHPO) on July 18, 2014, that no historic properties exist in the area of potential effect (APE). If any cultural values (sites, features or artifacts) are observed during operation, they will be left intact and the Buffalo Field Manager notified. If human remains are noted, the

procedures described in Appendix L of the PRB FEIS must be followed. Further discovery procedures are explained in Standard COA (General)(A)(1).

When a project is constructed in an area with a high potential for buried cultural material, archaeological monitoring is often included as a condition of approval. Construction monitoring is performed by a qualified archeologist working in unison with construction crews. If buried cultural resources are located by the archeologist, construction is halted and the BLM consults with the State Historic Preservation Office (SHPO) about mitigation or avoidance. Due to the presence of alluvial and/or Aeolian deposits identified by the NRCS soil survey (NRCS n.d.), and areas of High to Very High Sensitivity Zones per the PUMP III Model (Eckerle 2005), the operator will be required to have an archeologist monitor all earth moving activities associated with certain construction, as described in the site specific COAs.

List of Preparers: Persons and Agencies Consulted (BFO unless otherwise noted)

Position/Organization	Name	Position/Organization	Name
NRS/Team Lead	Eric Holborn	Archeologist	Ardeth Hahn
Supr NRS	Casey Freise	Wildlife Biologist	Don Brewer
Petroleum Engineer	Will Robbie	Geologist	Kerry Aggen
LIE	Christine Tellock	LA	Lois Jenkins
Soils	Arnie Irwin	Supr NRS	Bill Ostheimer
Hydrologist	NA	Assistant Field Manager	Chris Durham
Assistant Field Manager	Clark Bennett	NEPA Coordinator	John Kelley
WY SHPO	Mary Hopkins		

Decision and Rationale on the Proposal.

The COAs provide mitigation and further the justification for this decision and may not be segregated from project implementation without further NEPA review. I reviewed the plan conformance statement and determined that the proposed Durham Ranches 2 POD and its 3 APDs and infrastructure conform to the applicable land use plan, 43 CFR 1610.5, 40 CFR 1508.4, and 43 CFR 46.215. I reviewed the proposal to ensure the appropriate exclusion category as described in Section 390 of the Energy Policy Act of 2005 is correct. I determined that there is no requirement for further environmental analysis.

Field Manager: _____/s/ Duane W. Spencer_____ Date: _____ 8/28/14_____

Contact Person, Eric Holborn, Natural Resource Specialist, Buffalo Field Office, 1425 Fort Street, Buffalo WY 82834,307-684-1100.