

DECISION RECORD
Categorical Exclusion 3 (CX3), WY070-CX3-12-10, Section 390, Energy Policy Act of 2005
EOG Resources, Inc., Project 808, Application for Permit to Drill (APD) Bolt 203-25H
BUFFALO FIELD OFFICE, BUREAU OF LAND MANAGEMENT

DECISION. The BLM approves this APD from EOG Resources, Inc. (EOG) to drill, complete, and equip 1 horizontal oil and gas well with supporting infrastructure (road, etc.); described in the CX3 worksheet, WY-070-CX3-12-10, incorporated here by reference.

Compliance. This decision complies with:

- Federal Land Policy and Management Act of 1976 (FLPMA) (43 USC 1701)
- Mineral Leasing Act of 1920 (30 USC 181, *et seq.*)
- National Environmental Policy Act of 1969 (NEPA) (42 USC 4321)
- National Historic Preservation Act of 1966 (16 USC 470)
- Energy Policy Act of 2005 (119 Stat. 748 Public Law 109-58)
- Buffalo and Powder River Basin (PRB) Final Environmental Impact Statements (FEISs), 1985, 2003
- Buffalo Resource Management Plan (RMP) 1985, Amendments 2001, 2003, 2011
- Interior Department Order 3310

A summary of the details of the approval follows. The CX worksheet, WY070-CX3-12-10, includes the project description, including site-specific mitigation measures which are incorporated through tiering or by reference into that worksheet from earlier analysis. EOG proposed horizontally drilling 1 conventional well. The proposed well is 29 miles north of Bill, WY.

Approvals. BLM approves 1 horizontal oil/natural gas wells APD and associated infrastructure:

#	Well Name	Pad #	QTR	Sec	TWP	RNG	Lease	CX Number
1	Bolt 203-25H	24	SESW	25	42N	72W	WYW105937	WY070-CX3-12-10

Limitation. See 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 worksheet process and its limiting parameters; thus a FONSI, EIS, and EA are not required. BLM finds that the conditions and environmental effects found in the senior EA and PRB FEIS remain valid.

COMMENT OR NEW INFORMATION SUMMARY. BLM conducted internal scoping for this APD. Years of experience with conventional, horizontal, and coalbed natural gas projects revealed little public feedback aside from the initial development, circa 2002, or that related to one specific area.

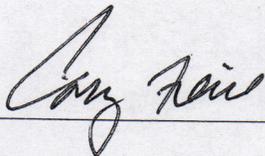
DECISION RATIONALE. BLM approves this project because:

1. Mitigation measures and conditions of approval (COAs), analyzed in the CX3 worksheet, in environmental impact statements, or environmental analysis to which the CX3 worksheet tiers or incorporates by reference, will reduce environmental impacts while meeting the project's need. For a description of all site-specific COAs, see the COAs. Split jurisdiction rules apply for private surface over federal minerals (federal lands).
2. The approved project, conditioned by its design features and COAs, will not result in any undue or unnecessary environmental degradation. There are no conflicts anticipated or demonstrated with

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. EOG, in their APD, will comply with all applicable federal, state, and local laws and regulations.
6. The project is clearly lacking in wilderness characteristics as there is no 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 lease(s) 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. EOG certified there is a surface use 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 (specifically BLM approves the request for variance and the Protection for Fox Hills formation measures (a) through (f)), Water Management Plan, and other information in an individual APD, if any.

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: _____



Date: _____

NOV 22 2011

Categorical Exclusion (CX3), WY-070-390CX3-12-10
Section 390, Energy Policy Act of 2005
EOG Resources INC., Project 808, Application for Permit to Drill (APD) Bolt 203-25H
Buffalo Field Office, Bureau of Land Management

Description of the Proposed Action

EOG Resources, Inc., (EOG) proposes 1 APD and support facilities to develop oil and natural gas as part of their Project 808 and Pad 24, in Campbell County at the legal descriptions, below. Pad 24 and Bolt 203-25H use standard split jurisdiction rules with a private surface owner, Isenberger Land, LLC., over federal minerals (federal lands).

Proposed Well Information:

EOG proposes to drill, complete, produce, and eventually reclaim up to 1 well bore to the Mowry Formation (primary). Project 808 plans propose that Pad 24 may support another APD (Bolt 05-25H) which EOG has yet to process from the notice of staking to an APD. See the environmental assessment (EA), WY-070-EA11-284, EOG’s Project 808 for more information.

The well’s information is as follows:

Well Name	Pad #	QTR	Sec	TWP	RNG	Lease	CX Number
Bolt 203-25H	24	SESW	25	42N	72W	WYW105937	WY070-CX3-12-10

Table 1- Summary of Disturbance for Well:

Well Pad Name	Well Name	Pad ID #	Maximum # of wells	Pad Disturbance	Interim Reclamation	Access Road	Access Road
Bolt 05-25H	Bolt 203-25H	24	2	4.38 acres	3.23 acres	0.6 mile	2.87 acres

Table 2- Summary of Disturbance for Well and Infrastructure

Activity	Bolt 203-25H		
	Length (feet)	Width (feet)	Acres of Disturbance
Well Pad	439	335	3.37
Cut/fills & Topsoil/spoil stockpile	Varies	Varies	1.00
Access Road	3126	40	2.87
Total Initial Disturbance			7.24

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

The proposed action conforms to the terms and the conditions of the Buffalo Resource Management Plan (RMP) (1985, 2001, 2003, 2011), the Powder River Basin Final Environmental Impact Statement (PRB FEIS), (2003), and the Record of Decision, and Interior Department Order 3310, per 43 CFR 1610.5. The Bolt 203-25H APD area is clearly lacking in wilderness characteristics as there is no federal surface. The Energy Policy Act of 2005 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 CX unless BLM can rebut the presumption (prove such CX is inapplicable). This CX is NEPA compliance categorically excluded from an EA or EIS. 40 CFR 1508.4; BLM H-1790, p. 17.

The applicable CX 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 document was approved within 5 years prior to the date of spudding the well.*

There are three requirements to use a Section 390 Categorical Exclusion 3:

- 1) Each proposed APD is in a developed oil or gas field. A developed field has a completed confirmation well. The following is a list of existing/approved oil or gas fields and their associated infrastructure, by POD/project that are within the Project 808, Bolt 203-25H area:

POD/Project Name	Environmental Assessment #	Approval
EOG Project 785	WY-070-10-238	8/18/2010

- 2) There must be one existing NEPA document (and the RMP) containing reasonably foreseeable development scenario for this action. BLM reviewed these documents and determined they considered the potential environmental effects associated with the proposed activity at a site specific level. In addition, the above EA tiers to the PRB FEIS (2003). The PRB EIS analyzed foreseeable development in the PRB. The PRB FEIS and ROD foresaw development of up to 51,000 gas and 3,200 oil wells in the PRB.
- 3) The EA tiered to was complete within 5 years of spudding this proposed well. This CX3 worksheet for the Bolt 203-25H APD tiers to the above approved EA.

BLM approved the EA for EOG Project 785 on August 18, 2010. The direct, indirect, residual, and cumulative effects that would result from the approval of this APD and associated support structure in Project 808 Bolt 203-25H, is similar to both the qualitative and quantitative analysis in the above mentioned EA. BLM finds that the conditions and environmental effects found in the senior EA and PRB FEIS remain valid. There is tremendous use and sharing of existing infrastructure through the drilling of this new proposed well with Projects 785 and 808. (Project 808's EA, WY-070-EA11-284 received approval on September 21, 2011 and has yet to drill a confirmation well so that NEPA document is unavailable for tiering; but its analysis is available for incorporating by reference.)

This map shows the association of Bolt 203-25H (top right) and the areas for Projects 785 and 808. The infrastructure in light and dark gray shows existing/approved infrastructure.

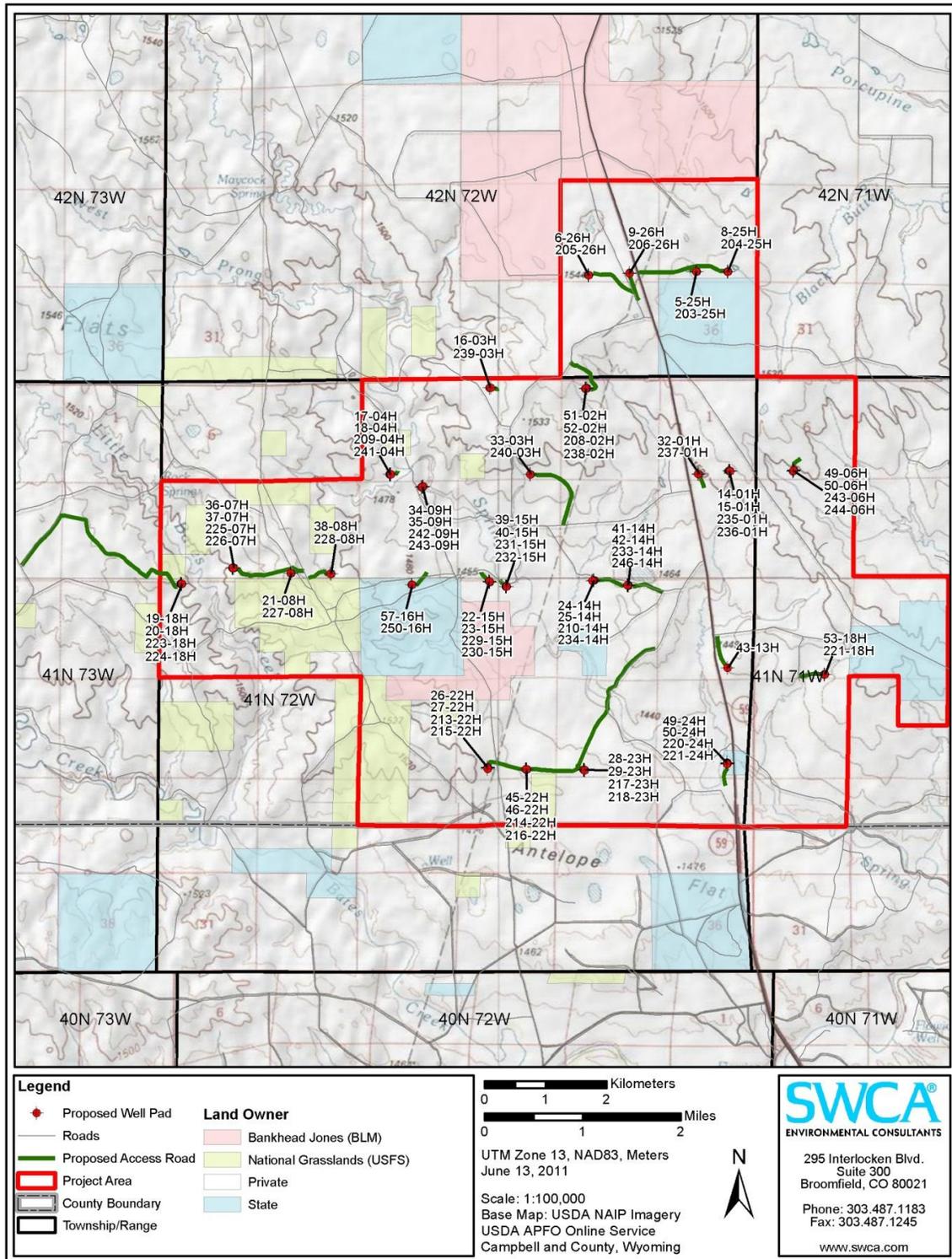


Figure 2. Map of 27 proposed well pad locations, access roads, and surface ownership for the Arbalest multi-well project in Campbell Co, WY

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

--Drilling and Construction

-Bolt 203-25H will tap the Mowry Formation (primary), see the drilling plan, incorporated here by reference – including the Protection of Fox Hills formation measures (a) through (f).

-Variance request made by EOG for using a 13 5/8 inch rotating head nipples up on the conductor casing and used as a diverter for well control while drilling through the coal beds in the surface hole before surface casing is set and a full BOP is rigged up is approvable as an accepted procedure in the PRB.

-EOG anticipates that drilling and construction activities will be complete within 2 years. These activities will occur year-round, weather permitting. Wildlife timing stipulation and agreements with surface owners may interrupt the drilling and construction for a specified time. If and after the well is a producer, EOG may file a sundry for additional support facilities (pipeline, etc.).

-An improved road system, that is part of the road systems for Projects 785 and 808, see the surface use plans for Projects 785 and 808, incorporated here by reference.

--Well Pads EOG will build the well pad from the native soils and rock material present on site at the well pad location. Well pad location will be constructed and leveled by balancing cut and fill areas to the maximum extent possible to create a flat and level workable surface for drilling equipment while alleviating the need for imported materials. EOG designed cut-and-fill slopes to allow for the detention of topsoil and subsoil fill material. EOG will strip and remove topsoil and native vegetation from the pad footprint for future use during the reclamation process, prior to well pad cut and fills and to help facilitate proper reclamation. The stockpiling of topsoil and stripped vegetation will allow for a native seed bank that should assist the re-establishment of vegetation.

--Access Primary access to the Project 785 and 808 areas is from Wyoming State Highway 59, which runs north/south through the project areas. New access roads would be built off of existing well field and two-track ranch roads to access each proposed well pad. Existing roads and newly-built roads would be maintained in the same or better condition than existed prior to the commencement of EOG operations. Maintenance of roads to the proposed well locations would continue until abandonment and reclamation of wells. Road rights-of-way (ROW) for construction in the project area would be 40 feet wide. The new roads would typically be a single lane, 16 feet wide, 40 feet subgrade, crowned road with best management practices (BMPs) used. EOG will build the access road with a 4:1 slope for ditches. Rip rap would be used as needed. A minimum of 4 inches of topsoil would be stripped from the new access road prior to any further construction activity; topsoil would be stored along the sides of the road for back spreading following road construction.

For specifics on construction practices, drilling, and production operations, refer to the MSUP and Drilling Plans submitted for the APD. Site-specific location maps, engineered drawings for production facility diagrams, and interim reclamation areas are included in the plats submitted with the APD.

--Reclamation

- The MSUP includes a reclamation plan to include weed control.
- EOG will perform interim reclamation on portions of the well pad not needed for production after all wells are drilled, unless no drilling takes place for more than 6 months, at which point interim reclamation would take place.

The PODs or projects in the following table received NEPA analysis by the BLM and that analysis is incorporated in this CX3 by reference.

POD/Project Name	Environmental Assessment #	Approval
Antelope 11	WYW-070-05-132	7/1/2005
Antelope Flat	WY-070-05-175	4/29/2005
Uprising	CX 04-305	9/29/2004
Uprising Add	CX070-08-3-009 and 038	1/18/2008
Coleman SW Reno Flats	WYW-070-07-196	9/21/2007
EOG Crossbow well #s 5-18H, 6-18H, 19-18H	WYW-070-09-155	9/18/2009
EOG Project 808	WY-070-EA11-284	9/21/2011

A sundry approved on August 20, 2011 changed proposed well Crossbow 5-18H to 200-18H. A minor error below Table 1.2 of WY-70-EA11-284 notes Pads 24 and 26 and their proposed wells were notice of stakings and are over federal fluid mineral leases, see Onshore Order No. 1, and those pads support facilities (roads, etc.) linked other Project 808 pads so the pads received analysis though were not subject to APD analysis at the time. This corrects the minor error and provides APD analysis for Bolt 203-25H.

Cultural

EOG performed a Class III cultural resource inventory for the Bolt 203-25H project prior to on-the-ground project work (BFO project no. 70110074). EOG provided BLM with a class III cultural resource inventory following the Archeology and Historic Preservation, Secretary of the Interior's Standards and Guidelines (48CFR190) and the Wyoming State Historic Preservation Office (WSHPO) Format, Guidelines, and Standards for Class II and III Reports. Clint Crago, BLM Archaeologist, reviewed the report for technical adequacy and compliance with BLM standards, and determined it adequate. There are no cultural resources located in or near the project area. There are no eligible sites in the area of project effects. Following the Wyoming State Protocol Section VI(A)(1) the BLM electronically notified the WSHPO on October 17, 2011 that no historic properties exist in the area of project effects.

Wildlife

BLM wildlife biologist reviewed the proposed APDs. The wildlife biologist determined that the proposed APD, combined with the COAs are: (1) consistent with the PRB FEIS and programmatic biological opinion (ES-6-WY-02-F006, incorporated here by reference) from the PRB Basin Oil and Gas Project, as well as, its supplements, the RMP and its Amendments, and the above tiered EA; and (2) consistent with the effects analyzed in the regional Endangered Species Act Section 7 consultation and does not change the determinations in that consultation.

Cumulative, Mitigation, and Residual Effects

Impacts associated with the Bolt 203-25H are the same as described in the Project 808 EA, specifically for the Bolt 5-25H and Bolt 203-25H, both on Pad 24.

1. Surface Water

A. Direct and Indirect

Removal of vegetation can lead to increased erosion and sedimentation of surface water, increasing the runoff potential for any of the proposed well pads and access roads. Stormwater runoff would flow to Spring Creek, Horse Creek, and Little Bates Creek. However, the well pads and roads would be engineered and constructed to minimize the suspended solid concentration of surface runoff, avoid disruption of drainages, and avoid direct impacts to surface water. Topography, natural drainage, and erosion control were considered during planning for each proposed location.

B. Cumulative

The PRB FEIS analyzed the cumulative effects associated with surface water, p. 4-405.

C. Mitigation

BLM will consider that:

- The well pad and roads were designed to avoid and minimize impacts to surface waters and drainages by armoring, creating non-square shaped pads, installing erosion control protective measures, and engineering roads for low-water crossings. Pad- and road-specific measures are detailed in the Proposed Action Section above.
- No surface water would be used for well drilling operations. Produced water would be temporarily stored in tanks on the well pad, as described in the proposed action. Berms would be constructed around all production facilities on well pads to contain fluids, if spilled. Any chemicals or potentially hazardous materials would be handled in accordance with the EOG's Spill Prevention, Control and Countermeasure Plan (SPCCP). Provisions established under the SPCCP would minimize or eliminate potential impacts to any surface waters associated with an accidental spill.

D. Residual

Compliance with the WYDEQ water quality rules minimizes residual impacts to waters.

2. Groundwater

A. Direct and Indirect

Due to the depth of the proposed well bores, minimal domestic or agricultural wells in the area, and well casing requirements (see Drilling and Construction, above and the drilling plan), no direct impacts to groundwater would result from the proposed action. Indirect impacts to groundwater resources potentially could occur if significant dewatering and other large-volume groundwater removal occurs during well operations and production.

B. Cumulative

The PRB FEIS analyzed the cumulative effects associated with groundwater, p.4-392.

C. Mitigation

BLM will consider that:

- Water for drilling, completion, and dust control would be obtained from an approved and permitted off-site water haul site. Each well would require approximately 1,200 barrels of water to perform drilling operations using a combination of water based and oil based drilling fluids. Water use for drilling would be reduced by the recycling of up to 1,500 barrels of drilling mud for use in subsequent drilling operations. Approximately 40,000 to 80,000 barrels of water would be required to complete the horizontal wells, depending on the number of stimulations required on an individual well.

D. Residual

Compliance with the WYDEQ water quality rules minimizes residual impacts to waters.

3. Vegetation and Soils

A. Direct and Indirect

Approximately 7.24 acres of native vegetation would be removed or disturbed by the proposed action. Applicant-committed BMPs to implement interim reclamation and drill multiple wells from a single well pad would reduce the long-term impacts to vegetation in the project area. Grasses and forbs are expected to re-establish within a few growing seasons after reclamation, while woody species, such as sagebrush, would take several years to return. Reclaimed areas would be fenced to prevent grazing by livestock and wildlife while vegetation re-establishes. Impacts to soil resources in the proposed project area are directly related to the amount of surface disturbances resulting from the proposed action. Direct soil impacts include soil horizon disturbances to the E, A1, A2, and upper B horizons resulting from site clearing, cut and fills, and location and access road grading. Secondary impacts to soils include loss of soils to wind, rain, and other erosive forces following horizon disturbances. Some soil erosion is expected to occur due to exposed soils on the proposed well pads and access roads required for construction. For well pad and access road construction, a minimum of 4 inches of topsoil would be stripped from the E and A horizons in each respective footprint and temporarily stored along the sides of the road or per well pad layout to provide access to the subsoils found in the lower B horizon. Implementation of BMPs such as installation and maintenance of straw wattles at the toe of disturbance slopes in or near drainage features, dust suppression on roads, interim reclamation measures, and erosion diversion wings/wattles in roadside ditches by the operator is projected to reduce and maintain negligible levels of erosion throughout the project area.

B. Cumulative

The PRB FEIS analyzed the cumulative effects on vegetation and soils, pp. 4-393, 395, and 406.

C. Mitigation

BLM will consider that:

- Reclamation potential for the soil complexes varies by soil series and may need soil amendments to achieve successful reclamation due to the thin layer of organic and biological material available in some of the soils. During interim reclamation, the salvaged topsoil would be spread on the back slopes in preparation for seeding. Areas not needed for the production phase would be reseeded once drilling is complete, or stabilized within 6 months if no drilling takes place. Seeding would be conducted during the most optimal seeding window of early to late fall whenever possible. Additional seeding would be conducted during the early spring months following interim stabilization. Once production ceases, final reclamation would begin by regrading the pad to the original contours and redistributing topsoil. The entire disturbed area, including the former access roads and well pad, would be reseeded with the seed mixture specified in the COAs. The proponent would implement BMPs related to the reclamation effort and conduct all surface activities, including reclamation activities, in accordance with the BLM Gold Book (BLM 2007).
- All fill material is to be placed in shallow lifts (6 to 12 inch), moisture applied, and compacted to a 95% maximum standard density as determined by AASHTO T-99.
- Grading and site preparation BMPs and other soil retention measures would mitigate for potential soil losses and other erosive forces. Topsoil segregation would occur at the proposed well pads to be used during future pad reclamations and project restorations, thereby mitigating impacts to soils at the proposed locations.

- Initiate interim reclamation measures within 30 days following well drilling and completion activities. Interim reclamation will be completed within six months of the completion of well pad and location development, per Onshore Order 1.

D. Residual

Residual impacts to soils based on known design features will be minimal at the well head.

4. Invasive, Non-native Species

A. Direct and Indirect

Surface disturbances associated with the implementation and construction of the proposed well sites and access roads would present opportunities for weed invasion and spread. Direct impacts to native vegetation from weed infestations in the project area may include the loss of wildlife habitat, rangeland productivity, and reduced native plant species diversity. Indirect impacts resulting from weed infestations could be changes in the fire cycle due to the potential for cheatgrass proliferation on disturbed soils and increased costs from weed management efforts.

B. Cumulative

The PRB FEIS analyzed the cumulative effects associated with invasive species, p.4-406.

C. Mitigation

BLM will consider that:

- Operator-committed measures would control invasive plants on all disturbed areas, and these control measures would be in accordance with BLM, state, and county agencies.

D. Residual

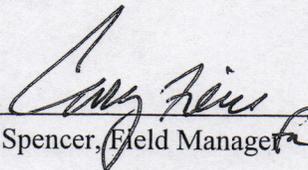
Residual impacts at the well head locations should be minimal – based on design features.

Decision and Rationale on Action

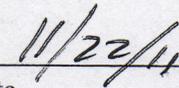
I approve EOG Resources Inc., proposal to drill 1 oil and natural gas well and its associated infrastructure, located in T42N R72W SESW Section 25, in Campbell County.

The conditions of approval (COAs) will apply.

The 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 reviewed the plan conformance statement and have determined that the proposed activity is in conformance with the applicable land use plans. Further, I reviewed the proposal to ensure the appropriate exclusion category as described in Section 390 of the Energy Policy Act of 2005 is correctly applied. I determine there is no further requirement for environmental analysis.



Duane W. Spencer, Field Manager



Date

Contact Person Meleah Corey, Natural Resource Specialist, Buffalo Field Office, 1425 Fort St., Buffalo, WY 82834 (307) 684-1070