

DECISION RECORD
Four Corners Petroleum, LLC, T7 Ranch 2-31
Categorical Exclusion 3 (CX3), WY-070-390CX3-15-14
Bureau of Land Management, Buffalo Field Office, Wyoming

DECISION. The BLM approves the application for permit to drill (APD) from Four Corners Petroleum to drill 1 oil well and construct its associated infrastructure as described in the CX3 analysis, WY-070-390CX3-15-14, 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).
- Powder River Basin Final Environmental Impact Statement (FEIS), 2003.
- Buffalo Resource Management Plan (RMP) 1985, Amendments 2001, 2003, 2011.
- Greater Sage-Grouse Habitat Management Policy on Wyoming BLM Administered Public Lands (WY-IM-2012-019) and Greater Sage-Grouse Interim Management Policies and Procedures (WO-IM-2012-043).

Consultation. This decision considered:

- BLM Washington Office Instruction Memorandum No. 2009-078, Processing Oil and Gas Application for Permit to Drill for Directional Drilling into Federal Mineral Estate from Multiple-Well Pads on Non-Federal Surface and Mineral Locations, 2009.
- Wyoming BLM State Director Review, SDR No. WY-2011-010, EOG Resources, Inc. v. Pinedale Field Office, 2011.

A summary of the details of the approval follows. The CX3 analysis, WY-070-390CX3-14-196 includes the project description, including site-specific mitigation measures which are incorporated by reference into that CX3 from earlier analysis. The proposed well is approximately 38 miles southwest of Gillette Campbell County, Wyoming.

BLM approves the following APD and support facilities at the following location:

Well Name	TwN	Rng	Sec	Qtr/Qtr	Surface Ownership	Surface Hole Lease	Bottom Hole Lease
T7 Ranch 2-31	47N	70W	31	NENW	Fee	Fee	Federal

*BLM’s Instruction Memorandum No. 2009-078 entitled Processing Oil and Gas Applications for Permit to Drill for Directional Drilling into Federal Mineral Estate from Multiple-Well Pads on Non-Federal Surface and Mineral Estate Locations will apply to the proposal (COA’s are only recommended)

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. There are no new policies or information received post analysis that affects this project.

DECISION RATIONALE. The approval of this project is because:

1. BLM and Four Corners Petroleum included design features and mitigation measures (conditions of approval (COAs)) to reduce environmental impacts while meeting the BLM's need. For a complete description of all site-specific COAs, see the COAs.
 - a. The impact of this development cumulatively contributes to the potential for local extirpation of the Greater Sage Grouse (GSG) yet its effect is acceptable because it is outside priority habitats and is within the parameters of the PRB FEIS/ROD and current BLM (WO-IM-2012-043) and Wyoming (WY-IM-2012-019) GSG conservation strategies.
 - b. With application of Standard Operating Procedures (SOPs), applied mitigation, Required Design Features, and COAs identified for Greater Sage-Grouse under the proposed action, impacts caused by surface-disturbing and disruptive activities would be minimized.
 - c. There are no conflicts anticipated or demonstrated with current uses in the area.
2. The Resource Management Plan (RMP) for the Buffalo Field Office is currently undergoing revision. The Proposed RMP and Final Environmental Impact Statement was released in May 2015. The proposed action was screened against the Final EIS to ensure that the proposed action would not preclude BLM's ability to select any alternative in a ROD. The proposed action was also determined to not be inconsistent with the direction outlined in the RMP's Proposed Alternative.
3. Four Corners Petroleum will conduct operations to minimize adverse effects to surface and subsurface resources, prevent unnecessary surface disturbance, and conform with currently available technology and practice.
4. The selected alternative will help meet the nation's energy needs and help stimulate local economies by maintaining workforce stability.
5. The operator committed to:
 - Comply with the approved APD, applicable laws, regulations, orders, and notices to lessees.
 - Obtain necessary permits from agencies.
 - Offer water well agreements to the owners of record for permitted wells.
 - Incorporate several measures to alleviate resource impacts into their submitted surface use plan and drilling plan.
6. The operator certified it has a surface access agreement.
7. The project lacks wilderness characteristics. A wilderness characteristics inventory was completed in 2013; no lands with wilderness characteristics were identified outside the Big Horn Mountains. The inventory is available at: <http://www.blm.gov/wy/st/en/programs/Planning/rmps/buffalo/docs.html>.
8. 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.
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: June 15, 2015 _____

Categorical Exclusion 3 (CX3), WY-070-390CX3-15-14
Applications for Permit to Drill (APDs), Section 390, Energy Policy Act of 2005
Four Corners Petroleum, LLC, T7 Ranch 2-31
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 currently leased by Four Corners Petroleum in Wyoming, (see Table 1 for lease information). The proposal consists of drilling a 1 directional well to drain the Big Hand (Dakota) field. Four Corners Petroleum proposes to drill, complete, produce, and eventually reclaim the location. Associated infrastructure will include a tank battery and access road. No gathering pipelines are proposed. Any future gathering pipelines or other infrastructure will have a sundry submitted and receive a separate NEPA analysis.

Four Corners Petroleum submitted the T7 Ranch 2-31 as Notice of Staking (NOSs) on July 3, 2014 to the BLM. Onsite inspections held on August 27, 2014 evaluated the proposal and modified it as necessary to mitigate environmental impacts. An application for permit to drill (APD) was submitted October 24, 2014. The BLM sent a post-onsite deficiency letter to Four Corners Petroleum on November 6, 2014. Deficiency responses were received May 27, 2015. The APD package was completed May 29, 2015

The well access and well pad are located on fee surface owned by T7 Ranch LLP above fee minerals. Right-of-way grants are not required since no federal surface land will be crossed.

Table 1. Proposed Well

Well Name	Twn	Rng	Sec	Qtr/Qtr	Surface Ownership	Surface Hole Lease	Bottom Hole Lease
T7 Ranch 2-31	47N	70W	31	NENW	Fee	Fee	Federal

*BLM’s Instruction Memorandum No. 2009-078 entitled Processing Oil and Gas Applications for Permit to Drill for Directional Drilling into Federal Mineral Estate from Multiple-Well Pads on Non-Federal Surface and Mineral Estate Locations will apply to the proposal (COA’s are only recommended)

Table 1.2. Summary of Surface Disturbance

Activity	Length	Width	Disturbed	Interim Disturbance
Well Pad	350 ft	210 ft	1.9 acres	0.81 acres
Access Road	100 ft	25 ft	0.05 acres	

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 (MSUP, pp.1-11) in the APD package; see, 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 APD for a map showing the proposed access road, existing roads and well location. In addition, see Wesco Operating; WY-070-EA13-26, Sections 2, 3, and 4 for specifics regarding project area, general construction/reclamation practices.

The estimated time to construct the well pad is 7-14 days, estimated time to drill the well is 12-14 days, and the estimated time for completion activities are 6-16 days.

The project area is in Campbell County 38 miles SE of Gillette, Wyoming. Project elevation is 4,800 feet. The topography is comprised of rocky buttes and grasslands. The climate in the area is semi-arid, averaging 10-14 inches of precipitation annually.

The Administrative Record is available for public review at the Buffalo Field Office (BFO).

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 with permitting the operator's exercising of conditional lease rights to develop federal fluid minerals. APD information, which BLM incorporates here by reference, is an integral part of this CX. 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.

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 CX 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; its amendments (2001, 2003, 2011) as required by 43 CFR 1610.5, 40 CFR 1508.4, and 43 CFR 46.215. BLM finds that the conditions and environmental effects found in the senior EA 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).

Table 1.3 includes a NEPA analysis that is adjacent to the project area. This information shows that BLM conducted analysis and BLM incorporates by reference.

Table 1.3. Overlapping NEPA Analyses by Decision Date

Operator	NEPA Document	# Wells / Type / # Drilled	Decision
Wesco Operating	WY-070-EA13-26	1/oil/1	2/21/13

See also: SDR WY-2013-005, particularly noting pp. 2-3, incorporating the entirety here by reference.

- 2) There is an existing NEPA document (see Table 1.3), (including the RMP) containing reasonably foreseeable activity scenarios 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. The PRB EIS analyzed foreseeable development (RFD) in the PRB. The PRB foreseeable development included 3,200 oil wells and drilling about 51,000 CBNG wells . The proposed well is in the foreseeable activity scenario of 640 acre well-spacing that was analyzed in the EA in Table 1.3 and in the RFD of the PRB FEIS's Appendix A.
- 3) The tiered NEPA analyses were finalized or supplemented within 5 years of spudding (drilling) the proposed well. The T7 Ranch 2-31 CX3 tiers to the NEPA analysis in the EA listed in Table 1.3.

In summary, the analysis in Table 1.3, analyzed in detail the anticipated direct, indirect, residual, and cumulative effects that would result from the approval of this APD and associated support structure for the T7 Ranch 2-31 well and is similar to both the qualitative and quantitative analysis in the Table 1.3 tiered-to and incorporated NEPA analysis. The BLM reviewed the analysis and found that the analysis considered potential environmental effects associated with the proposal at a site specific level.

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.

Air Quality

Impacts anticipated occurring and mitigation considered with the implementation of the proposed action 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:

1. EA WY-070-15-14, pp.12.

Soils/Vegetation

The eco-site identified for the well pad and access road is classified as a Shallow/Loam with mixed sagebrush/grass vegetation community. Impacts anticipated to occur and mitigation considered with the implementation of the proposed action will be similar to those analyzed in the following EA which are adjacent or overlapping to the project area and are incorporated here by reference:

1. EA WY-070-15-14, pp.13-14.

Wetlands/Riparian

No wetlands/riparian areas are within the project area.

Invasive Species

The BLM's weed database showed the presence of diffuse knapweed in the project area. Impacts anticipated occurring and mitigation considered with the implementation of the proposed action will be similar to those analyzed in the following EA which is adjacent to the project area and are incorporated here by reference:

1. EA WY-070-15-14, pp. 17.

Coal

The BLM has reviewed the proposed location and determined that it falls within the lands previously identified as suitable for further coal leasing consideration in the BFO RMP 2001 update. There are neither pre-existing coal leases nor pending BLM coal-related actions (leases by application, leases by modification, emergency leases or exchanges) overlapping the location. The proposed location falls within the outer edge of the one mile Wyoming Department of Environmental Quality (WDEQ) permit buffer boundary, but outside of the existing March 2014 WDEQ mine permit boundary.

Effects of the proposed action to the federal coal estate will be minimal. It is unlikely the lands will be developed for coal mining in the foreseeable future. If such development occurs it would likely be after a number of years of production from this well (assuming production occurs) and the value of the well would be such that negotiations between the oil & gas and the coal operators would prevent any federal coal from being stranded or bypassed.

Wildlife

BLM reviewed the APD and determined that the proposal, combined with the COAs (and design features), is: (1) consistent with the PRB FEIS, the RMP and the above tiered EA; and (2) consistent with the programmatic biological opinion (ES-6-WY-02-F006) from the PRB FEIS, Appendix K. The biologist performed an onsite inspection of the project area. The proposed wells and infrastructure are a result of attempts by the operator and the BLM to reduce impacts to identified wildlife resources. The

affected environment and environmental effects for wildlife are discussed in, and anticipated to be similar to, the above cited NEPA documents. No additional site specific impacts to wildlife are anticipated. No mitigation is recommended.

Water Resources

The historical use for groundwater in this area was for stock or domestic water. A search of the WSEO Ground Water Rights Database showed 6 registered stock (depth 60-2000 feet), 1 domestic water well (200 ft.) and 2 monitor wells (depth 170 feet) within 1 mile of the proposed well. For additional information on groundwater, refer to the PRB FEIS, pp. 3-1 to 3-36.

Adherence to the drilling COAs, the setting of casing at appropriate depths, following safe remedial procedures in the event of casing failure, and using proper cementing procedures should protect any fresh water aquifers above the target coal zone. This will ensure that ground water will not be adversely impacted by well drilling and completion operations. The water bearing formation in the Fox Hills Formation will be protected with casing and cement. Centralizers will be placed on every joint and the operator will verify that there is competent cement across the aquifer, from 100 feet above to 100 feet below the Fox Hills Formation. Estimated depth top the Fox Hills is 3,700 total vertical distance (TVD). This will ensure that ground water 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 well 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.

Water for drilling and completion processes will come from a permitted water well located in T.47N, R70W, Sec. 6, SESW (permit #P66433.0W). Estimated quantities of water for drilling and completion purposes are 9000 and 2000 bbls respectively.

Any produced hydrocarbon/water during flow back or testing will be placed into tanks and hauled to a permitted disposal well site.

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: Wesco Operating, WY-070-EA14-15, pp. 16-17.

Cultural

In accordance with 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 generally found within BFO the reader is referred to the *Draft Cultural Class I Regional Overview, Buffalo Field Office* (BLM, 2010). A Class III (intensive) cultural resource inventory (BFO project no. 700150011) was performed in order to locate specific historic properties which may be impacted by the proposed project. No cultural resources are located in the proposed project area. Some of the project area 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 *State Protocol Between the Wyoming Bureau of Land Management State Director and The Wyoming State Historic Preservation Officer*, Section V(E)(iv) the Bureau of Land Management electronically notified the Wyoming State Historic Preservation Officer (SHPO) on 11/18/14 that no historic properties exist within the area of potential effect. 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) and in Appendix K of the Wyoming Protocol.

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 as per Appendix K of the Wyoming Protocol. Due to the presence of alluvial deposits identified by the NRCS soil survey (NRCS n.d.), the operator will be required to have an archeologist monitor all earth moving activities associated during construction of the well pad, as described in the site specific COA’s.

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

Position/Organization	Name	Position/Organization	Name
NRS/Team Lead	Eric Holborn	Archeologist	G.L. “Buck” Damone III
Supr NRS	Casey Freise	Wildlife Biologist	Bill Ostheimer
Petroleum Engineer	John Shepard	Geologist	Kerry Aggen
LIE	Sharon Soule	LA	Connie Modzelewski
Soils	Arnie Irwin	Supr NRS	Bill Ostheimer
Hydrologist	NA	Assistant Field Manager	Chris Durham
Assistant Field Manager	Clark Bennett	NEPA Coordinator	Tom Bills

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 Fed 21-284571-2XPH CX3 APD 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: June 15, 2015

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