

DECISION RECORD
Lance Oil & Gas Company, Inc., Ursa Minor Plan of Development (POD)
Categorical Exclusion 3 (CX3), WY-070-390CX3-11-308 to -330 (excluding -314 & -316)
BUREAU OF LAND MANAGEMENT, BUFFALO FIELD OFFICE

DECISION: The BLM approves the applications for permit to drill (APDs) from Lance Oil and Gas Company, Inc., (Lance) to drill 21 coal bed natural gas (CBNG) wells and construct their associated infrastructure as described in the CX3 worksheet, WY-070-390CX3-11-308 . . .330 (exclusive of 314 and 316 which are deferred), which is incorporated here by reference.

Compliance. This decision complies with:

- Federal Land Policy and Management Act of 1976 (FLPMA) (43 USC 1701)
- 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 (PRB) Final Environmental Impact Statement (FEIS), 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, WY-070-390CX3-11-308 . . .330 (exclusive of 314 and 316), includes the project description, including site-specific mitigation measures which are incorporated by reference into that worksheet from earlier analysis. The proposed wells are approximately 15 miles east of Buffalo, Johnson County, Wyoming. The Ursa Minor POD proposal had 23 APDs to develop and produce natural gas from the coal formations of the Powder River Basin (PRB). To protect wildlife resources near 41-Flying E Lek, Lance requested Buffalo Field Office (BFO) defer a decision on Ursa Minor Federal 23-2-4979 (WY-070-390CX3-11-314) and Ursa Minor Federal 34-2-4979 (WY-070-390CX3-11-316). All wells are vertical bores proposed on an 80 acre spacing pattern with 1 well per location. Each well will produce from the Big George coal seams.

Approvals: BLM approves the following 21 CBNG APDs and associated infrastructure:

#	Well Name	Well #	QTR	Sec	TWP	RNG	Lease	CX Number
1	Ursa Minor Federal	14-1	SWSW	1	49N	79W	WYW144809	WY-070-390CX3-11-308
2	Ursa Minor Federal	23-1	NESW	1	49N	79W	WYW144809	WY-070-390CX3-11-309
3	Ursa Minor Federal	34-1	SWSE	1	49N	79W	WYW144809	WY-070-390CX3-11-310
4	Ursa Minor Federal	43-1	NESE	1	49N	79W	WYW144809	WY-070-390CX3-11-311
5	Ursa Minor Federal	14-2	SWSW	2	49N	79W	WYW144809	WY-070-390CX3-11-312
6	Ursa Minor Federal	21-2	NENW	2	49N	79W	WYW144809	WY-070-390CX3-11-313
7	Ursa Minor Federal	32-2	SWNE	2	49N	79W	WYW144809	WY-070-390CX3-11-315
8	Ursa Minor Federal	41-2	NENE	2	49N	79W	WYW144809	WY-070-390CX3-11-317
9	Ursa Minor Federal	43-2	NESE	2	49N	79W	WYW144809	WY-070-390CX3-11-318
10	Ursa Minor Tear Drop	12-11	SWNW	11	49N	79W	WYW144809	WY-070-390CX3-11-319
11	Ursa Minor Tear Drop	14-11	SWSW	11	49N	79W	WYW144809	WY-070-390CX3-11-320
12	Ursa Minor Tear Drop	21-11	NENW	11	49N	79W	WYW144809	WY-070-390CX3-11-321
13	Ursa Minor Tear Drop	23-11	NESW	11	49N	79W	WYW144809	WY-070-390CX3-11-322
14	Ursa Minor Tear Drop	12-23	SWNW	23	49N	79W	WYW144810	WY-070-390CX3-11-323
15	Ursa Minor Rawhide	14-23	SWSW	23	49N	79W	WYW144810	WY-070-390CX3-11-324

#	Well Name	Well #	QTR	Sec	TWP	RNG	Lease	CX Number
16	Ursa Minor Tear Drop	21-23	NENW	23	49N	79W	WYW144810	WY-070-390CX3-11-325
17	Ursa Minor Rawhide	23-23	NESW	23	49N	79W	WYW144810	WY-070-390CX3-11-326
18	Ursa Minor Iberlin	12-34	SWNW	34	49N	79W	WYW144811	WY-070-390CX3-11-327
19	Ursa Minor Iberlin	14-34	SWSW	34	49N	79W	WYW144811	WY-070-390CX3-11-328
20	Ursa Minor Iberlin	21-34	NENW	34	49N	79W	WYW144811	WY-070-390CX3-11-329
21	Ursa Minor Iberlin	23-34	NESW	34	49N	79W	WYW144811	WY-070-390CX3-11-330

Limitations: BFO defers decision on 2 APDs - Ursa Minor Federal 23-2-4979, WY-070-390CX3-11-314 and Ursa Minor Federal 34-2-4979, WY-070-390CX3-11-316 and their appurtenant infrastructure - at Lance's recommendation and request so that Lance and BFO may design features or mitigate minimizing any effects those proposed APD wells and infrastructure may have on Greater sage-grouse near the 41-Flying E Lek.

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 and an EIS is not required.

COMMENT OR NEW INFORMATION SUMMARY. Since implementation of this CX3 proposal BFO received a new Interior Department policy on wilderness, a new sage-grouse policy, and maintained that policy into the Buffalo RMP.

DECISION RATIONALE. The approval of this project is 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.
2. The deferral of Ursa Minor Federal 23-2-4979, WY-070-390CX3-11-314 and Ursa Minor Federal 34-2-4979, WY-070-390CX3-11-316 and their infrastructure is to allow Lance and BLM additional time to develop design features and or acceptable mitigation to reduce impacts to the greater sage-grouse near 41-Flying E lek. In addition to the deferral language, justification, and remedy provided above the deferrals are proper under the standard lease terms, the rationale in the Buffalo RMP maintenance action for sage-grouse conservation, and Wyoming BLM policy.
3. 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 current uses in the area. This decision approving the Ursa Minor POD complies with the Energy Policy Act of 2005, Section 390, 43 CFR 1610.5, 40 CFR 1508.4, and 43 CFR 46.215.
4. 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.
5. The selected alternative will help meet the nation's energy need, revenues, and stimulate local economies by maintaining workforces.

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 CBNG producing well in the POD (PRB FEIS ROD, p. 7).
 - Provide water analysis from a designated reference well in each coal zone.
6. The project is clearly lacking in wilderness characteristics because it is amidst gas development.
 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. Lance certified there is a surface use agreement with the landowners.
 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. This approval is also subject to operator compliance with all mitigation and monitoring requirements in the PRB FEIS ROD, 2003.

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: _____

John A. Sp

Date: _____

9/15/11

Categorical Exclusion 3 (CX3), WY-070-390CX3-11-308 to WY-070-390CX3-11-330
Section 390, Energy Policy Act of 2005
Lance Oil & Gas Company, Inc., Ursa Minor Plan of Development (POD)
BUREAU OF LAND MANAGEMENT, BUFFALO FIELD OFFICE

Description of the Proposed Action

Lance Oil & Gas Company, Inc., (Lance or operator) proposes to drill 23 coal bed natural gas (CBNG) wells and construct their associated infrastructure. The proposed wells are approximately 15 miles east of Buffalo, Johnson County, Wyoming (see Table 1.1 for legal descriptions). Lance’s POD area is approximately 6,032 acres. The area topography is relatively rugged terrain, with more moderate to level topography located between numerous ridges. Elevations are about 4,265 to 4,727 feet above sea level.

Much of the project area has dissected uplands with steep down-cut channels, created predominately by summer thunderstorms and spring runoff in ephemeral drainages with steep gradients and fine sediment substrate, which lead to the Powder River. The Flying E Creek, Fourmile Creek and numerous intermittent tributaries of the Powder River drain the area to the east. Tree and shrub species which consist mainly of sparse cottonwood trees with scattered juniper and dense sage brush dominate the riparian areas. Rangeland is the predominant management with livestock grazing and recreational hunting as the main uses. The area experienced historic conventional oil and gas exploration and production, and recent CBNG development, documented with environmental assessments (EAs). The area is in a 10-14 inch precipitation zone, with most of the precipitation falling during late winter and spring.

Surface owners: Timothy J. Marton, Ruth Scully, Tear Drop Cattle Company (Attn: Dennis Kirven), Lawrence E. Middaugh and Eva Jane Middaugh, Simon J. Iberlin, Trustee of the Simon J. Iberlin Revocable Trust, Manuella S. Nicholas and Kay Rene S. Stadtfeld, Yates Petroleum Corporation, State of Wyoming, and BLM.

The proposed action is to explore by drilling for, and possibly develop, natural gas reserves in geologic mineral formations leased by Lance.

Lance submitted the Ursa Minor POD as a Notice of Staking (NOS) on February 22, 2010 to the BFO. After onsites on November 8, 9, and 10, 2010 the NOSs were converted to applications for permit to drill (APDs). Onsites evaluated the proposal and modified it as necessary to mitigate environmental impacts. The BLM sent a post-onsite deficiency letter to Lance on January 21, 2011.

The Ursa Minor POD has 23 APDs to develop and produce natural gas from the coal formations of the Powder River Basin (PRB). To protect wildlife resources near 41-Flying E Lek, Lance requested BFO defer decision on Ursa Minor Federal 23-2-4979 (WY-070-390CX3-11-314) and Ursa Minor Federal 34-2-4979 (WY-070-390CX3-11-316). All wells are vertical bores proposed on an 80 acre spacing pattern with 1 well per location. Each well will produce from the Big George coal seams. Proposed well house dimensions are 8.0 feet wide x 8.0 feet length x 8.0 feet height. A list of proposed wells is in Table 1.1.

Table 1.1. Proposed Wells

#	Well Name	Well #	QTR	Sec	TWP	RNG	Lease	CX Number
1	Ursa Minor Federal	14-1	SWSW	1	49N	79W	WYW144809	WY-070-390CX3-11-308
2	Ursa Minor Federal	23-1	NESW	1	49N	79W	WYW144809	WY-070-390CX3-11-309
3	Ursa Minor Federal	34-1	SWSE	1	49N	79W	WYW144809	WY-070-390CX3-11-310
4	Ursa Minor Federal	43-1	NESE	1	49N	79W	WYW144809	WY-070-390CX3-11-311

#	Well Name	Well #	QTR	Sec	TWP	RNG	Lease	CX Number
5	Ursa Minor Federal	14-2	SWSW	2	49N	79W	WYW144809	WY-070-390CX3-11-312
6	Ursa Minor Federal	21-2	NENW	2	49N	79W	WYW144809	WY-070-390CX3-11-313
7*	Ursa Minor Federal	23-2*	NESW	2	49N	79W	WYW144809	WY-070-390CX3-11-314
8	Ursa Minor Federal	32-2	SWNE	2	49N	79W	WYW144809	WY-070-390CX3-11-315
9*	Ursa Minor Federal	34-2*	SWSE	2	49N	79W	WYW144809	WY-070-390CX3-11-316
10	Ursa Minor Federal	41-2	NENE	2	49N	79W	WYW144809	WY-070-390CX3-11-317
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16	Ursa Minor Tear Drop	12-23	SWNW	23	49N	79W	WYW144810	WY-070-390CX3-11-323
17	Ursa Minor Rawhide	14-23	SWSW	23	49N	79W	WYW144810	WY-070-390CX3-11-324
18	Ursa Minor Tear Drop	21-23	NENW	23	49N	79W	WYW144810	WY-070-390CX3-11-325
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22	Ursa Minor Iberlin	21-34	NENW	34	49N	79W	WYW144811	WY-070-390CX3-11-329
23	Ursa Minor Iberlin	23-34	NESW	34	49N	79W	WYW144811	WY-070-390CX3-11-330

* APDs deferred by Lance's request and not approved in this CX3 worksheet.

Water Management Proposal:

Lance will use existing water management infrastructure to dispose of the produced water generated from Ursa Minor wells listed in Table 1.1, above. The Ursa Minor POD will use the same 3 water management (WMP) strategies as proposed and approved in Bear Draw Gamma POD:

1. Treatment of produced water at the Powder Valley Unit CBM Facility, located in the NWSE of Section 29, T50N R77W.
2. Containment of produced water in Western Gas Resource #8 Reservoir, at NENE of Section 25 T50N R78W.
3. Containment of produced water in 32-30-5078 Stock Reservoir, at SWNE of Section 30 T50N R78W.

All effluent discharged from the Powder Valley Unit CBM Facility or contained in listed reservoirs will be via outfalls permitted through the Wyoming Pollution Discharge Elimination System (WYPDES) permit, administered by the WDEQ. (See WYPDES Permits WY0056081, WY0052639, and WY0047317) As part of a future water management strategy for this POD, Lance is proposing to transport produced water to an area near Midwest, WY where water will be injected into the Madison aquifer. Conveyance of water to this facility will require the construction of a pipeline from the project area to the County Line Pump Station. If this option becomes the preferred water management strategy, Lance will submit a sundry notice of intent.

Water in the southern half of the POD will use Whiskey Draw Unit treatment facility located in the SWNW of Section 16 T47N R78W. This facility is in the Fourmile Creek watershed. It includes 12 on channel reservoirs. (See WYPDES Permit WY0048313) A list of proposed facilities is in Table 1.2, below. Lance is proposing to add the water from this action to these locations.

Table 1.2. Proposed Water Management Facilities

Facility Name	NEPA EA Document	WYPDES Permit	Facilities Included in WYPDES Permit and Locations
River Road CBM Facility	Powder Valley Unit POD WY-070-04-072	WY0056081	All assimilative capacity discharge locations, PVU EMIT, and direct discharge outfalls. River Road CBM Facility is located in the SENW of Section 20, T48N R77W and includes 26 outfalls and irrigation compliance points listed on p. 18 of the WYPDES Permit
Bear Draw Facility	Bear Draw Beta WY-070-05-263	WY0052639	32-30-5078 Stock Reservoir. Bear Draw Facility is located in the NENE of Section 12, T50N R79W and includes 4 outfalls and irrigation compliance points listed on p. 12 of the WYPDES Permit
Powder Valley Unit Facility	Powder Valley Unit Additions WY-070-05-060	WY0047317	Western Gas Resources #8 reservoir. Powder Valley Unit facility is located in the NESE of Section 29, T50N R77W and includes 11 outfalls and irrigation compliance points listed on p. 21 of the WYPDES Permit
Whiskey Draw Unit Facility	Whiskey Draw Unit WY-070-04-201	WY0048313	Whiskey Draw Unit facility is located in the SWNW of Section 16 T47N R78W and includes 12 outfalls discharging to 12 on channel reservoirs, and compliance points.

For complete legal locations of these facilities see Ursa Minor WMP, Attachment C, WYPDES Permits.

Drilling and Construction:

- Drilling of 23 federal CBNG wells in Big George coal zone is to depths of approximately 2,400 feet. 18 locations will not use constructed pads; 5 well locations will use constructed pads.
- Lance anticipates completing drilling and construction within 2 years. Drilling and construction occurs year-round in the PRB. Weather may cause delays lasting several days but rarely do delays last multiple weeks. Timing limitations in the form of COAs and/or agreements with surface owners impose longer temporal restrictions on portions of this POD, but rarely do these restrictions affect an entire POD.
- Well metering shall be accomplished by a combination of telemetry and well visitation. Metering would entail 2-3 visits per week during the summer and up to 4 visits per week during the winter to each well location.
- A road network consisting of 1.5 miles of improved road and 2.2 miles of primitive road.
- A below ground power line network to be constructed by Lance or a contractor hired by Lance. If the power line network is not completed before the wells are in production, then temporary diesel generators may be placed at the 14 power drops.
- Lance may locate fuel storage tanks of 500 gallon capacity at 14 power drops along with each diesel generator. Generators may operate for 24 months. The analysis anticipates that fuel deliveries may be 2-3 times per week during the summer and 4 times per week during the winter. Fuel delivery duration should be from 30 to 60 minutes. The generator noise level is about 100.5 decibels at 3-feet distance.

Lance will install a buried gas and water line network along existing or proposed disturbances. For a detailed description of design features, construction practices and water management strategies associated

with the proposed action, refer to the master surface use plan (MSUP), drilling plan, and WMP in the POD and individual APDs. Also see the POD for maps showing the proposed well locations and the associated facilities described above. More information on CBNG well drilling, production, and standard practices also is available in the Powder River Basin Final Environmental Impact Statement (PRB FEIS), Volume 1, pp. 2-9 to 2-40.

For a detailed description of design features, construction practices, and water management strategies associated with the proposed action, refer to the MSUP, Drilling Plan, and WMP in the POD and in individual APDs. Also see the POD proposal for maps showing proposed well locations and associated facilities described above. More information on CBNG well drilling, production and standard practices also is available in the PRB FEIS, Volume 1, pages 2-9 to 2-40 (January 2003).

A comparison overlapping and thus shared roads in the Ursa Minor POD revealed 76% of the template, roads and utilities proposed in Ursa Minor POD T49N, R79W Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22, 23, 26, 34, 35, received analysis in the Bear Draw Gamma EA, WY-070-11-172, South Bear EA, WY-070-11-151, Lazurite EA, WY-070-09-95, and Imada EA, WY-070-05-355; while there is 0% overlap on primitive roads proposed in Section 34 T49N R79W. Surface Use Data Sheet (SUDS) grossly overestimates the proposed disturbance for Ursa Minor POD due to the duplication of disturbance values. A revised SUDS form for Ursa Minor was not requested because the Ursa Minor POD should be considered a stand-alone project and as such does contain the required documentations and appropriate road plans and description of utilizes to develop the POD absent surrounding PODs. To develop Ursa Minor POD, Lance will use 12.0 miles of previously approved access roads and utility corridors and will require construction of an additional 1.5 miles of template/engineered roads and 2.2 miles of primitive roads, and 0.56 miles of stand-alone utility corridor for a total projected POD surface disturbance of 34.1 acres. See Table 1.3 and MSUP SUDS Form Tab of the Ursa Minor POD.

Table 1.3. Construction Disturbance Associated with Ursa Minor POD

Facility	Ursa Minor Operator Proposed After Onsites miles (acres)
Number of CBNG Wells	23 (13.3)
Engineered Pads	5
Slots or No Pad No Slot	18
Engineered or Template Roads	1.5 miles (9.1)
Primitive Roads	2.2 miles (9.3)
Stand-alone Utilities (gas, water, electric)	0.56 miles (2.4)
Stock Tanks	1
Power Drops	14
Overhead Power	0
Impoundments	0
Total Acre Disturbance	34.1

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 worksheet 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 proposed action conforms with the terms and conditions of the Approved Resource Management Plan (RMP) for the public lands administered by the BLM, Buffalo Field Office (BFO), 1985, the PRB FEIS, January 2003, and the Record of Decision (ROD) and Resource Management Amendments for the

Powder River Oil and Gas Project, Amendments of 2001, 2011 as required by 43 CFR 1610.5, 40 CFR 1508.4, and 43 CFR 46.215. The Ursa Minor APDs and area are clearly lacking in wilderness characteristics as they are amidst extensive natural gas development with miles of mechanically maintained improved roads, (DOI Order 3310).

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) Each proposed APD is in a developed oil or gas field (any field with a completed confirmation well).

Table 1.4 is a list of existing/approved PODs that are within or adjacent to the Ursa Minor POD. This information is provided for informational use and shows the reader that BLM conducted analysis.

Table 1.4. Adjacent or Overlapping CBNG POD Development Sorted by Decision Date

#	POD Name	Environmental Assessment #	Number of Approved or Producing Wells	Decision Date
1	Juniper Draw	WY-070-01-001	12	10/13/2000
2	Ruby Expansion	WY-070-04-322	8	1/20/2004
3	Juniper Draw Additions	WY-070-04-087	16	2/5/2004
4	Welles	WY-070-04-173	14	5/11/2004
5	Ruby	WY-070-04-188	37	9/27/2004
6	Bear Draw Alpha	WY-070-05-241	12	6/3/2005
7	Coulter 2	WY-07005-224	32	7/20/2005
8	Imada	WY-070-05-355	11	8/25/2005
9	Nemesis	WY-070-05-157	49	9/13/2005
10	Bear Draw Beta	WY-070-05-263	45	9/29/2005
11	West Bear Draw	WY-070-06-292	42	9/25/2006
12	Skyward	WY-070-05-187	32	9/29/2006
13	Juniper Draw (Kestrel)	WY-070-06-323	22	9/29/2006
14	Quarter Circle 9	WY-070-10-236	94	5/31/2007
15	Edisto	WY-070-07-75	50	9/5/2007
16	Coulter 5	WY-070-08-123	14	9/7/2007
17	Tear Drop	WY-070-08-72	41	4/4/2008
18	Coulter 4	WY-070-08-169	21	9/18/2008
19	Lazurite	WY-070-09-95	46	9/10/2009
20	Honor	WY-070-09-103	5	7/9/2010
21	South Bear	WY-070-11-151	29	3/31/2011
22	Meadow Draw	WY-070-11-225	31	8/3/2011
23	Bear Draw Gamma	WY-070-11-172	71	8/17/2011

- 2) There is an existing NEPA document (and the RMP) containing reasonably foreseeable development scenario for this action. There are several existing NEPA documents that reasonably foresaw development to spud additional wells to fill in 80 acre well-spacing. BLM reviewed these documents and determined they considered the potential environmental effects associated with the proposed activity at a site specific

level. In addition, all approved EAs tier into the PRB FEIS (2003). 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. The Ursa Minor POD is in the foreseeable development scenario of 80 acre well-spacing that was analyzed in EAs in Table 1.5.

Table 1.5. EAs Which Account for Reasonably Foreseeable Development Scenario

#	POD Name	Environmental Assessment #	Number of Approved or Producing Wells	Decision Date
1	South Bear	WY-070-11-151	29	3/31/2011
2	Meadow Draw	WY-070-11-225	31	8/3/2011
3	Bear Draw Gamma	WY-070-11-172	71	8/17/2011

3) The tiered NEPA document was finalized or supplemented within 5 years of spudding (drilling) the proposed wells.

The Ursa Minor POD CX3s tier to the following approved EAs listed below in Table 1.6.

Table 1.6. NEPA Documents Finalized Within Anticipated Spud Date of Ursa Minor POD

#	POD Name	Environmental Assessment #	Number of Approved or Producing Wells	Decision Date
1	Quarter Circle 9	WY-070-10-236	94	5/31/2007
2	Edisto	WY-070-07-75	50	9/5/2007
3	Coulter 5	WY-070-08-123	14	9/7/2007
4	Tear Drop	WY-070-08-72	41	4/4/2008
5	Coulter 4	WY-070-08-169	21	9/18/2008
6	Lazurite	WY-070-09-95	46	9/10/2009
7	Honor	WY-070-09-103	5	7/9/2010
8	South Bear	WY-070-11-151	29	3/31/2011
9	Meadow Draw	WY-070-11-225	31	8/3/2011
10	Bear Draw Gamma	WY-070-11-172	71	8/17/2011

In summary the EAs in Tables 1.4 to 1.6 analyzed in detail the anticipated direct, indirect, residual, and cumulative effects that would result from the approval of these APDs and associated support structure in Ursa Minor. Ursa Minor is similar to both the qualitative and quantitative analysis in the above mentioned EAs. The BFO reviewed these EAs and found that the EAs considered potential environmental effects associated with the proposed activity at a site specific level. Additionally, Ursa Minor wells will use Lance infrastructure in Bear Draw Unit wells. Confirmation wells for Ursa Minor will be those wells drilled and completed in South Bear POD approved on March 31, 2011.

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 worksheet also incorporates and analyzes the implementation of committed mitigation measures contained in the MSUP, drilling plan, and WMP, in addition to the Standard COAs found in the PRB FEIS ROD, Appendix A.

Soils

BLM obtained detailed soils identification and data for the project area from the North Johnson 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.

A tabulated summary of the dominant and important soil map units follows, along with their individual acreage and percentage of the area within the POD boundary, Table 1.7.

Table 1.7. Dominant or Important Soils

Map Unit Symbol	Map Unit Name	Acres	Percent
708	Theedle-Kishona-Shingle loams, 3 to 30 percent slopes	1257.3	21%
709	Theedle-Shingle loams, 3 to 30 percent slopes	1017.7	17%
640	Forkwood-Cushman loams, 6 to 15 percent slopes	697.2	12%
623	Parmleed-Bidman fine sandy loams, 3 to 15 percent slopes	607.4	10%
687	Savageton-Samday clay loams, 3 to 15 percent slopes	552.8	9%
667	Renohill-Savageton clay loams, 3 to 15 percent slopes	505.1	8%
701	Shingle-Worf loams, 3 to 30 percent slopes	397.8	7%
715	Ulm-Renohill clay loams, 6 to 15 percent slopes	333.1	6%
684	Samday-Shingle-Badland complex, 10 to 45 percent slopes	231.0	4%

Ecological site descriptions provide site and vegetation information needed for resource identification, management and reclamation recommendations. BLM specialists used NRCS published soil survey information, verified through onsite field reconnaissance, to determine the appropriate ecological sites for this POD area. Table 1.8 summarizes the project area's ecological sites.

Table 1.8. Summary of Ecological Sites

Ecological Site	Acres	Percent
Loamy (Ly) 10-14 NP	3922.6	65%
Clayey (CY) 10-14 NP	1435.1	24%
Shallow Loamy (SwLy) 10-14 NP	397.8	7%
Shallow Clayey (SwCy) 10-14 NP	231.0	4%
Sandy (Sy) 10-14 NP	46.3	1%

Impacts anticipated to occur and mitigation considered with the implementation of the proposed action will be similar to those analyzed in the following EAs which are adjacent or overlapping to the Ursa Minor POD and are incorporated here by reference:

1. South Bear EA WY-070-11-151 Direct and Indirect Effects (pp. 27-28); Cumulative Effects (p. 28); Residual Effects (p. 29)
2. Meadow Draw WY-070-11-225 Direct and Indirect Effects (pp. 30-32); Cumulative Effects (pp. 32-33); Residual Effects (p. 34-35)
3. Bear Draw Gamma EA WY-070-11-172 Direct and Indirect Effects (pp. 35-42); Cumulative Effects (pp. 39 and 40); Residual Effects (pp. 41 and 42)

Vegetation and Ecological Sites

Impacts anticipated to occur and mitigation considered will be similar to those analyzed in the following EAs which are adjacent or overlapping to the Ursa Minor POD and are incorporated here by reference:

1. South Bear EA WY-070-11-151 Direct and Indirect Effects (pp. 30); Cumulative Effects (pp. 30-31); Residual Effects (p. 31)
2. Meadow Draw WY-070-11-225 Direct and Indirect Effects (p. 37); Cumulative Effects (p. 37); Residual Effects (p. 37)
3. Bear Draw Gamma EA WY-070-11-172 Direct and Indirect Effects (pp. 43-44); Cumulative Effects (p. 44); Residual Effects (pp. 44-45)

Wetlands/Riparian

The project areas are primarily upland environments. Upper ephemeral drainages flow into the larger ephemeral creeks namely: Flying E Creek (will be minimally impacted by a pipeline crossing) and Fourmile Creek. The ephemeral swales and side drainages consist of upland and limited wetland vegetation. Based on National Wetland Inventory data available for the project area (USFWS 2009) there are 11 herbaceous wetlands in the project area for a total of 7.31 acres or 0.12% of the project area and none will be impacted by the project.

Impacts anticipated to occur and mitigation considered will be similar to those analyzed in the following EAs which are adjacent or overlapping to the Ursa Minor POD and are incorporated here by reference:

1. South Bear EA WY-070-11-151 Direct and Indirect Effects (pp. 31-32); Cumulative Effects (p. 32); Residual Effects (p. 32)
2. Meadow Draw WY-070-11-225 Direct and Indirect Effects (p. 38); Cumulative Effects (p. 38); Residual Effects (p. 38)
3. Bear Draw Gamma EA WY-070-11-172 Direct and Indirect Effects (pp. 45-46); Cumulative Effects (p. 46); Residual Effects (p. 46)

Invasive Species

BFO found the following state-listed noxious weed and/or weed species of infestation concern for the project area in the WERIC database (www.weric.info): Spotted knapweed along Interstate 90.

Impacts anticipated to occur and mitigation considered will be similar to those analyzed in the following EAs which are adjacent or overlapping to the Ursa Minor POD and are incorporated here by reference:

1. South Bear EA WY-070-11-151 Direct and Indirect Effects (p. 32); Cumulative Effects (p. 32); Residual Effects (p. 33)
2. Meadow Draw WY-070-11-225 Direct and Indirect Effects (p. 38); Cumulative Effects (p. 38); Residual Effects (p. 39)
3. Bear Draw Gamma EA WY-070-11-172 Direct and Indirect Effects (p. 46); Cumulative Effects (p. 46); Residual Effects (p. 46)

Wildlife

BLM wildlife biologist reviewed the proposed APDs. The wildlife biologist determined that the proposed APDs, combined with the COAs are: (1) consistent with the FEIS and its supplements, the RMP and its Amendments, and the above tiered EAs; and (2) consistent with the effects analyzed in the site specific Endangered Species Act section 7 consultation and does not change the determinations in that consultation. Site-specific wildlife issues amplified here are mitigation measures for raptors, and greater sage-grouse.

Raptors

Five known*active nests occur within 0.5 mile of the Ursa Minor POD. Table 1.9 summarized the nests, ID, and location.

Table 1.9. Active Raptor Nests

#	BLM ID	UTM	Species	PODs with nests previously analyzed
1	3014	394144 4894485	Red-tailed hawk	Imada and Lazurite
2	4573	391885 4893025	Red-tailed hawk	Imada, and Honor
3	6615	393503 4900432	Golden eagle	West Bear Draw, Bear Draw Gamma, , and South Bear
4	10716	395378 4898621	Red-tailed hawk	Lazurite, Bear Draw Gamma, and South Bear
5	10767	391299 4893241	Long eared owl	Honor

*The Buffalo Field Office RMP (1985, 2001 Amendment) defines an active nest as “one that has been used at least once during the previous three years.”

Impacts anticipated to occur toward the nesting pairs of raptors and mitigation will be similar to those analyzed in the following EAs which are adjacent or overlapping to the Ursa Minor POD and are incorporated here by reference:

1. South Bear EA WY-070-11-151 Direct and Indirect Effects (pp. 54-56); Cumulative Effects (p.56); Residual Effects (p.56)
2. Bear Draw Gamma EA WY-070-11-172 Direct and Indirect Effects (pp. 58-60); Cumulative Effects (p. 60); Residual Effects (p. 60)
3. Lazurite EA WY-070-09-95 Direct and Indirect Effects (pp. 32-33); Cumulative Effects (p. 33); Residual Effects (p. 33)
4. Honor EA WY-070-09-103 Direct and Indirect Effects (p. 44); Cumulative Effects (p. 45); Residual Effects (p. 45)
5. West Bear EA WY-070-06-292 Direct and Indirect Effects (p. 33); Cumulative Effects (p. 33); Residual Effects (p. 33)
6. Imada EA WY-070-05-355 Direct and Indirect Effects (p. 26); Cumulative Effects (p. 26); Residual Effects (p. 26)

Greater Sage-grouse

Seven known leks occur within 2 miles of the Ursa Minor POD. A summary of 7 leks is in Table 1.10 below. BLM analyzed and considered mitigation for 7 leks in the following EAs which are adjacent or overlapping to the Ursa Minor POD and this analysis is incorporated here by reference:

1. Bear Draw Gamma EA WY-070-11-172 Direct and Indirect Effects (p. 48-49); Cumulative Effects (pp.49-50); Residual Effects (p. 50)
2. South Bear EA WY-070-11-151 Direct and Indirect Effects (p. 37); Cumulative Effects (p.38-39); Residual Effects (p.39)
3. Coulter 5 EA WY-070-08-123 Direct and Indirect Effects (p.34); Cumulative Effects (p.35-37); Residual Effects (p.37)

Table 1.10. Greater Sage-grouse Leks

#	Lek ID	Legal Location	Occupied	Within WGFD Core Area
1	41-Upper Dry Creek Road I	NWSW S14 T50N R79W	YES	No
2	41-Tear Drop II	NESE S33 T50N R78W	YES	No
3	41-Flying E Creek	SENE S11 T49N R79W	YES	No
4	41-BLM	SWSE S36 T5N R79W	YES	No
5	38-Cat Creek	NWNE S9 T48N R78W	YES	No

#	Lek ID	Legal Location	Occupied	Within WGFD Core Area
6	38-Ploessers Dry Lake	SWSE S35 T49N R79W	YES	No
7	38-Indian Creek IV	SESE S1T49N R78W	YES	No

Water Resources

The operator submitted a comprehensive WMP for this project. It is incorporated-by-reference into this CX3 pursuant to 40 CFR 1502.21. The WMP incorporates sound water management practices, monitoring of downstream impacts within the Upper Powder River watershed and commitment to comply with Wyoming State water laws/regulations. It also addresses potential impacts to the environment and landowner concerns. Qualified hydrologists, in consultation with the BLM, developed the water management plan. Adherence with the plan, in addition to BLM applied mitigation (in the form of COAs), would reduce project area and downstream impacts from proposed water management strategies.

The water extracted in the production of CBNG is water of the state, per Wyoming Law (W.S. 41-3-101). BLM policy 1982 directs the BLM's cooperation and full compliance with State water laws. The Wyoming Department of Environmental Quality (WDEQ) permits and regulates the disposal of produced water. The BLM is responsible for analyzing the proposed action with available data provided in the WMP for the POD and disclose potential impacts of the proposed action. The surface access agreement (SUA) was self-certified.

Lance and BLM predicted the maximum water production to be 20.0 gpm per well or 460 gpm (1.02 cubic feet per second (cfs) or 742.0 acre-feet per year) for this POD. The PRB FEIS projected the total amount of water that anticipated from CBNG development per year, (Table 2-8, Projected Amount of Water Produced from CBM[NG] Wells under Alternatives 1, 2A, and 2B p. 2-26). For the Upper Powder River drainage, the projected volume produced in the watershed area was 44,169 acre-feet in 2011 (maximum production is estimated in 2006 at 171,423 acre-feet). As such, the volume of water resulting from the production of these wells is 1.7 % of the total volume projected for 2011. This volume of produced water is within the predicted parameters of the PRB FEIS.

Groundwater

This project will add an additional 460 gpm to existing infrastructure. The capacity of the existing infrastructure is expected to be able to handle the increase water flow. Impacts anticipated to occur and mitigation considered will be similar to those analyzed in the following EA which is adjacent or overlapping to the Ursa Minor POD and is incorporated here by reference:

1. Bear Draw Gamma EA WY-070-11-172 Direct and Indirect Effects (p. 62); Cumulative Effects (pp. 62-63); Residual Effects (p. 63)

Surface Water

The same reference used in Bear Draw Gamma is used as the reference well for Ursa Minor. The well is located SENW Section 30 T50N R78W in Bear Draw Unit; this well was sampled and analyzed. The TDS for the sample was 2,430 mg/l. The water quality for the water produced from the Big George target coal zone from these wells is predicted to be similar to the sample water quality collected. For complete analysis and results see the Energy Laboratories, Inc, analytical report in the WMP Attachment I. In order to determine the actual water quality of the producing formations in this POD and to verify the water analysis submitted for the pre-approval evaluation, the operator committed to designate a reference well to each coal zone in the POD boundary. BLM will consider having sample the reference well at the wellhead for analysis in 60 days of initial production and submit a copy of the water analysis to the BLM Authorized Officer.

The operator did not find or identify any springs/seeps within the Ursa Minor POD boundary or within 0.5 mile radius of the POD boundary.

Impacts anticipated to occur and mitigation considered will be similar to those analyzed in the following EA which is adjacent or overlapping to the Ursa Minor POD and that analysis is incorporated here by reference:

1. Bear Draw Gamma EA WY-070-11-172 Direct and Indirect Effects (pp. 63-66); Cumulative Effects (pp. 66-68); Residual Effects (p. 68)
For more information refer to this POD's WMP.

Cultural

Lance performed a Class III cultural resource inventory for the Ursa Minor POD prior to on-the-ground project work (BFO project nos. 70100031, 70100031A). Lance 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 Format, Guidelines, and Standards for Class II and III Reports*. Ardeth Hahn, BLM Archaeologist, reviewed the reports for technical adequacy and compliance with BLM standards and determined them adequate. Table 1.11 lists the resources located in or near the project area.

Table 1.11. Cultural Resources

Site Number	Site Type	Eligibility
48JO2067	Historic Site	Not Eligible
48JO2068	Historic Site	Not Eligible
48JO2779	Historic Site	Not Eligible
48JO3021	Historic Site	Not Eligible
48JO3022	Historic Site	Not Eligible
48JO3938	Prehistoric and Historic Site	Eligible
48JO3939	Prehistoric Site	Not Eligible
48JO4146	Historic Site	Not Eligible
48JO4147	Prehistoric Site	Not Eligible
48JO4148	Prehistoric and Historic Site	Not Eligible
48JO4149	Prehistoric and Historic Site	Not Eligible
48JO4150	Prehistoric Site	Not Eligible
48JO4151	Prehistoric Site	Unevaluated
48JO4152	Prehistoric and Historic Site	Not Eligible
48JO4153	Prehistoric Site	Not Eligible
48JO4154	Prehistoric Site	Not Eligible

The project will impact non eligible sites 48JO2067, 48JO2068, 48JO2779, 48JO3021, 48JO3022, 48JO4148, 48JO4150, and 48JO4154. The project will not impact historic properties. Following the Wyoming State Protocol Section VI(A)(1) the BLM electronically notified the Wyoming State Historic Preservation Officer (SHPO) on September 2, 2011 that no historic properties exist in the area of project effects. If operators observe any cultural values [sites, artifacts, human remains (Appendix L PRB FEIS)] during operation of this lease/permit/right-of-way, they will be left intact and the Buffalo Field Manager notified. Further discovery procedures are in the Standard COA (General)(A)(1).

Decision and Rationale on Action

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 Ursa Minor CX3 APDs and infrastructure conform to the applicable

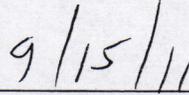
land use plans. I reviewed the proposal to ensure the appropriate exclusion category as described in Section 390 of the Energy Policy Act of 2005 is correct. It is my determination that there is no requirement for further environmental analysis.

Implementation Date and Expiration to Spud

Lance may implement this project on or after the below signature date.



Duane Spencer
Field Manager



Signature Date

Note: The CX3's approval requires a separate decision record (DR) and the DR must include appropriate appeal language that comports to the appropriate 43 CFR part authorizing the project. There is decision space in the CX3 and in the DR to apply limitations, mitigation, and conditions of approval – however mitigation and COAs must comply with those published in the 2003 ROD or thoroughly analyzed in an EA this CX3 worksheet tiers to or incorporates an analysis here by reference or is supported in this CX3 worksheet with an analysis.

Contact Person

For additional information concerning this decision, contact
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