DECISION RECORD
FOR
Pennaco Energy, INC a subsidiary of Marathon Oil
Sales 14
ENVIRONMENTAL ASSESSMENT – WY-070-EA-09-94

DECISION:
BLM's decision is to approve two wells previously onsited in the Pennaco Energy Sales 14 Coal Bed Natural Gas (CBNG) POD.

Details of the approval are summarized below. The project description, including specific changes made is included in the engineered road plan submitted on April 22, 2010.

Well Sites:
The following two Applications for Permit to Drill (APDs) and associated infrastructure are authorized:

	Well Name	Well #	Qtr/Qtr	Section	TWP	RNG	Lease #
1	SALES FED	11-13MZCR	NESW	13	57N	82W	WYW143068
2	SALES FED	13-13MZCR	SWSW	13	57N	82W	WYW143068

Operator Committed Measures:
The operator has agreed to abide by all condition of approval (COAs) in the Sales 14 POD approved on August 14, 2009, Sales 14 EA # WY-070-EA-09-94. These COAs will reduce resource impacts. See Sales 14 Master Surface Use Plan (MSUP), submitted on March 7, 2008.

Site-Specific Mitigation Measures:
Site-specific Conditions of Approval have been applied to this project, in addition to the programmatic and standard COAs identified in the PRB FEIS, to mitigate the site-specific impacts described in the Environmental Consequences section of the attached EA. For a complete description of all site-specific COA's associated with this approval, see section Sales 14 EA WY-070-EA-09-94.

COMPLIANCE WITH LAWS, REGULATIONS, LAND USE PLANS, AND POLICIES:
This approval is in compliance with all Federal laws, regulations, and policies. This includes, but is not limited to, the Federal Land Policy and Management Act, the National Historic Preservation Act, the Threatened and Endangered Species Act, the Migratory Bird Treaty Act, the Clean Water Act, the Clean Air Act, and the National Environmental Policy Act.

Approval of this alternative is in conformance with the *Powder River Basin Oil and Gas Project Environmental Impact Statement and Proposed Plan Amendment* (PRB FEIS), *Record of Decision and Resource Management Plan Amendments for the Powder River Basin Oil and Gas Project* (PRB FEIS ROD), and the Approved Resource Management Plan (RMP) for the Public Lands Administered by the Bureau of Land Management, Buffalo Field Office (BFO), (1985/2001).

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 contained within the Powder River Oil and Gas Project Final Environmental Impact Statement and Resource Management Plan Amendment (PRB FEIS) approved April 30, 2003.

RATIONALE:
The decision to authorize the two additional wells is based on the following:

1. The proposed road route to access the Sales Fed Well 11-13 and Sales Fed Well 13-13 does meet the minimum road standards as outlined in the BLM Manual 9113, BLM Manual 9113 WYSO Supplement, the Gold Book, or the Buffalo Field Office Oil and Gas Road Guidelines for APD's.

2. The additional wells not result in any undue or unnecessary environmental degradation.

3. The selected alternative will help meet the nation's energy needs, and help stimulate local economies by maintaining workforce stability.

4. The Operator, in their POD, has committed to:
   - Comply with all applicable Federal, State and Local laws and regulations.
   - Obtain the necessary permits from other agencies for the drilling, completion and production of these wells including water rights appropriations, the installation of water management facilities, water discharge permits, and relevant air quality permits.
   - Offer water well agreements to the owners of record for permitted water wells within ½ mile of a federal CBNG producing well in the POD.
   - Provide water analysis from a designated reference well in each coal zone.

5. The Operator has certified that a Surface Use Agreement has been reached with the Landowners (see Sales 14 Deferred wells first amendment to access and road design agreement tab 1).

ADMINISTRATIVE REVIEW AND APPEAL: Under BLM regulations, this decision is subject to administrative review in accordance with 43 CFR 3165. Any request for administrative review of this decision must include information required under 43 CFR 3165.3(b) (State Director Review), including all supporting documentation. Such a request must be filed in writing with the State Director, Bureau of Land Management, P.O. Box 1828, Cheyenne, Wyoming 82003, no later than 20 business days after this Decision Record is received or considered to have been received.

Any party who is adversely affected by the State Director's decision may appeal that decision to the Interior Board of Land Appeals, as provided in 43 CFR 3165.4.

Field Office Manager: Cary Freire Date: 7/13/10

Acting Field Mngr