

DECISION RECORD
Categorical Exclusion (CX),
WY-070-390CX3-15-41, WY-070-390CX3-15-42
Section 390, Energy Policy Act of 2005
Petro-Hunt, LLC, Application for Permit to Drill (APD),
Stuart 44-71-5A-8-1H, Stuart 44-71-5A-8-1PH
Bureau of Land Management, Buffalo Field Office, Wyoming

DECISION: The BLM approves the applications for permit to drill (APD) from Petro-Hunt to drill 2 wells and construct the associated infrastructure as described in the CX3 worksheet, WY-070-390CX3-15-41 and WY-070-390CX3-15-42 which BLM incorporates here by reference.

Compliance. This decision complies with:

- 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).
- Powder River Basin (PRB) Oil and Gas Project Final Environmental Impact Statement (FEIS), 2003.
- Buffalo Resource Management Plan (RMP) 1985 and Amendments (2001, 2003, 2011).

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 CX worksheet, WY-070-390CX3-13-76 includes the project description, including site-specific mitigation measures which are incorporated by reference into that worksheet from earlier analysis. The proposed well is approximately 5 miles east of Wright, Campbell County, Wyoming.

Approvals: BLM approves the following APDs and associated infrastructure:

Well Name/ Well #	QTR	Sec	TWP	RNG	Surface Hole Lease	Bottom Hole Lease	CX Number
STUART 44-71-5A-8-1H	NENE	5	44N	71W	FEE	FED	WY-070-390CX3-15-42
STUART 44-71-5A-8-1PH	NENE	5	44N	71W	FEE	FED	WY-070-390CX3-15-41

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. No new information was received since the APDs were filed on October 29, 2014.

DECISION RATIONALE. The approval of this project is because:

1. BLM and Petro-Hunt included mitigation measures to reduce environmental impacts while meeting the BLM's need. For a complete description of all site-specific COAs, see the COAs (Appendix A).
2. The PRB FEIS analyzed and predicted that the PRB oil and gas development would have significant impacts to the region's Greater Sage-Grouse (GSG) population. The impact of this development cumulatively contributes to the potential for local GSG extirpation yet its effect is acceptable because it is outside priority habitats and is within the parameters of the PRB FEIS and ROD and current BLM and Wyoming GSG conservation strategies.
3. Approval of this project conforms to the terms and the conditions of the 1985 Buffalo RMP (BLM 1985) and subsequent update (BLM 2001) and amendments (BLM 2003, 2011). This project complies with the breadth and constraints of CX3, Energy Policy Act of 2005, and subsequent policy.
4. The selected alternative will help meet the nation's energy need, revenues, and stimulate local economies by maintaining workforces.
5. The project is clearly lacking in wilderness characteristics as there is no federal surface.
6. 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.
7. Petro-Hunt certified there is a surface use access agreement with the landowner.
8. 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: 2/2/15

**Categorical Exclusion 3 (CX3),
WY-070-390CX3-15-41
WY-070-390CX3-15-42
Section 390, Energy Policy Act of 2005
Petro-Hunt, LLC, Application for Permit to Drill (APD)
STUART 44-71-5A-8-1H, STUART 44-71-5A-8-1PH
Bureau of Land Management, Buffalo Field Office, Wyoming**

Description of the Proposed Action

The proposed action (proposal) is to explore for and possibly develop oil reserves in geologic formations leased by Petro-Hunt, LLC (PH) in Wyoming. The proposed project consists of drilling 2 horizontal oil wells to the Parkman and Turner formations from a single pad. The lateral lengths and direction are approximately 2 miles to the South. Petro-Hunt proposes to drill, complete, produce, and eventually reclaim the location. Associated infrastructure will include tank batteries and access road. No gathering pipelines are proposed. Any future gathering pipelines or other infrastructure will have a sundry submitted and analyzed in a separate NEPA document.

The notice of staking (NOS) for the proposed well was filed August 1, 2014 an NOS onsite was conducted on September 9, 2014. An application for permit to drill (APD) was submitted October 29, 2014. The BLM sent a post-onsite deficiency letter to Petro-Hunt November 21, 2014. Deficiencies responses were received December 24, 2014.

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

Table 1.1. Proposed Well

Well Name/ Well #	QTR	Sec	TWP	RNG	Surface Hole Lease	Bottom Hole Lease	CX Number
STUART 44-71-5A-8-1H	NENE	5	44N	71W	FEE	FED	WY-070-390CX3-15-42
STUART 44-71-5A-8-1PH	NENE	5	44N	71W	FEE	FED	WY-070-390CX3-15-41

Table 1.2. Summary of Surface Disturbance

Activity	Length (feet)	Width (feet)	Disturbed	Interim Disturbance
*STUART 44-71-27A-34-1H: constructed pad/ tank battery	495 ft.	360 ft.	4.6ac**	3.4acres
Access Road***	100 ft.	24 ft.	.05ac	NA
Total Disturbance			4.7 ac	

NOTE: * this is a fee/fee/fed twin well pad, **includes cut/fill/topsoil/spoil stockpile areas, ***PH will use ~ 2 miles of existing oil/gas access (24' wide running surface) that will not require any improvements

For more details on project area access, design features, construction practices of the proposed action and details regarding reclamation refer to the (MSUP pp.1-8) in the APD. The plan was written and reviewed to ensure that environmental impacts to both surface and subsurface resources are minimized. Also see the APD for a map showing the proposed access road, existing roads and well location.

The estimated time to construct the well pad is 7-14 days, estimated time to drill the well is 10-20 days, and the estimated time for completion activities is 6-16 days.

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 proposal conforms with the terms and conditions of the approved Resource Management Plan (RMP) for the public lands administered by the BLM BFO (1985) and Amendments (2001, 2003, 2011), and the PRB FEIS Record of Decision (ROD) (2003), as required by 43 CFR 1610.5, 40 CFR 1508.4, and 43 CFR 46.215. The project area is clearly lacking in wilderness characteristics as there is no federal surface. 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 wells are in a developed oil or gas field. The proposed pad location is inside, immediately adjacent to or in the 4-mile analysis area of the recent NEPA analyses in Tables 1.3. This information shows the reader that BLM conducted analysis.
- 2) There is an existing NEPA document (and the RMP) containing reasonably foreseeable development scenario for this action. BLM reviewed this document and determined that it considered the potential environmental effects associated with the proposed activity at a site specific level. In addition, the approved EA tiers into the PRB FEIS. The PRB EIS analyzed foreseeable development in the PRB. The PRB foreseeable development included 3,200 oil wells and 51,000 CBNG wells. The two proposed wells are in the foreseeable development scenario with similar geographic and resource conditions analyzed in the EA in Table 1.3 and in the PRB FEIS’s Appendix A.

Table 1.3. EAs Which Account for Reasonably Foreseeable Development Scenario

#	POD Name	NEPA Document #	# / Type Wells	Decision Date
1	Cherokee Ridge Alpha	WY-070-EA12-070	6 Oil	6/8/12
2	Congaree	WY-070-EA10-19	25 CBNG	7/15/10
3	Sahara	WY-070-EA13-072	21 Oil	2/20/13

- 3) The tiered NEPA document was finalized or supplemented within 5 years of spudding (drilling) the proposed well. See Table 1.3

In summary the impacts that will occur with the approval of this APD are similar to those analyzed in the EA in Table 1.3. The BFO reviewed the EA and found that the EA considered potential environmental effects associated with the proposal at a site specific level. The qualitative and quantitative analysis of anticipated direct, indirect, residual, and cumulative effects associated with well/infrastructure construction is adequate for this proposal. The APD’s surface use and drilling plans are incorporated here by reference and show adequate protection of surface lands and ground water, including the Fox Hills formation.

Plan of Operations

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

Water Resources

The historical use for groundwater in this area was for stock or domestic water. A search of the WSEO Ground Water Rights Database showed 2 registered stock and 1 domestic water well within 1 mile of the proposed wells with depths from 85- 242 feet. For additional information on groundwater, refer to the PRB FEIS, pp. 3-1 to 3-36.

Adherence to the drilling COAs, the setting of 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 zone. This will ensure that ground water will not be adversely impacted by well drilling and completion. The operator will run surface casing to 3,000 feet, total vertical depth to protect shallow aquifers. The water bearing formation in the Fox Hills Formations will be protected with casing and cement. Centralizers will be placed on every joint throughout the Fox Hills Formation. The Fox Hills will be cemented 100 feet above and below the formation. Estimated depth of the Fox Hills is 5157 total vertical distance (TVD).

Water for completions purposes will come from the City of Wright as will water for drilling/cementing purposes. Flowback fluids from the completion process will be disposed at one of two permitted disposal facilities operated by McBeth or Kissack.

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

Historically, the quality of water produced in association with conventional oil and gas has been such that surface discharge would not be possible without treatment. Initial water production is quite low in most cases. There are three common alternatives for water management: Re-injection, deep disposal or disposal into pits. All alternatives would be protective of groundwater resources when performed in compliance with state and federal regulations.

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 are adjacent or overlapping to the project area and are incorporated here by reference: EA: Cherokee Ridge Alpha POD, WY-070-EA12-070, pp. 6-7.

Soils/Vegetation

BLM obtained detailed soils identification and data for the project area from the North Johnson / Campbell County Survey Area, Wyoming Soil Survey Geographic (SSURGO) Database (WY719). NRCS performed the soil survey according to National Cooperative Soil Survey standards. The BLM uses county soil survey information to predict soil behavior, limitations, or suitability for a given activity or action. The agency's long term goal for soil resource management is to maintain, improve, or restore soil health and productivity, and to prevent or minimize soil erosion and compaction. Soil management objectives are to ensure that adequate soil protection is consistent with the resource capabilities. Many of

the soils and landforms of this area present distinct challenges for development, and /or eventual site reclamation. Impacts anticipated occurring and mitigation considered with the implementation of the proposal will be similar to those analyzed in the following EA: Cherokee Ridge Alpha POD, WY-070-EA12-070, pp. 7-8.

Wetlands/Riparian

There are no wetlands/riparian areas that would be impacted by the proposal.

Invasive Species

Impacts anticipated occurring and mitigation considered will be similar to those analyzed in the following adjacent or overlapping EA Cherokee Ridge Alpha POD, WY-070-EA12-070, pp. 9-10.

Wildlife

BLM reviewed the proposals and determined that the proposed APDs, combined with the COAs (and design features), are: (1) consistent with the PRB FEIS, the RMP and the above tiered EAs; and (2) consistent with the programmatic biological opinion (ES-6-WY-02-F006), from the PRB FEIS, Appendix K. A formal wildlife survey was performed by Wildlife Resources LLC during the 2014 survey season (Wildlife Resources July 16, 2014). The affected environment and environmental consequences for wildlife are discussed in, and anticipated to be similar to, the document listed in Table 1.3 above. Rationale for species not discussed here is found in Appendix A.

Raptors

Impacts to raptors from surface disturbing and disruptive activities associated with development of conventional oil wells were analyzed in the Congaree EA, WY-070-EA10-19, and is incorporated here by reference. Activities associated with development of the proposed wells listed in Table 1.1 are anticipated to be similar in nature, with the following additional site-specific information. Most raptor species nest in a variety of habitats including (but not limited to): native and non-native grasslands, agricultural lands, live and dead trees, cliff faces, rock outcrops, and tree cavities. Suitable nesting habitat is present in the project area. Raptor species known or suspected to occur in the area include golden eagle, northern harrier, Swainson’s hawk, American kestrel, short-eared owl, great horned owl, red-tailed hawk, western burrowing owl (SSS), ferruginous hawk (SSS), and rough-legged hawk (winter resident). According to the BLM raptor database, and ICF surveys, there is one documented raptor nest of importance within 0.5 miles of the POD boundary, and was last known to be active in 2012. The nest are in Table 1.6 below, some of which are also a BLM special status (sensitive) species (SSS).

The proposal area is currently experiencing elevated levels of anthropogenic activity due to the presence of existing oil and gas developments. The presence of existing activities and future developments in the area may act synergistically and compound the negative impacts to raptors, depending on the species, nest histories, timing of activities and location of existing and future oil and gas infrastructures.

Table 1.6. Raptor Nests within 0.5 miles of the Proposed Wells.

BLM Nest ID #	Species	Active last 3 Years Yes/No	2014 Nest Status
13109	Ferruginous Hawk	Yes	Inactive

Site-specific analyses for wells and infrastructure that will impact nesting raptors are discussed below.

Site Specific Analysis for the Proposed Well Pad:

The proposed location resides within 0.5 miles of nest number 13109 (0.46mi.) and is out of line of sight of the nest. A timing restriction for nesting raptors will not be applied as a Condition of Approval due to

lack of BLM surface jurisdiction. A timing restriction will be recommended to reduce the likelihood of impacting nesting raptors which may result in a “Take” under the Migratory Bird Treaty Act (MBAT). If the BLM recommends a timing restriction if it is not applied, then the impacts may be negligible based on the following rationale: 1.) If nest is not active during construction, drilling and/or completion activities. 2.) An adequate biological buffer is present 3.) There are currently few active wells within the proposed project area, which may allow for alternate nest site selection. If the associated nest is active concurrently to construction drilling and or completion activities, then “Take” may occur.

Migratory Birds

Impacts to migratory birds from surface disturbing and disruptive activities associated with development of oil and gas wells were analyzed in the Sahara EA, WY-070-EA13-072, incorporated here by reference. Activities associated with development of the proposed wells listed in Table 1.1 are anticipated to be similar in nature, with the following additional site-specific information. Site-specific analyses for wells and infrastructure that will directly impact migratory birds via habitat removal will be discussed below.

Site Specific Analysis for the Proposed Wells:

The proposed location resides within suitable habitat for migratory birds (sagebrush obligates). The habitat is assumed to be occupied during the nesting season and associated ground nesting birds would be directly impacted by habitat removal. A habitat removal restriction COA will not be applied due to lack of surface jurisdiction by the BLM, although mitigation to prevent direct mortalities of nesting passerines is recommended in order to reduce the likelihood of direct mortality that may result during pad construction and can be referenced in the Recommended COA’s section. If habitat removal occurs during the nesting season, then there is a strong likelihood that direct mortalities of ground nesting birds would occur resulting in a “Take” under the MBTA.

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. 70140104) 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.

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 11/19/14 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.

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
Supervisory NRS	Casey Freise	Wildlife Biologist	Chris Sheets

Position/Organization	Name	Position/Organization	Name
Petroleum Engineer	Will Robbie	Assistant Field Manager	Clark Bennett

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 two APDs and infrastructure conform to the applicable land use plan, 43 CFR 1610.5, 40 CFR 1508.4, and 43 CFR 46.215. I reviewed the proposal to ensure the appropriate exclusion category as described in Section 390 of the Energy Policy Act of 2005 is correct. I determined that there is no requirement for further environmental analysis.

/s/ Duane W. Spencer
Field Manager

2/2/15
Date

Contact Person, Eric Holborn, Natural Resource Specialist, Buffalo Field Office, 1425 Fort Street, Buffalo WY 82834, 307-684-1044.