

DECISION RECORD
Petro-Hunt, LLC, Application for Permit to Drill (APD), Fleischman 44-71-14B-23-1H
Categorical Exclusion 3 (CX3), WY-070-390CX3-15-189
Bureau of Land Management, Buffalo Field Office, Wyoming

DECISION. The BLM approves the application for permit to drill (APD) from Petro-Hunt to drill 1 oil well and construct the associated infrastructure as described in the CX3 analysis, WY-070-390CX3-15-189 all of which the 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).
- Endangered Species Act of 1974 (16 USC 1531).
- Powder River Basin Oil and Gas Project Final Environmental Impact Statements (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 CX worksheet, WY-070-390CX3-15-189 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 6 miles east of Wright, Campbell County, Wyoming.

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

Well Name	Tw	Rng	Sec	Qtr/Qtr	Surface Ownership	Surface Hole Lease	Lateral Lease	Bottom Hole Lease
Fleischman 44-71-14B-23-1H	44N	71W	10	SESE	Fee	Fee	Federal	Fee

*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 Petro-Hunt 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 Draft RMP and Environmental Impact Statement was released in June 2013. The proposed action was screened against the Draft RMP 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 Preferred Alternative.
3. Petro-Hunt 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>.
9. 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.
10. 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: May 28, 2015

Categorical Exclusion 3 (CX3), WY-070-390CX3-15-189
Section 390, Energy Policy Act of 2005
Petro-Hunt, LLC, Application for Permit to Drill (APD), Fleischman 44-71-14B-23-1H
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 1 horizontal oil well to the Turner formation. 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 December 12, 2014 and NOS onsite was conducted on March 5, 2015. An application for permit to drill (APD) was submitted April 8, 2015. The BLM sent a post-onsite deficiency letter to Petro-Hunt April 22, 2015.

The well access and well pad are located on fee surface owned by Boler-Mills Ranch, 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	Twn	Rng	Sec	Qtr/Qtr	Surface Ownership	Surface Hole Lease	Lateral Lease	Bottom Hole Lease
Fleischman 44-71-14B-23-1H	44N	71W	10	SESE	Fee	Fee	Federal	Fee

*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 (feet)	Width (feet)	Disturbed	Interim Disturbance
Fleischman 44-71-14B-1H: constructed pad/ tank battery	470 ft.	325 ft.	4.2 acres	3.2 acres
Cut/fills & Topsoil/spoil stockpiles	varies	varies	1.0 acres	
Fleischman 44-71-14B-1H: access Road	350 ft.	40 ft.	0.30 acres	
Total Disturbance			5.5 acres	

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.

The project area is 6 miles East of Wright, Campbell County, Wyoming. Project elevation is 4800 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, 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 Fleischman project area. This information shows that BLM conducted analysis and BLM incorporates it by reference.

Table 1.3. Overlapping NEPA Analyses by Decision Date

#	POD / Well Name	NEPA Analysis #	#/ Type Wells	Mo/Yr
1	Cherokee Ridge Alpha	WY-070-EA12-070	6	6/8/12

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 CBNG wells on 80 acre-spacing resulting in about 51,000 CBNG wells and 3,200 oil 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 document was finalized or supplemented within 5 years of spudding (drilling) the proposed well. The Fleischman 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 Fleischman 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 SUP, 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: EA: Cherokee Ridge Alpha POD, WY-070-EA12-070, pp. 6-7.

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 occurring and mitigation considered with the implementation of the proposal will be similar to those analyzed in the following EA which is adjacent or overlapping to this proposal, and is substantially similar, and are incorporated here by reference: Cherokee Ridge Alpha POD, WY-070-EA12-070, pp. 7-8.

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 4 registered stock and 1 domestic water wells within 1 mile of the proposed well with depths ranging from 85 to 250 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 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 Formations will be protected with casing and cement. Centralizers will be placed on every joint throughout the Fox Hills Formation. 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 5000 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 a 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.

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.

Wetlands/ Riparian

No wetlands/ riparian areas are in the project area.

Invasive Species

The BLM's weed database showed the presence of Scotch thistle, dalmatian toadflax, and skeletonleaf bursage in areas near this project. Subsequent field investigation by PH revealed none in the immediate project area. Cheatgrass or downy brome (*Bromus tectorum*) and to a lesser extent, Japanese brome (*B. japonicus*) are known to exist in the affected environment. 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.

Coal

The BLM has reviewed the proposed location and determined that the area identified for development falls within the lands previously identified as suitable for further coal leasing consideration in the BFO RMP 2001 update. There are no 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 does not fall within any existing Wyoming Department of Environmental Quality, Land Quality Division mine permit boundaries.

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 the 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 FEIS, the RMP and the above tiered EA; and (2) consistent with the programmatic biological opinion (ES-6-WY-07-F012), which is an update from the PRB FEIS, Appendix K. The BLM biologist performed an onsite inspection of the project area on March 5, 2015. The BLM wildlife biologist also consulted databases compiled and managed by BLM BFO wildlife staff, the PRB FEIS, WY Game and Fish Department (WGFD) datasets, and the Wyoming Natural Diversity Database (WYNDD) to evaluate the affected environment for wildlife species that may occur in the area. The proposed well 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 approved project in Table 1.3., and is incorporated here by reference. Also, a wildlife report was submitted by the operator which was performed by Grouse Mountain Environmental Consultants. Rationale for species not discussed in detail below can be referenced in the administrative record ((Table W.1. (Summary of Threatened and Endangered Species and Habitat and Project Effects) (Summary of Sensitive Species Habitat and Project Effects)).

Land uses and other disturbances occurring within the proposed project area include, livestock grazing, ranching operations, overhead power lines, conventional oil and gas, and improved and unimproved roads. The habitat within the proposal is grassland prairie. The dominant vegetation is crested wheatgrass along with needle and thread, blue gramma, prairie sagewort, prickly pear cactus, threadleaf sedge, and cheatgrass).

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 previously accepted cultural resource inventory (WYCRO project no. 7-2208) adequately covered the proposed project area. No cultural resources are located in or near 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(D)(i) the Bureau of Land Management electronically notified the Wyoming State Historic Preservation Officer (SHPO) on 5/22/2015 that no historic properties exist within the area of potential effect (APE). 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).

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

Position/Organization	Name	Position/Organization	Name
NRS/Team Lead	Eric Holborn	Archaeologist	Clint Crago
Supr NRS	Casey Freise	Wildlife Biologist	Don Brewer
Petroleum Engineer	Will Robbie	Geologist	Kerry Aggen
LIE	Connie Modzelewski	Supr NRS	Bill Ostheimier
Assistant Field Manager	Clark Bennett	Assistant Field Manager	Chris Durham
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 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: May 28, 2015

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