

DECISION RECORD
Yates Petroleum Corporation, Albacore Plan of Development (POD)-Nophobia CS Federal #11
Coalbed Natural Gas (CBNG) Project
Categorical Exclusion 1 (CX1), WY-070-390CX1-11-274
Buffalo Field Office, Bureau of Land Management

DECISION: The BLM approves the proposal from Yates Petroleum Corporation (YPC) for the drilling of 1 CBNG well, the Nophobia CS Federal #11, located in Section 10, T43N R78W, federal lease WYW128634. The well will be drilled to hold the lease and will not be put into production at this time. The operator plans to drill and produce more wells in the future in the Albacore POD, as reference in the CX1 worksheet, WY-070-390CX1-11-274, 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 CX1 worksheet, WY-070-390CX1-11-274 includes the project description, including site-specific mitigation measures. Mitigation measures will include the Conditions of Approval (COAs) in appendix A.

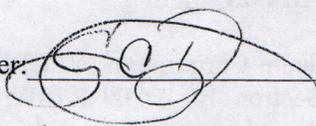
THE FINDING OF NO SIGNIFICANT IMPACT (FONSI). The US Congress, Department of Interior, and BLM affirmed there was no significant impact of a like-structured project when they created this CX1 and its limiting parameters. Thus a FONSI and an EIS is not required.

DECISION RATIONALE. The approval of this project is because:

1. The project will not adversely affect public safety and does not involve any unique or unknown risks.
2. The project will not result in a violation of any federal or known state or local law, statute or ordinance, or other requirement imposed for the protection of the environment.
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 Nophobia CS Federal; #11 APD 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 CX1, 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.
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.

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:  _____ Date: 9/20/2011

Categorical Exclusion 1 (CX1), WY-070-390CX1-11-274
Section 390, Energy Policy Act of 2005
Yates Petroleum Corporation, Albacore Plan of Development (POD)-Nophobia CS Federal #11
Coalbed Natural Gas (CBNG) Project
BUREAU OF LAND MANAGEMENT, BUFFALO FIELD OFFICE

Description of the Proposed Action

Yates Petroleum Corporation (YPC) requests the BLM approve the drilling of 1 CBNG well, the Nophobia CS Federal #11, located in Section 10, T43N R78W, federal lease WYW128634. The well will be drilled to hold the lease and will not be put into production at this time. The operator plans to drill and produce more wells in the future in the Albacore POD.

Operations would include the following:

- A drilling location of approximately 100 feet by 150 feet.
- A 2 track road approximately 143 feet long x 20 feet wide.
- Power will be supplied by a generator.
- Wellhead facilities would be contained in a frost box, (6'H x 6'W x 10'L).
- If the well is not found to be economically viable, all areas disturbed during construction would be reclaimed to the pre-disturbance condition, and the well bore would be plugged per State of Wyoming and BLM policy and regulations. The surface owner is BLM.

The total new surface disturbance for this action consists of 0.4 acres.

Plan Conformance

The proposed project conforms to the terms and the conditions of the Buffalo Resource Management Plan (RMP), 1985, amended 2001, 2003 and 2011, as required by 43 CFR 1610.5, 40 CFR 1508.4, and 43 CFR 46.215. 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 CX unless BLM can prove such CX is inapplicable, Section 390 (b). The development area is clearly lacking wilderness characteristics as it is in the midst of ranching, oil, and CBNG development, with miles of mechanically maintained improved roads, (see DOI Order 3310). This CX worksheet is a form of NEPA compliance categorically excluded from the analysis that occurs in an EA or EIS. (40 CFR 1508.4 and BLM H-1790, p. 17); it is not an exclusion from all analysis.

The applicable categorical exclusion from the Energy Policy Act of 2005 is exclusion number (b)(1) which is *individual surface disturbances of less than 5 acres so long as the total surface disturbance on the lease is not greater than 150 acres and site-specific analysis in a document prepared pursuant to NEPA has been previously completed.*

There are 3 requirements for a Section 390 CX1 (BLM NEPA Handbook, Appdx. 2):

- 1) The project must disturb less than 5 acres on the site. If more than 1 action is proposed for a lease (for example 2 or more wells), each activity is counted separately and each may disturb up to 5 acres. Similarly, the 5-acre limit applies separately to each activity requiring discrete BLM action, such as each APD, even though for processing efficiency purposes the operator submits for BLM review a large master development plan addressing many wells.

The project disturbs less than 5 acres of the surface. The well location area is approximately 0.35 acres. The road disturbance is approximately 0.05 acres. The total surface disturbance is approximately 0.4 acres.

- 2) The current un-reclaimed surface disturbance readily visible on the entire leasehold must not be greater than 150 acres, including this proposed project. This includes previous disturbances supporting lease development. The 150-acre limit applies separately to each federal lease supporting the development. Existing disturbance on the lease is an existing county road of approximately 1.5 miles long, disturbing approximately 9.6 acres and an existing improved road of approximately 0.25 miles long, disturbing approximately 1.8 acres, servicing an adjacent CBNG POD. See the POD maps in the APD, on file at the Buffalo Field Office (BFO), showing existing disturbance.
- 3) There must be a site-specific NEPA document (not just leasing) that covers the boundaries of the proposed project. This NEPA document may be an exploration or development EA/EIS; it may be part of a specific master development plan, a multi-well EA/EIS, or an individual permit approval EA/EIS. The NEPA document must have analyzed the type of activity or project being considered; yet it need not have addressed the specific permit or application being considered. The Powder River Basin (PRB) FEISs 1985 and 2003 and the BFO RMP, 1985, amended 2001 and 2003, analyzed foreseeable oil and CBNG development in the PRB.¹ YPC's proposal falls within the foreseeable development scenario that was analyzed in the tiered NEPA documents required to use a CX1. This CX also references the CBNG PODs - Williams Exploration's West Bullwhacker, EA # WY-070-07-104, approved on June 8, 2007 and North Finn's Big Bend III, EA# WY-070-EA07-201, approved on September 27, 2007..

Plan of Operations

The proposal design conforms to all Bureau standards and incorporates appropriate best management practices, required and design mitigation measures determined to reduce the effects on the environment.

BFO reviewed a surface use plan (SUP) of operations which described all proposed surface-disturbing activities and approves the SUP pursuant to Section 17 of the Mineral Leasing Act, as amended.

Wildlife Resources

The BLM wildlife biologist reviewed the proposal and determined that the project is consistent with the FEIS (WY-070-02-065) and programmatic biological opinion (ES-6-WY-02-F006) from the PRB Basin Oil and Gas Project.

Cultural Resources

YPC performed a Class III cultural resource inventory for the Nophobia#11 Federal well prior to on-the-ground project work (BFO project no. 70090074). YPC 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 report for technical adequacy and compliance with Bureau of Land Management (BLM) standards, and determined it adequate. The following resource is in or near the project area.

Site Number	Site Type	Eligibility
48JO4142	Historic and Prehistoric Site	Not Eligible

¹ The 2011 Amendment confined its analysis to the Fortification Creek Management Area, inapplicable here.

The proposed project will not impact any historic properties. Following the Wyoming State Protocol Section VI(A)(1) the BLM electronically notified the Wyoming State Historic Preservation Officer (SHPO) on August 22, 2011 that no historic properties exist in the area of project effects. If any cultural values [sites, artifacts, human remains (Appendix L PRB FEIS and Record of Decision)] are observed during operation of this lease/permit/right-of-way, they will be left intact and the Buffalo Field Manager notified. Further discovery procedures are explained in the Standard COA (General)(A)(1).

The scenic (visual resource) effect from the project is low. No above ground power lines will be built, and the constructed gas well site will appear subordinate in the landscape. Facilities and landscape modifications are visible but are reasonably mitigated to blend with natural features. Reclamation activities will restore the area to a reasonable level of its pre-development condition.

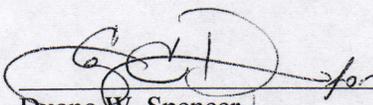
The effects on the soil, vegetation, and watershed components will be minimal with the application of mitigation measures in the Surface Use Plan of Operation and BLM Conditions of Approval.

Persons and Agencies Consulted

Name	Company/Agency	Title
Dan Sellers	BLM	Natural Resource Specialist
Jennifer Morton	BLM	Wildlife Biologist
Ardeth Hahn	BLM	Archaeologist
Matt Warren	BLM	PE
Kristine Phillips	BLM	LIE
Kerry Aggen	BLM	Geologist
Jeb Tachick	Yates Pet.	Permitting Agent
Mary Hopkins	Wyoming SHPO	SHPO

Worksheet Decision and Rational

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 CX1 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.


 Duane W. Spencer
 Field Manager

09/20/2011
 Date

Note: The CX1'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 Nophobia APD CX1 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 CX1 worksheet tiers to or incorporates an analysis here by reference or is supported in this CX1 worksheet with an analysis.

Contact Person: Dan Sellers, Natural Resource Specialist, Buffalo Field Office, 1425 Fort Street, Buffalo, WY 82834, 307-684-1100.