

DECISION RECORD
Yates Petroleum Corporation, Starlight Federal Com #29H
Determination of NEPA Adequacy (DNA), WY-070-DNA12-204
Bureau of Land Management, Buffalo Field Office, Wyoming

DECISION. BLM approves Yates Petroleum Corporation (Yates) oil or gas application for permit to drill (APD) of the associated DNA worksheet, WY-070-DNA12-204, incorporated here by reference, which tiers to (see environmental assessment (EA), WY-070-02-266 and WY-070-03-059). The proposed APD is the result of collaboration between the BLM and Yates. The EA’s analysis and findings found no significant impacts on the human environment, beyond those described in the Powder River Basin Final Environmental Impact Statement (PRB FEIS), so an EIS is not required. Details of the approval are summarized below.

Compliance. This decision complies with:

- Federal Land Policy and Management Act of 1976 (FLPMA) (43 USC 1701); DOI Order 3310.
- Mineral Leasing Act of 1920 (MLA) (30 U.S.C. 181); to include Onshore Order No. 1.
- National Environmental Policy Act of 1969 (NEPA) (42 USC 4321).
- National Historic Preservation Act of 1966 (NHPA) (16 USC 470).
- Buffalo Resource Management Plan (RMP) 1985, 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.

Well Sites. BLM approves the following the following APD and support structure:

List of Wells:

#	Well Name	Lot	SEC	TWP	RNG	Surface hole Lease	Bottom hole Lease
1	Starlight Federal Com #29H	20	19	43N	73W	Fee	WYW4064

Limitations. See the conditions of approval (COAs).

THE FINDING OF NO SIGNIFICANT IMPACT (FONSI). BLM’s analysis concluded in a FONSI for EAs, WY-070-02-266, and WY-070-03-059. The DNA worksheet, WY-070- DNA12-204, incorporated here by reference, found no significant impact on the human environment beyond those in the PRB FEIS, thus, an EIS or EA are not required.

COMMENT OR NEW INFORMATION SUMMARY. BLM publically posted the proposed APD for 30 days, received no comments, and then internally scoped them. BLM’s experience in the PRB (outside of the Fortification Creek Planning Area) revealed little public input or new issue discovery other than those revealed after public scoping during development of the PRB FEIS. New information regarding Greater Sage-Grouse (GSG) includes the 2012 BLM-contracted population viability analysis for the Northeast Wyoming sage-grouse. That study found that there remains a viable population of sage-grouse in the PRB (Taylor et al. 2012); however threats from energy development and West Nile Virus (WNV) are impacting future viability (Taylor et al. 2012). The study indicated that effects from energy development, as measured by male lek attendance, are discernible out to a distance of 12.4 miles.

DECISION RATIONALE. BLM bases the decision authorizing the selected project on:

1. BLM and Yates included mitigation measures to reduce environmental impacts while meeting the project's need. See the COAs for a description of all site-specific measures. Yates incorporated several measures to alleviate resource impacts into their Master Surface Use Plan (MSUP) submitted on July 12, 2012. Yates incorporated several measures to alleviate resource impacts in their drilling plan. Refer to the MSUP and drilling plan for details of operator committed measures.
2. Yates will conduct operations to minimize adverse effects to surface and subsurface resources, prevent unnecessary surface disturbance, and conform to currently available technology and practice. The selected alternative will not result in any undue or unnecessary environmental degradation. The PRB FEIS analyzed and predicted that the PRB oil and gas development would have significant impacts to the region's GSG population. The impact of this development, along with those in the EAs tiered to, cumulatively contributes to the potential for local extirpation yet its effect is acceptable because it is outside priority habitats and is within the parameters of the PRB FEIS/ROD and current BLM and Wyoming GSG conservation strategies.
3. The selected alternative will help meet the nation's energy needs, and help stimulate local economies by maintaining workforce stability.
4. Yates committed to:
Comply with the approved APDs, 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 measures to alleviate resource impacts in their submitted surface use and drilling plans.
5. Yates certified it has a surface access agreement or posted a 43 CFR 3814.1 bond.
6. The well is an existing fee/fee with a horizontal lateral trespassed into federal minerals. Therefore, no recommended COAs have been attached to the APD.
7. Yates provided the BLM a true and complete copy of a document in which the owner of the surface authorizes the operator to drill a federal well from non-federal lands, and in which the surface owner or representative guarantees the Department of the Interior (Department), including BLM, access to the non-federal lands to perform all necessary surveys and inspections. (See BLM WO Instruction Memorandum No. 2009-078, p. 2, para 6).
8. The project is clearly lacking wilderness characteristics as there is no federal surface acreage.

ADMINISTRATIVE REVIEW AND APPEAL. 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.

Acting Field Manager:  Date: 9/21/12

FINDING OF NO SIGNIFICANT IMPACT
Determination of NEPA Adequacy (DNA), WY-070-DNA12-204
Yates Petroleum Corporation, Starlight Federal Com #29H
Bureau of Land Management, Buffalo Field Office, Wyoming

FINDING OF NO SIGNIFICANT IMPACT. On the basis of the information in DNA, WY-070-DNA12-204, and other information available to me, I find that: (1) the implementation of the proposed action as described in the DNA worksheet will not have significant environmental impacts beyond those already addressed in Powder River Basin Final Environmental Impact Statement (PRB FEIS) and environmental analyses, WY-070-02-266 and WY-070-03-059, to which the EA tiers and the conditions and effects in the senior documents remain valid; (2) the DNA worksheet conforms to the Buffalo Field Office Resource Management Plan (1985, 2001, 2003, 2011); and (3) the DNA worksheet does not constitute a major federal action having a significant effect on the human environment. Thus, an environmental impact statement is not required. This finding is based on my consideration of the Council on Environmental Quality's criteria for significance (40 CFR 1508.27), regard to the context and to the intensity of the impacts described in the EAs and DNA Worksheet, and DOI Order 3310.

CONTEXT. Mineral development is a long-standing land use in the PRB – sourcing over 42% of the nation's coal. The PRB FEIS reasonably foreseeable development analyzed the development of 54,200 oil, and coalbed natural gas wells. The additional development in the DNA is insignificant in the national, regional, and local context. The conditions and environmental effects in the EAs and PRB FEIS are valid.

INTENSITY. The implementation of the DNA project will result in beneficial effects in the forms of energy and revenue production however; there will also be adverse effects to the environment. Design features and mitigation measures included in the EAs and DNA prevent significant adverse environmental effects. The preferred alternative does not pose a significant risk to public health and safety. The geographic area of the project does not contain unique characteristics identified in the 1985 RMP, 2003 PRB FEIS, or other legislative or regulatory processes. BLM used relevant scientific literature and professional expertise in preparing the DNA. The scientific community is reasonably consistent with their conclusions on environmental effects relative to oil and gas development. Research findings on the nature of the environmental effects are not highly controversial, highly uncertain, or involve unique or unknown risks. Oil well development of the nature proposed with this project and similar projects was predicted and analyzed in the PRB FEIS; the selected project does not establish a precedent for future actions with significant effects. The proposal relates to the PRB Greater Sage-Grouse and its habitat decline having cumulative significant impacts, yet the small size of this proposal is within the parameters of the impacts denoted in the PRB FEIS. There are no cultural or historical resources present that will be adversely affected by the selected alternative. No species listed under the Endangered Species Act or their designated critical habitat will be adversely affected. The selected alternative will not have any anticipated effects that would threaten a violation of federal, state, or local law or requirements imposed for the protection of the environment. The proposal area is clearly lacking wilderness characteristics as there is no federal surface.

ADMINISTRATIVE REVIEW AND APPEAL. This finding is subject to administrative review in accordance with 43 CFR 3165. Any request for administrative review of this finding 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 finding is received or considered to have been received. Any party who is adversely affected by the State Director's finding may appeal that finding to the Interior Board of Land Appeals, as per 43 CFR 3165.4.

Acting Field Manager: _____

Date: 9/21/12

Determination of NEPA Adequacy (DNA) Worksheet, WY-070-DNA12-204
U.S. Department of the Interior
Bureau of Land Management, Buffalo Field Office, Wyoming

OFFICE: BLM, Buffalo Field Office (BFO), 1425 Fort Street, Buffalo, WY 82834

CASE FILE/PROJECT NUMBERS: WY-070-DNA12-204

PROPOSED ACTION TITLE: Starlight Federal Com #29H

LOCATION/LLEGAL DESCRIPTION: T43N R73W Lot 20 Sec 19

APPLICANT: Yates Petroleum Corporation (Yates)

A. Description of the Proposed Activity and Any Applicable Mitigation Measures

#	Well Name	Lot	SEC	TWP	RNG	Surface hole Lease	Bottom hole Lease
1	Starlight Federal Com #29H	20	19	43N	73W	Fee	WYW4064

Yates proposes an application for permit to drill (APD) to explore for and develop oil and natural gas reserves from a fee lease with a horizontal lateral into federal lease WYW4064. The well is currently shut in due to being drilled in trespass. The well was originally drilled in 2002 as a horizontal Turner test well. The horizontal lateral penetrated a fee lease and federal lease WYW4064, but was plugged back to the vertical bore, fee lease, due to lack of technology to economically produce the horizontal lateral. In 2005 the Buffalo Field Office (BFO) recognized the federal penetration and issued Yates with a drilling without approval assessment. In 2010 Yates drilled out the plug, cleaned out the horizontal lateral to total depth (TD), ran a production liner, hydraulically fractured, completed and began to produce the lateral that had originally penetrated federal lease WYW4064 without approval. In 2012 it was identified through efforts by the BFO and the BLM reservoir management group (RMG) that the horizontal lateral was again active and in a producing status. BFO issued a second assessment for the trespass and required the well be placed in a shut-in status until an APD is approved. The well is located approximately 40 miles southwest of Gillette and is producing from the Turner formation. The access road and pad were originally constructed for fee drilling in 2002. No new surface disturbance will be associated with approval of this APD.

A.1. Jurisdictional Setting

Starlight Federal Com #29H – surface hole location fee, penetrating through federal Lease WYW4064.

B. Conformance with the Land Use Plan (LUP) and Consistency with Related Subordinate Implementation Plans

The proposal conforms to the applicable LUPs because it is specifically provided for in the following LUP decisions:

Buffalo Resource Management Plan (RMP), 1985; amended in 2001, 2003, & 2011. DOI Order 3310.

The Buffalo RMP, 1985, and as amended in 2001 provides to “Continue to lease and allow development of federal oil and gas in the Buffalo Resource Area” (MM-7: 1985 Buffalo RMP Record Of Decision (ROD) at p.16, 2001 RMP update at p. 9).

The 2003 supplement to the Buffalo RMP provided goals and objectives for “future management of

oil and gas operations....within the Buffalo...RMP areas” 2003. (Powder River Basin (PRB) Final Environmental Impact Statement (FEIS) ROD p. 6).

C. Identify applicable National Environmental Policy Act (NEPA) documents and other related documents that cover the proposed action.

List by name and date all applicable NEPA documents that cover the proposed action.

- All Night Creek 3, WY-070-02-266, approved August 27, 2002.
- Bonita, WY-070-03-059, approved February 24, 2003.
- Final Environmental Impact Statement (FEIS) . . . for the PRB Oil and Gas Project, BFO 2003.
- Samson’s Hornbuckle Field EA, WY-060-EA11-181, approved August 2011.
- Cherokee Ridge Alpha EA, WY-070-EA12-070, approved June 2012.

D. NEPA Adequacy Criteria

1. Is the new proposed activity a feature of, or essentially similar to, an alternative analyzed in the existing NEPA document(s)? Is the project within the same analysis area, or if the project location is different, are the geographic and resource conditions sufficiently similar to those analyzed in the existing NEPA document(s)? If there are differences, can you explain why they are not substantial?

Yes. The conditions and environmental effects found in the EAs listed above are substantially unchanged and remain valid. Subsequent heightened analysis on hydraulic fracturing is substantially similar to the drilling technique and its environmental effects for this proposal; see Samson’s Hornbuckle Field EA, WY-060-EA11-181, and Cherokee Ridge Alpha EA, WY-070-EA12-070. The differences are not substantial because there occur in a similar proximity, in similar sage-brush short grass prairie, drill into substantially similar formations, and use similar road and water approvals and disposal regimes.

2. Is the range of alternatives analyzed in the existing NEPA document(s) appropriate with respect to the new proposed action, given current environmental concerns, interests, and resource values?

Yes, the range of alternatives analyzed in the existing NEPA documents included the general analysis for that included drilling wells on fee surface and fee minerals – which this well initially was. The analysis also included horizontal drilling from fee surface and minerals into a federal lease (see the PRB FEIS and EA WY-060-EA11-181). Since with this well there is no new surface disturbance and the well is in the midst of an existing oil and gas development the environmental effects, cumulative effects, and residual effects are minimal and comparable to those analyzed in the PRB FEIS.

3. Is the existing analysis valid in light of any new information or circumstances (such as, rangeland health standard assessment, recent endangered species listings, updated lists of BLM-sensitive species)? Can you reasonably conclude that new information and new circumstances would not substantially change the analysis of the new proposed action?

Yes, any new information or circumstances did not substantially change the analysis of the new proposed action. The APD’s master surface use plan and drilling plan are incorporated here by reference and show adequate protection of surface lands and ground water. There are no substantially

new revelations concerning the drilling methods or techniques that change the analysis found in EAs Hornbuckle Field EA, WY-060-EA11-181, and Cherokee Ridge Alpha EA, WY-070-EA12-070.

The WY BLM published an updated Greater Sage-Grouse (GSG) policy and released a population viability analysis. The PRB FEIS analyzed and predicted that PRB fluid mineral development would have significant impacts to the region's GSG population. This APD cumulatively contributes to the potential for local extirpation yet its effect is acceptable because it is outside core, connectivity, and focus GSG habitats, and is within the analysis parameters of the PRB FEIS / ROD, and within current BLM and Wyoming GSG conservation strategies.

4. Are the direct, indirect, and cumulative effects that would result from implementation of the new proposed action similar (both quantitatively and qualitatively) to those analyzed in the existing NEPA document?

Yes, direct, indirect, and cumulative impacts are unchanged from those identified/analyzed in the existing NEPA documentation. See also, 1 and 3, above.

5. Is the public involvement and interagency review associated with existing NEPA document(s) adequate for the current proposed action?

Yes, BLM received no public comments from posting the APDs for 30 days.

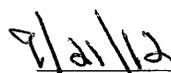
E. Persons/Agencies/BLM Staff Consulted

Name	Title	Organization
Tim Barber	Supervisor Federal Regulatory Agent	Yates Petroleum Corporation
Matthew Warren	Supervisor Petroleum Engineer	BLM
Kristine Phillips	Legal Instruments Examiner	BLM
Seth Lambert	Archeologist	BLM
Bill Ostheimer	Supervisor Wildlife Biologist	BLM
Casey Freise	Supervisor Natural Resource Specialist	BLM
John Kelley	Environmental and Planning Coordinator	BLM

Conclusion. Based on the review documented above, I conclude that this proposal conforms to the applicable land use plan and that the NEPA documentation fully covers the proposed action and constitute BLM's compliance with the requirements of the NEPA.



 A. King Field Manager:



 Date

Note: The signed Conclusion on this Worksheet is part of an interim step in the BLM's internal decision process and does not constitute an appealable decision. However, the lease, permit, or other authorization based on this DNA is subject to protest or appeal under 43 CFR Part 4 and the program-specific regulations.