DECISION RECORD
Categorical Exclusion 3 (CX3), Sunrise Federal 36H, WY-070-390CX3-13-40 (horizontal well)
Applications for Permit to Drill (APD,) Section 390, Energy Policy Act of 2005
Bureau of Land Management, Buffalo Field Office, Wyoming

DECISION. The BLM approves the application for permit to drill (APD) from Yates Petroleum to drill this horizontal oil and gas well and construct the associated infrastructure, as described in the CX3 worksheet, in the CX3, WY-070-390CX3-13-40, incorporated 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).
- Buffalo and Powder River Basin (PRB) Final Environmental Impact Statement (FEIS), 1985, 2003.
- Buffalo Resource Management Plan (RMP) 1985, Amendments 2001, 2003, 2011.

A summary of the details of the approval follows. The CX worksheet, WY-070-390CX3, for this oil and gas well, above, includes the project description, including site-specific mitigation measures which are incorporated by reference into that worksheet from earlier analysis. The proposed well is between the towns of Gillette and Wright, in Campbell County, Wyoming. This Yates well proposal has 1 APD, along with associated infrastructure, to develop and produce oil and gas from the Turner Formation of the PRB. This well is a horizontal bore proposed on an 80 acre spacing pattern.

Approvals: BLM approves the following APD and associated infrastructure:

#	Well Name & #	Qtr	Sec	Twp	Rng	Lease	CX Number
1	Sunrise Federal 36H	NENE	12	43N	74W	WYW139670	WY-070-390CX3-13-40

Limitations. See the conditions of approval (COAs).

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. Since receiving this APD proposal BLM received clarified policies on Greater Sage-Grouse (GSG) and migratory bird conservation, and reducing direct wildlife mortalities.

DECISION RATIONALE. The approval of this project is because:

1. Mitigation measures and COAs analyzed in the CX3 worksheet, in environmental impact statements or environmental analysis, to which the CX3 worksheet tiers or incorporates by reference, will reduce environmental impacts while meeting the BLM's need.
2. 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 this APD complies with the Energy Policy Act of 2005, Section 390, 43 CFR 1610.5, 40 CFR 1508.4, and 43 CFR 46.215.
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 operator, in their APD/POD, shall:
   - Comply with all applicable federal, state, and local laws and regulations.
   - Offer water well agreements to the owners of record for permitted water wells within 0.5 mile of a federal producing well in the POD (PRB FEIS ROD, p. 7).
   - Provide water analysis from a designated reference well in each coal zone.
6. The project is clearly lacking wilderness characteristics because it is amidst mineral 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. This decision does not foreclose the lessee or operator to propose using external pumping units via a sundry application process.
8. The operator certified there is a surface use access agreement with the landowners.
9. 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 the APD.

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: 5/8/13

Categorical Exclusion 3 (CX3), Sunrise Federal 36H-Horizontal Oil Well, WY-070-390CX3-13-40, Application for Permit to Drill (APD) Section 390, Energy Policy Act of 2005
Bureau of Land Management, Buffalo Field Office, Wyoming

Description of the Proposed Action. Yates Petroleum Corporation (Yates) proposes to drill 1 horizontal oil and gas well and construct associated infrastructure as follows:

Table 1.1. Proposed Well

#	Well Name & #	Qtr	Sec	Twp	Rng	Lease	CX Number
1	Sunrise Federal 36H	NENE	12	43N	74W	WYW139670	WY-070-390CX3-13-40

The proposed horizontal well is within historic and current oil and gas and coalbed natural gas (CBNG) development. This well is on private surface over federal minerals then horizontally draining federal minerals. The project area is between the towns of Gillette and Wright, in Campbell County, Wyoming. Elevation of this project is close to 5000 feet. The topography has gently sloped draws rising to mixed sagebrush and grassland uplands, which have areas of developed farming and ranching lands. Ephemeral tributaries are common in the area. The area's main drainages are the Belle Fourche River, All Night and Fourmile Creeks. The semi-arid climate averages 10-14 inches of precipitation annually, about 60% of which occurs between April and September. The proposal targets draining minerals from the Turner Formation. The surface owners are: Patricia J. Moore Revocable Trust, Drake Family Revocable Land Trust, and Wilson Family Trust.

Reasonably foreseeable development in the Raging Bull Com. 2H APD/POD (plan of development) environmental assessment (EA), WY-070-EA12-207, 2012, is in this proposal area and addressed filling-in to 80-acre spacing. This supports the development anticipated in the Powder River Basin Final Environmental Impact Statement (PRB FEIS).

The proposal is to explore by horizontal drilling for, and possibly develop oil and gas reserves in the Turner Formation at approximately 10,700 feet, total vertical distance (TVD). Yates proposes drilling and developing this well into federal mineral estate. The bottom hole locations are about 1 mile away from the vertical bores (See well maps and APD for exact locations and footages). The horizontal bores terminate at the bottom holes.

Yates submitted the APD (incorporated here by reference) on June 20, 2012, to the BFO. Yates and BFO completed onsite inspections on October 17, 2012 for this well. The onsite evaluated the proposal and modified it to mitigate environmental impacts. The BLM sent a post-onsite deficiency letter to Yates on November 15, 2012 and a "revised" post-onsite deficiency letter on January 9, 2013. Full effects of the action and conditions of approval (COAs) are in the proposed project APD and surface use plan, as listed in Table 1.1 above and BLM COAs for Conventional Application for Permit to Drill, in Appendix A.

Drilling, Construction & Production design features include:

- Yates anticipates completing drilling and construction in 2 years. Drilling and construction is year-round in the region. Weather may cause delays, but delays rarely last multiple weeks. Timing limitations in the form of COAs and/or agreements with surface owners may impose longer temporal restrictions. Yates anticipates that estimated drilling duration will be 60 days and 90 day for completion, depending on circumstances.
- A road network that will consist of existing improved all-weather roads; existing primitive (2-track) roads to be upgraded to all-weather improved roads; and a proposed improved well access roads. The operator will use existing roads as much as possible, whether public or private.
- There will be a reserve pit at this oil well location during drilling and completion.

- Hydraulic fracturing operations are planned as a 'plug & perf' operation done in stages. The process is anticipated require 14 days to complete. Drilling and completion water will come from either municipal water supplies from Wright or Gillette, Wyoming, permitted water wells, produced water directly from a CBNG well or treated water collected in lined pits or reservoirs. The water will be contained in either a lined pit or 400-500 bbl hydraulic fracturing tanks. No additional well pad disturbance is anticipated for hydraulic fracturing operations. Completion flowback water will be held in either the lined reserve pit or in tanks on location, until it can be either trucked or piped offsite to a disposal facility permitted by Wyoming Department of Environmental Quality (WDEQ).
- Temporary, surface water lines for drilling and completion may be used. The surface lines will be removed when all wells have been drilled and completed.
- No off-site ancillary facilities are planned for this project. No staging areas, man camps/housing facilities are anticipated to be used off-site. Working trailers and sleeping trailers will be placed on the well pad during the drilling and completion of the well.
- If the well becomes a producer, production facilities will be located at the well site and will include a pumping unit, storage tanks, buildings, oil-water separator (heater-treater). There will be no pits at this producing oil well location.
- Dikes will be constructed completely around production facilities, i.e. production tanks, water tanks, and heater treater. The dikes will be constructed of corrugated steel, approximately 3 feet high, and hold capacity of the largest tank plus 10%. The load-out line will be outside of the dike area. A drip barrel or "Getty-Box" will be installed under the end of all load-out lines.
- An existing and proposed above ground power line will be used if the well becomes a producer. Power will be provided by 3rd party contactor. Generators will be used for power until permanent power is obtained. BLM anticipates that new construction of power will begin at existing 3-phase overhead lines or buried power lines closest to the well and continue adjacent to the well pad.
- Well pad disturbance during construction and drilling will be approximately 5 acres (this includes cut and fill and soil stock pile areas). Once the well is completed, any area of the well pad not needed for production will be reclaimed, reducing the pad area by 0.86 acres, for interim reclamation.
- Typically 170 500-bbl hydraulically fracturing (HF) tanks are spotted, taking 2 weeks to fill (approx.12 tanker loads/day), prior to pumping the stimulation. All HF water, including excess, is present before starting.
- Flowback equipment and tanks are spotted 2-3 days before pumping. Sand silos are spotted and filled 2-3 days prior to pumping.
- Next pump trucks and chemical mixing equipment arrives and, when ready, operations continue for 36-48 hours or 3-5 days depending on the type of stimulation stage isolation (i.e. packers/sleeves or plug/perf respectively).
- Sand (proppant) is continuously brought on site in semi-truck loads during pumping. It is necessary to have a safe turning radius for these trucks. Pumping water may require heating in the winter months.
- In order to mitigate impacts to ferruginous hawk nest, # 13332, Yates committed to construct and maintain an alternative nesting platform in NW¼ NW¼ Section 12, T43N:R74W. In addition, Yates will restrict surface disturbing activities within 1 mile of the platform, and monitor nesting in the project area for 5 years following completion of the well; (see Yates Petroleum Corporation, Sunrise Federal #36H Oil Well, Raptor Nest Mitigation Plan in the administrative record, (AR)).

The following narrative explains why the operator requests a 400 x 400 foot well pad, which is 3.67 acres for the bladed and level pad site. The well pad will be reduced to 2.81 acres, when interim reclamation is complete, in the production phase of the well. Total disturbance for pad cut and fill, road and utility disturbance will also be reduced with interim reclamation of the road ditches, pipelines and cut and fill areas. Multi-stage horizontal completions require all equipment and materials to be present before beginning operations. Necessary space must be available to work safely around all the equipment. This proposed well pad surface disturbances are within the PRB FEIS analysis parameters; see description and

analysis in Crazy Cat East EA, WY-070-EA13-028, incorporated here by reference, along with its analysis of hydraulic fracturing, its effects on water, and traffic.

Additionally, this proposed well will use existing infrastructure from existing disturbances as much as possible. For a detailed description of design features and construction practices associated with the proposed project, refer to the surface use plan (SUP) and drilling plan included with the APD. Also see the APD for maps showing the proposed well location and associated facilities described above. Total surface disturbance for the proposed action is 9.74 acres.

Table1.2. Disturbance Summary for the Sunrise Federal 36H APD:

Proposed Facility	Number or Miles	Factor	Disturbance
Engineered Pad	1 well Pad	400 ft. x 400 ft. per Pad	3.7 acres
Engineered Pad Cut & Fill (additional to the Engineered Pad acres)	1	varies	1.3 acres
Improved Roads with Corridor	0.2 mile	75 ft. wide	1.7 acres
Improved Roads no Corridor	0.1 mile	50 ft. wide	0.63 acres
Water, Gas Pipeline and Buried Power	0.7 mile	25ft. to 35 ft. width	2.5 acres
Total Existing & Proposed Surface Disturbance Before Interim Reclamation			**9.74 acres**

Off Well Pad

Yates will install a buried 3 to 6 inch high-density polyethylene (HDPE) gas gathering pipeline of at least 125 psi rating from the producing well to transport natural gas from the well to a gas gathering trunkline and on to a compressor facility. Gas gathering trunklines will typically consist of 6 to 24 inch HDPE buried lines of at least 125 psi rating. Yates will install an above ground and or buried 2 to 6 inch corrosion resistant water gathering pipeline of at least 150 psi rating from the well to transport water to a water gathering trunkline and/or to an approved water disposal well in the area.

The operator requires minimal overhead power installation from existing utility lines for the proposed POD. The electric provider will run overhead lines near the edge of the pad and underground power will run to the pumping unit electric motor and other electrically powered devices on site to power the well.

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, the PRB FEIS, 2003, and the Record of Decision (ROD) and Resource Management Amendments for the Powder River Oil and Gas Project, Amendments of 2001, 2011 as required by 43 CFR 1610.5, 40 CFR 1508.4, 43 CFR 46.215, and the Federal Land Policy and Management Act (FLPMA). The project area is clearly lacking wilderness characteristics as it is amidst extensive oil and gas development. 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 is a list of existing/approved APDs/PODs that are within, adjacent, and/or tier to the proposed well project area. This information shows the reader that BLM conducted analysis.

Table 1.3. NEPA Analysis to Which this CX3 Tiers or Incorporates by Reference

#	POD / Well Name	NEPA Document #	# / Type Wells	Decision Date
1	Yates: Sunrise Federal 32	WY-070-EA11-287	1/Oil	8/12/2011
2	Samson: Hornbuckle	WY-060-EA11-181	48 pads/Oil	8/26/2011
3	Yates: Verde	WY-070-08-177	11/CBNG	9/12/2008
4	Yates: Raging Bull Com. 2H	WY-070-EA12-207	1/Oil	9/27/12

2) There is an existing NEPA document (and the RMP) containing reasonably foreseeable development scenario for this action. There are several existing NEPA documents that reasonably foresaw development to spud additional wells to fill in 80 acre well-spacing. BLM reviewed these documents and determined they considered the potential environmental effects associated with the proposed activity at a site specific level. In addition, all approved EAs tier into the PRB FEIS. The PRB EIS analyzed foreseeable development 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 over 3,200 oil wells. The project wells are in the foreseeable development scenario of 80 acre well-spacing that was analyzed in EAs in Table 1.3 and in 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 proposed well tier to the APDs/PODs listed in Table 1.3.

In summary, the EAs 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 of the proposed well. This oil well is similar to both the qualitative and quantitative analysis in the above EAs, in Table 1.3. The BFO reviewed the EAs and found that the EAs considered potential environmental effects associated with the proposal at a site specific level. This well will share existing infrastructure where possible. Confirmation wells for this project are those wells drilled and completed in the APDs/PODs in Table 1.3. This 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.

Wildlife
BLM reviewed and determined that the proposed APD, combined with the COAs (and design features), is: (1) consistent with the FEIS and its supplements, 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. The biologist performed onsite inspections of the project area on October 17, 2012. The affected

environment and environmental consequences for wildlife are discussed in, and anticipated to be similar to, the Yates Sunrise Federal 32 EA, pp. 5-7 and 9-16. BLM discusses additional information, below.

Raptors

BLM analyzed effects to raptors from surface disturbing and disruptive activities associated with development of horizontal oil wells in the Sahara POD EA, WY-070-EA13-72, 2013, Section 4.6.2.1, pp. 28-31, incorporated here by reference. Activities associated with development of the Sunrise 36H well are anticipated to be similar in nature, with the following additional site-specific information.

The U.S. Fish and Wildlife Service (FWS) recommends a 1-mile spatial buffer to protect ferruginous hawk nests. Three ferruginous hawk nests occur within 1 mile of the proposed Sunrise 36H well and associated infrastructure, nest #s: 2426, 2436, and 13332. Nest 2426 is out of the line of sight of the well pad. Nest 2436 is in remnant condition with barely any nest material still at the nest site indicating that it likely was inactive for many years. Nest 13332 is approximately 0.40 miles and in direct line of sight of the proposed well. The nest also is approximately 60 feet from the proposed buried electric line that will power the well. Nest 13332 was active with eggs in 2012. Because of the close proximity and lack of visual (spatial / biological) barriers between the nest and the proposed well, the BLM recommended that Yates propose mitigation measures to reduce potential impacts to the nest. Yates contracted ICF to prepare a mitigation plan which included installation of an artificial nesting structure, and coordinated with the FWS. The FWS issued recommendations, (letter O6E13000/WYI2CPAO173a, April 5, 2013).

The FWS's recommendations include a location for the artificial nest structure, timing of activities, and monitoring of nests in the area. Yates incorporated the recommendations into its raptor mitigation plan for the project (see Yates, Sunrise Federal #36H Oil Well, Raptor Nest Mitigation Plan, AR). To reduce the risk of decreased productivity or nest failure, Yates will not conduct surface disturbing activities within 1.0-mile of the platform from March 15 through July 31. Nest 13332 will remain intact and at its present location. While the timing limitation will mitigate impacts during the construction phase of the project, impacts from disruptive activities are still expected to occur. The PRB FEIS ROD does not specifically identify timing limitations for disruptive activities, and impacts to nesting raptors may not be adequately mitigated. Nest 13332 is well within the spatial (biological) buffer recommended by FWS to protect nesting ferruginous hawks from auditory and visual impacts from human activities as well as prevent "take" of breeding birds, young, or eggs. Hawks using the nest may be impacted by daily activities at the well once it is in production, as well as disruptive activities associated with hydraulic fracturing, and may eventually abandon the nest in favor of nest sites out of line of sight of the well, such as the artificial nest platform which will be constructed in NWNW Section 12, T43N:R74W. If nest 13332 is active, disruptive activities occurring during the nesting season at the Sunrise 36H well site may cause the nest to fail. However, future nesting at the 13332 nest will be less likely due to the area's existing development activity, the presumed failure of the nest in the 2012 season, and construction of the new platform - which may provide greater security to the hawks due to its location away from active development and its elevation off the ground.

Migratory Birds

The PRB FEIS discussed direct and indirect effects to migratory birds, pp. 4-231 to 4-235. BLM also described effects in the Sunrise Federal 32 EA, p. 14-15. The PRB FEIS states, p. 4-231, "Surface disturbance associated with construction, operation, and abandonment of facilities, including roads, has the potential to result in direct mortality of migratory birds. Most birds would be able to avoid construction equipment; however, nests in locations subject to disturbance would be lost, as would any eggs or nestlings." Direct mortality of a bird or destruction of an active nest due to construction activities could result in a "take" as defined (and prohibited) by the MBTA (Migratory Bird Treaty Act), a nondiscretionary statute.

During the onsites, the BLM biologist identified suitable nesting habitat present for mountain plover and long-billed curlew, both BLM special status (sensitive) species. However, no documented nests exist in the project area for either species. It is unlikely that other migratory passerines would nest in the areas proposed for disturbance due to lack of nesting cover.

Migratory bird species in the PRB nest in the spring and summer and are vulnerable to the same effects as Greater Sage-Grouse (GSG) and raptor species. Though no timing restrictions are typically applied specifically to protect migratory bird breeding or nesting, where GSG or raptor nesting timing limitations are applied, nesting migratory birds are also protected. Where these timing limitations are not applied and migratory bird species are nesting, migratory birds remain vulnerable. Surface disturbing activities associated with portions the Sunrise 36H well will have raptor timing limitations applied, thereby providing protection to migratory birds until July 31, if an active raptor nest is present.

Although nesting in the proposed disturbance areas is unlikely, ground nesting birds using grassland habitats in project area may have nests or young destroyed if construction occurs during the nesting season. Migratory birds nesting adjacent to the well pad or road may be displaced, abandon nests, or suffer reduced reproductive success due to construction and production activities. Suitability of the project area for migratory birds will be negatively affected due to habitat loss and fragmentation and proximity of human activities associated with oil and gas development.

Yates proposes using heater treaters in the production phase of the well. Heater treaters, and similar facilities with vertical open-topped stacks or pipes, can attract birds. Facilities without exclusionary devices pose a mortality risk. Once birds crawl into the stack, escape is difficult and the bird may become trapped (U.S. v. Apollo Energies Inc., 611 F.3d 679 (10th Cir. 2010); see also Colorado Oil and Gas Commission, Migratory Bird Policy, accessed February 13, 2012). The BLM recommends taking measures to preclude migratory birds from all facilities that pose a mortality risk, including, but not limited to, heater treaters, flare stacks, secondary containment, and standing water or chemicals where escape may be difficult or hydrocarbons or toxic substances are present at the Sunrise 36H well.

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, 1 registered stock water well, within 1 mile of the proposed well vertical bore shaft in the project area with a depth of 360 feet. For additional information on groundwater, refer to the PRB FEIS, pp. 3-1 to 3-36.

Yates proposed several sources for their water needed to drill and develop the well. The water will either be trucked or piped via temporary surface lines to the well pad and stored in tanks and/or a pit to be used as needed. Yates proposes that 40,000 bbls /day per well will be used for the drilling and development of the well. For more detailed information refer to the APD's MSUP.

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. The anticipated depths of the Fox Hills Formation are between 6,400 to 6,815 ft bgs. The operator will use centralizing stabilizers on each casing joint through the depths of the Fox Hills Formation to insure the cementing encapsulates the casing and seals the formation off from contamination. The cementing off of the formation will extend 50 feet above and below the formation.

The operator committed in the MSUP to abide to the state and federal regulations for the drilling and production of the well. Therefore, no direct or indirect adverse effects are anticipated. 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 the wells for a time to be able to estimate the water production.

The WOGCC monitors and regulates the chemicals for drilling and completion as well as Class II underground injection disposal. "BLM may rely on the actions of state regulators. The IBLA and federal courts recognized it is appropriate for BLM to assume a proposed action complies with state permitting requirements, and rely on state analysis when evaluating the significance of effects. Wyo. Outdoor Council v. U.S. Army Corps of Eng'rs, 351 F. Supp. 2d 1232, 1244 (D. Wyo. 2005); PRBRC, 180 IBLA 32, 57 (2010); Bristlecone Alliance, 179 IBLA 51, 74-77 (2010)." In Wyoming Outdoor Council, the District Court held the Corps may rely on the WDEQ permitting process to "ameliorate any concerns that impacts to water quality will be significant." Id.

During construction and subsequent production of these wells, Yates committed to stabilize the constructed area to reduce the risk of sediment transport due to erosion. This and complying with WDEQ Storm Water Pollution Prevention criteria will minimize impacts to surface water resources in the area. 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. Yates proposed to dispose of the produced and flow back water to state permitted facilities by either deep re-injection (7,534-8,762 ft. below ground surface) or storage and evaporation in lined pits. Either alternative would be protective of groundwater resources when performed in compliance with state and federal regulations. The water will either be trucked or piped via underground water lines to the locations from the storage tanks and/or reserve pit on the well pad. For more detail, refer to the MSUP.

Cultural

Yates performed a Class III cultural resource inventory for the Sunrise #36H well prior to on-the-ground project work (BFO project no. 70120038). BFO received from Yates 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*. Seth Lambert, BLM Archaeologist, reviewed the report for technical adequacy and compliance with BLM standards, and determined it to be adequate. Previously accepted cultural report 70020188 covered the remainder of the project area. The proposal will not impact historic properties. Following the Wyoming State Protocol Section VI(A)(1) the BLM notified the Wyoming State Historic Preservation Officer (SHPO) on February 4, 2013 that no historic properties exist in the area of potential effects. If any cultural values [sites, artifacts, human remains (Appendix L PRB FEIS and ROD)] are observed during operation of this permit, they will be left intact and the Buffalo Field Manager notified. Standard COA (General)(A)(1) explains further discovery procedures.

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

Position/Organization	Name	Position/Organization	Name
NRS/Team Lead	Dan Sellers	Archaeologist	Seth Lambert
Supr NRS	Casey Freise	Wildlife Biologist	Darci Stafford
Petroleum Engineer	Will Robbie	Geologist	Warren Garrett
LIE	Karen Klaahsen, Sharon Soule & Kristine Phillips	Grazing Management	Dan Sellers
Soils	Dan Sellers	Supr NRS	Bill Ostheimer
Hydrologist	Keith A. Anderson	Assistant Field Manager	Chris Durham
Assistant Field Manager	Clark Bennett	NEPA Coordinator	John Kelley

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 project, covered in this CX3 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

5/8/13
Signature Date

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