

DECISION RECORD
Categorical Exclusion 3 (CX3), WY-070-390CX3-13-46, WY-070-390CX3-13-47,
WY-070-390CX3-13-48, WY-070-390CX3-13-173, WY-070-390CX3-13-174,
WY-070-390CX3-13-175 & WY-070-390CX3-13-177
Section 390, Energy Policy Act of 2005
Yates Petroleum Corporation, Wright Area Plan of Development (POD)
Bureau of Land Management, Buffalo Field Office, Wyoming

DECISION. The BLM approves the proposal from Yates Petroleum Corporation, for the drilling of 7 horizontal oil and gas wells. See Table 1.1 for list of wells.

Compliance. This decision complies with:

- Federal Land Policy and Management Act of 1976 (FLPMA) (43 USC 1701), Interior Order 3310.
- National Environmental Policy Act of 1969 (NEPA) (42 USC 4321).
- Energy Policy Act of 2005 (119 Stat. 748 Public Law 109-58)
- Endangered Species Act of 1974 (16 USC 1531).
- Buffalo and Powder River Basin (PRB) Final Environmental Impact Statement (FEISs), 1985, 2003.
- Buffalo Resource Management Plan (RMP) 1985, Amendments 2001, 2003, 2011.

A summary of the details of the approval follows. The CX3 worksheet includes the project description, plus site-specific mitigation measures. Mitigation measures will include the conditions of approval (COAs) in Appendix A of the CX worksheet.

Table 1.1. The BLM approves the following APDs:

| # | Well Name | Well # | Qtr | Sec | Twp | Rng | Bottomhole Lease | Surfacehole Lease |
|---|----------------------|--------|------|-----|-----|-----|------------------|-------------------|
| 1 | Thrush Com | 20H | NENE | 1 | 43N | 73W | Fee | WYW139656 |
| 2 | Green Federal Com | 8H | NENW | 13 | 43N | 73W | WYW135591 | WYW103274 |
| 3 | Bunn Federal | 25H | SWSE | 15 | 43N | 73W | WYW103274 | WYW103274 |
| 4 | Scissortail Federal | 12H | NENE | 24 | 44N | 73W | WYW107241 | WYW107241 |
| 5 | Bunn Federal | 24H | SWSW | 14 | 43N | 73W | WYW103274 | WYW103274 |
| 6 | Monte Federal Com | 59H | SWSW | 11 | 43N | 73W | WYW145121 | WYW105947 |
| 7 | Uprising Federal Com | 21H | SESE | 33 | 42N | 72W | WYW121267 | WYW121267 |

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 CX3 and its limiting parameters so there is no requirement for a FONSI, EIS, or EA.

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. For a complete description of all site-specific COAs see the COAs. 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 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.
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.

3. BLM sensitive species migratory bird nesting habitat removal for specified planned surface disturbances, see COAs, will occur outside of the breeding season or will receive a pre-disturbance clearance survey to reduce the likelihood of a "take" contrary to the Migratory Bird Treaty Act.
4. The selected alternative will help meet the nation's energy needs, and help stimulate local economies by maintaining workforce stability.
5. Yates 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. Yates certified it has a surface access agreement or posted a 43 CFR 3814.1 bond.
7. The project is clearly lacking in wilderness characteristics as there is no federal surface.

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.

Acting Field Manager:  _____ Date: 6/26/13

**Categorical Exclusion 3 (CX3), WY-070-390CX3-13-46, WY-070-390CX3-13-47,
WY-070-390CX3-13-48, WY-070-390CX3-13-173, WY-070-390CX3-13-174,
WY-070-390CX3-13-175 & WY-070-390CX3-13-177
Thrush Com 20H, Green Federal Com 8H, Bunn Federal 25H, Scissortail Federal 12H, Bunn
Federal 24H, Monte Federal Com 59H & Uprising Federal Com 21H
Yates Petroleum Corporation, Section 390, Energy Policy Act of 2005
Bureau of Land Management, Buffalo Field Office, Wyoming**

Description of the Proposal

Yates Petroleum Corporation (Yates) proposes to drill 7 oil and gas wells on 7 well pads and construct associated infrastructure as follows:

Table 1.1. Proposed Wells

| # | Well Name/ Well # | Qtr | Sec | Twp | Rng | Surface Lease | CX Number |
|---|--------------------------|------|-----|-----|-----|---------------|----------------------|
| 1 | Thrush Com 20H | NENE | 1 | 43N | 73W | WYW139656 | WY-070-390CX3-13-46 |
| 2 | Green Federal Com 8H | NENW | 13 | 43N | 73W | WYW103274 | WY-070-390CX3-13-47 |
| 3 | Bunn Federal 25H | SWSE | 15 | 43N | 73W | WYW103274 | WY-070-390CX3-13-48 |
| 4 | Scissortail Federal 12H | NENE | 24 | 44N | 73W | WYW107241 | WY-070-390CX3-13-173 |
| 5 | Bunn Federal 24H | SWSW | 14 | 43N | 73W | WYW103274 | WY-070-390CX3-13-174 |
| 6 | Monte Federal Com 59H | SWSW | 11 | 43N | 73W | WYW145121 | WY-070-390CX3-13-175 |
| 7 | Uprising Federal Com 21H | SESE | 28 | 42N | 72W | WYW121267 | WY-070-390CX3-13-177 |

Yates requests approval of 7 applications for permit to drill (APDs) for Thrush Com 20H, Green Federal Com 8H, Bunn Federal 25H, Scissortail Federal 12H, Bunn Federal 24H, Monte Federal Com 59H and Uprising Federal Com 21H which are all horizontal wells drilled to the Turner formation at a depth of 10,220, 10,434, 10,500, 9,963, 10,400, 10,359 and 10,310 feet total vertical depth (TVD) respectively. The proposal is to explore by drilling for, and possibly develop oil and gas reserves in geologic mineral formations leased by Yates using standard split jurisdiction rules. The proposed locations are about 7 miles west of Wright, Wyoming, in Campbell County in T43N R73W and T44N R73W and 12 miles south of Wright, Wyoming, in Campbell County in T42N R72W. All 7 proposed wells will be on separate well pads.

The need for this project is supporting the management goals of the Buffalo Resource Management Plan (RMP) determining whether, and if so, under what conditions to balance natural resource conservation with allowing the operator to exercise conditional lease rights to develop fluid minerals by drilling 7 horizontal wells, Thrush Com 20H, Green Federal Com 8H, Bunn Federal 25H, Scissortail Federal 12H, Bunn Federal 24H, Monte Federal Com 59H & Uprising Federal Com 21H, with surface hole locations on federal leases WYW139656, WYW103274, WYW107241, WYW105947, WYW145121 and WYW121267, as described in their APDs, surface use, and drilling plans, incorporated here by reference. The fluid mineral leasing programs fall under the authority of the Mineral Leasing Act of 1920, the Federal Land Policy Management Act (FLPMA), and other laws and regulations.

Reasonably foreseeable development is found in the House Creek Sandy POD Environmental Assessment (EA), WY-070-EA11-144, 2011, and the Wilkinson POD EA, WY-070-EA11-34, 2010. This locality includes but is not limited to the approved House Creek Sandy POD and Wilkinson POD wells and will fill-in to 640 acre spacing for all 7 wells. This supports the development anticipated in the PRB FEIS, (see narrative in Section 2, No Action Alternative). The surface owners are Mrs. Edna Reno, Mrs. Bernice Groves, Mr. Douglas Fuller, Mr. Dale Wright, and Mr. Richard Leavitt.

The project area is in the Powder River Basin (PRB) geographic area (Wyoming Geographic Landforms Map). Topography is gently sloped terrain along ephemeral dendritic drainages. Elevations at the well sites are 5154, 5191 5169, 5127, 5108, 5191 and 4935 feet above sea level. The land is a combination of bedrock residuum and slope-wash deposits. The Powder River is 38 miles west of the proposal.

Yates submitted the APDs for these wells between July 27, and November 9, 2012 to the BLM. BLM conducted onsite inspections on November 27 and 28, 2012. The on-sites evaluated the proposal and modified it to mitigate environmental impacts. The BLM sent post-onsite deficiency letters to Yates on December 17, 2012. BLM received revised APDs were between December 21, 2012 and January 28, 2013 for adjustments made at the on-sites and to correct various deficiencies.

Drilling, Construction & Production design features include:

- Construction of 7 drilling pads with dimensions of approximately 400 feet by 400 feet plus cut & fill, accounting for 44.00 acres of well location disturbance.
- After drilling and completion, the well pad areas will be reduced for the production phase by reclamation of disturbed areas created during construction not needed during the production phase.
- The operator will maintain shared roads with other oil and gas operators to ensure safe, all-weather passage. The operator commits to communicating with current road users to ensure maintenance and construction issues are timely addressed.
- There is existing 3-phase overhead power in the project area.
- The operator proposes to drill wells using water-based mud (WBM).
- Best management practices (BMPs) to be employed: on-pad fill will be stabilized by compacting; a V-ditch will be cut on the upslope and downslope sides of the well pads to contain run-on from cut slopes and run-off from fill slopes.
- The facilities and sites would be operated and maintained for the life of the wells.
- Production facilities and buildings will be painted Carlsbad Canyon.
- Produced water during the production phase will be stored on-site in the reserve pits. The pits will be emptied as needed using water tanker trucks. Produced water will be disposed of in accordance with Wyoming Department of Environmental Quality (WDEQ) guidelines using multiple permitted sites in the area which are detailed in the surface use plans submitted for these wells.
- It is anticipated that 40,000 bbls of water per well will be needed for drilling and completion operations. The fresh water will be trucked in from various nearby sources detailed in the surface use plans submitted for these wells. Some examples of these sources include the Water Co load out facility in Gillette, coalbed natural gas (CBNG) water reservoirs, and municipal sources.
- If a well is not found to be economically viable, all areas disturbed during construction would be reclaimed to approximate pre-disturbance condition, and the well bore would be plugged per State of Wyoming and BLM policy and regulations.

Typical Drilling and Completion Operations

- Hydraulic fracturing operations are planned as a ‘plug & perf’ operation done in stages. All fresh water will be contained in 400-500 bbl rental hydraulic fracturing tanks and no surface pits will be used to hold this water. No additional well pad disturbance is anticipated for hydraulic fracturing operations. Completion flow back water will be held in tanks on location and trucked offsite to a disposal facility permitted by Wyoming Department of Environmental Quality (WDEQ).
- 170 500-bbl fracturing tanks are spotted, taking 2 weeks to fill, prior to pumping the stimulation. All fracturing water, including excess, is present before starting.
- Flow back 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 is continuously brought on site in semi-truck loads during pumping. It is necessary to have a safe turning radius available for these trucks. Pumping water may require heating in the winter months.

Table 1.2. Anticipated Drilling and Completion Sequence and Timing (per well)

| Drilling and Completion Step | Approximate Duration |
|--|-----------------------------|
| Build Location (roads, pad, and other initial infrastructure) | 30 days |
| Mob Rig | 2-4 days ¹ |
| Drilling (24/7) | 30 days ² |
| Schedule/logistics | 30 days |
| Completion (setup, completion, demobilization) | 5-8 days |
| ¹ Depending on distance and needed to add supplemental drilling equipment, such as skidding plates. | |
| ² By comparison, approximately 2 days are required to drill a CBNG well. ICF 2012 | |

For a detailed description of design features and construction practices associated with the proposed project, refer to the surface use plans (SUP) and drilling plans included with the APDs. Also see the subject APDs for maps showing the proposed well location and associated facilities described above.

Table 1.3. Surface Disturbance Summary for Thrush Com 20H, Green Federal Com 8H, Bunn Federal 25H, Scissortail Federal 12H, Bunn Federal 24H, Monte Federal Com 59H, Uprising Federal Com 21H

| Facility | Number or Miles | Factor | Disturbance |
|--|---|-------------------------------------|--|
| Engineered Pad Including Cut & Fill and Topsoil/Spoil Piles | 7 pads (400ft x 400ft) (ea. pad surface) | 1,120,000 sq ft (pad surface total) | 25.71 acres (pad surface) ~ 44.00 acres (well location disturbance - 7 wells) |
| Existing Improved Road to be Modified | 1 (14,060 ft x 50 ft) | 703,000 sq ft | 16.14 acres |
| Existing Improved Roads to be Modified/ Proposed Buried Electric | 5 (3,616 ft x ~70 ft) | 249,600 sq ft | 5.73 acres |
| Proposed Improved Roads | 5 (4,182 ft x ~69 ft) | 288,150 sq ft | 6.62 acres |
| Proposed Improved Road w/ Buried Electric | 5 (9,669 ft x ~72 ft) | 696,750 sq ft | 16.00 acres |
| Proposed Improved Road | 1 (196 ft x 50 ft) | 9,800 sq ft | 0.23 acres |
| Proposed Water Pipeline & Buried Electric/Existing Pipeline | 2 (9,518 ft x 50 ft) | 475,900 sq ft | 10.93 acre |
| Total Surface Disturbance | | | 81.36 acres |

Proposed surface disturbances are within analysis parameters of the PRB FEIS, especially in light of industry practices to drill multiple wells from a producing pad, to use existing disturbances as practicable, and perform interim reclamation.

BLM incorporated and analyzed the implementation of committed mitigation measures in the SUP and drilling plan, in addition to the COAs in the PRB FEIS ROD, as well as changes made at the onsite.

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 proposed action conforms with the terms and conditions of the Approved RMP for the public lands administered by the BLM, BFO, 1985, the PRB FEIS, January 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, and 43 CFR 46.215. The proposal area is clearly lacking wilderness characteristics as it is amidst extensive natural gas development. BLM finds that the conditions and environmental effects found in the senior EAs, below, and the Powder River Basin Final Environmental Impact Statement (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 1.4, is a list of existing/approved oil and gas development that is within or adjacent to the Thrush Com 20H, Green Federal Com 8H, Bunn Federal 25H, Scissortail Federal 12H, Bunn Federal 24H, Monte Federal Com 59H, Uprising Federal Com 21H project area. This information shows the reader that BLM conducted analysis.

Table 1.4. Tiered Adjacent or Overlapping Oil & Gas Well NEPA Analyses by Decision Date

| NEPA Document Name | NEPA Document # | # Wells | Decision Date |
|-----------------------|-----------------|---------|---------------|
| House Creek Sandy POD | WY-070-EA11-144 | 5 oil | 02/11/2011 |
| Wilkinson POD | WY-070 EA11-34 | 28 | 11/12/2010 |

BLM incorporates by reference here the description and analysis of hydraulic fracturing, water, and traffic from the Crazy Cat East EA, WY-070-EA13-028.

The area had historic conventional oil and gas exploration and production, and recent CBNG development. The project area is adjacent to or inside the boundaries of 2 CBNG plans of development (PODs) that include 33 wells see Table 1.3.). There are 377 oil and gas wells within a 1 mile radius of each of the 7 wells for this proposal (Wyoming Oil and Gas Conservation Commission, June 18, 2013).

- 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 (2003). 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 3,200 oil wells. The Thrush Com 20H, Green Federal Com 8H, Bunn Federal 25H, Scissortail Federal 12H, Bunn Federal 24H, Monte Federal Com 59H & Uprising Federal Com 21H wells are in the foreseeable development scenario of 80 acre well-spacing that was analyzed in EAs in Table 1.4 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. Thrush Com 20H, Green Federal Com 8H, Bunn Federal 25H, Scissortail Federal

12H, Bunn Federal 24H, Monte Federal Com 59H & Uprising Federal Com 21H CX3 tiers to the approved EAs listed in Table 1.4.

In summary, the EAs in Table 1.4 analyzed in detail the anticipated direct, indirect, residual, and cumulative effects that would result from the approval of these APDs and associated support structure Thrush Com 20H, Green Federal Com 8H, Bunn Federal 25H, Scissortail Federal 12H, Bunn Federal 24H, Monte Federal Com 59H & Uprising Federal Com 21H wells are similar to both the qualitative and quantitative analysis in the above mentioned EAs. The BFO reviewed the EA and found that the EA considered potential environmental effects associated with the proposal at a site specific level. 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.

Wildlife

Yates and ICF International (ICF) conducted a habitat assessment and wildlife inventory for mountain plover, sharp-tailed grouse, Greater Sage-Grouse (GSG), raptor nests, and prairie dog colonies in 2012 (Wyllie 2012) (ICF 2012) near the proposed wells, Table 1.1. ICF searched for potential Ute ladies'-tresses orchid habitat. ICF did conduct all wildlife and Ute ladies'-tresses orchid habitat surveys according to the PRB Interagency Working Group's protocols, available at: http://www.blm.gov/wy/st/en/field_offices/Buffalo/wildlife.html. Yates conducted portions of the raptor surveys after protocol dates. BLM biologist performed onsite inspections to the project area on November 27, 2012. None of the proposed wells are in any portion of the GSG core population area as designated by the State of Wyoming (Executive Order No. 2011-5). A detailed habitat description and wildlife survey results are in the project file (Tab 7).

The BLM used information from Yates, ICF, the BLM wildlife data base, and the onsite inspection to determine that the proposed APDs, combined with the COAs are: (1) consistent with the FEIS, WY-070-02-065, and its supplements, to include biological opinion (ES-6-WY-02-F006), the RMP and its Amendments, and the above tiered EAs; and (2) consistent with the effects analyzed in the site specific Endangered Species Act Section 7 consultation and does not change the determinations in that consultation. Effects to GSG (p. 6) and migratory birds (pp. 6-9) are anticipated to be similar to those discussed in the projects (all approved under one NEPA document) referenced in Table W1.1.

Table W1.1 NEPA Analyses, Incorporated by Reference Here, for Wildlife Analysis

| # | Well Name & # | Qtr | Sec | Twp | Rng | CX Number |
|---|-----------------------------|------|-----|-----|-----|---------------------|
| 1 | Bonita Federal Com 11H | NENE | 10 | 43N | 73W | WY-070-390CX3-13-41 |
| 2 | Cousins Federal Com 22H | SWSE | 2 | 43N | 74W | WY-070-390CX3-13-74 |
| 3 | Lone Moose Federal Com 13H | NWNW | 26 | 44N | 74W | WY-070-390CX3-13-73 |
| 4 | Rocky Butte Federal Com 29H | NENW | 4 | 43N | 73W | WY-070-390CX3-13-75 |

Site Specific information for wildlife COA application:

All wells:

BLM recommends taking measures to ensure excluding migratory birds from facilities posing 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.

Thrush Com 20H

Sagebrush grassland in the proposal areas provide suitable nesting habitat for Brewer's sparrows, and the species is suspected to occur. Brewer's sparrow is a BLM special status (sensitive) species (BLM SSS). Nesting in Brewer's sparrows typically occurs mid-May to mid-July. Some young fledge in late July (see Birds of North America Online: <http://bna.birds.cornell.edu/bna> for habitat information). To reduce the likelihood of a "take" under the MBTA, the BLM biologist recommends that pad construction (vegetation removal) occur outside of the breeding season for the greatest quantity of BLM sensitive passerines (May 1- July 31) where suitable nesting habitat for sagebrush obligates is present. This restriction would apply to habitat removal, unless a pre-construction nest search (within approximately 10 days of construction planned May 1-July 31) is completed. If surveys will be conducted, the operator will coordinate with BLM biologists to determine protocol. The nest search will consist of in areas where vegetation will be removed or destroyed. The BLM recommends the Thrush Com 20H well pad and associated infrastructure have timing limitations applied for well pad construction during the nesting season for sagebrush obligate passerines (May 1 to July 31). No active raptor nests are within 0.5 mile or within line of sight from the proposed well.

Green Federal Com 8H

The proposed well pad is within 1.8 mile of an occupied GSG lek (Porcupine Creek Lek). Sagebrush grassland in the proposed well pad provide suitable nesting habitat for Brewer's sparrows, and the species is suspected to occur. No active raptor nests are located within 0.5 mile or within line of sight from the proposed well. To reduce the likelihood of a "take" under the MBTA, the BLM biologist recommends that pad construction (vegetation removal) occur outside of the breeding season for the greatest quantity of BLM sensitive passerines (May 1- July 31) where suitable nesting habitat for sagebrush obligates is present. This restriction would apply to habitat removal, unless a pre-construction nest search (within approximately 10 days of construction planned May 1-July 31) is completed. If surveys will be conducted, the operator will coordinate with BLM biologists to determine protocol. The nest search will consist of in areas where vegetation will be removed or destroyed. The BLM recommends the Green Federal Com 8H well pad and associated infrastructure have timing limitations applied for well pad construction during the nesting season for sagebrush obligate passerines (May 1 to July 31).

Bunn Federal 25H

The proposed well pad is within 1.4 mile of an occupied GSG lek (Porcupine Creek Lek). Sagebrush grassland in the proposed well pad provide suitable nesting habitat for Brewer's sparrows, and the species is suspected to occur. No active raptor nests are located within 0.5 mile or within line of sight from the proposed well. To reduce the likelihood of a "take" under the MBTA, the BLM biologist recommends that pad construction (vegetation removal) occur outside of the breeding season for the greatest quantity of BLM sensitive passerines (May 1- July 31) where suitable nesting habitat for sagebrush obligates is present. This restriction would apply to habitat removal, unless a pre-construction nest search (within approximately 10 days of construction planned May 1-July 31) is completed. If surveys will be conducted, the operator will coordinate with BLM biologists to determine protocol. The nest search will consist of in areas where vegetation will be removed or destroyed. The BLM recommends the Bunn Federal 25H well pad and associated infrastructure have timing limitations applied for well pad construction during the nesting season for sagebrush obligate passerines (May 1 to July 31).

Scissortail Federal 12H

The proposed well is within 2 miles of the NW Wright GSG Lek. The access road to the well is an existing crown and ditch oil road traveled mainly by oil and natural gas operations. Portions of the access road are coridored with an existing fence and main overhead transmission line. The vegetation community at the proposed well consist of primarily pasture grasses with no sage-brush plants. The vegetation does not support GSG nesting habitat or migratory bird habitat (BLM SSS). No active raptor nests are within 0.5 mile or within line of sight from the proposed well.

Bunn Federal 24H

The proposed well pad is within 1.6 mile of an occupied GSG lek (Porcupine Creek Lek). Sagebrush grassland at the proposed well pad provide suitable nesting habitat for Brewer's sparrows, and the species is suspected to occur. To reduce the likelihood of a "take" under the MBTA, the BLM biologist recommends that pad construction (vegetation removal) occur outside of the breeding season for the greatest quantity of BLM sensitive passerines (May 1- July 31) where suitable nesting habitat for sagebrush obligates is present. This restriction would apply to habitat removal, unless a pre-construction nest search (within approximately 10 days of construction planned May 1-July 31) is completed. If surveys will be conducted, the operator will coordinate with BLM biologists to determine protocol. The nest search will consist of in areas where vegetation will be removed or destroyed. The BLM recommends the Bunn Federal 24H well pad and associated infrastructure have timing limitations applied for well pad construction during the nesting season for sagebrush obligate passerines (May 1 to July 31). No active raptor nests are located within 0.5 mile or within line of sight from the proposed well.

Monte Federal Com 59H

The proposed well is within 1.75 mile northwest of the Porcupine Creek Lek and within 0.6 mile of Highway 59. The vegetative community consists of 65% grassland, 32 % sage-brush, and 3% other (Wylie 2012). A GSG timing limitation stipulation (TLS) COA will be applied although nesting grouse have been shown to avoid infrastructure by up to 0.6 miles, the intent of this timing restriction is to decrease the likelihood that grouse will avoid these areas and increase habitat quality by reducing noise and human activities during the breeding season. Sagebrush grassland at the proposed well pad provide suitable nesting habitat for Brewer's sparrows (BLM SSS), and the species is suspected to occur. To reduce the likelihood of a "take" under the MBTA, the BLM biologist recommends that pad construction (vegetation removal) occur outside of the breeding season for the greatest quantity of BLM sensitive passerines (May 1- July 31) where suitable nesting habitat for sagebrush obligates is present. This restriction would apply to habitat removal, unless a pre-construction nest search (within approximately 10 days of construction planned May 1-July 31) is completed. If surveys will be conducted, the operator will coordinate with BLM biologists to determine protocol. The nest search will consist of in areas where vegetation will be removed or destroyed. The BLM recommends the Monte Federal Com 59H well pad and associated infrastructure have timing limitations applied for well pad construction during the nesting season for sagebrush obligate passerines (May 1 to July 31). No active raptor nests are located within 0.5 mile or within line of sight from the proposed well.

Uprising Federal Com 21H

The proposed well is next to (within 500 feet) of an existing natural gas compressor station. Tall (over 8 inches) pasture grasses dominates the vegetative community. BLM SSS migratory bird habitat is not present at the proposed well pad. No active raptor nests are located within 0.5 mile or within line of sight from the proposed well.

Water Resources

The historical use for groundwater in this area was for stock or domestic water. A search of the Wyoming State Engineer Office Ground Water Rights Database showed 14 registered stock and domestic water

wells within 1 mile of the proposed wells in the project area with depths from 138 to 500 feet. For additional information on groundwater, refer to the PRB FEIS (2003), 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 coal zone. This will ensure that ground water will not be adversely impacted by well drilling and completion. The operator will run surface casing to a depth between 2,000 and 2,500 feet, total vertical depth to protect shallow aquifers including coal zones. The Fox Hills formation in this area occurs at a depth of between 6050 and 6480 feet below ground surface. The operator included additional protection for this aquifer in the casing program. The casing will be cemented to a point above the top of the formation to insure isolation. The cement top will be logged to insure proper protection.

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 3 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.

Cultural Resources

Yates performed Class III cultural resource inventories for the Bunn #24H and #25H, Scissortail #12H, Monte #59H, Green #8H and #9H, and Thrush #20H wells prior to on-the-ground project work (BFO project no. 70120093, 70120088, 70120095, 70120094, 70130013, 70120105). Yates provided BLM with Class III cultural resource inventories 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 Archeologist, reviewed the reports for technical adequacy and compliance with BLM standards, and determined them to be adequate. Previously reviewed and accepted Class III cultural resource inventories (BFO # 70990122, 70000052, 70040122, 70050071) adequately covered the proposed project area for the Uprising #21H well. No cultural resources are in the areas of potential effect. On April 22, 2012 BLM notified the Wyoming State Historic Preservation Office (SHPO) following section VI(A)(1) of the Wyoming State Protocol, of a finding of no effect for the proposed project.

Persons and Agencies Consulted

| Name | Agency | Position | Name | Agency | Position |
|-------------------|--------|---------------------|-------------------|--------|-----------------------------|
| Scott Jawors | BLM | Wildlife Biologist | Christine Tellock | BLM | LIE |
| Seth Lambert | BLM | Archeologist | Warren Garrett | BLM | Geologist |
| Matthew Warren | BLM | Petroleum Engineer | John Kelley | BLM | NEPA Coordinator |
| William Robbie | BLM | Petroleum Engineer | Warren Garrett | BLM | Natural Resource Specialist |
| Sharon Soule | BLM | LIE | Casey Freise | BLM | NRS Supervisor |
| Kristine Phillips | BLM | LIE | Kathy Brus | BLM | NRS Supervisor |
| Tony Wyllie | Yates | Wildlife Biologist | Chris Durham | BLM | Asst. Field Manager |
| Clark Bennett | BLM | Asst. Field Manager | Duane Spencer | BLM | Field Manager |

Decision and Rationale on Action

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 Thrush Com 20H, Green Federal Com 8H, Bunn Federal 25H, Scissortail Federal 12H, Bunn Federal 24H, Monte Federal Com 59H & Uprising Federal Com 21H 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.



Field Manager Signature

6/26/13

Date

Contact Person, Warren Garrett, Natural Resource Specialist, Buffalo Field Office, 1425 Fort Street, Buffalo WY 82834, 307-684-1138

References:

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- Wyllie, Tony. July, 2012. Habitat Assessment and Biological Survey Report. Green Federal COM. #8H Oil Well, Yates Petroleum Corporation, Gillette, Wyoming.
- Wyllie, Tony. July, 2012. Habitat Assessment and Biological Survey Report. Bunn Federal #24 Oil Well, Yates Petroleum Corporation, Gillette, Wyoming.
- Wyllie, Tony. July, 2012. Habitat Assessment and Biological Survey Report. Bunn Federal #25 Oil Well, Yates Petroleum Corporation, Gillette, Wyoming.
- Wyllie, Tony. July, 2012. Habitat Assessment and Biological Survey Report. Monte Federal COM. #59H Oil Well, Yates Petroleum Corporation, Gillette, Wyoming.
- Wyllie, Tony. July, 2012. Habitat Assessment and Biological Survey Report. Thrush COM. #20H Oil Well, Yates Petroleum Corporation, Gillette, Wyoming.
- Wyllie, Tony. July, 2012. Uprising Federal Com #21H Nest Survey. Uprising Federal Com #21H Oil Well, Yates Petroleum Corporation, Gillette, Wyoming.