

DECISION RECORD
Categorical Exclusion 1 (CX1), WY-070-390-CX1-13-68
Section 390, Energy Policy Act of 2005
Storm CS Federal 16, Yates Petroleum Corporation
Bureau of Land Management, Buffalo Field Office, Wyoming

DECISION: The BLM approves the application for permit to drill (APD) from Yates Petroleum Corporation (Yates) to drill 1 coalbed natural gas (CBNG) well. Yates requested no supporting well infrastructure other than access to the well site as described in the CX3 worksheet, WY-070-390CX1-13-68, which BLM incorporates here by reference. Yates interim intent for the well is to hold the lease. Yates will use the sundry process, if it in the future proposes to develop production from the well.

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-070-390CX1-13-68, includes the project description, including site-specific mitigation measures which are incorporated by reference into that worksheet from earlier analysis. The approved APD is approximately 30 miles NE of Kaycee, WY in Johnson County at Township 45 North, Range 77 West, in the SW ¼ of the SE ¼ of Section 29, into federal lease WYW-143994.

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 CX1 worksheet process and its limiting parameters. Thus a FONSI and an EIS is not required.

COMMENT OR NEW INFORMATION SUMMARY. Since implementation of this CX1 proposal BFO received a new Greater Sage-Grouse (GSG) policy and population viability analysis. BLM posted the APD for 30-days and received no public comments on the proposals.

DECISION RATIONALE. The approval of this project is because:

1. Mitigation measures and conditions of approval (COAs), analyzed in the CX1 worksheet, in environmental impact statements or environmental analysis to which the CX1 worksheet tiers or incorporates by reference, will reduce environmental impacts while meeting the project's need.
2. The approved project conditioned by its design features and COAs, will not result in any undue or unnecessary environmental degradation. The impact of this development cumulatively contributes to the potential for local extirpation of the GSG yet its effect is acceptable because it is outside priority habitats and is within the parameters of the PRB FEIS/ROD and current BLM and Wyoming GSG conservation strategies. There are no conflicts anticipated or demonstrated with current uses in the area. This decision approving the Storm CS Federal 16 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 CX1, 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 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).
 - The operator will collect a water sample representative of the water produced from this well for analysis within 30 to 60 days of initial production.
6. The project is clearly lacking in wilderness characteristics as it is amidst oil and gas development.
7. BLM incorporates by reference the portions addressing Reclamation/Dry Hole from SDRs WY-2012-010, WY-2012-009, WY-2012-008, and WY-2011-022.
8. 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.
9. Yates certified there is a surface use access agreement with the landowners or it posted a bond.
10. This approval is subject to adherence with all of the operating plans, design features, and mitigation measures contained in the Master Surface Use Plan of Operations, Drilling Plan, Water Management Plan, and information in individual APDs.

ADMINISTRATIVE APPEAL: This decision is subject to administrative appeal in accord with 43 CFR 3165. Request for administrative appeal must include information required under 43 CFR 3165.3(b) (State Director Review), including all supporting documentation. Such a request must be filed in writing with the State Director, Bureau of Land Management, P.O. Box 1828, Cheyenne, Wyoming 82003, no later than 20 business days after this Decision Record is received or considered to have been received. Any party who is adversely affected by the State Director's decision may appeal that decision to the Interior Board of Land Appeals, as provided in 43 CFR 3165.4.

Field Manager:  Date: 1/18/13

Categorical Exclusion 1 (CX1), WY-070-390-CX1-13-68
Section 390, Energy Policy Act of 2005
Storm CS Federal 16, Yates Petroleum Corporation
Bureau of Land Management, Buffalo Field Office, Wyoming

Description of the Proposal

Yates Petroleum Corporation (Yates) requests the BLM to approve the Storm CS Federal 16. Yates proposes to develop one (1) Coal Bed Natural Gas (CBNG), Storm CS Federal 16, on federal lease WYW 143994. The well will be drilled to hold a lease. Therefore, no production facilities, water management plan, etc. is proposed at this time. Yates will fund any additional infrastructure necessary to produce the well at a later date. The need for this project is to determine whether, how, and under what conditions to support the Buffalo Resource Management Plan's (RMP) goals, objectives, and management actions (2003 Amendment) with allowing the exercise of the operator's conditional lease rights to develop fluid minerals on federal leases. APD information is an integral part of this EA, which BLM incorporates here by reference (CFR 1502.21). Conditional fluid mineral development supports the RMP and the Mineral Leasing Act of 1920, the Federal Land Policy Management Act (FLPMA), and other laws and regulations.

Operations would occur 30 miles NE of Kaycee, WY in Johnson County at Township 45 North, Range 77 West, in the SW ¼ of the SE ¼ of Section 29, on federal oil and gas lease WYW 143994.

Operations would include the following performed by company name and/or their contractors:

- No pad will be constructed. A working area will be required with dimensions of approximately 150 feet by 150 feet.
- Creation of 180 feet of primitive access road off of an existing 18' crown & ditched access road.
- No production equipment is proposed with this APD.
- Reclamation of disturbed areas to approximate a pre-disturbance condition.

The total new surface disturbance for this action consists of: 0.53 acres

Plan Conformance. The proposal conforms to the terms and the conditions of the Buffalo Resource Management Plan (RMP), 1985, amended 2001, 2003, and 2011. The development area is clearly lacking wilderness characteristics as it is in the midst of extensive CBNG development with miles of mechanically maintained improved roads. The Energy Policy Act of 2005 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. This CX worksheet is a form of NEPA compliance categorically excluded from the analysis that occurs in an EA or EIS. BLM H-1790, p. 17. 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 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, Appendix. 2):

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 total new surface disturbance for this action consists of: 0.53 acres

- 1) The current unreclaimed 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. The current unreclaimed disturbance on this lease is 4 acres.
- 2) There must be a site-specific NEPA analysis (not just leasing) covering the proposal area. 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 PRB FEIS analyzed foreseeable oil and coalbed natural gas development in the PRB. In addition, this CX tiers to the Vista POD EA, WY-070-EA08-34, approved January 2008;

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.

Cultural Resources

A class III cultural resource inventory was performed for the Storm CS Federal 16 CBNG well prior to on-the-ground project work (BFO project no. 70120053). 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 was provided to the BFO. Douglas Tingwall, BLM Archaeologist, reviewed the report for technical adequacy and compliance with Bureau of Land Management (BLM) standards, and determined it to be adequate. The following cultural resources are located within a 1 mile radius of the project area.

Table 1. Cultural Resources Within a 1.0 Mile Radius of the Project Area.

Site Number	Site Type	National Register Eligibility
48JO2997	Prehistoric Artifacts and Features/Hearths/FCR	Not Eligible
48JO3003	Historic Debris Scatter	Not Eligible
48JO3004	Historic Debris Scatter	Not Eligible
48JO3005	Historic Debris Scatter/ 1 Prehistoric Flake	Not Eligible
48JO3006	Historic Debris Scatter/ 1 Prehistoric Biface	Not Eligible
48JO3644	Historic Debris Scatter	Not Eligible
48JO3646	Historic Debris Scatter	Not Eligible
48JO3829	Historic Debris Scatter	Not Eligible
48JO3832	Prehistoric Lithic Scatter	Not Eligible
48JO3833	Prehistoric Lithic Scatter	Not Eligible
48JO3834	Historic Debris Scatter	Not Eligible

There are no eligible sites within the APE of the proposed project. Following the Wyoming State Protocol Section VI(A)(1) the Bureau of Land Management electronically notified the Wyoming State Historic Preservation Officer (SHPO) on 12/14/12 that no historic properties exist within the Area of Potential Effects (APE). If Operators observe any cultural values [sites, artifacts, human remains (Appendix L PRB FEIS and ROD)] during operation of this lease/permit/right-of-way, they will be left intact and the Buffalo Field Manager notified. Standard COA (General)(A)(1) further explains discovery procedures.

Wildlife Resources

- 1) There will be “*No Effect*” on any threatened or endangered species.
- 2) The project “*may adversely impact individuals, but is not likely to result in a loss of viability within the Planning area, nor cause a trend to federal listing*” for the following U.S. Forest Service Region 2 Sensitive species: *Black-tailed prairie dog, Townsend’s big-eared bat, fringed myotis, swift fox, greater sage grouse, northern harrier, ferruginous hawk, long-billed curlew, yellow billed cuckoo, burrowing owl, short-eared owl, Lewis woodpecker, loggerhead shrike, Brewers sparrow, sage sparrow, grasshopper sparrow, chestnut-collared longspur, McCown’s longspur, northern leopard frog.*

The proposed well is approximately 0.4 miles from the Irrigary greater sage-grouse lek. A timing limitation (3/15-6/30) will be applied as a condition of approval that prohibits surface disturbance during the breeding and early nesting season.

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

Position/Organization	Name	Position/Organization	Name
Supr NRS/Team Lead	Casey Freise	Wildlife Biologist	Bill Ostheimer
Petroleum Engineer	Will Robbie	Geologist	Warren Garrett
LIE	Christine Tellock	Archaeologist	Douglas Tingwall
Assistant Field Manager	Chris Durham	NEPA Coordinator	John Kelley

Decision and Rationale on the Proposal

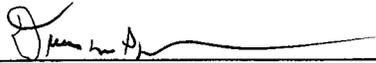
I approve the name of project using the following rationale and conditions of approval (COAs):

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. Pits are to be dried within 6 months from the date the well is spud or the date of well completion and prior to any backfilling. Mechanical trenching or squeezing of pit fluids and cuttings is prohibited. Drying by any means other than natural (air) evaporation requires prior approval from the BLM. Pit solids shall be buried at least 3 feet below recountoured grade. Soils that are moisture laden and saturated, partially or completely frozen shall not be used for backfill or cover. The pit area may require mounding to allow for settling. Before backfilling, synthetic liner portions remaining above the “mud line” shall be cut off as close to the top of the mud surface as possible and disposed of at an authorized commercial waste disposal facility. The pit bottom and remaining liner shall not be trenched, cut, punctured or perforated

Sage-Grouse

1. No surface disturbing activities are permitted between March 15-June 30. This condition will be implemented on an annual basis for the duration of surface disturbing activities.

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 Storm CS Federal 16 CX1 proposal 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

1/18/13

Date

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