

MODIFIED DECISION RECORD
Yates Petroleum Corporation, Sirocco II Plan of Development (POD)
Environmental Assessment (EA), WY-070-EA12-004
Bureau of Land Management, Buffalo Field Office, Wyoming

This is a modified decision record; it is not a new decision record. This modified decision record augments the decision record for 6 specific applications for permit to drill (APDs) where BLM deferred a decision on June 19, 2012. BLM supports this modified decision record through, 1) its decision record (DR) of that date for environmental assessment (EA), WY-070-EA12-004; 2) BLM's Letter of Deferral of that date; 3) certified engineering diagram project #1003, 1ODRAF, SW1/4 SE1/4 Section 28, T 46N, R77W, May 22 2012; 4) Yates Petroleum Corporation (YPC) letter of November 5, 2012, 2 pp.; and 5) Map B, Sirocco POD, Proposed Wells and Access Routes, Sections 27, 28, 29, 31, 32, 33, revised date November 6, 2012 – all incorporated here by reference.

The BLM received new information allowing it to make a decision on the 6 deferred APDs. The new information included: 1) items listed in 2 to 5, above, and, 2) a field reconnaissance with YPC on October 19, 2012.

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 (30 U.S.C. 181) and 43 CFR Part 3160 to include On Shore Order No. 1.
- Buffalo FEIS (1985), and PRB FEIS and Record of Decision (ROD) 2003.
- Buffalo Resource Management Plan (RMP), 1985, Amendments 2001, 2003, 2011.

The Selected Alternative.

Features. BLM approved the EA as summarized in the earlier decision record, as augmented below in this modified decision record, and as described in the EA and the decision rationale, below. The BLM approved 28 coalbed natural gas (CBNG), 2 water injection APDs, a water management plan (WMP), and rights-of-way. BLM deferred 6 APDs pending feedback on how to mitigate their adverse environmental effects. Having received and analyzed that feedback, the BLM approves those 6 APDs, items 31 to 36 in the following table (BLM repeats the earlier approved APDs here for convenience).

Well Sites. BLM approves the following 34 CBNG and 2 water injection* APDs and support facilities:

#	Well Name	Well #	Qtr/Qtr	Sec.	Township	Range	Lease #
1	SIROCCO II CLOUDBURST CS FED	1	NENW	31	46N	77W	WYW129554
2	SIROCCO II DRAFT CS FED	1	NWSE	27	46N	77W	WYW146305
3	SIROCCO II DRAFT CS FED	2	NESW	27	46N	77W	WYW146305
4	SIROCCO II DRAFT CS FED	4	SESE	27	46N	77W	WYW146305
5	SIROCCO II DRAFT CS FED	5	NENE	28	46N	77W	WYW146305
6	SIROCCO II DRAFT CS FED	6	SWNE	28	46N	77W	WYW146305
7	SIROCCO II DRAFT CS FED	11	NENE	29	46N	77W	WYW146305
8	SIROCCO II DRAFT CS FED	13	NESE	29	46N	77W	WYW146305
9	SIROCCO II DRAFT CS FED	15	NENW	33	46N	77W	WYW146305
10	SIROCCO II DRAFT CS FED	16	SWNW	33	46N	77W	WYW146305
11	SIROCCO II DRAFT CS FED	18	NESE	33	46N	77W	WYW146305
12	SIROCCO II DRAFT CS FED	19	NESW	33	46N	77W	WYW146305
13	SIROCCO II SIROCCO S&R FED*	8	NESW	29	46N	77W	WYW134919
14	SIROCCO II WHISK S&R FED*	14	SENE	32	46N	77W	WYW130108
15	SIROCCO II SIROCCO CS FED	5	NESW	29	46N	77W	WYW134919
16	SIROCCO II SIROCCO CS FED	4	SWNW	29	46N	77W	WYW134919

#	Well Name	Well #	Qtr/Qtr	Sec.	Township	Range	Lease #
17	SIROCCO II SIROCCO CS FED	3	NENW	29	46N	77W	WYW134919
18	SIROCCO II SIROCCO CS FED	6	SWSW	29	46N	77W	WYW134919
19	SIROCCO II WHISK CS FED	3	NESE	31	46N	77W	WYW130108
20	SIROCCO II WHISK CS FED	2	SWNE	31	46N	77W	WYW130108
21	SIROCCO II WHISK CS FED	1	NENE	31	46N	77W	WYW130108
22	SIROCCO II WHISK CS FED	7	SWNW	32	46N	77W	WYW130108
23	SIROCCO II WHISK CS FED	10	NESW	32	46N	77W	WYW130108
24	SIROCCO II WHISK CS FED	12	SWSE	32	46N	77W	WYW130108
25	SIROCCO II WHISK CS FED	11	SWSW	32	46N	77W	WYW130108
26	SIROCCO II WHISK CS FED	9	NESE	32	46N	77W	WYW130108
27	SIROCCO II DRAFT CS FED	12	SWNE	29	46N	77W	WYW146305
28	SIROCCO II WHISK CS FED	8	SWNE	32	46N	77W	WYW130108
29	SIROCCO II WHISK CS FED	5	NENE	32	46N	77W	WYW130108
30	SIROCCO II SIROCCO CS FED	7	SWSE	29	46N	77W	WYW134919
31	SIROCCO II DRAFT CS FED	3	SWSW	27	46N	77W	WYW146305
32	SIROCCO II DRAFT CS FED	7	NESE	28	46N	77W	WYW146305
33	SIROCCO II DRAFT CS FED	9	SWSW	28	46N	77W	WYW146305
34	SIROCCO II DRAFT CS FED	10	SWSE	28	46N	77W	WYW146305
35	SIROCCO II DRAFT CS FED	14	NENE	33	46N	77W	WYW146305
36	SIROCCO II DRAFT CS FED	17	SWNE	33	46N	77W	WYW146305

Limitations: See the modified conditions of approval (COAs). The analysis in the EA and DR (June 19, 2012) concerning the WMP, to include but not limited to the status and bonding of Bobs Pit, rights-of-way, and denial of 2 APDs remains unchanged from that analysis and decision.

THE MODIFIED FINDING OF NO SIGNIFICANT IMPACT (FONSI). The FONSI found no significant impacts, thus an EIS was not required. The Modified FONSI for WY-070-EA12-004, incorporated here by reference, considered the new and additional information, analysis, and rationale and found no significant impact on the human environment aside from those disclosed in the PRB FEIS so there is no requirement for an EIS.

COMMENT OR NEW INFORMATION SUMMARY. Critical items of new information became available requiring augmenting the environmental record of review through this modified decision record, in accord with BLM NEPA Handbook, 8.5.1, Documenting the Decision, and web guide examples (last updated July 29, 2010). This modified decision record is not impermissible supplementation of an EA (Id. 5.3). The most important information was incorporating by reference the feedback requested of YPC.

DECISION RATIONALE. The pertinent additional information includes items 2 to 5 from the first paragraph, above, and the field site reconnaissance of October 19, 2012. BLM bases this modified decision record on:

- 1) The denial of SIROCCO CS FED 2 and WHISK CS FED 6APDs are unchanged for the rationale found in the June 19, 2012 Decision Record.
- 2) YPC provided the location adjustments, mitigating design features, and supporting information, as appropriate, the BLM required in order for BLM to make a decision on the APDs represented by items 31 to 36 in the well table, above. YPC's relocation, redesign, and other feedback was thorough, virtually self-explanatory when juxtaposed to BLM's earlier analysis as to be practicably self-executing and precluding minute analysis here. BLM's analysis revealed the APDs' relocation where appropriate, improved design features, properly implemented, will preclude unnecessary and undue

degradation, comply with the Buffalo and PRB FEIS RODs, Onshore Oil, Gas Order No. 1, IV.c., and the Wyoming BLM Reclamation Policy (Appendix B of the EA).

- 3) BLM and YPC included mitigation measures to reduce environmental impacts while meeting the project's need. See the project's modified COAs for a complete description of all site-specific COAs.
- 4) YPC will conduct operations to minimize adverse effects to surface and subsurface resources, prevent unnecessary surface disturbance, and conform to currently available technology and practice. Alternative C, as earlier approved and hereby modified in this Modified Decision Record, 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 Greater Sage-Grouse (GSG) population. The impact of the Sirocco II 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/ROD and current BLM and Wyoming GSG conservation strategies.
- 5) The selected and modified alternative will help meet the nation's energy needs and stimulate local economies by maintaining workforce stability.
- 6) YPC 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; provide water well analysis from a known reference point; and incorporate measures to alleviate resource impacts into their submitted surface use and drilling plans.
- 7) YPC certified it has a surface use agreement with the landowners or bonded.
- 8) The project area is clearly lacking wilderness characteristics as it is amidst mineral development.
- 9) These APDs are pursuant to the Mineral Leasing Act for the purpose of exploring or developing oil or gas and do not satisfy the categorical exclusion directive of the Energy Policy Act of 2005, Section 390 because of heightened conservation concerns for soil erosion and GSG populations.

ADMINISTRATIVE REVIEW AND APPEAL: This decision is subject to administrative review in accordance with 43 CFR 3165. Request for administrative review of this decision must include information required under 43 CFR 3165.3(b) (State Director Review), including all supporting documentation. 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: 11/16/12

MODIFIED FINDING OF NO SIGNIFICANT IMPACT (FONSI)
Yates Petroleum Corporation, Sirocco II Plan of Development (POD)
Environmental Assessment (EA), WY-070-EA12-004
Bureau of Land Management, Buffalo Field Office, Wyoming

FINDING OF NO SIGNIFICANT IMPACT. On the basis of the information in 1) EA, WY-070-EA12-004; 2) BLM's Letter of Deferral of June 19, 2012; 3) certified engineering diagram for project #1003, 10DRAF, SW1/4 SE1/4 Section 28, T 46N, R77W, May 22 2912: 4) Yates Petroleum Corporation (YPC) letter of November 5, 2012, 2 pp.: and 5) Map B, Sirocco POD, Proposed Wells and Access Routes, Sections 27, 28, 29, 31, 32, 33, revised date November 6, 2012 – all – incorporated here by reference; I find that: (1) granting approval of YPC's 6 earlier deferred applications for permit to drill (APDs) will not have significant environmental impacts beyond those addressed in the Powder River Basin Final Environmental Impact Statement (PRB FEIS) to which this modified FONSI tiers; (2) this finding that the onsite APDs conform to the Buffalo Field Office (BFO) Resource Management Plan (RMP) (1985, 2001, 2003, 2011); and (3) this finding does not constitute a major federal action having a significant effect on the human environment. Therefore there is no requirement for an environmental impact statement. I base this finding on my consideration of the Council on Environmental Quality's (CEQ) criteria for significance (40 CFR 1508.27) and Interior Department Order 3310, with regard to the context and to the intensity of the impacts described in the EA.

CONTEXT. Mineral development is a common PRB land use –sourcing 42% of the U.S.'s coal. The PRB FEIS reasonably foreseeable development analyzed the development of 54,200 fluid mineral wells. The development in modified Alternative C is insignificant in the national, regional, and local context.

INTENSITY. The implementation of modified Alternative C will result in beneficial effects of energy and revenue production however; there will also be adverse effects to the environment. YPC and BLM included design features and mitigation measures in modified Alternative C to minimize adverse environmental effects. The Sirocco II POD clearly lacks wilderness characteristics as it's in the midst of mineral development. The preferred alternative does not pose a significant risk to public health and safety. The POD's geographic area does not contain unique characteristics identified in the 1985 RMP, 2003 PRB FEIS, or other legislative or regulatory processes. YPC and BLM used relevant scientific literature and professional expertise in preparing the EA. 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. BLM predicted and analyzed coalbed natural gas development of the nature proposed with this POD and similar PODs in the PRB FEIS. The selected alternative does not establish a precedent for future actions with significant effects. 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 environmental protection.

ADMINISTRATIVE REVIEW AND APPEAL. This finding is subject to administrative review in accordance with 43 CFR 3165. Request for administrative review of this finding must include information required under 43 CFR 3165.3(b) (State Director Review), including all supporting documentation. 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 finding may appeal that finding to the Interior Board of Land Appeals, as provided in 43 CFR 3165.4.

Field Manager:  Date: 11/16/12