FINDING OF NO SIGNIFICANT IMPACT
Environmental Assessment: WY-050-EA11-108
Grieve Unit CO_2 Enhanced Oil Recovery Project
BLM Federal Oil and Gas Leases
WYW-015813, WYW-015814, WYW-015815,
WYW- 015824, & WYW- 016008

Finding of No Significant Impacts:
Based on my review of the analysis of the Grieve Unit CO_2 ($GUCO_2$) Enhanced Oil Recovery (EOR) project (Project) Environmental Assessment (EA), I have determined that the Proposed Action is in conformance with the approved land use plan, and will not have any significant impact on the human, natural and physical environment. Therefore, an environmental impact statement is not required.

The EA shows that adverse impacts to the surface ownership/land use and grazing; socioeconomics/environmental justice; cultural/paleontological resources and Native American religious concerns; soils/watershed; water resource; air quality; vegetation/wetland/noxious weeds; wildlife/fisheries; threatened , endangered, candidate, and special status species; wild horses; visual resources; transportation; and from the use of hazardous materials will all be minor, short term, necessary and due impacts. Potentially, substantial positive economic impacts could result for the operator, and local, state, and federal, governments.

The Lander Resource Management Plan (LRMP) provides for the use of these public lands for this type of drilling and natural gas exploration and development. The Proposed Action will be in conformance with these land use plans, and no amendments to the LRMP will be necessary to implement the Proposed Action

ACTING FOR

Field Manager, Lander Field Office, Rick VanderVoet — Date 7/26/12
Attachment: EA No. WY-050-EA11-108

DECISION RECORD
Environmental Assessment: WY-050-EA11-108
Grieve Unit CO_2 Enhanced Oil Recovery Project
BLM Federal Oil and Gas Leases
WYW-015813, WYW-015814, WYW-015815,
WYW- 015824, & WYW- 016008

Introduction:
Elk Petroleum, along with Tri-State Generation and Transmission (Tri-State), a utility power supplier, have filed, or will be filing, ten Applications for Permit to Drill, numerous Sundry Notices to re-work existing wells, and four rights-of-way (ROW) applications with the Bureau of Land Management, Lander Field Office. The APD and Sundry Notice documents were filed on June 10, 2011 and August 19, 2010. The specific proposal is to drill and install associated facilities for these wells located in Sections 16, 21, 22, 26, 27, Township 32 North, Range 85 West, on BLM Federal oil and gas leases WYW-015813, WYW-015814, WYW-015815, WYW-015824, and WYW- 016008. The Sundry Notice and APD documents include proposals to construct access roads and pipelines, and utility lines which will be tied into existing oil field facilities. One ROW application has been filed for a CO_2 pipeline line with a meter station. Additional ROW proposals will be filed to include a 25 kV utility line, a 230 kV line and a new network load point substation.

Decision:
It is my decision to authorize the Sundry Notices, APD documents, ROW applications submitted by Elk. The APD documents included the Grieve Unit #53, #54, # 55, #57, #58, #59, #60, and #61 wells and infrastructure. The wells and facilities are located on Federal Oil and Gas Leases WYW-015813, WYW-015814, WYW-015815, WYW-015824, & WYW-016008. The wells and related activities are administered by the Lander Field Office, State of Wyoming. Design features and procedures are included in the Sundry Notice, APD documents, ROW applications as Conditions of Approval (COA) and Stipulations.

Rationale for Decision:
The decision to approve the Proposed Action is based on the following: 1) consistency with resource management plan and land use plan; 2) national policy; 3) agency statutory requirements; 4) relevant resource and economic issues; 5) application of measures to avoid or minimize environmental impacts; 6) finding of no significant impact; and 7) public comments.

1. Consistency with Resource Management Plan and Land Use Plan
Current policies for development and land use decisions within this area are contained in the *Lander Resource Area Resource Management Plan (RMP) EIS* (BLM 1986) and the *Lander Resource Area RMP Record of Decision (ROD)* [BLM 1987]. The RMP states, "In areas of moderate, low and no potential for occurrence of oil and gas, this plan will allow for enhanced management of the surface resources, while providing opportunities for exploration and development of the oil and gas. Conversely, in areas of high potential for the occurrence of oil and gas or in areas of established production, this plan will allow for enhanced management of

exploration and development activities by minimizing the restriction imposed on these activities."

2. National Policy

The Grieve Unit CO2 (GUCO2) Enhanced Oil Recovery (EOR) Project (Project) is a private exploration and development operation of federal oil and gas leases, which is an integral part of the BLM oil and gas leasing program under the authority of Mineral Leasing Act of 1920, as amended and the Federal Land Policy and Management Act of 1976, as amended. The United States continues to rely heavily on foreign energy sources. Oil and gas leasing is needed to encourage development of domestic oil and gas reserves to reduce the United States' dependence of foreign energy supplies. The BLM oil and gas program is designed to encourage such development. Therefore, the decision is consistent with national policy.

3. Agency Statutory Requirements

The decision is consistent with all federal, state, and county authorizing actions, which are required to implement as part of the Proposed Action. All pertinent statutory requirements applicable to this proposal were considered including informal consultation and formal conferencing with the U.S. Fish and Wildlife Service (USFWS). Cultural surveys and compliance with Section 106 of the National Historic Preservation Act will be completed prior to approval of permits for individual components.

4. Relevant Resource and Economic Issues

Potential environmental impacts from the Project proposal to surface and subsurface resources identified in the Environmental Assessment are considered minor and all deemed acceptable with mitigation. The economic benefits derived from the implementation of the Proposed Action in the form of continuing employment opportunities, equipment, services, and potential revenues should production are considered important.

5. Application of Measures to Avoid or Minimize Environmental Impacts

Federal environmental protection laws, such as the Clean Air Act, and the National Historic Preservation Act, apply to all lands and are included as part of the standard oil and gas lease terms and the terms and conditions of the APD and Sundry Notice documents. The adoption of these measures identified in Chapter 2.0 and 4.0 of the Project EA provide practicable means to avoid or minimize potential environmental impacts. Should conditions warrant, additional, measures could be applied to individual permits subject to additional analysis.

6. Finding of No Significant Impact

Based upon the analysis contained in the Environmental Assessment for the Project and with the implementation of the protection measures, I have determined that the proposed action will not cause any significant impacts on the human, natural, and physical environment. Therefore, an environmental impact statement is not required.

7. Opportunity for Public Involvement

Scoping is an important part of the National Environmental Policy Act (NEPA) process and is used to determine the scope of issues to be addressed and for identifying the key issues related to a proposed action (40 CFR 1500.7). The scoping process can involve federal, state, and local

government agencies, resource specialists, industry representatives, local interest groups, and members of the public. Scoping is an interdisciplinary process.

The APD documents were received by the Lander Field Office on June 10 and August 19, 2011. In accordance with 43 CFR 3162.3-1 (g), the notice was made available to the public for comment for 30 days ending July, 30 and September 19, 2011 respectively. The applications were considered technically and administratively complete on September 19, 2011.

In addition a scoping notice was printed in the Casper Star Tribune and posted on the BLM LFO website in December 8, 2011. This notice described the project and requesting that any comments regarding the project be submitted to BLM by January 13, 2012. Public comments were received and reviewed by BLM specialist. Each issue presented was compared against the Proposed Action, operator committed and BLM required design features. If the concern was relevant to the proposal and was not adequately covered by the design features mitigation was applied in the EA.

Compliance and Monitoring:
Monitoring will be done by the area Natural Resource Specialist, Surface Compliance Technician, Petroleum Engineering Technicians, and Reality Specialist to insure compliance with this authorization.

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

ACTING FOR

Jon I. K

Field Manager, Lander Field Office, Rick VanderVoet

7/26/12
Date

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