

SCOPING NOTICE
for
Patina Oil & Gas Corporation
PAPPY DRAW EXPLORATORY COALBED NATURAL GAS EXPANDED PROJECT

Bureau of Land Management
Lander Field Office

Background

This is an updated Scoping Notice for the Pappy Draw Exploratory Coalbed Natural Gas (also known as coalbed methane gas or CBM) Project that was sent out of the Lander Field Office on July 12, 2002. Patina Oil & Gas Corporation (Patina) of Denver, Colorado notified the Bureau of Land Management (BLM), Lander Field Office June 20, 2002 of a proposal to drill an exploratory coalbed natural gas (CBNG) pilot consisting of five wells in the Pappy Draw Unit. Patina has recently expanded the proposed project and this scoping notice is inclusive of the additions.

Description of Project

Patina has notified the BLM, Lander Field Office, of a proposal to develop three exploratory CBNG pilot projects (consisting of 5 wells in each pilot project) instead of the original pilot project proposed in 2002. The first pilot is proposed in the Pappy Draw Unit, the second pilot is proposed in the East Pappy Draw Unit, and the third pilot is proposed in the North Pappy Draw Unit located in central Wyoming. The pilots are proposed to be located on federal oil and gas leases in Township 26 North, Range 93 West, Sections 4, 5, 9, 6th Principal Meridian; Township 26 North, Range 92 West, Sections 3, 4, 9, 10, 6th Principal Meridian, Sweetwater County, Wyoming; Township 27 North, Range 93 West, Sections 29, 30, 6th Principal Meridian, Fremont County, Wyoming (see the attached map). All surface ownership involved in the project area is public land managed by the BLM. The proposed project is within the administrative boundary of the BLM's Lander Field Office, located in northeast Sweetwater County, and southeast Fremont County, Wyoming. The area is accessible from the south by Interstate Highway 80, Wamsutter-Crooks Gap Road, and lease roads. Northern access is through State Highway 789-US Highway 287, Wamsutter-Crooks Gap Road and lease roads.

Patina previously proposed to drill a five-well exploratory CBNG pilot project. After further geologic evaluation, Patina now proposes to drill two additional five-well exploratory CBNG pilots. The three, five well pilot projects will be developed on an 80-acre spacing pattern. The size of these pilot projects are designed by the number of wells needed to de-water the coal sufficiently to allow the gas to desorb off of the coal (reduce pressure in the coal seam). The pilot projects are designed to evaluate the quantity of methane in the coal, permeability of the coal, productivity of the coal, quality of the coal and water, the quantity of water, and the de-watering characteristic of the coal.

The first well of each pilot project would be cored in the target coal seam. Based on the results of the three pilots, Patina would either plan for development or discontinue the project and the disturbed area would be reclaimed to BLM specifications. The center wells of each pilot would be de-watered by the surrounding four wells in a timely manner (approximately 6-12 months). The data gathered over 6-12

months would be used to determine the economics of the project, appropriate future well spacing, and the appropriate water disposal method(s). Patina would then be able to determine the interaction between the wells, gas production volumes, and economics of development. Additionally, Patina would identify an optimum spacing pattern when coal permeability has been calculated.

The water will be disposed of in accordance with appropriate federal and state laws. The alternatives for water disposal include injection into the subsurface, discharge to unlined/lined pits, or other acceptable methods approved by BLM, including a National Pollutant Discharge Elimination System (NPDES) permitted surface discharge. The information gathered by drilling the pilot wells will determine the water quality and quantity to aid in the design of the water disposal program.

Components of the proposal include:

- Approximately sixty-one acres of surface disturbance initially, including well pads and roads. Once in operation, all disturbed areas not needed for production operations will be reclaimed to BLM specifications.
- Pumping units or progressive cavity pumps for initial de-watering. Each pumping unit will be powered by electricity. A generator will be set on each well pad and will be powered initially by diesel fuel then by natural gas.
- If methane gas production ensues, a wellhead, pumping unit, generator, separator, and measurement device will remain on the well pad.
- Pipelines will follow existing roads/pipelines corridors where possible.
- Water disposal may include discharge into unlined or lined pits, by surface discharge under a NPDES permit by Wyoming Department of Environmental Quality (DEQ), or injection into a well depending on water quality and quantity.
- Relocate two wells of the initial pilot project.

Patina plans to proceed with drilling and testing operations upon approval of the necessary permits by BLM and other jurisdictional agencies.

Relationship to Existing Plans and Documents

The Lander Resource Management Plan (RMP) Record of Decision (ROD) (June 6, 1987) directs management of BLM-administered public lands within the analysis area. The ROD states, "Oil and gas leases issued within the resource area will be conditioned with stipulations to protect other important resource values (page 1). 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 of exploration and development of the oil and gas (page 32)."

National Environmental Policy Act Compliance

Pursuant to the National Environmental Policy Act (NEPA) and Council on Environmental Quality regulations on implementing NEPA, the Lander Field Office is preparing an environmental assessment (EA) that will describe and evaluate the probable effects of the proposed action and alternatives. The purpose of an EA is to provide sufficient evidence and analysis for determining whether to prepare an environmental impact statement or a Finding of No Significant Impact. The EA also provides the public

and decision-makers with sufficient information to understand the environmental consequences of the proposal and to identify and develop appropriate mitigation measures to minimize environmental effects.

One element of the NEPA process is scoping. Scoping activities are initiated early in the process to:

- Identify reasonable alternatives to be evaluated in the EA;
- Identify environmental issues and concerns related to the proposed project; and
- Determine the depth of analysis for issues to be addressed in the EA.

This scoping statement has been prepared to enable government agencies, the general public, and other interested parties to participate in and contribute to the analysis process. Public input is important in establishing the scope of analysis for any NEPA document, and the BLM encourages public participation. Previous comments received for the earlier scoping notice will be addressed along with comments received in response to this notice.

The BLM will determine through the NEPA process, whether or not the proposed action is in conformance with the Lander RMP. If the proposed action does not conform with the RMP, BLM may reject the proposal, modify the proposal to conform with the LUP, or complete appropriate plan amendments and NEPA compliance before proceeding with the proposed action.

IDENTIFIED RESOURCE MANAGEMENT ISSUES, CONCERNS, AND OPPORTUNITIES

The following issues and concerns have been identified by the Lander Field Office and the public in response to the earlier scoping notice. It is not meant to be an all-inclusive list, but rather a starting point for public input and a means of identifying the resource disciplines needed to conduct the analysis.

- Potential effects to wildlife habitat within the analysis area, including big game, raptors, sage grouse, white-tailed prairie dog, black-footed ferret, and mountain plover.
- Possible effects to listed, proposed, or threatened and endangered plant and animal species.
- Potential effects to wetlands and riparian habitat.
- Potential effects to cultural and historical values within the project area.
- Possible effects to wild horse habitat.
- Possible effects to surface and groundwater resources.
- Potential effects to air quality due to increased traffic, emissions, production activities and associated effects on existing county, state, and BLM roads.
- Reclamation of disturbed areas and control of noxious weeds.
- Cumulative effects of the proposed project when combined with ongoing conventional gas drilling and development.
- The differences between development of conventional natural gas and CBNG.
- Possible effects to rangelands.
- Possible effects to commercial outfitters use.
- Possible effects to recreational activities.
- Possible effects to visual resources.

TIMING NEEDS OR REQUIREMENTS

Public input is important in establishing the level and scope of the analysis. The public is encouraged to participate throughout the environmental analysis process to help in identifying the level of analysis needed, alternatives to the proposed action, other issues or concerns that should be analyzed or mitigated, and any other comments or ideas to help ensure the completeness of the analysis process.

Scoping comments can be used best by July 25, 2003. Please submit comments to:

Bureau of Land Management
Lander Field Office
PO Box 589
1335 Main Street
Lander, WY 82520

Comments may also be submitted via email to: lander_wymail@blm.gov.

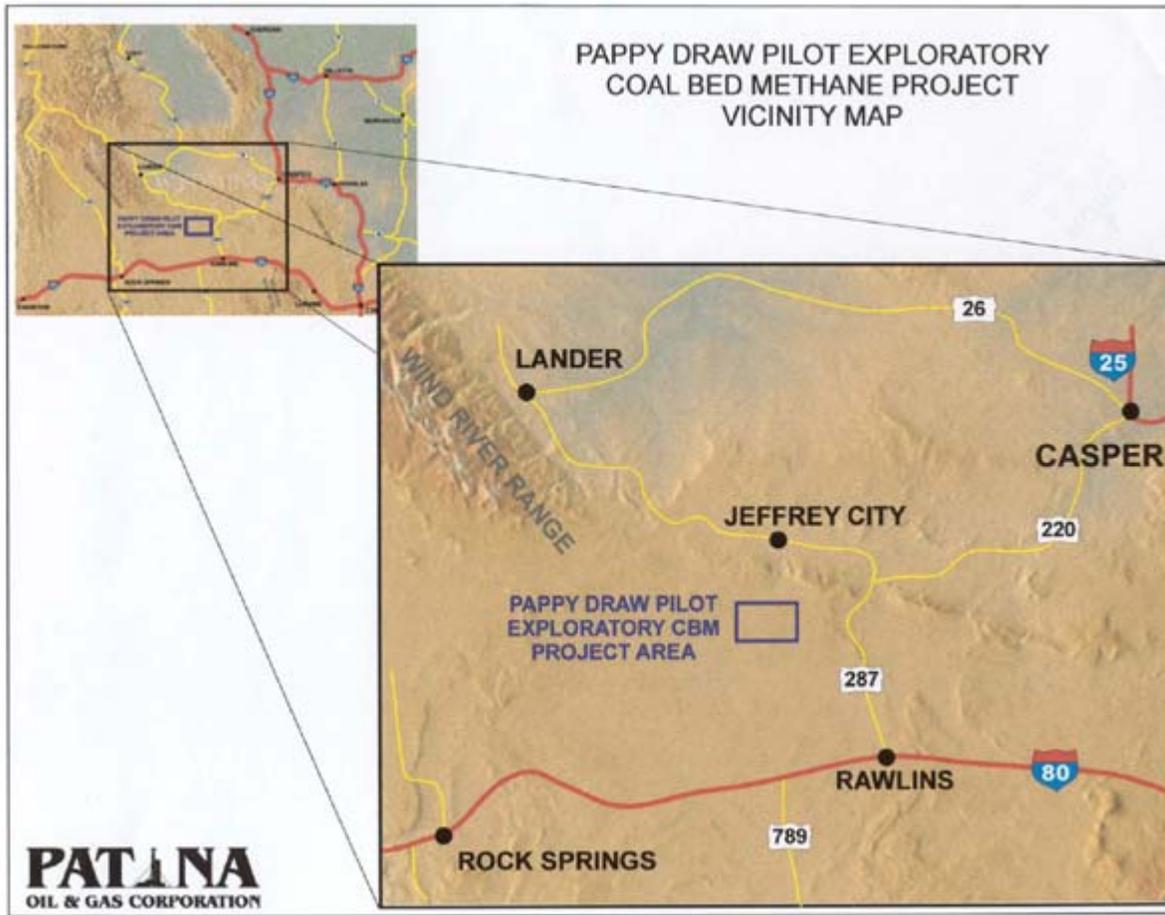
Please note that comments, names, email addresses, and street addresses of the respondents, will be available for public review and disclosure at the above address during regular business hours (7:45 a.m. to 4:30 p.m.), Monday through Friday, except holidays. Individual respondents may request confidentiality. If you wish to withhold your name, email address, or street address from public review or from disclosure under the Freedom of Information Act, you must state this plainly at the beginning of your comment. Such requests will be honored to the extent allowed by law. All submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, will be made available for public inspection in their entirety.

Public Participation

Numerous individuals and organizations including federal agencies, state agencies, county governments, municipalities, media, public land users, industry representatives, individuals, grazing permittees, rights-of-way holders, landowners, special recreation permittees, and various organizations are being sent this scoping notice.

If you require additional information regarding this project, please contact Chris Carusona at the above email or street address or phone 307.332.8449.

Attachment:



Map

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