United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Wyoming State Office
P.O. Box 1828
Cheyenne, Wyoming 82003-1828

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In Reply Refer To:

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JUNE 27 2008

Dear Reader:

This Final Supplemental Environmental Impact Statement (FSEIS) for the proposed long-term development of natural gas resources in the Pinedale Anticline Project Area (PAPA) is submitted for your review. The FSEIS has been prepared to analyze the potential impacts from drilling and production operations of natural gas wells and associated access roads, pipelines, and production facilities proposed by Ultra Resources, Inc. (Ultra), Shell Exploration & Production Company (Shell), Questar Market Resources including Wexpro Company (Questar), BP America Production Company, Newfield Energy Corporation, Yates Petroleum Corporation, Anshutz Pinedale Corporation and others who agree to participate, collectively referred to as the Proponents. The PAPA is located entirely within Sublette County, Wyoming.

A limited number of hard copies of the FSEIS will be available for review at the Bureau of Land Management (BLM) offices listed below. The FSEIS may be viewed or downloaded from the BLM website at http://www.blm.gov/wy/st/en/info/NEPA/pfodocs/anticline/seis.html.

Bureau of Land Management Wyoming State Office 5353 Yellowstone Road Cheyenne, Wyoming 82009	Bureau of Land Management Pinedale Field Office 1625 West Pine Street Pinedale, Wyoming 82941

The PAPA includes 198,034 acres, of which approximately 158,000 acres (80 percent) is Federal surface ownership, 9,800 acres (5 percent) is State surface ownership, and 29,800 acres (15 percent) is private surface ownership. Well field development (drilling and construction of well pads, roads, pipelines, and ancillary facilities) in the PAPA was approved in the 2000 Record of Decision (ROD) for the Pinedale Anticline Oil and Gas Exploration and Development Project.

Public scoping was conducted in 2005, and 2006, after the Operators requested increased access to the PAPA in the winter. A Draft SEIS was issued in December 2006, and a Revised Draft was issued in December 2007. Comments on each draft were received by the BLM and are included in the FSEIS.

Five alternatives are analyzed in the FSEIS. Under the No Action alternative (Alternative A), the Operators' proposal for relief from seasonal timing restriction in crucial wildlife habitat

(Alternative B) would be denied. Alternative A does not provide for full oil and gas resource recovery.

The Proposed Action Alternative (Alternative B) includes development of the natural gas resource by drilling up to 4,400 additional wells, achieving a bottom hole (producing zone) spacing of approximately 10 acres per well along the crest of the anticline. Multiple wells would be directionally drilled from a single well pad; as a result, approximately 100 fewer well pads would be necessary to develop the oil and gas resource. Under the Proposed Action Alternative, year-round development would mostly occur in three Concentrated Development Areas within a core area defined by the Operators. This would limit year-round development (including winter drilling within crucial winter ranges) and associated disturbance and impacts to the Concentrated Development Areas. Alternative B includes mitigation to offset impacts to other resources, particularly air quality and wildlife.

Alternative C is similar to the Proposed Action Alternative in that it includes the same project components (number of wells, well pads, and ancillary facilities). However, it is different from the Proposed Action, spatially. That is, rather than only specifying certain areas of development where year-round drilling could occur, Alternative C specifies areas where year-round drilling would not occur. It includes a core area boundary that is different from the core area defined by the Operators in the Proposed Action Alternative. The overall objective of Alternative C is to control spatial disturbance over time, maximizing development in some areas while minimizing development in other areas, especially in portions of big game crucial winter ranges. Alternative C includes additional air mitigation to further reduce impacts to nearby sensitive areas and performance-based objectives to further reduce impacts to other resources.

Alternative D, the BLM preferred alternative, is the result of comments received on the Draft SEIS (12/2006) and the revised Draft SEIS (12/2007). Major components of this alternative are an expanded core area, divided into five development areas and a Potential Development Area (PDA) that surrounds the majority of the core. Similar to Alternative C, this alternative presents a spatially phased development approach, while adding additional operator committed measures, including suspended and no surface occupancy leases outside of the Core Area and PDA, an adaptive management approach, and an operator funded compensatory mitigation fund. Alternative E, also the result of public comment on the Draft SEIS, analyzes the development of the Pinedale Anticline oil and gas resource without considering relaxing seasonal timing restrictions in crucial wildlife habitat. This alternative, if selected, would reflect a development approach similar to that considered in the PAPA ROD (BLM, 2000), while fully analyzing the number of wells and other impacts necessary to effectively recover the energy resource.

Additional information acquired from public input and BLM internal review may result in the selection of an alternative or combination of alternatives to provide the best operational requirements, impact mitigation, and management practices to reduce environmental harm.

The FSEIS will be available for 30 day review starting on the date that the Environmental Protection Agency (EPA) publishes its Notice of Availability (NOA) of the FSEIS in the Federal Register. During this time, no decision on the Proposed Action will be made or recorded.

The FSEIS was prepared pursuant to the National Environmental Policy Act and other regulations and statues to address the environmental and socioeconomic impacts which could result from the project. The FSEIS is not a decision document. Its purpose is to inform the public and interested agencies of impacts associated with implementing the Operators' long-term development proposal and to evaluate alternatives to the proposal. The FSEIS conforms to the current Pinedale Resource Management Plan as well as to the Pinedale Draft Resource Management Plan revision that is currently being prepared.

The FSEIS has been sent to affected Federal, State, and local government agencies, and to individuals who provided substantive comments during the scoping period or during the comment period on either the Draft SEIS (12/2006) or on the Revised Draft SEIS (12/2007).

If you have questions or need additional information, please contact the Pinedale Field Office, address shown above, or by telephone (307) 367-5300.

Sincerely,

for Robert A. Bennett
State Director