

DRAFT
Environmental Assessment for the
Rands Butte Gas Development Project

Volume 1

January 2010



The BLM manages more land – 253 million acres – than any other Federal agency. This land, known as the National System of Public Lands, is primarily located in 12 Western States, including Alaska. The Bureau, with a budget of about \$1 billion, also administers 700 million acres of sub-surface mineral estate throughout the nation. The BLM's multiple-use mission is to sustain the health and productivity of the public lands for the use and enjoyment of present and future generations. The Bureau accomplishes this by managing such activities as outdoor recreation, livestock grazing, mineral development, and energy production, and by conserving natural, historical, cultural, and other resources on public lands.

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United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Pinedale Field Office
P.O. Box 768
Pinedale, Wyoming 82941-0768



In Reply Refer To:
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January 22, 2010

Dear Reader:

The Bureau of Land Management Pinedale Field Office (BLM) is seeking public comment on the Draft Environmental Assessment (DEA) for the proposed Rand's Butte Gas Development Project (Project) in southwestern Sublette County, Wyoming. Written comments on the DEA will be accepted for a period of 30-days, from January 25 through February 25, 2010. All comments should be sent or delivered to the following address:

**Field Manager,
BLM Pinedale Field Office,
PO Box 768
1625 West Pine St.
Pinedale, Wyoming 82941,
Fax: 307-367-5329
or
emailed to: pinedale_wymail@blm.gov**

The Project is a natural gas and helium resource development project involving state, private, and federal lands located south and west of Big Piney, Wyoming. The Project is designed and needed to test and implement new technologies for processing and recovering natural gas and helium reserves from the "sour gas" reserves in Madison formation underlying the Riley Ridge Unit. The Project is also needed to help fulfill the nation's need for natural gas and helium. The new process to be tested would separate marketable gases from the complex Madison formation gas mixture, followed by immediate re-injection of the waste stream of dangerous gas by-products containing hydrogen sulfide (H₂S) and carbon dioxide (CO₂) back into the formation.

In August of 2008, the State of Wyoming granted Cimarex Energy a Wyoming Special Use Lease for development of a new Methane and Helium Recovery Facility (M&HRF) to be located on State of Wyoming land, which would process sour gas from the Riley Ridge Unit. Other private and state actions are underway for construction of a helium liquefaction facility approximately 3 miles south Big Piney, and a produced water pipeline and injection well on state land near the M&HRF.

Cimarex has submitted applications to drill and/or complete three federal gas wells for the production of a raw gas stream of 200 million cubic feet per day (MMCFD) to the M&HRF for the life of the Project, estimated to be 40 years. A federal acid gas injection well is also proposed for disposal of hydrogen sulfide (H₂S) and carbon dioxide (CO₂) byproduct gas. Rights of way (ROWs) for incoming high-voltage electricity and outgoing methane and helium pipelines, fiber optic communication cables, and other ancillary facilities and temporary use areas are also proposed. The BLM decision under consideration in this DEA would determine if the proposed federal gas wells would be allowed, and if

federal ROW permits would be allowed for the development of pipelines, transmission lines, and other ancillary facilities for the Project, as well as the terms and conditions of any federal development.

The BLM has no decision jurisdiction over the connected actions and facilities under consideration for development on State of Wyoming or private lands, such as the M&HRF. In spite of the BLM's lack of jurisdiction over the non-Federal components, NEPA still requires connected actions be analyzed. Accordingly they are addressed in the Rands Butte EA to determine and disclose potential impacts from the entire proposed Project and potential cumulative effects from these interdependent connected actions, along with other reasonable and foreseeable future federal and non-Federal actions in the general Project area.

Public scoping was conducted from September 10, 2008 through October 10, 2008. Scoping identified several issues of concern and led to the development and analysis of three alternatives in the DEA in addition to the Operator Proposed Alternative.

Under the No Action Alternative, the Cimarex applications for drilling and ROW permits would be denied by BLM. The No Action Alternative typically means a project won't be developed and the impacts identified through the NEPA process would not occur. However, under the No Action Alternative for the Rands Butte Project it is conceivable that Cimarex could still proceed with development of the M&HRF and other infrastructure by using a combination of state and private lands for gas production, pipelines, transmission lines, and other infrastructure. Consequently for the Rands Butte Project, even the No Action could result in adverse impacts through the non-federal actions.

Under Alternative 1 (the Proposed Action) the BLM would authorize the drilling and completion of three new federal Madison gas wells and one H₂S/CO₂ injection well using two well pads on federal land. A fourth existing federal well would be completed. Federal right-of-way (ROW) permits would be authorized in the Rands Butte Area for the construction and operation of a high voltage 230-kV electrical transmission line, natural gas pipeline, a helium pipeline, buried fiber optic data transmission cable, and the installation of an air quality monitoring and weather station on federal lands. Additional capacity for the Williams market gas pipeline would be developed in an area west of LaBarge, Wyoming.

Significant long-term adverse impacts would potentially occur to the Calpet 8 sage-grouse lek from implementation of Alternative 1 through the proposed placement of the 230 kV overhead transmission line approximately one-quarter mile from the lek perimeter. This power line alignment would potentially result in lek abandonment, as discussed in the DEA. Other potential impacts of Alternative 1 would also occur but could be mitigated. Other alternatives were developed by BLM to reduce or avoid impacts identified for Alternative 1, based on this analysis.

Under Alternative 2, the BLM would authorize drilling and operation of federal gas wells and an acid gas injection well, and the Williams natural gas pipeline expansion in order to meet the purpose and need of testing new technology for extraction and processing of federal gas reserves. However, federal ROW permits would not be granted for the Cimarex 230-kV transmission line or Cimarex natural gas and helium pipelines in the Rands Butte area, in order to avoid potential impacts to Greater sage-grouse and other resources. This alternative would require the use of private lands in the South Piney valley for the location of transmission line and pipeline construction, affecting the long-term visual quality of the valley, riparian and wetland habitats, and creating potential adverse impacts to contributing segments of the Lander Road Historic Trail. While BLM has jurisdiction over the Federal components in Alternative 2, it does have the authority or jurisdiction over placement of the non-federal components on private or state land.

Under Alternative 3, the BLM would authorize federal well applications and ROW permits for transmission lines, pipelines and other infrastructure proposed on BLM lands. However, the overhead transmission line would be located more than 0.5 mile from all occupied sage-grouse leks, and other potential impacts from surface disturbing activities would be reduced by overlapping ROWs the maximum extent possible, reducing the footprint of the pipeline construction corridor, and boring underneath all perennial streams. With appropriate mitigation this alternative would not result in significant adverse impacts to resources.

Under Alternative 4, the BLM would authorize drilling and construction of wells and construction of pipelines. However, BLM would not authorize construction of the overhead transmission line on public land. BLM proposes that an electrical generating plant (EGP) be constructed and operated on state land near the M&HRF. While Alternative 4 would reduce adverse impacts to sage-grouse and any visual effects of the overhead transmission lines, it would potentially increase air emissions in Sublette County. While this is a viable alternative that could be implemented by the project proponent, the location of the EGP component would be on state land and is therefore beyond BLM's authority to require or approve.

BLM has identified Alternative 3 as the BLM-preferred Alternative after evaluating the impacts of federal actions and the impacts of connected private and state actions, as well as the cumulative impacts of other foreseeable federal actions in the Project Area. BLM actions would not result directly, indirectly, or cumulatively in effects with "sufficient context and intensity" to indicate significant impacts. Additional comments from the public will assist the BLM in making a final decision regarding the federal actions under consideration prior to issuance of a Finding of No Significant Impact (FONSI).

After reviewing public comments, a FONSI may be issued by BLM along with a Decision Record. The FONSI would explain the reasons that an action will not have a significant effect on the human environment. However, if BLM determines through public comments and additional analysis that BLM actions would result in significant direct, indirect, or cumulative effects to the physical, biological, or human environment, then CEQ guidelines indicate that an EIS must be prepared to document any significant adverse impacts.

A Public Open House will be held **3-7:30 PM on Thursday, February 11, 2010 at the Marbleton Town Hall; 10700 Highway 189, Marbleton, WY** to provide additional information on the proposed Rands Butte Gas Development Project.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Michael Spang", is written over the typed name.

Acting Field Manager