United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Rawlins Field Office
P.O. Box 2407 (1300 North Third Street)
Rawlins, Wyoming 82301-2407

In Reply Refer To:
1790

September 5, 2003

Re: Scoping Notice - Hay Reservoir
Coalbed Natural Gas Pilot Project
Environmental Assessment

Dear Reader:

The Bureau of Land Management (BLM) is planning to prepare an Environmental Analysis (EA) for a proposed coalbed natural gas pilot project to be known as the Hay Reservoir Coalbed Natural Gas (CBNG) Pilot Project.

This project is planned for an area approximately 25 miles northwest of the town of Wamsutter in Sweetwater County, Wyoming. The proposal includes the drilling and development of eight coalbed natural gas wells and a single water disposal well. Appurtenant facilities include roads, gas and water collection pipelines, water disposal system, and a power supply system.

A scoping notice has been prepared for your review and information, both as an introduction to the proposed project and as a review of the basic procedures we intend to follow in the preparation of the EA.

Scoping is one of the first steps in EA preparation. This process is an opportunity for you to participate in the earliest phase of environmental assessment for the Hay Reservoir CBNG Pilot Project. We encourage your input and comments on the project. Information and comments you provide will enable us to provide better environmental analysis and decisions.

We are conducting scoping for the Hay Reservoir CBNG Pilot Project for 30 days. If you are interested in participating in the scoping process, we request that you respond by supplying your written or e-mailed comments or concerns about the proposed activity by October 6, 2003. Please submit your comments to:

Travis Bargsten, Natural Resource Specialist
Bureau of Land Management
Rawlins Field Office
P.0. Box 2407
1300 North Third Street
Rawlins, Wyoming 82301
e-mail: rawlins_wymail@blm.gov

Additionally, links to the Scoping Notice will be posted on the Wyoming Bureau of Land Management Rawlins Field Office homepage at www.wy.blm.gov/rfo/. Your response is important and will be considered in

the environmental analysis process. If you do respond, we will keep you informed of decisions resulting from the analysis. Please note that public comments submitted for this scoping review, including names, e-mail 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 confidentially. If you wish to withhold your name, e-mail 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 written 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.

Thank you again for your interest in this process. If you have any questions regarding the project, your role, or our responsibilities, please contact Travis Bargsten at the address shown above or phone (307) 328-4387.

Sincerely,

Kurt Kotter
Field Manager

PUBLIC SCOPING STATEMENT
HAY RESERVOIR COALBED NATURAL GAS PILOT PROJECT
ENVIRONMENTAL ASSESSMENT

BUREAU OF LAND MANAGEMENT
RAWLINS FIELD OFFICE

DESCRIPTION OF PROJECT

Kennedy Oil of Gillette, Wyoming, has notified the Bureau of Land Management (BLM) Rawlins Field Office that Kennedy Oil proposes to explore and potentially develop a coalbed natural gas pilot project located within the administrative boundaries of the BLM's Rawlins Field Office. The pilot project is located in Township 23 North, Range 97 West, Sixth Principal Meridian, sections 26 and 35, in Sweetwater County, Wyoming (Figure 1). The project area encompasses approximately 1,280 acres of federal surface and mineral estate. Kennedy Oil would also apply for a right-of-way (ROW) to construct, utilize, and/or maintain approximately 3.1 miles of access road from the Tipton Road (Sweetwater County Road 67) to access the proposed pilot project area.

The pilot project entails the construction, drilling, completing, and producing of eight coalbed natural gas (CBNG) wells within the project area, and the construction, utilization, and maintenance of appurtenant access roads and pipelines. A single, additional well would be drilled for use as a water disposal well. Produced water from the eight CBNG wells would be disposed of by re-injection at the water disposal well. If the pilot project proves to be economically feasible, production facilities (including a gas sales pipeline) would be constructed within the project area.

An adjacent, existing and operating CBNG project, located on federal surface estate and State of Wyoming mineral estate, will be included in analysis of cumulative effects. This adjacent project is located in Township 23 North, Range 97 West, Sixth Principal Meridian, section 36.

It is anticipated that initial drilling operations would begin in the fall of 2003.

The primary objectives for this exploratory project are to:

- determine if natural gas production from the Big Red Coal (a member of the Ft. Union geologic formation) is economically feasible
- identify the most economical drilling and completion techniques
- determine if it is technically feasible to de-water the targeted coal seams so that natural gas is desorbed from the coal surfaces
- determine produced water quantity and quality

If this pilot project provides evidence that natural gas production from the Big Red Coal in this area is economically feasible, additional development may eventually be proposed. Any additional development would require further environmental analysis.

Approximately four to seven days would be required to drill, log, and run casing for each well utilizing a conventional rotary drilling rig and associated rig equipment. Two additional days would be required to run a bond log, perforate, and set a pump with a completion rig. The approximate size of each well pad is 300 feet by 205 feet. A small reserve pit would be excavated on the well pad to hold drilling fluids and cuttings. The well pads are located in dry lake beds, and thus would require that the well pads be built

up, and a flat-bottomed ditch constructed around the well pad. For this reason, surface disturbance will extend an additional 30-50 feet from the edges of the well pad. It is anticipated that total maximum surface disturbance for each well pad will be approximately 2.8 acres. Drilling depths are approximately 4,700 feet.

Each well will require a water discharge line and possibly a gas gathering line. All pipe corridors would be located, where feasible, adjacent to access roads.

Each well would be production tested continuously for a duration of 6 to 12 months. Production testing would evaluate the feasibility of natural gas production from the pilot project.

The proposed project area would be accessed by the use of existing public roads, and by the construction of new access roads. All roads associated with this project would be upgraded/constructed to BLM standards for resource roads.

If the pilot project proves productive, the well pads would be reclaimed to the size necessary for production operations. Once the end of the project is reached, all remaining disturbances would be reclaimed to their original topography and reseeded. If the pilot project proves to not be productive, all areas disturbed and associated with this project would be reclaimed and reseeded.

RELATIONSHIP TO EXISTING PLANS AND DOCUMENTS

Great Divide Resource Management Plan (GDRMP) - The GDRMP (November 8, 1990) directs the management of BLM-administered lands within the analysis area. The objective for management of oil and gas resources, as stated in the GDRMP, is “to provide opportunity for leasing, exploration, and development of oil and gas while protecting other resource values.” The development of CBNG within the Hay Reservoir CBNG project area would be in conformance with the GDRMP. The Environmental Assessment (EA) that will be prepared for the Kennedy Oil proposal will incorporate the appropriate decisions, terms, and conditions of use described in the GDRMP.

Use Authorizations - Use authorizations (i.e., rights-of-way, permits) for well pads, roads, pipelines, and well site facilities will be processed through the BLM Application for Permit to Drill (APD) and Sundry Notice when located on-lease. Any activity located off-lease would require an approve right-of-way.

NATIONAL ENVIRONMENTAL POLICY ACT

On reviewing the Kennedy Oil proposal, the BLM has determined that an EA will be prepared. The impact analysis presented in the EA will allow for one of two outcomes as determined by the BLM, either: 1) the proposed project would not result in significant impacts and a Decision Record with a Finding of No Significant Impact (DR/FONSI) could be signed (which would allow the project to be implemented), or 2) the project, as proposed, would result in significant impacts and would require the preparation of an Environmental Impact Statement (EIS).

One element of the National Environmental Policy Act (NEPA) is scoping. Scoping activities are conducted prior to the preparation of an EA:

- to determine reasonable development alternatives to be considered in the document
- to identify environmental and socioeconomic issues of concern related to the proposed project
- to determine the depth and range of analyses for issues addressed in the document

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.

IDENTIFIED RESOURCE MANAGEMENT ISSUES AND CONCERNS

The following issues and concerns have been identified to-date. This list is not meant to be all-inclusive, but rather to serve as a starting point for public input. Once all issues and concerns have been gathered through scoping and BLM consideration of the project, corresponding resource disciplines will be identified to conduct analysis for individual issues and concerns.

- potential effects upon wildlife and their habitats within the analysis area
- increased traffic and associated impacts upon county, state, and BLM roads and highways
- social and economic impacts to local communities
- impacts to ground water resources
- potential impacts to sensitive soils within the project area
- impacts from emissions resulting from drilling and production activities associated with the project
- reclamation of disturbed areas and control of nonnative plants
- potential impacts to cultural and historical resources within the analysis area
- cumulative effects of natural gas development activities when combined with other ongoing and proposed developments on lands within the BLM Rawlins Field Office area
- potential conflicts between mineral development activities and recreational activities

INTERDISCIPLINARY TEAM

Based upon current understanding of issues, concerns, and opportunities, an interdisciplinary team (IDT) made up of the following specialists within the BLM Rawlins Field Office has been identified:

- Archaeologist
- Realty Specialist
- NEPA Specialist
- Civil Engineer (roads and surface activities)
- Petroleum Engineer
- Wildlife Biologist
- Natural Resource Specialist (surface protection)
- Hydrologist
- Recreation Planner
- Soil Scientist
- Geologist
- Range Management Specialist

TIMING NEEDS AND REQUIREMENTS

Government agencies, the public, and other interested parties are encouraged to participate throughout the environmental analysis process to help in identifying the level of analysis needed, alternatives to be considered, issues or concerns that should be assessed, mitigation opportunities, and any other comments or ideas to help ensure that the analysis process is comprehensive.

After a 30-day scoping period is completed, and the EA prepared, the EA will be released to the public for review and comment.

The scoping period for this project ends on October 6, 2003. Please submit your comments to:

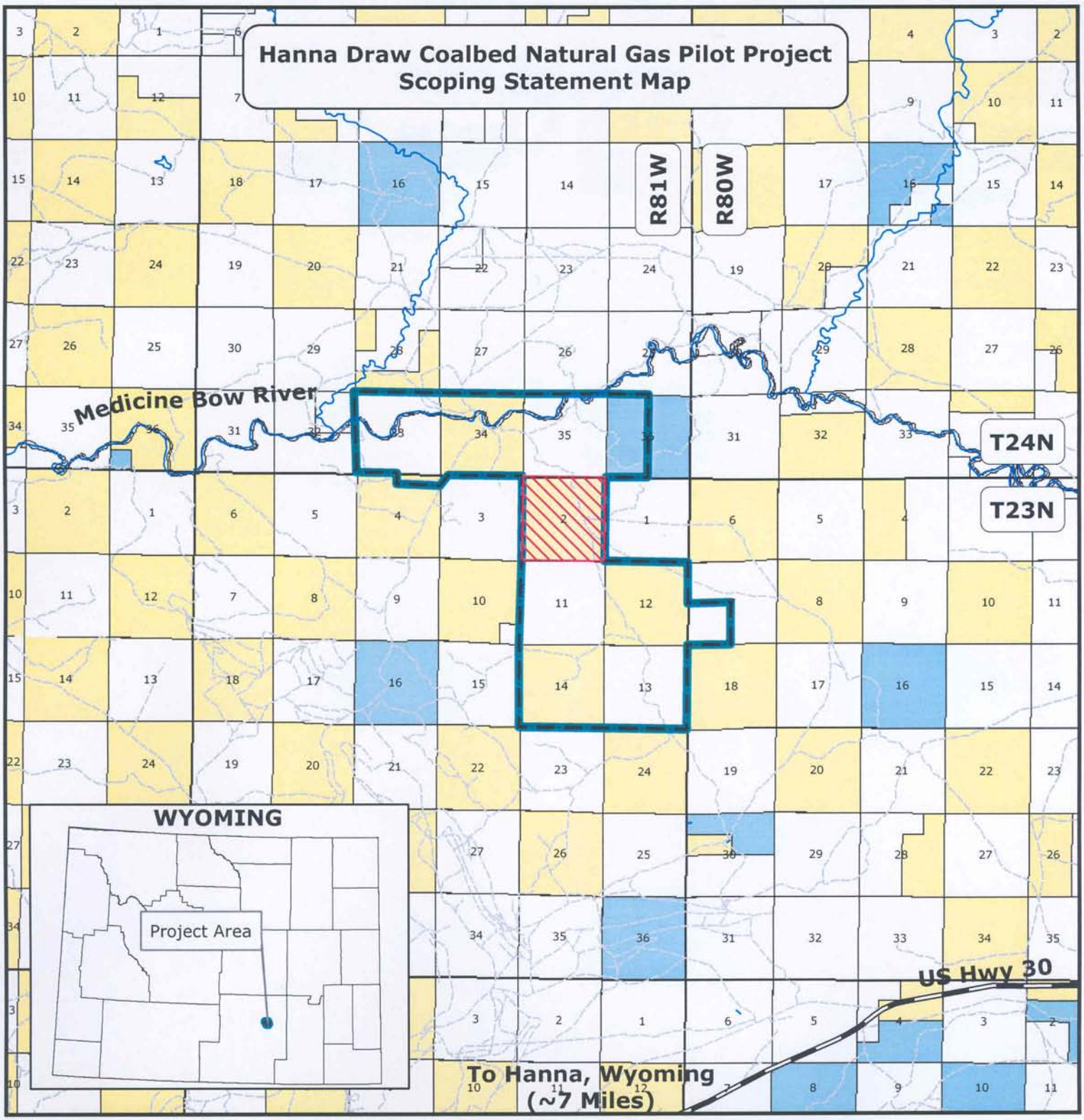
Travis Bargsten, Natural Resource Specialist
Bureau of Land Management
Rawlins Field Office
1300 North Third Street
P.O. Box 2407
Rawlins, Wyoming 82301
e-mail: rawlins_wymail@blm.gov

Please refer to the Hay Reservoir CBNG Pilot Project in your response.

REFERENCE CITED

U.S. Bureau of Land Management. 1990. Great Divide Resource Area Record of Decision and Approved Resource Management Plan. Prepared by the U.S. Department of the Interior, Bureau of Land Management, Rawlins Field Office, Rawlins, Wyoming. BLM-WY-PT-91-010-4410. 74 pp.

Hanna Draw Coalbed Natural Gas Pilot Project
Scoping Statement Map



0 0.5 1 2 3 4 5 6 7 8 Miles

U.S. Department of the Interior
Bureau of Land Management
Rawlins, Wyoming

N

1 inch equals 8,333 feet

1:100,000

Drafted By: TDB 02/27/2004

The BLM can not guarantee the accuracy of these data.

LEGEND
- HannaDraw EA Study Area
- Hanna Draw Exploratory Pod

Surface Ownership
- Bureau of Land Management
- Forest Service
- Private
- State