

**FINDING OF NO SIGNIFICANT IMPACT AND DECISION RECORD**  
**Kennedy Oil**  
**Hay Reservoir CBNG Pilot Project EA**  
**EA No. WY-030-05-EA-390**

**INTRODUCTION**

Kennedy Oil, of Gillette, Wyoming, has proposed to explore and develop natural gas resources in the Hay Reservoir Coalbed Natural Gas (CBNG) Pilot Project Area ("Project Area") located in Sweetwater County, Wyoming. The Project Area is located on federal surface estate administered by the Bureau of Land Management (BLM), Rawlins Field Office (RFO).

The Hay Reservoir CBNG Pilot Project ("Project") consists of the construction, drilling, completion, testing, and production at a total of 8 natural gas wells; the drilling and use of a single water injection well; the construction, maintenance, and use of appurtenant access roads, gas-gathering pipelines, and utility corridors; and the construction and use of related production facilities (including a gas compression facility and a gas transportation pipeline). The Project Area encompasses approximately 1,920 acres. The life of the project is estimated to be 20-30 years.

The Project Area is located in Township 23 North, Range 97 West, in Sweetwater County, Wyoming. Access to the Project Area is provided by several Sweetwater County and BLM roads from Interstate I-80. The Project Area is located approximately 30 miles northwest of Wamsutter, Wyoming.

**ALTERNATIVES CONSIDERED**

The Environmental Assessment (EA) for the Project considered two alternatives. The Proposed Action Alternative assessed and disclosed the projected effects of Kennedy's proposal as outlined above and detailed in the "Proposed Action" portion of the environmental assessment. The "No Action" alternative assessed the effects of not implementing any portion of the proposal. Under the No Action Alternative, the RFO analyzed the effects of a denial of any further development associated with this project. This alternative provides a benchmark, enabling the decision-maker to compare the magnitude of the environmental effects of the alternatives.

An alternative including the use of alternate surface locations was considered, but not analyzed further due to a lack of unresolved resource conflicts at the proposed locations.

**DECISION**

Based upon the analysis of the potential environmental impacts described in the EA, and in consideration of the public comments received for the environmental assessment, the RFO has selected the Proposed Action alternative to be implemented. The decision incorporates the Master Surface Use Plan in Appendix A of the EA and the Conditions of Approval attached to this Decision Record.

## **APPROVED PROJECT COMPONENTS**

The decision authorizes the permit approvals for the following project components within the Project Area, subject to the requirements identified in the site-specific Conditions of Approval/Terms & Conditions applied to each APD or Right-of-Way.

- Construction, drilling, completion, production, and reclamation at 8 natural gas well locations within the Project Area.
- Construction of new access roads and facilities associated with natural gas development, including gas- and water-gathering pipelines, gas-transportation pipeline, utility corridors, and production facilities.
- Upgrade, use, and maintenance of existing roads.
- Construction, drilling, and use of a single water injection well

## **RATIONALE FOR DECISION**

The decision to approve the operator's proposed development was based upon the following factors:

1. Consistency with the Great Divide Resource Management Plan
2. National policy
3. Agency statutory requirements
4. Relevant resource and economic considerations
5. Application of measures to avoid or minimize environmental harm
6. Finding of no significant impact
7. Public comments, and
8. Consistency with the purpose and need for action

### **1. Consistency with Land Use and Resource Management Plans**

The proposed action is in conformance with the planning direction developed for this area. The objective for oil and gas management decisions described in the Great Divide Resource Management Plan (1990) is to "provide for leasing, exploration, and development of oil and gas while protecting other resource values."

### **2. National Policy**

Private exploration and development of federal oil and gas leases is an integral part of the Bureau of Land Management's oil and gas leasing program, under the authority of the *Mineral Leasing Act of 1920* and the *Federal Land Policy and Management Act of 1976*. The United States continues to rely heavily upon foreign energy sources. Oil and gas leasing encourages development of domestic oil and gas reserves, and reduces the United States' dependence upon foreign energy supplies. Therefore, the decision is consistent with national policy.

**3. Agency Statutory Requirements**

The decision is consistent with all federal, state, and county authorizing actions necessary to implement the proposed action. All pertinent statutory requirements applicable to this proposal were considered.

**4. Relevant Resource and Economic Considerations**

Environmental impacts from the project to resources identified in the EA are minor and all deemed acceptable. Positive economic benefits are expected from this proposal.

**5. Application of Measures to Avoid or Minimize Environmental Harm**

Federal environmental protection laws such as the *Clean Air Act*, the *Clean Water Act*, and *The Historic Preservation Act* apply to all lands and are included as part of the standard oil and gas lease terms. The adoption of the mitigation and monitoring measures identified in Chapters 2 and 4 of the project EA, and contained in Appendix A of the EA, along with the site-specific Conditions of Approval found in the Applications for Permit to Drill (APD) or Rights-of-Way, represent the best means to avoid or minimize environmental impacts.

**6. Finding of No Significant Impact**

Based upon the analysis of potential environmental impacts contained in the EA, the Authorized Officer has determined that the Proposed Action, with implementation of the protective measures identified in the site-specific Conditions of Approval applied to each APD, would not cause a significant impact to the quality of the human environment. An Environmental Impact Statement is not necessary.

**7. Public Comments**

The BLM conducted public scoping for this project between September 5 and October 16, 2003. A total of 14 comments were received by the BLM. The BLM subsequently requested comments on the prepared EA from the public, local landowners; and Federal, State, Local and County Agencies. The BLM released a press release with a brief summary of the proposed action, location of the project, and information about how the public could comment. In addition, the EA and its appendices and reference documents were posted on the BLM internet site for review and downloading. The comment period ran from September 15, 2005 to October 17, 2005. A total of three responses were received by the BLM. The summarized comments and BLM's responses are found in Appendix B of this Decision Record.

**8. Purpose and Need for Action**

The purpose of the proposed development is to exercise the lease holders' rights within the project to drill for, extract, and market gas products. National mineral leasing policies and the regulations by which they are enforced recognize the statutory right of lease holders to develop federal mineral resources to meet continuing national needs and economic demands so long as undue and unnecessary environmental degradation is not incurred.

**APPEAL**

Under BLM regulation this decision is subject to appeal. Under BLM regulation, 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 within 20 business days of the date this Decision Record is received or considered to have been received.



A handwritten signature in black ink, appearing to read "J. Carpent". The signature is written over a horizontal line.

Field Manager, Rawlins Field Office

October 18, 2005

Date

Appendix A to the Decision Record

ERRATA

Modifications and Corrections To The  
Hay Reservoir CBNG Pilot Project  
Environmental Assessment

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**Section 4.15 (Noise), Page 26, Add the following text:**

"EPA has established a level of 55 dBA as a guideline for acceptable environmental noise. A noise level of 60 dBA is generated between two people engaged in normal conversation standing five feet apart. Anticipated background noise levels in rural areas is anticipated to be approximately 40 dBA. Given that the project vicinity is subject to frequent winds, the natural noise levels in the project area may approximate 50 dBA during the daylight hours. Wind typically adds 5 to 10 dBA. Damage to the unprotected human ear can occur at noise levels of 115 dBA and above. The 55 dBA EPA standard represents very low noise levels and indicates the level below which no environmental effects could reasonably be expected.

Based on an average noise level of 85 dBA measured at 50 feet from a typical construction site, the expected noise levels would be 85 dBA at 50 feet, 65 dBA at 100 feet, 59 dBA at 500 feet, 55 dBA at 1,500 feet, and 53 dBA at 2,000 feet from the construction equipment. The typical noise level associated with an operating drilling rig is 74 dBA at 200 feet. Noise from a typical drilling rig would decrease to 60 dBA at 1,000 feet, to 57 dBA at 1,500 feet, and to 54 dBA at 2,000 feet. Therefore, an area of somewhat less than 288 acres around a typical drilling site would temporarily experience noise levels in excess of the EPA standard. An area of approximately 72 acres around each drilling location would experience temporary noise levels in excess of those associated with normal human conversation. The absence of any residence or human receptor likely to experience extended noise levels associated with oil and gas development under the Proposed Action limits potential impacts due to temporary and intermittent increases in noise levels for the duration of drilling and construction activity."

**Section 3.7.1, Pronghorn, Line 3, change the following text from:**

"The population objective for the Herd Unit is **12,000** animals."

to

"The population objective for the Herd Unit is **15,000** animals."

***End Errata***

## APPENDIX B TO THE DECISION RECORD

### SUMMARY OF EA COMMENTS AND BLM RESPONSES

The EA was released for a 30-day public review period on September 15, 2005. A total of three responses were received. The letters have been reviewed to determine whether the information they provided would warrant a determination other than a Finding of No Significant Impact (FONSI). Substantive comments are summarized below, with BLM responses to the comments in italics. The RFO would like to thank all who commented for taking the time to review the EA.

#### 1. Barbara Dobos, Alliance for Historic Wyoming

**a) "At the present time we have no substantive comments..."**

*Thank you for your review and consideration of these actions on public lands.*

#### 2. Lloyd Woosley, Jr., P.E., U.S. Geological Survey

**a) "The [USGS] has reviewed the [EA] and has no comments..."**

*Thank you for your review and consideration of these actions on public lands.*

#### 3. State of Wyoming, Game and Fish Department

**a) "We remain seriously concerned about impacts this project might have on greater sage-grouse populations and fragmentation of sage grouse habitat... If the project area contains habitats that support sagebrush in sufficient density and height, it would be expected to provide nesting and early brood-rearing habitat for sage-grouse."**

*The project area does not contain suitable habitat for sage-grouse. The project area is vegetated primarily by greasewood and Gardner's saltbush (see EA at Page 13, 3.5.1). See also EA at Page 15, 3.7.2: "The Project Area is not within suitable sage grouse habitat for breeding, nesting, brood-rearing or winter occupation." No impacts to sage grouse are expected.*

**b) "This EA should provide a map of suitable sagebrush habitats within the project area and disclose the occurrence of suitability (*sic*) nesting or brood rearing habitat."**

*See answer #3(a).*

**c) "...these birds [at the Horseshoe Bend Lek in T22N/R96W:S9] would be susceptible to disturbance from traffic associated with this project. We recommend vehicle traffic to the project area... ..minimize traffic along this road from 8AM to 8PM from March 1 – May 20."**

*The Horseshoe Bend lek is located approximately 3 miles from the project area, and approximately 4 miles from the closest proposed well. The lek is located along County Road 67, a County of Sweetwater-maintained road. This road receives traffic from existing oil & gas operations and other activities such as recreation. It is not within the authority of the BLM to restrict access on this public road. The additional traffic caused by this project (see EA at Page 9, Table 2.2) will result in increased useage of this road.*

**d) "The EA should address expected impacts from those elevated noise levels, particularly sage grouse, and determine adequate mitigation measures to minimize those impacts... We recommend equipment used on this project, particularly compressors, be properly muffled to reduce noise levels to a maximum level of 30 dBA at 100 meters from the source."**

*Additional discussion has been added to Section 4.15 (see "Errata"). Due to the distance (approximately 4 miles) from the nearest proposed well location and the Horseshoe Bend Lek, and due to the presence of a ridgeline between the project area and the Lek, no noise impacts are expected to strutting sage grouse.*

**e) "We recommend that mitigation include not fencing access and project roads."**

*Fencing of access roads and project roads is not part of the Proposed Action.*

**f) "The EA did not address... ..the loss of recreational use of the lands containing this project through administrative closure."**

*Administrative closure is not part of the Proposed Action. The BLM-administered public lands within and adjacent to the Project Area will remain available for public use. See EA at Page 24, Section 4.9.*

**g) "The EA should evaluate, or at least mention, the likely expansion of this project and the potential acreage affected and the intensity of potential development."**

*Actions entailing expansion of the project have not been submitted by the proponent, and are not part of the proposed action. Any additional development beyond what has been considered in the EA will be analyzed in a separate NEPA analysis at the time a proposal is received by the BLM.*

**h) "An objective of 15,000 pronghorn in [the Red Desert Herd] was adopted in March 1994..."**

*The EA has been changed from "12,000" to "15,000", see "Errata".*

**i) "...the EA states that 12 acres would be disturbed for each well..."**

*The EA states "Seven well pads would be prepared by clearing an area approximately 295 feet by 210 feet (1.4 acre) for each individual well. One well pad, for the 41-35 and 41-35i, would be 580 feet by 210 feet (2.8 acres)." (EA at Page 4, Section 2.1.2.2).*

*The discussion on page 27 (Section 4.16), to which we assume you are referring to, utilizes an assumption of 12.0 acres of total disturbance (well pad, access road, and pipeline) per well for the 47 "existing and reasonably foreseeable APDs in the watershed."*

*This assumption is used for the purpose of considering the cumulative effects, wherein the actual disturbance of the existing and reasonably foreseeable APDs is unknown.*

**j) "All roads, pipelines and other facilities should be built so that erosion will be minimized..."**

*Please refer to the Master Surface Use Plan (Appendix B of the EA) and Section 2.1.2.1. In addition to the road construction standards/design, placement, and use of culverts, compliance inspection/monitoring by the proponent and the BLM will be used to evaluate success of the proposed action in minimizing potential for erosion.*

*Thank you for your comments.*