390 CATEGORICAL EXCLUSION

POGO APD

DOI-BLM-WY-R010-2011-0091-390CX2

BLM

Worland Field Office, Wind River / Big Horn Basin District-- Wyoming

July 2011

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.

DOI-BLM-WY-R010-2011-0091-390CX2

Decision on Action and Application for Categorical Exclusion
For Activities Associated with Oil and Gas Development
Section 390, Energy Policy Act of 2005
POGO Buffalo Gap Federal 51-94-26-1H APD
Bureau of Land Management
Worland Field Office

Description of the Proposed Action
POGO Producing Co. has submitted an APD to drill an exploratory well approximately 7.5 miles northwest of Basin, WY. The well will utilize an existing location in SESE Sec. 23, T51N, R94W of Big Horn County, Wyoming. The proposed well site will utilize existing roads to access the well. No new surface disturbing activities are proposed for the drilling of the Buffalo Gap Federal 51-94-26-1H well. The drilling will utilize the existing reserve and mud pits. Water would be transported by truck under existing permits.

Drill cuttings would be buried in the reserve pit when dry. Drilling fluid would be evaporated and then buried in the reserve pit when dry. Completion fluids would be flowed to the reserve pit and allowed to evaporate. The reserve pit is lined with a synthetic liner.

Liquid hydrocarbons produced during completion operations would be placed in test tanks on the location. Recyceled water from fracing would be confined to the frac pit (mud pit) or storage tanks for a period not to exceed ninety (90) days after initial production.

Self-contained, chemical toilets would be provided for human waste disposal and would be pumped as needed and upon completion of operations. Garbage, trash and other waste materials would be collected in portable, self-contained trash cage. Upon completion of operations the accumulated trash would be disposed of at an authorized sanitary landfill.

The reserve pit and the portion of the location and access road not needed for production facility/operations would be reclaimed within ninety (90) days from the date of the well completion, weather permitting.

Final reclamation would commence upon completion of plugging operations. All surface equipment would be removed. Subsurface pipelines would be purged and plugged, capped, and any related surface equipment would be removed. The location would be restored to approximately the original contours. All disturbed surfaces would be recontoured to the approximate natural contours and re-seeded per BLM specifications. Re-seeding operations would be performed in the fall or spring following completion of reclamation operations.

Plan Conformance
The proposed action conforms to the Record of Decision and Approved Resource Management Plan for the Grass Creek Resource Area dated 1998. The decisions in the Grass Creek Resource Management Plan provide general management direction and allocation of uses and resources on the public lands in the area.

This plan has been reviewed to determine if the proposed action conforms to the land use plan as required by 43 CFR 1610.5. The Grass Creek RMP provides that the entire planning area (about 1,171,000 acres

of BLM-administered mineral estate) is open to oil and gas leasing consideration. About 20,200 acres of BLM-administered mineral estate are open to leasing consideration with a "no surface occupancy" stipulation. The rest of the Planning area is subject to standard lease terms and conditions, and seasonal or other requirements. It is the decision of the Grass Creek Resource Management Plan that "surface disturbing and disruptive activities associated with all types of minerals exploration and development and with geophysical exploration will be subject to appropriate mitigation developed through use of the mitigation guidelines described in Appendix 3". (Record of Decision and Approved Resource Management Plan for the Grass Creek Planning Area, pg 15.)

Plan of Operations
The proposal is designed in conformance with all bureau standards and incorporates appropriate best management practices, required and designed mitigation measures determined to reduce the effects on the environment.

A surface use plan of operations describing all proposed surface-disturbing activities has been reviewed and is approved pursuant to Section 17 of the Mineral Leasing Act, as amended.

Compliance with the Energy Policy Act of 2005
The proposed activity has been determined to be statutorily categorically excluded from NEPA documentation in accordance with Section 390 of the National Energy Policy Act of 2005. Category 2 Exclusion applies to the proposal; since the proposal shares the well pad of the Buffalo Gap Federal 23-1H, which was analyzed under DOI-BLM-WYR010-2010-0018-EA dated November 1, 2010 and drilling and completion operations occurred from December 2010-April 2011. No additional surface disturbance is proposed for this new well, therefore no additional analysis is necessary.

Persons and Agencies Consulted
The proposed action was reviewed by an interdisciplinary team. Based on the size and routine nature of the proposed project, it was determined that external scoping was not necessary.

The Application for Permit to Drill was received by the Worland Field Office on June 2, 2011. In accordance with 43 CFR 3162.3-1 (g), the notice was made available to the public for comment for 30 days ending July 2, 2011. Notification of preparation of this EA was also provided on the Wyoming BLM internet NEPA register (http://www.wy.blm.gov/nepa/search/index.php) on June 2, 2011. There were no issues raised by the public during this review. It was determined that the nature of the action is routine and that further public notification would not be necessary. Staff specialists reviewed the proposal and identified impacts and appropriate mitigation measures. The application was considered complete on June 20, 2011.

Decision and Rationale on Action I have decided to implement authorization of the Application for Permit to Drill the Buffalo Gap Federal 51-94-26-1H wildcat well with appropriate Conditions of Approval (COAs). These COAs provide justification for this decision and may not be segregated from project implementation without further NEPA review. In addition, I have reviewed the plan conformance statement and have determined that the proposed activity is in conformance with the applicable land use plan(s). Further, I have reviewed the proposal to ensure the appropriate exclusion category as described in Section 390 of the Energy Policy Act of 2005 has been correctly applied. It is my determination that no further environmental analysis is required.

Implementation Date

This project will be implemented on or after July 20, 2011 and no later than July 20, 2013. Per Onshore Oil and Gas Operating Order #1; if the operator submits a written request before the expiration of the original approval, the BLM may extend the APD's validity for up to 2 additional years.

/s/ Don Krump 7/20/2011

Don Krump Date
AFM, M&L

Administrative Review or Appeal Opportunities
Under BLM regulations, 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, no later than 20 business days after this Decision Record is received or considered to have been received.

Any party who is adversely affected by the State Director's decision may appeal that decision to the Interior Board of Land Appeals, as provided in 43 CFR 3165.4

Contact Person For additional information concerning this decision, contact

Holly Elliott
NRS
Worland Field Office
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Worland, WY 82401
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Categorical Exclusion Review

BLM Office: Worland Field Office	***NEPA #:*** DOI-BLM-WY-R010-2011-0091-390CX2	***Case File #:*** WYW160946

Title of Proposed Action: POGO APD	***Name of Preparer:*** H. Elliott

Location of Proposed Action: SE SE, Sec. 23; T51N, R94W.

Description of Proposed Action: POGO Producing Co. has submitted an APD to drill an exploratory well approximately 7.2 miles northwest of Basin, WY. The well will utilize an existing location in SESE Sec. 23, T51N, R94W of Big Horn County, Wyoming.

Applicant (if any): POGO Producing Co.

Part I: PLAN CONFORMANCE REVIEW

This proposed action is subject to the following land use plan:

Name of Plan: Grass Creek *Date Approved:* 1998

The Proposed Action has been reviewed for conformance with this plan (43 CFR 1610.5, BLM Manual Section 1617.3).

/s/ Caleb Hiner

Reviewer (Environmental Coordinator)

The proposed action is in conformance with the applicable LUP because it is specifically provided for in the following LUP decision(s):

This plan has been reviewed to determine if the proposed action conforms to the land use plan as required by 43 CFR 1610.5. The Grass Creek RMP provides that the entire planning area (about 1,171,000 acres of BLM-administered mineral estate) is open to oil and gas leasing consideration. About 20,200 acres of BLM-administered mineral estate are open to leasing consideration with a “no surface occupancy” stipulation. The rest of the Planning area is subject to standard lease terms and conditions, and seasonal or other requirements. It is the decision of the Grass Creek Resource Management Plan that “surface disturbing and disruptive activities associated with all types of minerals exploration and development and with geophysical exploration will be subject to appropriate mitigation developed through use of the mitigation guidelines described in Appendix 3”. (Record of Decision and Approved Resource Management Plan for the Grass Creek Planning Area, pg 15.)

Part II: NEPA REVIEW

Categorical Exclusion Review: This proposed action qualifies as a categorical exclusion established by Section 390 of the Energy Policy Act of 2005 (P.L.109-58). (*quoted below under Remarks*). *And* 43 CFR 46.205 (c)_____

It has been reviewed to determine if any of the exceptions of 43 CFR 46.215, described on the following page, apply.

__*/s/Caleb Hiner*_____
Reviewer (Environmental Coordinator)

Remarks: "Drilling an oil and gas well at a location or well pad site at which drilling has occurred within five years prior to the date of spudding the well."

Part III: DECISION. I have reviewed this plan conformance and NEPA compliance record and have determined that the proposed project is in conformance with the approved land use plan and that no further environmental analysis is required. It is my decision to implement the project, as described, with the mitigation measures identified below.

Mitigation Measures/Other Remarks:
Mitigation Measures are attached as Conditions of Approval.

Authorized Official: /s/ Don Krump *Date:* 7/20/2011

Screening for Exceptions: Will this project...

Yes	No		
	X	A)	Have significant adverse effects on public health or safety?
	X	B)	Have significant impacts on such natural resources and unique geographic characteristics as historic or cultural resources; park, recreation or refuge lands; wilderness areas; wild or scenic rivers; national natural landmarks; sole or principal drinking water aquifers; prime farmlands; wetlands (EO 11990); floodplains (EO 11988); national monuments; migratory birds; and other ecologically significant or critical areas.
	X	C)	Have highly controversial environmental effects or involve unresolved conflicts concerning alternative uses of available resources [NEPA section 102(2)(E)].
	X	D)	Have highly uncertain and potentially significant environmental effects or involve unique or unknown environmental risks.
	X	E)	Establish a precedent for future action or represent a decision in principle about future actions with potentially significant environmental effects.

	X	F)	Have a direct relationship to other actions with individually insignificant but cumulatively significant environmental effects.
	X	G)	Have significant impacts on properties listed, or eligible for listing, on the National Register of Historic Places as determined by the bureau.
	X	H)	Have significant impacts on species listed, or proposed to be listed, on the List of Endangered or Threatened Species or have significant impacts on designated Critical Habitat for these species.
	X	I)	Violate a Federal law, or a State, local, or tribal law or requirement imposed for the protection of the environment.
	X	J)	Have a disproportionately high and adverse effect on low income or minority populations (EO 12898).
	X	K)	Limit access to and ceremonial use of Indian sacred sites on Federal lands by Indian religious practitioners or significantly adversely affect the physical integrity of such sacred sites (EO 13007).
	X	L)	Contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area or actions that may promote the introduction, growth, or expansion of the range of such species (Federal Noxious Weed Control Act and EO 13112).

All of the above questions must be answered negatively before the Categorical Exclusion may be approved. This checklist is taken from 43 CFR 46.215.

Reviewed by:
Teryl A. Shryack, Rangeland Management Specialist

Stephen Kiracofe, Natural Resource Specialist, Soils and HazMat

Carol Sheaff, Realty Specialist

Tim Stephens, Wildlife

Paul Rau, Outdoor Recreation Planner

Jared Dalebout, Hydrologist

CJ Grimes, NRS (invasive speices)

Marit Bovee, Archaeologist/Paleontologist

Conditions of Approval

If the well has not been spudded by July 20, 2013, this APD will expire, and the operator is to cease all operations related to preparing to drill the well thus requiring the operator to obtain a new APD and NEPA analysis. Per Onshore Oil and Gas Operating Order #1; if the operator submits a written request before the expiration of the original approval, the BLM may extend the APD's validity for up to 2 additional years.

General
Erosion Control
Operators are required to obtain a National Pollution Discharge Elimination System (NPDES) Storm Water Permit from the Wyoming DEQ for any projects that disturb one acre or more. This general construction storm water permit must be obtained from the WDEQ prior to any surface disturbing activities and can be obtained by following direction on the WDEQ website at http://deq.state.wy.us. Further information can be obtained by contacting the NPDES coordinatorat (307) 775-7570.

The Operator shall ensure all appropriate measures are taken to control erosion. Upon completion of construction the operator shall initiate the approved Storm Water Discharge Plans on the location and associated access.

Cultural
The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
- a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

One-Call
The Operator is responsible for inspection of the construction area for the presence of both surface and subsurface utility facilities and shall notify the Wyoming One-Call System (1-800-849-2476, www.onecallofwyoming.com) before construction activities begin. The Operator will use extra safety precautions when working near or around pipelines, power lines, underground cables, or other utility installations.

Paleontological Resources
Construction Monitoring: The Operator will provide a Paleontological Resource Use Permittee (PRUP) to monitor all areas disturbed by activities associated with construction of the well pad (project area). The

project area will be monitored at all times that construction is in progress, and inspected before the placement of facilities. The PRUP may briefly suspend activity to inspect possible discoveries.

In the event previously unidentified paleontological materials are found within the project area the following procedures will be followed:

1. The operator will cease operations within thirty (30) meters of the discovery and notify the BLM. The find will be preserved as discovered and protected from further physical or human impacts as much as possible. The BLM authorized officer (AO) will issue an order suspending operations in proximity to the discovery.

2. The BLM Field Office paleontology coordinator and other appropriate staff may visit the location to ascertain the present situation, eg. what the materials appear to be, what condition they appear to be in and the area within which operations must remain shutdown to avoid further effects to the materials.

3. The BLM AO may, at his/ her discretion, identify a buffer zone around the discovery beyond which construction operations may be allowed to continue. The AO shall seek the advice of the Field Office paleontology coordinator and PRUP before making this determination.

4. Any paleontological resources located will be recorded and evaluated as follows:

a. The resource (eg. paleontological materials) located will be flagged to indicate the appropriate buffer zone (see above).

b. Any fossils in immediate danger of damage or destruction should be collected by the PRUP as soon as possible.

c. A stratigraphic profile and/or plan view sketch will be drawn of the paleontological materials.

d. Overview photographs showing key stratigraphic position and context will be taken. If appropriate, photographs of the fossils in situ should be taken.

e. If the project is a linear construction, such as a road or pipeline, a site datum stake marked with the temporary site number (or permanent site number, if available), the date, and the recorder's name will be placed outside the construction zone in order to help relocate the paleontological materials. Compass bearings and distances from the datum to each feature or sedimentary unit containing paleontological material will be recorded.

5. Careful visual inspection of the ground surface and any exposed bedrock will be conducted to determine the boundaries of the site. The BLM Field Office paleontology coordinator in verbal consultation with BLM Regional Paleontologist will determine the need for full recovery, further excavation, or other sampling in locations where paleontological materials were discovered.

Where recommended by the BLM Field Office paleontology coordinator, sediment samples will be collected to allow for analysis of sedimentologic, lithologic, or geochemical data. All fossils will be curated at a BLM approved curation facility.

6. Within five working days the AO will inform the operator as to:

a. Whether the materials appear to warrant additional work;

b. The mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary)

7. At the discretion of the AO an observer or guard may be posted at the location to maintain a log of all persons visiting the location of the discovery.

Paleontological Resources, General Stipulation: The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing paleontological sites, or for collecting vertebrate or other significant fossils. The operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed or other approved actions, such as avoidance of the locality, is done, the operator will then be allowed to resume construction measures. The PRUP will provide a report within 30 days of the completion of the construction documenting the results of the monitoring.

- An appropriate site form (eg. acceptable to the BLM) will be completed for each new locality located or an amended form will be completed for previously recorded locality.

Wildlife

Should the surface disturbing activities commence between 4/10−7/10 − The well site and access route should be surveyed, following standard Mountain plover survey guidelines, for Mountain Plover breeding and nesting activity prior to any surface disturbing activities. If Mountain plovers and or their nests are present then these areas should be avoided if possible, by at least a ¼ mile. If these areas cannot be avoided or if surveys are not conducted, then we recommend the application of a TLS from 4/10 − 7/10 to avoid potential disturbance to nesting Mountain plovers.

To reduce impacts to White-tailed prairie dogs and Mountain plovers all above ground structures constructed or installed as part of this proposal should be as low profile as possible and also be fitted with anti raptor perch devices.

Motor vehicle traffic speeds should be kept to speeds of 25 mph or less to reduce potential for motor vehicle related mortalities to both prairie dogs and plovers.

When laying out future proposed surface disturbances, active White-tailed prairie dog burrows should be avoided where possible.

Construction & Drilling

1. Only the surface disturbance for the well pad, and access road, as submitted in the Surface Use plan, are authorized. Unauthorized surface disturbance related to this action will result in an Incidents of Non-Compliance to the operator.

2. The Operator and their contractors shall comply with all applicable federal and state laws and regulations as they relate to hazardous materials. Hazardous materials being those chemicals listed in Title III List of Lists, EPA's Consolidated List of Chemicals Subject to Emergency Planning and the Community Right to Know Act (EPCRA) and Section 112(r) of the Clean Air Act, as amended, or the 40CFR 302.4 Table-List of Hazardous Substances and Reportable Quantities, as amended. In the event any hazardous materials are used, they would be handled in an appropriate manner to prevent environmental contamination. Any release of hazardous materials of reportable quantities, would be reported both to the National Response Center (NRC), as required in the National Oil and Hazardous

Materials Contingency Plan (40 CFR 300), and the Worland Field Office, as per the Hazardous Materials Contingency Plan.

3. The only fluids/waste materials that are authorized to go into the reserve pit are RCRA exempt exploration and production wastes. These include, but are not limited to:

- Drilling muds & cuttings
- Rigwash
- Excess cement and certain completion & simulation fluids defined by EPA as exempt

It does not include drilling rig waste, such as:

- Spent hydraulic fluids
- Used engine oil
- Used oil filter
- Empty cement, drilling mud, or other product sacks
- Empty paint, pipe dope, chemical or other product containers
- Excess chemicals or chemical rinsate

Any evidence of non-exempt wastes being put into the reserve pit shall result in the BLM Authorized Officer requiring specific testing and closure requirements.

4. Construction holes left open for more than 24 hours shall be covered or left in a manner to allow for escape of any entrapped animal. Covers shall be secured in place and shall be strong enough to prevent livestock or wildlife from falling through and into a hole.

Mud/Frac Pit –

Prior to reclamation of the cuttings pits, a composite sample of the cuttings shall be analyzed using the Toxic characteristic Leachate Procedure (TCLP) (See 40-CFR- Part 261- Appendix II) for the presence of heavy metals. The sample shall also be tested for chlorides and Total Petroleum Hydrocarbons (TPH). If the analysis shows any toxicity levels above regulatory levels established by the Environmental Protection Agency (EPA) or the State Department of Environmental Quality (DEQ) a plan for disposal and/or treatment of the cuttings shall be submitted to the Authorized Officer for approval.

Production

1. Traffic shall be restricted to approved routes. Cross-country vehicle travel shall not be allowed.

2. The access road and drainage controls (culverts, drainage dips, ditching, crowning, wing ditches, surfacing, etc) shall be maintained to prevent soil erosion and accommodate safe, environmentally-sound access. A regular maintenance program will include, but is not limited to, blading, ditching, culvert installation, and surfacing.

3. Use only certified weed-free gravel and earthen materials for road surfacing and maintenance.

4. Interim reclamation of disturbed areas no longer needed for operations shall be initiated within six months of completion operations. This shall include, but is not limited to, blending these areas to best match surrounding terrain and seeding with the prescribed seed mix. Slopes shall be reduced to a minimum of 3:1.

5. Stockpiled soil for a period longer than one year shall be signed and stabilized with a vegetation cover crop.

6. A regular weed treatment program shall be developed and followed for the life of the well. This program is to be in accordance with BLM and State weed guidelines. Use of pesticides shall comply with the applicable Federal and state laws. Pesticides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of Interior. Prior to the use of pesticides, the holder shall obtain from the authorized officer written approval of a plan showing the type and quantity of material to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the authorized officer prior to such use.

7. During the life of the producing well, all permanent above-ground structures such as production tanks and well head equipment, not subject to safety requirements shall be painted and maintained to blend with the natural color of the landscape. The paint used will be a color which simulates "Standard Environmental Colors." The color selected by the Worland Field Office, shall match Carlsbad Canyon, or be an acceptable substitute pre-approved by the authorized officer. Standard environmental color charts are available from the local BLM office.

Abandonment

1. Reclamation shall be initiated within 6 months of final abandonment and adhere to reclamation requirements under the Wyoming Reclamation Policy. This shall include full reclamation of access routes, well pad, and associated facilities. Reclamation shall blend to the existing contour of the surrounding terrain and best match pre-disturbance topography.

2. When the site is abandoned, all refuse, hardware, and other waste material shall be removed from the site. The site shall be recontoured to conform to the surrounding terrain and best match pre-disturbance topography. Final cut and fill slopes shall be no steeper than 3:1, and shall be left rough or serrated. It shall be ripped or scarified to a depth of 18-24 inches, covered with stockpiled soil, and reseeded. To stop erosion, waterbars, mulching, or other protective measures may be required.

3. Upon completion of approved plugging, the well bore shall be covered with a metal plate at least ¼" thick and welded in place. A weep hole shall be left in the metal plate.

4. Use only certified weed-free hay, straw and/or any other materials used for erosion control and other reclamation activities.

5. Use certified weed-free seed for the reclamation/restoration of areas disturbed by related development activities.

6. All disturbed areas shall be drill seeded. Where drilling is impractical, seed shall be broadcast and the area raked or chained to cover seed. All disturbed areas shall be reseeded with the mixture of all Pure Live Seed as identified in the APD Surface Use Plan.