

Proposed Project Public Scoping Notice

Environmental Effects Analysis

Lance Oil and Gas, Inc. Black Thunder Coal Bed Natural Gas Well Field Project Plan of Development

USDA Forest Service (USFS)
Douglas Ranger District
Medicine Bow-Routt National Forests
and
Thunder Basin National Grassland
Campbell County, Wyoming

Proposed Action

Lance Oil and Gas, Inc. (Lance) proposes to drill, develop, operate and later reclaim thirty one (30) Coal Bed Natural Gas (CBNG) wells within the administrative boundaries of the Thunder Basin National Grassland in sections 21, 22, 23, 24, 25, 27 and 35, Township 43 North, Range 71 West, and sections 1 and 2, Township 42 North Range 71 West. The proposed action would include the use of existing all-weather and two-track roads, new two-track roads, and would include new underground utility corridors. The following table summarizes important information about this proposal.

Surface Use Information Summary: Black Thunder CBNG Project

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|---|------------|
| Number of Coal Bed Natural Gas wells that would be developed | 30 |
| Existing Gas Gathering Facilities / buildings that would be used | 4 |
| Proposed new Gas Gathering Facilities / buildings | 2 |
| Existing Improved Roads that would be used | 3.84 miles |
| Proposed new Improved Roads | 0.68 miles |
| Existing 2-Track Roads to be used | 3.58 miles |
| Proposed new 2-Track Roads | 0.35 miles |
| Existing Crown & Ditch Road that would be used for Water, Gas and Electric Utility Corridor | 0.41 miles |
| Proposed new Crown & Ditch Road that would be used for Water, Gas, Elec. Utility Corridor | 1.67 miles |
| Existing 2-Track Road that would be used for Water, Gas, and Electric Utility Corridor | 3.61 miles |
| Proposed new 2-Track Road that would be used with Water, Gas, and Electric Utility Corridor | 3.02 miles |
| Proposed new Water Pipe/Utility Corridor | 0.29 miles |
| Proposed new Pipe/Utility Lines (Water, Gas, and Electric) `not in road R/W | 3.00 miles |
| Proposed new 12 inch Gas Line Corridor) | .85 miles |
| Existing Water Discharge Points | 3 |
| Proposed new Discharge Points | 2 |
| Affected Watershed: “ Little Thunder Creek ” | See Map |

Note: Mileages above are only for facilities within Black Thunder POD boundary

An Interdisciplinary Team (ID-Team) of natural resource management specialists from the Douglas Ranger District spent two (2) days in the field with representatives of the Lance Oil and Gas Company doing an on-site review of the original proposed Surface Plan of Operation. Changes were concluded in the field that included elimination of one (1) well site, moving of several other well sites, changes to the locations of some discharge points, moving of utility lines, changes of proposed roads use to emphasize the use of existing roads, and ensuring that all Grassland Plan wildlife habitat and other protection and management requirements would be met. Lance Oil and Gas Company has submitted a revised surface use Plan of Operations that incorporates the changes made during the on-site review. *(The revised proposal is consistent with the grassland-wide, geographic area and management area prescription standards and guidelines and goals and objectives described in the Grassland Plan.)*

Through the environmental analysis process, the Douglas District Ranger and Buffalo BLM Field Manager will determine where and under what terms and conditions the proponent may develop their oil and gas lease while protecting the natural resources and providing for public safety. Surface developments are required to be consistent with the 2002 Thunder Basin Grassland Plan direction, the 1994 Record of Decision for Oil and Gas Leasing on the Thunder Basin National Grassland, the April 2003 Record of Decision and Resource Management Plan Amendments for the Powder River Basin Oil and Gas Project (WY-070-02-065) and other applicable laws and regulations. The purpose of the environmental analysis is to evaluate the site-specific means by which Lance Oil and Gas, Inc. may develop their gas wells on National Forest System Lands.

Purpose and Need

Under the terms of its Federal oil and gas lease on which the wells are proposed, Lance Oil and Gas, Inc. has a legal right to explore, develop, and produce oil and/or natural gas from the area defined in the lease. For operations on a lease on National Forest System lands (NFS), the Forest Service has the authority and responsibility to regulate all surface-disturbing activities conducted pursuant to the lease. The Bureau of Land Management (BLM) has the authority and responsibility to regulate drilling, downhole operations, production activities, and certain surface activities directly associated with drilling, down hole operations, and production of oil and/or natural gas.

The *purpose* of this project is to permit Lance Oil and Gas, Inc. to develop its Federal oil and gas lease to help meet the public's need for oil and gas and to avoid the loss of Federal mineral resources. Potential gas from Lance's lease would return royalty revenues to the Federal Treasury.

This project would serve to meet the goal in the 2002 Land and Resource Management Plan for the Thunder Basin National Grassland (Grassland Plan) to improve the capability of the Nation's Forests and Grasslands to provide a desired sustainable level of uses, values, products, and services. Objectives for mineral and energy resources under that goal are to honor all valid existing legal mineral rights and to ensure that reclamation provisions of operating plans are completed to standard.

This project is *needed* to help implement the Federal Government's policy to foster and encourage mineral development as expressed in the Mining and Minerals Policy Act of 1970. This project would also fulfill the goals of the 1920 Mineral Leasing Act as amended which promotes the development of oil and gas resources. This project will be consistent with Executive Order number 13212 Actions to Expedite Energy-Related Projects.

Lease Requirements

The proposed Black Thunder CBNG project area includes nine (9) Federal oil and gas leases. These leases contain stipulations for the protection of surface resources. The Forest Service will ensure that the lease stipulations will be complied with and that they are in accordance with the Grassland Plan. In some cases the requirements of Grassland Plans standards and guidelines may exceed the requirements of these lease stipulations.

The leases applicable to this project contain Controlled Surface Use stipulations applicable to any development within 300 feet of any golden eagle, ferruginous hawk, swainson's hawk, goshawk, osprey or prairie falcon nest. New roads and other developments must be placed out-of-sight of existing raptor nests, if possible, unless specific practices are successfully implemented to maintain or increase nesting opportunities. A timing limitation would apply from March 1, to July 31 annually within one-quarter mile of any nest for the above raptors.

A related controlled surface use stipulation applies to the area within 400 feet of the high water mark of Little Thunder Reservoir which stipulates "noise will not exceed 70 decibels".

Area Description

The area of the proposed project is southeast of Wright, Wyoming, within the administrative boundary of the Medicine Bow-Routt National Forests and Thunder Basin National Grassland, Douglas Ranger District. It is in the Highlight Bill geographic area (Grassland Plan p. 2-21) and within little Thunder Creek of the Cheyenne River Drainage. The proposed project area may be accessed via Wyoming Hwy 59 south of Wright approximately 7.8 miles to the Edwards/Reno Road, then east approximately 5 miles to the project area.

The terrain in the proposed project area is flat to gently rolling. Vegetation present in the area includes sagebrush, grasses and forbs. Sagebrush and grassland community wildlife species including prairie dogs, mule deer, antelope, sage grouse, ferruginous hawk, Swainson's hawk, golden eagle and other raptors inhabit the area.

The Management Prescription for the project area is 8.4-Mineral Production and Development (Grassland Plan p. 3-26). The desired condition places an emphasis on mineral development. Area uses include livestock grazing and wildlife foraging, oil and gas operations and coal mining activities, major transportation corridors and recreational activities. Recreational hunting activities on National Forest System land are limited by the interspersed private and State ownership.

Additional information about management direction for the area and specific resources and uses in the area is in the 2002 Grassland Plan.

Well Sites

The proposed wells would be drilled on an 80-acre spacing pattern. An interdisciplinary team performed onsite inspection of the proposed locations on December 11, 2003, and January 28, 2004. The locations of a number of the proposed well sites were relocated and are now consistent with lease terms and the Grassland Plan including special lease stipulations. None of the well sites are located in an area where a forest plan standard or guideline prohibits surface developments.

As part of the standard lease stipulations, the following will be required: During well pad preparation, topsoil removed from the site would be stockpiled for site use in reclaiming the site. A reserve pit approximately 40 feet x 25 feet and located at each drill site would contain any fluids needed during the drilling process, and would be filled and reclaimed after the well is drilled. All facilities located on Federal land would be required to meet USFS visual aesthetics standards for color and texture. The well site and all disturbed areas would be reclaimed and reseeded in accordance with USDA-Forest Service land reclamation procedures and requirements.

Drilling equipment would be truck-mounted water-well type rigs and would require very little, if any, site preparation. Typically one backhoe, one water truck, and one pipe trailer would accompany the rig during the drilling operation. Truck-mounted pulling equipment would install down-hole production equipment. Site preparation, drilling, and completion of the wells would take approximately 1-3 days per well. Well drilling activities would occur over a period of about three (3) months. The estimated productive life of the wells, once drilled and completed, would be from seven to fifteen years.

Drilling and down hole operations are the responsibility of the USDI Bureau of Land Management (BLM) and would be performed in accordance with BLM requirements as per Onshore Orders and appropriate BLM regulations.

Once gas production would begin, these wells would be operated as part of Lance's Black Thunder field development. The produced gas and water from these two wells would be transported in separate polyethylene lines laid in a common trench and buried below the frost line at a depth of at least six (6) feet. Electric lines to power individual well pumps or other equipment would be laid parallel to the gas/water lines but in a separate trench and three (3) feet below the ground surface. Gas produced from the Federal wells located on National Forest System land would be routed to a central gathering and gas metering facility located on private land.

There are five total water discharge points proposed for use in this project with two (2) new points and three (3) existing points (see attached map). Water from all discharge points would flow into Little Thunder Creek and then into Black Thunder Creek, a major tributary of the Cheyenne River. One of these discharge points is on private land in section 28, T.43N., R.71W. where the water would flow into a small creek and then into Little Black Thunder Reservoir on Forest System Lands in section 22, T.43N., R.71W.

The other discharge points are located on National Forest System land in sections 23 and 24, T.43N., R.71W. and section 2, T.42N.,R.71W. Outfall locations have been established in stable, well-developed, low-gradient channels, or as close as possible to the main channel to minimize surface erosion. Each outfall would consist of a vertical discharge pipe. The pipes in section 23 and 2 would be set inside a rubber tire stock tank and would be surrounded by a scoria or rock riprap pad with a drain set in a suitable scoria or rock trench sloping to the channel bottom. The pipe in section 24 would be a vertical pipe finished out the same as the stock tanks. This design would prevent discharged water from eroding the channel bank. Energy dissipation devices would be incorporated into the outfall structure to further dissipate discharge water and decrease the probability of erosion.

Special Investigations

A Class III cultural resource inventory, Biological Assessment/Biological Evaluation, Water Management Plan and Paleontological Survey will be completed. Resource specialists will review these preliminary documents and prepare final specialist reports as part of the environmental effects analysis process. Under applicable laws and direction, the Forest Service could require that some drilling operations be delayed or well locations/water discharge points be relocated within the boundaries of the lease to further mitigate any adverse impacts on natural resources.

Relevant Laws

The Mineral Leasing Act of 1920, as amended, and the Mineral Leasing Act for Acquired Lands of 1947, as amended, grant the Department of Interior the responsibility and authority for management of certain Federal leaseable minerals including oil and gas, on BLM, National Forest, and other Federal lands. Under the Department of Interior, the BLM carries out these responsibilities. For NFS lands, the 1987 Federal Oil and Gas Leasing Reform Act (an amendment to the 1920 Mineral Leasing Act) granted the Secretary of Agriculture the authority to regulate all surface-disturbing activities conducted pursuant to any lease issued under the Act (oil and gas leases). Under the Secretary of Agriculture, the Forest Service carries out these responsibilities.

The Thunder Basin National Grassland, Land and Resource Management Plan, 2002, and the April 22, 1994 Record of Decision for Oil and Gas Leasing on the Thunder Basin National Grassland provide standards and guidelines for oil and gas development on Thunder Basin National Grassland. The leases were issued under the Record of Decision for Oil and Gas Leasing on the Thunder Basin National Grassland (April 22, 1994). The leases will be developed in accordance with the Standards and Guidelines in the 2002 Grassland Plan where those standard and guidelines do not conflict with existing lease rights.

Decisions to be Made

The responsible officials for the Forest Service and BLM will determine the terms and conditions under which Lance may occupy the surface and develop its oil and gas lease while protecting natural resources and providing for public access and safety.

The Responsible Official for the Forest Service will provide final approval of the Surface Use Plan of Operations including Conditions of Approval for each oil and gas well on NFS lands.

The Responsible Official for the BLM will provide final approval of the drilling plan and the Application for Permit to Drill for oil and gas wells on NFS Lands. The Application for Permit to Drill includes the Surface Use Plan of Operations and the Drilling Plan.

Comments Requested

At this time the Forest Service seeks information, comments and other assistance from Federal, state, and local agencies, and other individuals or organizations that have an interest in or could be affected by the proposed action. While public comments are welcome at any time, comments received during the official comment period, which ends 30 days after the legal notice requesting comments on this project is published in the Casper Star Tribune Newspaper, will be most useful for the identification of issues and development and analysis of alternatives to the proposal. Comments should be as specific as possible.

No public participation other than this request for comment is planned. All persons who provide comment in response to this request will continue to receive information about this project and will be included in any additional public participation effort that may occur. Those who do not respond will not receive additional information. Only those persons or organization that submit substantive comments during the official comment period, i.e., 30 days after the publication of the legal notice in the Casper Star Newspaper, will be accepted as appellants of the decisions that will be signed.

The name and mailing address of the commenter must be provided with his/her comments for appellant standing and so that future documents pertaining to this environmental analysis and the decision can be provided to them. Comments received in response to this solicitation, including names and addresses of those who comment, will be considered part of the public record on this proposed action and will be available for public inspection. Comments submitted anonymously will be accepted and considered, however, those persons submitting anonymous comments will not have standing to appeal the subsequent decision under 36 CFR Part 215.

Send written comments to the Responsible Official: Robert M. Sprentall, District Ranger Medicine Bow-Routt National Forests and Thunder Basin National Grassland, Douglas Ranger District, 2250 East Richards Street, Douglas, WY 82633, Attention: Mike Sierz. Faxed comments will also be accepted at: 307-358-3072.

E-mail comments may be sent to: **comments-rocky-mountain-medicine-bow-routt-douglas-thunder-basin@fs.fed.us**. If comments are electronically mailed, the sender should receive an automated electronic acknowledgement from the agency as confirmation of receipt. If the sender does not receive such confirmation, it is the sender's responsibility to ensure timely receipt by other means. Comments may be hand delivered to the Douglas Ranger Station office between 7:30 a.m. and 4:30 p.m., Monday through Friday, except holidays.

Pursuant to 7 CFR 1.27 (d), any person may request the agency to withhold a submission from the public record by showing how the Freedom of Information Act (FOIA) permits such confidentiality. Persons requesting such confidentiality should be aware that, under the FOIA, confidentiality may be granted in only very limited circumstances, such as to protect trade secrets. The Forest Service will inform the requester of the agency's decision regarding the request for confidentiality, and where the request is denied, the agency will return the submission and notify the requester that the comments may be resubmitted with name and address within 10 days.

Contact Person Information

Mike Sierz, Land Use Authorization Specialist, Lands and Minerals, Douglas Ranger District, 2250 East Richards Street, Douglas WY 82633-8922. Telephone 307-358-4690.

This Public Scoping Notice and the project map are available on the Worldwide Web at: www.fs.fed.us/r2/mbr/projects/mineral/index.shtml

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