

PUBLIC SCOPING NOTICE

SEMINOE ROAD GAS DEVELOPMENT PROJECT ENVIRONMENTAL IMPACT STATEMENT

BUREAU OF LAND MANAGEMENT RAWLINS FIELD OFFICE

1.0 INTRODUCTION

In September 2002, Dudley & Associates, LLC (Dudley), notified the Bureau of Land Management (BLM) Rawlins Field Office of its desire to continue to drill and develop coalbed methane natural gas wells and to install associated facilities in an area approximately 20 air miles northeast of Rawlins, in Carbon County, Wyoming (see Figure 1, General Location Map).

During the summer of 2001, Dudley completed construction of the Seminoe Road Pilot Project, which consisted of 16 pilot production wells and 1 pressure observation well. Many of these wells have begun to produce small amounts of gas and, although the production results are still being analyzed to determine the commercial feasibility of the project site, Dudley is optimistic with the results of the pilot project and has decided to pursue further coalbed methane natural gas development within their lease holdings in the area.

The BLM has previously prepared environmental analyses for the Seminoe Road Coalbed Methane Pilot (Seminoe Road Pilot) Project (WY-030-EA00-288) and the Seminoe Road Coalbed Methane Natural Gas Gathering Pipeline/Access Road and Compressor Station/Storage Yard/Access Road (Seminoe Road Pipeline) Project (WY-030-EA2-229). With Dudley's notification to the BLM, and submittal of information regarding the Seminoe Road Gas Development (Seminoe Road) Project, the BLM Rawlins Field Office made the decision to prepare an EIS.

2.0 PURPOSE OF THIS SCOPING NOTICE

We have prepared this scoping notice document to:

1. Describe the proposed project;
2. Identify the rules, roles, and obligations of agencies involved;
3. Describe the role of the public in the EIS preparation process;
4. Set forth preliminary issues that we have identified for the project; and,
5. Inform the public and agency officials regarding the proposed project.

We hope you will review this scoping notice document and provide us with your comments on the proposed project.

3.0 PROJECT DESCRIPTION

The Seminoe Road Project EIS analysis area will be approximately 137,000 acres in size and involves a "checkerboard" mixture of mostly federal (49%) and private (49%), with some state land (1%). The BLM Rawlins Field Office manages the federal surface lands and the federal mineral estate. The proposal includes drilling and developing up to 1,240 wells, on up to 785 well pad sites spaced at approximately 1 well pad site every 160 acres. Associated facilities include roads, gas and water collection pipelines, compressor stations, water disposal systems, and a

power supply system. Areas to be affected by the Seminole Road Project are set forth in Table 1, Preliminary Estimate of Surface Area Disturbance. Dudley owns or controls oil and gas leasehold interests comprising approximately 65 percent of the project area.

There are two distinct Cretaceous coal formations within the area of potential development; they are separated by several thousand feet of low permeability sand and shale. The targeted zones for coalbed methane gas extraction include the deeper Mesaverde coals and the shallower Medicine Bow and Fox Hill coals. Productive windows of coalbed methane extraction range from depths of 500 to 14,000 feet for the Mesaverde coals, with production depths of 500 to 10,000 feet for the overlying Medicine Bow and Fox Hill coals. The apparent duplication of producing horizons is due to the locally steep dip of the Cretaceous formations, which plunge east into the Hanna Basin at 10 to 15 degrees within the project area. Both sets of coal targets outcrop at different points on the surface near the western edge of the Hanna Basin and rapidly dip to over 30,000 feet just 25 miles east of the outcrop.

A drilling and spacing unit of 160 acres (i.e. maximum of 4 well sites per 640-acre section) is anticipated for the project area. The shallower Medicine Bow and Fox Hill coalbed methane extraction zones will be produced from separate wellbores; however, they will share a common wellsite with their Mesaverde counterparts. With Medicine Bow and Fox Hill wellbores sharing a common well pad site with their Mesaverde counterparts, no additional land surface is planned to be disturbed in the course of the Medicine Bow and Fox Hill development.

It is estimated that 25% of the original total surface disturbance can be reclaimed as soon as practicable following drilling and well completion operations. Disturbance projections are set forth in Table 1, Preliminary Estimate of Surface Area Disturbance.

The initial analysis of gas produced from the pilot project wells in the Mesaverde coals indicates no need for nitrogen or CO₂ extraction facilities. Plans for construction of a compressor facility and a 20-mile long high-pressure pipeline were recently approved by the BLM to connect the pilot project wells to a sales transmission pipeline near Walcott, Wyoming. It is anticipated that two more compressor facilities/sites will be needed over the life of the project. In the event of field electrification, rights-of-way for utility lines will also be required.

Water produced from coalbed methane wells will be collected and treated, with any discharge regulated under the terms of a National Pollutant Discharge Elimination System (NPDES) permit issued from the Wyoming Department of Environmental Quality (DEQ). Dudley currently discharges treated water from the Seminole Road Pilot Project wells under NPDES Permit # WYW004-1807, issued by the Wyoming DEQ. Reservoir permits to appropriate produced water have been obtained by Dudley for the pilot project, and it is expected that future reservoir permits for water operations will be sought and obtained, as necessary, from the Wyoming State Engineer's Office. Produced water pipelines will be constructed from well sites to water treatment (if necessary) and discharge facilities. Produced water quality will be monitored in accordance with state and federal regulations.

Field development of the Mesaverde coal is anticipated to occur in the course of 6 to 8 years, with secondary objectives in the Medicine Bow and Fox Hill formations requiring another 3 to 4 years. Dudley plans to initiate field development in 2004, or as early as possible following satisfaction of NEPA and other federal, state, and local regulatory approvals. A 30 to 40 year overall development/ operational period is anticipated; this timeframe includes final project decommissioning and reclamation work.

Table 1 Preliminary Estimate of Surface Area Disturbance¹ Seminole Road Gas Development Project		
Facility	Initial Disturbance Area ² (acres)	Area of Operations ³ (acres)
Well Pad Sites⁴	1,727	785
Access Roads⁵	2,195	2,195
Utilities⁶	1,568	0
Water Discharge Facilities⁷	78	78
Compressor Facilities⁸	15	15
Total Disturbed Area	5,583	3,073
Percentage Disturbance of Total Project Area⁹	4%	2%

Notes:

¹ This table presents the total area estimated to be disturbed at the Seminole Road Gas Development Project during the 30 to 40 year life of the project.

² The initial disturbance represents the area disturbed as a result of drilling and associated construction of well pad sites, roads, gas and water collection pipelines, compressor stations, water disposal systems, and power supply system.

³ Following drilling and associated construction, part of the initial disturbance would be reclaimed. The area not reclaimed would be used for operations. Once the gas resource is extracted, facilities would be removed and the area reclaimed.

⁴ An estimated 785 well pad sites would be established in the project area. The initial well pad site disturbance (i.e., the area needed for drilling activities) would average 2.2 acres per well pad site. Following drilling and well installation, reclamation would reduce the well pad site to approximately one acre. This is the area needed for gas extraction operations.

⁵ On average, an estimated 0.67 miles of access road would be required for each well pad site. An average width of 35 feet would be physically affected by the construction of the access roads. With these assumptions, an estimated 2.8 acres would be disturbed for access roads for each well pad site. Access roads would remain in service for the life of the project.

⁶ Utilities include gas and water collection pipelines, as well as powerline facilities. Generally, these utilities would parallel the access roads. An average width of 25 feet would be physically affected by the installation of utilities. Assuming 0.67 miles of utility installation for each well pad site, an estimated 2.0 acres would be disturbed with utility installation for each well pad site. Once underground gas and water pipeline utility construction and installation activities are completed, the disturbed areas will be reclaimed.

⁷ Based on actual disturbance measured from the Seminole Road Pilot Project, it is assumed that the construction, installation, and operation of water discharge facilities would involve a disturbance of 0.1 acre for each well pad site. These facilities would remain in service for the life of the project.

⁸ It is assumed that three compressor stations would be required for the project. An estimated five acres would be physically affected at each compressor facility.

⁹ This percentage is based on an estimated 137,000 acres within the EIS analysis project area.

4.0 NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)

The BLM has the legal authority to regulate oil and gas operations on BLM-administered lands, pursuant to the Mineral Leasing Act of 1920 and the Federal Land Policy and Management Act of 1976. In this case, the BLM has determined that an EIS is required to fulfill the requirements of NEPA. This type of analysis is used to assess the effects of implementing the development proposal by examining the overall proposal (1,240 wells, 785 well pads, multiple compressors, etc.) and its effects within the proposal area. This type of document will disclose the

environmental effects that are anticipated, establish the general extent, timing, locations and mitigations to be used, and must, by law, comply with the decisions and direction of the Rawlins Resource Management Plan (RMP). Following the issuance of a Record of Decision (ROD) by the BLM, the proponent can submit an Application for Permit to Drill (APD) for BLM approval.

An APD must be approved prior to any ground disturbing activity. An APD must contain the detailed, site-specific information necessary to assess the effects of the actions proposed and generally are limited to a discrete proposed action (a well pad site with a road, a single compressor facility, etc.). An environmental assessment (EA) is generally prepared for each APD. This EA must "tier" to or comply with the provisions and decisions of the Seminole Road Project EIS and the RMP.

The environmental analysis actions leading to a final EIS are prescribed by NEPA and consist of the following:

1. Scoping
2. Analysis Actions
3. Documentation
4. Implementation

4.1 Scoping

A scoping process will help determine the extent of the environmental analysis necessary for a decision on the project. Elements in the scoping process include the following:

1. Development of the description of the proposed action;
2. Preliminary identification of potential effects caused by the project;
3. Collection of data and information that address the project and general area;
4. Initiation of public participation in the EIS process;
5. Determination of the type and extent of interdisciplinary analysis to be used in the preparation of the draft and final EIS documents;
6. Identification of government agencies involved;
7. Plans for preparation of the draft and final EIS, including selection of a format organization for the document and development of a tentative schedule for EIS completion and publication; and,
8. Identification of cooperating government agencies and the assignment of required tasks to the BLM interdisciplinary (ID) team.

4.2 Analysis Actions

Based upon the results of the scoping effort, the following process will be used to assess the nature and significance of the physical, biological, and socioeconomic effects of the proposal:

1. Collection and interpretation of background and baseline data. Data collection will focus on the present and expected physical, biological, and socioeconomic conditions affecting or affected by the proposal.

2. Assessment of alternatives to respond to important issues identified in the scoping process. Where adverse environmental impacts are identified, appropriate operating measures will be considered and evaluated. A no-action alternative will be addressed to provide a baseline for estimating the effects of other alternatives. The description of the existing environment will form the no-action alternative.
3. Assessment of the effects for each alternative. Direct, indirect, and cumulative effects will be considered. Effects will be described as changes in the physical, biological, and socioeconomic environment. These changes will be further described by the magnitude, duration, frequency, reversibility, and significance of the effects.

4.3 Documentation

The BLM will document the EIS process. Documentation has included the publication of the Notice of Intent (NOI) to prepare the EIS in the Federal Register on March 13, 2003. Other future documentation will include the Notices of Availability for the draft and final EIS documents, a Record of Decision, and the actual draft and final EIS documents.

4.4 Implementation

The BLM will work with the public, cooperating agencies, and other involved federal, state, and local government authorities prior to making any final decisions on the project. As appropriate, environmental monitoring programs may be developed to respond to site-specific conditions and concerns and will be described in the final EIS. As a matter of law and regulations, the BLM monitors oil and gas projects from initial development through final closure to ensure that environmental safeguards are achieved and maintained.

5.0 EIS ORGANIZATION

The organization of the Seminole Road Project EIS effort will be based on legal requirements, NEPA regulations, and BLM guidelines. The BLM has decided to utilize the services of an independent third-party contractor to aid in the analysis of the project and the preparation of the EIS document. Under this scenario, the EIS organizational responsibilities are characterized by the following:

5.1 Bureau of Land Management

The BLM is the lead agency responsible for the preparation of the Seminole Road Project EIS. In this role, there are several levels of responsibility established to fully meet NEPA obligations.

5.1.1 Responsible Official

Bob Bennett is the State Director for the BLM Wyoming State Office. He is directly responsible for the scope and content of the EIS and, ultimately, it will be his decision to select which alternative to adopt under this proposal.

5.1.2 EIS Coordinator

The BLM has assigned David Simons as the EIS Coordinator. His responsibilities include coordinating various aspects of the EIS effort including study design, public involvement, outside contracts, review of data collection and analysis, and final preparation of the EIS documents. The EIS Coordinator is the primary liaison between the BLM, Dudley, the third-party contractor, and other agencies and organizations.

5.1.3 Interdisciplinary (ID) Team

The BLM ID team will consist of BLM technical specialists. They will be assigned at the request of the Field Manager of the Rawlins Field Office and will work under the direction of the EIS Coordinator. The primary responsibilities of the ID team will be to help develop the scope of work, review the qualifications of the consultants to be used in the work, furnish guidance to the third-party contractor, and participate in the evaluation and presentation of data in the draft and final EIS documents. They will also work with technical specialists from the third-party contractor, cooperating or other interested government agency personnel, and other various organizations in the area of their expertise.

5.2 Dudley & Associates, LLC

Dudley will be responsible for the preparation of project plans and for supplying any additional information as may be required to address the environmental impacts of their proposal. In addition, as specified in a Memorandum of Understanding (MOU) between Dudley and the BLM, Dudley will be responsible for the funding of the independent third-party contractor who will assist in preparing the EIS and related documents under the supervision of the BLM.

5.3 Independent Third-party Contractor

The contractor retained by the BLM will work under the provisions of the MOU to develop data, analyze alternatives, and document conclusions leading to the final EIS. The consultant will assign a Project Manager to act as the liaison between the BLM, Dudley, and the rest of the contractor personnel. The contractor's Project Manager will be analogous to the BLM EIS Coordinator. The consultant will retain the necessary technical resource specialists who will assist the Project Manager in analyzing data, estimating effects, identifying and evaluating alternatives, formulating mitigation measures, and drafting technical sections of the draft and final EIS documents.

5.4 Cooperating Agencies

At the request or invitation of the BLM, other government agencies may decide to participate in the preparation and review of the EIS documents. This participation is based upon legal requirements, including special expertise and agency jurisdiction by law. Cooperating agencies will participate not only as reviewers of the draft and final EIS documents but also throughout the analysis process to ensure that relevant issues are addressed. The BLM has initiated contacts to potential cooperating and interested Federal, State and local agencies and is in the process of establishing agency status. To date, there are no formal cooperating agencies on this EIS.

6.0 PUBLIC'S ROLE IN THE PROCESS

Public involvement is an important part of the scoping and the environmental analysis process. We want to ensure that the general public has the opportunity to actively participate in the decision-making process and to communicate issues and concerns, which can be addressed in the EIS.

To maintain public participation throughout the project, the BLM, as necessary, will put news releases on the radio, in local papers, and on the Wyoming BLM NEPA web site (<http://www.wy.blm.gov/NEPA/NEPADOCs.htm>). In addition, the BLM will mail information to interested parties, conduct public open house meetings, and address local government and civic organization meetings. The input received at the public open house meetings will be coupled with other input to identify the concerns and issues that will be used to develop the draft and final EIS documents. Public involvement will continue throughout the scoping process through receipt of written comments regarding concerns and issues.

A "Scoping Comment Sheet" is included for your convenience in Appendix B of this handout, but any comment format is acceptable, including e-mails (rawlins_wymail@blm.gov), or written comments submitted to this address: Dave Simons, Project Manager, Bureau of Land Management, Rawlins Field Office, 1300 North 3rd Street, Rawlins, Wyoming, 82301.

The next formal public involvement effort will occur with the release of the draft EIS.

7.0 RELATIONSHIP TO EXISTING PLANS AND DOCUMENTS

7.1 Resource Management Plan

The Great Divide Resource Management Plan (RMP) dated November 8, 1990 directs management of BLM administered lands within the project area. This RMP is currently being revised and updated with completion scheduled for October 2004. This updated RMP will include activity associated with the Seminole Road Project.

7.2 Use Authorizations

Use authorizations (rights-of-way, permits, etc.) for well site facilities, roads, powerlines, and pipelines will be processed through the BLM Application for Permit to Drill (APD) and Sundry Notice permitting process as long as the facilities remain on-lease and are owned and operated by the unit operator. Any facility located off-lease would require individual right-of-way permits. The Wyoming Department of Environmental Quality (DEQ) also has responsibility for issuing various permits for activities associated with coalbed methane development and operations.

7.3 Lease Stipulations

Some leases within the project area include special stipulations on occupancy. These special stipulations are in addition to the standard lease terms. Such special stipulations are imposed to protect surface resources such as soils, water, and wildlife by restricting periods of activity in areas of disturbance. Application of these lease stipulations will be handled on a case-by-case basis for each APD submitted to the BLM.

8.0 SCHEDULE

As part of EIS scoping, a comprehensive project schedule will be prepared which identifies critical target dates and other timeframes so the EIS process may be conducted in a systematic and orderly fashion. This schedule will be completed as part of the early EIS effort following the closure of the scoping comment period. The current tentative schedule for completion of the Seminole Road EIS is set forth in Table 2, Proposed EIS Schedule.

Table 2 Proposed EIS Schedule Seminole Road Gas Development Project	
Activity	Target Dates
Notice of Intent to Prepare EIS (Begin EIS 60-Day Scoping Period)	March 13, 2003
Public Scoping Meetings	May 7 & 8, 2003
Close of Public EIS Scoping Period	May 14, 2003
Draft EIS Preparation	May 15, 2003 – January 15, 2004
Distribute Draft EIS	January 16, 2004
Draft EIS Public Hearing Meetings	February 17 & 18, 2004
Close of Draft EIS Comment Period (60-Day Comment Period)	March 16, 2004
Final EIS Preparation	March 17 – June 30, 2004
Distribute Final EIS	July 1, 2004

9.0 ISSUES

We have attempted to identify some preliminary issues associated with the Seminole Road Project. It is our intention that these concerns will drive the preparation of the draft EIS. Your comments are appreciated. Issues you believe are significant or other issues that you believe are appropriate for our analysis should be included in your comments.

We have attached a comment sheet as Appendix B. It is for your convenience and has a return mailing address for your information.

The following is a listing of preliminary issues we have identified for the Seminole Road Project. Please note that this list is not meant to be all-inclusive, but rather it is a starting point for public input and a means for identifying the resource disciplines needed to conduct the analysis:

9.1 Air Quality

1. What emission sources and values will be generated by the Seminole Road Project?

2. How will air quality impacts be evaluated and resources protected during development and operations?

9.2 Cultural Resources

1. Will there be the impact on historic and archaeological resources in the Seminole Road Project area as a result of development and operations?
2. Are there any cultural resources located in the Seminole Road Project area that would be eligible for the National Register of Historic Places?

9.3 Land Use

1. What is the current and planned land use policy for the Seminole Road Project area?
2. What would be the impact on local land use patterns in the Seminole Road Project area?
3. Will the Great Divide RMP need to be amended or updated to evaluate the Seminole Road Project?
4. How does the “checkerboard” surface ownership created by the Union Pacific Land Grant affect the EIS analysis and possible future gas development?

9.4 Soils and Vegetation

1. Are there short-term, direct impacts to the soils and vegetation resources in the Seminole Road Project area?
2. Are there long-range, indirect impacts to the soils and vegetation resources in the Seminole Road Project area?
3. Will there be impacts to jurisdictional wetlands or Waters of the U.S.?

9.5 Hydrology

1. What are the watershed characteristics of the Seminole Road Project area? What existing conditions of stream banks and streambeds might be affected by the proposal?
2. What are the direction and magnitude of groundwater flows in the project area?
3. What are the recharge and discharge characteristics of groundwater in the area, including the relationship between ground and surface waters?
4. What are the existing qualities of surface and ground water in the Seminole Road Project area? How will surface and ground water qualities be affected?
5. How will produced water from coalbed de-watering operations be utilized or disposed?

9.6 Wildlife

1. Which wildlife species of importance may be impacted by the proposal?
2. What are the current conditions and extents of wildlife habitat in the area?
3. What are the seasonal patterns of wildlife use and movement in the area?
4. Will any threatened or endangered species be affected by the proposal?

9.7 Visual Resources

1. Will there be a visual impact by the project on either Seminole Road (Carbon County Road 351) or the Seminole Reservoir?
2. Can visual impacts be mitigated to conform to the existing landscape and visual quality objectives?

9.8 Noise

1. How much noise will be associated with the Seminole Road Project and what are those noise sources?
2. Will noises be audible for specific distances from certain points (e.g. Carbon County Road 351? Seminole Reservoir Boat Club)? How will topography affect audibility distances? Carbon County Road 351?

9.9 Recreation

1. How would the proposal affect recreation in the immediate and general areas? The main area of concern includes the Seminole Reservoir State Park and its associated recreational activities.
2. Are there opportunities enhance recreational opportunities in and around the Seminole Road Project area as a result of the proposal?

9.10 Transportation

1. Will motor vehicle traffic be associated with the proposed operation?
2. How will employees, contractors, and supplies reach the site?
3. Will existing roads need to be upgraded? Will new roads need to be constructed?

9.11 Socioeconomic Resources

1. How would populations of Carbon County (specifically the Rawlins area) be affected?
2. How much income to Carbon County and the region would be generated by the Seminole Road Project?
3. How will the Seminole Road Project affect the tax base of local government?

4. Will there be any impact to local social services, law enforcement, schools or other local community services as a result of the Seminole Road Project?
5. Will there be an impact on housing costs in Rawlins, Hanna, and other Carbon County communities as a result of the project?
6. What will be the impact of the project on the economies of Rawlins, Hanna, and other Carbon County communities?

9.12 Reclamation

1. How much surface area will be disturbed and for how long?
2. Are there provisions for interim reclamation?
3. Are there plans to control noxious weeds on disturbed grounds?
4. What measures will be taken to minimize erosion and sedimentation once soil and vegetation is removed from disturbed sites?
5. What are the revegetation requirements?
6. Are there reclamation bonds or other guarantees for site disturbance?

10.0 PUBLIC PARTICIPATION

Government agencies, organizations, and individuals that are currently on the BLM Rawlins Field Office NEPA mailing list are set forth in Appendix A of this document.