

## **SCOPING STATEMENT**

### **M & K Oil Company**

Oil and Gas Lease Development

USDA Forest Service  
Douglas Ranger District  
Medicine Bow-Routt National Forests  
And  
Thunder Basin National Grassland  
Weston County, Wyoming

### **Proposed Action**

The Douglas Ranger District of the Medicine Bow/Routt National Forests and Thunder Basin National Grassland is conducting an environmental analysis of a proposal by M & K Oil Co. of Gillette, Wyoming to develop two (2) conventional oil wells on National Forest System lands in Sec. 15, T42N, R65W. One well (# 15-3) is proposed to be drilled in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of the section and the second (# 15-4) is proposed to be drilled in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of the section (see attached map, Exhibit A). These proposed wells are in field wells within the Finn-Shurely producing oil field.

M & K Oil Co. is the leaseholder of existing oil and gas leases in the project area and has the right to develop its lease for oil and gas production. Under the terms of its federal oil and gas lease, on which the wells are proposed, M & K Oil Co. has the legal right to explore, develop, and produce oil and/or natural gas from the area defined in the lease; and for operations of a lease on National Forest System where surface-disturbing activities would be conducted pursuant to the lease. The USDA Forest Service has the authority and responsibility to approve the Surface Use Plan of Operation portion of the Application Permit to drill (APD). The Bureau of Land Management (BLM) has the authority and responsibility to regulate drilling, down hole operations, production activities, and certain surface activities directly associated with drilling, down hole operations, and production of oil and/or natural gas, such as tank battery arrangements, i.e., approval of the APD.

The purpose of the environmental analysis is to evaluate the site-specific means by which M & K Oil may develop this oil and gas well on National Forest System Lands. Through the environmental analysis process, the Douglas District Ranger and Newcastle 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, assuring prudent recovery of the petroleum resources, and providing for public safety. Surface developments are required to be consistent with the 2001 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 M & K Oil may develop this oil and gas well on National Forest System Lands.

M & K Oil Company's proposed Pollare Government # 15-3 and 15-4 are proposed to be drilled in Sec. 15 T42N, R65W, 6<sup>th</sup> P.M., Weston County, Wyoming as shown on the attached map. The project lease area is on National Forest System Lands in the Fairview-Clareton Geographic Area of the Thunder Basin National Grassland in Campbell County. The Application for Permit to Drill is for two exploration wells and production facilities. Total surface impact of this project is anticipated to be less than 4.4 total acres.

Access would be from Newcastle, Wyoming, west on Wyoming Highway 450 approximately 17.5 miles to the Grieves Road, then south approximately 11 miles to a dirt road in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Sec. 9 T42N, R64W, then west-southwest following (and utilizing) existing field lease roads to an M & K Oil Co. (Pollare Gov't. 15-1) well the NE $\frac{1}{4}$ SW $\frac{1}{4}$  Sec. 15 T42N, R65W. New access to the Pollare Government # 15-3 would run from that well south southeast for about  $\frac{1}{4}$  mile to the proposed well site. Access for the Pollare Government # 15-4 well will run approximately  $\frac{1}{4}$  mile west to the proposed well site. Forest Service road standards will be followed for drill and production operations. The Bruce Road may also be used to access the drilling sites from the West; however, the primary access would be from the Grieves Road.

Approximately 0.5 (0.25 each site) miles (1.2 acres total) of new road would be needed to access the sites. For the exploration and drilling phase of the project, all roads would be maintained in their present state. The new access routes would be flat bladed and spot graveled as needed to get the drill rig to the site. If either well is a producer, roads accessing the proposed new well would need to be upgraded for all weather access including crowning, ditching and gravel surfacing to Forest Service specifications.

The proposed Pollare Government # 15-3 and 15-4 wells would be drilled to depth of approximately 5350 and 5450 feet respectively. A level drill pad approximately 250' x 275' (3.2 acres total for both wells) would be constructed at each well site. The objective product is oil. A typical conventional drill rig would be erected on each drill for approximately 14 days with a drilling crew and ancillary service operations daily accessing the site. If the wells are placed into a producing status, production tanks and ancillary buildings would be located on the north and east edges of the # 15-3 well pad. A flow line would be laid in a utility corridor from the #15-4 well along the access road to the facilities at the # 15-3 well site. Power lines installed for the wells will be underground in these corridors. The amount of ground disturbance is anticipated to be consistent with estimates provided in the Thunder Basin Oil and Gas Leasing Final Environmental Impact Statement (April 1994). If drilling results in a producing well, daily visits to the well sites would routinely be made by a pumper and periodic (normally less than 4 times per year) visits by a service unit. Total disturbance associated with well drilling, pipelines, and wellhead production facilities is expected to be less than 4.4 acres.

If production is obtained, portions of the locations not needed for production facilities would be re-vegetated. There would be no pits utilized for production. At the end of production or if the well is plugged and abandoned without going into production, the location and access road would be restored to a condition approximating pre-use. The site and all disturbed areas would be reclaimed and reseeded in accordance with Forest Service direction in the Conditions of Approval, which are on file in the Douglas Ranger District office.

### **Purpose and Need**

The geologic area where this project is located is a major oil and gas-producing province on a national basis. The purpose of the environmental analysis is to evaluate the site-specific means by which M & K Oil Co. may be granted the opportunity to exercise their lease rights by being allowed to develop their mineral lease for oil and gas wells on National Forest System Lands. The purpose of this project is to give M & K Oil Company the opportunity to explore for and develop hydrocarbon resources and provide petroleum minerals to meet the nation's energy needs. The minerals produced on federal lands would provide a significant contribution toward meeting these needs, and would return royalty revenues to the Federal Treasury.

This project would serve to help meet the goal in the 2001 Land and Resource Management Plan for the Thunder Basin 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 operation and reclamation provisions of approved plans are completed to standard.

This project would fulfill 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 help fulfill the goals of the 1920 Minerals Leasing Act, as amended, which promotes the development of oil and gas resources. The President's National Energy Policy of May 2001 and the Forest Service's Implementation of National Energy Plan of August 2001 are also partly fulfilled by this action.

### **Lease Requirements**

The proposed M & K Oil Co. project area includes one (1) lease (W-26692). The Lease contains stipulations for protection of surface resources. The Forest Service will ensure that the lease stipulations will be complied with, and are in accordance with the Grassland Plan.

## **Area Description**

The project area is southwest of Newcastle, WY., within the administrative boundary of the Thunder Basin National Grassland, Douglas Ranger District. The area is located within the Finn-Shurley oil field, an old and well-developed field with many wells. Numerous wells are visible from the proposed drilling sites. It is in the Fairview/Clareton Geographic Area (Grassland Plan p. 2-16), and within the Cheyenne River Drainage.

The project area is classified as a “semi-arid Continental” and is characterized by level plains to rolling and moderately steep hills with some gullied lands. This area exhibits a healthy and diverse mix of vegetation that is typical of semi-arid areas at moderate elevations (3800-4800’). The dominant local flora consists of Wyoming big sagebrush, blue grama, and western wheatgrass. Other grasses include little bluestem, needle and thread grass, and prairie junegrass. Local fauna consists primarily of mule deer, antelope, coyotes, rabbits, raptors, and various smaller vertebrate and invertebrate species. Topographically, as staked, the local site location is in a rolling grassland area that is interrupted at intervals by steep-sided, scattered mostly flat-topped mesas, and hills with fine sandy loam soil.

The Management Prescription for the project area is 6.1 Rangeland with Broad Resource Emphasis (Grassland Plan p. 3-25). The primary surface use of the project area will display low to high levels of livestock grazing, oil and gas facilities.

The Grassland Plan guideline is to manage activities to be consistent with the scenic integrity objectives. Scenic integrity for the project area is low. This level refers to landscapes where the valued landscape character appears moderately altered in the form of the modification integrity level. Mineral developments such as oil and gas wells will be subordinate in the mid and background. The scenic integrity of the proposed project area is not projected to change from its current value.

## **Well Sites**

An interdisciplinary team performed onsite inspections of the proposed locations on July 8 and August 15, 2003. At those times no potential adverse impacts were anticipated. The Douglas Ranger District’s wildlife representative noted there would need to be a timing restriction during construction and drilling operations beginning Mar. 15 and ending July 31 annually for nesting mountain plover.

During well pad preparation, topsoil removed from the site would be stockpiled for site reclamation. A reserve pit approximately 70 feet x 100 feet to a depth of 10 feet at each well site would contain any fluids needed during the drilling process, and would be filled and reclaimed after the well is drilled. This pit would be lined with drilling mud. The only fluids/waste materials, which are authorized to go into the reserve pit, are RCRA exempt exploration and production wastes. All facilities located on Federal land would be required to meet USFS visual aesthetics standards for color tone. The well site and all disturbed areas would be reclaimed and revegetated in accordance with USDA Forest Service land

reclamation procedures and requirements. The above requirements are part of standard lease stipulations and site specific Conditions of Approval.

Drilling and down hole operations are the responsibility of the BLM and would be performed in accordance with BLM requirements pursuant to Onshore Orders and applicable BLM regulations.

Once production is established these wells would be operated as part of the Finn/Shurley field development. The produced hydrocarbons would be transported by pipelines laid in a common trench (corridor) located along access roads, below the frost line, at a depth of six (6) feet. Any electrical lines that may be use to power pumps or other equipment would be laid in the corridor at a depth of three (3) feet. Hydrocarbon produced from the wells located on Forest Service System land proposed in this application would be routed to production facilities located on the north and east edges of the #15-3 location.

### **Special Investigations**

The Forest Service has completed review of a Class I File Search. John Albanese, John Albanese Consulting, conducted a Class III Cultural Resource Inventory for the M & K Oil Co. Pollare Gov't 15-3 and 15-4 well sites and access roads. The report has documented no cultural resource findings.

A Douglas Ranger District Wildlife Biologist will prepare a Biological Assessment/Biological Evaluation investigation report. Under applicable laws and direction, the Forest Service may require that some drilling operations be delayed or well locations be relocated within the boundaries of the lease to mitigate effects on natural resources.

The Douglas Ranger District Lands and Minerals team preformed a Paleontological investigation. A report of investigation will be included in the project file located at the Douglas Ranger District office.

### **Relevant Laws and Documents**

The Mineral Leasing act of 1920, as amended, and the Mineral Leasing Act of 1947, as amended, grant the Department of the Interior the responsibility and authority for management of certain Federal leasable minerals, including oil and gas, on BLM, National Forest and other Federal lands. Under the Department of the 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, 2001 (Grassland Plan), 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 2001 Grassland Plan where those standard and guidelines do not conflict with existing lease rights.

### **Decision to be Made**

Through the environmental analysis process, the Responsible Officials for the Forest Service and BLM will determine the terms and conditions under which M & K Oil Co. 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 (APD) for oil and gas wells on NFS lands. The APD 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 individuals or organizations that have an interest in, or could be affected by, the proposed action. Comments received during the official comment period, which will end 30 days after the Legal Notice requesting comments for this project is published in the Casper Star-Tribune newspaper, will be most useful for the identification of issues and analysis of alternatives. Comments should be as specific as possible.

No other formal public participation other than this request for comment is planned. All members of the public who provide comments to this scoping will continue to receive information about this project, and would receive a copy of the environmental document and signed decision document.

Those persons, groups, etc. that do not respond will not receive additional information. Only those persons or organizations that submit substantive comments during the official comment period, i.e., 30 days after the publication of the Legal Notice in the Casper Star-Tribune newspaper, will be accepted as appellants for this project.

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 an the decision can be provide 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 submitting anonymous comments will not have standing to appeal the subsequent decision under 36 CFR Part 215.

Additionally, 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 or without name and address within 10 days.

### **Addresses**

Send written comments to the Responsible Official: Misty A. Hays, Deputy District Ranger, Medicine Bow-Routt National Forests and Thunder Basin National Grassland, Douglas Ranger District, 2250 East Richards Street, Douglas, WY. 82633, Attention: Leo Carter. Comments may also be sent via e-mail to: [lkcarter@fs.fed.us](mailto:lkcarter@fs.fed.us). Please specify "M & K Oil Co. Pollare Government Wells" in the subject line. Faxed comments will also be accepted at: 307-358-3072.

### **For Further Information Contact**

Leo Carter, Minerals Management Specialist, or Bill Steenson, NEPA Coordinator, Douglas Ranger District 2250 East Richards Street Douglas WY 82633-8922 telephone 307-358-4690

Web site [www.fs.fed.us/r2/mbr/projects/mineral/index.shtml](http://www.fs.fed.us/r2/mbr/projects/mineral/index.shtml)

"The United States Department of Agriculture (USDA) prohibits discrimination on the basis of race, color, national origin, sex, religion, age disability, political beliefs, and marital or familial status. (Not all basis apply to all programs.) Persons with disabilities who require alternative means for communications of program information (Braille, large print, audio tape, etc.) should contact the USDA Office of Communications at 202-720-2791.

To file a complaint, write the Secretary of Agriculture, U. S. Department of Agriculture, Washington DC 20250, or call 1-800-245-6340 (Voice), or 202-720-1127 (TDD). USDA is an equal employment opportunity employer."