



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Anchorage Field Office
4700 BLM Road
Anchorage, Alaska 99507-2591
<http://www.blm.gov/ak>

CATEGORICAL EXCLUSION (CX)

A. BACKGROUND

Project Name / Type: Permit to Drill (Oil Well)

NEPA Register Number: DOI-BLM-AK-A010-2013-0007-CX

Case File Number: A028384

Location / Legal Description: Section 15, T. 8N., R. 9W., Seward Meridian, Kenai National Wildlife Refuge, Kenai Peninsula Borough, Alaska

The surface is managed by the U.S. Fish and Wildlife Service. Mineral ownership is Federal government and managed by the Bureau of Land Management.

Applicant (if any): Hilcorp Alaska LLC

Description of Proposed Action:

Hilcorp Alaska, LLC proposes to drill a new oil well, SRU 24-15, in the Swanson River Unit. The well will be drilled on Pad 34-15, which is located on Federal lease A028384. The approximate start date is March 17, 2013. There is an existing gas well, SRU 234-15, on this pad that has been shut in since November 2001.

The proposed surface location for SRU 24-15 is 881ft. from the south line and 2,370ft. from the east line of Section 15, T. 8N., R 9W., Seward Meridian. The proposed vertical depth of the well is 11,458ft. with a measured depth of 11,710ft.

The existing roads in the Swanson River Field as well as the main road leading into the field are suitable for transportation of the drilling rig and support equipment. No road upgrades will be needed to allow rig access. Stockpiles of clean gravel would be used to level the pad if needed.

No new major construction is planned. The new well would be connected to an existing flowline and production facilities. A gas lift line and heater will be installed.

An existing water source would be utilized. The available source would be the permitted water well at TS 1-33. All water used would be tracked in compliance with applicable permits. Water would be transported via vacuum truck from the water well to the rig location.

Excess mud and cuttings would be hauled from the rig pit system or storage tanks to the Grind and Inject facility located on the Swanson River Pad 43-4. Wastes would be disposed of in Alaska Oil and Gas Conservation Commission (AOGCC) approved well SCU 43-4WD.

Brines and completion fluids would be hauled to a permitted Class II disposal well in the Swanson River field for disposal.

All household and approved industrial garbage would be segregated and transported to the Kenai Borough Central Peninsula Landfill for disposal.

All sanitary waste would be contained on-site and hauled off-site by a designated contractor.

A trailer would be staged on the pad to house various supervisory personnel and a minimum number of support personnel. The remainder of the drilling crew would be housed at a temporary camp stage on Pad 212-27. The Doyon Arctic Fox rig would be used to drill this well.

With the exception of the drill hole, no additional surface disturbances are required to drill this well. The SRU 24-15 well would be drilled on an existing pad. Approval of the plan for reclamation would be obtained from the U.S. Fish and Wildlife prior to any reclamation work.

B. LAND USE PLAN CONFORMANCE

Applicable Land Use Plan: Ring of Fire Approved Resource Management Plan and Record of Decision, March 2008

The Proposed Action is in conformance with plan because it is specifically provided for in the following planning decisions:

J. Minerals-Fluid Leasables, J-1: Goal (page 12), which states:
Maintain or enhance opportunity for mineral exploration and development while maintaining other resource values. Public lands and the Federal mineral estate will be made available for orderly and efficient exploration, development and production unless withdrawal or other administrative action is justified in the national interest.

The Proposed Action has also been determined to be consistent with potential environmental effects identified in the Final Revised Comprehensive Conservation Plan and Environmental Impact Statement for the Kenai National Wildlife Refuge, approved August 2009. This plan addresses management of existing oil and gas units, stating industry will operate under current State and Federal regulations and proceed diligently to avoid contamination and unnecessary surface disturbance.

C. PLAN OF OPERATIONS

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

D. ENERGY POLICY ACT OF 2005 - CATEGORICAL EXCLUSION

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.

The applicable Categorical Exclusion reference in Section 390 of the Energy Policy Act of 2005 is exclusion number 3:

Drilling an oil or gas well within a developed field for which an approved land use plan or any environmental document prepared pursuant to NEPA analyzed such drilling as a reasonable foreseeable activity, so long as such plan or document was approved within five years prior to the date of spudding the well.

E. PERSONS AND AGENCIES CONSULTED

Cultural Resources

The Alaska Heritage Resources Survey was consulted for cultural resources that could be affected by this undertaking. There is one known cultural resource within one mile of the proposed project: K.EN-0054, the Swanson River Unit #1 Discovery Well. It is not located on the same pad as the proposed well, and will not be impacted by the Proposed Action. The proposed Area of Potential Effect is located in a disturbed area on an existing well pad that has been previously drilled. The Anchorage Field Office archaeologist determined that the potential for intact sub-surface cultural resources is low.

Based upon previous disturbance in the oil field and previous archaeological reconnaissance of this area, it is Anchorage Field Office archaeologist's recommendation that, under the *BLM, Alaska State Protocol Agreement*, this Proposed Action will have no effect on historic properties. A stipulation regarding the discovery of previously unknown cultural resources will be included in the BLM authorization.

Federally Threatened and Endangered Species

The impact of the Proposed Action on federally threatened and endangered plants and animals and their habitats has been evaluated in accordance with the Endangered Species Act of 1973, as amended. Based on currently available information, the Proposed Action would not affect any threatened or endangered species or their habitats. Therefore, consultation with the U.S. Fish and Wildlife Service is not necessary pursuant to Section 7 of the Act and none will be undertaken.

Subsistence Resources

The Proposed Action occurs on Federal Public Lands as defined in ANILCA Section 102(3) and falls under the regulatory authority of the Federal Subsistence Board and Program. The area also occurs within Game Management Unit 15A, which provides for Federal subsistence hunting opportunities for the residents of Cooper Landing, Ninilchik, Nanwalek, Port Graham, and Seldovia.

Fisheries:

The Proposed Action would not significantly reduce harvestable fisheries resources that are available for subsistence use. The Proposed Action would not alter the distribution, migration or location of harvestable fisheries resources. The Proposed Action will not create any legal or physical barriers that would limit access by subsistence users of the fisheries resource.

Wildlife:

The Proposed Action would occur within a previously disturbed area and would not alter the distribution, migration, or location of harvestable wildlife resources. The Proposed Action would not create any legal or physical barriers that would limit subsistence harvest and access. The impacts to subsistence resources associated with this action will be negligible. The Proposed Action should not significantly alter the distribution, migration or location of harvestable wildlife resources.

Other Resources:

The Proposed Action would not appreciably impact any other harvestable renewable resources such as wood, berries, vegetation or water.

Finding:

This Proposed Action will not significantly restrict subsistence uses. As a result of the Proposed Action there are no reasonably foreseeable significant decreases in the abundance or distributions of subsistence resources and no reasonably foreseeable limitations to subsistence access.

F. DECISION AND RATIONALE

I have reviewed the proposal to ensure that the appropriate Categorical Exclusion, as described in Section 390 of the Energy Policy Act of 2005, has been correctly applied. Oil and gas exploration and development is analyzed in the Ring of Fire Resource Management Plan and the Comprehensive Conservation Plan and Environmental Impact Statement for the Kenai National Wildlife Refuge. It is my determination that no further environmental analysis is required.

Therefore, I have decided to implement Hilcorp Alaska's Application for Permit to Drill a new oil well in the Swanson River Unit with the following Conditions of Approval:

1. The operator must comply with all Required Operating Procedures, terms and conditions, and stipulations outlined in the Ring of Fire Approved Resource Management Plan and Record of Decision and the Comprehensive Conservation Plan and Environmental Impact Statement for the Kenai National Wildlife Refuge.
2. The operator should make all reasonable efforts to comply with the 2010 Alaska BLM Invasive Species Management Policy (attached). Specific measures recommended to be taken by the permittee include, but are not limited to, the following:
 - a. Proponent will thoroughly clean all drilling and transport equipment and gear prior to transporting to the authorized site of operations. Cleaning will involve high-pressure washing to remove mud, dirt, and plant parts. (This practice is the most effective and easiest method to prevent the inadvertent introduction and spread of non-native invasive species to otherwise weed free environments.)
 - b. Proponent will conduct an on-the-ground non-native invasive plant survey in the project area during the summer growing season (July/August), and annually thereafter for the life of the project, utilizing a professional botanist. Non-native plant survey data will be incorporated into the proponent's monitoring and management plan which will be updated annually for effective mitigation and management. Known existing non-native invasive species data can be found at <http://akweeds.uaa.alaska.edu/>, and <http://www.eddmaps.org/alaska/>.

Proponent will develop and implement a monitoring and management plan for non-native invasive species prevention and management in the full operational footprint: pad, road, and any other infrastructure associated with this action.* This plan will describe actions to:

- Prevent the introduction of new non-native plants in the project area,
- Prevent the spread of any existing non-native plant species in the project area,
- Reduce and eradicate any existing non-native plants in the project area,
- Promote site reclamation with indigenous plant species.

**Proponent has the option to pass funds to the Kenai National Wildlife Refuge for writing and implementing a monitoring and management plan for non-native invasive species.*

3. Upon approval of the Permit to Drill, the proposed well must be spudded and/or completed within two (2) years of the Application for Permit to Drill approval date or the permit will expire and will not be extended without further NEPA analysis.
4. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the leaseholder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. The leaseholder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer.

The above Conditions of Approval and terms and conditions 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/ Alan Bittner

February 12, 2013

Alan Bittner
Anchorage Field Manager

Date

Attachments

1. Maps of proposed drill site
2. 2010 BLM Alaska Invasive Species Management Policy

Administrative Review or Appeal Opportunities

Under the Bureau of Land Management's regulations addressed in 43 CFR § 3165, the decision to approve this permit to drill is subject to appeal and administrative review. An administrative review must be conducted in accordance with 43 CFR § 3165.3 and must take place prior to pursuing an appeal to the Interior Board of Land Appeals.

Any adversely affected party may request an administrative review, before the State Director, either with or without oral presentation. Such a request 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 to the State Director, Bureau of Land Management, 222 West 7th Avenue, Anchorage, AK, 99513 no later than 20 business days from the date this Decision Record is received or considered to have been received.

Upon request and showing of good cause, an extension for submitting supporting/additional data may be granted by the State Director.

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

Contact Person

For additional information concerning this decision, contact:

Sharon Yarawsky
Mineral Law Specialist
Bureau of Land Management
222 West 7th Avenue, #13
Anchorage, AK 99513
907-271-5683
syarawsk@blm.gov

Surface Use Plan
Swanson River Unit Well SRU 24-15
Surface Location Anticipated: 881' FSL, 2370' FEL, Sec 15, T8N, R9W, SM

Existing Road: The proposed SRU 24-15 is within the unit boundaries of the Swanson River Field. The roads in the field are suitable for transportation of the drilling rig and support equipment. The road leading into Swanson Field is within the boundaries of the Kenai National Wildlife Refuge and is also suitable for rig transport. Sterling, Alaska is the nearest town to the site and is approximately 25 miles south of the well site. A map showing the location of the proposed well site and access route to the site is included in Figure 1.

New or Constructed Access Roads: There will be no new roads or road upgrades required for the drilling of this well.

Location of Existing Wells: SRU 24-15 will be drilled from the existing well pad SRU 234-15. A map showing all known wells within a one-mile radius of the proposed SRU 24-15 is included in Figure 2. Existing well SRU 234-15 on the pad is P&A'd.

Location of Existing and/or Proposed Production Facilities: New well 24-15 will be connected to existing production facilities.

Location and Types of Water Supply: Existing water sources in Swanson River Field will be utilized. Available sources include an Alaska Department of Natural Resources permitted water well at TS 1-33. All water use will be tracked in compliance with applicable permits. Water will be transported via vacuum truck from water wells to the rig location.

Construction Materials: No road upgrades will be needed to allow for rig access. Stockpiled clean gravel picked up from roads within Swanson River Field will be used to level the pad if needed.

Methods for Handling Waste: *Drilling muds and cuttings:* Excess mud and cuttings will be hauled from the rig pit system or storage tanks to a Grind and Inject facility at Swanson River Pad ~~243-04~~²⁴³⁻⁰⁴. Wastes will be disposed of in AOGCC approved well SCU 43-04 WD. An ADEC temporary waste storage permit is in effect for any interim drilling fluid storage in Swanson River.

Brines & Completion Fluids: Eligible fluids will be hauled to a permitted Class II disposal well in Swanson River Field for disposal.

Garbage: All household and approved industrial garbage will be segregated and transported to the Kenai Borough Central Peninsula Landfill for disposal.

Chemicals: Unused chemicals will be returned to vendors or utilized in future operations.

Sewage: All sanitary waste will be contained on-site and hauled off-site by a designated contractor.

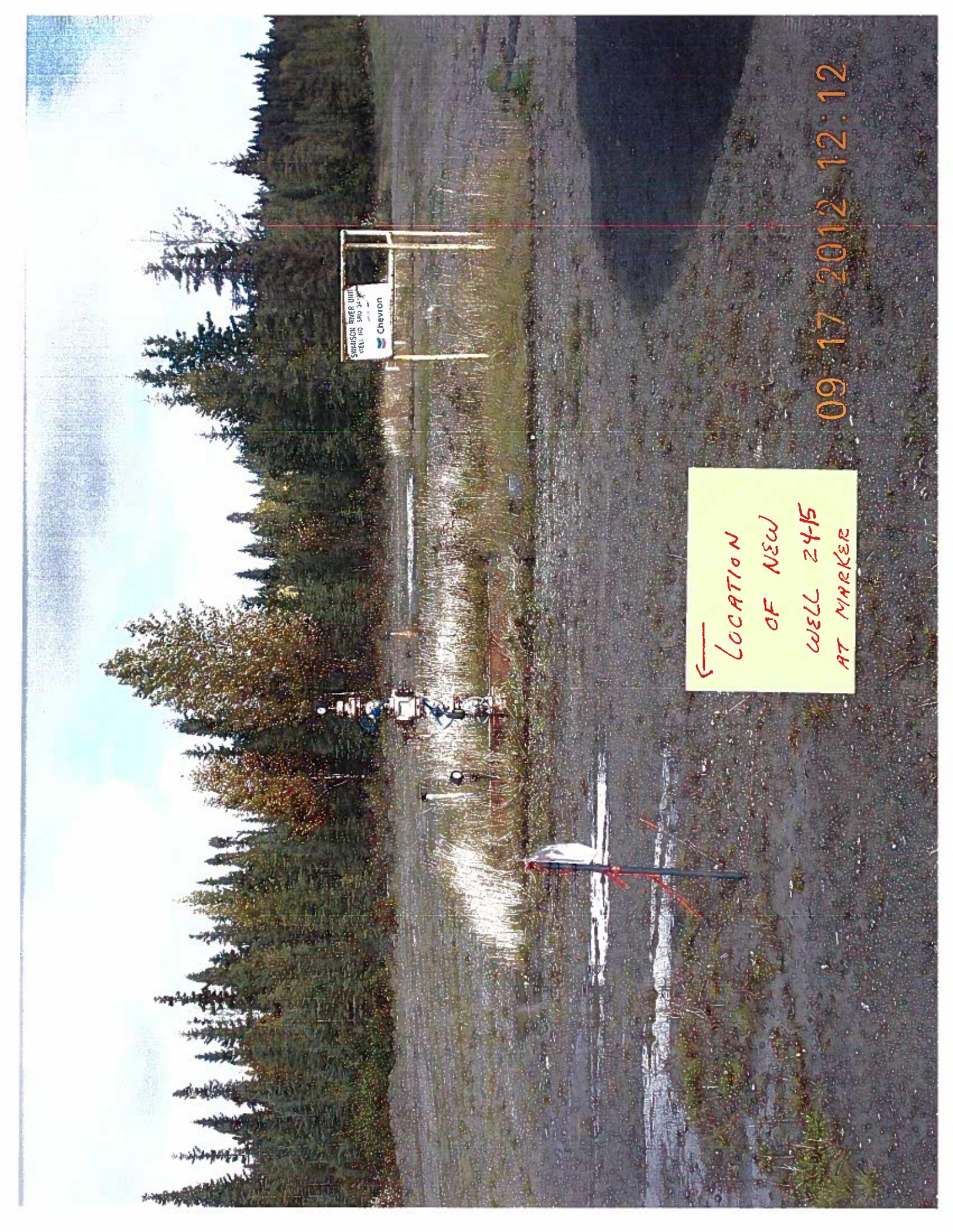
Ancillary Facilities: A trailer will be staged on the pad to house various supervisory personnel and a minimum number of support personnel. The remainder of the drilling crew will be housed at a temporary camp staged at nearby pad 221-27.

Well Site Layout: Attached Figure 3 shows the existing pad, the access road to the location and the proposed well location. There will be no reserve pit on location. A plan view layout of the Doyon Arctic Fox is provided in Figure 4.

Plans for Surface Reclamation: No surface disturbances are required for drilling this well. Access will be on existing roads within Swanson River Field, and the well will be drilled from an existing pad. No pad expansion will be required. Approval for final abandonment of the well and location will be obtained from the BLM and U.S. Fish and Wildlife Service prior to any reclamation work.

Surface Ownership: The surface lands of the Swanson River Field and the roads leading into the field are within the Kenai National Wildlife Refuge, and are managed by the U.S. Fish and Wildlife Service.

Other Information: The Doyon Arctic Fox rig will be used to drill the well. A plan view layout of the rig is provided in Figure 4.

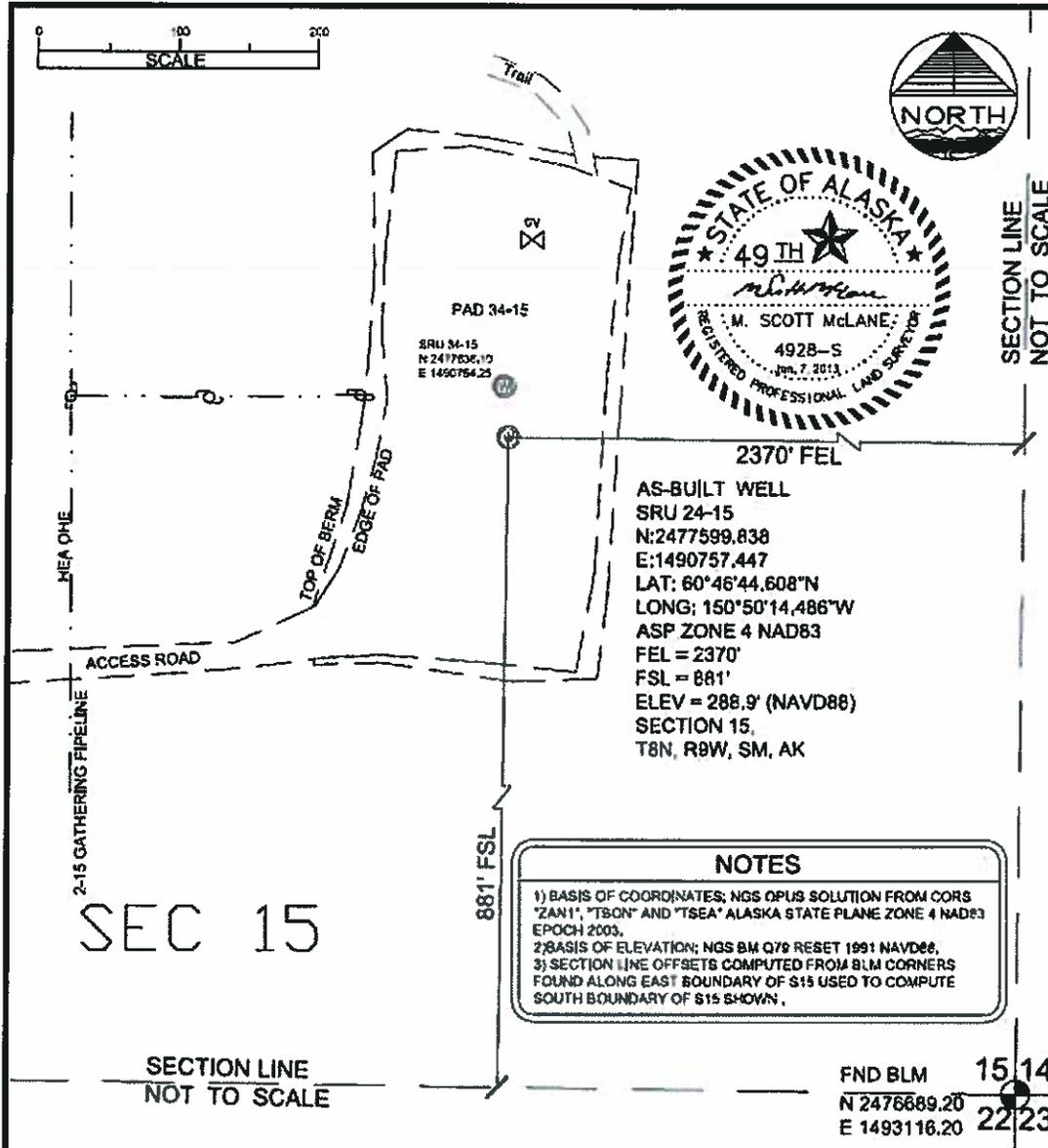


SWANSON RIVER UNIT
WELL NO. 34-15
Chevron

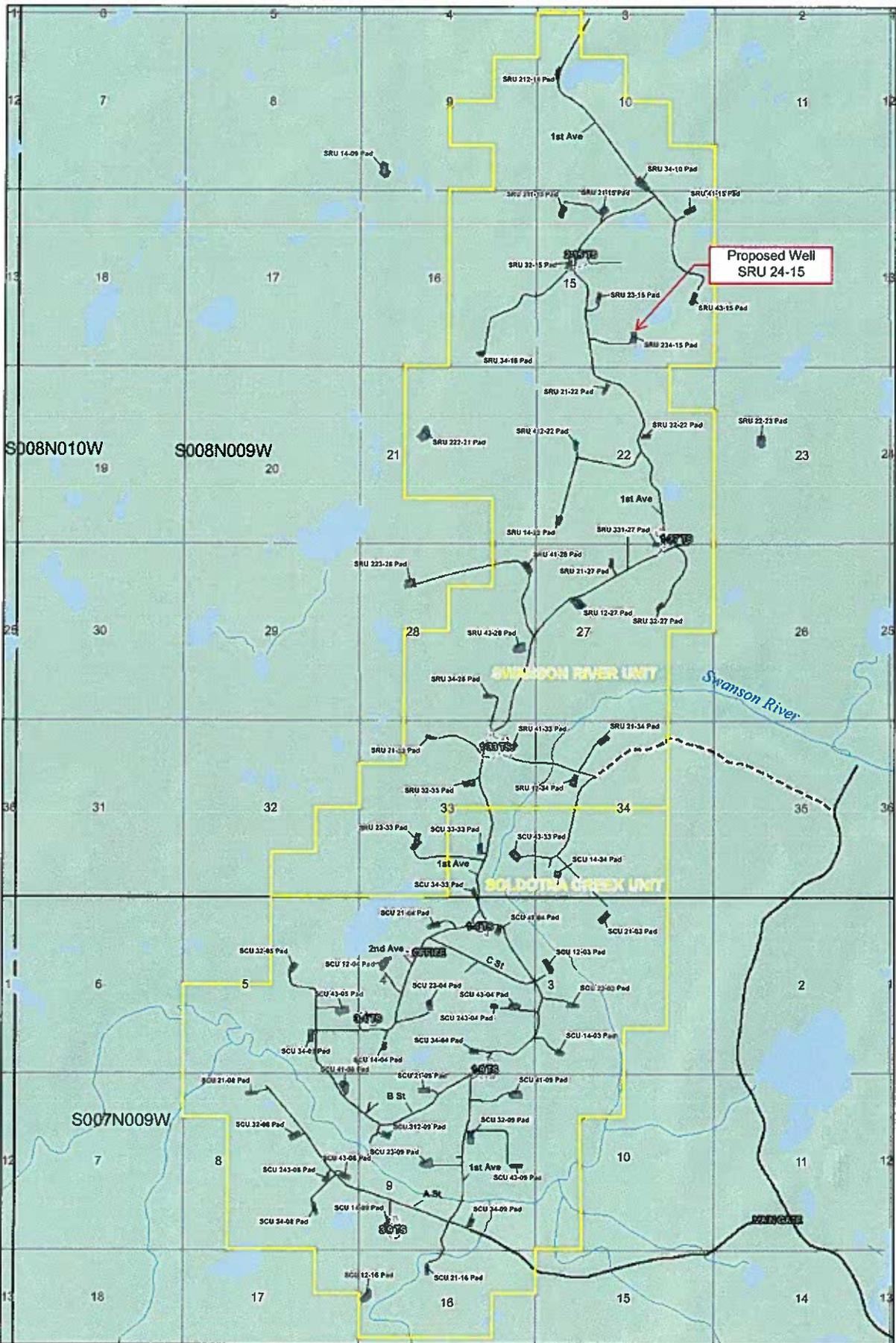
← LOCATION
OF NEW
WELL 2415
AT MARKER

09 17 2012 12:12

38.0 Surface Plat (As Built) (NAD 83)

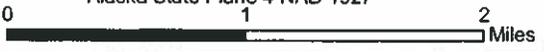


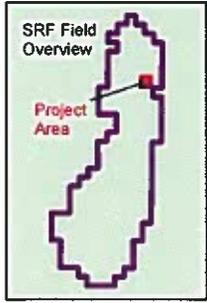
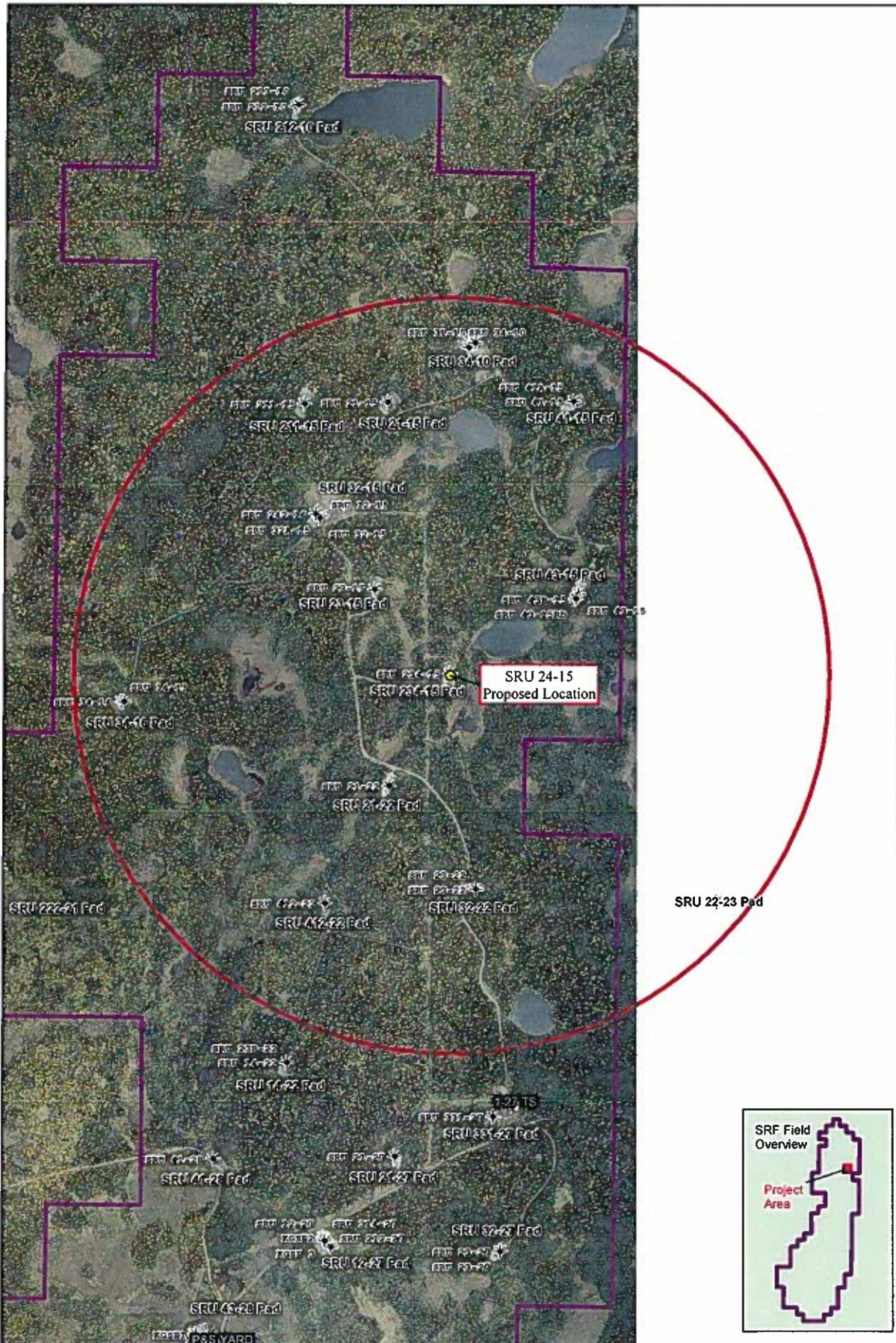
SRU 24-15 AS-BUILT SURFACE LOCATION (NAD83) SWANSON RIVER FIELD		 Hilcorp Alaska, L.L.C.
 ENGINEERING - TESTING SURVEYING - MAPPING P.O. BOX 468 SOLDOTNA, AK, 99669 VOICE: (907) 283-4218 FAX: (907) 283-3265 WWW.MCLANECG.COM	LOCATION: SECTION 15, TOWNSHIP 8 NORTH, RANGE 9 WEST, SEWARD MERIDIAN ALASKA JOB NO. <u>123110</u>	
DWG. 123110	Date: 1/7/2013	FIGURE: 1



Swanson River Field
Figure 1

Map Scale 1:32,000
 Alaska State Plane 4 NAD 1927

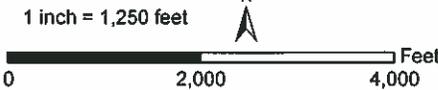




Legend

- ★ Surface Wells
- SRU 24-15 Proposed Location
- One Mile Radius Buffer

SRU 24-15
Proposed Well
Figure 2





Legend

-  Surface Wells
-  SRU 24-15 Proposed Location

SRU 24-15 Proposed Well
 SCU 234-15 Well Pad

Figure 3

