



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Colorado River Valley Field Office
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CATEGORICAL EXCLUSION

NEPA LOG NUMBER: DOI-BLM-CO-N040-2016-0049-CX

Background

BUREAU OF LAND MANAGEMENT (BLM) OFFICE: Colorado River Valley Field Office (CRVFO), Silt, Colorado

CASEFILE/PROJECT NUMBER: COC66687, COC66688, COC66689, COC66690, COC66691, COC66692, COC66693, COC66694, COC66695, COC66696, COC66697, COC66698, COC66699, COC66700, COC66701, COC666702, COC66908, and COC66909 (Federal Oil and Gas Leases)

PROPOSED ACTION TITLE/TYPE: Request to Suspend Operations and Production Requirements on the eighteen Federal Oil and Gas Leases listed above, which are located in Thompson Divide Area.

LOCATION OF THE PROPOSED ACTION: Federal lands administered by the United States Forest Service (USFS), White River National Forest (WRNF), portions of Garfield, Pitkin, and Mesa Counties, Colorado associated with the above lease numbers.

APPLICANTS: SG Interests I, Ltd. and SG Interests VII, Ltd., 100 Waugh Drive, Suite 400, Houston, Texas 77007.

DESCRIPTION OF PROPOSED ACTION: SG Interests I, Ltd. and SG Interests VII, Ltd., referred to hereafter as “the Applicants,” have requested suspension of eighteen Federal Oil and Gas Leases, including thirteen with effective dates of June 1, 2003, three with effective dates August 1, 2003, one with an effective date of September 1, 2003, and one with an effective date of October 1, 2003.

On May 17, 2011, the Applicants submitted to the BLM an application to form the proposed Lake Ridge Unit (Unit) for the purpose of conducting leasehold operations. On March 20, 2012, the Applicants submitted, at the BLM’s request, an amendment to removed un-leased federal acreage from the proposed Unit. The BLM has not yet reached a decision regarding formation of the proposed Lake Ridge Unit.

In response to pending lease expiration dates, the Applicants submitted to the BLM Applications for Permit to Drill (APDs) for six federal oil and gas wells to be drilled into six of the eighteen Leases. The APDs were filed over the period from October 16, 2012, to January 31, 2013. For all six APDs, the BLM has issued Notices of Deficiency, to which the Applicants are currently in the process of preparing responses.

The USFS, WRNF, is in preliminary planning for preparation of environmental assessments pursuant to the National Environmental Policy Act (NEPA). It currently is expected that completion of the NEPA analysis by the BLM and the WRNF cannot be concluded prior to expiration of the six Leases for which APDs have been filed or prior to the expiration of the remaining twelve Leases. No surface-disturbing activities or initiation of drilling would be authorized until completion of the NEPA analysis by the WRNF and BLM.

The BLM has determined that additional NEPA analysis is needed to address the initial decision to issue the Leases to determine whether the Leases should be voided, reaffirmed, or subject to additional mitigation measures for site-specific development proposals. The BLM requires additional time to complete this effort. The BLM delayed decision on the designation of the Unit and any decision on the APD(s) until a determination was made regarding lease NEPA adequacy. The BLM is now delaying those actions pending completion of that analysis and resolution of leasing decision issues. Therefore, no surface-disturbing activities or initiation of drilling will be authorized until NEPA analysis addressing the leasing decisions and any site-specific development proposals is completed.

The Applicants assert that a suspension of operations would serve the interests of conservation by providing additional time for NEPA analysis of the APDs already submitted or any additional APDs to be submitted by the Applicants. The Applicants also assert that a suspension of the eighteen Leases would allow more time for further discussions and negotiations with Pitkin County and a citizen organization known as the Thompson Divide Coalition regarding ways in which the project might address their concerns. The outcome of those negotiations and of the request to the BLM for creation of the Lake Ridge Unit would affect the submittal of additional APDs and the NEPA analysis to be conducted by the WRNF and BLM.

For the reasons cited above, the Applicant has sought an extension on the suspensions of the eighteen Leases as relief from the pending termination date of the existing suspensions and has asked that the new suspensions be made effective as of April 1, 2014, the first day in which the existing suspensions were scheduled to terminate.

Land Use Plan Conformance

The proposed action is subject to and has been reviewed for and is in conformance with (43 CFR §1610.5.3 and BLM 1601-1) the following plan:

Land Use Plan (LUP) Name: The current land use plan is the Colorado River Valley Field Office Record of Decision and Approved Resource Management Plan (ROD/RMP).

Date Approved/Amended: June 12, 2015

Determination of Conformance: The Proposed Action is in conformance with (43 CFR §1610.5 and § 2800, BLM 1617.3) the CRVFO land use plan.

Decision Page and Language: Page 111, Fluid Minerals, MIN-OBJ-01 – “Facilitate orderly, economic and environmentally sound exploration and development of oil and gas resources...using the best available technology.” Although the affected Federal leases are located within the WRNF, the BLM (CRVFO) is responsible for administering the Federal oil and gas program within portions of the WRNF inside the CRVFO’s administrative boundaries. In issuing the requested suspensions, the BLM consulted with the WRNF regarding consistency with its land use planning requirements.

Compliance with NEPA

The proposed action is categorically excluded from further documentation under NEPA in accordance with 43 CFR 46.205 and 516 DM 11.9 (B) (Oil, Gas, and Geothermal Energy). “Approval of suspensions of operations, force majeure suspensions, and suspensions of operations and production.” This CX is correctly applied to the proposed action because granting by the BLM of a lease suspension is an administrative action that does not authorize surface-disturbing activities or other operations with the potential to affect the environment, but merely preserves the status quo of non-development. Nor does a lease suspension extend the term of beneficial use of a lease. A lease suspension therefore creates no environmental impact.

As noted above, no surface-disturbing activities or initiation of drilling activities related to any federal oil and gas well on the eighteen Leases would be authorized except as analyzed and approved in subsequent project-specific NEPA analyses.

An action that is normally categorically excluded must be evaluated to determine whether it meets any “extraordinary circumstances” in which a normally excluded action may have a significant environmental impact. 43 CFR 46.205(c), 46.215. The applicability of extraordinary circumstances is determined by the responsible official. *Id.* § 46.215. The proposed action has been reviewed, and none of the extraordinary circumstances described in 43 CFR 46.215 and the BLM NEPA Handbook H-1790-1, App. 5 (Table 1) was found to apply. Any “Yes” answer in Table 1 would preclude use of the CX.

Table 1. Extraordinary Circumstances	Yes	No
1. May have significant impacts on public health and safety.		<u>No</u>
2. May have significant impacts on such natural resources and unique geographic characteristics as historic or cultural resources; park, recreation or refuge lands; wilderness areas; wild and scenic rivers; national natural landmarks; sole or principal drinking water aquifers; prime farmlands; wetlands (Executive Order 11990); floodplains (Executive Order 119880; national monument; migratory birds; and other ecologically significant or critical areas.		<u>No</u>
3. May have highly controversial environmental effects or involve unresolved conflicts concerning alternative uses of available resources (NEPA Section 102 (2) (E)).		<u>No</u>
4. May have highly uncertain and potentially significant environmental effects or involve unique or unknown environmental risks.		<u>No</u>
5. May establish a precedent for future action or represent a decision in principle about future actions with potentially significant environmental effects.		<u>No</u>
6. May have a direct relationship to other actions with individually insignificant but cumulatively significant environmental effects.		<u>No</u>
7. May have significant impacts on properties listed or eligible for listing, on the National Register of Historic Places as determined by either the bureau or office.		<u>No</u>
8. May 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.		<u>No</u>
9. May violate a Federal law, or a state, local, or tribal law or requirement imposed for the protection of the environment.		<u>No</u>
10. May have a disproportionately high and adverse effect on low income or minority populations (Executive Order 12898).		<u>No</u>
11. May 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 (Executive Order 13007).		<u>No</u>

Table 1. Extraordinary Circumstances		Yes	No
12. May contribute to the introduction, continued existence, or spread of noxious weed 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 Executive Order 13112).			<u>No</u>

Further analysis and an environmental document must be prepared for the action where extraordinary circumstances are present. Extraordinary circumstances exist only where a proposed action may have a significant environmental effect. 43 CFR 46.205(c); *Utah Env'tl. Cong. v. Bosworth*, 443 F.3d 732, 742 (10th Cir. 2006). For the reasons previously noted, a grant of suspension creates no significant environmental impact, and therefore no extraordinary circumstances exist.

Persons and/or Agencies Consulted

Jason Gross, Physical Scientist/NRS, White River National Forest

BLM Review

BLM staff from the Colorado River Valley Field Office who participated in review of the request for lease suspension and preparation of this CX are listed in Table 2.

Table 2. BLM Participants		
Name	Title	Areas of Participation
Karl Mendonca	Field Manager	Review of Request
Steve Ficklin	Oil and Gas Program Manager	Review of Request
Bob Hartman	Petroleum Engineer	Review of Request
Allen Crockett	Supervisory NRS, Energy Pilot Program	NEPA

Remarks/Mitigation: None

Name of Preparer: Allen B. Crockett, Supervisory NRS, Energy Pilot Program

Date: March 28, 2016

Decision and Rationale: I have reviewed this categorical exclusion record and have decided to implement the proposed action.

I have reviewed Section B, Land Use Plan Conformance, and Section C, Compliance with NEPA, and have determined that the Proposed Activity is in conformance with the applicable Land Use Plan(s) and referenced NEPA documents. This action is listed in the Department Manual as an action that may be categorically excluded. The categorical exclusion is appropriate in this situation because there are no extraordinary circumstances potentially having effects that may significantly affect the environment. The proposed action has been reviewed, and none of the extraordinary circumstances described in 43 CFR 46.215 and the BLM NEPA Handbook H-1790-1, App. 5 apply.

I considered the potential impacts from issuance of a suspension of operations and production and have determined that no impacts would result from approval of this action and that any future development proposals with the potential to create environmental impacts would require additional NEPA analysis. Future NEPA analysis or analyses would consider the underlying leasing decisions as well as development proposals.

Signature of Authorized Official: 
Karl Mendonca, Field Manager

Date Signed: 3/28/2016