

Sheep Ridge Oil and Gas Lease Determination of NEPA Adequacy (DNA)

**Prepared by
U.S. Department of the Interior
Bureau of Land Management**

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Chapter 1. Determination of NEPA Adequacy (DNA)

Worksheet — Proposed Oil and Gas Leasing

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U.S. Department of the Interior
Bureau of Land Management

OFFICE: Four Rivers Field Office, LLIDB0100000

TRACKING NUMBER:DOI-BLM-ID-B010-2016-0015-DNA

PROPOSED ACTION TITLE/TYPE: Sheep Ridge Protective Leasing

LOCATION/LEGAL DESCRIPTION: The proposed 21,000-acre Sheep Ridge oil and gas lease area is located 6 miles northeast New Plymouth, Idaho (T08N R03W) (Map A.1 Proposed Oil and Gas Leasing Area). The topography is characterized by gently rolling hills between 2,600 and 3,300 feet elevation (Figure 1.1 Existing Vegetation in the Proposed Leasing Area). Vegetation is dominated by annual and perennial grasses with occasional shrub stands. The majority of exotic annual grasslands occur on southerly aspects. Rural homes and agricultural fields are primarily associated with Big Willow Creek which bisects the proposed leasing area. The area encompasses about 3,000 acres of public land administered by the BLM.

In the proposed lease area, only 15% of surface lands are BLM-administered and the remaining are private or state owned; however, the BLM administers 44% of the subsurface mineral estate. Two oil and gas fields to the south have been identified by oil and gas developers. The Little Willow Field which is directly west of the Sheep Ridge area currently has eight oil and gas wells. Further south, the Hamilton Field has six wells in production (IOGCC 2016).



Figure 1.1. Existing Vegetation in the Proposed Lease Area

On October 1, 2015 Alta Mesa Services, LP sent BLM a formal request to pursue leasing in the Sheep Ridge area. Natural gas wells have been or are proposed to be drilled on private

land adjacent to BLM-administered lands and/or adjacent to lands where BLM owns only the subsurface mineral estate (referred to as split estate). The current and proposed wells in the Sheep Ridge area constitute a threat, or potential threat, of uncompensated drainage to the federal mineral estate. Drilling has resulted in the discovery of commercial quantities of natural gas and natural gas condensate in the Little Willow and Hamilton fields, and those areas have been developed for commercial production. According to the current Idaho well spacing order, only one well can be drilled per 640-acre governmental section (IDAPA 20.07.02.330.02; IOGCC 2013a). The Idaho Department of Lands has approved drilling permit applications for several wells on private lands which would drain minerals reserved to the United States within the well spacing unit designated by the State of Idaho (IOGCC 2014).

APPLICANT:Alta Mesa

A. Description of Proposed Action and any applicable mitigation measures

The BLM proposes to offer 8 parcels totaling 9,300 acres (Map A.2 Proposed Oil and Gas Lease Parcels) at a competitive oil and gas lease sale during the summer of 2016. Stipulations and lease notices would apply on BLM-administered surface and subsurface in the lease area. The offering and subsequent issuance of oil and gas leases is strictly an administrative action, which, in and of itself, would not cause or directly result in any surface disturbance.

The following stipulations would apply to the federal mineral estate:

No Surface Occupancy (NSO) –1: Surface occupancy and use on BLM-administered and split estate lands would be prohibited until the Four Rivers Resource Management Plan (FRMP) is finalized.

No Sub-surface Occupancy (NSSO) –1: Subsurface occupancy and use on federal mineral estate lands would be prohibited until the FRMP is finalized.

Upon finalization of the FRMP, the leases would be modified by replacing NSO-1 and NSSO-1 with stipulations consistent with the FRMP. Development of State and private leases could occur in the area; however, the federal mineral estate would not be available at least until the FRMP is completed. State or other stipulations developed by the lessor and lessee would apply to other leases. (Appendix 2 in — DOI-BLM-ID-B010-2014-0036-EA)

There are 34 sections in the Sheep Ridge area. There are there are 8 sections within the lease area boundary that can be drilled without any federal action (includes 4 sections are all private minerals, and 4 sections that have only 40 acres of federal minerals). There are 8 sections that are all federal minerals or majority of the acres are federal minerals. These couldn't be drilled until the FRMP is finalized with the stipulations listed in Section A above. Therefore, by BLM leasing, 18 wells can be drilled (on private minerals) that couldn't be drilled otherwise. Well pad size would be the same as in the Little Willow EA. Assuming 5 acres of disturbance per well, a total of approximately 90 acres would be disturbed in the lease area boundary by BLM leasing.

Leasing the lands at this time would protect the federal mineral resource from uncompensated drainage in and near the Sheep Ridge area, Payette County, Idaho. Drainage is defined as the migration of oil and gas in an underground reservoir, due to a pressure reduction caused by production from wells bottomed in the reservoir. Because oil and gas are fluids, they can flow underground across property boundaries. Uncompensated drainage means that federal mineral resources are being produced by wells on adjacent lands without compensation to the United

States in the form of royalties that would otherwise be required if the federal mineral estate were leased under the Mineral Leasing Act, as amended. A prime responsibility of the BLM is to protect the United States from the loss of royalty that results from drainage (uncompensated drainage). For unleased lands, the objectives of BLM's drainage protection program may be accomplished by leasing and requiring the lessee to take protective measures to prevent uncompensated drainage of oil or gas from the lease.

B. Land Use Plan Conformance

LUP Name*	<u>Cascade Resource Management Plan</u>	Date Approved:	<u>July 1988</u>
Other Document	<u>Idaho and Southwestern Montana Greater Sage Grouse Land Use Plan Amendment</u>	Date Approved:	<u>September 2015</u>

**List applicable LUPs (for example, resource management plans; activity, project, management, or program plans; or applicable amendments thereto)*

The proposed action is in conformance with the Cascade LUP because it is specifically provided for in the following LUP decisions: Leasing is in conformance with the 1988 Cascade Resource Management Plan (CRMP) which makes 456,289 acres (94% of area) available for leasable mineral exploration and development (CRMP Record of Decision page 3). The proposed lease parcels are within the area determined available for leasable mineral exploration and development. The CRMP directs the BLM to manage geological, energy, and minerals resources on the public lands so that significant scientific, recreational, ecological and educational values will be maintained or enhanced. Generally, the public lands are available for mineral exploration and development, subject to applicable regulations and Federal and State laws. The CRMP states that: "Approval of an application for lease is subject to an environmental analysis and may include stipulations to protect other resources." Additional NEPA documentation is needed prior to leasing to address new circumstances or information bearing on the environmental consequences of leasing that was not considered within the broad scope analyzed in the CRMP Environmental Impact Statement.

The Idaho and Southwestern Montana Greater Sage Grouse Plan Amendments do not apply to this proposal because there is no Priority, Important, General Habitat Management Area, or sage grouse habitat in the proposed protective lease sale area.

C. Identify applicable National Environmental Policy Act (NEPA) documents and other related documents that cover the proposed action.

BLM released the Little Willow Creek Protective Oil and Gas Leasing EA (DOI-BLM-ID-B010-2014-0036-EA) on February 10, 2015 as a result of Alta Mesa Services, Inc.'s November 2013 application to the Idaho Oil and Gas Conservation Commission (IOGCC) to omit federal lands in T. 8 N., R. 4 W., Section 3, from a drilling unit it proposed in Section 3 (see DOI-BLM-ID-B010-2014-0036-EA). If the federal minerals were omitted from the drilling unit and a producing well was drilled on the private lands (with private minerals), drainage of the federal mineral estate could occur. The opportunity to recover the oil and gas resource would be lost, and the federal government, acting on behalf of the American taxpayer, would be unable to collect royalties on the extracted mineral resources.

Leasing in the Little Willow Field protected the American taxpayers' correlative rights, and production royalties could be collected by the BLM. Lands that were otherwise unavailable for

leasing were leased because there was an imminent threat of drainage [see 43 CFR 3120.1-1(d)]. Because of this threat and the likelihood of IOGCC receiving more applications to omit the federal mineral estate in sections where wells have been drilled or proposed, BLM leased the federal mineral estate within the Little Willow Field.

List by name and date other documentation relevant to the proposed action (e.g. biological assessment, biological opinion, watershed assessment, allotment evaluation, and monitoring report).

In July of 2013 BLM released DOI-BLM-ID-B010–2011–0048–EA Big Willow Packard’s Milkvetch Management. This EA analyzed alternatives for Packards Milkvetch Management in the Big Willow area because the Big Willow area encompasses nearly the entire known habitat for Packard’s milkvetch. Protection measures for packards milkvetch include:

- OHV Route Designations outside of Packards Habitat to keep OHV activity away from the plant.
- Vegetation restoration treatments on 1,666 acres on public land within 400 yards of Packard’s milkvetch plants
- Five permanent exlosures around the plants where OHV activity and livestock are excluded

D. NEPA Adequacy Criteria

1. Is the new proposed action a feature of, or essentially similar to, an alternative analyzed in the existing NEPA document(s)? Is the project within the same analysis area, or if the project location is different, are the geographic and resource conditions sufficiently similar to those analyzed in the existing NEPA document(s)? If there are differences, can you explain why they are not substantial?

The new proposal to lease in the Sheep Ridge area with NSO and NSSO stipulations until the FRMP is completed is similar to the selected alternative in the existing NEPA document DOI-BLM-ID-B010–2014–0036–EA . The Little Willow Creek Protective Oil and Gas leasing EA area abuts the Sheep Ridge area — i.e, the Sheep Ridge proposed leasing area is directly east of, and touches, the Little Willow lease area. Ecologically the two areas in Little Willow and Sheep Ridge are the same with similar geology, elevation and topography. They have essentially the same resources that would be affected in the same manner and degree as those analyzed in the Little Willow EA, if leasing is conducted with the stipulations listed in Section A (above).

A part of the Big Willow area encompasses nearly the entire known habitat for Packard’s milkvetch. The Packards Milkvetch populations are not within the proposed Sheep Ridge protective lease area and will not be effected by proposed leasing in the Sheep Ridge Area because the protective measures from DOI-BLM-ID-B010–2011–0048–EA are sufficient to protect the milkvetch. Therefore, the presence of Packard’s Milkvetch outside the proposed leasing area is not a substantial difference from the special status species analysis in the existing Little Willow EA.

2. Is the range of alternatives analyzed in the existing NEPA document(s) appropriate with respect to the new proposed action, given current environmental concerns, interests, and resource value?

The range of alternatives in the existing NEPA document is appropriate with respect to the new proposed action given the current environmental concerns, interests, and resource

values. The Proposal under consideration in this DNA is similar to Alternative B analyzed in DOI-BLM-ID-B010–2014–0036–EA. Leasing would occur with the following stipulations:

No Surface Occupancy (NSO) –1: Surface occupancy and use on BLM-administered and split estate lands would be prohibited until the Four Rivers Resource Management Plan (FRMP) is finalized.

No Sub-surface Occupancy (NSSO) –1: Subsurface occupancy and use on federal mineral estate lands would be prohibited until the FRMP is finalized.

Upon finalization of the FRMP, the leases would be modified by replacing NSO-1 and NSSO-1 with stipulations consistent with the FRMP. Development of State and private leases could occur in the area; however, the federal mineral estate would not be available at least until the FRMP is completed. State or other stipulations developed by the lessor and lessee would apply to other leases. (Appendix 2 in — DOI-BLM-ID-B010-2014-0036-EA)

3. Is the existing analysis valid in light of any new information or circumstances (such as, rangeland health standard assessments, recent endangered species listings, updated lists of BLM sensitive species)? Can you reasonably conclude that new information and new circumstances would not substantially change the analysis of the new proposed action?

The existing analysis is valid because there is no new information or circumstances within the proposed leasing area that would be impacted by the proposed leasing.

The occurrence of Packards Milkvetch adjacent to the proposed lease area would not substantially change the analysis from the Little Willow EA because the plant occurrence is outside the proposed Sheep Ridge leasing area.

4. Are the direct, indirect, and cumulative effects that would result from implementation of the new proposed action similar (both quantitatively and qualitatively) to those analyzed in the existing NEPA document? The direct, indirect, and cumulative effects that would result from implementation of the new proposed action are quantitatively and qualitatively similar to those analyzed in the existing NEPA document except in a different area (see Adequacy Question 1 above).

Offering federal mineral estate parcels for lease and subsequently issuing oil and gas leases are strictly administrative actions, which, in and of themselves, do not cause or directly result in any surface disturbance. Issuance of an oil and gas lease does convey to the lessee the exclusive right to use as much of the leased land as is reasonably necessary to explore for and extract oil and gas resources from the lease area, subject to the terms of the lease, including stipulations (43 CFR 3101.1-2 and 3101.1-3), regulations pertaining to oil and gas leasing, Onshore Orders, and with prior approval of the Authorized Officer. However, depending on lease stipulations, post-leasing activities may or may not result in impacts to surface resources. Only where stipulations or conditions do not preclude disturbance to surface resources is the action considered an irretrievable commitment of resources. The BLM may issue leases to protect the public interest when uncompensated drainage is occurring or may occur, provided the lease does not convey an irreversible or irretrievable commitment of resources.

As analyzed in the Little Willow Creek Protective Oil and Gas Leasing EA (DOI-BLM-ID-B010–2014–0036–EA), the proposed leasing analyzed in this DNA would result in no surface or subsurface occupancy on BLM land until the FRMP is completed. At that point

the leases in both areas would be modified to include appropriate stipulations that arise out of the RMP to mitigate any effects from leasing.

5. Are there public involvement and interagency reviews associated with existing NEPA document(s) adequate for the current proposed action? The public involvement and interagency reviews associated with existing NEPA documents are adequate for the current proposed action. BLM conducted public meetings and sent out mailings to affected individuals in the area for DOI-BLM-ID-B010–2014–0036–EA. The public is aware of ongoing leasing activity in the area. BLM began scoping this proposal on March 8, 2016 when it was posted on the BLM NEPA register. In addition, this DNA worksheet will be published on the BLM NEPA register for 30–days.

E. Persons/Agencies/BLM Staff Consulted

Table 1.1. List of Preparers

Name	Role	Discipline
Jonathan Beck	Team Lead	Planning
Karen Porter	Geologist — Technical Review	Geology — Fluid Minerals
Dave Murphy	Geologist — Technical Review	Geology — Fluid Minerals

Note

Refer to the EA/EIS for a complete list of the team members participating in the preparation of the original environmental analysis or planning documents.

Conclusion

Based on the review documented above, I conclude that this proposal conforms to the applicable land use plan and that the NEPA documentation fully covers the proposed action and constitutes BLM's compliance with the requirement of NEPA.

/s/ Jonathan Beck

Signature of Project Lead

/s/ Jonathan M Beck

Signature of NEPA Coordinator

/s/ Tate Fischer

Signature of the Responsible Official

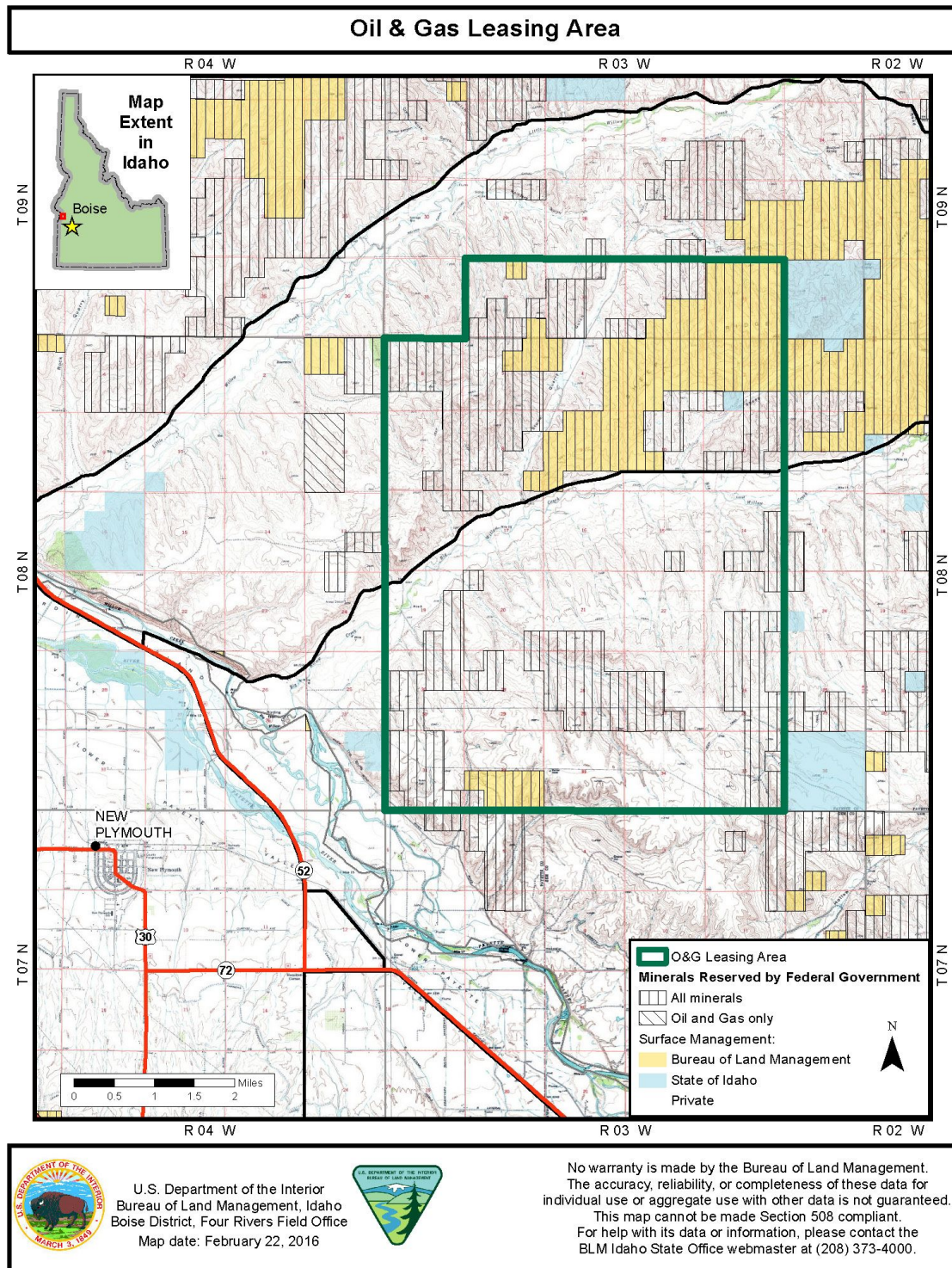
March 21, 2016

Note:

The signed Conclusion on this Worksheet is part of an interim step in the BLM's internal decision process and does not constitute an appealable decision. However, the lease, permit, or other authorization based on this DNA is subject to protest or appeal under 43 CFR Part 4 and the program-specific regulations.

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Appendix A. Maps



Map A.1. Proposed Oil and Gas Leasing Area



Appendix A Maps

Appendix B. Parcel List for Proposed July 2016 Oil and Gas Lease Sale Notice Idaho State Office

PARCEL A

Boise Meridian, Idaho

T. 8 N., R. 3 W.,

sec. 2, lots 1 thru 4, S $\frac{1}{2}$ N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$, and S $\frac{1}{2}$ SE $\frac{1}{4}$;

sec. 11, NE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, and NW $\frac{1}{4}$ SE $\frac{1}{4}$.

T. 9 N., R. 3 W.,

sec. 35.

The areas described aggregate 400 acres of private land and 1,058.92 acres of BLM, for a total of 1,458.92 acres.

PARCEL B

Boise Meridian, Idaho

T. 8 N., R. 3 W.,

sec. 3, lots 1 thru 4, S $\frac{1}{2}$ N $\frac{1}{2}$, and S $\frac{1}{2}$;

sec. 10, W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, and N $\frac{1}{2}$ SW $\frac{1}{4}$.

T. 9 N., R. 3 W.,

sec. 34, E $\frac{1}{2}$ and S $\frac{1}{2}$ SW $\frac{1}{4}$.

The areas described aggregate 440 acres of private land and 857.96 acres of BLM, for a total of 1,297.96 acres.

PARCEL C

Boise Meridian, Idaho

T. 8 N., R. 3 W.,

sec. 4, lots 1 and 4, SE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, and E $\frac{1}{2}$ SE $\frac{1}{4}$;

sec. 9, NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ S $\frac{1}{2}$, and SW $\frac{1}{4}$ SW $\frac{1}{4}$.

T. 9 N., R. 3 W.,

sec. 33, NW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, and SE $\frac{1}{4}$ SE $\frac{1}{4}$.

The areas described aggregate 320 acres of private land and 690.32 acres of BLM land, for a total of 1,010.32 acres.

PARCEL D

Boise Meridian, Idaho

T. 8 N., R. 3 W.,

sec. 5, lots 1 thru 4, S $\frac{1}{2}$ N $\frac{1}{2}$ and S $\frac{1}{2}$;

sec. 8, N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$ SE $\frac{1}{4}$.

T 9 N., R. 3 W.,

sec. 32, NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$, and NE $\frac{1}{4}$ SE $\frac{1}{4}$.

The areas described aggregate 998.15 acres of private land and 265.69 acres of BLM land, for a total of 1,263.84 acres.

PARCEL E

Boise Meridian, Idaho

T. 8 N., R. 3 W.,

sec. 6, lots 1 thru 6, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$;

sec. 7, E $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$;

sec. 17, NW $\frac{1}{4}$ NW $\frac{1}{4}$;

sec. 18, NE $\frac{1}{4}$ NE $\frac{1}{4}$.

The areas described aggregate 740.50 acres of private land.

PARCEL F

Boise Meridian, Idaho

T. 8 N., R. 3 W.,

sec. 14, SE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, and S $\frac{1}{2}$ SE $\frac{1}{4}$;

sec. 15, SW $\frac{1}{4}$ SE $\frac{1}{4}$;

sec. 23, NE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, and SW $\frac{1}{4}$ SE $\frac{1}{4}$;

sec. 26, W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$;

sec. 35, N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, and SE $\frac{1}{4}$.

The areas described aggregate 1,120 acres of private land.

PARCEL G

*Appendix B Parcel List for Proposed July 2016 Oil
and Gas Lease Sale Notice Idaho State Office*

Boise Meridian, Idaho

T. 8 N., R. 3 W.,

sec. 20, NW¹/₄NW¹/₄ and SE¹/₄SE¹/₄;

sec. 21, S¹/₂SW¹/₄ and SW¹/₄SE¹/₄;

sec. 27, S¹/₂NW¹/₄, SW¹/₄, and SW¹/₄SE¹/₄;

sec. 28, NW¹/₄NE¹/₄, S¹/₂NE¹/₄, NW¹/₄, N¹/₂SW¹/₄, SE¹/₄SW¹/₄, and SE¹/₄.

The areas described aggregate 1,040 acres of private land.

PARCEL H

Boise Meridian, Idaho

T. 8 N., R. 3 W.,

sec 19, SE¹/₄NE¹/₄, NE¹/₄SE¹/₄, and S¹/₂SE¹/₄;

sec. 29, NE¹/₄NE¹/₄, NE¹/₄NW¹/₄, and S¹/₂NW¹/₄;

sec. 30, lots 2 thru 3, NE¹/₄, SE¹/₄NW¹/₄, and E¹/₂SW¹/₄;

sec. 31, lots 1 thru 3, W¹/₂E¹/₂, E¹/₂W¹/₂, and SE¹/₄SE¹/₄;

sec. 32, S¹/₂.

The areas described aggregate 1,151.05 acres of private land and 160 acres of BLM, for a total of 1,311.05 acres.