

# Chapter 1. Purpose of and Need for Action

## *Oil-Gas Leasing*

### Document Structure

The USDA Forest Service, Santa Fe National Forest (SFNF), has prepared this environmental impact statement (EIS) in compliance with the National Environmental Policy Act (NEPA) and other relevant Federal and State laws and regulations. This EIS discloses the direct, indirect, and cumulative environmental impacts that would result from the proposed action and alternatives. In order to meet different Forest Service requirements and appeal procedures, this document is separated into two parts—one to evaluate a proposed SFNF Plan amendment for oil and gas leasing, and one to make a separate project-level NEPA decision on roads management within the Cuba Ranger District. For this reason, Chapters 1-3 listed below are provided for each decision and are kept separate. Chapters 1-3 discuss the same topics; however, the information presented under those topics is different for oil and gas leasing and roads management. The document is organized as follows for both the oil and gas leasing and roads management (Cuba Ranger District) sections:

- *Chapter 1. Purpose and Need for Action:* The chapter includes information on the history of the project proposal, the purpose of and need for the project, and the Agency's proposal for achieving that purpose and need. This section also details how the Forest Service informed the public of the proposal and how the public responded.
- *Chapter 2. Alternatives, including the Proposed Action:* This chapter provides a more detailed description of the Agency's proposed action as well as alternative methods for achieving the stated purpose. These alternatives were developed based on significant issues raised by the public and other agencies. This discussion also includes mitigation measures. Finally, this section provides a summary table of the environmental consequences associated with each alternative.
- *Chapter 3. Affected Environment and Environmental Consequences:* This chapter describes the current conditions and environmental effects of implementing the proposed action and other alternatives. This analysis is organized by resource area.
- *Chapter 4. Consultation and Coordination:* This chapter provides a list of preparers and agencies consulted during development of the draft environmental impact statement.
- *Literature Cited*
- *Appendices:* The appendices provide more detailed information to support the analyses presented in the environmental impact statement such as the record index, public comments and responses, etc.
- *Index:* The index provides page numbers by document topic.

Additional documentation, including more detailed analyses of study area resources, may be found in the project planning record located at the Santa Fe National Forest Supervisor's Office, 1474 Rodeo Road, Santa Fe, New Mexico.

### Background

The Santa Fe National Forest Plan (Forest Plan), approved in 1987, provides broad programmatic direction regarding leasing and the management of oil and gas development on the forest.

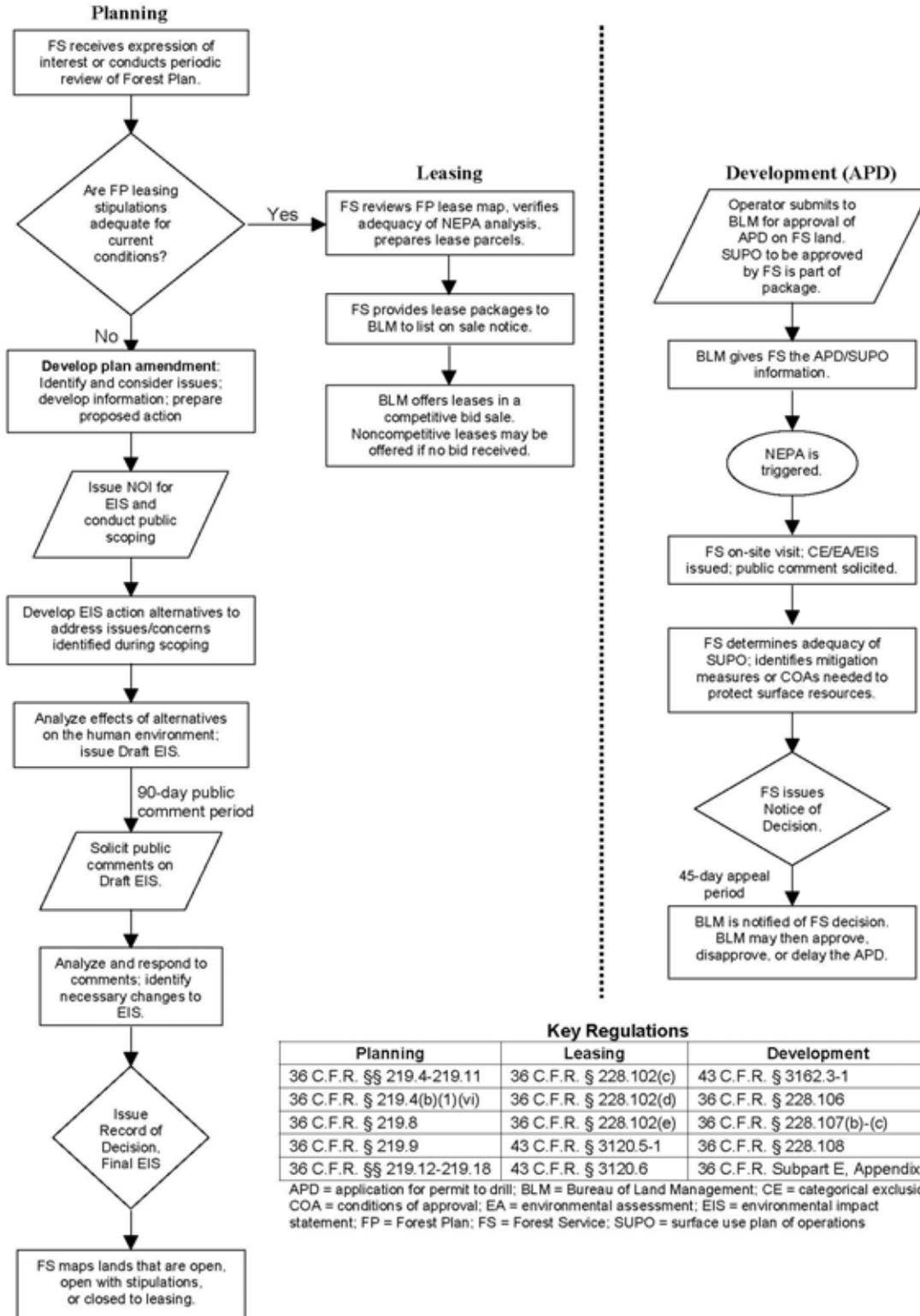
However, in light of new information gathered since the Forest Plan was approved, it has been determined that the Forest Plan and its associated NEPA analysis (Final EIS) did not adequately address the potential environmental effects of future leasing and development on the SFNF sufficient to make new lease issuance decisions. Currently, there are 83,529 acres of National Forest System lands under oil-gas leases, which comprises 42 percent of the Federal land in the study area.

When National Forest System lands are being considered for oil-gas leasing, the U.S. Forest Service (Forest Service) must verify that the lands have been adequately analyzed in a forest plan level leasing analysis, that leasing decisions are based on the analysis, and that there is no new significant information or circumstances requiring further environmental analysis. Once that is verified, the Forest Service can authorize the Bureau of Land Management (BLM) to issue a lease on those lands. Leasing analyses must comply with NEPA and its implementing regulations at 36 CFR 1500-1508 in considering the effects of leasing on the human environment, including reasonably foreseeable future development. The leasing analysis must also comply with the National Forest Management Act (NFMA) and associated regulations at 36 CFR 219, by considering the suitability of lands for leasing and development and making decisions regarding the availability for leasing. This project is needed to meet requirements in 36 CFR 228.102 and FSM 2822.41.

Following publication of the draft EIS, it was determined that there are 360 acres of National Forest System lands outside the proclaimed Santa Fe National Forest boundary that were not originally identified as part of the study area. The land, located in Township 21 North, Range 1 West, is comprised of two parcels adjacent to Cuba Mesa, shown as the only part of the study area that is not contiguous and is located near State Highway 550. The two parcels include an administrative site (120 acres) and a 240-acre area transferred to the Forest Service from other Federal agencies after being reserved in Executive Order 10787 in 1958. All 360 acres have been withdrawn from mineral entry but not from oil-gas leasing. This additional acreage has been added to the study area maps and leasing stipulations are considered in this final EIS under the action alternatives.

When the Forest Service authorizes the BLM to proceed with issuing an oil-gas lease on National Forest System lands, it is considered a Federal action subject to NEPA, since it involves a commitment of resources in which the lease grants access rights to the subsurface resource within the lease area. The lessee must then obtain Forest Service approval prior to oil-gas exploration and development, which requires a second level of NEPA analysis and decisionmaking that is more site specific and based on a specific surface use plan of operations. Figure OG-5 summarizes the responsibilities of the Forest Service and BLM in the oil and gas regulatory process on National Forest System lands.

In 2003, the BLM issued a decision that addressed the management of Federal minerals within the New Mexico portion of the San Juan Basin. The effects analyses in the EIS associated with the resource management plan revision for the BLM-Farmington Field Office considered the potential for development of the eastern part of the San Juan Basin located within the SFNF, based on projected oil and gas development over the next 20 years (BLM 2003a; Engler et al. 2001). However, this NEPA analysis completed for the BLM was not designed to meet the requirements of the Forest Service.



Key Regulations		
Planning	Leasing	Development
36 C.F.R. §§ 219.4-219.11	36 C.F.R. § 228.102(c)	43 C.F.R. § 3162.3-1
36 C.F.R. § 219.4(b)(1)(vi)	36 C.F.R. § 228.102(d)	36 C.F.R. § 228.106
36 C.F.R. § 219.8	36 C.F.R. § 228.102(e)	36 C.F.R. § 228.107(b)-(c)
36 C.F.R. § 219.9	43 C.F.R. § 3120.5-1	36 C.F.R. § 228.108
36 C.F.R. §§ 219.12-219.18	43 C.F.R. § 3120.6	36 C.F.R. Subpart E, Appendix A

APD = application for permit to drill; BLM = Bureau of Land Management; CE = categorical exclusion; COA = conditions of approval; EA = environmental assessment; EIS = environmental impact statement; FP = Forest Plan; FS = Forest Service; SUPO = surface use plan of operations

**Figure OG-5. Forest Service and BLM oil and gas regulatory process (adapted from NPS 2003)**

## Purpose and Need for Action

There is a need for a more specific and up-to-date description of oil and gas leasing availability and stipulations identified in the Forest Plan, as well as more comprehensive NEPA analysis of the potential cumulative effects of reasonably foreseeable future oil and gas leasing and development within the San Juan Basin on the SFNF (study area). Figure OG-6 shows the oil-gas study area. This Proposed Action is needed to meet the regulations at 36 CFR 228.102 regarding Forest Plan leasing analysis and decisions, and the Agency's policy to minimize impacts to surface resources while facilitating orderly development of oil and gas resources. The NEPA analysis would also address the expressions of interest (Figure OG-7) to lease specific areas that have been received by the SFNF.

The purpose of the Proposed Action is to:

- Improve the programmatic analysis of the effects of oil and gas leasing and development on the SFNF, including a cumulative effects analysis.
- Improve the timeliness and efficiency in processing current and future expressions of interest in oil and gas leasing on the SFNF, consistent with the National energy policy.
- Improve the Agency's ability to protect surface resources that may not be adequately addressed by standard leasing terms and conditions.

The Proposed Action described in chapter 2 would help move the study area toward desired conditions described in the Forest Plan while addressing current resource conditions and the changes in the energy development climate. The current Forest Plan oil and gas leasing availability categories were developed in 1979-1982 with limited inventory data or analysis. The 1987 Forest Plan leasing direction is too broad and does not reflect current resource concerns within the study area. For example, the Forest Plan does not identify the timing limitations now required for activities within the nesting habitats of Federal threatened or endangered and Forest Service sensitive species that occur in the study area: Mexican spotted owl (threatened), northern goshawk (sensitive), and peregrine falcon (sensitive). It does not provide any stipulations for protecting riparian areas, unstable steep slopes, significant scenic corridors or historic sites, or other resources that may not be adequately protected under standard leasing terms and conditions.

Most of the oil or gas leases on the SFNF were issued prior to 1970 (before passage of the NEPA or the NFMA), and oil-gas leasing and development in the San Juan Basin was authorized without full consideration of potential cumulative effects on surface resources.

The Forest Plan needs to be amended so it can be used when providing Agency approval to BLM for issuing new leases on SFNF lands. There is a need to complete this amendment now rather than waiting for Forest Plan revision, which will not be completed until at least 2009. The SFNF has "expressions of interest" in oil-gas leasing on the SFNF, and 55 percent of the Federal land in the study area has not yet been leased. The proposed amendment would not affect existing or transferred leases, and would only apply to new leases that may be issued in the future.

## Proposed Action

The Forest Service proposes to update oil and gas lease availability and stipulations within the study area in order to meet the purpose and need. The Proposed Action would only apply to new leases and would result in a Forest Plan amendment.

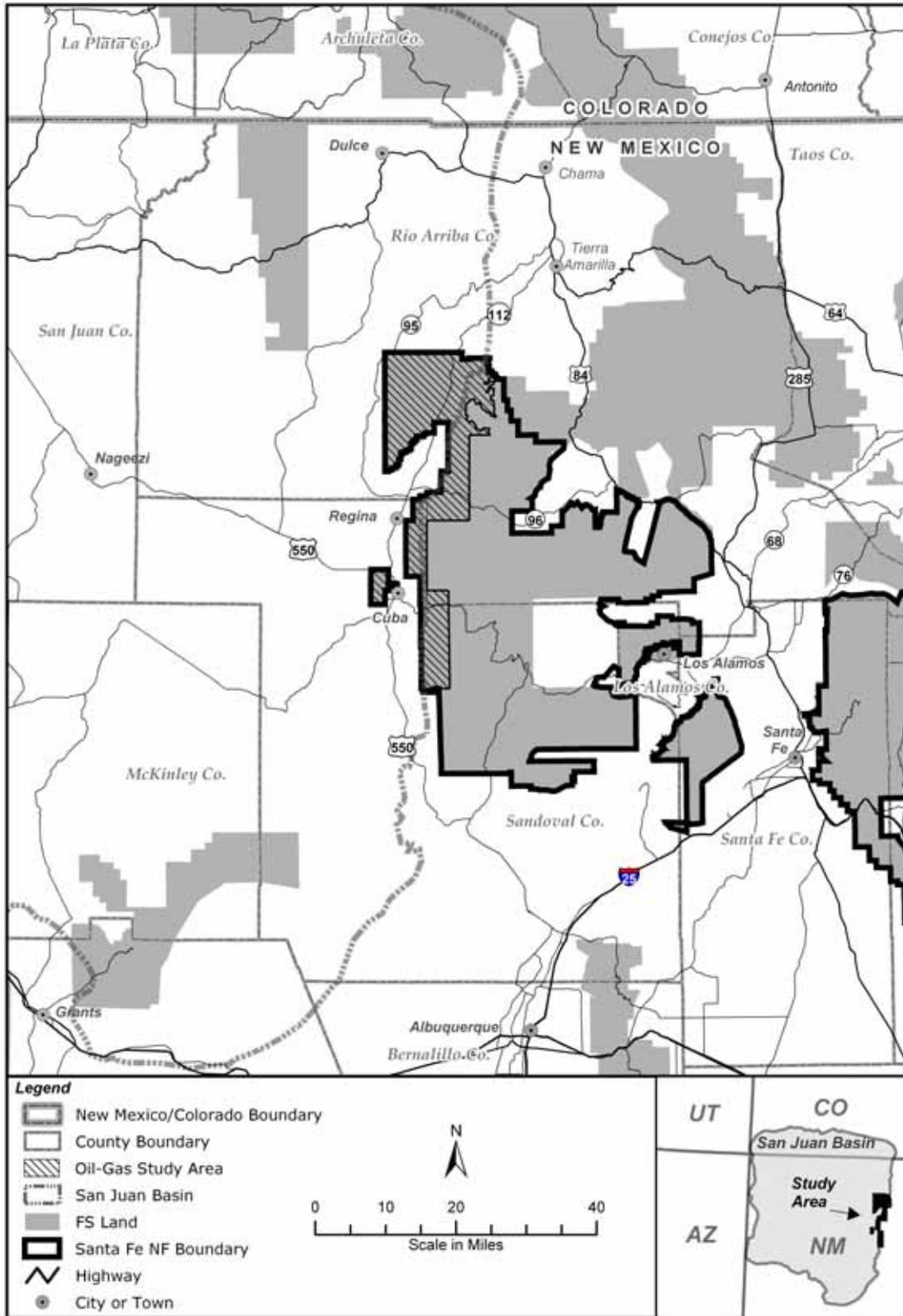
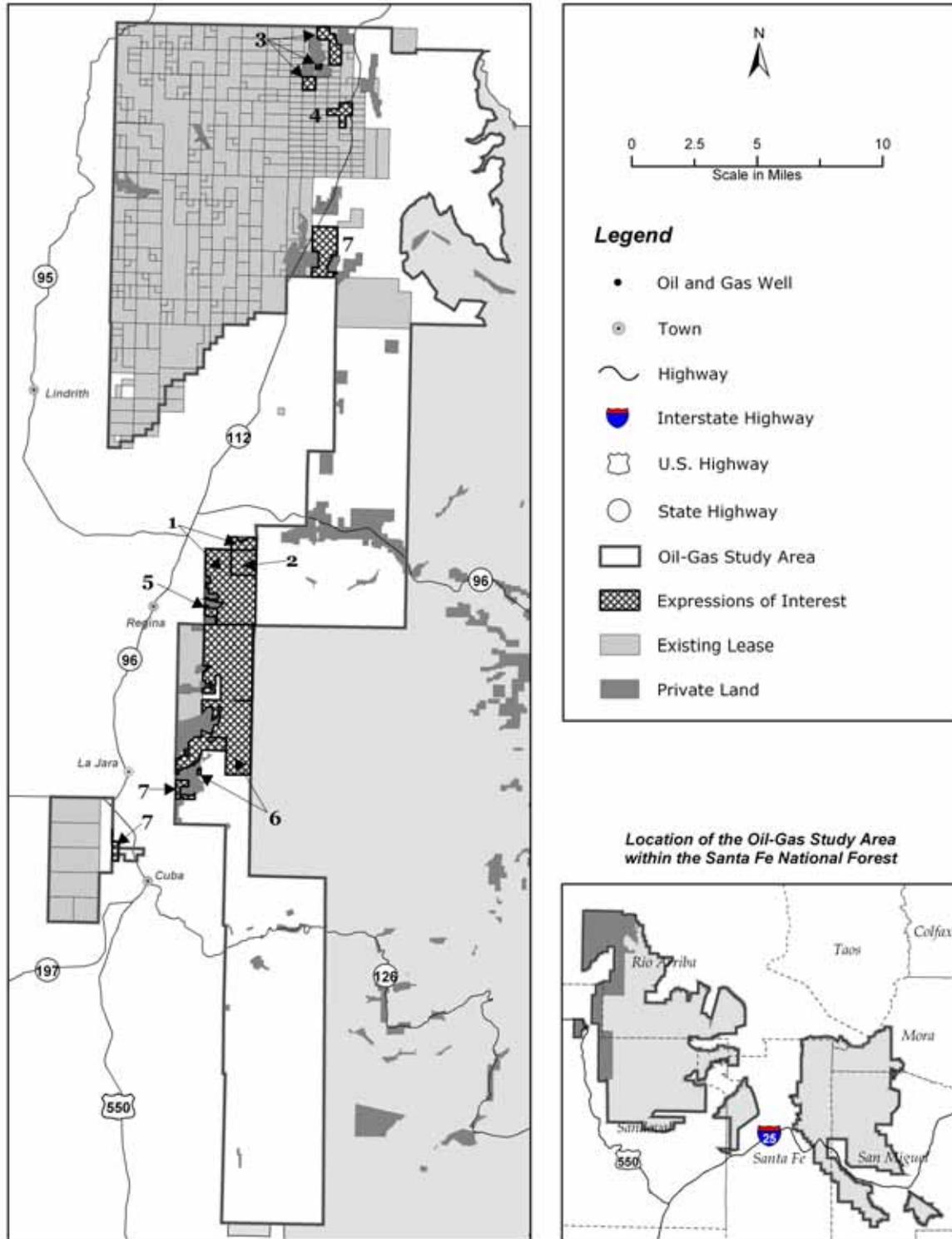


Figure OG-6. Oil-gas leasing study area



**Figure OG-7. Expressions of interest and existing leases in oil-gas leasing study area**

The Proposed Action would update the Forest Plan oil and gas leasing availability by implementing specific stipulations of “no surface occupancy,” “controlled surface use,” or “timing limitation” where needed to protect wildlife and surface resources. The proposed stipulations describe specific direction regarding surface occupancy or use, their purpose, the location and/or conditions under which they apply, and exceptions.

The Proposed Action also considers the expressions of interest received from the oil and gas industry in order to provide timely recommendations to the BLM for issuing oil or gas leases on those SFNF lands.

New proposed stipulations include:

- No surface occupancy for certain unstable slopes, roadless recreation areas, and specific heritage resource sites;
- Controlled surface use for certain riparian, inventoried roadless, and scenic areas; and
- Timing limitations to protect spotted owl, northern goshawk, peregrine falcon, big game winter range, calving/fawning areas and habitats.

The Proposed Action does not include any COAs or mitigation measures, which are developed and applied during second level NEPA site-specific analysis of the APD surface use plans of operation. At that time, the Forest Service would ensure that applicable COAs are consistent with established BLM and Forest Service policies in the San Juan Basin for managing noise and air quality.

## Decision Framework

The forest supervisor, as the deciding official, reviews the Proposed Action, the other alternatives, and the environmental consequences documented in this EIS in order to make the following decisions:

1. In accordance with 36 CFR 228.102, the forest supervisor will decide which areas will be:
  - a. Open to development subject to standard oil and gas leasing terms and conditions.
  - b. Open to development but subject to No Surface Occupancy, Controlled Surface Use, or Timing Limitation lease stipulations, with justification as to why the stipulations are necessary.
  - c. Closed to development due to a specific law or regulation, or Forest Service policy.
2. The forest supervisor will decide under what conditions the Forest Service will authorize the BLM to modify, waive, or grant an exception to a stipulation.
3. Per leasing analysis requirements in 36 CFR 228.102, the forest supervisor will consider:
  - a. Alternatives to the Proposed Action, including not allowing leasing, and not changing current Forest Plan leasing standards/guidelines.
  - b. If the projected type and amount of post-leasing activity and associated cumulative impacts is consistent with a reasonably foreseeable oil-gas development scenario.
4. For the “expressions of interest” areas currently being considered for leasing, the forest supervisor will determine whether oil or gas leasing would be consistent with the

amended Forest Plan, and if so, will authorize the BLM to offer those specific lands for lease.

## Public Involvement

The Notice of Intent (NOI) for oil and gas leasing and roads management was published in the Federal Register on September 30, 2004. The NOI asked for public comment on the proposal from September 30 through October 20, 2004. In addition, as part of the public involvement process, the Agency met with oil-gas industry representatives to discuss the need for the EIS, as well as to obtain information on the adequacy of the projections for oil and gas development provided by the Reasonable Foreseeable Development Scenario (RFDS) for the San Juan Basin completed under contract to the BLM (Engler et al. 2001) and supplemented by the SFNF geologist to be more specific to the SFNF.

Immediately prior to publication of the NOI in the Federal Register, a scoping letter was distributed to over 300 private citizens, organizations, elected officials, and agencies. The scoping letter described the Proposed Action and solicited comments. A separate scoping letter was mailed from the forest supervisor to 26 pueblos and tribes on October 8 to describe the Proposed Action and solicit comments.

Two public scoping meetings were held—in Cuba, New Mexico on October 6 and in Santa Fe, New Mexico on October 12, 2004. A total of 16 people provided feedback on the Proposed Action, either at a public meeting or through a comment letter, resulting in a total of 105 distinct comments that were considered during development of the alternatives. While many of the comments related to both oil-gas leasing and road management aspects of the Proposed Action described in the scoping letter, there were 15 comments that pertained primarily to road management, with the rest (90) related to the oil-gas leasing decision. Using the comments from the public, organizations, and other agencies (see “Issues” section), the interdisciplinary team developed a list of issues to address.

The Notice of Availability for the Draft EIS was published in the Federal Register on March 10, 2006 (Volume 71, Number 47, page 12356). The document was sent to 19 recipients, including agencies, organizations, and interested individuals. By the end of the comment period, April 24, 2006, the Forest Service received 21 distinct comments from 5 individual commenters. The comments and responses are included in appendix C of this final EIS. On May 5, 2006 (Federal Register, Volume 71, Number 87, page 26498), the U.S. Environmental Protection Agency (EPA) documented their lack of objections to the preferred alternative as described in the Draft EIS.

## Issues

The Forest Service separated the issues into two groups: significant and nonsignificant issues. Significant issues were defined as those directly or indirectly caused by implementing the Proposed Action. The Council on Environmental Quality (CEQ) NEPA regulations explain this delineation in Sec. 1501.7, “...identify and eliminate from detailed study the issues which are not significant or which have been covered by prior environmental review (Sec. 1506.3)...” A list of nonsignificant issues and reasons regarding their categorization as nonsignificant may be found in the project record.

Nonsignificant issues may be identified as those: (1) outside the scope of the Proposed Action; (2) already addressed by law, regulation, policy, Forest Plan, or other higher level decision; (3)

irrelevant to the decision to be made; or (4) conjectural and not supported by scientific or factual evidence. Specifically, they fell into the following categories:

1. Stipulations that are not feasible or consistent with providing reasonable minerals access and will be discussed in alternatives eliminated from detailed study (5 comments).
2. Mitigations not appropriate to address at the programmatic leasing analysis stage and will be addressed when conditions of approval or standard terms and conditions are addressed during APD NEPA analysis (26 comments).
3. Actions outside the scope of the decision to be made (9 comments).
4. Request for clarification on terminology that will be addressed in an appendix containing Forest Service and BLM requirements for leasing and drilling operations (1 comment).
5. Issues already addressed in chapters 1 and 2, or are part of existing laws, regulations, and policies currently governing Forest Service actions (18 comments).
6. Effects analysis topics that will be addressed in EIS chapter 3 effects analysis (23 comments).

Significant issues may drive the formulation of alternatives to the Proposed Action so that the decision maker and the public can see the tradeoffs among alternative ways of achieving the purpose and need. Other significant comments identified issues to be considered during effects analyses. The Forest Service identified the following significant issue during scoping that will generate another action alternative:

- Establish no surface occupancy for one-half mile around San Pedro Parks Wilderness and within inventoried roadless areas located outside of the nonmotorized recreation areas (Management Area L).

## **Other Related Efforts**

Related actions that may affect the decision to be made include ranger district-wide road management project within the Cuba Ranger District. The Proposed Action for the Cuba Ranger District road management decision is incorporated into the second part of this document. The Decision Notice and Finding of No Significant Impact (DN-FONSI) for the Coyote Ranger District Road Closure and Decommissioning project was signed on August 29, 2005.