

DEPARTMENT OF ENERGY

Preparation for Transfer of Ownership of Naval Petroleum Reserve No. 3

AGENCY: Naval Petroleum and Oil Shale Reserves
U.S. Department of Energy (DOE)

ACTION: Finding of No Significant Impact (FONSI) for the Transfer of Naval Petroleum Reserve No. 3 (DOE/EA-1236)

SUMMARY: The Secretary of Energy is authorized to produce the Naval Petroleum Reserves No. 3 (NPR-3) at its maximum efficient rate (MER) consistent with sound engineering practices, for a period extending to April 5 2000 subject to extension. Production at NPR-3 peaked in 1981 and has declined since until it has become a mature stripper field, with the average well yielding less than 2 barrels per day. The Department of Energy (DOE) has decided to discontinue Federal operation of NPR-3 at the end of its life as an economically viable oilfield currently estimated to be 2003. Although changes in oil and gas markets or shifts in national policy could alter the economic limit of NPR-3, its productive life will be determined largely by a small and declining reserve base.

DOE is proposing certain activities over the next six years in anticipation of the possible transfer of NPR-3 out of Federal operation. These activities would include the accelerated plugging and abandoning of uneconomic wells, complete reclamation and restoration of abandoned sites including dismantling surface facilities, batteries, roads, test satellites, electrical distribution systems and associated power poles, when they are no longer needed for production, and the continued development of the Rocky Mountain Oilfield Testing Center (RMOTC).

Restoration activities either have no potential to result in adverse environmental impacts or would only result in adverse impacts that could be readily mitigated. Restoration is expected to substantially decrease the types and quantities of air emissions and wastewater discharges already generated by existing operations at NPR-3. Restoration would result in some ground disturbance but only as it is related to returning the site back to its original natural state.

Further development of RMOTC entails the use of existing facilities on NPR-3. RMOTC provides the support to government and private industry for testing and evaluating new oilfield and environmental technologies. The results from these test projects would continue to be transferred to the petroleum industry through a consortium of private, state, and academic institutions. DOE intends to involve the consortium in helping to making basic decisions about which facilities and wells would be retained for experimental use or abandoned and reclaimed.

DOE has prepared an environmental assessment (DOE/EA-1236) that analyzes the proposed plugging and abandonment of wells, field restoration and development of RMOTC. Based on the analysis in the EA, the DOE finds that the proposed action is not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act of 1969 (NEPA). The preparation of an environmental impact statement is not required, and DOE is issuing this Finding of No Significant Impact (FONSI).

PUBLIC AVAILABILITY: Copies of the EA and FONSI will be distributed to persons and agencies known to be interested in or affected by the proposed action and will be made available for public inspection at the Natrona County Public Library, Kelly Walsh High School, Natrona County High School and the U.S. Department of Energy Reading Room. Anyone wishing to receive copies of either document, or further information on the proposal, should contact:

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SUPPLEMENTAL INFORMATION: Section 7422 of Title 10, United States Code, directs the Secretary of Energy to "explore, prospect, conserve, develop, use, and operate the naval petroleum reserves." NPR-3, or Teapot Dome, is a 9,481-acre (3,837 ha) oilfield located in Natrona County, Wyoming, approximately 35 miles (56 km) north of the City of Casper. Production at the Naval Petroleum Reserve No. 3 in Natrona County, Wyoming, began in the 1920's during a time of substantial exploration and production, when leases were issued by the Interior Department under the Mineral Leasing Act. Production was discontinued after 1927 and renewed in 1959 and 1976 in a limited program to prevent the loss of U.S. Government oil to privately-owned wells on adjacent land.

In 1976, Congress passed the Naval Petroleum Reserves Production Act (Public Law 94-258), which authorized the production of the Naval Petroleum Reserves at its maximum efficient rate (MER), consistent with sound engineering practices, for a period of six years. The law also provides that at the conclusion of the initial six-year production period, the President (with the approval of Congress) could extend production in increments of up to three years each, if continued production was found to be in the national interest. The President has authorized six three-year extensions since 1982, extending production continuously through April 5, 2000.

The Proposed Action is comprised of three principal components: plug and abandonment of uneconomic wells, reclamation and restoration of well sites, batteries, roads, power lines, test satellites, and any facility that would not benefit the future transfer of NPR-3, and further development of the Rocky Mountain Oilfield Testing Center. Uneconomic wells are operating wells which can no longer cover their direct and indirect costs. DOE estimates there are 900 wells to be plugged and abandoned over the next six years, leaving approximately 200 wells for transfer by the end of fiscal year 2003. Complete reclamation and restoration of abandoned sites would typically include all activities required to return NPR-3 to its original natural state. Roads, facilities, batteries, and well sites would be ripped up, recontoured, disked and seeded with native vegetation. The actual number of wells and facilities to remain through year 2003 would be dependent upon project economics and whether facilities would benefit the RMOTC demonstration program. It is DOE's intent to utilize NPR-3 as a show-place for remediation and reclamation for other stripper fields by exploring unique and experimental techniques that industry desires to test and demonstrate with RMOTC.

Plug and abandonment of wells, field restoration and RMOTC development activities either have no potential to result in adverse environmental impacts or would only result in adverse impacts that could be readily

mitigated. The Sitewide EA summarizes the potentially affected environment at NPR-3 as of 1997, discusses all potentially adverse environmental impacts, and proposes specific mitigation measures that offset each identified adverse impact. Resource types discussed in detail include land resources, air quality and acoustics, water resources, geology and soils, biological resources, cultural resources, socioeconomics, and waste management.

Plug and abandonment of wells, field restoration and RMOTC development, as outlined in the Proposed Action, may substantially alter the character of existing operations but would not significantly affect the quality of the human environment. The historic value of NPR-3, including its significance as an oilfield would be preserved. These activities are expected to result in a reduction in types and quantities of air emissions and wastewater discharges generated by existing operations at NPR-3. Restoration would result in some ground disturbance but only as it is related to returning the site back to its original natural state.

Alternatives to the Proposed Action that were reviewed include: a no-action alternative of continuing operation of NPR-3, immediate decommissioning of the project or divestiture of NPR-3 by the Federal government.

DETERMINATIONS: Based on the findings of the EA, DOE has determined that the proposal does not constitute a major Federal action significantly affecting the quality of the human environment within the meaning of NEPA. Therefore, an environmental impact statement is not required, and DOE is issuing this FONSI.

SIGNATURE PAGE

Issued in Casper, WY, March 27, 1998

A handwritten signature in black ink, appearing to read "Clarke D. Turner", written over a horizontal line.

Clarke D. Turner
Director
Naval Petroleum and Oil Shale Reserves in Colorado, Utah and
Wyoming