

FINDING OF NO SIGNIFICANT IMPACT
BNP Corporation, Lemon/Lemon Seed Wells
PADRE ISLAND NATIONAL SEASHORE

Padre Island National Seashore (PAIS) is located on a largely undeveloped barrier island in southern Texas, on the Gulf of Mexico. The barrier island is a dynamic system subject to many geologic forces and climatic events. The barrier island was formed, and is continually being reshaped, by the actions of wind, gulf currents, and waves. The surface location of Lemon Seed well No. 1-1000S is located 150,320 feet from the north line and 1082.1 feet from the east line (Boyles Meander Line) of the Juan Jose and Nicolas Balli Survey, Abstract-10, Kenedy County, Texas. The Lemon well No. 1-1008S location is approximately fifty feet south of Lemon Seed at 150,372 feet from the north line and 1094.7 feet from the east line of the referenced survey. This drill site is approximately 12.5 miles south of the end of Park Road 22 and approximately 19.5 miles east-southeast of Rivera Beach, across Baffin Bay and the Laguna Madre.

At the time the park was established by Congress on September 28, 1962, private owners retained all mineral interests underlying the park. Under Section 4(a) of the park's enabling legislation, private mineral owners are permitted to explore, access, and develop their mineral interests underlying the park. Under the National Park Service (NPS) Organic Act (16 U.S.C. §3), Congress authorized the Secretary of the Interior to promulgate the NPS Nonfederal Oil and Gas Rights Regulations, found at 36 Code of Federal Regulations (CFR) Part 9, Subpart B.

As the oil and gas industry try to meet demands of an expanding American energy need, development of the underlying resources of PAIS has become an increasingly important resource for BNP Petroleum Corporation (BNP). An environmental assessment (EA) was prepared to examine/analyze areas within the park that would be directly or indirectly affected by the BNP Lemon/Lemon Seed Unit wells (No. 1-1008S and No. 1-1000S). Concerns identified during the

scoping process and evaluated in the EA, included environmental objectives, legal authorization, Federal policies, management constraints related to State and Federally protected species and dune recovery, visitor experience, and resource protection measures.

PREFERRED ALTERNATIVE

It is the decision of the National Park Service to implement Alternative B, (Proposed) Plan of Operations as amended. Under Alternative B, The NPS would approve BNP's Plan of Operations, as amended, to drill and produce the Lemon/Lemon Seed Unit wells.

Location of the Well:

The global positioning system (GPS) measurements based on Texas State Plane Coordinate System of 1927, Texas South Zone, for the surface and bottom-hole locations of the two proposed wells of the Lemon/Lemon Seed Unit are:

Lemon Seed well No. 1-1000S

Surface location:	X = 2,370,294.68 E Y = 573,000.58 N
Bottom-hole location:	X = 2,378,765.40 E Y = 571,625.86 N

True Vertical Depth (TD)	15,000 feet
Measured Vertical Depth (MVD)	19,000 feet
Surface Offset Distance	8,579 feet

Lemon well No. 1-1008S

Surface location:	X = 2,370,273.32 E Y = 572,955.37N
Bottom-hole location	X = 2,372,210.02 E Y = 569,791.88 N

True Vertical Depth (TD)	9,200 feet
Measured Vertical Depth (MVD)	10,500 feet
Surface Offset Distance	3,709 feet

Access: All vehicles used during construction, drilling, and production operations would enter the park via Park Road 22 and then proceed approximately 12.5 miles along the Gulf Beach to the proposed access road through the dunes. The well site would be located approximately 900 feet west of the Gulf beach. The proposed roadway would result in the filling and leveling of 790 linear feet, of which approximately 640 linear feet (12,800 square feet) are hummocky uplands and approximately 150 linear feet (9000 square feet) are

barrier foredunes. Conventional road and foundation construction techniques would be used to construct the access road. The dune pass would be oriented southeast to north west and built at an elevation high enough to prevent "water funneling" through the dunes during extremely high tides, but low enough to allow for long industrial-sized vehicles to travel without complications.

Surface Location and Well Pad: BNP's proposed drill site was selected because it would avoid most adverse impacts to wetlands, tidal flats, dunes, and other sensitive resource areas. Conventional well pad construction techniques would be used to construct the 136,603-square foot (3.14 acres) polygon shaped drill site. An additional 22,500 square feet (0.5 acres) would be added to the pad area for extra storage of drilling fluids. One bulldozer and one maintainer would be used first to level the roadbed and drilling pad. After leveling, a lease crew would cover the pad with a 20 mm thick polyethylene protective liner. Eight to ten dump trucks would be used to place caliche on the road and pad. The caliche would be spread with a bulldozer and leveled with a maintainer. A compactor and a water truck would be used to compact the caliche and water the road and pad. A 3-foot high berm would be constructed around the perimeter of the pad area for containment, with silt fencing to prevent erosion runoff. Caliche berms would also be constructed around the fluid storage tanks and diesel tanks for containment.

All equipment, machinery, and living quarters would be placed within the 159,103 square foot (3.64 acres) pad area. This pad would be utilized for both wells and may also be used for additional drilling in the future. Should the well be productive, all production equipment would be placed within the pad area. If a production facility were constructed, the remaining pad area would be reduced to a rectangle with the approximate dimensions of 340 feet x 210 feet x 320 feet x 210 feet, or 69,300 square feet (1.6 acres). The remaining 89,803 square-foot (2.04 acres) area would be reclaimed to near original condition and contour.

This isolated area remains virtually untainted by artificial light sources. Drilling the well, however, requires work around-the-clock. Therefore, artificial lighting must be brought in to facilitate work during the night in a safe work environment. BNP would strive to maintain a balance between human safety, preservation of the park's night sky, and reduction of impacts to wildlife. To the extent possible, artificial lighting would be directionally focused on the work site, and light bulbs would be recessed inside concave shields to avoid unnecessary glare.

Use of Water for Drilling: BNP proposes to drill a temporary water well on the wellpad to deliver the approximately 1,302,000 gallons of water needed to drill the wells. The water well would be drilled into the Goliad formation, between 1,400 feet and 1,700 feet, BNP will meter water volume used. Providing this well has sufficient volume, BNP would not have to obtain water from additional sources. If a water supply well were maintained at the location, BNP would adjust the surface casing depth for the Lemon well to minimize the risk of contaminating the water supply well. Instead of setting the surface casing at 1,750 feet, the operator would set surface casing at approximately 2,200 feet, thereby providing nearly 500 feet of vertical separation between the casing shoe and the total depth of the water supply well.

If a water source well cannot be made at the Lemon/Lemon Seed location, two options are available for obtaining the needed water: from an existing water well at Dunn-Murdock #1 or a fire hydrant located at the south end of Park Road 22.

The Dunn-Murdock #1 water source would require trucking the needed water 2.5 mile on the beach to the Lemon / Lemon Seed location. Water obtained from the fire hydrant at the south end of Park Road 22, would be metered and Padre Island National Seashore paid for the water at the end of the drilling operation. The water would be hauled by transport to the pad location. At 1,300 barrels per load, this would require approximately 155 loads of water hauled during the course of drilling Lemon Seed and approximately 85 loads while drilling Lemon.

BNP has filed an application with the Railroad Commission of Texas (TRRC) for a minor permit for annular disposal of drilling mud for Lemon and Lemon Seed wells using the annulus of Lemon Seed. Should the TRRC deny the application, or if injection were prevented for some mechanical reason (i.e., excessive injection pressure, failure of casing integrity, etc.), BNP would be required to haul the excess liquids by transport out of the park to an approved disposal site. The liquid volumes estimated are 9,000 barrels for the Lemon Seed well and 3,000 barrels for the Lemon well. At an average of 100 barrels per load, due to weight restrictions, approximately 120 truckloads would be hauled off site while drilling the two wells.

Production Facility: Should BNP's proposed well prove to be productive, the production facilities would be placed on the existing wellpad. The pad size would be reduced to 69,300 square feet (1.6 acres), approximately half the original size. By placing the production facility on the same pad as the well, no additional impacts to previously undisturbed habitats would occur. Well production could continue for up to twenty years.

Pipeline: There are two pipelines in the area of proposed operations. Duke Energy owns a currently inactive ten inch pipeline approximately 2,400 feet west of the proposed wellsite. AEP (formerly Enron/HPL) operates and maintains an active twelve inch pipeline that lies approximately 3,300 feet west of the proposed wellsite. The pipelines extend north and south on the island for several miles from the location. The construction of BNP's proposed flowline route would briefly impact approximately 3,280 linear feet for the Duke pipeline, or 4,300 feet for the AEP pipeline of hummocky uplands. Due to the inactive status of the Duke pipeline, the NPS expects BNP to use the AEP pipeline. Prior to the tie-in point for the AEP pipeline, the route crosses an emergent wetland. Utilizing the 50-foot construction corridor, 2,765 square feet (0.0636 acres) of emergent wetland would be impacted. The NPS stipulation of a 25-foot construction corridor in wetlands reduces the impacts to 1,382.5 square feet (0.032 acres).

The new line, ranging from a minimum of three to a maximum of ten inches, is contingent on the production rates obtained during the testing phase of the well. A ditch approximately 24 inches wide by 42 inches deep would be dug from the wellpad to the tie-in point. The procedure used to tie-in the pipeline is a process referred to as a "hot tap" and allows connections to pipelines that are in service without the contents being released. A 15-foot by 15-foot (225 square foot) excavation will be required to make the tie-in. Any ground water that seeps into the excavation would be pumped out using PVC well points and diaphragm pumps. The liquids would be diverted and filtered through silt screening and hay bales before being released onto the surrounding area. Any contaminated liquids or soils would be removed and hauled to a State-approved disposal site.

We recognize that these isolated wetland pockets are sensitive resource areas and will be managed as per mitigation measures established in the Padre Island National Seashore Oil and Gas Management Plan (March 2001). The construction within wetlands is authorized with the following stipulations:

- 25 foot construction corridor
- Reestablishment of pre-disturbance drainage and contour
- Use of existing vegetation, as feasible, to obtain the 70% vegetation coverage within one year for 2 species of wetland species (to be provided by NPS)
- Reclamation of the disturbed areas within 90 days of cessation of pipeline placement.

Reclamation Plan: As soon as possible after completion of approved operations but no later than six months thereafter, unless a longer period of time is authorized by the Regional Director, BNP would initiate reclamation of the well pad, production facility, access road, and pipeline [36 CFR 9.39(a) (2)]. Reclamation would follow both the drilling and production phases of operations. After drilling the wells, and if the wells are placed in production, the wellpad size would be reduced for the production phase, as described above under

"Production Facility." At the completion of production operations, the wells would be plugged, and all above ground structures, equipment, and other man-made debris resulting from operations would be removed; and any contaminating substances would be removed or neutralized. [36 CFR 9.39 (a)(2)]. The pad and road areas would be re-contoured as near as possible to the original contour. The re-contoured ground would be fertilized at 40 pounds per acre of 40/30/0 sulfur, slow release fertilizer, the area ripped to 18 inches, and mulched with native hay containing seeds from vegetation baled prior to disturbance. During annual monitoring efforts, undesirable species would be controlled either by herbicide application or hand/tool removal, as approved by the NPS. Restored areas would be monitored annually until a 70 percent coverage of targeted species is achieved. An annual report would be submitted to the park documenting restoration activities and results. Monitoring would cease after 70 percent of the original vegetative coverage of two target species, seacoast bluestem (*Schizachyrium scoparium* var. *littoralis*) and gulfdune paspalum (*Paspalum monostachyum*), was achieved or after the site had been approved by the park Superintendent.

ALTERNATIVES CONSIDERED

The EA considered a total of two alternatives. Summary of the alternatives are as follows:

- Alternative A, No Action
- Alternative B, (Proposed) Plan of Operations as Submitted

Alternative A, No Action is required under the National Environmental Policy Act (NEPA) and establishes a baseline for comparing the present management direction and environmental consequences to the action alternative.

Alternative A, No Action is the environmentally preferred alternative. The environmentally preferred alternative is determined by applying NEPA criteria, which is guided by the Council on Environmental Quality (CEQ) regulations.

CEQ regulations provide direction that the environmentally preferable alternative is the alternative that will promote the national environmental policy as expressed in NEPA's Section 101:

- fulfill the responsibilities of each generation as trustee of the environment for succeeding generations;
- assure for all generations safe, healthful, productive, and aesthetically and culturally pleasing surroundings;
- attain the widest range of beneficial uses of the environment without degradation, risk of health or safety, or other undesirable and unintended consequences;
- preserve important historic, cultural and natural aspects of our national heritage and maintain, wherever possible, an environment that supports diversity and variety of individual choice;
- achieve a balance between population and resource use that will permit high standards of living and a wide sharing of life's amenities; and
- enhance the quality of renewable resources and approach the maximum attainable recycling of depletable resources.

Under Alternative A, No Action, the well would not be drilled, providing the greatest protection of the area and park resources and values. However, this alternative did not meet the criteria of allowing private owners access to their mineral interests underlying the park, as stipulated in the enabling legislation of Padre Island National Seashore. Consequently, the environmentally preferred alternative was not selected as the NPS preferred alternative.

Alternative B, (Proposed) Plan of Operations as Submitted, is explained in detail in a previous section of this document.

The preferred alternative, Alternative B, was selected for implementation over the environmentally preferred alternative. After consideration of public and agency comments throughout the scoping and planning process, careful review of potential resource and visitor impacts, and development of appropriate mitigation measures to protect resources, the NPS determined that the preferred alternative best strikes a balance between resource protection and development of private minerals underlying this section of Padre Island National Seashore. The Plan of Operations provides support of visitor expectations of recreational opportunities,

helps to prevent degradation of the environment, and promotes public and employee safety.

WHY THE PREFERRED ALTERNATIVE WILL NOT HAVE A SIGNIFICANT EFFECT ON THE HUMAN ENVIRONMENT

As defined in 40 CFR § 1508.27, significance is determined by examining the following criteria:

Impacts that may be both beneficial and adverse

The proposed project would allow access to mineral interests and provide some increase to local domestic energy supply and local economy. During the construction phase, BNP would station a maintainer on the Gulf beach to smooth out any rutting that occurs to facilitate continued visitor access along the beach and mitigate impacts to sea turtles.

Degree of effect on public health or safety

Visitor experience would be impacted during construction by noise, dust, increased traffic on the beach, and some inconveniences due to traffic delays. These impacts are localized, short-term, negligible to minor occurring during construction. Mitigation measures, including selecting an operational area away from visitor use developments and recreation, providing security fencing, reducing noise levels of equipment, caravanning of large vehicles, reducing speeds and restricting large vehicle access on the Gulf beach to daylight hours, would result in localized, short to long-term, negligible to minor, adverse impacts on visitor use and safety.

Unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farmlands, wetlands, wild and scenic rivers, or ecologically critical areas

As described in the EA, no effects to cultural resources would occur from the preferred alternative. There are no prime farmlands, wild and scenic rivers, or ecologically critical areas affected. The new well pad, access road, and pipeline

would be placed in a manner that would avoid wetlands where feasible. The proposed pipeline route was selected to avoid wetlands to the extent possible. A wetland determination was completed by Belaire Environmental (BEI) and submitted to the U.S. Army Corps of Engineers (COE). A letter of concurrence from the COE was received authorizing the work without mitigation under Nationwide Permit 12.

Degree to which effects on the quality of the human environment are likely to be highly controversial

The NPS is aware that the Sierra Club, the National Parks and Conservation Association, and others have expressed concerns about the project and that there is therefore a potential for some controversy; however, the NPS has performed a thorough analysis and has determined that implementation of the selected alternative will not cause any significant impacts on the human environment, including impacts on visitor use and experience, and state and federally protected species.

Degree to which the possible effects on the quality of the human environment are highly uncertain or involve unique or unknown risks

Risks involved in the preferred alternative relating to public safety are previously discussed on page 9, "Degree of effect on public or safety." There were no highly uncertain, unique, or unknown risks identified.

Degree to which the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration

The 1983 Padre Island General Management Plan, March 2001 Padre Island Oil and Gas Management Plan, and the February 2000 Oil and Gas Management Plan Environmental Impact Statement recognized that development of nonfederal oil and gas would continue without significant effects. All current environmental laws, regulations, and NPS policy regarding floodplain and

wetland requirements have been addressed prior to acceptance of the Plan of Operations and EA for this project.

Whether the action is related to other actions with individually insignificant but cumulatively significant impacts

Oil and gas exploration and development will continue within Padre Island National Seashore. This may impact the visitor experience due to visual intrusions and noise from drilling and production equipment. Mitigation measures imposed on such a facility would reduce, but not completely eliminate, potential noise and visual impacts from the operation. Many of the mitigation measures come from the PAIS Oil and Gas Management Plan, completed March 2001, which found that impairment of the resources in the action area would not occur.

Degree to which the action may adversely affect districts, sites, highways, structures, or objects listed on National Register of Historic Places or may cause loss or destruction of significant scientific, cultural, or historical resources.

There are no historical or cultural resources in the proposed development area. The Texas Historical Commission (SHPO) was consulted and concurrence was obtained on March 12, 2002 with the Ricklis, 1999 and Moore and Warren, 2001, archaeological survey reports. Section 106 consultation has been concluded. Don Patterson, representing the Tonkawa Tribe was sent a copy of the EA. The Tribe has stated that they no longer have cultural ties to Padre Island, but would like to be kept informed.

Degree to which the action may adversely affect an endangered or threatened species or its critical habitat

The U. S. Fish and Wildlife Service (USFWS) concurred with the determination of "not likely to adversely affect" threatened or endangered species on July 22, 2002. Mitigation measures, the training of BNP personnel and contractors, monitoring requirements, and conditions of approval for BNP's Plan of Operation were considered in the determination process.

Whether the action threatens a violation of Federal, state, or local environmental protection law

Resource management staff from Padre Island National Seashore met on-site with representatives from BNP and BEI several times during August and September 2001 to determine if regulatory permits would be required. USFWS representatives and COE were consulted and visited the site on January 17, 2002. It was determined by all agency representatives that additional permitting would not be required. Texas Historical Commission, USFWS, and the Corps of Engineers were consulted. Texas Railroad Commission, Texas Commission on Environmental Quality (formerly Texas Natural Resources Conservation Commission), NPS policies, and the National Environmental Policy Act (NEPA) were complied with as required.

Impairment

In addition to reviewing the list of significance criteria, the NPS has determined that implementation of the preferred alternative would not constitute an impairment to the integrity of Padre Island National Seashore resources or values as required by Directors Order #55. This conclusion is based on a thorough analysis of the environmental impacts described in the EA and Plan of Operations for BNP's Lemon/Lemon Seed Unit wells (No 1-1000S and No. 1-1008S), relevant scientific studies, and the professional judgment of the decision-maker guided by the Padre Island National Seashore Oil and Gas Management Plan (March 2001) and 36 CFR § 9B regulations. Although the plan would have some moderate, long-term impacts, the plan would result in compliance with the park's enabling legislation, protection of park resources and values, providing opportunities for public education, and would not result in impairment of defined values.

PUBLIC INVOLVEMENT

Scoping is the first step in the development and review of new proposals for planned activities within PAIS. The scoping process was used to look at the

proposal, assess potential impacts and benefits of the proposal, and to coordinate a wide range of professional, technical, and public reviews of the proposal. From this initial effort, issues related to the proposed action were identified, which in turn generated alternative actions to the proposed action, and provided solutions to the identified problems. A scoping effort was conducted for this EA as required by National Park Service policy (Director's Order-12) and National Environmental Policy Act. Scoping also includes obtaining additional information on the development of appropriate alternatives, measures for mitigating impacts, and on identification of major issues. For this effort, USFWS, COE, Texas Parks and Wildlife Department, key stakeholders, and interested citizens were contacted and given the opportunity to comment on the proposed action and alternatives. The EA was made available for public review and comment during a 30-day period from April 4 – May 6, 2002, and a second review for the revised EA from July 25 – August 26, 2002.

The following state and federal agencies were sent copies of the documents for review: Environmental Protection Agency, Commissioner - Texas General Land Office, Texas Parks and Wildlife, Texas Historical Commission, Railroad Commission of Texas, State Coastal Zone Management Administrators, U.S. Fish and Wildlife Service, U.S. Geologic Survey, and U.S. Army Corps of Engineers. The documents were also sent to members of the Texas Congressional delegation, appropriate State government representatives, BNP Petroleum Corporation, Mr. Don Patterson, President of the Tonkawa Tribe, *Corpus Christi Caller Times*, and three National Parks with oil and gas concerns: Big Cypress National Preserve, Big Thicket National Preserve, and Lake Meredith National Recreational Area. Additional copies of the EA were requested by: Sierra Club, Lone Star Chapter of Sierra Club, Coastal Bend Sierra Club, and National Parks Conservation Association. Individuals requesting copies were: Mr. Johnny French, Mr. Scott Taylor, Ms. Mina Williams, Ms. Judith Smith, and Mr. Paul Friesema.

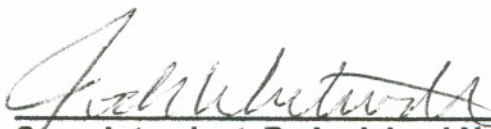
The original EA received substantive comments from seven contacts. Most of these comments were incorporated into the revised EA. Four substantive comments were received during the comment period for the revised EA. They are addressed in the attached Errata Sheets.

CONCLUSION

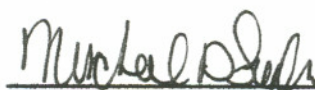
The preferred alternative does not constitute an action that normally requires preparation of an Environmental Impact Statement (EIS). The preferred alternative would not have a significant effect on the human environment. Negative environmental impacts that could occur are minor to moderate, short to long-term, and localized in effect. There are no unmitigated adverse impacts to public health, public safety, threatened or endangered species; historical sites or districts listed, or eligible for listing in the National Register of Historic Places, known ethnographic resources, or other unique characteristics of the region. No highly uncertain or controversial impacts, unique or unknown risks, major cumulative effects, or elements of precedence were identified. Implementation of the action would not violate any federal, state, or local environmental protection law.

Based on the foregoing, it has been determined that the project does not constitute a major federal action significantly affecting the quality of the human environment and that an EIS is not required for this project and thus will not be prepared.

Recommended:

 10/4/02
Superintendent, Padre Island National Seashore
Date

Approved:

 11/8/02
Director, Intermountain Region
Date