



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Miles City Field Office
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Miles City, Montana 59301-0940
<http://www.blm.gov/mt>

In Reply Refer To:

3160
Deer Creek North PODs
Decker Mine East POD

September 30, 2008

Dear Interested Party:

We received two project proposals from Fidelity Exploration & Production Company for continued development of coal bed natural gas in the CX Field near Decker, Montana. The two projects include drilling 48 federal wells at 48 well sites and installing the associated infrastructure to facilitate the production of the gas. The projects also include using existing roads, infrastructure, facilities, and water management infrastructure that serves the existing wells on state and private lands in the area. These federal projects are an expansion of the CX Field that is located approximately 8-10 miles northeast of Decker.

The Tongue River-Deer Creek North Federal Project includes the construction, drilling, production, and reclamation of 34 Federal CBNG wells, construction of new infrastructure and use of existing infrastructure that is located on private, State and BLM administered surface. These 34 wells would be drilled and completed in single vertical well into the Dietz, Monarch, Carney and Wall coal zones.

The Tongue River-Decker Mine East Federal Project includes the construction, drilling, production, and reclamation of 14 Federal CBNG wells, construction of new infrastructure and use of existing infrastructure that is located on private and BLM administered surface. These 14 wells would be drilled and completed in single vertical well into the Dietz, Monarch, and Carney coal zones.

We recently completed the environmental analyses of the two proposed projects with the assistance of Montana DEQ. The environmental analysis and draft Finding of No Significant Impact (FONSI) for the Tongue River-Deer Creek North Federal Project were made available for public review and comment. We received comments from six individuals and groups, and made changes to the document based on several of the comments. Although there was no public comment period on the analysis and draft FONSI for the Decker Mine East Federal Project because of its proximity to the Deer Creek North Project and similar issues, the environmental analysis for the Decker Mine East Project incorporates public comments on the analysis for the Deer Creek North Project.

Based upon the analysis of the Tongue River-Deer Creek North Federal Project, I have selected Alternative C as the BLM's preferred alternative. Also, based upon the analysis of the Tongue River-Decker Mine East Federal Project, I have selected Alternative C as the BLM's preferred alternative. Both preferred alternatives are the project proposals with additional environmental protection measures that must be implemented by Fidelity. These protective measures are designed to minimize or eliminate adverse impacts to the environment and surface owners' operations and assets.

The final Environmental Assessments and FONSI/Decision Records are available for viewing and printing on the internet at www.blm.gov/mt/st/en/fo/miles_city_field_office.html.

We appreciate your interest in the management of our public lands. Please contact me at (406) 233-2827 or David Breisch, Assistant Field Manager, at (406) 233-3645 if you have any questions or need additional information.

Sincerely,



M. Elaine Raper
Field Manager