

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
BAKERSFIELD FIELD OFFICE**

**ENVIRONMENTAL ASSESSMENT
Finding of No Significant Impact (FONSI)**

**Berry Petroleum
North Midway Sunset Development Project
Environmental Assessment Number: DOI-BLM-CA-C060-2011-0103-EA**

BACKGROUND

Berry Petroleum Company is proposing to expand existing oil exploration and development in the North Midway Sunset Development Project. The overall project encompasses 1,990 acres of BLM and private surface and mineral estates. The BLM manages 400 acres of the surface and 720 acres of mineral estate, with 320 acres "split estate" of federal minerals and private surface within the project area. The project began on BLM lands with individual well pads and authorizations for several small projects such as roads, generators, and pipelines. The larger-scale project, Phase 1, began on BLM lands in 2007 with the construction of a 7.7 acre pad to accommodate three initial wells, followed by an 8.3 acre pad for 11 wells and production facilities. Subsequently, the BLM has authorized the construction of several large well pads covering 114 acres, accommodating over 170 wells in the high density diatomite development area. Few additional diatomite wells are proposed to be drilled on these existing pads.

In November 2010, Berry proposed "Phase 2" of the project to construct 51 acres of additional pads in the high development area in the southeast corner of the Southwestern Lease. In June 2011, Berry submitted 82 Notice of Staking applications for wells on the Phase 2 pad that will be authorized under this analysis. Additional support facilities are proposed in the adjacent Low Development Area to support the High Development Area production. These pads and facilities would accommodate approximately 98 new wells (including the 82 submitted to date), installation of associated flow/steam/gathering/miscellaneous lines, steam generation, oil processing facilities, and electrical installation. There would also be a number of old wells to be plugged and abandoned outside of the diatomite portion of the leases. Few non-diatomite wells are proposed to be drilled on smaller isolated pads within the A&E and Southwestern leases. The project proposes to also construct 38 acres of new well pads, roads and facilities to accommodate 69 wells on the split estate portion of the USL 12 lease, and to construct 6 acres of pads, roads and facilities to accommodate 11 wells within the BLM surface portion of the USL 12 lease. The amount of new habitat disturbance in the Phase 2 area and from other scattered

wells and facilities on BLM lands would be approximately 96 acres. This is in addition to the 114 acres of existing pads constructed to date on BLM lands in Phase 1 of the project, and 13 acres of previous disturbance.

Finding of No Significant Impact

Based upon review of the Berry North Midway Sunset Development Project Environmental Assessment (EA) and proposed mitigation measures and a review of the California Environmental Quality Act **INITIAL STUDY / MITIGATED NEGATIVE DECLARATION, Diatomite & North Midway Sunset Development , For Berry Petroleum Company Kern County, CA.** I have determined that this project is not a major federal action and would not significantly affect the quality of the human environment, individually or cumulatively with other actions in the general area. No environmental effects meet the definition of "Significance" in context or intensity as defined in 40 CFR 1508.27. There are no site specific impacts that would require supplemental or additional information to the analysis done in the *Caliente Resource Management Plan* and *Environmental Impact Statement, 1997*. Therefore, an environmental impact statement is not needed. This finding is based on the following discussion:

Context: Berry Petroleum is currently the federal lessee of the A&E (CAS 022066), Southwestern (CAS 019636), and USL12 (CAS 019369) leases and is the operator of the North Midway Sunset Oil Field. The proposed well locations are located on BLM surface and mineral "split estate" within these three federal leases. The discretionary action is to construct several large and tiered well pads to accommodate 98 diatomite wells within the Southwestern lease and up to 80 individual well pads (11 on BLM surface, 69 on split estate) in the USL12 federal lease. These actions do not have state-wide importance.

The discussion of the significance criteria that follows applies to the intended actions and is within the context of local importance. The EA details the effects of the action alternatives. None of the effects identified, including cumulative effects, are considered to be significant and do not exceed those effects described in the Resource Management Plan.

Intensity: The following discussion is organized around the Ten Significance Criteria described in 40 CFR 1508.27. The discussions below apply to all project elements contained within the EA.

1. Impacts may be both beneficial and adverse and a significant effect may exist regardless of the perceived balance of effects. Potential impacts include soil disturbance, temporary dust, and construction and hydrocarbon emissions due to construction activities, drilling of the wells, and production operations. Habitat loss will result but will be off-set with offsite compensation. Residual impacts to visual resources exists in the Buena Vista Valley, however mitigation measures described within the EA reduce these impacts to a level compatible with

the VRM Objectives for Class IV areas. None of these impacts, however, would be significant at the local scale or cumulatively.

2. The degree to which the selected alternative will affect public health or safety. Public health and safety was considered within the California Department of Oil, Gas and Geothermal Resources CDOGGR) CEQA document for approval of the Underground Injection Control (UIC) Project 460400267. This analysis and permitting process evaluated the impacts of potential surface expressions resulting from the project and concluded that the impacts are not significant under CEQA regulations. The CDOGGR is the agency responsible for UIC permitting on both private and federal lands in California. The air quality impacts are regulated by the SJVAPCD, are consistent with the SIP, and thus do not produce a significant cumulative impact to air quality.

3. Unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farm lands, wetlands, wild and scenic rivers, or ecologically critical areas. BLM has assessed cultural resource issues and no structures, features, or potentially historic properties were identified in the project area or areas of potential effect. There are no federally designated Wild and Scenic Rivers, park lands, prime farm lands, areas of critical environmental concern or wilderness areas located within the analysis area.

4. The degree to which the effects on the quality of the human environment are likely to be highly controversial. It is highly unlikely that any portion of the analyzed action would be controversial. Similar actions are commonplace in the area. The UIC permitting is not common, but is under the jurisdiction of CDOGGR, the activities are closely monitored and regulated, and is not the subject of controversy. The non-diatomite wells are commonplace and are not controversial in the region.

5. The degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks. The proposed UIC project is not common, but is highly regulated and monitored and does not result in uncertain or unknown risks. The non-diatomite wells are not unique or unusual. The BLM has experience implementing similar projects in similar areas and, have found effects to be reasonably predictable. The environmental effects to the human environment are fully analyzed in the EA. There are no predicted effects on the human environment which are considered to be highly uncertain or involve unique or unknown risks.

6. The 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 proposed project does not set a precedent for future actions that may have significant effects. Large areas of surface disturbance for oil and gas diatomite development have occurred on

adjacent private lands and to a smaller extent on BLM lands. The size of well pads constructed for this project on BLM lands is not common, but does not set a precedent for future projects that would not receive individual analysis.

7. Whether the action is related to other actions with individually insignificant but cumulatively significant impacts. The interdisciplinary team evaluated the proposed project in the context of present and reasonably foreseeable actions. No significant cumulative effects have been identified. A complete disclosure of the effects of the action and no action alternative is contained in the EA. The air quality impacts are regulated by the SJVAPCD and will implement project design features and air quality mitigation measures that are consistent with the State Implementation Plan.

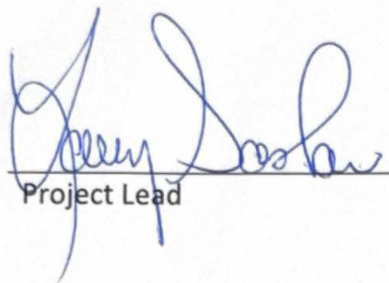
8. The degree to which the action may adversely affect districts, sites, highways, structures, or other objects listed in or eligible for listing in the National Register of Historic Places or may cause loss or destruction of significant scientific, cultural, or historical resources. All recorded cultural sites will be avoided during any ground surface disturbing activities occurring within the proposed project area. As a result, the proposed action will not adversely affect known historic properties which have not been formally evaluated but are being treated as eligible for inclusion in the National Register of Historic Places, under Criteria D. If during future site specific project analysis, any cultural sites cannot be avoided, the analysis for impacts to cultural resources provided in this document does not apply. Compliance with Section 106 of the National Historic Preservation Act would then be required, with subsequent NEPA analysis prior to authorization.

9. The degree to which the action may adversely affect an endangered or threatened species or its designated critical habitat under the Endangered Species Act of 1973. The proposed project may affect endangered or threatened species (San Joaquin kit fox, blunt-nosed leopard lizard, giant kangaroo rat, Kern mallow,) or their habitats that are known to be near the project area. Compliance with the 2006 Berry North Midway Sunset Biological Opinion (1-1-06-F-0144) is required. There is no designated critical habitat in the project area. Berry Petroleum has acquired compensation habitat at the ratio of 3:1 for permanent project impacts: 253 acres of listed species habitat in the Midway Valley, 80 acres in the Lokern Natural Area and 256 acres in the Green Zone (with 40 acres adjacent White Zone) near Maricopa. Berry has purchased approximately 1,500 acres of Green Zone habitat between the Western Kern County kit fox core area and the Carrizo Plain National Monument. Such acquisitions would offset the habitat loss within the NMSS project by contributing to recovery of the species by conserving the linkage. Implementation of species-specific take avoidance measures, soil conservation to help reestablish Kern mallow, and off-site habitat compensation within red and green zone habitats,

consistent with the San Joaquin Valley Upland Species Recovery Plan and the Kern County Valley Floor Habitat Conservation Plan strategy would result in impacts that are below a level of significance.

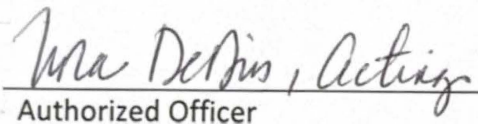
10. **Whether the action threatens to violate; Federal, State, or local law or requirements for the protection of the environment.** The proposed project does not violate any known Federal, State, or local law or requirement imposed for the protection of the environment. Furthermore, the proposed project is consistent with applicable land management plans, policies, and programs.

Prepared
by:


Project Lead

June 10, 2011
Date

Approved
by:


Authorized Officer

6-15-11
Date