UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
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OCT 3 2011

Ref: 8EPR-N

Robert G. MacWhorter
Dixie National Forest Supervisor
1789 N. Wedgewood Lane
Cedar City, Utah 84721

Re: Oil and Gas Leasing on Lands Administered by the Dixie National Forest Final EIS
CEQ # 20110288

Dear Mr. MacWhorter:

The United States Environmental Protection Agency, Region 8, has reviewed the Final Environmental Impact Statement (EIS) prepared by the U.S. Department of Agriculture Forest Service for Oil and Gas Leasing on Lands Administered by the Dixie National Forest. Our comments are provided for your consideration pursuant to our responsibilities and authority under Section 102(2)(C) of the National Environmental Policy Act (NEPA), 42 U.S.C. Section 4332(2)(C), and Section 309 of the Clean Air Act, 42 U.S.C. Section 7609.

Project Background and General Comments

The Final EIS addresses future management options for oil and gas leasing on approximately 1,700,000 acres of the Dixie National Forest, located in southern Utah. Five oil and gas leasing alternatives are considered, which provide a range of management options from no leasing to opening of the Forest to oil and gas leasing under standard lease terms. The Preferred Alternative identified in the Final EIS, Alternative C, is less restrictive than Alternatives A and B, but more restrictive than Alternatives D and E. Alternative C provides a mix of multiple use activities, with a primary emphasis on making more Forest Service managed lands available to leasing under a 'No Surface Occupancy' (NSO) stipulation.

The EPA provided comments on the Draft EIS, with the exception of air quality, in a February 3, 2009 letter, and provided air quality comments on the Supplemental Information Report (SIR) in an April 20, 2010 letter. We appreciate that several changes have been made to the Preferred Alternative, which reduced potential environmental impacts that we identified in our comment letter on the Draft EIS. For example, we are pleased to see the NSO buffer that has been established around Bryce Canyon National Park. Our comments on the Draft EIS, including the SIR, primarily related to water resources and air quality, and our remaining remarks concerning these resources are in the following sections.

Water Resources

The EPA commends the Forest Service on addition of a No Leasing stipulation for lava fields over sensitive aquifers, to prevent damage to water flow or water quality. We are also pleased to see the Preferred Alternative includes a NSO stipulation in municipal watersheds, which prohibits all surface disturbing activities including roads and well pads, to protect drinking water sources. We assume, based on the discussion on pages 3-86 to 3-87 regarding Utah Safe Drinking Water Act terms, that the definition of "municipal watershed" includes Drinking Water Protection Zones for both groundwater and surface water sources. Application of NSO in municipal watersheds will therefore prevent many possible pathways for contamination of groundwater and surface water resources. Consistent with our Draft EIS comments, however, the EPA believes that directional drilling to reach areas leased under NSO still has potential to harm groundwater resources, and we would have preferred the application of a No Leasing stipulation in municipal watersheds to provide additional protection. We appreciate the addition of protective measures for Drinking Water Protection Zones added to Appendix C – Dixie National Forest Oil and Gas Construction and Operating Standards and Well Site Design Standards and the Lease Notice in Appendix D, which will help to reduce downhole impacts.

We are concerned that the 300-foot NSO buffer for surface waters, which allows perpendicular road crossings, may not fully protect impaired waterbodies without a more protective stipulation to avoid runoff of sediment and other pollutants. We therefore recommend that the Forest Service make every effort to avoid surface disturbance and road crossings where they may contribute to a water quality impairment.

Air Quality

The EPA continues to question the value of including the findings of the Uinta Basin Air Quality Study (UBAQS) in the EIS, due to the shortcomings of this study acknowledged in the Final EIS. We recommend that the Forest Service utilize the stakeholder coordination process described in the "Memorandum of Understanding Among the U.S. Department of Agriculture, U.S. Department of the Interior, and U.S. Environmental Protection Agency, Regarding Air Quality Analyses and Mitigation for Federal Oil and Gas Decisions Through the National Environmental Policy Act Process" when conducting future NEPA analyses for leasing decisions, to determine an appropriate analysis method for disclosing air quality impacts. Since the level of oil and gas exploration and development that may ultimately occur on leased lands within the Dixie National Forest is not conclusively known, we appreciate the Forest Service's commitment to require additional modeling in the future under a variety of situations. While most of these situations are clearly documented in Appendices C and D, the commitment on Page 5-94 to require future ozone modeling if oil and gas activity exceed the bounds of the EIS analysis is not apparent in the appendices. We recommend adding this commitment as a separate numbered requirement in the Construction and Operating Standards and the Lease Notice, so operators are aware of this important requirement.

If you have any questions or would like to discuss our comments, please contact me at (303) 312-6925. You may also contact Molly Brodin, lead reviewer for this project, at (303) 312-6577 or by email at brodin.molly@epa.gov.

Sincerely,

Suzanne J. Bohan
Director, NEPA Compliance and Review Program
Office of Ecosystems Protection and Remediation

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