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Gallup, New Mexico 87305-1060 FARMINGTON, NM

MC: 500/Environmental Services

APR 13 2004

Mr. Brian Wood
Permits West, Inc.
37 Verano Loop
Santa Fe, New Mexico 87508

Dear Mr. Wood:

The Environmental Assessment (EA) , EA-04-023, for the Coleman Oil & Gas, Inc., proposed State # 1 S Natural Gas Well, Access Road and Well-Tie Pipeline on approximately 2.04 acres of Navajo Tribal Trust land within the Navajo Indian Irrigation Project (NIIP) boundary, San Juan County, New Mexico, has been reviewed in the Branch of Environmental Services, Navajo Regional Office. A Finding of No Significant Impact (FONSI) has been determined for the proposed action. It will not have a significant impact on the quality of the natural and human environment. An environmental impact statement for the proposed project is not required.

If you have questions, you may contact Mr. Leonard Robbins, Regional NEPA Coordinator, at (505) 863-8287.

Sincerely,

Timothy DeAsis

ACTING Regional Director, Navajo

Enclosure

cc: Regional Real Estate Services – Attn: Bertha Spencer
BLM, 1235 La Plata Highway, Suite A, Farmington, NM 87401



**FINDING OF NO SIGNIFICANT IMPACT
ENVIRONMENTAL ASSESSMENT DOCUMENT, EA-04-023
STATE # 1 S NATURAL GAS WELL, ACCESS ROAD AND WELL-TIE PIPELINE**

COLEMAN OIL & GAS, INC.

Location: Hugh Lake, NM, Quadrangle, USGS 7.5 Minute Series Map

Section 2, T26N, R13W, NMPM

NIIP, San Juan County, New Mexico

The proposed action is Bureau of Indian Affairs approval of right-of-way for construction of a 180-foot by 230-foot well pad, a 1,188.5-foot access road, and a 1,188.5-foot pipeline within a 40 foot wide corridor. The pipeline will be constructed parallel to the access road. The proposed project will encompass approximately 2.04 acres of Navajo Tribal Trust land within the Navajo Indian Irrigation Project (NIIP) boundary, San Juan County, New Mexico, within the Huerfano Chapter. Sponsor of the project is Coleman Oil & Gas, Inc., P.O. Drawer 3337, Farmington, NM 87499.

The project environmental assessment (EA) was reviewed in the Branch of Environmental Services, Navajo Regional Office. Based on the environmental assessment, and the mitigation measures specified in the document, it is determined that the proposed project will not have a significant impact on the natural and human environment. Therefore, in accordance with the National Environmental Policy Act, Section 102 (2) (C), an environmental impact statement will not be required.

The following references, incorporated in the environmental assessment, serve as the bases for this decision:

1. Agency and public involvement was solicited, and environmental issues relative to the proposed project were identified. Alternative courses of action and mitigation measures were developed in response to environmental concerns and issues.
2. The EA disclosed the environmental consequences of the proposed and "no action" alternatives.
3. In compliance with the Endangered Species Act, informal consultation was held with the Navajo Fish and Wildlife Department (NFWD), Natural Heritage Program (NHP). The NFWD provided a list of species of concern known to occur on or near the project site and with potential to occur on the 7.5 minute quadrangle containing the project boundaries. On November 6, 2003, Wildlife Biologist Charles Black conducted a pedestrian survey of the project area to inspect for the potential presence of threatened, endangered or special status species. No listed threatened, endangered or special status species were observed during the survey (Appendix C - TES Wildlife Species Report).
4. Potential impacts to flood plain and wetlands by the proposed project have been evaluated in accordance with Executive Orders 11988 and 11990 respectively. There are no perennial streams or wetlands in the project area (Appendix C - TES Wildlife Species Report). The described action will have no effect on wetlands, riparian areas, flood plains, or other sensitive areas.
5. In compliance with the National Historic Preservation Act of 1966, as amended, Section 106 and 36 CFR 800.9 (b) Consultation, the Navajo Indian Irrigation Project was consulted. The proposed project area was intensively inventoried for archaeological and historic resources as documented in Report # 79-NM-105. Archaeological clearance was granted by the NIIP under its terms of Memorandum of Agreement for Protection of Archaeological and Historical Resources on the NIIP (Appendix D- Archaeological Clearance dated November 18, 2003).

In the event of a discovery [discovery means any previously unidentified or incorrectly identified cultural resources including, but not limited to, archaeological deposits, human remains, or locations reportedly associated with Native American religious/traditional beliefs or practices] all operations in the immediate vicinity of the discovery must cease, and the Navajo Nation Historic Preservation Department must be notified.

6. In accordance with the Resource Conservation and Recovery Act, Subtitle C, Hazardous Waste, the operator shall comply with all applicable Federal laws and regulations concerning waste disposal and hazardous materials.

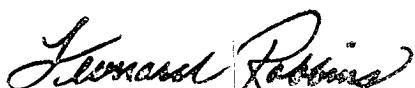
7. In accordance with the Resource Conservation and Recovery Act, Subtitle D, Non-Hazardous Waste, trash shall be placed in a portable trash cage, then hauled to the San Juan County landfill for disposal. Chemical toilets shall be used for Human waste. The waste will be disposed of at approved dump stations (EA, Part 4.8.).

8. Noise Levels – There are no noise receptors located near the proposed action. The approximate 80 hp compressor engine associated with the well pad would operate for the life of the well. The operator shall surround the compressor with a sound-insulating enclosure to minimize the noise impact (EA, Part 4.10.).

9. Cumulative and secondary effects on soil, water, air, vegetation, cultural resources, and wildlife resources (species and habitat) were considered, and the proposed mitigation measures were found to be acceptable.

10. In accordance with Executive Order 12898 on Environmental Justice, impacts to minority and low-income populations and communities have been considered by the Regional NEPA Coordinator, as have impacts to Indian Trust Resources.

The proposed action would allow the transport of natural gas to produce national energy resources.



Regional NEPA Coordinator

APR 13 2004

Date