

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Buffalo Field Office
Buffalo, Wyoming**

**SURFACE USE
CONDITIONS OF APPROVAL
EA # WY-070-09-095**

POD Name: Lazurite

Operator: Yates Petroleum Corporation

	WELL NAME	WELL #	QTR	SEC	TWP	RNG	LEASE
1	LAZURITE CS	5	NESE	17	49N	79W	WYW147393
2	LAZURITE CS	6	NWSE	17	49N	79W	WYW147393
3	LAZURITE CS	2	NENW	17	49N	79W	WYW147393
4	LAZURITE CS	3	SWNW	17	49N	79W	WYW147393
5	LAZURITE CS	4	SWNE	17	49N	79W	WYW147393
6	LAZURITE OLIVINE CS	3	NESE	23	49N	79W	WYW147395
7	LAZURITE OLIVINE CS	2	SWNE	23	49N	79W	WYW147395
8	LAZURITE OLIVINE CS	4	SWSE	23	49N	79W	WYW147395
9	LAZURITE OLIVINE CS	1	NENE	23	49N	79W	WYW147395
10	LAZURITE OLIVINE CS	5	NESE	24	49N	79W	WYW147395
11	LAZURITE OLIVINE CS	6	NESW	24	49N	79W	WYW147395
12	LAZURITE OLIVINE CS	7	SWSW	24	49N	79W	WYW147395
13	LAZURITE OLIVINE CS	8	SWSE	24	49N	79W	WYW147395
14	LAZURITE TOURMALINE CS	1	NENE	15	49N	79W	WYW147392
15	LAZURITE TOURMALINE CS	4	SWNE	15	49N	79W	WYW147392
16	LAZURITE TOURMALINE CS	5	NESE	15	49N	79W	WYW147392
17	LAZURITE TOURMALINE CS	8	SWSE	15	49N	79W	WYW147392
18	LAZURITE TOURMALINE CS	6	NESW	15	49N	79W	WYW147392
19	LAZURITE TOURMALINE CS	7	SWSW	15	49N	79W	WYW147392
20	LAZURITE TOURMALINE CS	2	NENW	15	49N	79W	WYW147392
21	LAZURITE TOURMALINE CS	3	SWNW	15	49N	79W	WYW147392
22	LAZURITE BERYL CS	1*	NENE	8	49N	79W	WYW147391
23	LAZURITE BERYL CS	2	NENW	8	49N	79W	WYW147391
24	LAZURITE BERYL CS	3	SWNW	8	49N	79W	WYW147391
25	LAZURITE BERYL CS	5	NESE	8	49N	79W	WYW147391

	WELL NAME	WELL #	QTR	SEC	TWP	RNG	LEASE
26	LAZURITE BERYL CS	6	NESW	8	49N	79W	WYW147391
27	LAZURITE BERYL CS	7	SWSW	8	49N	79W	WYW147391
28	LAZURITE BERYL CS	8	SWSE	8	49N	79W	WYW147391
29	LAZURITE BERYL CS	4	SWNE	8	49N	79W	WYW147391
30	LAZURITE BERYL CS	9	NENE	9	49N	79W	WYW147391
31	LAZURITE BERYL CS	11	NESE	9	49N	79W	WYW147391
32	LAZURITE BERYL CS	14	SWSE	9	49N	79W	WYW147391
33	LAZURITE BERYL CS	10	SWNE	9	49N	79W	WYW147391
34	LAZURITE BERYL CS	12	NESW	9	49N	79W	WYW147391
35	LAZURITE BERYL CS	13	SWSW	9	49N	79W	WYW147391
36	LAZURITE BERYL CS	16	NENW	10	49N	79W	WYW147391
37	LAZURITE BERYL CS	17	SWNW	10	49N	79W	WYW147391
38	LAZURITE BERYL CS	19	SWNE	10	49N	79W	WYW147391
39	LAZURITE BERYL CS	22	SWSE	10	49N	79W	WYW147391
40	LAZURITE BERYL CS	15	NENE	10	49N	79W	WYW147391
41	LAZURITE BERYL CS	18	SWNE	10	49N	79W	WYW147391
42	LAZURITE BERYL CS	20	NESW	10	49N	79W	WYW147391
43	LAZURITE BERYL CS	21	SWSW	10	49N	79W	WYW147391
44	LAZURITE CS	1	NENE	17	49N	79W	WYW147393
45	LAZURITE JADEITE CS	1	NENW	9	49N	79W	WYW137303
46	LAZURITE JADEITE CS	2	SWNW	9	49N	79W	WYW137303

	Impoundment Name	Qtr/Qtr	Section	Township	Range	Capacity (Acre Feet)	Surface Disturbance (Acres)	Lease Number
1	Feldspar	SESE	16	49	79	71	8.21	NA
2	Clueless	NWSE	16	49	79	10	1.9	NA
3	Yogi	SENE	16	49	79	39	6	NA
4	Smokey	SESW	9	49	79	20	6.7	WYW147391
5	Roar Playa	NWSW	9	49	79	33	9.7	WYW147391
6	Rigger	SWNW	9	49	79	13	2.8	WYW137303
7	Lawrence (secondary)	NESE	10	49	79	12	2.6	WYW147391
8	Circus	NWSW	23	49	79	14	4.31	WYW144810
9	Freak Show	NWSW	23	49	79	9.6	2.2	WYW144810
10	High Wire	NESW	23	49	79	4.3	1.2	WYW144810
11	Mole Man	SWSW	23	49	79	30	5.9	WYW144810

(Secondary – will not be constructed until required)

I Programmatic mitigation measures identified in the PRB FEIS ROD

Programmatic mitigation measures are those, determined through analysis, which may be appropriate to apply at the time of APD approval if site specific conditions warrant. These mitigation measures can be applied by BLM, as determined necessary at the site-specific NEPA APD stage, as COAs and will be in addition to stipulations applied at the time of lease issuance and any standard COA.

Water Management Groundwater

In order to address the potential impacts from infiltration on shallow ground water, the Wyoming DEQ has developed a guidance document, "Compliance Monitoring and Siting Requirements for Unlined Coalbed Methane Produced Water Impoundments" which was approved September, 2006. For WYPDES permits received by DEQ after the August 1st effective date, the BLM requires that operators comply with the current approved DEQ compliance monitoring guidance document prior to discharge of federally-produced water into newly constructed or upgraded impoundments.

Surface Water

1. Channel crossings by road and pipelines will be constructed perpendicular to flow. Culverts will be installed at appropriate locations for streams and channels crossed by roads as specified in the BLM Manual 9112-Bridges and Major Culverts and Manual 9113-Roads. Streams will be crossed perpendicular to flow, where possible, and all stream crossing structures will be designed to carry the 25-year discharge event or other capacities as directed by the BLM.
2. Channel crossings by pipelines will be constructed so that the pipe is buried at least four feet below the channel bottom.
3. Low water crossings will be constructed at original streambed elevation in a manner that will prevent any blockage or restriction of the existing channel. Material removed will be stockpiled for use in reclamation of the crossings.
4. The operator will supply two copies of the complete approved SW-4, SW-3, or SW-CBNG permits to BLM as they are issued by WSEO for impoundments.

Soils

The Companies, on a case by case basis depending upon water and soil characteristics, will test sediments deposited in impoundments before reclaiming the impoundments. Tests will include the standard suite of parameters that will be monitored in surface water testing, especially any trace metals found in the CBNG discharges at concentrations exceeding detectable limits.

Wildlife

1. For any surface-disturbing activities proposed in sagebrush shrublands, the Companies will conduct clearance surveys for sage grouse breeding activity during the sage grouse's breeding season before initiating the activities. The surveys must encompass all sagebrush shrublands within 0.5 mile of the proposed activities.
2. All stock tanks shall include a ramp to enable trapped small birds and mammals to escape. See Idaho BLM Technical Bulletin 89-4 entitled Wildlife Watering and Escape Ramps on Livestock Water Developments: Suggestions and Recommendations.

Air Quality

During construction, emissions of particulate matter from well pad and resource road construction will be minimized by application of water, or other dust suppressants, with at least 50 percent control efficiency. Roads and well locations constructed on soils susceptible to wind erosion could be appropriately surfaced or otherwise stabilized to reduce the amount of fugitive dust generated by traffic or other activities, and dust inhibitors (surfacing materials, non-saline dust suppressants, and water) could be used as necessary on unpaved collector, local and resource roads that present a fugitive dust problem. The use of chemical dust suppressants on BLM surface will require prior approval from the BLM authorized officer.

II Site Specific Conditions of Approval

1. The approval of this project does not grant authority to use off lease Federal lands. No access or surface activity is allowed on or off the affected leases on Federal lands until right-of-way grants become authorized.
2. The culvert locations will be staked prior to construction. The culvert invert grade and finished road grade will be clearly indicated on the stakes. Culverts will be installed on natural ground, or on a designed flow line of a ditch. The minimum cover over culverts will be 12” or one-half the diameter whichever is greater. Drainage laterals in the form of culverts or waterbars shall be placed according to the following spacing:

Grade	Drainage Spacing
2-4%	310 ft
5-8%	260 ft
9-12%	200 ft
12-16%	150 ft

3. All permanent above-ground structures (e.g., production equipment, tanks, etc.) not subject to safety requirements will be painted to blend with the natural color of the landscape. The paint used will be a color which simulates “Standard Environmental Colors.” The color selected for the Lazurite POD is Covert Green (18-0617 TPX).
4. All infrastructure, unless designated otherwise will have a 45 foot working area, with blading within the 45 feet not to exceed 35 foot (unless steep slopes dictate more).
5. The operator will drill seed on the contour to a depth of 0.5 inch, followed by cultipaction to compact the seedbed, preventing soil and seed losses. To maintain quality and purity, the current years tested, certified seed with a minimum germination rate of 80% and a minimum purity of 90% will be used. On BLM surface or in lieu of a different specific mix desired by the surface owner, use the following:

Species	% in Mix	Lbs PLS*
<i>Thickspike Wheatgrass</i> (<i>Elymus lanceolatus</i> ssp. <i>lanceolatus</i>)	10	1.2
<i>Bluebunch Wheatgrass</i> (<i>Pseudoroegneria spicata</i> ssp. <i>Spicata</i>)	10	1.2

Species	% in Mix	Lbs PLS*
<i>Western Wheatgrass</i> (Pascopyrum smithii)	40	4.8
<i>Prairie coneflower</i> (Ratibida columnifera)	5	0.6
<i>White or Purple Prairie Clover</i> (Dalea candidum, purpureum)	5	0.6
<i>Rocky Mountain beeplant</i> (Cleome serrulata) /or American vetch (Vicia americana)	5	0.6
<i>Green needlegrass</i> (Nassella viridula)	25	3.0
Total	100%	12 lbs/acre

*PLS = pure live seed

*Northern Plains adapted species

*Double this rate if broadcast seeding

This is a recommended seed mix based on the native plant species listed in the NRCS Ecological Site descriptions, U.W. College of Ag., and seed market availability.

Civil Engineering

1. All surfacing material will meet grading requirements for Grading W.
2. The operator is responsible for having the licensed professional engineer(s) certify that the actual construction of the road meets the design criteria and is constructed to Bureau standards.
3. Provide 4" of aggregate where grades exceed 8%.
4. Maintain a minimum of 20' vegetated buffer between the edge of disturbance on roadways and all head cuts.
5. All roads identified to be engineered will be constructed to completion before the well is drilled.

Water Management

1. The operator will provide two copies of the shallow groundwater investigations for the proposed impoundments in this POD as they become available.
2. The operator will submit a sundry for approval before constructing secondary impoundments.
3. Prior to the modification of any impoundment in this POD from the approved design, such as the addition of toe drains or misters, the operator will submit a Sundry Notice to the BLM for review and approval.

4. All constructed reservoirs and associated disturbance on BLM surface will be fenced to prevent livestock access. The fencing must be wildlife friendly and meet the following parameters:
 - No more than three strands
 - Bottom wire 16” off the ground
 - Top wire not higher than 40”
 - At least one gate, which is large enough to accommodate construction equipment and equipped with a mechanical closure, will be included.
 - The fence shall be situated at least 20 feet back from the high water line of the impoundment to prevent accidental entrapment of wildlife.
 - The fences must be inspected and maintained by the operator on a routine basis.

5. Impoundments constructed over Federal minerals or on Federal surface to manage CBNG-produced water must be reclaimed when the production phase concludes. In order to establish soil chemistry goals for reclamation, baseline soil samples will be collected from the impoundments listed below. This baseline analysis will characterize existing soil chemistry and set reclamation target ranges. If the operator does not establish baseline parameters prior to impoundment construction, they would be required to do so at the time of reclamation by sampling locations upstream of the facility.

	Impoundment Name	Qtr/Qtr	Section	Township	Range	Capacity (Acre Feet)	Surface Disturbance (Acres)	Lease Number
1	Smokey	SESW	9	49	79	20	6.7	WYW147391
2	Roar Playa	NWSW	9	49	79	33	9.7	WYW147391
3	Rigger	SWNW	9	49	79	13	2.8	WYW137303
4	Lawrence	NESE	10	49	79	12	2.6	WYW147391
5	Freak Show	NWSW	23	49	79	9.6	2.2	WYW144810
6	High Wire	NESW	23	49	79	4.3	1.2	WYW144810

Samples will be taken from the approximate proposed deepest point in the pool area prior to any construction. The recommended location is 10 feet upstream of the proposed low level outlet within the reservoir pool. Discrete samples will be taken from 0-6 inches, 6 to 24 inches and 24 to 48 inches for analysis for the following parameters:

- Texture
- pH
- EC
- Soluble Ca
- Soluble Mg
- Soluble Na
- Soluble K
- SAR
- Total Organic Carbon (TOC)

- Total metals including:
 - Al
 - Ba
 - B
 - Cd
 - Cu
 - Fe
 - Mn
 - Mo
 - Ra-226
 - Se
 - Zn

Standard soil sampling protocol will be used. Two copies of the analysis results will be sent to the BLM BFO Authorized Officer.

After the construction of the impoundment, an additional surface sample will be taken from 0 to 6 inches at the lowest point in the pool area and analyzed for the same parameters, with two copies of the analysis results sent to the BLM BFO Authorized Officer.

6. The WYPDES Permits for this POD specified that the impoundments were to fully contain the produced water except in a storm event. The impoundments in the Lazurite POD will be non-compliant if leaking. Disposal of federally produced water will cease into the non-compliant impoundment until successful mitigation is achieved. If produced water resurfaces below the mitigation site, or in adjacent drainages, the mitigation will be deemed unsuccessful and the impoundment will be lined or reclaimed. Additional mitigation measures may be required to aid in the restoration of the channel below the leaking impoundment to baseline range characteristics and conditions.
7. As part of the approval of this POD, the operator will be responsible for drilling, completing, and equipping a set of monitoring wells, as described below. The specific location will be determined in consultation with the BLM in the NESW Section 2 T49N R50W or another suitable location, where the oil and gas mineral estate is owned by the Federal Government. USBLM CBNG groundwater monitoring sites in the Powder River Basin generally consist of two types of wells and a common data collection platform. The two types of wells are: 1) coal or production zone completion(s) and 2) under- or over-burden sand zone completions. Descriptions of these three components are as follows:

A. Coal Zone Monitor Wells

There could be one or more of these wells at each monitor site, depending on the number of CBNG producing zones. Because of the presence of methane, and potential for significant well head pressure, these wells must be shut in (not open to the atmosphere). These wells are completed the same as actual production wells and are subject to the same Conditions of Approval (COA) associated with CBNG production wells. The finished well will include the following:

The well(s) will be drilled to the top of the production zone(s) and 5 1/2" OD (minimum) API steel casing will be set and cemented from the top of coal to the surface. The coal will then be drilled out, leaving an open-hole completion. The well will then be circulated with fresh water to remove any remaining drilling fluids

and solids, and air lifted to get a yield estimate. If the coal doesn't appear to be making water during the cleanup of the well bore, water enhancement (and possibly under reaming) may be required. The well must be completed on top with a standard well head, i.e. KVF 'Gillette Special' well head (2x2 or 2x4 with a 2", centered tubing port and threaded auxiliary access port in the mandrel).

Standard equipment includes:

- a. KVF wellhead as described above
- b. downhole transducer to measure total head (gas + water) - we are currently using Druck PTX1835, 250 psig pressure transmitters
- c. wellhead pressure transducer to measure well head pressure (this allows separation of gas and water pressures) - we are currently using Druck PTX621 transmitters (10, 100, up to 900 psig, depending on anticipated well head pressure)
- d. an airline consisting of 1/8" ID by 3/8" OD poly tubing, running from the surface to near the bottom of the hole, suspending a weight to keep the line taught. This arrangement allows verification measurements without opening the wellbore.
- e. access ports to allow for pressure testing, sampling (gas and water), and detection of methane.

B. Sand Zone Monitor Wells

There could be one or more of these wells at each monitor site, depending on parameters of interest, local concerns, etc. Typically there is a well completed in an overburden sand to monitor leakage of the shallower, generally more accessible sands. Wells are completed in under-burden sands when the under-burden sands are of more local interest or are of more significant thickness and quality, and some sites are established with wells in each of the sands from the surface down to the production zone to study recharge/discharge relationships, inter-aquifer communication, and changes in water quality. In addition, some sites will require shallow alluvial wells along ephemeral drainages receiving CBM discharge water - again to look at recharge. These wells are completed as follows:

The depth of the sand well(s) will be determined in the field utilizing the geophysical logs from the adjacent coal well(s). On wells where coal is penetrated (as determined from the logs from the adjacent coal well(s)) and on wells greater than 500 feet in depth, drilling and casing will be done as described above for the coal zone well(s). One of two completion methods may be used. The decision on which method to use will be determined by the authorized officer depending on the objectives and use of the well.

Method 1: Steel casing will be set through the sand zone, cemented to surface, and perforated, 4 shots per foot, through the sand zone.

Method 2: On wells where water quality sampling is a primary concern, steel casing will be set above the sand zone and cemented to the surface. The sand zone will then be drilled out and a screened or slotted casing string set through the sand zone. This screened casing string can either be placed using packers (i.e. K-packer) or hung on a string of casing from the surface.

On wells not penetrating coals and less than 500 feet (and optionally on wells from 500 to approximately 700 feet), the hole must be drilled with a minimum of a 9" bit to accommodate SDR17, 5 inch ID (minimum) PVC casing and 1" (minimum) flush joint tremie pipe allowing for proper placement of gravel pack and bentonite grout.

If larger casing is used, a larger hole will have to be drilled. Upon completion of drilling, geophysical logs will be run to determine the exact placement of the well screen. The well casing will include 10 to 20 feet of blank pipe on the bottom (capped), .020 slot well screen open to the selected sand zone, and blank pipe to the surface. The well will then be gravel packed with 10-20 silica sand to cover the well screen (and associated sand zone).

On very shallow wells (less than 200 feet) the annulus above the gravel pack will be backfilled with bentonite gravel (or pellets) to the surface. On wells from 200 to approximately 700 feet total depth, the annulus above the gravel pack must be grouted from the bottom to the surface using a tremie. The top of the well casing must have threads (slip to thread adapter) and a vented cap.

The well(s) will then be cleaned up by air lifting until all drilling fluids and solids are removed, clear water is produced, and a yield is estimated.

Standard equipment includes:

Either a submersible transducer as in the coal wells (we generally use these if depth to water is greater than 400 feet or so) or a shaft encoder (Handar, Sutron, Stevens) and float-tape-weight arrangement.

C. Data collection platform and miscellaneous support equipment.

All wells are linked to a central data logger (Campbell CR10 or CR510) located in a central shelter and powered via 12 volt batteries and solar modules.

All wells are enclosed in secure, weather proof shelters and fenced in to protect from livestock and wildlife damage.

Other Requirements:

1. **Equipment Funding:** The methane operator will be required to provide the BLM with \$5000 for each monitoring well bore (i.e. \$10,000 for a typical two well setup, \$15,000 for a three well setup, etc.).
2. **Schedule:** Wells must be completed and funding provided 30 days prior to initiating pumping of production wells in the Lazurite POD.
3. **Access:** If no public access exists to the monitor well site, the CBM operator must provide access in the form of a right of way or access agreement with the private landowners involved.
4. The operator shall submit APDs to BLM for the monitor wells. The APDs should include the completed APD cover sheet (Form 3160-3), APD processing fee, survey plats, a drilling plan and a surface use plan (including a map). The monitor wells will require a cultural clearance report. In addition, they are subject to the same spud notification requirements and completion report requirements as regular federal wells (see General Conditions of Approval). If you have any questions concerning this stipulation and for information on locating and equipping of the wells, please contact Mike Brogan, BLM Hydrologist, at (307) 261-7600.
5. Monitor wells are subject to the same standard COA applied to CBNG production wells.

6. Prior to installation of monitoring equipment by the BLM, the operator will submit to the BLM copies of the following:
 - State Engineers Well Permit (U.W. 5) and Well Completion (U.W. 6) forms
 - Signed landowner access agreement (if applicable)
 - Final copies of all well logs

Wildlife

Burrowing Owls

The following conditions will alleviate impacts to burrowing owls:

1. No surface disturbing activity shall occur within 0.25 miles of all identified prairie dog colonies from April 15 to August 31, annually, prior to a burrowing owl nest occupancy survey for the current breeding season. A 0.25 mile buffer will be applied if a burrowing owl nest is identified. This condition will be implemented on an annual basis for the duration of surface disturbing activities within the prairie dog town(s). This timing limitation will be in effect unless surveys determine the nest(s) to be inactive. This timing limitation will affect the road and utility corridor in T49N, R79W section 15.

Raptors

The following conditions will alleviate impacts to raptors:

1. No surface disturbing activity shall occur within 0.5 mile of all identified raptor nests from February 1 through July 31, annually, prior to a raptor nest occupancy survey for the current breeding season. This timing limitation will affect the following:

Township/Range	Section	Wells and Infrastructure
49N 79W	3	Access and utilities
49N 79W	5	1 and 2 Beryl wells, access and utilities, power drop
49N 79W	5	Range Reservoir
49N 79W	8	3,4,5,6, and 8 Beryl wells, access and utilities
49N 79W	9	9 and 13 Beryl wells, access and utilities
49N 79W	9	Rigger and Roar Reservoirs
49N 79W	10	16 Beryl well, access and utilities
49N 79W	17	3 Lazurite well, access and utilities
49N 79W	23	3 Olivine well, access and utilities
49N 79W	23	4 Olivine well, access and utilities
49N 79W	23	Lion Tamer Reservoir
49N 79W	23	Storage area
49N 79W	24	6, 7 and 8 Olivine wells, access and utilities, power drop

- a. Surveys to document nest occupancy shall be conducted by a biologist following BLM protocol, between April 15 and June 30. All survey results shall be submitted in writing to a Buffalo BLM biologist and approved prior to surface disturbing activities. Surveys outside this window may not depict nesting activity. If a survey identifies active raptor nests, a 0.5 mile timing buffer will be implemented. The timing buffer restricts surface disturbing activities within 0.5 mile of occupied raptor nests from February 1 to July 31.
- b. Nest productivity checks shall be completed for the first five years following project completion. The productivity checks shall be conducted no earlier than June 1 or later than June 30 and any evidence of nesting success or production shall be recorded.

Survey results will be submitted to a Buffalo BLM biologist in writing no later than July 31 of each survey year. This applies to the nests listed in Table 3.5.

2. If an undocumented raptor nest is located during project construction or operation, the Buffalo Field Office (307-684-1100) shall be notified within 24 hours.
3. Well metering, maintenance and other site visits within 0.5 miles of raptor nests should be minimized as much as possible during the breeding season (February 1 – July 31).
4. Access to 4 Olivine and Lion Tamer Reservoir will be restricted from February 1 to July 31 annually. If the occupancy check required above indicates the BLM nest # 3015 is inactive in a given year, access will not be restricted for the remainder of that year.
5. Maintenance (e.g. work-over, enhancements) on the 4 Olivine well will require an exception from February 1st to July 31st in order to minimize impacts BLM nest # 3015.

Sage Grouse

1. The following wells and infrastructure will have timing limitation stipulations of no surface disturbing activities (to include maintenance, unless an emergency) from March 1-June 15 for the life of the project:

Township/Range	Section	Wells and Infrastructure
49N., 79W.	10	15, 16, 17, 18, 19, 20, 21, 22 Beryl wells and associated infrastructure, Middaugh and Lawrence reservoirs.
	23	All POD activity.
	24	All POD activity.

2. A sage-grouse lek survey will be conducted for all known leks within 2 miles of the POD by a biologist following the most current WGFD protocol. All survey results shall be submitted annually, in writing, to a Buffalo BLM biologist by 31 July. Currently, this applies to the Red Draw lek but will include any new leks discovered.
3. All impoundments approved in this authorization will be treated each year to kill mosquito larvae. All proposed power will be buried in the approved corridor.
4. Maximum design speed on all operator-constructed and maintained roads (except county roads) will not exceed 25 miles per hour except travel along roads within 1/2 mile of any known leks.

III Standard Conditions of Approval

A. General

1. If any cultural values [sites, artifacts, human remains (Appendix L FEIS)] are observed during operation of this lease/permit/right-of-way, they will be left intact and the Buffalo Field Manager notified. The authorized officer will conduct an evaluation of the cultural values to establish appropriate mitigation, salvage or treatment. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological

sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized BLM officer (AO). Within five working days the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
 - the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
 - a time-frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction measures.
2. If paleontological resources, either large or conspicuous, and/or a significant scientific value are discovered during construction, the find will be reported to the Authorized Officer immediately. Construction will be suspended within 250 feet of said find. An evaluation of the paleontological discovery will be made by a BLM approved professional paleontologist within five (5) working days, weather permitting, to determine the appropriate action(s) to prevent the potential loss of any significant paleontological values. Operations within 250 feet of such a discovery will not be resumed until written authorization to proceed is issued by the Authorized Officer. The applicant will bear the cost of any required paleontological appraisals, surface collection of fossils, or salvage of any large conspicuous fossils of significant scientific interest discovered during the operation.
 3. The operator shall restrict travel on unimproved two-track roads during periods of inclement weather or spring thaw when the possibility exists for excessive surface resource damage (e.g., rutting in excess of 4-inches, travel outside two-track roadway, etc.).
 4. The first well drilled to each targeted coal zone will be designated as the POD reference well. Designated reference wells must have the ability to be sampled at the wellhead. Water quality samples will be collected by the operator and submitted for analysis using WDEQ NPDES criteria within 30-60 days of initial water production. Results of the analysis will be submitted to the BFO-BLM Authorized Officer as they become available.
 5. The Companies will provide georeferenced spatial data depicting as-built locations of all facilities, wells, roads, pipelines, power lines, reservoirs, discharge points, and other related facilities to the BLM upon completion of POD construction and development.
 6. If any dead or injured threatened, endangered, proposed, or candidate species is located during construction or operation, the U.S. Fish and Wildlife Service's Wyoming Field Office (307-772-2374), their law enforcement office (307-261-6365), and the BLM Buffalo Field Office (307-684-1100) shall be notified within 24 hours. If any dead or injured sensitive species is located during construction or operation, the BLM Buffalo Field Office (307-684-1100) shall be notified within 24 hours.

7. The Companies will conduct clearance surveys for threatened, endangered or other special-concern species at the optimum time. Inventory for special concern species, other than federally listed species below, is contingent upon landowner concurrence. This will require coordination with the BLM before November 1 annually to review the potential for disturbance and to agree on inventory parameters.

B. Construction

1. A pre-construction field meeting shall be conducted prior to beginning any dirt work approved under this POD. The operator shall contact the BLM Authorized Officer Eric Holborn @ 307-684-1044 at least 4-days prior to beginning operations so that the meeting can be scheduled. The operator is responsible for having all contractors present (dirt contractors, drilling contractor, pipeline contractor, project oversight personnel, etc.) including the overall field operations superintendent, and for providing all contractors copies of the approved POD, project map and BLM Conditions of Approval pertinent to the work that each will be doing.
2. The operator will limit vegetation removal and the degree of surface disturbance wherever possible. Where surface disturbance cannot be avoided, all practicable measures will be utilized to minimize erosion and stabilize disturbed soils.
3. Construction and drilling activity will not be conducted using frozen or saturated soil material during periods when watershed damage or excessive rutting is likely to occur.
4. Remove all available topsoil (depths vary from 4 inches on ridges to 12+ inches in bottoms) from constructed well locations including areas of cut and fill, and stockpile at the site. Topsoil will also be salvaged for use in reclamation on all other areas of surface disturbance (roads, pipelines, etc.). Clearly segregate topsoil from excess spoil material. Any topsoil stockpiled for one year or longer will be signed and stabilized with annual ryegrass or other suitable cover crop.
5. The operator will not push soil material and overburden over side slopes or into drainages. All soil material disturbed will be placed in an area where it can be retrieved without creating additional undue surface disturbance and where it does not impede watershed and drainage flows.
6. Construct the backslope no steeper than 1½:1, and construct the foreslope no steeper than 2:1, unless otherwise directed by the BLM Authorized Officer.
7. Maintain a minimum 20-foot undisturbed vegetative border between toe-of-fill of pad and/or pit areas and the edge of adjacent drainages, unless otherwise directed by the BLM Authorized Officer.
8. With the overall objective of minimizing surface disturbance and retaining land stability and productivity, the operator shall utilize equipment that is appropriate to the scope and scale of work being done for roads and well pads (utilize equipment no larger than needed for the job).
9. To minimize electrocution potential to raptors, all overhead electrical power lines will be constructed to Avian Power Line Interaction Committee (1996) standards and additional

standards identified in the PRB FEIS Biological Opinion (Volume 3, Appendix K, page 43).

10. The operator shall utilize wheel trenchers or ditchers to construct all pipeline trenches, except where extreme topography or other environmental factors preclude their use.
11. Reserve pits will be adequately fenced during and after drilling operations until pit is reclaimed so as to effectively keep out wildlife and livestock. Adequate fencing, in lieu of more stringent requirements by the surface owner, is defined as follows:
 - Construction materials will consist of steel or wood posts. Three or four strand wire (smooth or barbed) fence or hog panel (16-foot length by 50-inch height) or plastic snow fence must be used with connectors such as fence staples, quick-connect clips, hog rings, hose clamps, twisted wire, etc. Electric fences will not be allowed.
 - Construction standards: Posts shall be firmly set in ground. If wire is used, it must be taut and evenly spaced, from ground level to top wire, to effectively keep out animals. Hog panels must be tied securely into posts and one another using fence staples, clamps, etc. Plastic snow fencing must be taut and sturdy. Fence must be at least 2-feet from edge of pit. 3 sides fenced before beginning drilling, the fourth side fenced immediately upon completion of drilling and prior to rig release. Fence must be left up and maintained in adequate condition until pit is closed.
12. The reserve pit will be oriented to prevent collection of surface runoff. After the drilling rig is removed, the operator may need to construct a trench on the uphill side of the reserve pit to divert surface drainage around it. If constructed, the trench will be left intact until the pit is closed.
13. The reserve pit will be lined with an impermeable liner if permeable subsurface material is encountered. An impermeable liner is any liner having a permeability less than 10-7 cm/sec. The liner will be installed so that it will not leak and will be chemically compatible with all substances that may be put in the pit. Liners made of any man-made synthetic material will be of sufficient strength and thickness to withstand normal installation and pit use. In gravelly or rocky soils, a suitable bedding material such as sand will be used prior to installing the liner.
14. The reserve pit will be constructed so that at least half of its total volume is in solid cut material (below natural ground level).
15. Culverts will be placed on channel bottoms on firm, uniform beds, which have been shaped to accept them, and aligned parallel to the channel to minimize erosion. Backfill will be thoroughly compacted.
16. The minimum diameter for culverts will be 18 inches. However, all culverts will be appropriately sized in accordance with standards in BLM Manual 9113.
17. Construction and other project-related traffic will be restricted to approved routes. Cross-country vehicle travel will not be allowed.
18. Maximum design speed on all operator-constructed and maintained roads will not exceed 25 miles per hour.

19. Pipeline construction shall not block nor change the natural course of any drainage. Pipelines shall cross perpendicular to drainages. Pipelines shall not be run parallel in drainage bottoms. Suspended pipelines shall provide adequate clearance for maximum runoff.
20. Pipeline trenches shall be compacted during backfilling. Pipeline trenches shall be routinely inspected and maintained to ensure proper settling, stabilization and reclamation.
21. During construction, emissions of particulate matter from well pad and road construction would be minimized by application of water or other non-saline dust suppressants with at least 50 percent control efficiency. Dust inhibitors (surfacing materials, non-saline dust suppressants, and water) will be used as necessary on unpaved roads that present a fugitive dust problem. The use of chemical dust suppressants on public surface will require prior approval from the BLM Authorized Officer.
22. Operators are required to obtain a National Pollution Discharge Elimination System (NPDES) Storm Water Permit from the Wyoming DEQ for any projects that disturb five or more acres (changing to one acre in March 2005). This general construction storm water permit must be obtained from WDEQ prior to any surface disturbing activities and can be obtained by following directions on the WDEQ website at <http://deq.state.wy.us>. Further information can be obtained by contacting Barb Sahl at (307) 777-7570.
23. The operator shall submit a Sundry Notice (Form 3160-5) to BLM for approval prior to construction of any new surface disturbing activities that are not specifically addressed in the approved APD or POD Surface Use Plan.
24. Weed educational material will be reviewed with operators during pre-construction on-site meetings with operators, subcontractors, and landowners and will also be attached to approved APDs and PODs.
25. Companies will contact the counties to pursue development of maintenance agreements to ensure county roads are adequately maintained for the projected increase in use.

C. Operations/Maintenance

1. The operator shall complete coal bed natural gas wells (case, cement and under ream) as soon as possible, but no later than 30 days after drilling operations, unless an extension is given by the BLM Authorized Officer.
2. If in the process of air drilling the wells there is a need to utilize mud, all circulating fluids will be contained either in an approved pit or in an aboveground containment tank. The pit or containment tank will be large enough to safely contain the capacity of all expected fluids without danger of overflow. Fluid and cuttings will not be squeezed out of the pit, and the pit will be reclaimed in an expedient manner.
3. Confine all equipment and vehicles to the access road(s), pad(s), and area(s) specified in the approved APD or POD.
4. All waste, other than human waste and drilling fluids, will be contained in a portable trash cage. This waste will be transported to a State approved waste disposal site

immediately upon completion of drilling operations. No trash or empty barrels will be placed in the reserve pit or buried on location. All state and local laws and regulations pertaining to disposal of human and solid waste will be complied with.

5. Rat and mouse holes shall be filled and compacted from the bottom to the top immediately upon release of the drilling rig from the location.
6. The operator will be responsible for prevention and control of noxious weeds and weeds of concern on all areas of surface disturbance associated with this project (well locations, roads, water management facilities, etc.) Use of pesticides shall comply with the applicable Federal and State laws. Pesticides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of Interior. Prior to the use of pesticides on public land, the holder shall obtain from the BLM authorized officer written approval of a plan showing the type and quantity of material to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the authorized officer to such use.
7. Sewage shall be placed in a self-contained, chemically treated porta-potty on location.
8. The operator and their contractors shall ensure that all use, production, storage, transport and disposal of hazardous and extremely hazardous materials associated with the drilling, completion and production of these wells will be in accordance with all applicable existing or hereafter promulgated federal, state and local government rules, regulations and guidelines. All project-related activities involving hazardous materials will be conducted in a manner to minimize potential environmental impacts. In accordance with OSHA requirements, a file will be maintained onsite containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds and/or substances which are used in the course of construction, drilling, completion and production operations.
9. Produced fluids shall be put in test tanks on location during completion work. Produced water will be put in the reserve pit during completion work per Onshore Order #7.
10. The only fluids/waste materials which are authorized to go into the reserve pit are RCRA exempt exploration and production wastes. These include:
 - drilling muds & cuttings
 - rigwash
 - excess cement and certain completion & stimulation fluids defined by EPA as exemptIt does not include drilling rig waste, such as:
 - spent hydraulic fluids
 - used engine oil
 - used oil filter
 - empty cement, drilling mud, or other product sacks
 - empty paint, pipe dope, chemical or other product containers
 - excess chemicals or chemical rinsateAny evidence of non-exempt wastes being put into the reserve pit may result in the BLM Authorized Officer requiring specific testing and closure requirements.
11. Reserve pits will be closed as soon as possible, but no later than 90 days from time of drilling/well completion, unless the BLM Authorized Officer gives an extension. Squeezing of pit fluids and cuttings is prohibited. Pits must be dry of fluids or they must

be removed via vac-truck or other environmentally acceptable method prior to backfilling, re-contouring and replacement of topsoil. Mud and cuttings left in pit must be buried at least 3-feet below re-contoured grade. The operator will be responsible for re-contouring any subsidence areas that develop from closing a pit before it is sufficiently dry.

12. Operators are advised that prior to installation of any oil and gas well production equipment which has the potential to emit air contaminants, the owner or operator of the equipment must notify the Wyoming Department of Environmental Quality, Air Quality Division (phone 307-777-7391) to determine permit requirements. Examples of pertinent well production equipment include fuel-fired equipment (e.g., diesel generators), separators, storage tanks, engines and dehydrators.
13. If this well is drilled during the fire season (June-October), the operator shall institute all necessary precautions to ensure that fire hazard is minimized, including but not limited to mowing vegetation on the access route(s) and well location(s), keeping fire fighting equipment readily available when drilling, etc.

D. Dry Hole/Reclamation

1. All disturbed lands associated with this project, including the pipelines, access roads, water management facilities, etc will be expediently reclaimed and reseeded in accordance with the surface use plan and any pertinent site-specific COAs.
2. Disturbed lands will be re-contoured back to conform with existing undisturbed topography. No depressions will be left that trap water or form ponds.
3. The fluids and mud must be dry in the reserve pit before re-contouring pit area. The operator will be responsible for re-contouring of any subsidence areas that develop from closing a pit before it is completely dry. The plastic pit liner (if any) will be cut off below grade and properly disposed of at a state authorized landfill before beginning to re-contour the site.
4. Before the location has been reshaped and prior to redistributing the topsoil, the operator will rip or scarify the drilling platform and access road on the contour, to a depth of at least 12 inches. The rippers are to be no farther than 24 inches apart.
5. Distribute the topsoil evenly over the entire location and other disturbed areas. Prepare the seedbed by disking to a depth of 4-to-6 inches following the contour.
6. Phased reclamation plans will be submitted to BLM for approval prior to individual POD facility abandonment via a Notice of Intent (NOI) Sundry Notice. Individual facilities, such as well locations, pipelines, discharge points, impoundments, etc. need to be addressed in these plans as they are no longer needed. Individual items that will need to be addressed in reclamation plans include:
 - Pit closure (Close ASAP after suitably dry, but no later than 90 days from time of drilling unless an extension is given by BLM Authorized Officer.) BLM may require closure prior to 90 days in some cases due to land use or environmental concerns.
 - Configuration of reshaped topography, drainage systems, and other surface manipulations

- Waste disposal
 - Revegetation methods, including specific seed mix (pounds pure live seed/acre) and soil treatments (seedbed preparation, fertilization, mulching, etc.). On private surface, the landowner should be consulted for the specific seed mix.
 - Other practices that will be used to reclaim and stabilize all disturbed areas, such as water bars, erosion fabric, hydro-mulching, etc.
 - An estimate of the timetables for beginning and completing various reclamation operations relative to weather and local land uses.
 - Methods and measures that will be used to control noxious weeds, addressing both ingress and egress to the individual well or POD.
 - Decommissioning/removal of all surface facilities
 - Closure and reclamation of areas utilized or impacted by produced CBM water, including discharge points, reservoirs, off-channel pits, land application areas, livestock/wildlife watering facilities, surface discharge stream channels, etc
7. BLM will not release the performance bond until all disturbed areas associated with the APD/POD have been successfully revegetated (evaluation will be made after the second complete growing season) and has met all other reclamation goals of the surface owner and surface management agency.
 8. A Notice of Intent to Abandon and a Subsequent Report of Abandonment must be submitted for abandonment approval.
 9. For performance bond release approval, a Final Abandonment Notice (with a surface owner release letter on split-estate) must be submitted prior to a final abandonment evaluation by BLM.
 10. Soil fertility testing and the addition of soil amendments may be required to stabilize some disturbed lands.
 11. Any mulch utilized for reclamation needs to be certified weed free.
 12. Waterbars are to be constructed at least one (1) foot deep, on the contour with approximately two (2) feet of drop per 100 feet of waterbar to ensure drainage, and extended into established vegetation. All waterbars are to be constructed with the berm on the downhill side to prevent the soft material from silting in the trench. The initial waterbar should be constructed at the top of the backslope. Subsequent waterbars should follow the following general spacing guidelines:

Slope (percent)	Spacing Interval (feet)
≤ 2	200
2 – 4	100
4 – 5	75
≥ 5	50

E. Producing Well

1. Landscape those areas not required for production to the surrounding topography as soon as possible. The fluids and mud must be dry in the reserve pit before re-contouring pit

area. The operator will be responsible for re-contouring and reseeding of any subsidence areas that develop from closing a pit before it is completely dry.

2. Reduce the backslope to 2:1 and the foreslope to 3:1, unless otherwise directed by the BLM Authorized Officer. Reduce slopes by pulling fill material up from foreslope into the toe of cut slopes.
3. Production facilities (including dikes) must be placed on the cut portion of the location and a minimum of 15 feet from the toe of the back cut unless otherwise approved by the BLM Authorized Officer.
4. Any spilled or leaked oil, produced water or treatment chemicals must be reported in accordance with NTL-3A and immediately cleaned up in accordance with BLM requirements. This includes clean-up and proper disposition of soils contaminated as a result of such spills/leaks.
5. Distribute stockpiled topsoil evenly over those areas not required for production and reseed as recommended.
6. Upgrade and maintain access roads and drainage control (e.g., culverts, drainage dips, ditching, crowning, surfacing, etc.) as necessary and as directed by the BLM Authorized Officer to prevent soil erosion and accommodate safe, environmentally-sound access.
7. Prior to construction of production facilities not specifically addressed in the APD/POD, the operator shall submit a Sundry Notice to the BLM Authorized Officer for approval.
8. If not already required prior to constructing and drilling the well location, the operator shall immediately upgrade the entire access road to BLM standards (including topsoiling, crowning, ditching, drainage culverts, surfacing, etc.) to ensure safe, environmentally-sound, year-round access. This requirement does not supercede or apply where specific road requirements are addressed in the APD/POD surface use plan (e.g., two track road, spot upgrade, etc.)
9. Waterbars shall be installed on all reclaimed pipeline corridors per the guidelines in D #12.