

U.S. Department of the Interior  
Bureau of Land Management  
Little Snake Field Office  
455 Emerson Street  
Craig, CO 81625-1129

## ENVIRONMENTAL ASSESSMENT

**EA-NUMBER:** CO-100-2007-036 EA

**CASEFILE/PROJECT NUMBER/LEASE NUMBER:** COC49460  
COC49461

**PROJECT NAME:** F. Wilson #34, F. Wilson #35

**LEGAL DESCRIPTION:** Sec. 14, T12N, R100W, 6<sup>th</sup> PM, Moffat County, Colorado  
Sec. 15, T12N, R100W, 6<sup>th</sup> PM, Moffat County, Colorado

**APPLICANT:** Wexpro Company

**PLAN CONFORMANCE REVIEW:** The proposed action is subject to the following plan:

Name of Plans: Little Snake Resource Management Plan and Record of Decision (ROD) approved on April 26, 1989; and the Colorado Oil and Gas Leasing & Development Environmental Impact Statement (EIS) and the ROD signed on November 5, 1991.

Remarks: The proposed: F. Wilson #34, F. Wilson #35 would be located within Management Unit 2 (Little Snake Resource Management Plan). The objectives of Management Unit 2 are to provide for the development of the oil and gas resource.

The proposed action was reviewed for conformance with this plan (43 CFR 1610.5, BLM 1617.3). The proposed action is in conformance with the objectives for this management unit.

**NEED FOR PROPOSED ACTION:** To provide for the development of oil and gas resources and to supply energy resources to the American public.

**PUBLIC SCOPING PROCESS:** The Notices of Staking (NOSs) have been posted in the public room of the Little Snake Field Office for a 30-day public review period beginning January 19, 2007 NOSs were received, and may be viewed during regular business hours (7:45 a.m. to 4:30 p.m.), Monday through Friday, except holidays.

**DESCRIPTION OF PROPOSED ACTION AND ALTERNATIVES:** The proposed action is to approve two Applications for Permit to Drill (APD) submitted by Wexpro Company. Wexpro Company proposes to drill two gas wells on BLM administered land located in the Hiawatha Field in T12N, R100W. APDs have been filed with the LSFO for the F. Wilson #34 and #35. The APDs include drilling and surface use plans that cover mitigation of impacts to vegetation, soil, surface water, and other resources. Mitigation not incorporated by Wexpro Company in the drilling and surface use plans would be attached by the BLM as Conditions of Approval to an approved APD.

The proposed wells are located approximately 85 miles northwest of Craig, Colorado. Construction work is planned to start during the fall of 2008 and the estimated duration of construction and drilling for each of the wells is 30 days. Short access roads would be constructed for each well. Total surface disturbance for road construction would be approximately 1.2 acres. All road construction would be on lease and on BLM surface and would not require a federal Right-of-Way.

The proposed well pads would be cleared of all vegetation and leveled for drilling. Topsoil and native vegetation would be stockpiled for use in reclamation. Approximately 4.5 acres would be disturbed for construction of each well pad. This would include the 400' by 350' well pad, the topsoil, and subsoil piles. A reserve pit would be constructed on each well pad to hold drill mud and cuttings. If a well is a producer, cut portions of the well site would be backfilled and unused portions of the well sites would be stabilized and re-vegetated. If a gas well proves unproductive, it would be properly plugged and the entire well pad and access road would be reclaimed.

Wexpro Company did include plans for gas sales pipeline with the APDs. Approximately 2,017 feet of new pipeline would be installed and connected to existing gas pipelines in the Hiawatha Field to service the wells once production is established. All pipeline construction would be on lease and on BLM surface.

Total surface disturbance for the proposed action would be 10.2 acres.

**NO ACTION ALTERNATIVE:** The “no action” alternative is that the wells would not be permitted and therefore no wells would be drilled. Wexpro Company holds a valid and current oil and gas lease for the area where the proposed F. Wilson #34 and #35 would be located. Under leasing contracts, the BLM has an obligation to allow mineral development if the environmental consequences are not irreversible or too severe. The APD process is designed to overcome the no action situation of not accepting the APD through the mitigation of predicted environmental consequences. Since the proposed action is consistent with the ROD and the Oil and Gas Leasing EIS, rejecting the APD for the wells was considered but will not be analyzed further in this EA.

**AFFECTED ENVIRONMENT/ENVIRONMENTAL CONSEQUENCES/MITIGATION MEASURES**

**CRITICAL RESOURCES**

**AIR QUALITY**

Affected Environment: There are no special designation air sheds or non-attainment areas nearby that would be affected by the proposed action.

Environmental Consequences: Short term, local impacts to air quality from dust would result during and after well pad construction. Drilling operations produce air emissions such as exhaust from diesel engines that power drilling equipment. Air pollutants could include nitrogen oxides, particulates, ozone, volatile organic compounds, fugitive natural gas, and carbon monoxide. Gas flaring reduces the health and safety risks in the vicinity of the wells by burning combustible and poisonous gases like methane and hydrogen sulfide. The proposed action would not adversely affect the regional air quality.

Mitigative Measures: None.

Name of specialist and date: Roy McKinstry 1/23/07

**AREA OF CRITICAL ENVIRONMENTAL CONCERN**

Affected Environment: Not Present.

Environmental Consequences: Not applicable.

Mitigative Measures: Not applicable.

Name of specialist and date: Roy McKinstry 5/12/08

**CULTURAL RESOURCES**

Affected Environment: Cultural resources, in this region of Colorado, range from late Paleo-Indian to Historic. For a general understanding of the cultural resources in this area of Colorado, see *An Overview of Prehistoric Cultural Resources, Little Snake Resource Area, Northwestern Colorado*, Bureau of Land Management Colorado, Cultural Resources Series, Number 20, *An Isolated Empire, A History of Northwestern Colorado*, Bureau of Land Management Colorado, Cultural Resource Series, Number 2 and *Colorado Prehistory: A Context for the Northern Colorado River Basin*, Colorado Council of Professional Archaeologists.

Environmental Consequences: The proposed projects, F. Wilson #34 and F. Wilson #35 wells, have undergone a Class III cultural resource survey:

Murray, Susan 2007 Class III Cultural Resource Inventory for the Wexpro Company F. Wilson #34 Well Pad, Access Road, and Pipeline, Moffat County, Colorado (BLM #12.21.07).

Murray, Susan 2007 Class III Cultural Resource Inventory for the Wexpro Company F. Wilson #35 Well Pad, Access Road, and Pipeline, Moffat County, Colorado (BLM #12.19.07).

The survey identified no eligible to the National Register of Historic Places cultural resources. The proposed project may proceed as described in this EA with the following mitigative measures in place.

**Mitigative Measures:**

The following standard stipulations apply for this project:

1. The operator is responsible for informing all persons who are associated with the operations that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are encountered or uncovered during any project activities, the operator is to immediately stop activities in the immediate vicinity of the find and immediately contact the authorized officer (AO) at (970) 826-5000. 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 identified area can be used for project activities again; and Pursuant to 43 CFR 10.4(g) (Federal Register Notice, Monday, December 4, 1995, Vol. 60, No. 232) the holder of this authorization must notify the AO, by telephone at (970) 826-5000, and with written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects of cultural patrimony. Further, pursuant to 43 CFR 10.4(c) and (d), you must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the authorized officer.

2. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. 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.

Name of specialist and date: Robyn Watkins Morris 5/07/08

## **ENVIRONMENTAL JUSTICE**

Affected Environment: The proposed action is located in an area of isolated dwellings. Oil & gas development, ranching, and farming are the primary economic activities.

Environmental Consequences: The project area is relatively isolated from population centers, so no populations would be affected by physical or socioeconomic impacts. The proposed action would not directly affect the social, cultural or economic well-being and health of Native American, minority or low-income populations.

Mitigative Measures: None.

Name of specialist and date: Louise McMinn 5/06/08

## **FLOOD PLAINS**

Affected Environment: Active floodplains and flood prone zones are avoided.

Environmental Consequences: No threat to human safety, life, welfare, or property will result from the proposed action.

Mitigative Measures: None.

Name of specialist and date: Roy McKinstry 5/12/08

## **INVASIVE, NONNATIVE SPECIES**

Affected Environment: Invasive species and noxious weeds occur within the affected area. Downy brome (cheatgrass), halogeton, yellow alyssum, blue mustard and other annual weeds are common along roadsides and on other disturbed areas. Downy brome and halogeton are on the Colorado List C of noxious weeds. Russian knapweed, hoary cress (whiteweed), Canada thistle and several other species of biennial thistles are known to occur in this area and they are on the Colorado List B of noxious weeds. Other species of noxious weeds are not known to be a problem in this area, but they can always be introduced by vehicle traffic, livestock and wildlife. The BLM, Moffat County, livestock operators, pipeline companies and oil and gas operators have formed the Northwest Colorado Weed Partnership to collaborate their efforts on controlling weeds and finding the best integrated approaches to achieve these results.

Environmental Consequences: The surface disturbing activities and associated traffic involved with drilling these wells, constructing the access road and pipelines and other subsequent activities would create an environment and provide a mode of transport for invasive species and other noxious weeds to become established. Construction equipment and any other vehicles and equipment brought onto the site can introduce these weed

species. Wind, water, recreation vehicles, livestock and wildlife would also assist with the distribution of weed seed into the newly disturbed areas. The annual invasive weed species (yellow alyssum, blue mustard and other annual weeds) occur on adjacent rangelands and could occupy the disturbed areas; the bare soils and the lack of competition from a perennial plant community would allow these weed species to grow unchecked and can affect the establishment of seeded plant species. Halogeton is a noxious annual weed that would also occupy the disturbed areas, but this weed species would likely require intensive control with herbicides to prevent it from moving into adjacent rangelands. Establishment of perennial grasses and other seeded plants is expected to provide the necessary control of invasive annual weeds within 2 or 3 years. Additional seeding treatments of the disturbed areas may be required in subsequent years if initial seeding efforts have failed.

The perennial and biennial noxious weeds in the area are less frequently established on the uplands but some potential exists for their establishment in draws and swales or areas along the road that would collect additional water. The largest concern in the project area would be for these species to become established and not be detected, providing seed which can be moved onto adjacent rangelands. The operator would be required to control any invasive and/or noxious weeds that become established within the disturbed areas involved with drilling and operating these wells.

Mitigation attached as Conditions of Approval to minimize disturbance and obtain successful reclamation of the disturbed areas, as well as weed control utilizing integrated practices, including herbicide applications would help to control the noxious weed species. All principles of Integrated Pest Management should be employed to control noxious and invasive weeds on public lands.

Mitigative Measures: None.

Name of specialist and date: Ole Olsen 5/08/08

## **MIGRATORY BIRDS**

Affected Environment: The proposed well pads and their associated access roads are located in areas not capable of supporting any migratory bird listed on the USFWS 2002 Birds of Conservation Concern List.

Environmental Consequences: There is no chance for take to occur as result of the Proposed Action.

Mitigative Measures: None.

Name of specialist and date: Timothy Novotny 5/16/08

## **NATIVE AMERICAN RELIGIOUS CONCERNS**

A letter was sent to the Uinta and Ouray Tribal Council, Southern Ute Tribal Council, Ute Mountain Ute Tribal Council, and the Colorado Commission of Indian Affairs on January 21, 1999. The letter listed the projects that the BLM would notify them on and projects that would not require notification. No comments were received (Letter on file at the Little Snake Field Office). This project requires no additional notification.

Name of specialist and date: Robyn Watkins Morris 5/07/08

## **PRIME & UNIQUE FARMLANDS**

Affected Environment: Not present.

Environmental Consequences: None.

Mitigative Measures: None.

Name of specialist and date: Roy McKinstry 1/18/08

## **T&E SPECIES – ANIMALS**

Affected Environment: There are no threatened or endangered species or habitats for such species present in or near the proposed project area. Both well sites are located within mapped greater sage-grouse winter habitat. It was determined during a site visit that neither well location provides suitable winter habitat for greater sage-grouse.

Environmental Consequences: None.

Mitigative Measures: None.

Name of specialist and date: Timothy Novotny 5/16/08

## **T&E SPECIES – PLANTS**

Affected Environment: There are no federally listed threatened or endangered plant species within or in the vicinity of the two proposed wells.

Environmental Consequences: None.

Mitigative Measures: None.

Name of specialist and date: Hunter Seim 5/15/08

## **T&E SPECIES - SENSITIVE PLANTS**

Affected Environment: There are no BLM sensitive plant species within or in the vicinity of the two proposed wells.

Environmental Consequences: None.

Mitigative Measures: None.

Name of specialist and date: Hunter Seim 5/15/08

## **WASTES, HAZARDOUS OR SOLID**

Affected Environment: If a release does occur, the environment affected would be dependent on the nature and volume of material released. If there are no releases, there would be no impact on the environment.

Environmental Consequences: Consequences shall be dependent on the volume and nature of the material released. In most every situation involving hazardous materials, there are ways to remediate the area that has been contaminated. Short-term consequences shall occur, but they can be remedied, and long-term impacts would be minimal.

Mitigative Measures: None.

Name of specialist and date: Roy McKinsty 1/23/07

## **WATER QUALITY GROUND**

Affected Environment: The surface formation is the Eocene Niland Tongue of the Wasatch Formation. The drill hole may penetrate the Wasatch-Fort Union aquifer.

Environmental Consequences: None. With proper drilling practices, the fresh water zones will be protected.

Mitigative Measures: Isolate and protect all fresh to moderately saline water (TDS <10,000PPM.).

Name of specialist and date: Jennifer Maiolo 5/07/08

## **WATER QUALITY SURFACE**

Affected Environment: No springs would be affected by the well project. Runoff water from the well locations would ultimately reach Vermillion Creek. The proposed action

would be located on a plateau and runoff water would flow through ephemeral drainages towards Vermillion Creek. Vermillion Creek within the affected environment must have water quality sufficient to support Aquatic Life Warm 2, Recreation 1b (June 1 through August 31), Recreation 2 (September 1 through May 31) and Agriculture.

Environmental Consequences: The well locations would require the construction of two short access roads and pipelines. The proponent has incorporated water turnout ditches on the crowned and ditched access roads to manage runoff water and to reduce water erosion. Construction of the roads, well pads, pipelines, and installation of the specific drainage features should follow the recommendations provided in the Surface Operating Standards for Oil and Gas Development, 4th Edition.

Increased sedimentation to Vermillion Creek during spring runoff or from high intensity summer/fall rainstorms would be the greatest potential impact to water quality. Although some sediment may be transported off site and eventually reach perennial waters, the mitigation provided in the Surface Use Plan and the Conditions of Approval will reduce the potential impacts caused by surface runoff.

Mitigative Measures: None.

Name of specialist and date: Roy McKinstry 5/12/08

#### **WETLANDS/RIPARIAN ZONES**

Affected Environment: There are no wetlands or riparian zones present within the project area.

Environmental Consequences: None.

Mitigative Measures: None.

Name of specialist and date: Timothy Novotny 5/16/08

#### **WILD & SCENIC RIVERS**

Affected Environment: Not present.

Environmental Consequences: Not applicable.

Mitigative Measures: Not applicable.

Name of specialist and date: Roy McKinstry 5/12/08

## **WILDERNESS, WSAs**

Affected Environment: Not present.

Environmental Consequences: Not applicable.

Mitigative Measures: Not applicable.

Name of specialist and date: Roy McKinstry 5/12/08

## **NON-CRITICAL ELEMENTS**

### **FLUID MINERALS**

Affected Environment: The proposed action is in favorability zone 4 (highest for oil and gas potential). The wells will penetrate the Wasatch, Fort Union, Lance, Lewis Shale, and Mesaverde Formations. Bituminous coal seams with more than three thousand feet of overburden can be found throughout the Mesaverde (Almond) and Ft. Union Formations, and in a lesser amount the Lance Formation. Shallower thin beds of bituminous coal can be found in the Wasatch Formation as well. There mineable value is low, but they may be valuable coal bed methane reservoirs and must be protected or isolated where encountered. It should be noted that the hydrology for coal bed methane production within the Sand Wash geologic basin is unfavorable even though the gas resource is large (Scott, et al., 1995). The Mesaverde (Almond) in this area is mainly coastal swamp and lagoon deposits with two transgressive shoreline deposits pinching out in a northwesterly direction near the top of the formation. Coal beds are nonexistent in this area within the Ericson Formation. The top third (Canyon Creek Member) and bottom third (Trail Creek Member) of the Ericson Sandstone are coastal-plain fluvial deposits of crossbedded sandstones.

Environmental Consequences: The proposed casing and cementing program appears to be adequate to protect and/or isolate all resources identified above with casing and cement behind pipe from TD to the surface.

Mitigative Measures: None.

Name of specialist and date: Roy McKinstry 5/12/08

## PALEONTOLOGY

Affected Environment: The geologic formation at the surface is the Tertiary Age formation, Green River Formation, Luman Tongue unit (Tglu). This formation is a moderately resistant, light- to medium brown fissile oil shale, siltstone, sandstone, limestone, carbonaceous shale, coal, and conglomerate. Tglu is mapped in the Vermillion Creek area. Thickness is 100-150 meters. This formation has been classified a Class II formation for the potential for occurrence of scientifically significant fossils. Scientifically significant fossils are occasionally found within this formation (Armstrong & Wolney, 1989). The potential for discovery of significant fossils on these locations is considered to be moderate.

Environmental Consequences: If any such fossils are located, construction activities could damage the fossils and the information that could have been gained from them would be lost. The significance of this impact would depend upon the significance of the fossil. This impact can be effectively mitigated by ceasing operations and notifying the Field Office Manager immediately upon discovery of a fossil during construction activities. An assessment of the significance is made and a plan to retrieve the fossil or the information from the fossil is developed.

The proposed action could also constitute a beneficial impact to paleontological resources by increasing the chances for discovery of scientifically significant fossils.

Mitigative Measures: "Standard Discovery Stip", i.e., "If fossils are discovered during construction or other operations, all activity in the area will cease and the Field Office Manager will be notified immediately. An assessment of significance will be made within an agreed time frame. Operations will resume only upon written notification by the Authorized Officer."

### References

Armstrong, Harley J. and Wolney, David G., 1989, Paleontological Resources of Northwest Colorado: A Regional Analysis, Museum of Western Colorado, Grand Junction, CO, prepared for Bur. Land Management, Vol. I of V.

Miller, A.E., 1977, Geology of Moffat County, Colorado, Colo. Geol. Surv. Map Series 3, 1:126,720.

Name of specialist and date: Roy McKinstry 5/12/08

## SOILS

Affected Environment: The proposed action would be located within the Forelle-Obadia complex soil-mapping unit. The Forelle and Obadia soils are found on foot slopes and toe slopes. This soil is deep and well drained. The soils formed in alluvium and are derived

from shale and sandstone. Slopes within this unit average 1 to 8 percent. Runoff is medium in the Forelle soil and very high in the Obedia soil. The hazard of wind and water erosion is moderate.

**Environmental Consequences:** The construction and operation of the proposed action would affect soils within and immediately adjacent to the proposed area of disturbance. Increased soil erosion from wind and water would occur during construction of the well pads and access roads. Erosion would continue throughout the operational life of the wells. Loss of topsoil, soil compaction, and possible increases in sediment loads to drainages are impacts most likely to occur. Vegetation and soil would be removed from approximately 10.2 acres of land. Soil productivity would decline due to reduced soil microbial activity, impaired water infiltration, mixing of soil horizons, top soil loss, and introduction of weeds. Soil loss from construction would be greatest shortly after project start and would decrease in time as a result of stabilization through revegetation and reclamation of disturbed areas. Soil erosion would be reduced to an acceptable level with the mitigation described in the Surface Use Plan and Conditions of Approval in the approved APD. This mitigation will reduce the potential to have excessive sediments and salts in runoff water from the well site

**Mitigative Measures:** Additional mitigative measures will be employed to prevent or reduce accelerated erosion if it begins to occur within or on constructed drainages and diversion ditches or surface drainages affected by the roads or well pads.

Name of specialist and date: Roy McKinstry 1/19/08

## **VEGETATION**

**Affected Environment: F. Wilson #34:** The site of the proposed well and access road consists of a sagebrush-grass plant community. Dominant plants present include Wyoming big sagebrush (*Artemisia tridentata wyomingensis*), basin big sagebrush (*A. tridentata tridentata*), Nuttall's saltbush (*Atriplex nuttallii*), prickly pear (*Opuntia* spp.), basin wildrye (*Elymus cinereus*), Indian ricegrass (*Oryzopsis hymenoides*), squirreltail (*Sitanion hystrix*), and Sandberg bluegrass (*Poa sandbergii*). Basin wildrye exhibits high abundance within the community. Non-native plants that are abundant on the site include crested wheatgrass (*Agropyron cristatum*) and halogeton (*Halogeton glomeratus*). Both of these species appear to radiate from the pipeline corridor that is crossed by the proposed access road; crested wheatgrass being a species that was apparently seeded as a reclamation species and halogeton resulting from the disturbance itself.

**F. Wilson #35:** This proposed well site exhibits a very similar plant community as described above except for much lower levels of basin wildrye and the absence of crested wheatgrass and halogeton.

**Environmental Consequences:** The proposed action would result in the complete removal of approximately 10.2 acres of native vegetation split between the two wells, access roads, and delivery pipelines. This removal would be adjacent to existing road disturbances and

reclaimed pipeline corridors and would be minor within the overall landscape. All sites in this area are highly susceptible to invasion by halogeton when disturbed or directly adjacent to disturbance. Proper integrated weed control and reclamation practices would aid in reducing overall plant community impacts, but effective weed control practices must be implemented to ensure that halogeton is controlled.

Mitigative Measures: None.

Name of specialist and date: Hunter Seim 5/15/08

### **WILDLIFE, AQUATIC**

Affected Environment: There is no aquatic wildlife habitat present near the proposed project area.

Environmental Consequences: None.

Mitigative Measures: None.

Name of specialist and date: Timothy Novotny 5/16/08

### **WILDLIFE, TERRESTRIAL**

Affected Environment: The proposed well pads and associated access roads are located in areas that do not have great potential to support wildlife.

Environmental Consequences: None.

Mitigative Measures: None.

Name of specialist and date: Timothy Novotny 5/16/08

**OTHER NON-CRITICAL ELEMENTS:** For the following elements, those brought forward for analysis will be formatted as shown above.

Non-Critical Element	NA or Not Present	Applicable or Present, No Impact	Applicable & Present and Brought Forward for Analysis
Fluid Minerals			RM 5/12/08
Forest Management	RM 05/12/08		
Hydrology/Ground			JM 5/07/08
Hydrology/Surface			RM 5/12/08
Paleontology			RM 5/12/08
Range Management		JHS 5/15/08	
Realty Authorizations		LM 05/06/08	
Recreation/Transportation		RM 05/12/08	
Socio-Economics		LM 05/06/08	
Solid Minerals		JM 05/05/08	
Visual Resources		RM 05/12/08	
Wild Horse & Burro Mgmt	RM 05/12/08		

**CUMULATIVE IMPACTS SUMMARY:** Cumulative impacts may result from the development of the proposed action when added to non-project impacts that result from past, present, and reasonably foreseeable future actions. The potential exists for future oil and gas development throughout the Hiawatha Field. Currently numerous producing wells exist within a one-mile radius of the proposed wells. Other past or existing actions near the project area that have influence on the landscape are wildfire, recreation, hunting, grazing, and ranching activities.

Surface disturbance associated with oil and gas activity would increase the potential for erosion and sedimentation. Only a small reduction in available forage would be anticipated. Some wildlife species may be temporarily displaced by construction at the well site, access road, and future pipeline routes, but should return once construction is completed. Displacement of hunters and recreationists during the short-term construction and drilling periods would occur. Contrasts in line, form, color, and texture from development would impact the visual qualities on the landscape.

Over the last 20 years there has been a slow but steady increase in oil and gas production facilities within and adjacent to Vermillion Creek. Cultural resource surveys in the area have identified several prehistoric cultural resources. These resources were at one time further away from the industry activity. Now they are in close proximity to these facilities. As the Hiawatha Field is in-filled, with more pipeline, compressors, access roads, and pads being constructed, a real potential for impacts to known and yet to be recorded cultural resources is present.

Cumulative impacts to the plant communities within the gas lease and adjacent areas include an incremental reduction of continuity in the plant communities in terms of acreages that remain

undisturbed. Loss of continuity results in smaller and smaller areas of undisturbed native vegetation and the potential for loss of integrity within the larger plant community. Fragmented plant communities can lose resilience to natural and man-made disturbance due to isolation of areas from seed sources necessary for proper age class distribution of plants, and subsequently, a greater opportunity for stressors such as drought to have a more severe impact on the plant community as a whole. The increased disturbance also makes native plant communities more susceptible to invasion by annual weeds as vectors for weeds increase. Even with weed control measures applied, the potential for weeds to move further into undisturbed remnant areas increases as these remnants become smaller and more isolated from larger undisturbed areas.

Cumulative impacts to the livestock grazing operations in the area are also increased through the Proposed Action. The grazing allotment in which these wells are proposed is primarily a winter sheep allotment. The growth in wells, roads, and human activity has reduced the availability of forage in this area far beyond direct impacts caused by construction. Constant truck traffic and decreases in the size of undisturbed areas have resulted in the Canyon Creek/G Wash area becoming largely unavailable for sheep use. Halogeton which has increased among the new roads and well pads is toxic to sheep. The resulting impact to grazing activities permitted in the area is a loss of available Animal Unit Months (AUMs), i.e. a loss of the amount of livestock that the allotment can reasonably carry. Due to recent years of drought, the livestock operator has only lightly used this allotment, so direct impacts to grazing activities have not been fully felt. However, as precipitation patterns improve, there will be a likely significant decrease in the amount of livestock that can be permitted on the allotment. Utilization and production monitoring of unaffected areas remaining in the allotment would be necessary to determine a proper stocking rate after accounting for the loss of available forage from gas development (both direct and indirect) if improving precipitation patterns result in better forage conditions throughout the allotment.

Vermillion Creek and the surrounding areas have experienced an increase in oil and gas development in recent years. Pad construction and the associated infrastructure of roads lead to fragmentation of habitat for wildlife species. As this area is developed, it can be expected that wildlife use of the area would decrease due to habitat fragmentation and decrease in security.

Many historic raptor nests associated with Vermillion Creek and Canyon Creek have not been active for the past several years. Oil and gas development may have made this area less suitable for these species by increasing disturbance, decreasing nest security and removing habitat for prey species. It is probable that raptors have moved away from developing areas to nest. As oil and gas development moves along the creek, it may disturb any new nests. Eventually, some raptors may be able to habituate to the increased disturbances. Habitat fragmentation from well pad construction and the associated roads have likely decreased the nesting suitability for other migratory birds. Ingelfinger (2001) found that roads associated with oil and gas development have a negative impact on passerine bird species. Bird densities were reduced within 100m of each road. Due to the amount of new road construction and an increase in traffic on these roads, passerine populations in the area are likely decreasing.

Even with the amount of activity in the area, it is unlikely that oil and gas development would have significant impacts to white-tailed prairie dogs. Many of the prairie dog colonies have died out, likely due to a plague epidemic. New road construction provides a corridor for prairie dog movement, increasing the likelihood that inactive towns would be re-colonized in the future. Fragmentation of habitat does not seem to impact prairie dogs as severe as other species, providing that suitable forage remains.

The cumulative impacts of two new wells, the associated roads and the amount of gas development already existing in the area, will continue to degrade habitat for the greater sage grouse. Although there are no leks located near the proposed action, the project area does provide nesting and brood rearing habitat for sage grouse. Fragmentation, mostly due to road construction, is an important factor contributing to a decrease in habitat quality. Oil and gas development combined with sagebrush die-offs may lead to decreased sage grouse use of the habitat.

Although big game species are able to adapt to disturbances better than other wildlife, increased development may still have some impacts to mule deer, antelope, and elk. Timing stipulations adequately protect big game species during critical times of the year. An increase in vehicle traffic will occur as the Hiawatha Field is developed. A significant impact to big game may be vehicle-animal collisions, as these are a major cause of mortality for big game species.

The cumulative effects of projected oil and gas development are minimized through Best Management Practices identified in the Surface Use Plan of the APD's and the BLM required mitigation in the Conditions of Approval for the APD's. Proper construction and drilling practices must comply with federal and state environmental regulations. All oil and gas wells in the area would be completed in accordance with Onshore Order No. 2. Reasonably foreseeable mineral development would occur under the guidelines of the Little Snake Resource Management Plan and the Colorado Oil and Gas Leasing and Development EIS.

References:

Ingelfinger, F. 2001. The Effects of Natural Gas Development on Sagebrush Steppe Passerines in Sublette County, Wyoming. University of Wyoming, Laramie, WY.

## **STANDARDS:**

**PLANT AND ANIMAL COMMUNITY (animal) STANDARD:** The proposed well pads and their associated access roads are located in areas that do not have great potential to support wildlife. This standard does not apply.

Name of specialist and date: Timothy Novotny 5/16/08

**SPECIAL STATUS, THREATENED AND ENDANGERED SPECIES (animal) STANDARD:** There are no threatened, endangered or special status species or their habitats located within the proposed project area. This standard does not apply.

Name of specialist and date: Timothy Novotny 5/16/08

**PLANT AND ANIMAL COMMUNITY (plant) STANDARD:** The proposed action would completely remove approximately 10.2 acres of existing native vegetation. The proposed action would only meet this standard as long as weed control efforts are effective and the re-establishment of seeded native species is successful. If these conditions are met, the proposed action would meet this standard.

Name of specialist and date: Hunter Seim 5/15/08

**SPECIAL STATUS, THREATENED AND ENDANGERED SPECIES (plant) STANDARD:** There are no federally listed threatened or endangered or BLM sensitive plant species within or in the vicinity of the two proposed wells. This standard does not apply.

Name of specialist and date: Hunter Seim 5/15/08

**RIPARIAN SYSTEMS STANDARD:** There are no wetlands or riparian systems present in or near the project area. This standard does not apply.

Name of specialist and date: Timothy Novotny 5/16/08

**WATER QUALITY STANDARD:** The proposed action would meet the public land health standard for water quality. Interim reclamation of the unused area on the well pads will be completed to minimize sheet and rill erosion from the well sites. When the well pads are no longer needed for production operations, the disturbed area would be reclaimed to approximate original contours, topsoil would be redistributed, and adapted plant species would be reseeded. These Best Management Practices would help to reduce accelerated erosion of the site. No stream segments near this project are listed as impaired.

Name of specialist and date: Roy McKinstry 5/12/08

**UPLAND SOILS STANDARD:** The proposed action would not meet the upland soil standard for land health, but it is not expected to while the well locations and access roads are used for operations. The drilling and production sites, pipelines and access roads would not exhibit the characteristics of a healthy soil. Several Best Management Practices have been designed into the project or are attached as mitigating measures that would reduce impacts to and conserve soil materials. The pipeline corridors would exhibit unhealthy upland soil characteristics initially, but within one to two years following reclamation the soil health would be moving toward the upland soil standard. Upland soil health would return to the well pad and access road disturbances after well abandonment and reclamation practices have been successfully achieved.

Name of specialist and date: Roy McKinstry 5/12/08

**PERSONS/AGENCIES CONSULTED:** Uintah and Ouray Tribal Council, Colorado Native American Commission, Colorado State Historic Preservation Office.

**FINDING OF NO SIGNIFICANT IMPACT (FONSI)**  
**EA CO-100-2007-036**

Based on the analysis of potential environmental impacts contained in the EA and all other available information, I have determined that the proposal and the alternatives analyzed do not constitute a major Federal action that would adversely impact the quality of the human environment. Therefore, an EIS is unnecessary and will not be prepared. This determination is based on the following factors:

1. Beneficial, adverse, direct, indirect, and cumulative environmental impacts have been disclosed in the EA. Analysis indicated no significant impacts on society as a whole, the affected region, the affected interests, or the locality. The physical and biological effects are limited to the Little Snake Resource Area and adjacent land.
2. Public health and safety would not be adversely impacted. There are no known or anticipated concerns with project waste or hazardous materials.
3. There would be no adverse impacts to regional or local air quality, prime or unique farmlands, known paleontological resources on public land within the area, wetlands, floodplain, areas with unique characteristics, ecologically critical areas, or designated Areas of Critical Environmental Concern.
4. There are no highly controversial effects on the environment.
5. There are no effects that are highly uncertain or involve unique or unknown risk. Sufficient information on risk is available based on information in the EA and other past actions of a similar nature.
6. This alternative does not set a precedent for other actions that may be implemented in the future to meet the goals and objectives of adopted Federal, State, or local natural resource related plans, policies, or programs.
7. No cumulative impacts related to other actions that would have a significant adverse impact were identified or are anticipated.
8. Based on previous and ongoing cultural surveys, and through mitigation by avoidance, no adverse impacts to cultural resources were identified or anticipated. There are no known American Indian religious concerns or persons or groups who might be disproportionately and adversely affected as anticipated by the Environmental Justice Policy.

9. No adverse impacts to any threatened or endangered species or their habitat that was determined to be critical under the Endangered Species Act were identified. If, at a future time, there could be the potential for adverse impacts, treatments would be modified or mitigated not to have an adverse effect or new analysis would be conducted.

10. This alternative is in compliance with relevant Federal, State, and local laws, regulations, and requirements for the protection of the environment.

**DECISION AND RATIONALE:**

I have determined that approving the APD's is in conformance with the approved land use plan. It is my decision to implement the project with the mitigation measures provided in the Application for Permit to Drill and the Conditions of Approval. The project will be monitored as stated in the Compliance Plan outlined below.

**MITIGATION MEASURES:** The mitigation measures for this project are found in the file room of the Little Snake Field Office. The APD's 12-point surface use plan, well location maps, and the Conditions of Approval are found in the well's case file labeled COC049461, F. Wilson #34 and COC049460, F. Wilson #35.

**COMPLIANCE PLAN(S):**

**Compliance Schedule**

Compliance will be conducted during the construction phase and drilling phase to insure that all terms and conditions specified in the lease and the approved APD are followed. In the event a producing well is established, periodic inspections as identified through the Inspection and Enforcement Strategy and independent well observations will be conducted. File inspections will include a review of all required reports and the Monthly Report of Operations will be evaluated for accuracy.

**Monitoring Plan**

The well location and access road will be monitored during the term of the lease for compliance with pertinent Regulations, Onshore Orders, Notices to Lessees, or subsequent COAs until final abandonment is granted; monitoring will help determine the effectiveness of mitigation and document the need for additional mitigative measures.

**Assignment of Responsibility**

Responsibility for implementation of the compliance schedule and monitoring plan will be assigned to the Fluid Mineral staff in the Little Snake Field Office. The primary inspector will be the Petroleum Engineering Technician, but the Petroleum Engineer, Natural Resource Specialist, Realty Specialist, and Legal Instruments Examiner will also be involved.

**SIGNATURE OF PREPARER:**

**DATE SIGNED:**

**SIGNATURE OF ENVIRONMENTAL REVIEWER:**

**DATE SIGNED:**

**SIGNATURE OF AUTHORIZED OFFICIAL:**

**DATE SIGNED:**



7. Construction activities will not be allowed to commence if the topsoil cannot be separated from the subsoil during adverse environmental conditions (i.e. when soils are frozen or muddy). During periods of adverse conditions such as thawing, heavy rains, snow, or flooding, all construction activities off existing maintained roads that create excessive surface rutting will be suspended.
8. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
9. Drainage for runoff water will be provided to divert runoff water away from the reserve pit, cut portions of the well location and the topsoil stockpile. Runoff water that concentrates and forms channels on the well location will be diverted and/or dispersed to prevent erosion of the fill slopes. Any ditches designed to provide runoff drainage will be constructed on a minimal grade and will release water onto undisturbed ground without causing accelerated erosion. The operator will take additional measures if erosion is occurring within the runoff water drainage system.
10. If fossils are discovered during construction or other operations, all activity in the area will cease and the Field Office Manager will be notified immediately. An assessment of significance will be made within an agreed timeframe. Operations will resume only upon written notification by the Authorized Officer.
11. STANDARD STIPULATION: If cultural or paleontological resources are discovered during exploration operations under this license, the licensee shall immediately notify the Field Officer Manager and shall not disturb such discovered resources until the Field Officer Manager issues specific instructions.
  - a. Within 5 working days after notification, the Field Office Manager shall evaluate any cultural resources discovered and shall determine whether any action may be required to protect or to preserve such discoveries.
  - b. The cost of data recovery for cultural resources discovered during exploration operations shall be borne by the licensee, if the licensee is ordered to take any protective measures. Ownership of cultural resources discovered shall be determined in accordance with applicable law.
  - c. The operator is responsible for informing all persons who are associated with the operations that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are encountered or uncovered during any project activities, the operator is to immediately stop activities in the immediate vicinity of the find and immediately contact the Authorized Officer (970) 826-5087. Within five working days the Authorized Officer will inform the operator as to:
    1. Whether the materials appear eligible for the National Register of Historic Places;
    2. The mitigation measures the operator will likely have to undertake before the identified area can be used for project activities again and,
  - d. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the Authorized Officer will assume responsibility for whatever recordation, and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The Authorized Officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Authorized Officer that the required mitigation has been completed, the operator will then be allowed to resume construction.
  - e. Pursuant to 43 CFR 10.4(g) (Federal Register Notice: Monday December 4, 1995, Vol 60, No. 232) the holder of this authorization must notify the Authorized Officer, by telephone (970) 826- 5087, with written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects

of cultural patrimony. Further, pursuant to 43 CFR 10.4(c) and (d), you must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the Authorized Officer.

12. The reserve pit will be designed to exclude runoff water and maintain a 2-foot freeboard between the maximum fluid level and the lowest point of containment. The reserve pit will not be used for disposal of any materials or fluids, except for materials or fluids specifically addressed in the drilling program or having a subsurface origin. If oil or oily substance is in the reserve pit, it must be removed within 30 days after the drilling rig is removed. Netting will be installed if oily substance is present in the reserve pit.
13. The perimeter of the reserve pit and production pits, if any, will be fenced with woven wire with 2 strands of barbed wire, properly spaced, on the top and all held in place by side posts and corner H-braces to inhibit entry by livestock and wildlife. The fence will be maintained until backfilling or removal of facilities occurs.
14. In the event downhole operations threaten to exceed the required 2-foot freeboard, regarding reserve pit fluids, immediate notification will be provided to the Authorized Officer with concurrent steps taken to minimize the introduction of additional fluids, until alternative containment methods can be approved.
15. Reserve pit fluids will be allowed to evaporate through one entire summer season (June-August) after drilling is completed, unless an alternative method of disposal is approved. After the fluids disappear, the reserve pit mud will be allowed to dry sufficiently to allow backfilling. The backfilling of the reserve pit will be completed within 30 days after dry conditions exist and will meet the following minimum requirements:
  - a. Backfilling will be done in such a manner that the mud and associated solids will be confined to the pit and not squeezed out and incorporated in the surface materials.
  - b. There will be a minimum of 5 feet of cover (overburden) on the pit.
  - c. When the work is completed, the pit areas will support the weight of heavy equipment without sinking and over time shall not subside over 6-inch depth.
16. If installed, production facilities will be located on cut portions of the existing drill pad.
17. In the event production is established, all land surfaces that are to remain free of vegetation (roads and well location) will be monitored for and protected from wind erosion; dry powdery soil will be treated to minimize wind erosion. The unused disturbed areas surrounding the well location will be re-contoured to appropriate confirmation as soon as possible. Some or all of the stockpiled topsoil will be evenly distributed over these re-contoured areas. Brush cleared prior to construction of the well site shall be scattered back over the re-contoured area.
18. Prior approval is required to remove reserve pit fluids from the reserve pit; a request of this type will need to include the destination of the fluids and if the destination is not a State approved facility, the request will include State approval of the destination.
19. All pits, cellars, rat holes and other bore holes unnecessary for further lease operations, excluding the reserve pit, will be backfilled immediately after the drilling rig is released. Pits, cellars and/or bore holes that remain on location must be fenced as specified for the reserve pit in the applicant's Surface Use Plan.
20. In the event a producing well is established, all new production equipment which has open-vent exhaust systems, such as heater treaters, separators, dehydration units, and flare stacks, shall be designed and constructed to prevent birds and bats from entering or nesting in or on such units, and to the extent practical, to discourage birds from perching on the exhaust stacks.
21. All permanent structures (on-site for six months or longer) constructed or installed (including oil well pumpjacks) will be painted a flat, non-reflective, earthtone color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required to comply with OSHA (Occupational Safety and Health Act) will be

excluded.

22. Surface facilities should appear to blend in to the existing landscape to the greatest possible extent. Facilities should not be located on ridgelines or extend above them. Facilities should be minimal in size (or located underground) and colored and texture to blend in with the surroundings.
23. A containment berm must be installed around all storage tanks, including temporary tanks. Compaction and construction of the berm surrounding the tank or tank battery will be designed to prevent lateral movement of fluids through the utilized materials, prior to storage of fluids. The berm must be constructed to contain at minimum 110 percent of the storage capacity of the largest tank within the berm. All loading lines will be placed inside the berm.
24. Control of noxious weeds will be required through successful vegetation establishment and/or herbicide application. It is the responsibility of the lease operator to insure compliance with all local, state, and federal laws and regulations, as well as labeling directions specific to the use of any given herbicide.
25. All production facilities installed on location that have the potential to leak or spill oil, glycol, produced water, or other fluid, which may constitute a hazard to public health or safety, shall be placed within an appropriate secondary containment or diversionary structure. The structure shall hold 110% of the capacity the largest single tank in use and be impervious to any oil, glycol, produced water, or other toxic fluid for 72 hours. It shall be installed so that any spill or leakage would not drain, infiltrate, or otherwise escape to ground water, surface water, or navigable waters before cleanup is completed.
26. Reclamation Performance Standard

The lessee is required to use the reclamation practices necessary to reclaim all disturbed areas. Reclamation will ensure surface and subsurface stability, growth of a self-regenerating permanent vegetative cover and compatibility with post land use. The vegetation will be diverse and of the same seasonal growth as adjoining vegetation. Post land use will be determined by the Authorized Officer but normally will be the same as adjoining uses.

Reclamation practices which must be applied or accomplished are: re-grading to the approximate original contour, effectively controlling noxious weeds, separating, storing and protecting topsoil for redistribution during final abandonment, seeding and controlling erosion. If topsoil is not present, or quantities are insufficient to achieve reclamation goals, a suitable plant growth media will be separated, stored and protected for later use. Reclamation will begin with the salvaging of topsoil and continue until the required standards are met. If use of the disturbed area is for a short time (less than one year), practices, which ensure stability, will be used as necessary during the project, and practices needed to achieve final abandonment will commence immediately upon completion of the approved activity use and be completed, with the exception of vegetative establishment, within one year.

If use of the area is for longer periods of time (greater than one year), interim reclamation is required on the unused areas. Interim reclamation of the unused areas will begin immediately upon completion of the permanent facility(s) and be completed, with exception of vegetative establishment, within one year. For both short and long term projects vegetative establishment will be monitored annually. If the desired vegetation is not established by the end of the second growing season, cultural practices necessary for establishment will be implemented prior to the beginning of the next growing season. Interim reclamation, unless otherwise approved, will require meeting the same standards as final abandonment with the exception of original contour, which may be only partially achievable.

Annual reports consisting of reclamation practices completed and the effectiveness of the reclamation will be provided to the Little Snake Field Office. The first report will be due in January following initiation of reclamation practices and annually thereafter until final abandonment is approved.

There are numerous reclamation practices and techniques that increase the success rate of reclamation and stabilization. With the exception of those stated above, it is the lessee's prerogative to use those (s)he chooses to accomplish the objective. However, it is recommended that state-of-the-art reclamation, stabilization, and management practices be used to achieve the desired objective in a timely and cost-effective manner.

The following definitions and measurements will be used to accomplish and determine if reclamation has been achieved:

Permanent vegetative cover will be accomplished if the basal cover of perennial species, adapted to the area, is at least ninety (90) percent of the basal cover of the undisturbed vegetation of adjoining land or the potential basal cover as defined in the Soil Conservation Service Range Site(s) for the area.

Diverse will be accomplished if at least two (2) perennial genera and three (3) perennial species, adapted to the area, make up the basal cover of the reclaimed area in precipitation zones thirteen (13) inches or less and three (3) perennial genera and four (4) perennial species in precipitation zones greater than thirteen (13) inches. One species will not make up more than fifty (50) percent of the perennial vegetation by basal cover.

Self-regenerating and adapted to the area will be evident if the plant community is in good vigor, there is evidence of successful reproduction, and the species are those commonly used and accepted in the area.

Surface stability will be accomplished if soil movement, as measured by deposits around obstacles, depths of truncated areas, and height of pedestalling, is not greater than three tenths (0.3) of an inch and if erosion channels (rills, gullies, etc.) are less than one (1) inch in depth and at intervals greater than ten (10) feet.

If this standard is not met by the end of the second growing season, two alternatives exist depending on the severity of the erosion:

If erosion were greater than two (2) times the allowable amount, corrective action would have to be taken by the responsible company at that time.

If erosion is less than or equal to two (2) times the allowable amount, and it is determined the erosion occurred during vegetative establishment and the site may become stable, no corrective action would be required at that time. Another check (and measurement) would be performed a year later to determine if stability standards had been met. If the original measurements have not increased by more than the allowed standard, the standard would be considered met. However, if the increase were greater than the allowed standard, corrective action would be required.

Subsurface stability (mass wasting event) is of concern if disturbance has included excavation over four (4) feet in depth and greater than 10,000 square feet in area on slopes thirty five (35) percent and greater, or on any erosion-prone slope (Danforth Hills, Vermillion Bluffs, and badland areas). When these conditions occur, length of liability for reclamation and final abandonment will continue for ten (10) years following re-contouring to original contour or for such time that climatic patterns provide two (2) consecutive years in which measurable precipitation totals at least 120 percent of average from October 1 through September 30, as measured by data averaged from nearby regional weather stations.

The Authorized Officer may waive this stipulation, or portions of it. Such waiver will be documented and justified when not applicable, or when objectives are accomplished through another method.

### **SITE SPECIFIC CONDITIONS**

### **REGULATORY REMINDERS**

- A. This permit is valid for a period of one year from the date of approval. Any requests for extensions must be

submitted prior to the end of the one-year period. If the permit terminates, any surface disturbance created under the permit must be rehabilitated in accordance with the approved plan within 90 days of termination, unless otherwise approved by the Authorized Officer. An expired permit may be reinstated at the Authorized Officer's discretion, however, future operations may require a new application be filed for approval.

- B. All drilling operations, unless otherwise specifically approved in the APD, must be conducted in accordance with Onshore Oil and Gas Order No. 2; Drilling Operations.
- C. All 7-Day Requirement responses are made part of this APD.
- D. There shall be no deviation from the proposed drilling and/or workover program as approved, without prior approval from the Little Snake Field Office. Safe drilling and operating practices must be observed.
- E. Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease, which would entitle the applicant to conduct operations thereon.
- F. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the Little Snake Field Office. If operations are to be suspended for more than 30 days, prior approval for certain well operations must be obtained and notification given before resumption of operations in accordance with 43 CFR 3162.3-2 and 3162.3-4.
- G. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval for subsurface abandonment operations may be granted by the Little Snake Field Office. Oral approvals must be confirmed in writing (Notice of Intention to Abandon (Form 3160-5)) within 15 days. Unless the plugging is to take place immediately upon receipt of oral approval, the appropriate resource area must be notified at least 48 hours in advance of the plugging of the well, in order to provide a representative the opportunity to witness plugging operations.
- H. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) must be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with Onshore Oil and Gas Order No. 1. Daily drilling reports, a copy of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations (with Form 3160-4) will be filed and sent to the Little Snake Field Office, 455 Emerson Street, Craig, Colorado 81625. Samples (cuttings, fluid, and/or gas) will be submitted only when requested by the Authorized Officer.
- I. Section 102 (b) (3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1 (c), requires that "not later than the fifth business day after any well begins production on which royalty is due anywhere on a least site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, or the date on which such production has begun or resumed."

The date on which a well commences production, or resumes production after having been off production for more than 90 days is to be construed as follows:

1. For an oil well, the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever occurs first;
2. For a gas well, that date on which gas is first measured through sales metering facilities or the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, whichever occurs first. For purposes of this provision, a gas well shall not be considered to have been off production unless it

is incapable of production.

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c) (3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3163.2(e) (2).

- J. This APD is approved subject to the requirement that, should the well be successful (completed for production or recompleted for production in a new interval), the Little Snake Field Office must be notified when it is placed in a producing status. Such notification may be provided orally if confirmed in writing, and must be received in the Little Snake Field Office by not later than the 5<sup>th</sup> business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following information items:
  - 1. Operator name
  - 2. Well name, number, and location
  - 3. Date well was placed on production
  - 4. The lease, or communitized tract, or unit participating area to which the well's production is attributable.
- K. A separate Monthly Report of Operations, Form 3160-6, shall be submitted for each lease, unit participating area, or communitization agreement, beginning with the month in which drilling operation commence, in accordance with 43 CFR 3162.4-3. This report shall be sent to Minerals Management Service, Production Accounting Division, P.O. Box 17110, Denver, Colorado 80217.
- L. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the Authorized Officer.
- M. All produced liquids must be contained, including the dehydrator vent/condensate line effluent. All production pits must be bermed and fenced.
- N. Gas produced from this well may not be vented or flared beyond an initial, authorized test period of 30 days or 50 MMCF following completion, whichever comes first, without the prior written approval of the authorized officer. Should gas be vented or flared without approval beyond the authorized test period, you may be directed to shut the well in until the gas can be captured or approval to continue venting or flaring is granted and you may be required to compensate the lessor for that portion of the gas that was vented or flared without approval which is determined to have been avoidably lost.
- O. Produced water from newly completed wells may be temporarily disposed of into the reserve pit for a period of up to 90 days. During the 90-day periods, an application for approval of a permanent disposal method and location will be submitted according to Onshore Order No. 7 for approval.
- P. A schematic facilities diagram as required by CFR 43, Part 3162.7-5, shall be submitted to the Little Snake Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 3162.7-5(b).
- Q. The permit holder is required to use certified weed free hay, straw and mulch on BLM lands in Colorado should the use or storage of hay, straw or mulch be necessary. Any person who knowingly and willfully violates this regulation may be subject to a fine of not more than \$1,000 or imprisonment of not more than 12 months, or both as defined in 43 USC 1733 (a).