

U.S. Department of the Interior
Bureau of Land Management
Glenwood Springs Field Office
Box 1009, 50629 Highway 6 and 24
Glenwood Springs, CO 81602

DOCUMENTATION OF LAND USE PLAN CONFORMANCE AND NEPA ADEQUACY

NUMBER: CO-140-2005-025 DNA

CASEFILE/PROJECT NUMBER: Lease #COC-56035

PROJECT NAME: Application for Permit to Drill Directional Well (GMU 24-13D) from existing P23 Pad within Grass Mesa GAP, Benefiting Activity 1310, Fluid Minerals

LEGAL DESCRIPTION:

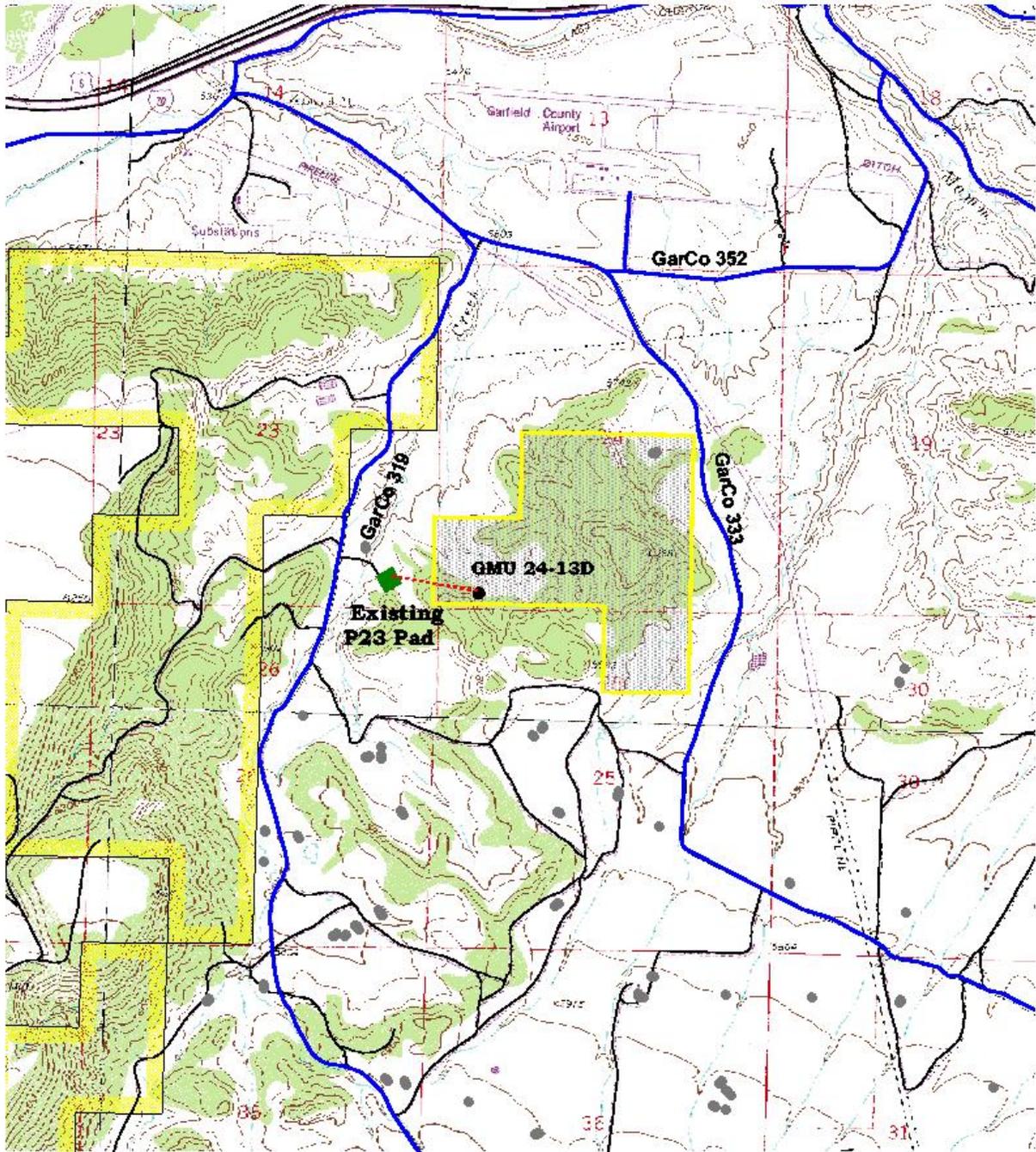
GMU 24-13D Surface location: T6S, R93W, Section 23, SE $\frac{1}{4}$ SE $\frac{1}{4}$
P23Pad Bottom Hole: T6S, R93W, Section 23, SW $\frac{1}{4}$ SW $\frac{1}{4}$ (150' FSL, 670' FWL)
 Surface Owner: Robert Lazier & 319 Properties, LLC
 Federal Lease: C-56035

APPLICANT: EnCana Oil & Gas (USA) Inc.

DESCRIPTION OF PROPOSED ACTION: The proposed action involves the permitting of 1 federal directional well bore (GMU 24-13D) from the existing P23 well pad located within the Grass Mesa Geographical Area Plan. This location is currently reclaimed and supports 4 existing wells including federal GMU 24-13 well. Three additional fee wells are planned with the re-entry on this pad for total of 4 additional wells. Surface disturbance limits for the re-disturbed pad area is not expected to exceed the original disturbed area from 2000-2001 initial drilling of 4 wells. The wells on this pad would be drilled with closed-loop drilling system and a typically-sized reserve pit would not be constructed. This DNA specifically is referenced to the original Environmental Assessment for the GMU 24-13 well on the P23 pad (#CO-140-2000-068) approved on September 19, 2000.

The well pad size would be expanded by 25 feet to the south end of pad from original disturbed area while maintaining the original total disturbance of 3.5 acres. This additional pad area will provide necessary room to drill the new wells in parallel bank 30 feet apart from the existing wells. No additional expansion of total disturbed area would occur. Existing gathering lines are adequate to serve these additional wells. No new road construction is necessary. Review of the Project Map can provide bottomhole locations, access and ownership details for the various well locations. This well qualifies as GAP waiver as defined in Appendix B of the 1999 SEIS.

The proposed action includes drilling and completion operations, installation of production facilities (pipeline, separator/dehydrator, water tank, etc.), production of natural gas, and intermediate and final reclamation measures. The Application for Permit to Drill (APD) includes drilling programs and a multi-



P23 Pad: GMU 24-13D well plus 3 fee wells

T6S R93W Sec 23, SE¹/₄SE¹/₄, 6th P.M.

Garfield County, CO

Surface Owners: Lazler & 319 Properties, LLC



Scale 1 : 24,000

12/28/04

point surface use and operations plans that describe details of well pad construction and interim reclamation. The proposed action will be implemented consistent with the oil and gas leases (listed above), federal regulations (43 CFR 3100), the Record of Decision and Resource Management Plan Amendment March 1999, and the operational measures included in the APD as well as the Conditions of Approval (COA) attached to the APD.

The well pad and access road is located in sagebrush vegetation surrounded by pinon-juniper habitat and a relatively productive understory of grasses and forbs along County Road 319 approximately 4 miles south of Rifle. The area provides habitat for a variety of big game, small game, and non-game mammals and birds. The Big Game Winter Habitat Timing Limitation (TL-1) is stipulated on the nearby Federal lease for the downhole location in federal mineral estate. However, because the surface locations of this pad is on private land, there is no specific language or legal description identifying the private well pad as binding to this timing limitation.

The existing well pad was not inventoried for cultural resources in 2000.

LAND USE PLAN (LUP) CONFORMANCE REVIEW: The proposed action is subject to the following plan:

LUP Name <u>Glenwood Springs RMP</u>	Date Approved <u>Jan, 1984</u>
LUP Name <u>Oil & Gas Leasing & Development Amendment</u>	Date Approved <u>Nov 27, 1991</u>
LUP Name <u>Oil & Gas Leasing & Development Amendment</u>	Date Approved <u>Mar 24, 1999</u>

- The Proposed Action is in conformance with the LUP because it is specifically provided for in the following LUP decision(s):
Decision Language: **Glenwood Springs Resource Area Oil & Gas Leasing & Development Record of Decision and Resource Management Plan Pg 2 through 17.**
- The Proposed Action is in conformance with the LUP, even though it is not specifically provided for, because it is clearly consistent with the following LUP decisions (objectives, terms, and conditions):

REVIEW OF EXISTING NEPA DOCUMENTS:

List by name and date all existing NEPA documents that cover the Proposed Action.

Name of Document: **Glenwood Springs Resource Area RMP, Environmental Impact Statement (January, 1984). Colorado Oil and Gas Leasing and Development Final Environmental Impact Statement (November, 1991). Colorado Standards for Public Land Health, (November, 1996), Glenwood Springs Resource Area Oil and Gas Leasing & Development Final Supplemental Environmental Impact Statement (FSEIS), (March, 1999). Environmental Assessment for the GMU24-13 well on P23 Pad (#CO-140-2000-068) approved on September 19, 2000.**

List by name and date any other documentation relevant to the Proposed Action (e.g., biological assessment, biological opinion, watershed assessment, allotment evaluation, and monitoring report).

Name of Document: **Environmental Assessment for Grass Mesa Geographic Area Plan (#CO-140-2004-081) approved on November 4, 2004.**

NEPA ADEQUACY CRITERIA:

1. Is the Proposed Action substantially the same action and at the site specifically analyzed in an existing document?

Documentation of answer and explanation: **Yes. The surface disturbing aspects of the proposed action was specifically addressed in the above-identified Environmental Assessments.**

2. Was a reasonable range of alternatives to the Proposed Action analyzed in the existing NEPA document(s), and does that range and analysis appropriately consider current environmental concerns, interests, and resource values?

Documentation of answer and explanation: **Yes. The existing analysis contained in the Environmental Assessment #CO-140-2000-068 and range of alternatives contained in the March 1999 Oil and Gas EIS Record of Decision and Resource Management Plan Amendment are still appropriate for these lands. No new information or circumstances has been identified for the lands contained in these parcels that would invalidate the existing analysis.**

3. Does the information or circumstances upon which the existing NEPA document(s) are based remain valid and germane to the Proposed Action? Is the analysis still valid in light of new studies or resource assessment information?

Documentation of answer and explanation: **Yes. The existing analysis contained in the Environmental Assessment #CO-140-2000-068 is still valid for these lands. No new special status species have been designated that would have potential habitat in the project area.**

4. Does the methodology and analytical approach used in the existing NEPA document(s) continue to be appropriate for the Proposed Action?

Documentation of answer and explanation: **Yes. The original well EA was written specifically for well development at the P23 well pad location.**

5. Are the direct and indirect impacts of the Proposed Action unchanged from those identified in the existing NEPA document?

Documentation of answer and explanation: **Yes. The existing NEPA document analyzed site-specific impacts of surface disturbance, destruction of vegetation, visual impacts and subsurface use. The impacts of the proposed action will be essentially the same as those impacts described in the existing EA #CO-140-2000-068.**

6. Are the cumulative impacts that would result from implementation of the Proposed Action unchanged from those analyzed in the existing NEPA document(s)?

Documentation of answer and explanation: **Yes. The cumulative impacts remain substantially unchanged from those analyzed in the FSEIS.**

7. Is the public involvement and interagency review associated with the existing NEPA document(s) adequate for the Proposed Action?

Documentation of answer and explanation: **Yes. Full public review occurred during the RMP/EIS process and the preparation of the original P23 pad EA.**

INTERDISCIPLINARY REVIEW: Identify those team members conducting or participating in the NEPA analysis and preparation of this work sheet (by name and title).

<u>Name</u>	<u>Title</u>	<u>Review Completed</u>
Jim Byers	Natural Resource Specialist	Fluid Minerals
Tom Fresques	Wildlife Biologist	Wildlife, T+E Spp(Animals)
Carla Scheck	Ecologist	T&E Spp (Plants), Vegetation, Weeds
Kay Hopkins	Recreation Planner	Visual Resource
Cheryl Harrison	Archaeologist	Cultural Resources, Native American Concerns
Mark Wimmer	Range Mgmt Specialist	Soil, Air and Water
Mike McGuire	Range Mgmt Specialist	Range Management
Bruce Fowler	Geologist	Downhole Geology

REMARKS:

Cultural Resources: According to the “Technical Guidance: Section 106 Inventory Requirements: Directional Drilling” e-mail dated 1/13/05 by Dan Haas “When previously constructed well pad(s), access road(s), and other related improvements are used without additional expansion, no additional cultural inventory is required to assess the potential adverse effects to historic properties.” If, at a later date, additional disturbance is determined necessary a Class III inventory will be required.

Native American Religious Concerns: The proposed wells are within a larger area identified by the Ute Tribe of the Uinta and Ouray Bands as part of their ancestral homeland. If new data is disclosed, new terms and conditions may have to be negotiated to accommodate their concerns. The Education/Discovery stipulation needs to be added to the permit informing proponent and their sub-contractors of their responsibilities to protect and report any cultural resources encountered on public land during operations under this permit.

MITIGATION:

All well activity is restricted to the existing well pad footprint. Any additional ground disturbing activity that extends beyond the existing well pad footprint will require an archaeological inventory, and may require additional work to mitigate affected cultural resources, if they are identified. A standard Education/Discovery Condition of Approval for Cultural Resource protection will be attached to the APDs.

NAME OF PREPARER:

DATE:

CONCLUSION

CO-140-2005-025 DNA

Application for Permit to Drill GMU 24-13D Directional Well from Existing P23 Pad

✓ Based on the review documented above, I conclude that this proposal conforms to the land use plan and that the NEPA documentation previously prepared fully covers the Proposed Action and constitutes BLM's compliance with the requirements of NEPA.

Based on the review documented above, I conclude that either the proposal does not conform with the land use plan, or that additional NEPA analysis is needed.

SIGNATURE OF RESPONSIBLE OFFICIAL:


Field Manager

DATE SIGNED: 1-20-05

Note: The signed Conclusion on this worksheet is part of an interim step in the BLM's internal decision process and does not constitute an appealable decision.

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: **EnCana Oil & Gas, Inc.**

PAD	P23	Location	SESE Sec 23, T06S, R93W	
Well Name	Well No.	API No.	Bottom Hole Location	Lease
GMU	24-13D(P23)		SWSW Sec 23 T06S, 93W	COC-56035

NOTIFICATION REQUIREMENTS

- Location Construction - at least forty-eight (48) hours prior to construction of location and access roads.
- Spud Notice - at least twenty-four (24) hours prior to spudding the well.
- Casing String and Cementing - at least twenty-four (24) hours prior to running casing and cementing all casing strings.
- BOP and Related Equipment Tests - at least twenty-four (24) hours prior to initiating pressure tests.
- First Production-Notice - within five (5) business days after new well begins, or production resumes after well has been off production for more than ninety (90) days.
- Reclamation - At least (24) hours prior to re-shaping the well pad.

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

Please contact Carol Snyder (970)244-3033, or Ed Fancher (970)244-3039, of this office at least 24 hours prior to running the surface and production casing and conducting the BOP test. **Contact Marty O'Mara (970)947-2825, BLM Glenwood Springs, at least twenty-four (24) hours prior to spudding the well.**

**DOWNHOLE CONDITIONS OF APPROVAL FOR NOTICE TO DRILL
P23 pad well**

1. The production casing minimum TOC is listed in the table below. This must be achieved during the primary cement job or through remedial cementing.

Well No.	Minimum TOC	
	TVD	MD
24-13D(P23)	4325'	4577'

2. A cement bond log (CBL) will be run from the production casing shoe to **TOC** and shall be utilized to determine the bond quality for the production casing.
3. Any usable water zones encountered below the surface casing shall be isolated and or protected by cementing across the zone. The minimum requirement is to cement from 50 feet above to 50 feet below each usable water zone encountered.
4. All prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.
5. The neutron-density porosity log is proposed to be run from TD to 5500'. The neutron-density log **shall** be run from TD to the top of the Williams Fork.

REGULATORY REMINDERS

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.

All drilling operations, unless otherwise specifically approved in the APD, must be conducted in accordance with Onshore Oil and Gas Order No. 2.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors.

A copy of the approved application for permit to drill (APD), including the conditions of approval and accompanying surface use plan will be furnished to the field representative by the operator to insure compliance and will be available to authorized personnel at the drillsite whenever active construction or drilling operations are underway.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

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 5th business day after any well begins production on which royalty is due anywhere on a lease 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, of the date on which such production has begun or resumed."

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 3162.4-1(b)(5)(ii).

In the event after-hours approval or notification is necessary, please contact one of the following individuals:

Marty O'Mara Petroleum Engineer	H: 970.285.9473 Glenwood Springs Fax	W: 970.947.2825 970.947.2829
Jerry Francis Petroleum Engineering Tech.	H: 970.242.8410	W: 970.244.3043 C: 970.250.5735
Carol Snyder Petroleum Engineering Tech.	H: 970.255.9339	W: 970.244.3033 C: 970.216.6146
Ed Fancher Petroleum Engineering Tech.	H: 970.242.9502	W: 970.244.3039 C: 970.640.4590
Jim Byers Natural Resource Specialist		W: 970.947.2804
BLM Fax: 970.244.3083		

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

- Unused fracturing fluids or acids
- Gas plant cooling tower cleaning wastes
- Painting wastes
- Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids
- Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste
- Refinery wastes
- Liquid and solid wastes generated by crude oil and tank bottom reclaimers
- Used equipment lubrication oils
- Waste compressor oil, filters, and blowdown
- Used hydraulic fluids
- Waste solvents
- Waste in transportation pipeline-related pits
- Caustic or acid cleaners
- Boiler cleaning wastes
- Boiler refractory bricks
- Incinerator ash
- Laboratory wastes
- Sanitary wastes
- Pesticide wastes
- Radioactive tracer wastes
- Drums, insulation and miscellaneous solids.

SURFACE USE CONDITIONS OF APPROVAL

1. The paint color to be used on all surface facilities including the metal containment rings surrounding the tank batteries is Carlsbad Canyon (2.5Y 6/2).
2. The operator is responsible for applying dust abatement measures as needed or directed by the Authorized Officer. The level and type of treatment (watering or application of various dust agents, surfactants and road surfacing material) may be changed in intensity and must be approved by the Authorized Officer. Dust control is needed to prevent heavy plumes of dust from road use that create safety problems and disperses heavy amounts of particulate matter on adjacent vegetation.
3. Noxious weeds, which may be introduced due to soil disturbance associated with the proposed lease operations, will be treated by methods to be approved by the Authorized Officer. A Pesticide Use Plan (PUP) is required prior to use of any pesticide.
4. Remote monitoring will be conducted during the winter months to minimize site visits to pad locations and reduce traffic impacts to wintering big game wildlife. In addition, scheduled winter visits (those other than for emergency purposes), should be scheduled between 10 a.m. and 3 p.m. to further minimize disturbance to wintering big game wildlife.
5. All well activity is restricted to the existing well pad footprint. Any additional ground disturbing activity that extends beyond the existing well pad footprint will require an archaeological inventory, and may require additional work to mitigate affected cultural resources, if they are identified.

Cultural Resource Education/Discovery Stipulation

A standard Education/Discovery Condition of Approval for Cultural Resource protection will be attached to the APDs. All persons in the area who are associated with this project must be informed that if anyone is found disturbing historic, archaeological, or scientific resources, including collecting artifacts, the person or persons will be subject to prosecution.

Pursuant to 43CFR10.4(g), the BLM authorized officer must be notified, by telephone, with written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects of cultural patrimony. Further, pursuant to 43CFR10.4 (c) and (d), activities must stop in the vicinity of the discovery and the discovery must be protected for 30 days or until notified to proceed by the authorized officer.

If in connection with operations under this contract the project proponent, his contractors, subcontractors, or the employees of any of them, discovers, encounters or becomes aware of any objects or sites of cultural or paleontological value or scientific interest such as historic or prehistoric ruins, graves or grave markers, fossils, or artifacts, the proponent shall immediately suspend all operations in the vicinity of the cultural or paleontological resource and shall notify the BLM authorized officer of the findings (16 U.S.C. 470h-3, 36CFR800.112). Operations may resume at the discovery site upon receipt of written instructions and authorization by the authorized officer. Approval to proceed will be based upon evaluation of the resource. Evaluation shall be by a qualified professional selected by the authorized officer from a federal agency insofar as practicable. When not practicable, the holder shall bear the cost of the services of a non-federal professional.

Within five working days the authorized officer will inform the holder as to:

- whether the materials appear eligible for the National Register of Historic Places;

- the mitigation measures the holder will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
- a time frame for the authorized officer to complete an expedited review under 36 CFR 800.11, or any agreements in lieu thereof, to confirm through the State Historic Preservation Officer that the findings of the authorized officer are correct and the mitigation is appropriate.

The proponent may relocate activities to avoid the expense of mitigation and/or the delays associated with this process, as long as the new area has been appropriately cleared of resources and the exposed materials are recorded and stabilized. Otherwise, the proponent 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 proponent will then be allowed to resume construction.

Antiquities, historic, prehistoric ruins, or objects of scientific interest that are outside of the authorization boundaries but directly associated with the impacted resource will also be included in this evaluation and/or mitigation.

Antiquities, historic, prehistoric ruins, or objects of scientific interest, identified or unidentified, that are outside of the authorization and not associated with the resource within the authorization will also be protected. Impacts that occur to such resources, which are related to the authorizations activities, will be mitigated at the proponent's cost including Native American consultation cost.

6. All persons associated with operations under this authorization must be informed that any objects or sites of paleontological or scientific value, such as vertebrate or scientifically important invertebrate fossils, shall not be damaged, destroyed, removed, moved or disturbed. If in connection with operations under this authorization any of the above resources are encountered the proponent shall immediately suspend all activities in the immediate vicinity of the discovery that might further disturb such materials and notify the BLM authorized officer of the findings. The discovery must be protected until notified to proceed by the authorized officer.

As feasible, the proponent shall suspend ground-disturbing activities at the discovery site and immediately notify the BLM authorized officer of any finds. The BLM authorized officer will, as soon as feasible, have a BLM-permitted paleontologist check out the find and record and collect it if warranted. If ground-disturbing activities cannot be immediately suspended, the proponent shall work around or set the discovery aside in a safe place to be accessed by the BLM-permitted paleontologist.

7. Reclamation Plan. Refer to Appendix I. Surface Reclamation of the 6/98 GSFO's Draft Supplemental EIS for Oil & Gas Leasing Development (pages I-1 through I-8) for specific reclamation goals, objectives, timelines, measures and monitoring methods. These guidelines will be followed in completing the reclamation of disturbed surfaces on well pads, access roads and pipelines

Some effective practices that will be implemented during reclamation include, but are not limited to: proper siting of the well pad to minimize impacts, the immediate seeding of disturbed areas after construction, proper storage and redistribution of topsoil, reshaping cut and fill slopes, seeding with specified seed mix within the first available growing season after disturbance, deep ripping (>18 inches on 2 foot centers), fencing reclaimed areas to protect from livestock use, and the use of riprap, slash or other erosion control structures to help control sediment loss.

The 4 Reclamation Categories defined on Page I-8 of Appendix I (6/98 GSFO's Draft Supplemental EIS for Oil & Gas Leasing Development) will be used in gauging the progress of reclamation monitoring.

Seed Mix Application Practices

A specified seed mix designed to meet interim reclamation standards while providing forage and browse for wintering elk and deer using a mixture of shrub, grass and forb species shall be applied. The following seed mix and rates will be used on all disturbed surfaces, including pipelines unless otherwise noted in the specific APD:

<u>Species of Seed</u>	<u>Variety</u>	<u>Application Rate (Lbs./acre)</u>
4-wing Saltbush	Rincon	2.0
Thickspike wheatgrass	Critana	3.0
Western wheatgrass	Arriba	3.0
Bluebunch wheatgrass	Secar	3.0
Sainfoin		1.0
Small Burnet		1.0
Total:		13.0

The above rate of application is listed in pounds of pure live seed (PLS)/acre. The seed will be certified and there will be no primary or secondary noxious weeds in the seed mixture. The operator shall notify the Authorized Officer 24 hours prior to seeding and shall provide evidence of certification of the seed mix to the Authorized Officer within 30 days of completion of the seed application.

Upon completion of backfilling, leveling, ripping to minimum 18 inch depth on 2 foot centers, and recontouring, the stockpiled topsoil will be evenly spread over the reclaimed areas(s). Prior to reseeding, all disturbed surfaces will be scarified and left with a rough surface. No depressions will be left that would trap water and form ponds.

The prepared seedbed will be seeded within 24 hours after completing dirt work unless a change is requested by the operator and approved by the Authorized Officer. Prepare the seedbed by contour cultivating 4-6 inches deep. **Drill seed ¼ to ½ inch deep following the contour.** In areas that cannot be drilled, broadcast seed at 1½ times the application rate and cover ¼ to ½ inch deep with a harrow or drag bar. All seeding will be conducted after September 1 and prior to ground frost. Spring seeding will be done after the frost leaves the ground and no later than May 1st. If the seeding is unsuccessful, operator will be required to make subsequent seedings until the reclamation objectives identified in Appendix I. Surface Reclamation of the 6/98 GSFO’s Draft Supplemental EIS for Oil & Gas Leasing Development are met.

Erosion Control Practices

The cut and fill slopes will be protected against rilling and erosion with measures such as water bars, lateral furrows, or other measures approved by the Authorized Officer. Weed free straw bales, straw “wattles”, straw matting or a well-anchored fabric silt fence will be used on cuts and fill slopes to protect against soil erosion.

Topsoil Practices

During well pad, road and/or pipeline construction, topsoil will be stripped to a minimum depth of 6 inches and segregated from other subsurface material piles, ie. excess material from reserve pit construction. If topsoil is less than 6 inches, the top 6 inches of surface material will be stripped and piled.

Site Protection Practices

Reclaimed areas will be fenced to exclude livestock until seeded species have established. The Authorized Officer will approve the type of fencing. Fencing shall be to BLM standards

The operator will submit an annual reclamation report by December 31 to the Authorized Officer. The report will document compliance with all aspects of the reclamation objectives. The report will specify if the reclamation objectives are likely to be achieved and actions needed to meet these objectives.