

U.S. Department of the Interior
Bureau of Land Management
Glenwood Springs Energy Office
2425 South Grand Avenue, Suite 101
Glenwood Springs, CO 81601

Statutory Categorical Exclusion, CO140-2007-086

Project: Proposal to Directionally Drill Two Additional Wells into Federal Lease COC58675 from the Existing N17OU Pad in the Orchard Unit GAP. The two new wells are as follows: Orchard Unit 17-11 and Orchard Unit 17-15.

Location: SESW, Section 17, Township 8 South, Range 96 West, Sixth Principal Meridian

Proposal: EnCana Oil & Gas (USA) Inc. proposes to directionally drill two wells on the existing N17OU pad located on public land in the Orchard Unit GAP (EA #CO140-05-113). The Federal pad has one existing well (Orchard Unit 17-14A) which was spudded on 4/1/04. An access road has been constructed and a surface pipeline has been installed to the pad. See attached Project Map. No additional surface disturbance is planned on the pad to drill these wells. The existing surface disturbance associated with the pad totals 2.5 acres.

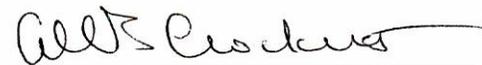
BLM Lease Stipulations and Conditions of Approval: NSO to protect raptor nesting and fledgling habitat (no surface use from February 1 to August 15 for 1/4 mile around nest site), NSO to protect raptor nests (1/8 mile from nest site), CSU for protection of fragile soils, and TL for protection of big game winter habitat from December 1 to April 30).

Conditions of Approval (COAs) that would be included on the Application for Permit to Drill (APDs) for the two new wells on this pad are attached.

NEPA Compliance: Category #2 of Section 390 Categorical Exclusions for Oil and Gas Development: *"Drilling an oil and gas location or well pad at a site which drilling has occurred within five (5) years prior to the date of spudding the well."* The Orchard Unit 17-14A well was spudded on 4/1/04.

Prepared by: Jim Byers, Natural Resource Specialist

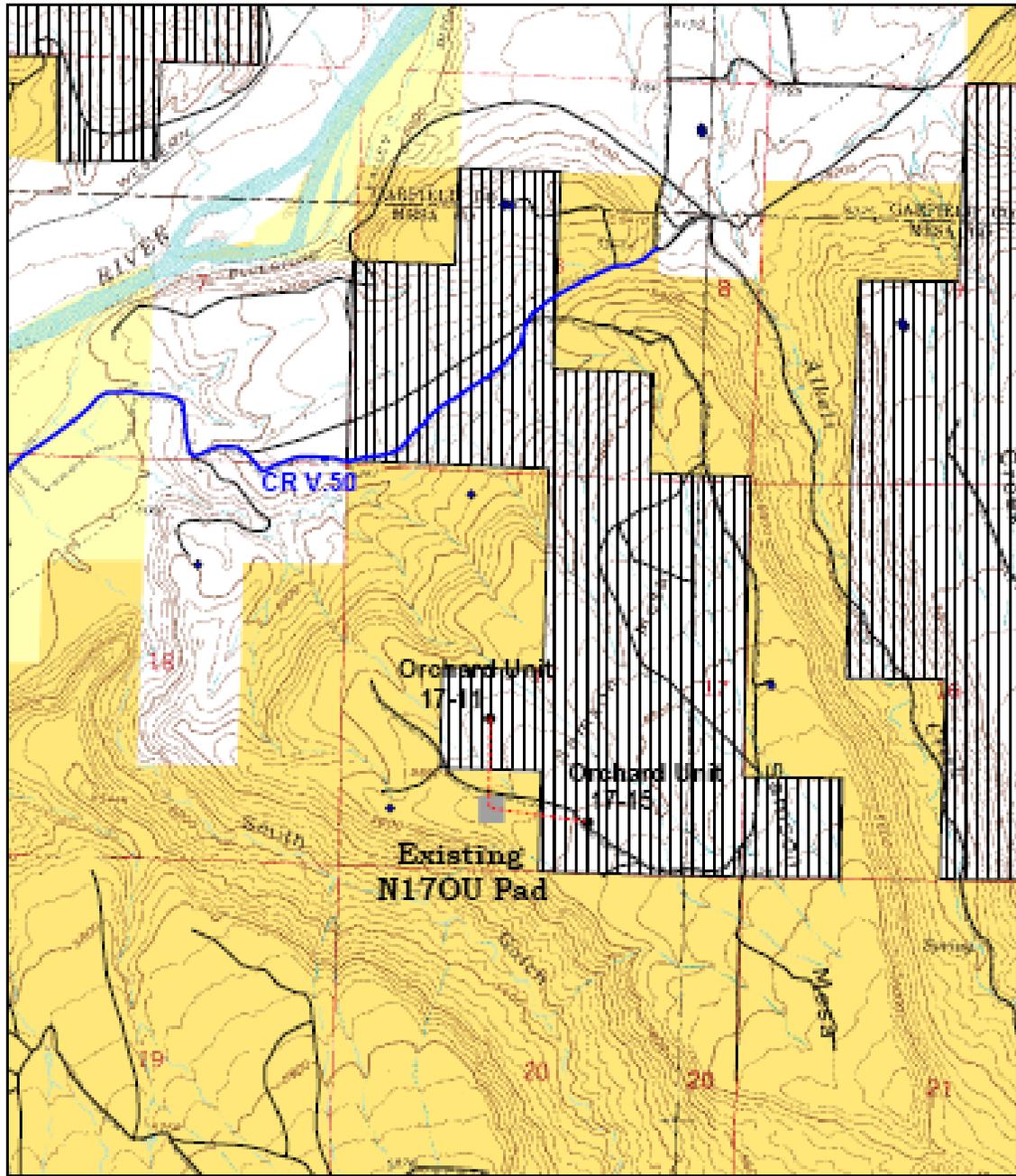
Approval: It is my decision to approve the proposed action with the terms and conditions referenced above:



Allen B. Crockett, Ph.D., J.D.
Supervisory Natural Resource Specialist

APR 30 2007

Date

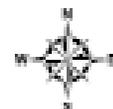


EnCana's Existing N170U Pad with 2 Fed Wells

*T8S R96W Sec 17, SESW 6th P.M. (N170U Pad)
Mesa County, CO*

Surface Owner: BLM (N170U Pad)
Keinath (Road Access)

Existing Pad: Gray Block
Proposed Bottomholes: Black Dot



Scale 1: 24,000
3/28/07

Wells: Orchard Unit 17-11 and 17-15
N17OU Pad
Operator: EnCana Oil & Gas (USA) Inc.

**DOWNHOLE CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL**

Company/Operator: EnCana Oil & Gas (USA), Inc.

Surface Location: SESW Sec. 17, T8S, R96W (N17OU Pad)

<u>Name</u>	<u>Number</u>	<u>Bottomhole Location</u>	<u>Lease</u>
Orchard Unit	17-11 (N17OU)	NESW Sec. 17, T8S, R96W	COC58675
Orchard Unit	17-15 (N17OU)	NESW Sec. 17, T8S, R96W	COC58675

Conditions of Approval identified in the EnCana Oil & Gas (USA) Inc. Orchard Unit II Master APD (submitted January 2007) shall apply.

Please contact Steve Ficklin (970-947-5213) or Jennifer Gallegos (970-947-5220) of the Glenwood Springs Energy office at least 24 hours:

- 1) pre- and post-spud
- 2) prior to running the surface and production casing
- 3) conducting the BOP test

SURFACE USE CONDITIONS OF APPROVAL

1. Compliance with GAP Standard COAs. Standard Conditions of Approval outlined in Appendix B of the Orchard Unit GAP (EA#CO-140-05-113) shall apply and remain in full force and effect. Additional COAs are presented below.
2. Well Spudding Deadline. If the well has not been spudded by April 1, 2009 (5 years after initial spud date of Orchard Unit 17-14A well), this APD shall expire and the operator is to cease all operations related to preparing to drill the well.
3. Facility Paint Color. The paint color to be used on all surface facilities including pipeline risers, traffic control gates, and metal containment rings surrounding the tank batteries is Shale Green (5Y4/2).
4. Raptors. To protect nesting raptors, additional raptor surveys shall be required if 2 years have lapsed between initial surveys and the commencement of new development activities or if changes to the location of planned infrastructure were made after initial surveys and the new location occurs outside the original survey area. All potential nesting habitat within 0.25 mile of these developments shall be surveyed and the results documented and submitted to the BLM Glenwood Springs Energy Office wildlife biologist. If an active raptor nest is located within 0.25 mile of the proposed activity, a 60-day timing limitation during the critical nesting period and/or relocation of the well pad/road/pipeline up to 200 meters may be required. In the event of an active raptor nest within 0.25 mile of developments, the operator is advised to ensure compliance with the Migratory Bird Treaty Act by contacting Creed Clayton, U.S. Fish and Wildlife Service (USFWS), Glenwood Springs Energy Office at 970-947-5219 or at john_c_clayton@blm.gov and Jeff Cook, BLM, Glenwood Springs Energy Office at 970-947-5231 or at jeffrey_cook@blm.gov.
5. Migratory Birds. It shall be the responsibility of the operator to comply with the Migratory Bird Treaty Act with respect to “take” of migratory bird species. The operator shall prevent use by migratory birds of reserve pits, produced water pits, and evaporation pits, that store or are expected to store fluids which may pose a risk to such birds (e.g., migratory waterfowl, shorebirds, wading birds and raptors) during completion and after completion activities have ceased. Several established methods to prevent bird access are known to work. Methods may include but are not limited to netting, the use of bird-balls, or other alternative methods that effectively prevent bird access/use. Regardless of the method used, it shall be applied within 24 hours after completion activities have begun. All lethal and non-lethal events that involve migratory birds shall be reported to the Natural Resource Specialist immediately upon their discovery.
6. Weed Control. The Operator shall regularly monitor and promptly control noxious weeds or other undesirable plants species as set forth in the Glenwood Springs Energy Office *Noxious and Invasive Weed Management Plan for Oil and Gas Operators*, dated March 2007. A Pesticide Use Proposal (PUP) must be approved by BLM prior to the use of herbicides.
7. Remote Monitoring. Remote monitoring should be conducted to the extent feasible during winter months to minimize site visits to pad locations and reduce traffic impacts to wintering big game wildlife. To the extent feasible, scheduled winter visits (other than for emergency purposes) should be scheduled between 10 a.m. and 3 p.m. to further minimize disturbance to wintering big game.

8. Cultural Resource Education/Discovery. All persons in the area who are associated with this project shall 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 43 CFR 10.4(g), the BLM authorized officer shall 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 operator, 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 operator 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 that the holder is likely to be required to undertake before the site can be used (assuming that *in-situ* preservation is not necessary)
- a timeframe 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 operator 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 operator shall 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.

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

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

9. Reclamation. Reclamation goals, objectives, timelines, measures, and monitoring methods for final reclamation of oil and gas disturbances are described in Appendix I (Surface Reclamation) of the 1998 Draft Supplemental EIS (DSEIS). The specific measures described below shall be followed during interim reclamation of disturbed surfaces associated with well pads, access roads, and pipelines. These measures, except seedbed preparation, shall also apply to temporary reclamation of topsoil storage piles and surfaces that are subject to interim reclamation but not scheduled to undergo interim reclamation for more than 1 year.

a. Seedbed Preparation. For interim reclamation, all slopes shall be reshaped prior to seedbed preparation. Initial seedbed preparation shall consist of backfilling, leveling, and ripping all areas to be seeded to a minimum depth of 18 inches with a furrow spacing of 2 feet, followed by recontouring the surface and then spreading the stockpiled topsoil evenly. Prior to seeding, the seedbed shall be scarified and left with a rough surface. No depressions shall be left that would trap water and form ponds. Final seedbed preparation shall consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding. NOTE: Seedbed preparation is not required for topsoil storage piles or other areas of temporary reclamation.

Requests for use of soil amendments, including basic product information, shall be submitted to the BLM for approval.

b. Seed Mixes. Selection of seed to be used in temporary or interim reclamation shall comply with the menu-based seed mixes in the letter provided to oil and gas operators dated April 16, 2007. For private surfaces, the menu-based seed mixes are recommended, but the landowner would have ultimate authority over the seed mix to be used in reclamation. The seed shall be certified free of noxious weeds. Seed may contain up to 2.0 percent of "other crop" seed by weight, including the seed of other agronomic crops and native plants; however, a lower percent of other crop seed is recommended. Seed tags or other official documentation shall be supplied to the BLM Glenwood Springs Energy Office Ecologist (Beth Brenneman, 970-947-5232 or beth_brenneman@blm.gov) at least 14 days before the date of proposed seeding for acceptance. Seed that does not meet the above criteria shall not be applied to public lands.

c. Seeding Procedures. Seeding shall be conducted no more than 24 hours following completion of final seedbed preparation. A seed mix consistent with BLM standards in terms of species and seeding rate for the specific habitat type shall be used on all BLM lands affected by the project (see Attachments 1 and 2 of the letter provided to operators dated April 16, 2007). Revegetating the disturbed area promptly will help prevent erosion and invasion by weeds and provide food and cover for wildlife.

Where practicable, seed shall be installed by drill-seeding to a depth of 0.25 to 0.5 inch. Where drill-seeding is impracticable, seed may be installed by broadcast-seeding at twice the drill-seeding rate, followed by raking or harrowing to provide 0.25 to 0.5 inch of soil cover.

Hydroseeding and hydromulching may be used in temporary reclamation or in areas where drill-seeding or broadcast-seeding/raking are impracticable. Hydroseeding and hydromulching must be conducted in two separate applications to ensure adequate contact of seeds with the soil.

If interim revegetation is unsuccessful, the operator shall implement subsequent reseeding until interim reclamation standards are met. Requirements for reseeding of unsuccessful temporary reclamation will be considered on a case-by-case basis.

d. Mulch. Mulch shall be applied within 24 hours following completion of seeding. In areas of interim reclamation that used drill-seeding or broadcast-seeding/raking, mulch shall consist of crimping certified weed-free straw or certified weed-free native grass hay into the soil. Hydromulching may be used in areas of interim reclamation where crimping is impracticable, in

areas of interim reclamation that were hydroseeded, and in areas of temporary reclamation regardless of seeding method.

NOTE: As an exception to this provision, mulch is not required in areas where erosion potential mandates use of a biodegradable erosion-control blanket (straw matting).

- e. Erosion Control. Cut-and-fill slopes shall be protected against erosion with the use of water bars, lateral furrows, or other measures approved by the authorized officer. Biodegradable straw matting, bales or wattles of weed-free straw or weed-free native grass hay, or well-anchored fabric silt fence shall be used on cut-and-fill slopes and along drainages to protect against soil erosion. Additional BMPs shall be employed as necessary to ensure reduced offsite erosion and to protect drainages from sediment.
- f. Site Protection. The pad shall be fenced to BLM standards to exclude livestock grazing for the first two growing seasons or until seeded species are firmly established, whichever comes later. The seeded species will be considered firmly established when at least 50% of the new plants are producing seed. The authorized officer will approve the type of fencing.
- g. Monitoring. The operator shall conduct annual monitoring surveys of reclaimed areas and shall submit an annual monitoring report to the authorized officer by December 31 of each year. The monitoring program shall use the four Reclamation Categories defined in Appendix I of the 1998 DSEIS to assess progress toward reclamation objectives. The annual report shall document whether attainment of reclamation objectives appears likely. If one or more objectives appear unlikely to be achieved, the report shall identify appropriate corrective actions. Upon review and approval of the report by the BLM, the operator shall be responsible for implementing the corrective actions or other measures specified by the authorized officer.