

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

Statutory Categorical Exclusion: CO140-2007-106

Project: Proposal to directionally drill eight new wells into Federal Lease COC66918 from the existing Hells Gulch North Phase I Pad 26-6. The proposed new wells are as follows: 26-3A, 26-3B, 26-3C, 26-4A, 26-4B, 26-4C, 26-5A, and 26-5B.

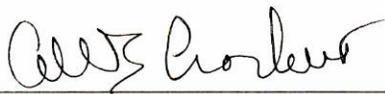
Surface Location: SENW, Section 26, Township 8 South, Range 92 West, Sixth Principal Meridian, Garfield County, Colorado.

Proposal: Laramie Energy, LLC, proposes to directionally the eight new Federal wells listed above from the existing Hells Gulch North Phase I Pad 26-6. The new wells would utilize an existing access road and pipeline corridors but would require up to 0.48 acre of new surface disturbance to accommodate drilling of the additional wells.

Lease Stipulations and Conditions of Approval: The lease stipulations attached to Federal Lease COC66918 would apply to the eight new wells. Downhole Conditions of Approval (COAs) to be attached to Applications for Permit to Drill (APDs) for the new wells are attached to this document. Surface Use COAs are attached to the Decision Document issued by the U.S. Department of Agricultural, Forest Service (surface landowner). The Forest Service Decision Document for the Surface Use Plan of Operations (SUPO), was signed on May 9, 2007, by Ms. Maribeth Gustafson, Forest Supervisor, White River National Forest.

NEPA Compliance: Category #1 of Section 390 Categorical Exclusions of Oil and Gas Development includes the following criteria: *Individual surface disturbances less than five acres so long as the total surface disturbance on the lease is not greater than 150 acres and site-specific analysis in a document prepared pursuant to NEPA has been previously been completed*. The proposed eight new wells would result in up to 0.48 acre of new surface disturbance, for a total of 20.09 acres on Federal Lease COC66918 (including 0.61 acre on the Hells Gulch North Phase I Pad 23-13 approved concurrently with this SCE). The existing 26-6 Pad was analyzed pursuant to the National Environmental Policy Act (NEPA) in the *Laramie Energy Hell's Gulch Natural Gas Exploration Project Environmental Assessment (EA)* dated July 2005.

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

5/9/07

Date

DOWNHOLE CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Laramie Energy, LLC

Surface Location: Pad 26-6, SENW Section 26, T. 8S., R. 92W.

<u>Well Name</u>	<u>Well No.</u>	<u>Bottomhole Location</u>	<u>Lease</u>
Hells Gulch Federal	26-3A	NENW Section 26, T. 8S., R. 92W.	COC66918
Hells Gulch Federal	26-3B	NENW Section 26, T. 8S., R. 92W.	COC66918
Hells Gulch Federal	26-3C	NENW Section 26, T. 8S., R. 92W.	COC66918
Hells Gulch Federal	26-4A	NWNW Section 26, T. 8S., R. 92W.	COC66918
Hells Gulch Federal	26-4B	NWNW Section 26, T. 8S., R. 92W.	COC66918
Hells Gulch Federal	26-4C	NWNW Section 26, T. 8S., R. 92W.	COC66918
Hells Gulch Federal	26-5A	SWNW Section 26, T. 8S., R. 92W.	COC66918
Hells Gulch Federal	26-5B	SWNW Section 26, T. 8S., R. 92W.	COC66918

Downhole Conditions of Approval (COAs) identified in the Laramie Energy, LLC, Hells Gulch Master APD shall apply.

Please contact Steve Ficklin (970-947-5213) or Jennifer Gallegos (970-947-5220), Petroleum Engineering Technicians of the BLM 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