

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

Statutory Categorical Exclusion, CO140-2007-050

Project: Proposal to Directionally Drill 7 Additional Wells into Federal Lease COC23443 from Existing BLM Pad (7F) in Pete and Bill Creek Area.

Location: T8S, R95W Section 7, SE $\frac{1}{4}$ NW $\frac{1}{4}$, 6th PM (7F Pad)

Proposal: Noble Energy, Inc. proposes to directionally drill 7 additional wells on the existing 7F pad constructed in fall, 2006. The initial Federal 7-22D well (approved 9/18/06) on the 7F pad has yet to be spudded as operator plans to initiate drilling on this pad when big game winter timing limitation is lifted spring, 2007. Basic infrastructure (access roads, pipelines, etc.) serving the 7F pad has been constructed. See attached Project Map. No additional surface disturbance is planned on the 7F pad to drill these additional wells.

The 7F location is located on public land. Access to the site crosses private lands, thereby restricting public motor vehicle access to the area. Road (COC-69031) and pipeline (COC69872) rights-of-way were issued by GSFO authorizing operator's construction of access road and pipeline crossing adjacent BLM lease in Section 1, T8S R96W when initial Noble's SP22-8 well was approved in August, 2005.

BLM Conditions of Approval: Conditions and stipulations which would be included on the Applications for Permit to Drill are attached.

NEPA Compliance: Category #3 of Section 390 Categorical Exclusions for Oil and Gas Development: *"Drilling an oil or gas well within a developed field for which an approved land use plan or any environmental document prepared pursuant to NEPA analyzed drilling as a reasonably foreseeable activity, so long as such plan or document was approved within five (5) years prior to the date of spudding the well."*

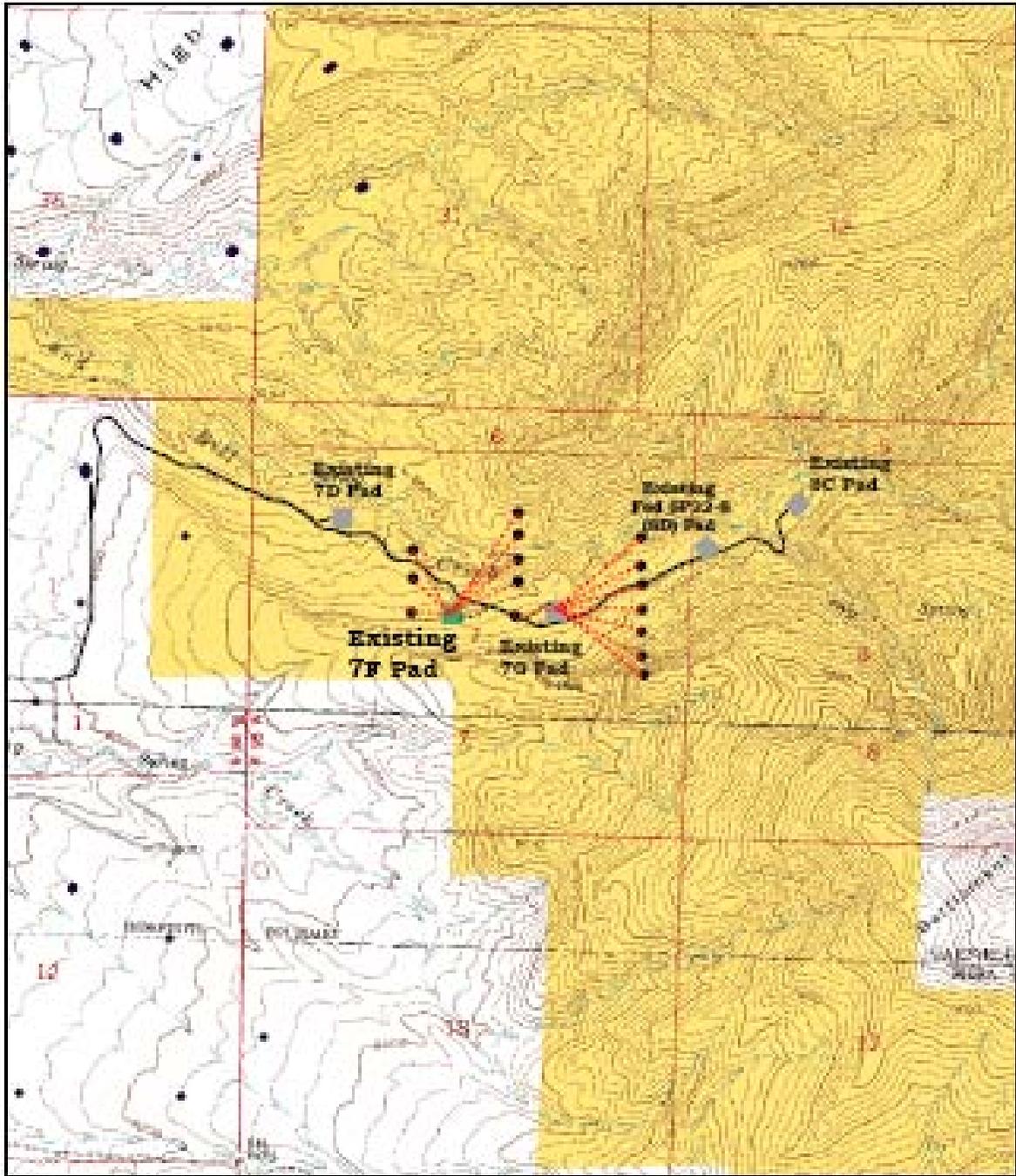
Prepared by: Jim Byers, Natural Resource Specialist 2/22/07

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


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

FEB 27 2007

Date



**Noble's Proposed Pete & Bill Creek 7F Pad w/
7 Additional Directional Wells**

T8S R96W Sec 7 SENW, 6th PM (7F Pad)
Garfield County, CO
Surface Owner: BLM



CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: **Noble Energy, Inc**

	PAD	Federal 7F		
Well Name	Well No.	Surface Hole Location	Bottom Hole Location	Lease
Federal	7-22A	SEnw Sec 7 T08S, R95W	SEnw Sec 7 T08S, R95W	COC-23443
Federal	7-22B	SEnw Sec 7 T08S, R95W	SEnw Sec 7 T08S, R95W	COC-23443
Federal	7-22C	SEnw Sec 7 T08S, R95W	SEnw Sec 7 T08S, R95W	COC-23443
Federal	7-31C	SEnw Sec 7 T08S, R95W	SEnw Sec 7 T08S, R95W	COC-23443
Federal	7-31D	SEnw Sec 7 T08S, R95W	SEnw Sec 7 T08S, R95W	COC-23443
Federal	7-32A	SEnw Sec 7 T08S, R95W	SEnw Sec 7 T08S, R95W	COC-23443
Federal	7-32B	SEnw Sec 7 T08S, R95W	SEnw Sec 7 T08S, R95W	COC-23443

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 pre and 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 Marty O’Mara (970) 947-5221 of the Glenwood Springs field office at least 24 hours prior to spud.

Please contact **Steve Ficklin (970) 947-5213, or Jennifer Gallegos (970) 947-5220 of the Glenwood Springs** energy office at least 24 hours prior to running the surface and production casing and conducting the BOP test.

DOWNHOLE CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

1. The top of cement (TOC) for each well must be a minimum depth of 200 ft above the Williams Fork top either during the primary cement job or through remedial cementing:

<u>Well No.</u>	<u>Minimum TOC</u>	
	<u>MD</u>	<u>TVD</u>
7-22A	3411'	3277'
7-22B	3293'	3253'
7-22C	3293'	3253'
7-31C	3687'	3348'
7-31D	3564'	3341'
7-32A	3484'	3326'
7-32B	3411'	3316'

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. Contact BLM – Glenwood Springs, CO upon encountering any usable water zones.
4. In addition to the Onshore Order No. 2 BOP testing requirements, for safety concerns, please test BOP to 250 psi for 5 minutes. Casing must be tested to 1,500 psi.
5. Open hole production logs shall be run from TD to the base of the surface casing on at least one well on the pad.
6. Any change to this APD must be done in writing and must be approved by the Glenwood Springs energy office petroleum engineer. An Incident of Non-compliance will be issued if this is overlooked.

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	C: 970.319.5837
Petroleum Engineer	W: 970.947.5221

Jennifer Gallegos	W: 970.947.5220
Petroleum Engineering Tech.	C: 970.319.2211

Steve Ficklin	W: 970.947.5213
Petroleum Engineering Tech.	C: 970.319.2509

BLM Fax: 970.947.5267

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. Construction Startup. At least 48 hours prior to construction, the operator shall notify the BLM representative of construction startup plans.
2. Facility Locations and Paint Color. Separator unit will be located no more than 100 feet from edge of tanks. Production equipment staged on the pad will be placed so that adequate space exists between the equipment and edge of cutslopes that will provide a minimum of 2:1 reclaimed slopes when the pad undergoes interim reclamation measures. The paint color to be used on all surface facilities including the metal containment rings surrounding the tank batteries and pipeline risers is Shale Green (5Y 4/2).
3. Excess Material and Topsoil Pile Locations.

Topsoil piles will be windrowed along toe of fillslope at north end of pad after tree windrow is established. Second topsoil pile would be placed at west end of pad near the cut/fill balance point in vicinity of Corner 9. Topsoil piles will be seeded within 72 hours with prescribed BLM seed mix unless otherwise approved by Authorized Officer. Less than 500 CY of excess material is expected from pad construction. This material will not be piled along top of cut slope as Exhibit 2 shows, but used in construction of production pad at northeast corner.
4. Deadline for Interim Reclamation. Operator will be allowed to construct well pad to the maximum expected pad size necessary to drill and complete the number of wells proposed for this location. If, after 1 year from spudding the initial well, or 1 year after spudding any successive wells, there are no additional wells actually drilled after the last spud date, the operator will be required to implement and complete standard interim reclamation practices as identified under Reclamation section in these surface Conditions of Approval OR submit proposed best management practices to be approved by the Authorized Officer that would be implemented on the “open” pad to control storm water drainage, weed control, wildlife protection measures, dust abatement plan and/or visual resource management.
5. Big Game Winter Use.
 - a. Per right-of-way grant (COC-69872): No drilling, completion or construction activity is permitted December 1-April 30 to protect big game winter range use. Exception: Under mild winter conditions, the last 60 days of the seasonal limitation period may be suspended after consultation with the CDOW. Severity of the winter shall be determined on the basis of snow depth, snow crusting, daily mean temperatures, and whether animals are concentrated on the winter range during the winter months.
 - b. Remote monitoring of well/facility operations 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.
6. Gathering Line Connection. Gathering line for the 7F well(s) will be buried along pad access road with total disturbed width of road and pipeline corridor not to exceed 70 feet. Gathering lines will connect with the existing valve riser for buried 10” gas line near the junction of Pete and Bill Creek Access Road and pad access road
7. Road Construction and Maintenance.
 - a. The operator will be required to adhere to the staked centerline road alignment marked on-the-ground and construct the access road with a maximum grade not to exceed 10%. Culvert (18” minimum diameter) will be installed along spur road to pad as determined by Authorized Officer. The inlet and

outlet sides of the culvert will be riprapped with a well-graded mixture of rock sizes to prevent erosion or headcutting.

b. Operator will be responsible for providing timely year-round road maintenance and cleanup on the access road. A regular schedule for maintenance will include, but not be limited to, blading, ditch and culvert cleaning, road surface replacement and dust abatement.

c. The road will be crowned, ditched, and drained. When rutting within the traveled way becomes greater than 6 inches, gravel will be applied as approved by the Authorized Officer.

d. Culverts will be installed during no flow or low flow conditions at drainage crossings and will be required to pass a 25-year or greater storm event. The 25-year storm event for the proposed action area is approximately 1.6 inches of precipitation in 6 hours.

8. Reserve Pit. A minimum of 2 feet of freeboard shall be maintained in the reserve pit. Freeboard is measured from the highest level of drilling fluids and cuttings in the reserve pit to the lowest surface elevation of ground at the reserve pit perimeter.

9. 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 will be applied within 24 hours after completion activities have begun. All lethal and non-lethal events that involve migratory birds will be reported to the Natural Resource Specialist immediately upon their discovery.

10. Raptors. In order to protect nesting raptors, a raptor survey shall be conducted 10 days prior to any new development related activities commencing between February 1 and August 15. All potential nesting habitat within 0.25 mile of these developments shall be surveyed. Regardless of the results, a survey report shall be submitted to the BLM Glenwood Springs Energy Office wildlife biologist prior to any development activity at the site. If an active raptor nest is located within 0.25 mile of the proposed activity, a 60-day timing limitation beginning the date the nest was found may be applied. This restriction will not apply to any raptor nests that become active following initiation of construction or drilling operations. In the event of an active raptor nest within 0.25 mile of the pad, 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.

11. Protection of Range Improvements. Any existing range fence damaged from construction work or rolling material would be replaced and or repaired to the satisfaction of the Authorized Officer.

12. Dust Abatement. The operator shall apply dust abatement measures as needed or as 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 disperse heavy amounts of particulate matter onto adjacent vegetation.

13. Noxious Weeds. The operator shall monitor for the presence of any Colorado-listed noxious weeds twice annually during the growing season until final reclamation of the pad is complete. The operator shall promptly treat and control any noxious weeds. A Pesticide Use Proposal must be approved by BLM prior to the use of herbicides.

14. Cultural Resource Education/Discovery.

a. 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.

b. Pursuant to 43CFR10.4(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 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 that the holder will likely have to undertake before the site can be used (assuming that *in-situ* preservation is not necessary); and
- 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 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.

15. Paleontological Resources. All persons associated with operations under this authorization shall 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.

16. Reclamation. Refer to Appendix I (Surface Reclamation) of the 1998 Draft Supplemental EIS (DSEIS) for specific reclamation goals, objectives, timelines, measures, and monitoring methods. These guidelines should be followed in completing the reclamation of disturbed surfaces on well pads, access roads, and pipelines. The four Reclamation Categories defined in Appendix I of the 1998 DSEIS should be used to assess the progress of reclamation monitoring.

a. Seedbed Preparation. All slopes will be reshaped to 3:1 or flatter 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.

b. Seed Application. Seeding shall be conducted no more than 24 hours following completion of final seedbed preparation. A seed mix designed by BLM to meet interim reclamation standards shall be used. Revegetating the area will help prevent erosion and establishment of weeds and provide food and cover for wildlife. The following seed mix is the updated seed mix for the Pete and Bill area and shall be used on all disturbed surfaces within the project area:

<i>Common Name</i>	<i>Variety</i>	<i>Percent</i>	<i>PLS lbs/acre</i>
4-wing saltbush	Rincon	7	4.0
Mountain brome	Garnet	22	5.5
Thickspike wheatgrass	Critana	27	3.5
Western wheatgrass	Arriba	21	3.5
Bluebunch wheatgrass	P7	15	2.0
Rocky Mountain penstemon		8	0.25
Total		100	18.75

The application rate shown in the table is based on 45 pure live seeds (PLS) per square foot, drill-seeded to a depth of ¼ to ½ inch, which is the method that shall be used where feasible. In areas that cannot be drill-seeded, the mix shall be broadcast-seeded at twice the application rate shown in the table and covered ¼ to ½ inch deep with a harrow or drag bar.

The seed shall be certified free of noxious weeds. All seed to be applied to public land must have a valid seed test, within one year of the acceptance date, from a seed analysis lab by a registered seed analyst (Association of Official Seed Analysts). The seed lab shall show no more than 0.5 percent by weight of “other weed” seeds; and the seed lot shall contain no “noxious, prohibited, or restricted weed” seeds according to the All States Noxious Test. Seed may contain up to 2.0 percent of “other crop” seed by weight which includes 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 Glenwood Springs BLM Energy Office Ecologist at least 14 days prior to the date of proposed seeding for acceptance. Seed which does not meet the above criteria shall not be applied to public lands.

Fall seeding shall be conducted after September 1 and prior to ground frost. Spring seeding shall be conducted after the frost leaves the ground and no later than May 15. If the seeding is unsuccessful, the operator shall make subsequent seedings until the reclamation objectives identified in Appendix I (Surface Reclamation) of the 1998 DSEIS are met.

Note: Because cheatgrass is already abundant in the project vicinity, it may not be feasible to completely eliminate this invasive species from the project area. Therefore, if the area adjacent to the project site contains less than a 50-percent cover of cheatgrass, interim reclamation will be considered acceptable when the cover of cheatgrass on the project site does not exceed 5 percent. If the area adjacent to the project site contains more than a 50-percent cover of cheatgrass, interim reclamation will be considered acceptable when the cover of cheatgrass on the project site does not exceed 50 percent.

c. 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. Weed-free straw bales, straw “wattles,” straw matting, or a well-anchored fabric silt fence shall be used on cuts 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.

d. Site Protection. The pad shall be fenced to BLM standards to exclude livestock grazing for the first two growing seasons or until seeded species become firmly established, whichever comes later. The seeded species will be considered firmly established when at least 50 percent of the new plants are producing seed. The Authorized Officer will approve the type of fencing.

e. 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 BLM, the operator shall be responsible for implementing the corrective actions or other measures specified by the Authorized Officer.