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, CO140-2008-122sce

Project: Proposal by Williams Production RMT Company (Williams) to directionally drill eight Federal wells and one Fee well from the existing GV 17-32 pad. All Federal wells would include bottomhole locations in Federal Lease COC23794 (Figure 1). The existing pad is located on private surface owned by Williams. The project is located approximately 6 miles northwest of Parachute, Garfield County, Colorado. The wells will have one single and two quad separators, two 300-barrel (bbl) water tanks and three 300-bbl oil tanks staged in a 200- by 60-foot area on the northeast corner of the existing offsite frac pad. Existing production facilities that are currently located east of the pad will be relocated to the frac pad. Production pipelines will run from the wellheads to the southeast corner of the pad, and then southeast to the production equipment on the frac pad. At the time of APD approval, the pipelines were positioned in the road, but due to relocation of existing production facilities, it was determined that the lines must run directly to the frac pad. Drill cuttings will be disposed on the GV 17-32 pad as well as in the cuttings trench located on the GV 2-31 pad or one of the Starkey Gulch disposal trenches.

Location: Sixth Principal Meridian, Township 6 South, Range 96 West, NWNE Section 32

Proposal: Williams proposes to directionally drill the following eight Federal wells from the existing GV 17-32 location described above: GM 421-32, GM 414-29, GM 321-32, GM 311-32, GM 514-29, GM 314-29, GM 513-29, and GM 14-29.

Lease Stipulations and Conditions of Approval: Table 1 on the following page summarizes the lease stipulations attached to Federal Lease COC23794. All surface activities would be on private land. Conditions of Approval (COAs) included with individual Applications for Permit to Drill (APDs) are attached.

NEPA Compliance: The following category of Categorical Exclusions pursuant to Section 390 of the Energy Policy Act (Act of 2005) applies to this proposal:

Category 2: "*Drilling an oil and gas location or well pad at a site at which drilling has occurred within five (5) years prior to the date of spudding the well.*" Existing well 324-29 was spud on December 31, 2006.

Prepared by: Vanessa Bull, Natural Resource Specialist

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

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

10-2-08
Date

Table 1. Lease Stipulations and Lease Notices
Federal Lease COC23794

Description of Lands	Stipulations[1]
COC23794	
All lands within lease	It must be demonstrated to the Authorized Officer through a plan of development that the following performance objectives will be met: • protect drainages, adjacent surface and groundwater sources, • protect fish and wildlife habitat, • protect steep slopes and fragile soils. The lessee agrees that during periods of adverse conditions such as thawing, heavy rains, or flooding, all activities creating irreparable or extensive damage as determined by the BLM will be suspended or agree on a modified plan of operation..
All land within lease	**Protection of Cultural Resources:** *Survey requirement***.** Prior to undertaking any ground-disturbing activities the lessee shall: • Hire a qualified professional archeologist (or historian when appropriate), approved by the BLM to conduct a survey of areas to be disturbed for evidence of archeological or historic sites or materials. • Provide a report to the BLM with sufficient time to review. The report shall be certified by the archeologist and shall include, at a minimum, the location of the area, methods of survey, report of findings and conclusions/recommendations. • Follow mitigation requirements set forth by the BLM concerning protection, preservation, or disposition of any sites of material discovered. In cases where salvage excavation is necessary, the cost of such excavations shall be borne by the lessee. • The lessee shall immediately bring to the attention of any lessor any and all antiquities or other objects of historic or scientific interest including but not limited to historic or prehistoric ruins, fossils, or artifacts discovered as a result of operations under this lease and shall leave such discoveries intact until told to proceed by the lessor.

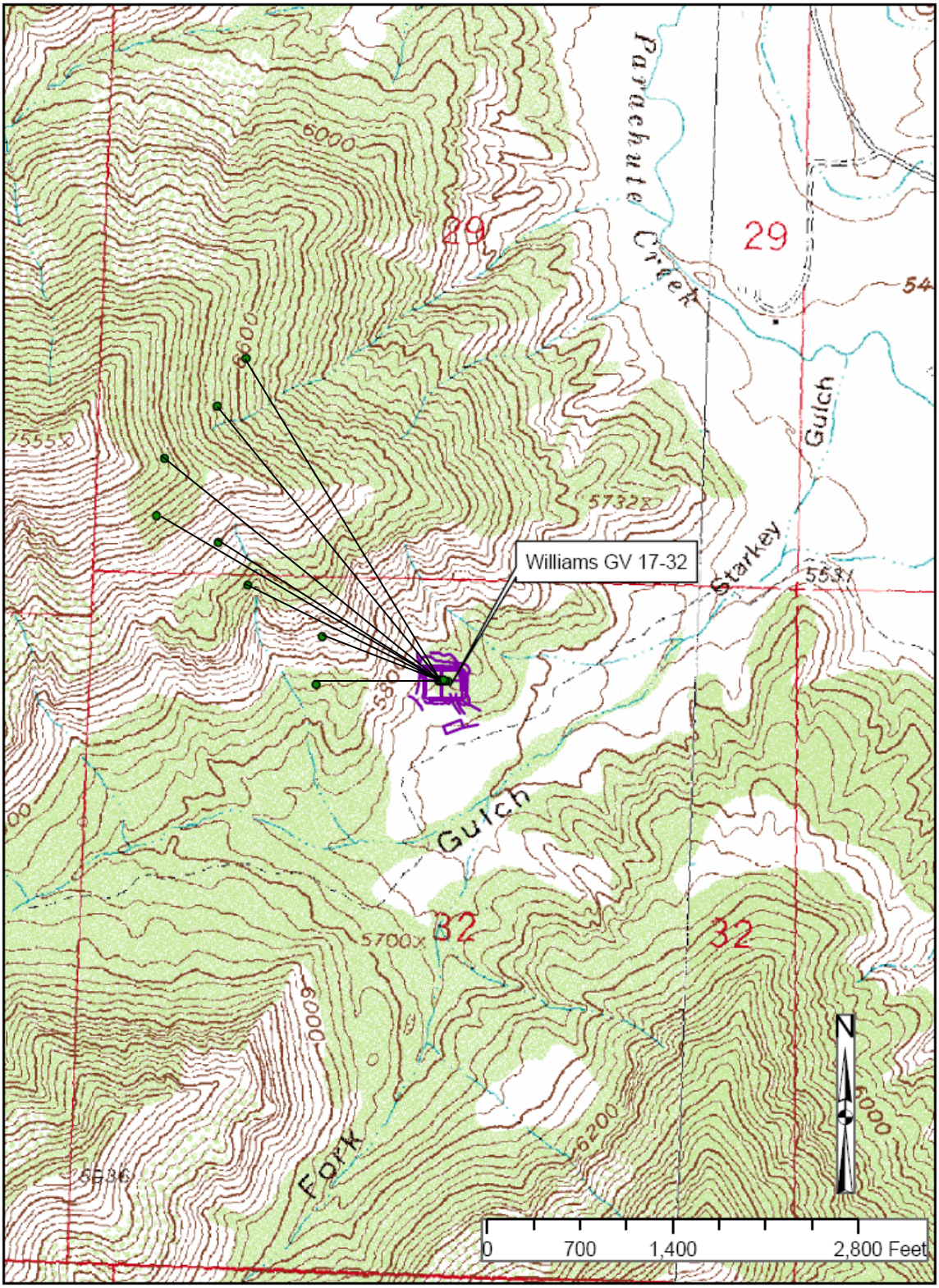

Figure 1. Location of Williams GV 17-32 pad with wells and bottomhole locations.

SURFACE USE CONDITIONS OF APPROVAL

In addition to the stipulations attached to Federal Lease COC23794, the following Conditions of Approval (COAs) apply:

The following standard surface use COAs are in addition to all stipulations attached to the respective Federal Lease COC23794. Wording and numbering of these COAs may differ from those included in the Environmental Assessment CO140-2006-117. In cases of discrepancies, the following COAs supersede earlier versions.

1. Administrative Notification. The operator shall notify the BLM representative at least 48 hours prior to initiation of construction.

2. Road Construction and Maintenance. Roads shall be crowned, ditched, surfaced, drained with culverts and/or water dips, and constructed to BLM Gold Book standards. Initial gravel application shall be a minimum of 4 inches. The operator shall provide timely year-round road maintenance and cleanup on the access roads. A regular schedule for maintenance shall include, but not be limited to, blading, ditch and culvert cleaning, road surface replacement, and dust abatement. When rutting within the traveled way becomes greater than 6 inches, blading and/or gravelling shall be conducted as approved by the authorized officer.

3. Dust Abatement. The operator shall implement dust abatement measures as needed to prevent fugitive dust from vehicular traffic, equipment operations, or wind events. The authorized officer may direct the operator to change the level and type of treatment (watering or application of various dust agents, surfactants, and road surfacing material) if dust abatement measures are observed to be insufficient to prevent fugitive dust.

4. Drainage Crossings and Culverts. Construction activities at perennial, intermittent, and ephemeral drainage crossings (e.g. burying pipelines, installing culverts) shall be timed to avoid high flow conditions and shall consist of either a piped stream diversion or the use of a coffer dam and pump to divert flow around the disturbed area.

   Culverts at drainage crossings shall be designed and installed to pass a 25-year or greater storm event. On perennial and intermittent streams, culverts shall be designed to allow for passage of aquatic biota. The minimum culvert diameter in any installation for a drainage crossing or road drainage shall be 18 inches. Contact Noel Ludwig, Glenwood Springs Energy Office Hydrologist, at 970-947-5215 or noel_ludwig@blm.gov. Crossings of drainages deemed to be jurisdictional waters of the U.S. pursuant to Section 404 of the Clean Water Act may require additional culvert design capacity. Due to the flashy nature of area drainages and anticipated culvert maintenance, the U.S. Army Corps of Engineers recommends designing drainage crossings for the 100-year event. Contact Sue Nall at 970-243-1199 x16 or susan.nall@usace.army.mil.

   Pipelines installed beneath stream crossings shall be buried at a minimum depth of 4 Feet below the channel substrate to avoid exposure by channel scour and degradation. Following burial, the channel grade and substrate composition shall be returned to pre-construction conditions.

5. Jurisdictional Waters of the U.S. The operator shall obtain appropriate permits from the U.S. Army Corps of Engineers prior to discharging fill material into waters of the U.S. in accordance with Section 404 of the Clean Water Act. Waters of the U.S. are defined in 33 CFR Section 328.3 and may include wetlands as well as perennial, intermittent, and ephemeral streams. Permanent impacts to waters of the U.S. may require mitigation. Contact Sue Nall, Regulatory Specialist,

Colorado/Gunnison Basin Regulatory Office, U.S. Army Corps of Engineers, at 970-243-1199 x16 or susan.nall@usace.army.mil.

6. Wetlands and Riparian Zones. The operator shall restore temporarily disturbed wetlands or riparian areas. The operator shall consult with the BLM Glenwood Springs Energy Office to determine appropriate mitigation, including verification of native plant species to be used in restoration. Contact Noel Ludwig, Glenwood Springs Energy Office Hydrologist, at 970-947-5215 or noel_ludwig@blm.gov.

7. Reclamation. The 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). Specific measures to follow during interim and temporary (pre-interim) reclamation are described below.

   a. Deadline for Temporary Seeding and Interim Reclamation. Topsoil storage piles, stormwater control features, and cut-and-fill slopes shall undergo temporary seeding to stabilize the material and minimize weed infestations within 30 days following completion of pad construction. Interim reclamation to reduce a well pad to the maximum size needed for production shall be completed within 6 months following completion of the last well planned for the pad.

      Both of these deadlines are subject to being extended upon approval of the authorized officer based on season, timing limitations, or other constraints on a case-by-case basis.

   b. Topsoil Stripping, Storage, and Replacement. Topsoil shall be stripped following removal of vegetation during construction of well pads, pipelines, roads, or other surface facilities. This shall include, at a minimum, the upper 6 inches of soil. Any additional topsoil present at a site, such as indicated by color or texture, shall also be stripped. The authorized officer may specify a stripping depth during the onsite visit. The stripped topsoil shall be stored separately from subsoil or other excavated material and replaced prior to final seedbed preparation.

   c. Seedbed Preparation. For cut-and-fill slopes, initial seedbed preparation shall consist of backfilling and recontouring to achieve the configuration specified in the reclamation plan. For compacted areas, initial seedbed preparation shall include ripping to a minimum depth of 18 inches, with a maximum furrow spacing of 2 Feet. Where practicable, ripping shall be conducted in two passes at perpendicular directions. Following final contouring, the backfilled or ripped surfaces shall be covered evenly with topsoil.

      Final seedbed preparation shall consist of scarifying (raking or harrowing) the spread topsoil prior to seeding. If more than one season has elapsed between final seedbed preparation and seeding, and if the area is to be broadcast-seeded or hydroseeded, this step shall be repeated no more than 1 day prior to seeding to break up any crust that has formed.

      Seedbed preparation is not required for topsoil storage piles or other areas of temporary seeding.

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

   d. Seed Mixes. 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 May 1, 2008). Note that temporary seeding

allows use of a seed mix containing sterile hybrid non-native species in addition to native perennial species.

For private surfaces, the menu-based seed mixes are recommended, but the surface landowner has ultimate authority over the seed mix to be used in reclamation. The seed shall contain no noxious, prohibited, or restricted weed seeds and shall contain no more than 0.5 percent by weight of other weed seeds. 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 percentage 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.

e. Seeding Procedures. Seeding shall be conducted no more than 24 hours following completion of final seedbed preparation.

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 seeding 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 reseedings until interim reclamation standards are met. Requirements for reseeding of unsuccessful temporary seeding will be considered on a case-by-case basis.

f. 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 shall be used in areas of interim reclamation where crimping is impracticable, in areas of interim reclamation that were hydroseeded, and in areas of temporary seeding regardless of seeding method.

NOTE: Mulch is not required in areas where erosion potential mandates use of a biodegradable erosion-control blanket (straw matting).

g. 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 reduce erosion and offsite transport of sediment.

h. 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 percent of the new plants are producing seed. The authorized officer will approve the type of fencing.

i. 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.

8. Weed Control. The operator shall regularly monitor and promptly control noxious weeds or other undesirable plant 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 the BLM prior to the use of herbicides. Annual weed monitoring reports shall be submitted by **December 31**. Contact Beth Brenneman, Glenwood Springs Energy Office Ecologist, at 970-947-5232 or beth_brenneman@blm.gov.

9. Big Game Winter Range Timing Limitation. To minimize impacts to wintering big game, no construction, drilling or completion activities shall occur during a Timing Limitation (TL) period from **January 1 to March 1** annually. To reduce impacts to wintering big game, remote sensing should be used for production monitoring, and unavoidable monitoring or maintenance activities should be conducted between 9 a.m. and 3 p.m., to the extent practicable. These additional recommendations apply to the period from December 1 to April 30. Contact Jeff Cook, Glenwood Springs Energy Office Wildlife Biologist, at 970-947-5231 or jeffrey_cook@blm.gov.

10. Raptor Nesting. To ensure compliance with the Migratory Bird Treaty Act (MBTA) with respect to neating raptors, the operator should schedule construction or drilling activities to begin outside the raptor nesting season (February 1 to August 15) if practicable. If initiation of drilling during these dates cannot be avoided, the operator is responsible for complying with the MBTA, which prohibits the "take" of birds or active nests (those containing eggs or young), including nest failure caused by noise and human activity. Contact Jeff Cook, Glenwood Springs Energy Office Wildlife Biologist, at 970-947-5231 or jeffrey_cook@blm.gov).

11. Migratory Birds. It shall be the responsibility of the operator to comply with the Migratory Bird Treaty Act (MBTA) with respect to "take" of migratory bird species. Under the MBTA, "take" means to pursue, hunt, shoot, wound, kill, trap, capture, or collect, or to attempt to engage in any such conduct. The operator shall prevent use by migratory birds of any pit containing fluids associated with oil or gas operations—including but not limited to reserve pits, produced water pits, frac-water pits, cuttings trenches (if covered by water/fluid), and evaporation pits. Fluids in these pits may pose a risk to migratory birds (e.g., waterfowl, shorebirds, wading birds, songbirds, and raptors) as a result of ingestion, absorption through the skin, or interference with buoyancy and temperature regulation. Several established methods to prevent bird access are known to be effective, such as netting or bird-balls. However, the USFWS has determined that the use of flagging is ineffective in deterring birds from using ponds or pits and provides no assurance of compliance with the MBTA. Regardless of the method used, it should be employed as soon as practicable after the pit has begun receiving liquids. At a minimum, the method shall be in place within 24 hours following the placement of fluids into a pit. Because of high toxicity to birds, oil slicks and oil sheens should immediately be skimmed off the surface of any pit that is not netted. The most effective way to eliminate risk to migratory birds is prompt drainage, closure, and reclamation of pits, which is strongly encouraged. All mortality or injury to species protected by the MBTA shall be reported immediately to the BLM project lead and to the U.S. Fish and Wildlife Service. For further assistance, contact Creed Clayton, USFWS Biologist assigned to the Glenwood Springs Energy Office, at 970-947-5219 or creed_clayton@fws.gov, and visit http://www.fws.gov/mountain-prairie/contaminants/oilpits.htm.

12. Birds of Conservation Concern: Pursuant to BLM Instruction Memorandum 2008-050, all surface-disturbing activities are prohibited from May 1 to June 30 to reduce impacts to Birds of Conservation Concern (BCC). An exception to this COA will be granted if nesting surveys conducted no more than one week prior to surface-disturbing activities indicate that no BCC species are nesting or otherwise present within 10 meters of the area to be disturbed. Nesting surveys shall include an audial survey for diagnostic vocalizations in conjunction with a visual survey for adults and nests. Surveys shall be conducted by a qualified breeding bird surveyor between sunrise and 10:00 AM under favorable conditions for detecting and identifying a BCC species. Contact Jeff Cook, Glenwood Springs Energy Office Wildlife Biologist, at 970-947-5231 or jeffrey_cook@blm.gov).

13. Range Management. Range improvements (fences, gates, reservoirs, pipelines, etc) shall be avoided during development of natural gas resources to the maximum extent possible. If range improvements are damaged during exploration and development, the operator will be responsible for repairing or replacing the damaged range improvements. If a new or improved access road bisects an existing livestock fence, steel frame gate(s) or a cattleguard with associated bypass gate shall be installed across the roadway to control grazing livestock.

14. *Ips* Beetle. To avoid mortality of pinyon pines due to infestations of the *Ips* beetle, any pinyon trees damaged during road, pad, or pipeline construction shall be chipped after being severed from the stump or grubbed from the ground, buried in the toe of fill slopes (if feasible), or cut and removed from the site within 24 hours to a location approved by the Colorado State Forest Service.

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 operator 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 BLM authorized officer.

    Where feasible, the operator 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 operator shall work around or set the discovery aside in a safe place to be accessed by the BLM-permitted paleontologist.

16. Cultural 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 43 CFR 10.4 (c) and (d), activities shall stop in the vicinity of the discovery, and the discovery shall be protected for 30 days or until notified by the BLM authorized officer to proceed.

    If in connection with operations under this contract, the operator, its contractors, their subcontractors, or the employees of any of them discovers, encounters, or becomes aware of any objects or sites of cultural value or scientific interest such as historic ruins or prehistoric ruins, graves or grave markers, fossils, or artifacts, the operator shall immediately suspend all operations in the vicinity of the cultural resource and shall notify the BLM authorized officer of the findings (16 USC 470h-3, 36 CFR 800.112). Operations may resume at the discovery site upon receipt of written instructions and

authorization by the BLM authorized officer. Approval to proceed will be based upon evaluation of the resource. Evaluation shall be by a qualified professional selected by the BLM authorized officer from a Federal agency insofar as practicable. When not practicable, the operator shall bear the cost of the services of a non-Federal professional.

Within five working days, the BLM authorized officer will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places
- what mitigation measures the holder will likely have to undertake before the site can be used (assuming that *in-situ* preservation is not necessary)
- the timeframe for the BLM authorized officer to complete an expedited review under 36 CFR 800.11, or any agreements in lieu thereof, to confirm through the SHPO State Historic Preservation Officer that the findings of the BLM authorized officer are correct and that mitigation is appropriate

The operator may relocate activities to avoid the expense of mitigation and 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 BLM authorized officer will provide technical and procedural guidelines for relocation and/or to conduct mitigation. Upon verification from the BLM authorized officer that the required mitigation has been completed, the operator will be allowed to resume construction.

Antiquities, historic ruins, prehistoric ruins, and other cultural or paleontological objects of scientific interest that are outside the authorization boundaries but potentially affected, either directly or indirectly, by the proposed action shall also be included in this evaluation or mitigation. Impacts that occur to such resources as a result of the authorized activities shall be mitigated at the operator's cost, including the cost of consultation with Native American groups.

Any person who, without a permit, injures, destroys, excavates, appropriates or removes any historic or prehistoric ruin, artifact, object of antiquity, Native American remains, Native American cultural item, or archaeological resources on public lands is subject to arrest and penalty of law (16 USC 433, 16 USC 470, 18 USC 641, 18 USC 1170, and 18 USC 1361).

17. Visual Resources. The paint color to be use on all surface facilities, including metal containment rings is Shadow Gray.

SITE-SPECIFIC CONDITIONS OF APPROVAL

1. The operator shall adhere to the proposed limits of surface disturbance as indicated. Current proposed disturbance consists of former limits of disturbance and 6 Feet of additional disturbance along the southern, fill, side of the pad. Any activities that would require additional surface disturbance beyond the aforementioned specifications requires notification and approval from the authorized officer.

2. There shall be no new disturbance or incursion into the drainage along the west side and southwest corner of the existing disturbed area.

DOWNHOLE CONDITIONS OF APPROVAL
Applications for Permit to Drill

Company/Operator: Williams Production RMT Company

Surface Location: NWNE, Section 32, Township 6 South, Range 96 West, 6th P.M.

Well Name	Well No.	Bottomhole Location	Lease
GM	421-32	NENW Sec. 32, T6S, R96W	COC23794
GM	414-29	SWSW Sec. 29, T6S, R96W	COC23794
GM	321-32	NENW Sec. 32, T6S, R96W	COC23794
GM	311-32	NWNW Sec. 32, T6S, R96W	COC23794
GM	514-29	SWSW Sec. 29, T6S, R96W	COC23794
GM	314-29	SWSW Sec. 29, T6S, R96W	COC23794
GM	513-29	NWSW Sec. 29, T6S, R96W	COC23794
GM	14-29	SWSW Sec. 29, T6S, R96W	COC23794

The downhole COAs identified in the Williams Production RMT Company Master APD (Approved April 27, 2006) for the Grand Valley Field shall apply.

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.

1. In accordance with 43 CFR 3162.4(b), the operator shall submit a complete set of electrical/mechanical logs in .LAS format with standard Form 3160-4, Well Completion or Recompletion Report and LOG. Please contact Karen Conrath at 970-947-5235 or karen_conrath@blm.gov for clarification.
2. Twenty-four hours *prior* to (a) spudding, (b) conducting BOP&E tests, (c) running casing strings, and (d) within twenty-four hours *after* spudding, the GSEO shall be notified. One of the following GSEO's inspectors shall be notified by phone: Steve Ficklin at 970-947-5212, Julie King at 970-947-5239, or Todd Seiber at 970-947-5220.
3. A verbal approval will need to be granted prior to commencing remedial work, plugging operations on newly drilled boreholes, changes within the drilling plan, or conducting other operations not specified within the APD. Please contact Dane Geyer at 970-947-5229 (office) or 970-589-6887 (cell) for verbal approvals.
4. If a well control issue arises (e.g. kick, blowout, or water flow) Dane Geyer shall be notified immediately after the situation is safely controlled.