

**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 CO140-2008-128

Project: Temporary Use Permit (TUP) for Use of an Existing BLM Road and a Shorter Segment of New Road to Deliver Construction Materials to the Bull Mountain Pipeline Right-of-Way. The TUP is being granted as COC73228. The access route is underlain by Federal Oil and Gas Lease COC07479.

Location: Township 8 South, Range 91 West, section 20, SENE, N2SE, Sixth Principal Meridian, Mesa County, Colorado.

Company: SG Interests I, Ltd, 909 Fannin, Suite 2600, Houston, Texas 77010.
Contact: Robert H. Guinn, II, Vice President, Land

Proposal: SG Interests 1, Ltd. (SGI) requests approval for temporary use of 1,495 linear feet of an existing gravel road across BLM (West Divide Hunting Camp Road) and for construction, temporary use, and reclamation of 465 linear feet of new road, also across BLM land. See Figure 1. The combined 1,960 linear feet of road would be used to access the Bull Mountain Pipeline construction corridor for the purpose of delivering construction materials. The requested temporary use would extend throughout construction of portions of the pipeline to be accessed via the requested route, currently estimated to be completed by October 31, 2008.

The 465 linear feet of new road (Figure 1) would follow an existing two-track route that gradually decreases in distinctness until terminating at a dense stand of mature oakbrush. The route would be cleared of brush beyond that point and bladed with a dozer to create a surface and grade suitable to accommodate trucks and other heavy equipment. The total length to be cleared and bladed is estimated to be less than 200 feet before reaching the Bull Mountain Pipeline right-of-way, which has already been cleared in preparation for pipeline construction.

The portion of the new road segment proximal to the existing gravel road would not be bladed but would be matted with 12-inch x 12-inch timbers where needed to protect the underlying ground surface. Following use of the access route, the timbers would be removed, and the underlying surface would be scarified to correct compaction and then revegetated with an approved seed mix. The portion of the new road to be bladed would be recontoured following completion of use, including pulling any sidecast material back onto the bladed route, scarified to correct compaction, and revegetated with an approved seed mix. Rocks, logs, and other materials would be placed across the reclaimed road segment to prevent its use by off-highway vehicles to access the Bull Mountain Pipeline corridor.

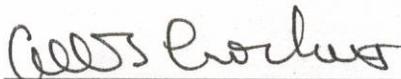
Lease Stipulations and Conditions of Approval: All stipulations attached to Federal Lease COC07479, which underlies the BLM land to be crossed by the access road, remain in effect. Stipulations attached to TUP (COC73228) are also provided as an attachment to this Statutory Categorical Exclusion (SCE).

NEPA Compliance: The following Statutory Categorical Exclusion pursuant to Section 390 of the Energy Policy Act of 2005 applies to this proposal:

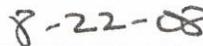
Category 1: *Individual surface disturbances of less than five (5) acres so long as the total surface disturbance on the lease is not greater than 150 acres and site-specific analysis in a document prepared pursuant to NEPA has been previously completed.* Construction of the 465 linear feet of new access road would directly affect 0.54 acre of BLM land, assuming a width of 50 feet. Actual width of disturbance is expected to be less. Existing surface disturbance on Federal Lease COC07479 is less than 150 acres. The area of new surface disturbance is within the general area covered by the Bull Mountain Pipeline Final Environmental Impact Statement and Record of Decision, signed in February 2008.

Prepared by: D.J. Beaupert, Lands and Realty 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



Date

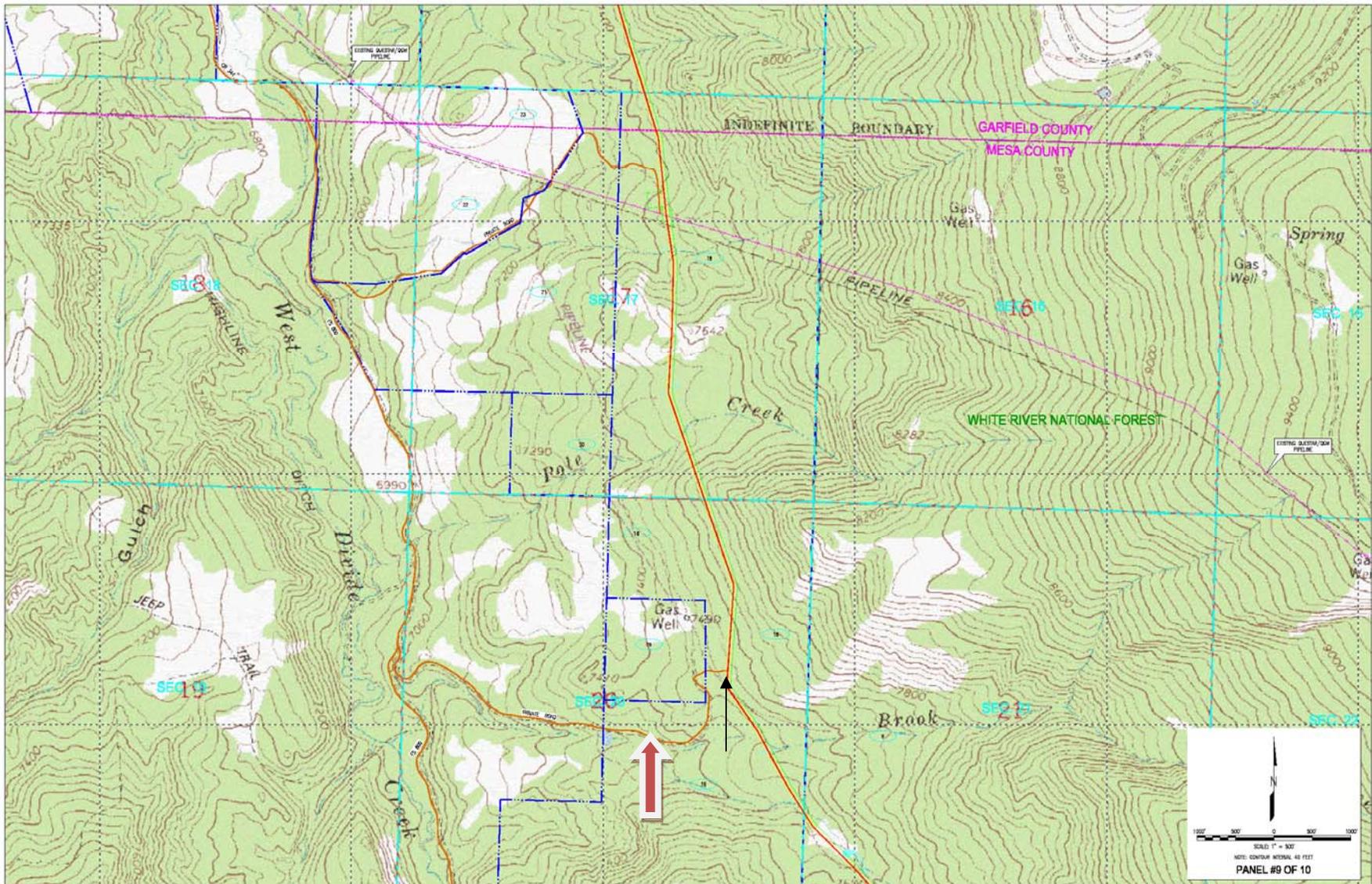


Figure 1. Location of requested access road route across BLM surface to Bull Mountain Pipeline. Wide red arrow (lower left) indicates 1,495-foot segment of existing gravel road across BLM. Narrow black arrow (bottom center) indicates point where final 465-foot segment joins Bull Mountain Pipeline ROW corridor. Final segment is a two-track that terminates at dense oakbrush. Brush removal and blading with a dozer are required to make the two-track segment suitable for use by trucks and heavy equipment.

SURFACE USE CONDITIONS OF APPROVAL
ATTACHED AS STIPULATIONS TO TEMPORARY USE PERMIT COC73228

Statutory Categorical Exclusion CO140-2008-128
SG Interests 1, Ltd., Bull Mountain Pipeline Project
Temporary Use Permit COC73228
Existing and New Access Road Segments

Standard Surface Stipulations

1. Administrative Notification. The operator shall notify the BLM representative at least 48 hours prior to initiation of construction.
2. 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.
3. Road Construction and Maintenance. The access road shall be constructed and maintained to industry and BLM “Gold Book” standards, including crowned and ditched with appropriate erosion controls. **The centerline of the right-of-way and the exterior limits shall be clearly flagged prior to any construction activity to prevent disturbance outside of the permitted right-of-way.** Appropriate traffic control shall be implemented during the construction phase of this project.
4. Existing Right-of-Way Holders. The holder shall obtain an agreement with any existing rights-of-way holders prior to any disturbance or construction across or adjacent to any existing right-of-way.
5. Fire Control. Special fire control stipulations may be in affect depending on when construction takes place. The grant holder shall coordinate with the BLM Authorized Officer and comply with any applicable fire control measures.
6. Garbage Control. All trash shall be confined in a covered container and hauled to an approved landfill. Burning of waste or oil is not approved.
7. 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.

8. 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.
9. Saturated Soils. When saturated soil conditions exist on or along the proposed right-of-way, construction shall be halted until soil material dries out or is frozen sufficiently for construction to proceed without undue damage and erosion to soils.
10. Reclamation. The goals, objectives, timelines, measures, and monitoring methods for final reclamation of oil and gas related 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 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 construction. Reclamation of disturbed surfaces shall be completed within 6 months following completion of construction.

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 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 reseeding 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. If directed by the authorized officer, reclaimed surfaces 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.
- 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.

11. Weed Control. The holder 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 Holders*, 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.
12. Range Improvements. Range improvements (fences, gates, reservoirs, pipelines, etc.) shall be avoided if possible. If range improvements are damaged the holder shall be responsible for repairing or replacing the damaged facilities.
13. Big Game Winter Range Timing Limitation. To minimize impacts to wintering big game, no construction, drilling or completion activities in mapped winter range shall occur during a Timing Limitation (TL) period from **December 1 to May 1** annually. Contact Jeff Cook, Glenwood Springs Energy Office Wildlife Biologist, at 970-947-5231 or jeffrey_cook@blm.gov.
14. Raptor Nesting. To protect nesting raptors, a survey shall be conducted prior to construction activities that are to be initiated during the raptor nesting season (February 1 to August 15). The survey shall include all potential nesting habitat within 0.125 mile of an access road, pipeline, or other surface facility. Results of the survey shall be submitted to the BLM. If a raptor nest is located within the buffer widths specified above, a 60-day Timing Limitation (TL) shall be applied to prohibit initiation of construction activities. The dates of this TL will be based on the particular species of raptor found to be nesting within 0.125 mile of the road, pipeline, or other facility. Contact Jeff Cook, Glenwood Springs Energy Office Wildlife Biologist, at 970-947-5231 or jeffrey_cook@blm.gov.
15. 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 aural 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).
16. 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.
17. 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.

18. 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).

19. Visual Resources. To the extent practicable, existing vegetation shall be preserved when clearing and grading for the access road. The authorized officer may direct that cleared trees and rocks be salvaged and redistributed over reshaped cut-and-fill slopes or along linear features.

Surface Use Stipulations Specific to this Project

1. Matting consisting of 12-inch by 12-inch timbers shall be used to reduce compaction in areas of wet soils along the new 465-foot road segment. Following use of this road segment, the matting shall be removed and the underlying soil scarified or otherwise manipulated mechanically to mitigate compaction. The operator shall notify the BLM authorized officer prior to removal of the matting. Following removal, the matting shall not be placed for temporary storage on undisturbed surfaces.
2. Portions of the new 465-foot road segment that are cleared of brush and bladed to accommodate use by heavy equipment shall be limited to the portion of the alignment not occurring as a distinct two-track route prior to construction, currently estimated at no more than 200 linear feet. Following use of this portion of the road, any sidecast material shall be pulled back onto the bladed road surface, and the roadway shall be recontoured to a natural contour blending with adjacent terrain. The bladed segment shall then be ripped to mitigate compaction and then reclaimed consistent with the standard reclamation stipulation presented as Item 10, above. The reclamation plan shall be presented to the BLM authorized officer for prior approval.
3. Following use of the access road, and prior to reclamation, the distal end of the 465-foot segment (where it joins the Bull Mountain Pipeline corridor) shall be blocked with boulders, logs, or other natural materials to prevent use of the route for access to the pipeline corridor via off-highway vehicles. The design for blocking the alignment shall be presented to the BLM authorized officer for prior approval.