

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, DOE-BLM-CO140-2009-0001**

**Project:** Proposal to Directionally Drill Two Federal Wells into Federal Lease COC01524 from the Existing PI15 Pad located on Private Land east of Battlement Mesa.

**Location:** Township 7 South, Range 95 West, Section 15, NE<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub>, 6<sup>th</sup> PM

**Proposal:** EnCana Oil & Gas (USA) Inc. proposes to directionally drill two Federal wells from the existing PI15 pad (Table 1). Three fee wells would also be drilled from this location. Two existing fee wells were drilled in 2004 (last spud date 4/14/04). There would be two Federal wells and five fee wells on the pad when this drilling plan is completed.

Although the presently reclaimed pad would be re-disturbed, there would be no additional surface disturbance beyond the original limits when the pad was constructed in 2004. The existing access road would be slightly realigned to improve the turning radius onto the pad; the buried gas pipeline serving the pad was recently upgraded during summer 2008 to accommodate the additional wells. The existing pad comprises 4.4 acres of surface disturbance. The existing cattleguard near the pad entrance would be moved to accommodate the road turning radius change.

| <b>Table 1. Surface and Bottomhole Locations of Proposed Federal Wells</b> |   |  |
|--|---|--|
| <i>Proposed Wells</i>  | <i>Surface Locations</i>  | <i>Bottomhole Locations</i>  |
| Warren Federal 15-16   | 2572 feet FSL, 644 feet FEL<br>NE <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub> , Section 15, T7S R95W | 850 feet FSL, 660 feet FEL<br>SE <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub> , Section 15, T7S R95W |
| Warren Federal 15-16BB   | 2578 feet FSL, 663 feet FEL<br>NE <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub> , Section 15, T7S R95W | 250 feet FSL, 660 feet FEL<br>SE <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub> , Section 15, T7S R95W |

**Lease Stipulations:** Since the PI15 pad is located on private land with underlying fee minerals, no BLM lease stipulations or winter timing restrictions would be enforced.

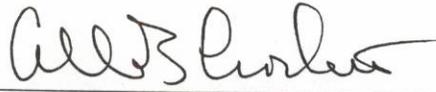
**BLM Conditions of Approval:** Conditions of Approval (COAs) that would be included on the Applications for Permit to Drill (APDs) are attached.

**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.” The most recent spud date for the existing Clem-Warren 15-34 well was 4/14/04.

**Prepared by:** Jim Byers, Natural Resource Specialist 10/27/08

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



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

11-4-08  
Date

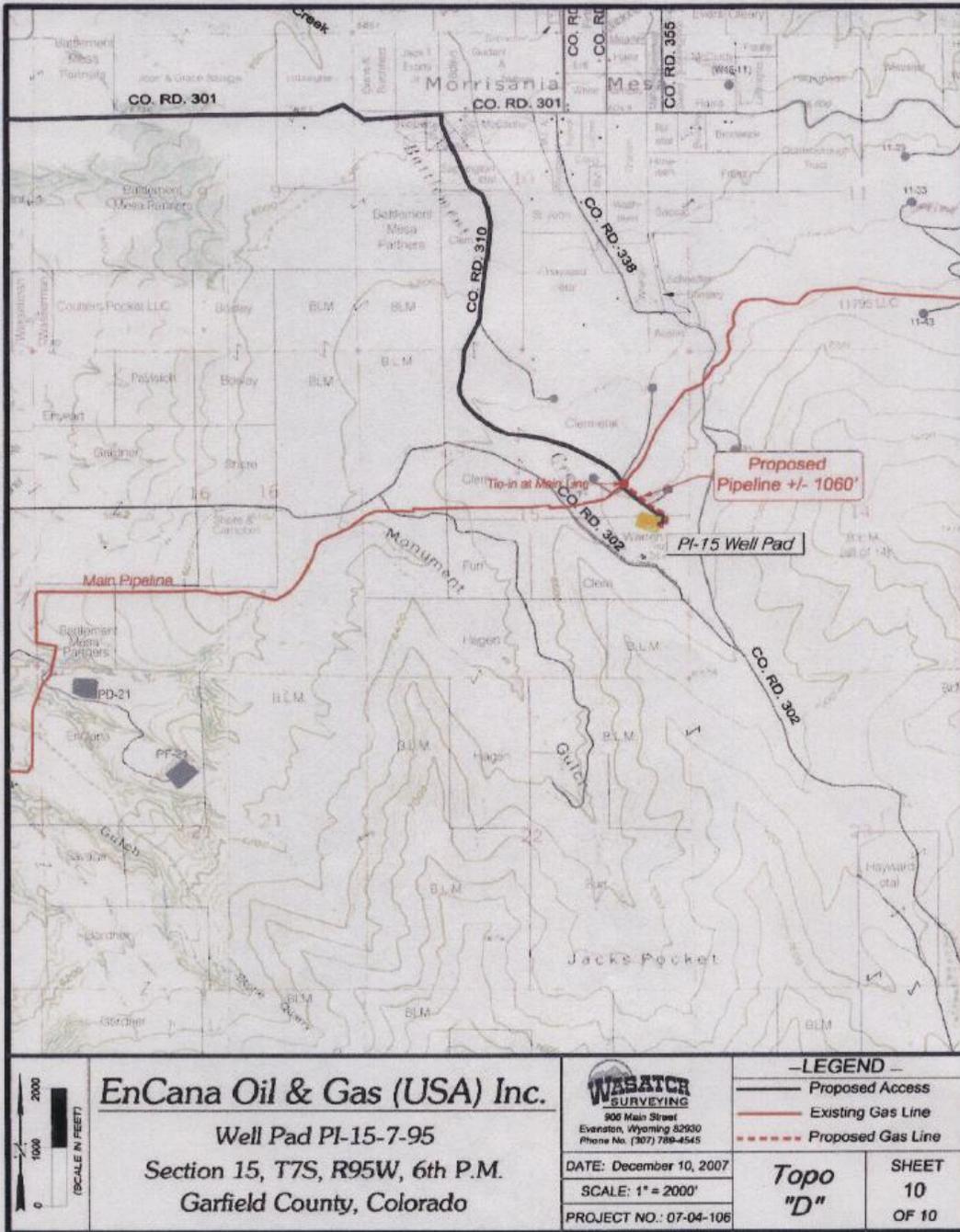


Figure 1. Existing PI15 Pad Location

**EnCana Oil & Gas (USA) Inc.**  
**PI-15-7-95 Well Pad**  
 SECTION 15, T 7 S, R 95 W, 6th P.M.

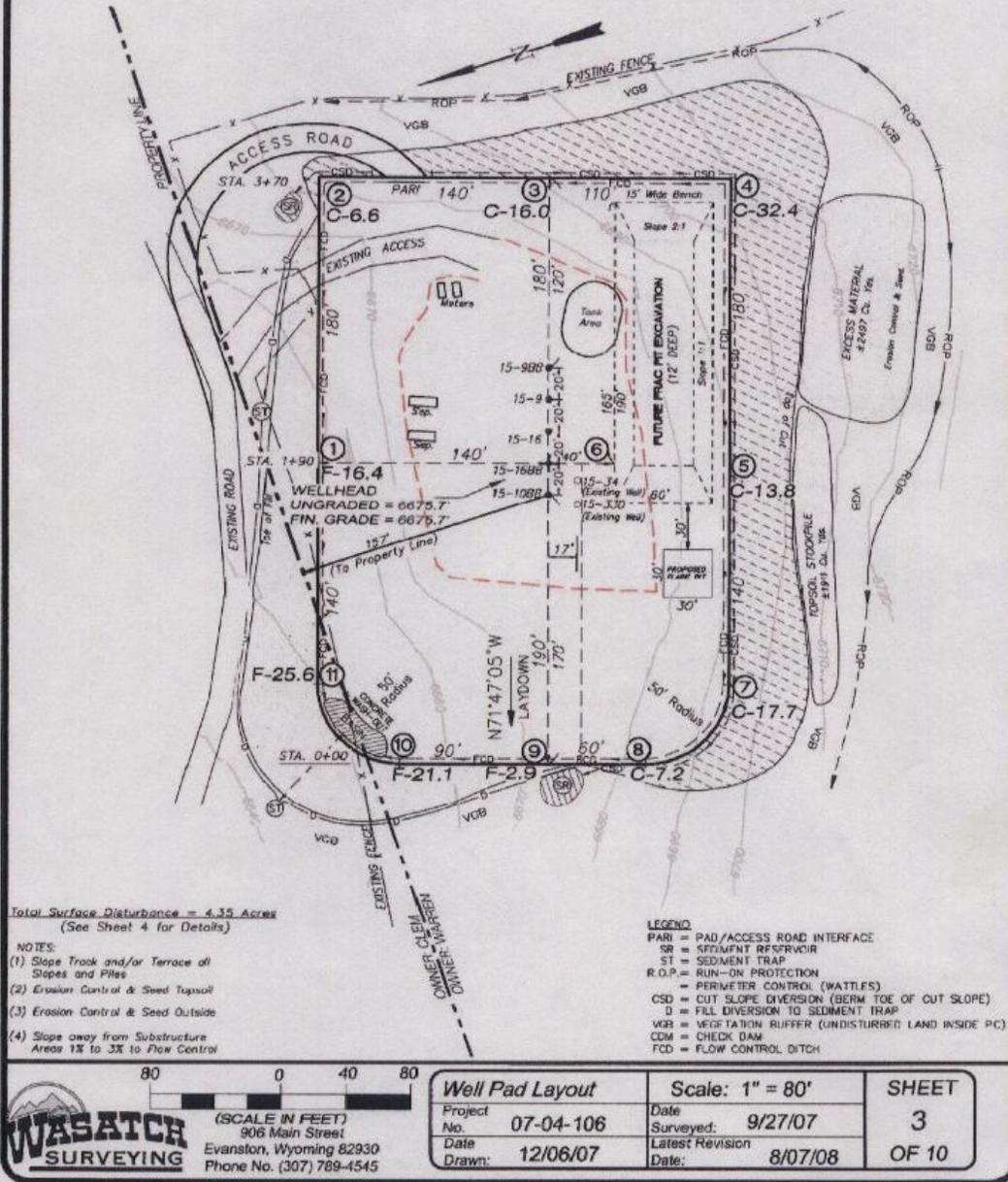


Figure 2. Existing Pad Layout

**DOWNHOLE CONDITIONS OF APPROVAL**  
**Applications for Permit to Drill**

**Company/Operator:** EnCana Oil and Gas

**Surface Location:** NESE, Section 15, Township 7 South, Range 95 West, 6<sup>th</sup> P.M.

| <u>Well Name</u> | <u>Well No.</u> | <u>Bottomhole Location</u>   | <u>Lease</u> |
|------------------|-----------------|------------------------------|--------------|
| Warren Federal   | 15-1bBB (PI15)  | SESE Sec. 15, T. 7S, R. 95W. | COC-1524     |
| Warren Federal   | 15-16 (PI15)    | SESE Sec. 15, T. 7S, R. 95W. | COC01524     |

1. Twenty-four hours *prior* to (a) spudding, (b) conducting BOPE 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 shall at 970-947-5239, and Todd Sieber at 970-947-5220.
2. A GSEO petroleum engineer shall be contacted for a verbal approval prior to commencing remedial work, plugging operations on newly drilled boreholes, changes within the drilling plan, changes or variances to the BOPE, deviating from conditions of approval, and 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. As a secondary contact, Bob Hartman may be contacted at 970-244-3041 (office) or 970-250-7002 (cell).
3. If a well control issue arises (e.g. kick, blowout, or water flow), casing failure occurs, or an increase in bradenhead pressure occurs during fracturing operations, Dane Geyer shall be notified within 24 hours from the time of the event.
4. The BOPE shall be tested and conform to Onshore Order #2 for a **3M** system.
5. A casinghead rated to 3,000 psi or greater shall be utilized.
6. An electrical/mechanical mud monitoring equipment shall be functional prior to drilling out the next shoe. As a minimum, this shall include a pit volume totalizer, stroke counter, and flow sensor.
7. Gas detecting equipment shall be installed in the mud return system, prior to drilling out the next shoe, and hydrocarbon gas shall be monitored for pore pressure changes.
8. A gas buster shall be functional and all flare lines effectively anchored in place, prior to drilling out the next shoe. The discharge of the flare lines shall be a minimum of 100 feet from the well head and targeted at bends. The panic line shall be a separate line (not open inside the buffer tank) and effectively anchored. All lines shall be downwind of the prevailing wind direction and directed into a flare pit, which cannot be the reserve pit. The flare system shall use an automatic ignition. Where noncombustible gas is likely or expected to be vented, the system shall be provided supplemental fuel for ignition and maintain a continuous flare.
9. As a minimum, cement shall be brought to 200 feet above the Mesaverde. Prior to commencing fracturing operations, a CBL shall be run (from TD to 200' above the TOC) and an electronic copy submitted to the GSEO. If the TOC is lower than required or the cement sheath of poor quality, then, within 48 hours from running the CBL and prior to commencing fracturing operations, a GSEO petroleum engineer shall be notified for further instruction.
10. Submit the (a) mud/drilling log (e.g. Pason disc), (b) driller's event log/operations summary report,

Wells: Warren Federal 15-16 & 15-16BB

Pad: PI15

Operator: EnCana Oil & Gas (USA) Inc.

(c) production test volumes, (d) directional survey, and (e) Formation Integrity Test results with the well completion report. Please contact Dane Geyer for clarification.

11. 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.

**SURFACE USE CONDITIONS OF APPROVAL  
DOI-BLM-C0140-2009-0001 SCE**

1. The paint color to be used on all surface facilities including the metal containment rings surrounding the tank battery and pipeline risers is Shale Green (5Y 4/2). Storage tanks shall be located at SE pad corner south of road entrance on to the pad instead of the west side of pad as shown on Sheet 6 of 10. Separators shall be placed on east side of pad and north of road entrance on to the pad to avoid placing them on the fillslope.
2. Appropriate storm water control measures shall be installed along outside edges of fill piles and inside edge of cut slope to control erosion and soil loss, as described in the BLM Gold Book and on the pad's layout schematic.
3. The access road will be properly maintained. This will include maintenance of stormwater BMPs, and spraying of water or magnesium chloride as necessary to minimize fugitive dust emissions. Recommend the 2500 cubic yards of excess material be placed along the road approach onto the pad to reduce road grade and improve turning radius. The existing cattleguard shall be moved and reset across the reconfigured road approach onto the pad.
4. BLM Glenwood Springs Energy Office (GSEO) Reclamation Policy, including the Letter outlining Revisions to GSEO Revegetation Requirements (dated May 1, 2008) shall be referenced and implemented for reclamation procedures related to interim and final reclamation measures related to this pad.
5. Any additional disturbance outside the existing disturbance will require additional cultural resource inventory to assess the potential adverse effects to historic properties.