

**U.S. Department of the Interior
Bureau of Land Management
Colorado River Valley Field Office
2300 River Frontage Road
Silt, Colorado 81652**

Section 390 Categorical Exclusions for Oil and Gas Development

NUMBER: DOI-BLM-CO-N040-2011-0008-CX (390)

CASEFILE/PROJECT NUMBER: COC54738

PROJECT NAME: Proposal to Drill Ten Federal Wells and Six Fee Wells from the Existing D25W Pad Located in Gant Gulch Area South of Rifle, Garfield County, Colorado.

LEGAL DESCRIPTION: Township 7 South (T7S), Range 93 West (R93W), Section 25, NW $\frac{1}{4}$ NW $\frac{1}{4}$, Sixth Principal Meridian. See Table 1.

APPLICANT: EnCana Oil & Gas (USA) Inc.

DESCRIPTION OF PROPOSED ACTION: EnCana Oil & Gas (USA) Inc. (“EnCana”) proposes to directionally drill ten Federal and six fee oil and gas wells from the existing D25W pad located on public land in the Gant Gulch area. The proposed pad expansion would occur approximately 11.2 miles south of Interstate 70, Exit 87 (Garfield County Airport) (Figure 1). The pad presently supports two producing oil and gas wells and one shut-in well. The pad is in a state of interim reclamation, having been seeded in fall 2008 and fenced in spring 2009.

The D25W pad and the M24W pad were approved in the Gant Gulch Geographic Area Plan (GAP) (EA# CO140-2005-134) and were designed to be located side-by-side, serving as split-level drilling pads for as many as 20 planned wells. The D25W pad was initially constructed in late spring 2006 with a disturbance footprint of 5.9 acres, and the first well (HMU 26-1C) was spudded on July 24, 2006. This well is presently shut-in. In summer 2007, the pad was expanded slightly to 7.2 acres to accommodate the offset space between the existing well and two planned wells. The last well on this pad (HMU25-3D) was spudded on October 14, 2007. Both wells were completed in July 2008. The above-mentioned M24W pad has never been permitted or constructed, although it was analyzed in the Gant Gulch GAP with a disturbance footprint of 4.8 acres.

The D25W pad would be reconstructed for the 16 additional wells, with the re-disturbance area essentially within the existing perimeter fence. Pad layout, including stormwater controls and topsoil windrowing, is shown in Figure 2. The re-disturbance area is estimated at 7.14 acres, or slightly (0.06 acre) less than the 2007 pad footprint (Figure 3). The existing access road and pipeline would continue to serve the planned wells for the D25W pad in their present condition. The remaining eight fee wells would be approved via sundry notice to allow the operator to occupy the BLM well pad to drill the wells into mineral estate. The Sundry Notice is the approval vehicle for these fee wells since the bottomholes are located in the Hunter Mesa Unit.

Because of the big game winter timing limitation stipulated on the lease, the 16 additional wells would be drilled in two separate visits to the expanded D25W pad. The 7 months of allowable drilling window is insufficient for accomplishing drilling and completion work on the planned wells in a single visit.

Table 1. Surface and Bottomhole Locations of Proposed Federal Wells			
<i>Proposed Wells</i>	<i>Federal Lease</i>	<i>Surface Locations</i>	<i>Bottomhole Locations</i>
HMU Federal 24-13A1 (D25W)	COC54738	331 feet FNL, 723 feet FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	820 feet FSL, 875 feet FWL SW ¹ / ₄ SW ¹ / ₄ , Section 24, T7S R93W
HMU Federal 24-13D1 (D25W)	COC54738	335 feet FNL, 733 feet FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	490 feet FSL, 850 feet FWL SW ¹ / ₄ SW ¹ / ₄ , Section 24, T7S R93W
HMU Federal 24-13D2 (D25W)	COC54738	346 feet FNL, 730 feet FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	130 feet FSL, 1040 feet FWL SW ¹ / ₄ SW ¹ / ₄ , Section 24, T7S R93W
HMU Federal 24-14A1 (D25W)	COC54738	351 feet FNL, 740 feet FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	1230 feet FSL, 2315 feet FWL SE ¹ / ₄ SW ¹ / ₄ , Section 24, T7S R93W
HMU Federal 24-14A2 (D25W)	COC54738	362 feet FNL, 736 feet FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	995 feet FSL, 2130 feet FWL SE ¹ / ₄ SW ¹ / ₄ , Section 24, T7S R93W
HMU Federal 24-14A3 (D25W)	COC54738	366 feet FNL, 747 feet FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	730 feet FSL, 2075 feet FWL SE ¹ / ₄ SW ¹ / ₄ , Section 24, T7S R93W
HMU Federal 25-3C (D25W)	COC54738	382 feet FNL, 754 feet FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	830 feet FNL, 1290 feet FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W
HMU Federal 26-1B (D25W)	COC54738	502 feet FNL, 535 feet FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	265 feet FNL, 675 feet FEL NE ¹ / ₄ NE ¹ / ₄ , Section 26, T7S R93W
HMU Federal 26-1D (D25W)	COC54738	507 feet FNL, 546 feet FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	995 feet FNL, 400 feet FEL NE ¹ / ₄ NE ¹ / ₄ , Section 26, T7S R93W
HMU Federal 26-8B1 (D25W)	COC54738	518 feet FNL, 542 feet FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	1575 feet FNL, 675 feet FEL NE ¹ / ₄ NE ¹ / ₄ , Section 26, T7S R93W
HMU Fee 23-16B1 (D25W)	Fee	460 feet FNL, 525 FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	1070 FSL, 880 FEL SE ¹ / ₄ SE ¹ / ₄ , Section 23, T7S R93W
HMU Fee 23-16B2 (D25W)	Fee	476 feet FNL, 532 FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	875 FSL, 760 FEL SE ¹ / ₄ SE ¹ / ₄ , Section 23, T7S R93W
HMU Fee 23-16C1 (D25W)	Fee	487 feet FNL, 528 FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	50 FSL, 675 FEL SE ¹ / ₄ SEW ¹ / ₄ , Section 23, T7S R93W
HMU Fee 23-16D (D25W)	Fee	471 feet FNL, 521 FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	320 FSL, 540 FEL SE ¹ / ₄ SEW ¹ / ₄ , Section 23, T7S R93W
HMU Fee 25-6B (D25W)	Fee	377 feet FNL, 743 FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	1450 FNL, 1915 FWL SE ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W
HMU Fee 25-6D (D25W)	Fee	491 feet FNL, 539 FWL NW ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W	2175 FNL, 2075 FWL SE ¹ / ₄ NW ¹ / ₄ , Section 25, T7S R93W

Resource surveys including wildlife, sensitive plants, and cultural resources were completed in conjunction with the 2005 Gant Gulch GAP approval. A new raptor survey of the existing D25W pad and its surrounding areas was conducted in August 2010 with no findings of record.

An onsite for the project was conducted on July 19, 2010. Federal lease COC54738, issued in 1993, carries the special stipulations listed in the following table:

Description of Lands	Special Stipulations
T7S-R93W 6 TH SEC. 24: S2SW SEC. 25: N2NW, SWNW SEC. 26: N2, NWSE SEC. 27: SENE	Timing Limitation: Big Game Winter Habitat (December 1 to April 30). Exception may be allowed last 60 days.
T7S-R93W 6 TH SEC. 24: S2SW SEC. 25: N2NW, SWNW SEC. 26: E2NE, E2SW, W2SE	CSU: to protect Class II visual resource management areas.
T7S-R93W 6 TH ALL LANDS	CSU: to protect fragile soils.

PLAN CONFORMANCE REVIEW: The Proposed Action is subject to and has been reviewed for conformance with (43 CFR 1610.5, BLM 1617.3) the following plan:

Name of Plan: The current land use plan is the *Glenwood Springs Resource Management Plan* (RMP), approved in 1984 and revised in 1988 (BLM 1984). Relevant amendments include the *Oil and Gas Plan Amendment to the Glenwood Springs Resource Management Plan* (BLM 1991) and the *Oil & Gas Leasing & Development Record of Decision and Resource Management Plan Amendment* (BLM 1999b).

Date Approved: *Oil and Gas Plan Amendment to the Glenwood Springs Resource Management Plan* (BLM 1991) – approved 11/27/91 and *Oil & Gas Leasing & Development Record of Decision and Resource Management Plan Amendment* (BLM 1999b) – approved March 24, 1999.

Decision Number/Page: BLM 1991, page 3; BLM1999b, page 15

Decision Language: The 1991 Oil and Gas Plan Amendment (BLM 1991) included the following at page 3: “697,720 acres of BLM-administered mineral estate within the Glenwood Springs Resource Area are open to oil and gas leasing and development, subject to lease terms and (as applicable) lease stipulations” (BLM 1991, page 3). This decision was carried forward unchanged in the 1999 ROD and RMP amendment at page 15 (BLM 1999b): “In areas being actively developed, the operator must submit a Geographic Area Proposal (GAP) [currently referred to as a Master Development Plan, MDP] that describes a minimum of 2 to 3 years of activity for operator controlled leases within a reasonable geographic area.” Furthermore, Appendices A and B (BLM 1999b) list Lease Stipulations (Appendix A) and Management of Lease Development (Appendix B) features which further support the initial decision language from 1991 Resource Management Plan Amendment.

REVIEW OF EXISTING NEPA DOCUMENTS: The following NEPA document satisfies the criteria of being an activity-level or project-level EIS or EA that is applicable to the Proposed Action. The Gant Gulch Geographic Area Plan (EA #CO140-2005-134) approved on October 17, 2005 specifically analyzed the construction of the D25W pad and its ancillary facilities and the drilling of 11 wells. Furthermore, the approved, but never constructed M24W pad was analyzed in the Gant Gulch GAP/EA for nine wells.

CATEGORICAL EXCLUSION REVIEW: The proposed action is categorically excluded from further documentation in accordance with statutory NEPA categorical exclusions (CXs), as granted in Section 390 of the Energy Policy Act of 2005, for oil and gas exploration and development. The proposed action qualifies as a categorical exclusion under Section 390, based on the qualifying criterion Number 1, of the categories listed in the following table:

Qualifying Criteria	YES	NO
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.	X	
a. Will disturb less than 5 acres; if more than one action is proposed for a lease, each activity is counted separately, and each may disturb up to 5 acres.	X	
b. The current unreclaimed surface disturbance readily visible on the entire leasehold is not greater than 150 acres, including the proposed action. See Figure 4.	X	
c. This categorical exclusion includes the requirement of a site-specific NEPA document. A site-specific NEPA analysis may be an EA/EIS for exploration and/or development, for a specific MDP, for a multi-well or a single well permit approval.	X	

None of the following extraordinary circumstances in 516 DM 2, Appendix 2, applies.

Extraordinary Circumstances	YES	NO
1. Have significant adverse effects on public health and safety.		X
2. Have significant impacts on such natural resources and unique geographic characteristics as historic or cultural resources; park, recreation or refuge lands; wilderness areas; wild or scenic rivers; national natural landmarks; sole or principal drinking water aquifers; prime farmlands; wetlands (Executive Order 11990); floodplains (Executive Order 11988); national monuments; migratory birds; and other ecologically significant or critical areas.		X
3. Have highly controversial environmental effects or involve unresolved conflicts concerning alternative uses of available resources [NEPA Section 102(2)(E)].		X
4. Have highly uncertain and potentially significant environmental effects or involve unique or unknown environmental risks.		X
5. Establish a precedent for future action or represent a decision in principle about future actions with potentially significant environmental effects.		X
6. Have a direct relationship to other actions with individually insignificant but cumulatively significant environmental effects.		X
7. Have significant impacts on properties listed, or eligible for listing, on the National Register of Historic Places as determined by either the bureau or office.		X
8. Have significant impacts on species listed, or proposed to be listed, on the List of Endangered or Threatened Species, or have significant impacts on designated Critical Habitat for these species.		X

Extraordinary Circumstances	YES	NO
9. Violate a Federal law or a State, local, or tribal law or requirement imposed for the protection of the environment.		X
10. Have the potential for a disproportionately high and adverse effect on low income or minority populations (Executive Order 12898).		X
11. Limit access to and ceremonial use of Indian sacred sites on Federal lands by Indian religious practitioners or significantly adversely affect the physical integrity of such sacred sites (Executive Order 13007).		X
12. Contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area or actions that may promote the introduction, growth, or expansion of the range of such species (Federal Noxious Weed Control Act and Executive Order 13112).		X

INTERDISCIPLINARY REVIEW: The proposed action was presented to, and reviewed by the Colorado River Valley Field Office interdisciplinary team on October 25, 2010. A list of resource specialists who participated in this review is available upon request from the Colorado River Valley Field Office.

MITIGATION: Conditions of Approval that would be included in the APDs are attached.

NAME OF PREPARER: Jim Byers, Natural Resource Specialist

NAME OF ENVIRONMENTAL COORDINATOR: Allen Crockett, Supervisory NRS

DECISION AND RATIONAL: I have reviewed this CX and have decided to approve the proposed action.

This action is listed in the Instruction Memorandum Number 2005-247 and Instruction Memorandum Number 2010-118 as an action that may be categorically excluded under Section 390 of the Energy Policy Act of 2005. I have evaluated the action relative to the five qualifying criteria listed above and have determined that, as it does not represent an exception, it is therefore categorically excluded from further environmental analysis.

SIGNATURE OF AUTHORIZED OFFICIAL:


Supervisory Natural Resource Specialist

DATE SIGNED: 11-19-10

Administrative Review or Appeal Opportunities

This decision is effective upon the date the decision or approval by the authorized officer. Under regulations addressed in 43 CFR Subpart 3165, any party adversely affected has the right to appeal this decision. An informal review of the technical or procedural aspects of the decision may be requested of this office before initiating a formal review request. You have the right to request a State Director review of this decision. You must request a State Director review prior to filing an appeal to the Interior Board of Land Appeals (IBLA) (43CFR 3165.4).

If you elect to request a State Director Review, the request must be received by the BLM Colorado State Office, 2850 Youngfield Street, Lakewood, Colorado 80215, no later than 20 business days after the date the decision was received or is considered to have been received. The request must include all supporting documentation unless a request is made for an extension of the filing of supporting documentation. For good cause, such extensions may be granted. You also have the right to appeal the decision issued by the State Director to the IBLA.

Contact Person

For additional information concerning this decision, contact Jim Byers, Natural Resource Specialist, Colorado River Valley Field Office, address, Phone: 970-876-9056.

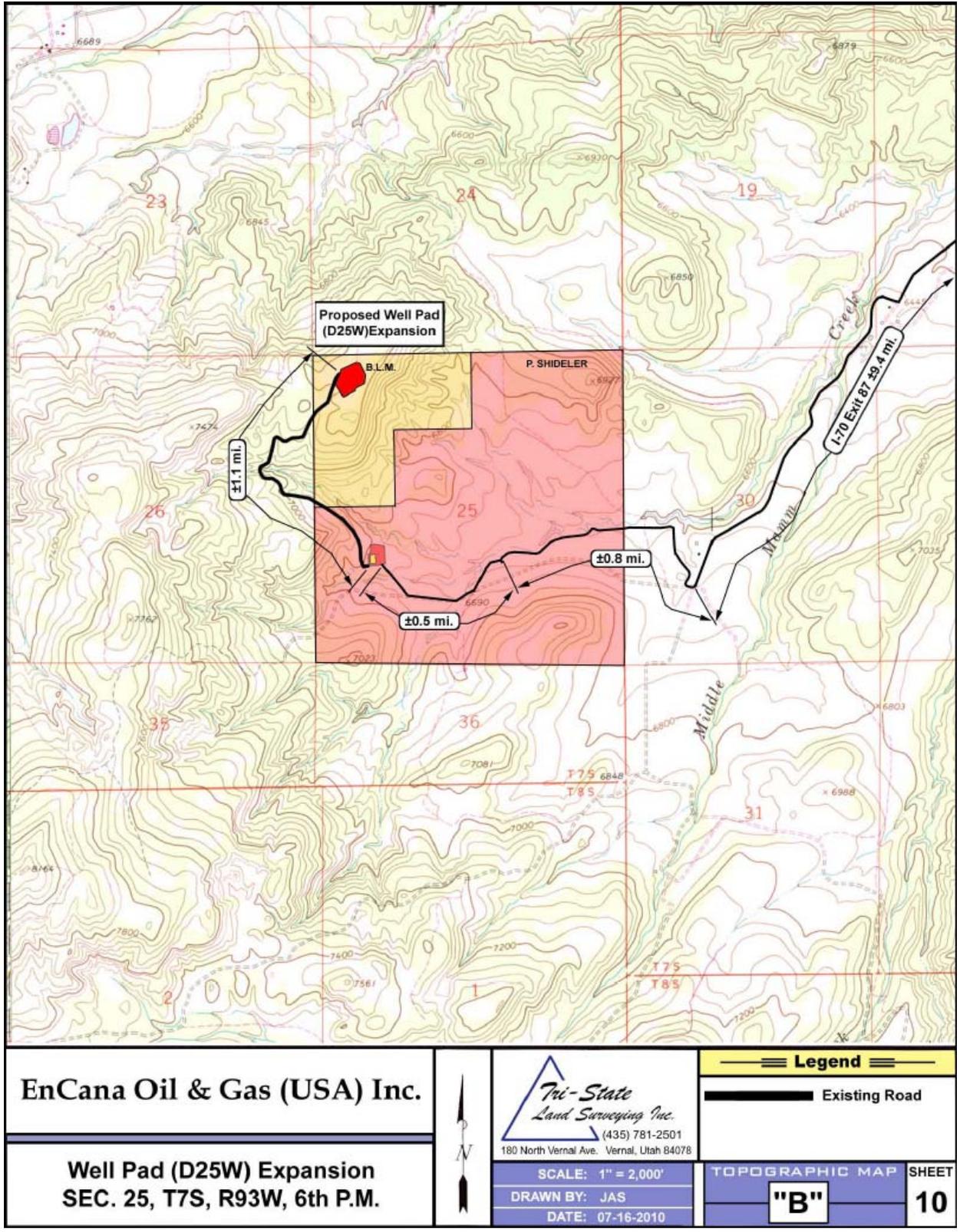


Figure 1. Project Location Map

ENCANA OIL & GAS (USA) INC

CONSTRUCTION LAYOUT DRAWING CUT SHEET

WELL PAD (D25W) EXPANSION Section 25, T7S, R93W, 6th P.M.

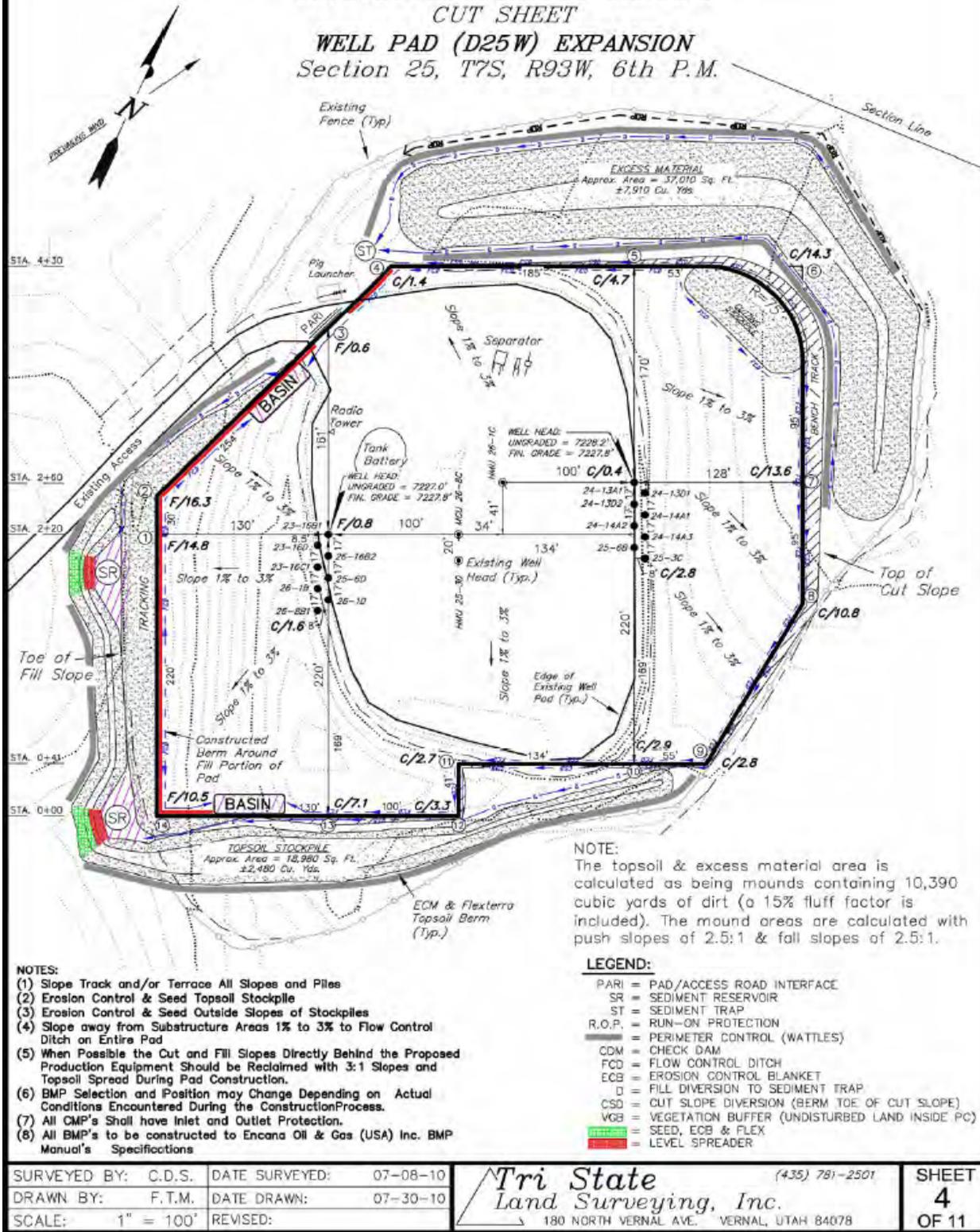
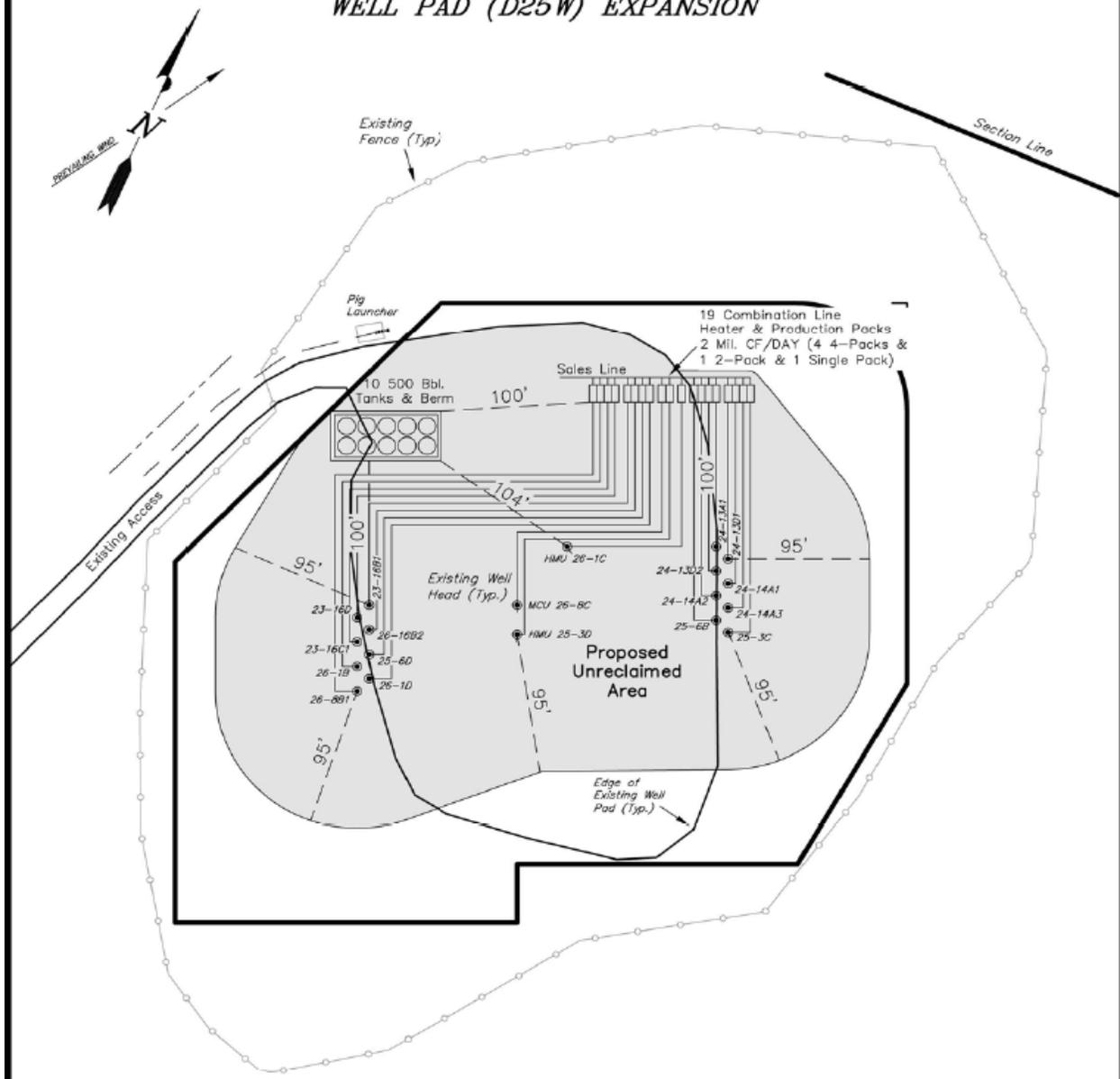


Figure 2. Construction Layout Plat Showing Stormwater Controls and Topsoil Windrowing

ENCANA OIL & GAS (USA) INC

PRODUCTION SCHEMATIC WELL PAD (D25W) EXPANSION



Notes:

1. Reclaimed area to include seeding of approved vegetation and sufficient storm water management system.
2. Reclaimed Pad to have storm water Management BMP's Per Encana Oil & Gas (USA) Inc. BMP Manual.
3. Actual Equipment Layout and Reclaimed Pad Surface Area May Change do to Production Requirements or Site Conditions.

DISTURBED AREA:

TOTAL DISTURBED AREA = 7.14 ACRES
 TOTAL RECLAIMED AREA = 4.41 ACRES
 UNRECLAIMED AREA = 2.73 ACRES

SURVEYED BY: C.D.S.	DATE SURVEYED: 07-08-10
DRAWN BY: F.T.M.	DATE DRAWN: 07-30-10
SCALE: 1" = 100'	REVISED:

(435) 781-2501

Tri State
Land Surveying, Inc.

180 NORTH VERNAL AVE. VERNAL, UTAH 84078

SHEET 7 OF 11

Figure 3. Disturbance Area and Facility Locations for the D25W Pad Expansion

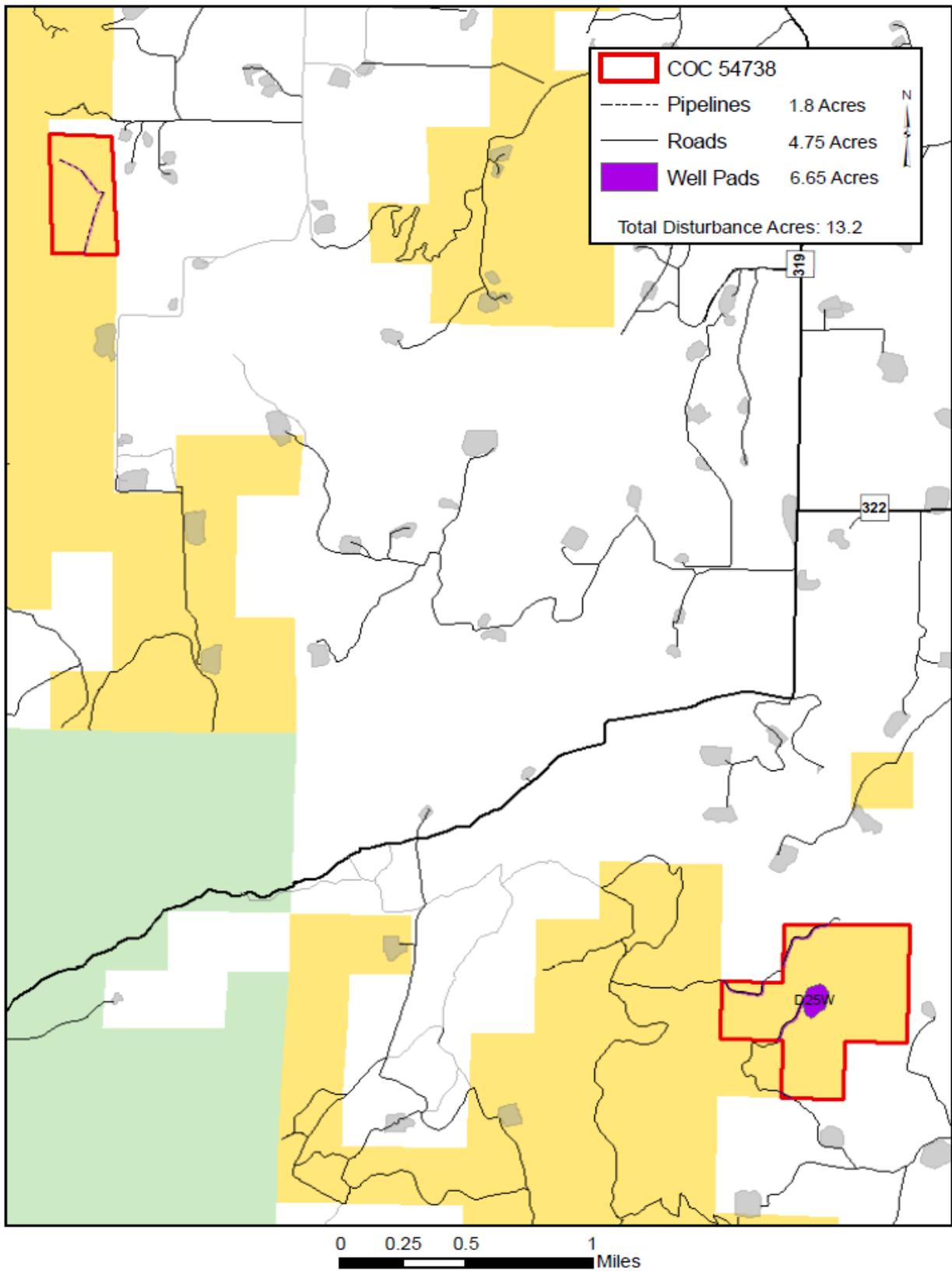


Figure 4. COC54738 Lease Surface Disturbances

Surface Use Conditions of Approval DOI-BLM-CO-N040-2011-0008-CX (390)

1. Administrative Notification. The operator shall notify the BLM representative at least 48 hours prior to initiation of construction. If requested by the BLM representative, the operator shall schedule a pre-construction meeting, including key operator and contractor personnel, to ensure that any unresolved issues are fully addressed prior to initiation of surface-disturbing activities or placement of production facilities.
2. Facility Paint Color. The paint color to be used on all surface facilities including pipeline risers and metal containment rings surrounding the launchers or receivers shall be the color of existing facilities – Shale Green
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 BLM 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. 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. Reclamation Plans. In areas that have low reclamation potential or are especially challenging to restore, reclamation plans will be required prior to APD approval. The plan shall contain the following components: detailed reclamation plats, which include contours and indicate irregular rather than smooth contours as appropriate for visual and ecological benefit; timeline for drilling completion, interim reclamation earthwork, and seeding; soil test results and/or a soil profile description; amendments to be used; soil treatment techniques such as roughening, pocking, and terracing; erosion control techniques such as hydromulch, blankets/matting, and wattles; and visual mitigations if in a sensitive VRM area.
 - b. Deadline for Interim Reclamation Earthwork and Seeding. Interim reclamation to reduce a well pad to the maximum size needed for production, including earthwork and seeding of the interim reclaimed areas, shall be completed within 6 months following completion of the last well planned to be drilled on that pad as part of a continuous operation. If a period of greater than one year is expected to occur between drilling episodes, BLM may require implementation of all or part of the interim reclamation program.

Reclamation, including seeding, of temporarily disturbed areas along roads and pipelines, and of topsoil piles and berms, shall be completed within 30 days following completion of construction. Any such area on which construction is completed prior to December 1 shall be seeded during the remainder of the early winter season instead of during the following spring, unless BLM approves otherwise based on weather. If road or pipeline construction occurs discontinuously (e.g., new segments installed as new pads are built) or continuously but with a total duration greater than 30 days, reclamation, including seeding, shall be phased such that no portion of the temporarily disturbed area remains in an unreclaimed condition for longer than 30 days. BLM may authorize deviation from this requirement based on the season and the amount of work remaining on the entirety of the road or pipeline when the 30-day period has expired.

If requested by the project lead NRS for a specific pad or group of pads, the operator shall contact the NRS by telephone or email approximately 72 hours before reclamation and reseeding begin. This will allow the NRS to schedule a pre-reclamation field visit if needed to ensure that all parties are in agreement and provide time for adjustments to the plan before work is initiated.

The deadlines for seeding described above are subject to extension upon approval of the BLM based on season, timing limitations, or other constraints on a case-by-case basis. If the BLM approves an extension for seeding, the operator may be required to stabilize the reclaimed surfaces using hydromulch, erosion matting, or other method until seeding is implemented.

- c. Topsoil Stripping, Storage, and Replacement. All topsoil shall be stripped following removal of vegetation during construction of well pads, pipelines, roads, or other surface facilities. In areas of thin soil, a minimum of the upper 6 inches of surficial material shall be stripped. The BLM may specify a stripping depth during the onsite visit or based on subsequent information regarding soil thickness and suitability. The stripped topsoil shall be stored separately from subsoil or other excavated material and replaced prior to final seedbed preparation. The BLM best management practice (BMP) for the Windrowing of Topsoil (COA #14) shall be implemented for well pad construction whenever topography allows.
- d. 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.

- e. 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 no longer allows the use of sterile hybrid non-native 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 submitted to BLM 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.

- f. 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 or by hydroseeding and hydromulching. Hydroseeding and hydromulching shall 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.

- g. Mulch. Mulch shall be applied within 24 hours following completion of seeding. Mulch may consist of either hydromulch or of certified weed-free straw or certified weed-free native grass hay crimped into the soil.

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

- h. 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 BLM. Cut-and-fill slopes along drainages or in areas with high erosion potential shall also be protected from erosion using hydromulch designed specifically for erosion control or biodegradable blankets/matting, bales, or wattles of weed-free straw or weed-free native grass hay. A well-anchored fabric silt fence shall also be placed at the toe of cut-and-fill slopes along drainages or to protect other sensitive areas from deposition of soils eroded off the slopes. Additional BMPs shall be employed as necessary to reduce soil erosion and offsite transport of sediments.
- i. 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 BLM will approve the type of fencing.
- j. Monitoring. The operator shall conduct annual monitoring surveys of all sites categorized as "operator reclamation in progress" and shall submit an annual monitoring report of these sites to the BLM 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 BLM.
5. Weed Control. The operator shall regularly monitor and promptly control noxious weeds or other undesirable plant species as set forth in the Glenwood Springs Field 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 to BLM by **December 1**.

6. 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 **December 1 through April 30**. To further 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.
7. Bald and Golden Eagles. It shall be the responsibility of the operator to comply with the Bald and Golden Eagle Protection Act (Eagle Act) with respect to “take” of either eagle species. Under the Eagle Act, “take” includes to pursue, shoot, shoot at, poison, wound, kill, capture, trap, collect, molest and disturb. “Disturb” means to agitate or bother a bald or golden eagle to a degree that causes, or is likely to cause, based on the best scientific information available, (1) injury to an eagle; (2) a decrease in its productivity by substantially interfering with normal breeding, feeding, or sheltering behavior; or (3) nest abandonment by substantially interfering with normal breeding, feeding, or sheltering behavior. Avoidance of eagle nest sites, particularly during the nesting season, is the primary and preferred method to avoid a take. Any oil or gas construction, drilling, or completion activities planned within 0.5 mile of a bald or golden eagle nest, or other associated activities greater than 0.5 miles from a nest that may disturb eagles, should be coordinated with the BLM project lead and BLM wildlife biologist and the USFWS representative in the BLM Field Office (970-876-9051).
8. Raptor Nesting. Raptor nest surveys for the D25W pad did not result in location of raptor nest structures within 0.25 mile of a well pad or 0.125 mile of an access road, pipeline, or other surface facility associated with this project. Therefore, a Raptor Nesting Timing Limitation COA is not attached to this SCX. However, to ensure compliance with the Migratory Bird Treaty Act, 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 construction, drilling, or completion activities during these dates cannot be avoided, the operator is responsible for complying with the Migratory Bird Treaty Act, which prohibits the “take” of birds or active nests (those containing eggs or young), including nest failure caused by noise and human activity.
9. 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. Regardless of the method used, it 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 USFWS representative in the BLM Field Office at 970-876-9051 (Creed Clayton) and visit <http://www.fws.gov/mountain-prairie/contaminants/oilpits.htm>.
10. Birds of Conservation Concern. Pursuant to BLM Instruction Memorandum 2008-050, all surface-disturbing activities are prohibited from **May 1 to July 1** 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 within 30

meters (100 feet) of the area to be disturbed. Nesting shall be deemed to be occurring if a territorial (singing) male is present within the distance specified above. 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. This provision does not apply to ongoing construction, drilling, or completion activities that are initiated prior to May 1 and continue into the 60-day period at the same location.

11. 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.
12. 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 of the findings. The discovery must be protected until notified to proceed by the BLM.

Where feasible, the operator shall suspend ground-disturbing activities at the discovery site and immediately notify the BLM of any finds. The BLM 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.

13. 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 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 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 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. Approval to proceed will be based upon evaluation of the resource. Evaluation shall be by a qualified professional selected by the BLM 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 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 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 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 will provide technical and procedural guidelines for relocation and/or to conduct mitigation. Upon verification from the BLM 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).

14. Windrowing of Topsoil. Topsoil shall be windrowed around the pad perimeter to create a berm that limits and redirects storm water runoff and extends the viability of the topsoil per BLM Topsoil Best Management Practices (BLM 2009 PowerPoint presentation available upon request from Glenwood Springs Field Office). Topsoil shall also be windrowed, segregated, and stored along pipelines and roads for later spreading across the disturbed corridor during final reclamation. Topsoil berms shall be promptly seeded to maintain soil microbial activity, reduce erosion, and minimize weed establishment.
15. Visual Resources. Production facilities shall be placed to avoid or minimize visibility from travel corridors, residential areas, and other sensitive observation points—unless directed otherwise by the BLM due to other resource concerns—and shall be placed to maximize reshaping of cut-and-fill slopes and interim reclamation of the pad. Round all constructed pad corners to reduce overall pad footprint and enhance storm water drainage flows.

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

Company/Operator: EnCana Oil & Gas (USA)

Surface Location: NNWW, Section 35, Township 7 South, Range 95 West, 6th P.M.

<u>Well Name</u>	<u>Well No.</u>	<u>Bottomhole Location</u>	<u>Lease</u>
HMU Federal	24-13A1 (D25W)	SWSW, Sec 24, T6S, R93W	COC52583
HMU Federal	24-13D1 (D25W)	SWSW, Sec 24, T6S, R93W	COC54738
HMU Federal	24-13D2 (D25W)	SWSW, Sec 24, T6S, R93W	COC54738
HMU Federal	24-14A1 (D25W)	SESW, Sec 24, T6S, R93W	COC54738
HMU Federal	24-14A2 (D25W)	SESW, Sec 24, T6S, R93W	COC54738
HMU Federal	24-14A3 (D25W)	SESW, Sec 24, T6S, R93W	COC54738
HMU Federal	25-3C (D25W)	NWNW, Sec 24, T6S, R93W	COC54738
HMU Federal	26-1B (D25W)	NENE, Sec 24, T6S, R93W	COC54737

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 CRVFO shall be notified. One of the following CRVFO inspectors shall be notified by phone: David Giboo at 970-876-9038, 970-319-2211 (c), Todd Sieber at 970-876-9044, 970-319-7887 (c), Alan White at 970-876-9037, 970-366-2565(c), and Kenneth Moten 970-876-9043, 970-319-6930(c).
2. A CRVFO 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, sidetracks, changes or variances to the BOPE, deviating from conditions of approval, and conducting other operations not specified within the APD. Contact Will Howell at 970-876-9049 (office) or 970-319-5837(c) for verbal approvals. A secondary contact for verbal approvals is Dane Geyer at 970-876-9048 (office) or 970-589-6887 (c).
3. If a well control issue arises during drilling or completions operations (e.g. kick, blowout, or water flow, casing failure occurs, or an increase in bradenhead pressure), Will Howell 970-876-9049 (office) or 970-319-5837 (cell) or Dane Geyer at 970-876-9048 (office) or 970-589-6887 (cell) shall be notified within 24 hours from the time of the event. IADC/Driller's Logs, and Pason Logs (mud logs) shall be forwarded to CRVFO, Will Howell/Dane Geyer; 2300 River Frontage Road, Silt, CO 81652 within 24 hours of a well control event.
4. The BOPE shall be tested and conform to Onshore Order #2 for a **5M** system and recorded in the IADC/Driller's log.
5. A casinghead rated to 5,000 psi or greater shall be utilized.
6. An electrical/mechanical mud monitoring equipment shall be function tested prior to drilling out the surface casing shoe. As a minimum, this equipment shall include a trip tank, pit volume totalizer, stroke counter, and flow sensor.
7. Prior to drilling out the surface casing shoe, gas-detecting equipment shall be installed in the mud return system, and the rate of penetration/mud shall be monitored for hydrocarbon gas/pore pressure changes.

8. A gas buster shall be functional and all flare lines effectively anchored in place, prior to drilling out the surface casing 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. 1382-1578 feet of Surface Casing shall be installed on these wells to protect potential water sources/aquifers and control loss circulation zones.
 10. After the surface casing is cemented, a Pressure Integrity Test/FIT will be performed on the first well drilled in accordance with OOGO No. 2; Sec. III, B.1. i. in order to make sure the surface casing is set in a competent formation. Submit the results from the test via email (william_howell@blm.gov) on the first well drilled on the pad and record results in the IADC log.
 11. Prior to commencing fracturing operations, the production casing shall be tested to the maximum anticipated surface treating/fracture pressure (EnCana 7000 psi) and held for 15 minutes without a 2% leakoff. If leak-off is found, Will Howell shall be notified within 24 hours of the failed test, but prior to proceeding with fracturing operations. The test shall be charted and set to a time increment as to take up no less than a quarter of the chart per test. The chart shall be submitted within 48 hours after Frac operations.
 12. As a minimum, cement shall be brought to 200 feet above the Mesaverde. After WOC for the production casing, a CBL shall be run to verify the TOC and an electronic copy in .las and .pdf format will be submitted to CRVFO, Will Howell/Dane Geyer, 2300 River Frontage Road, Silt, CO 81652 within 48 hours. If the TOC is lower than required or the cement sheath of poor quality, a CRVFO petroleum engineer shall be notified for remedial operations within 48 hours from running the CBL and prior to commencing fracturing operations,.
- A greater volume of cement may be required to meet the 200 foot cement coverage requirement for the Williams Fork Fm./Mesaverde Group. Please evaluate the top of cement on the first cement job on the pad. If cement is below the 200-foot cement coverage requirement, adjust cement volume to compensate for low cement coverage.
- A Production casing centralizer program will maintain a 67% stand-off. The centralizer program will have one centralizer every other joint through the vertical section and one centralizer per joint through the tangent (build/drop) sections of the well.
13. On the first well drilled on this pad, a triple combo open hole log shall be run from the base of the surface borehole to surface, and from TD to bottom of surface casing shoe. This log shall be submitted within 48 hours in .pdf and .las format to CRVFO, Will Howell/Dane Geyer/Todd Sieber, 2300 River Frontage Road, Silt, CO 81652. Contact Todd Sieber at 970-876-9044 (office), 970-319-7887 (cell), or anthony_seiber@blm.gov for clarification.
 14. Submit the (a) mud/drilling log (e.g. Pason disc), (b) driller's event log/operations summary report, (c) production test volumes, (d) directional survey, and (e) Pressure Integrity Test results within 30 days of completed operations (i.e. landing tubing) per 43 CRF 3160-9. Contact Will Howell for clarification.

15. A casing string integrity test shall be run insuring casing mechanical integrity on the surface/ production casing. This casing integrity test will not exceed 70% of the casing burst pressure per OOGO No. 2; Sec III, B. 1. h. The test pressure should not decline more than 10% in 30 minutes or remedial work will be necessary. Submit the graphical results from the test via email (william_howell@blm.gov) or regular mail to CRVFO, 2300 River Frontage Road, Silt, CO 81652.

16. After the surface casing is cemented, a leak-off test shall be performed on the first well drilled in accordance with OOGO No. 2; Sec. III, B.1.i. in order to make sure the surface casing is set in a competent formation. Submit the graphical results from the test via email to william_howell@blm.gov or regular mail to CRVFO; 2300 River Frontage Road, Silt, CO 81652.