

**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, Exclusion No. 1

NEPA LOG NUMBER: DOI-BLM-CO-N040-2011-0077-CX (390)

A. Background

BUREAU OF LAND MANAGEMENT (BLM) OFFICE: Colorado River Valley Field Office (CRVFO), Silt, Colorado

CASEFILE/PROJECT NUMBER: COC05173

PROPOSED ACTION TITLE/TYPE: Proposal to Drill 14 Federal Oil and Gas Wells from the Existing PA23-12 Pad Located in Doghead Mountain Area Authorized by Applications for Permit to Drill (APDs).

LOCATION OF THE PROPOSED ACTION: Township 7 South (T7S), Range 95 West (R95W), Section 12, NE¹/₄SW¹/₄, Sixth Principal Meridian. The existing PA23-12 pad is located on public land approximately 6.5 miles east of Parachute, Colorado. Figure 1 is a project location map. Figure 2 shows the layout of the PA23-12 pad. Figure 3 shows the location of existing disturbance areas on Federal lease COC05173.

DESCRIPTION OF THE PROPOSED ACTION: Williams Production RMT Company (“Williams”) proposes to drill fourteen Federal oil and gas directional wells from the existing PA23-12 pad located on public land in the Doghead Mountain area (Table 1). These development wells would be drilled in a second visit; two existing exploratory wells were initially drilled in fall 2007.

The PA23-12 pad was initially analyzed in the Doghead Mountain Geographic Area Plan (DMGAP) Environmental Assessment (EA #CO140-2007-042) and was constructed in September 2007 with a planned disturbance footprint of 6.0 acres. The pad presently supports two producing oil and gas wells (Federal PA13-12 and Federal PA 24-12); the pad has been in a relatively stable, unreclaimed condition since the initial drilling activity on the pad in 2007. Both wells were completed on December 20, 2007.

The pad would be reconstructed to accommodate the new wells, and the overall disturbance area would be reduced because the unneeded western one-third of the pad would be partially reclaimed. The original disturbance footprint is 7.95 acres total, with 5.5 acres needed for drilling the 14 additional wells and 2.5 acres to be partially reclaimed at the time of the earthwork for the upcoming drilling (Figure 2).

The separators and blowdown tank, presently located at the west end of the pad, would be moved to a new location within the previous 2007 pad disturbance on the east-side pad entrance (Figure 2). The storage tanks holding separated fluids from the wells are staged on the PA41-12 pad near Garfield County Road 301 (CR301). The valve riser near the pad entrance would be relocated to provide vehicle access around the drill rig at the east end of the pad. The planned working area when the entire pad is placed into interim reclamation status would be approximately 1 acre.

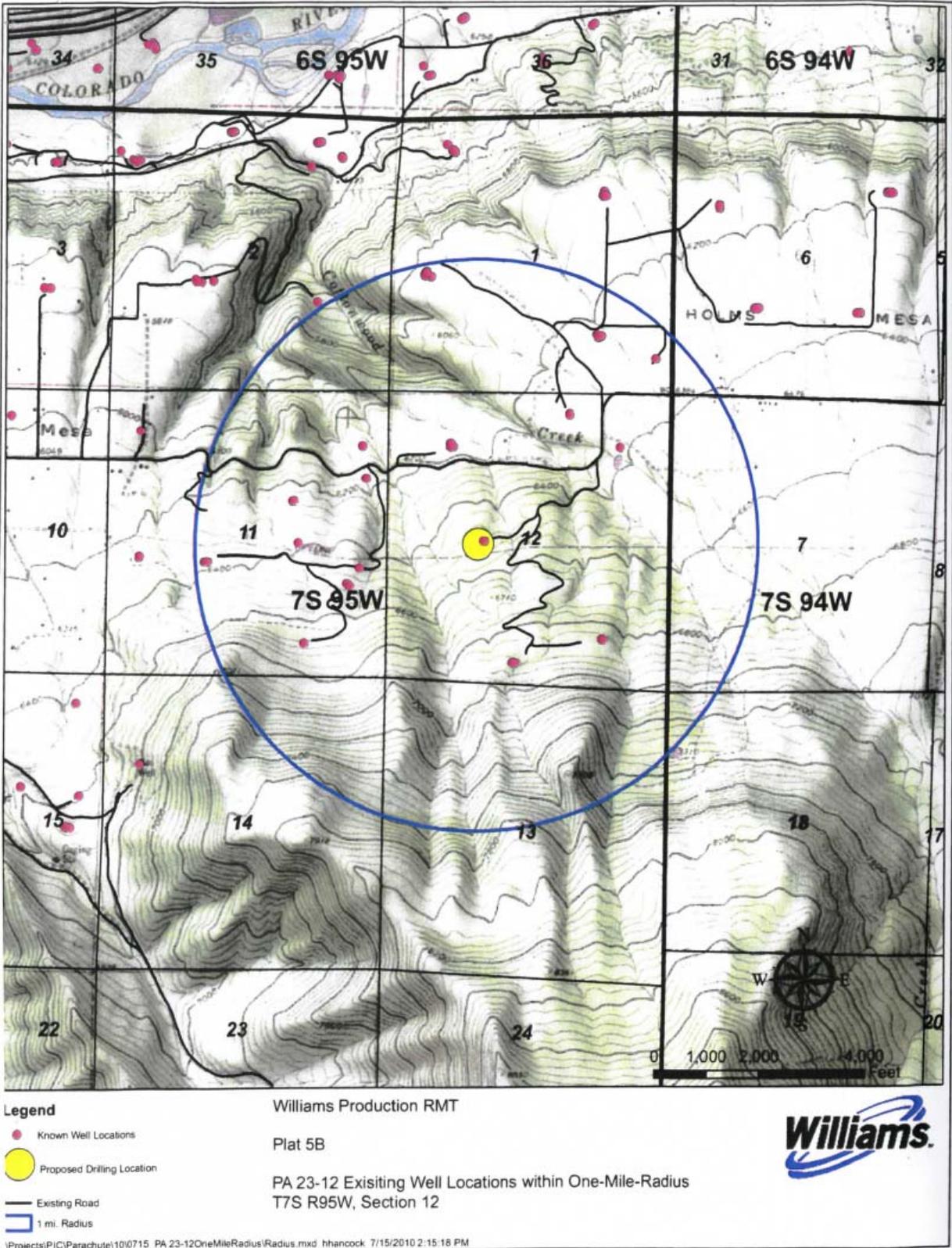


Figure 1. Project Location Map

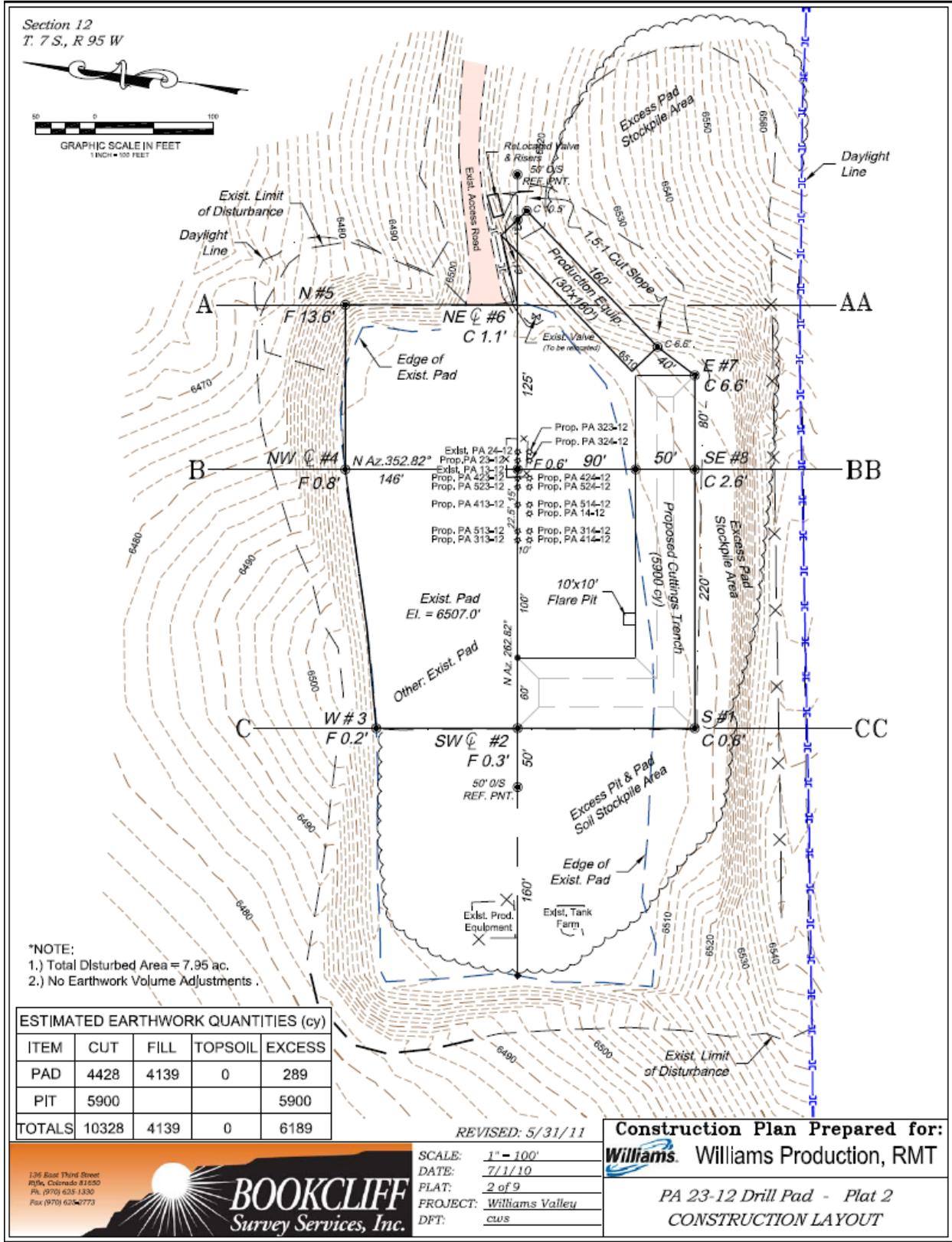


Figure 2. Construction Layout Plat

Lease COC 05173

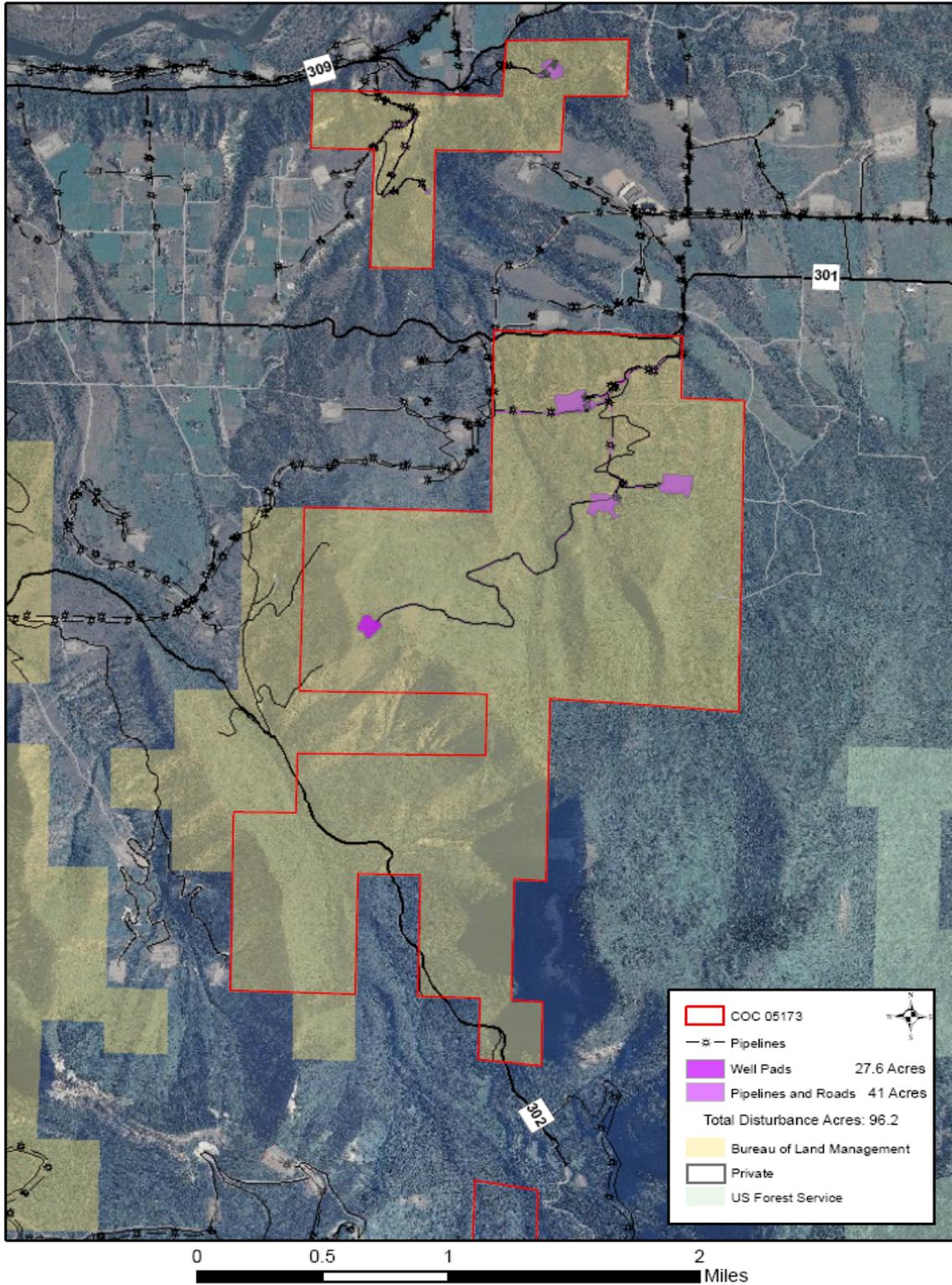


Figure 3. Existing Areas of Surface Disturbance, Federal lease COC05173

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>
PA14-12 (PA23-12)	COC05173	2,581 feet FSL, 1,746 feet FWL NE¼SW¼, Section 12, T7S R95W	1,096 feet FSL, 703 feet FWL SW¼SW¼, Section 12, T7S R95W
PA23-12 (PA23-12)	COC05173	2,598 feet FSL, 1,790 feet FWL NE¼SW¼, Section 12, T7S R95W	2,457 feet FSL, 2,052 feet FWL NE¼SW¼, Section 12, T7S R95W
PA313-12 (PA23-12)	COC05173	2,586 feet FSL, 1,723 feet FWL NE¼SW¼, Section 12, T7S R95W	2,143 feet FSL, 518 feet FWL NW¼SW¼, Section 12, T7S R95W
PA314-12 (PA23-12)	COC05173	2,578 feet FSL, 1,731 feet FWL NE¼SW¼, Section 12, T7S R95W	748 feet FSL, 719 feet FWL SW¼SW¼, Section 12, T7S R95W
PA323-12 (PA23-12)	COC05173	2,590 feet FSL, 1,798 feet FWL NE¼SW¼, Section 12, T7S R95W	2,123 feet FSL, 2,075 feet FWL NE¼SW¼, Section 12, T7S R95W
PA324-12 (PA23-12)	COC05173	2,589 feet FSL, 1,791 feet FWL NE¼SW¼, Section 12, T7S R95W	795 feet FSL, 2,054 feet FWL SE¼SW¼, Section 12, T7S R95W
PA413-12 (PA23-12)	COC05173	2,592 feet FSL, 1,752 feet FWL NE¼SW¼, Section 12, T7S R95W	1,769 feet FSL, 869 feet FWL NW¼SW¼, Section 12, T7S R95W
PA414-12 (PA23-12)	COC05173	2,577 feet FSL, 1,724 feet FWL NE¼SW¼, Section 12, T7S R95W	522 feet FSL, 267 feet FWL SW¼SW¼, Section 12, T7S R95W
PA423-12 (PA23-12)	COC05173	2,596 feet FSL, 1,775 feet FWL NE¼SW¼, Section 12, T7S R95W	1,800 feet FSL, 2,059 feet FWL NE¼SW¼, Section 12, T7S R95W
PA424-12 (PA23-12)	COC05173	2,586 feet FSL, 1,776 feet FWL NE¼SW¼, Section 12, T7S R95W	476 feet FSL, 2,039 feet FWL SE¼SW¼, Section 12, T7S R95W
PA513-12 (PA23-12)	COC05173	2,588 feet FSL, 1,730 feet FWL NE¼SW¼, Section 12, T7S R95W	1,495 feet FSL, 688 feet FWL NW¼SW¼, Section 12, T7S R95W
PA514-12 (PA23-12)	COC05173	2,582 feet FSL, 1,754 feet FWL NE¼SW¼, Section 12, T7S R95W	179 feet FSL, 562 feet FWL SW¼SW¼, Section 12, T7S R95W
PA523-12 (PA23-12)	COC05173	2,594 feet FSL, 1,767 feet FWL NE¼SW¼, Section 12, T7S R95W	1,455 feet FSL, 2,051 feet FWL NE¼SW¼, Section 12, T7S R95W
PA524-12 (PA23-12)	COC05173	2,585 feet FSL, 1,769 feet FWL NE¼SW¼, Section 12, T7S R95W	168 feet FSL, 2,039 feet FWL SE¼SW¼, Section 12, T7S R95W

Resource surveys including those for wildlife, special status plant, and cultural resources were completed relative to the 2007 Doghead Mountain GAP/EA approval. Additionally, a new raptor survey of the site was conducted in May 2011, with no nest structures reported. An onsite for the project was conducted on April 20, 2011. Federal lease COC05173, issued in 1952, has no special stipulations attached to the document. A 60-day Timing Limitation to be attached as a condition of approval (COA) would protect wintering big game by precluding construction, drilling, and completion activities from January 1 to March 1.

B. Land Use Plan Conformance

Land Use Plan (LUP) Name: The current land use plan is the *Glenwood Springs Resource Management Plan* (RMP) (BLM 1984, revised 1988). 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 1999).

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

Determination of Conformance: The 1991 plan amendment for oil and gas (BLM 1991) included the following at page 3: “697,720 acres of BLM-administered mineral estate within the Glenwood Springs Resource Area (GSRA) 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 into the 1999 plan amendment for oil and gas. The 1999 plan amendment for oil and gas (BLM 1999) included the following at page 15: “In areas being actively developed, the operator must submit a Geographic Area Proposal (GAP) that describes a minimum of 2 to 3 years of activity for operator controlled leases within a reasonable geographic area.” The current project is in an area designated as open to oil and gas leasing and development, and this CX has been prepared pursuant to a GAP (Doghead Mountain, CO140-2007-042-EA). Therefore, the project conforms to the current LUP, as amended.

C. Compliance with NEPA

Consistency with Category: Note: All of the questions listed in Table 2 must be answered with “Yes” in order to use this CX.

Table 2. Project Screening Questions		
1. Will the proposed action disturb less than 5 acres?	<u>Yes</u>	No
2. Is the current amount of surface disturbance on the entire leasehold, plus the proposed action, less than 150 acres?	<u>Yes</u>	No
3. Was the proposed action adequately analyzed in an existing site-specific National Environmental Policy Act (NEPA) document?	<u>Yes</u>	No

NEPA Document Name: Doghead Mountain Geographic Area Plan/Environmental Assessment (EA#CO140-2007-042 approved on August 22, 2007) specifically analyzed the construction of the PA23-12 pad, its ancillary facilities, and the directional drilling of 16 Federal wells.

Extraordinary Circumstances Review: Any “Yes” answers in Table 3 preclude use of the CX.

Table 3. Extraordinary Circumstances		
1. May have significant impacts on public health and safety.	Yes	<u>No</u>
2. May have significant impacts on such natural resources and unique geographic characteristics as historic or cultural resources; park, recreation or refuge lands; wilderness areas; wild and scenic rivers; national natural landmarks; sole or principal drinking water aquifers; prime farmlands; wetlands (Executive Order 11990); floodplains (Executive Order 119880; national monument; migratory birds; and other ecologically significant or critical areas.	Yes	<u>No</u>
3. May have highly controversial environmental effects or involve unresolved conflicts concerning alternative uses of available resources (NEPA Section 102 (2)(E)).	Yes	<u>No</u>
4. May have highly uncertain and potentially significant environmental effects or involve unique or unknown environmental risks.	Yes	<u>No</u>
5. May establish a precedent for future action or represent a decision in principle about future actions with potentially significant environmental effects.	Yes	<u>No</u>
6. May have a direct relationship to other actions with individually insignificant but cumulatively significant environmental effects.	Yes	<u>No</u>
7. May have significant impacts on properties listed or eligible for listing, on the National	Yes	<u>No</u>

Table 3. Extraordinary Circumstances		
Register of Historic Places as determined by either the bureau or office.		
8. May 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.	Yes	No
9. May violate a Federal law, or a state, local, or tribal law or requirement imposed for the protection of the environment.	Yes	No
10. May have a disproportionately high and adverse effect on low income or minority populations (Executive Order 12898).	Yes	No
11. May 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).	Yes	No
12. May contribute to the introduction, continued existence, or spread of noxious weed 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).	Yes	No

This categorical exclusion is appropriate for the specific situation of this project because no extraordinary circumstances exist that would potentially have impacts that may significantly affect the environment. The proposed action has been reviewed, and none of the extraordinary circumstances described in 43 CFR 46.215 applies.

Persons and/or Agencies Consulted:

Williams Production RMT Company: April Mestas, Jason Raley, Joe Weaver Jr., Eric DeKam

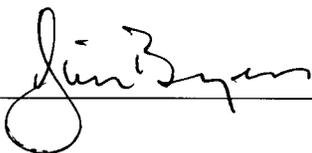
Interdisciplinary Review:

BLM staff from the CRVFO listed in Table 4 participated in the preparation of this SCX, including review of survey results submitted by the Operator's consultants, evaluation of impacts likely to occur from implementation of the proposed action, and identification of appropriate COAs.

Table 4. BLM Interdisciplinary Team Authors and Reviewers		
<i>Name</i>	<i>Title</i>	<i>Areas of Participation</i>
Beth Brenneman	Ecologist	Invasive Non-native Species, Special Status Plants, Vegetation
John Brogan	Archaeologist	Cultural Resources, Native American Religious Concerns
Jim Byers	Natural Resource Specialist	Project Lead, Access & Transportation, Range Management, Socio-Economics
Allen Crockett, Ph.D.	Supervisory NRS/Phys. Sci.	NEPA Review
William Howell	Petroleum Engineer	Downhole COAs
Shauna Kocman, Ph.D.	Hydrologist	Air Quality, Noise, Soils, Surface Water, Waters of the U.S.
Julie McGrew	Natural Resource Specialist	Visual Resources
Sylvia Ringer	Wildlife Biologist	Migratory Birds, Special Status Species, Aquatic and Terrestrial
Todd Sieber	Geologist	Geology and Minerals, Groundwater, Paleontology

The proposed action was presented to the Colorado River Valley Field Office interdisciplinary team on April 25, 2011. The SCX was posted on the CRVFO NEPA website on April 25, 2011, for solicitation of public comment.

MITIGATION: Conditions of approval to be attached to individual APDs for Federal oil and gas wells to be located on the PA23-12 pad are listed in Attachment A.

Name of Preparer:  Date: 6/6/11

D. Signature

The proposed action is statutorily categorically excluded from further NEPA documentation in accordance with Section 390(b)(1) of the Energy Policy Act of 2005, which provides for exclusion of individual surface disturbances of less than 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.

Authorizing Official:  Date: 6-6-11

E. Decision and Rationale for Action

I have decided to approve the PA23-12 Pad Reconstruction and Drilling of Fourteen Wells project with the stipulations and conditions of approval identified in Attachment A of this form. The stipulations and COAs are required by this decision, and variance from these stipulations and COAs during project implementation may require further NEPA review.

I have reviewed Section B, Land Use Plan Conformance, and Section C, Compliance with NEPA, and have determined that the proposed activity is in conformance with the applicable land use plan(s) and referenced NEPA documents. I have also evaluated the proposal to ensure the appropriate exclusion category as described in Section 390 of the Energy Policy Act of 2005 has been correctly applied. I have determined, that no further environmental analysis is required.


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

6-6-11
Date

F. Administrative Review or Appeal Opportunities

Applications for Permit to Drill and Sundry Notices

Under BLM regulations addressed in 43 CFR 3165, a decision to approve the Application for Permit to Drill is subject to appeal and administrative review. An administrative review must be conducted in accordance with 43 CFR 3165.3 and must take place prior to pursuing an appeal to the Interior Board of Land Appeals.

Any adversely affected party may request an administrative review, before the State Director, either with or without oral presentation. Such a request must include information required under 43 CFR 3165.3(b), State Director Review (SDR), including all supporting documentation. Such a request must be filed in writing with the BLM Colorado State Office, 2850 Youngfield Street, Lakewood, Colorado 80215 within 20 business days from the date the decision is received or considered to have been received. Upon request and showing of good cause, an extension for submitting supporting/additional data may be granted by the State Director.

Any party who is adversely affected by the State Director's decision may appeal that decision to the Interior Board of Land Appeals in accordance with 43 CFR 3165.4.

Surface-Use Conditions of Approval DOI-BLM-CO-N040-2011-0077-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. Road Surfacing and Maintenance. Roads shall be crowned, ditched, surfaced, drained with culverts and/or water dips, and constructed to BLM Gold Book standards. Prior to the second drilling visit to the pad, gravel surfacing (with a minimum of 6 inches depth) shall be applied on the road between Garfield County Road 301 and the pad. 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 BLM.
4. 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.
5. Partial Pad Reclamation. The existing cutslope shall remain undisturbed during the pad reconstruction. All excess material generated from the pit construction shall be placed at the southwest pad corner, not the southeast pad corner as shown on the Construction Layout plat (Figure 2 of the CX). No new disturbance shall occur outside the existing pre-established wattles. Pad drainage shall be improved during the pad reconstruction and designed in concert with the partial reclamation earthwork. Pad corner #7 shall be rounded as shown on Bookcliff Plat #2.
6. 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. Construction that disturbs any flowing stream shall utilize either a piped stream diversion or a cofferdam 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 24 inches. 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 (USACE) recommends designing drainage crossings for the 100-year event. Contact the USACE Colorado West Regulatory Branch at 970-243-1199 ext. 17 (Travis Morse).

7. 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 through March 1**. 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.
8. 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 mile from a nest that may disturb eagles, should be coordinated with the BLM project lead and BLM wildlife biologist and the USFWS representative to the BLM Field Office (970-876-9051).
9. Raptor Nesting. 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. To ensure compliance with the Migratory Bird Treaty Act (MBTA) with respect to nesting 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 construction outside these dates is impracticable, and if a raptor nest is found to be active in proximity to the project, the operator should contact the BLM wildlife biologist (970-876-9062) and the USFWS representative to the BLM Field Office (Creed Clayton, 970-876-9051).
10. 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 to the BLM Field Office at 970-876-9051 (Creed Clayton, 970-876-9051) and visit <http://www.fws.gov/mountain-prairie/contaminants/oilpits.htm>.
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. Fossil 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 is 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 shall 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. 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.

To the extent practicable, existing vegetation shall be preserved when clearing and grading for pads, roads, and pipelines. The BLM may direct that cleared trees and rocks be salvaged and redistributed over reshaped cut-and-fill slopes or along linear features.

15. Soils. Cuts and fills shall be minimized when working on erosive soils and slopes in excess of 30 percent. Cut-and-fill slopes shall be stabilized through revegetation practices with an approved seed mix shortly following construction activities to minimize the potential for slope failures and excessive erosion. Fill slopes adjacent to drainages shall be protected with well-anchored silt fences, straw wattles, or other acceptable BMPs designed to minimize the potential for sediment transport. On slopes greater than 50 percent, BLM personnel may request a professional geotechnical analysis prior to construction.
16. Interim Reclamation Related to Drilling Phases. Within 1 year of completion of all exploratory wells proposed on a pad or within one year of completion of all development wells on a pad (whichever the situation may be), the operator would stabilize the disturbed area by recontouring, mulching, providing run-off and erosion control, replacing topsoil as directed, and seeding with BLM-prescribed native seed mixes (or landowner requested seed mix on Fee surface), and conducting weed control, as necessary. In cases where the exploratory drilling and development drilling on a single pad occur more than 1 year apart, slopes shall be recontoured to the extent necessary to accommodate seeding, and seed mixes required by BLM or requested by the private landowner shall be applied to stabilize the soil between visits per direction of the BLM.

DOWNHOLE CONDITIONS OF APPROVAL
Applications for Permit to Drill

Company/Operator: Williams Production RMT Company

Surface Location: NESW, Section 12, Township 7 South, Range 95 West, 6th P.M.

<u>Field</u>	<u>Well No./Pad</u>	<u>Bottomhole Location</u>	<u>Lease/Unit</u>
Parachute	PA 14-12/ PA 23-12	SWSW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA314-12/ PA 23-12	SWSW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA414-12/ PA 23-12	SWSW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA514-12/ PA 23-12	SWSW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA313-12/ PA 23-12	NWSW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA413-12/ PA 23-12	NWSW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA513-12/ PA 23-12	NWSW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA 23-12/ PA 23-12	NESW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA323-12/ PA 23-12	NESW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA423-12/ PA 23-12	NESW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA523-12/ PA 23-12	NESW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA324-12/ PA 23-12	SESW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA424-12/ PA 23-12	SESW, Sec 12, T7S, R95W	COC05173/COC072179
Parachute	PA524-12/ PA 23-12	SESW, Sec 12, T7S, R95W	COC05173/COC072179

1. Twenty-four hours *prior* to (a) spudding, (b) conducting BOPE tests, (c) cementing/running casing strings, and (d) within twenty-four hours *after* spudding, the CRVFO shall be notified. One of the following CRVFOs inspectors shall be notified by phone. The contact number for all notifications is 970-876-9064. The BLM CRVFO inspectors are Julie King, Lead PET; David Giboo, PET; Greg Rios, PET; and Alan White, PET.
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 (cell) for verbal approvals.
3. If a well control issue (e.g. kick, blowout, water flow, casing failure, or a bradenhead pressure increase) arises during drilling or completions operations, Will Howell 970-876-9049 (office), 970-319-5837 (cell) shall be notified within 24 hours from the time of the event. IADC/Driller's Logs and Pason Logs (mud logs) will be forwarded to CRVFO, Will Howell, 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 No. 2 for a **3M** system and recorded in the IADC/Driller's log. A casing head rated to 3,000 psi or greater shall be utilized.
5. 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.

6. Prior to drilling out the surface casing shoe, gas-detecting equipment shall be installed in the mud return system. The mud system shall be monitored for hydrocarbon gas/pore pressure changes, rate of penetration, and fluid loss.
7. 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 wellhead 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.
8. After the surface casing is cemented, in order to make sure the surface casing is set in a competent formation, a Pressure Integrity Test/Mud Equivalency Test/FIT will be performed on the first well drilled in accordance with OOGO No. 2, Sec. III, B.1. i.. This is not a Leak-off Test, but a formation competency test, insuring the formation at the shoe is tested to the minimum mud weight equivalent anticipated to control the formation pressure to the next casing shoe depth or TD. Submit the results from the test via email (whowell@blm.gov) on the first well drilled on the pad and record results in the IADC log.
9. 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, 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 Formation/Mesaverde Group. Evaluate the top of cement on the first cement job on the pad (Temperature Log). If cement is below 200-foot cement coverage requirement, adjust cement volume to compensate for low TOC/cement coverage.
10. 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 in submitted within 48 hours in .las and .pdf format to CRVFO, Will Howell/Todd Sieber, 2300 River Frontage Road, Silt, CO 81652. Contact Todd Sieber at 970-876-9063 or asieber@blm.gov for clarification.
11. 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 (a). Contact Will Howell for clarification.
12. During hydraulic frac operations, monitor the bradenhead/casing head pressures throughout the frac job. Any sharp rise in annular pressure (+/- 40 psi or greater) will terminate the frac operations in order to determine well/wellbore integrity. Notify BLM CRVFO Will Howell 970-876-9049 (office) or 970-319-5837 (cell) immediately.
13. Prior to commencing fracturing operations, the production casing shall be tested to the maximum anticipated surface treating/fracture pressure and held for 15 minutes without a 2% leak-off. 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 with the well completion report.

Wells: PA14-12, 23-12, 313-12, 314-12, 323-12, 324-12, 413-12,
414-12, 423-12, 424-12, 513-12, 514-12, 523-12 & 524-12

Pad: PA23-12

Operator: Williams Production RMT Company

14. Submit a monthly report of operations or production per 43 CFR 3162.4-3 including any production from these wells in MCFPD, BOPD, and BWPD with FTP/SITP until the completion report (Form 3160-4) is filed.
15. Per 43 CFR 3162.4-1(c), not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in a case of a well which has been off production for more than 90 days, the operator shall notify the BLM by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed.