

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-N040-2013-0095-CX (390)

A. Background

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

CASEFILE/PROJECT NUMBER: Federal Lease COC66370.

PROPOSED ACTION TITLE/TITLE: Proposal Install a Temporary Surface Water Line to Transport Water to the Dejour 21A Well Pad in the Dejour Master Development Plan (Dejour MDP) for Natural Gas Exploration and Development Project Area, Garfield County, Colorado.

LOCATION OF THE PROPOSED ACTION: Township 6 South (T6S), Range 91 West (R91W), Section 21, Sixth Principal Meridian. The water line route is located on BLM and fee land approximately 5.5 air-miles southeast of Silt and 8.4 road-miles southeast of Silt, Colorado. Figure 1 is a project diagram. Figure 2 shows the location and amount of existing disturbance in Federal lease COC66370.

DESCRIPTION OF THE PROPOSED ACTION: Dejour Energy (USA) Corp (“Dejour”) proposes to construct a temporary surface water line to transport water to the water pit on 21A Well Pad and connect with an existing Williams water line. The line would be located on BLM and private land.

The proposed water line would be a 10-inch-diameter polyethylene line. Total length of the pipeline would be approximately 880 feet (720 feet on BLM surface, 160 feet on private surface). The width of disturbance necessary to construct the line would be approximately 30 feet. The project would result in less than 0.61 acre of temporary surface disturbance and 0 acres of permanent surface disturbance following removal of the line. Minimal surface disturbance is anticipated as a result of the proposed action, mainly from moving equipment onto the pipeline access corridor, and no vegetation removal is anticipated. The pipeline would parallel the access road to the 21A pad.

The proposed water pipeline would be a temporary surface line. It would be used to transport water to the water pit on the 21A well pad, to be used for hydraulic fracturing operations from during July and August 2013. The pipeline would be utilized for less than 1 year and removed after completion operations on the 21A well pad are finished. Construction of the pipeline is expected to occur as soon as all necessary permits are obtained, and the duration of construction is expected to be approximately 4 weeks. The duration of removal and recovery of the pipeline after completion operations have been completed would approximately 2 weeks. Any disturbed area outside the travelable road surface would be rehabilitated and reclaimed.

The approved 21A well pad was identified in the Dejour Master Development Plan (Dejour MDP) for Natural Gas Exploration and Development (EA #CO140-2010-068), approved on October 3, 2011.

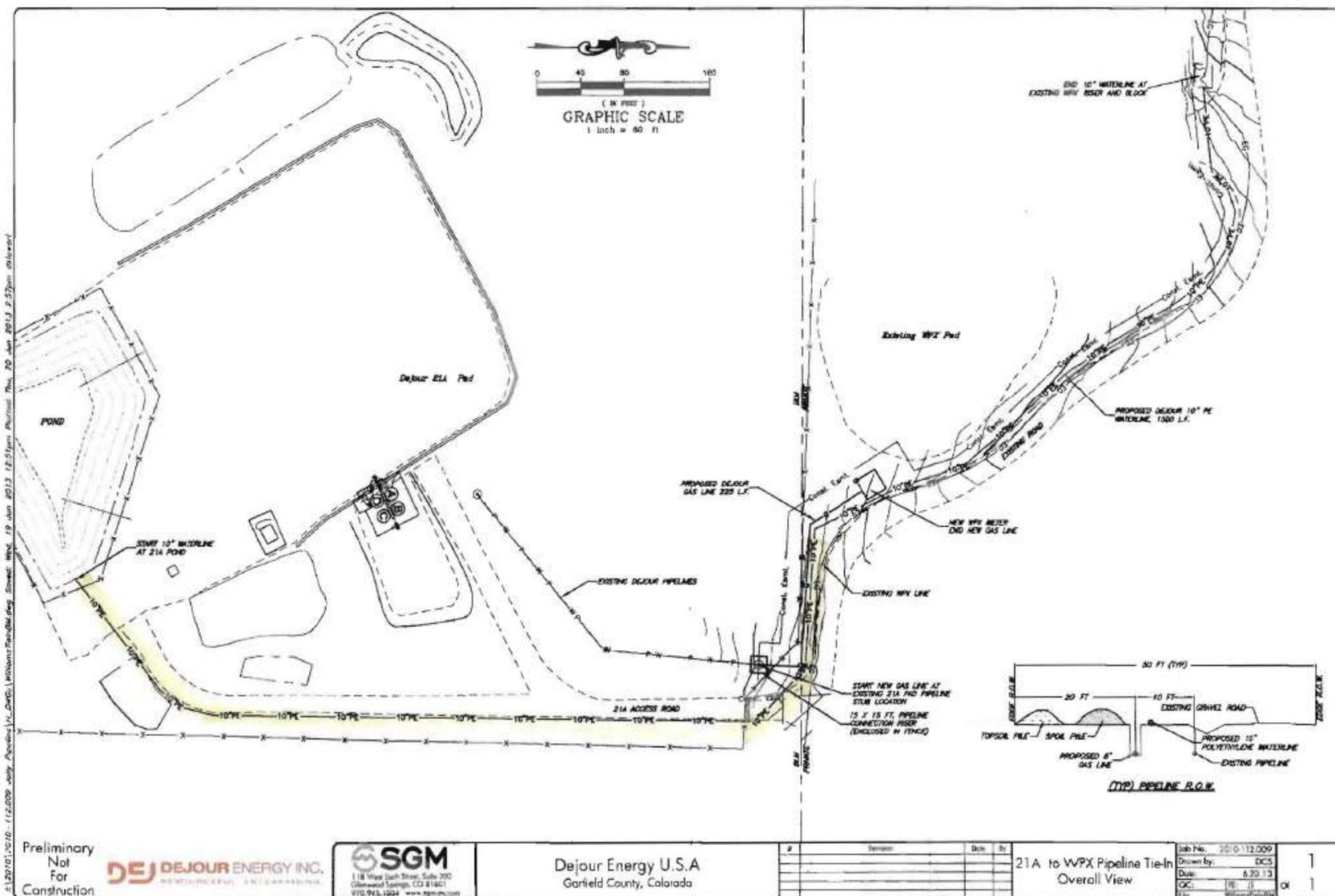


Figure 1. Project Diagram

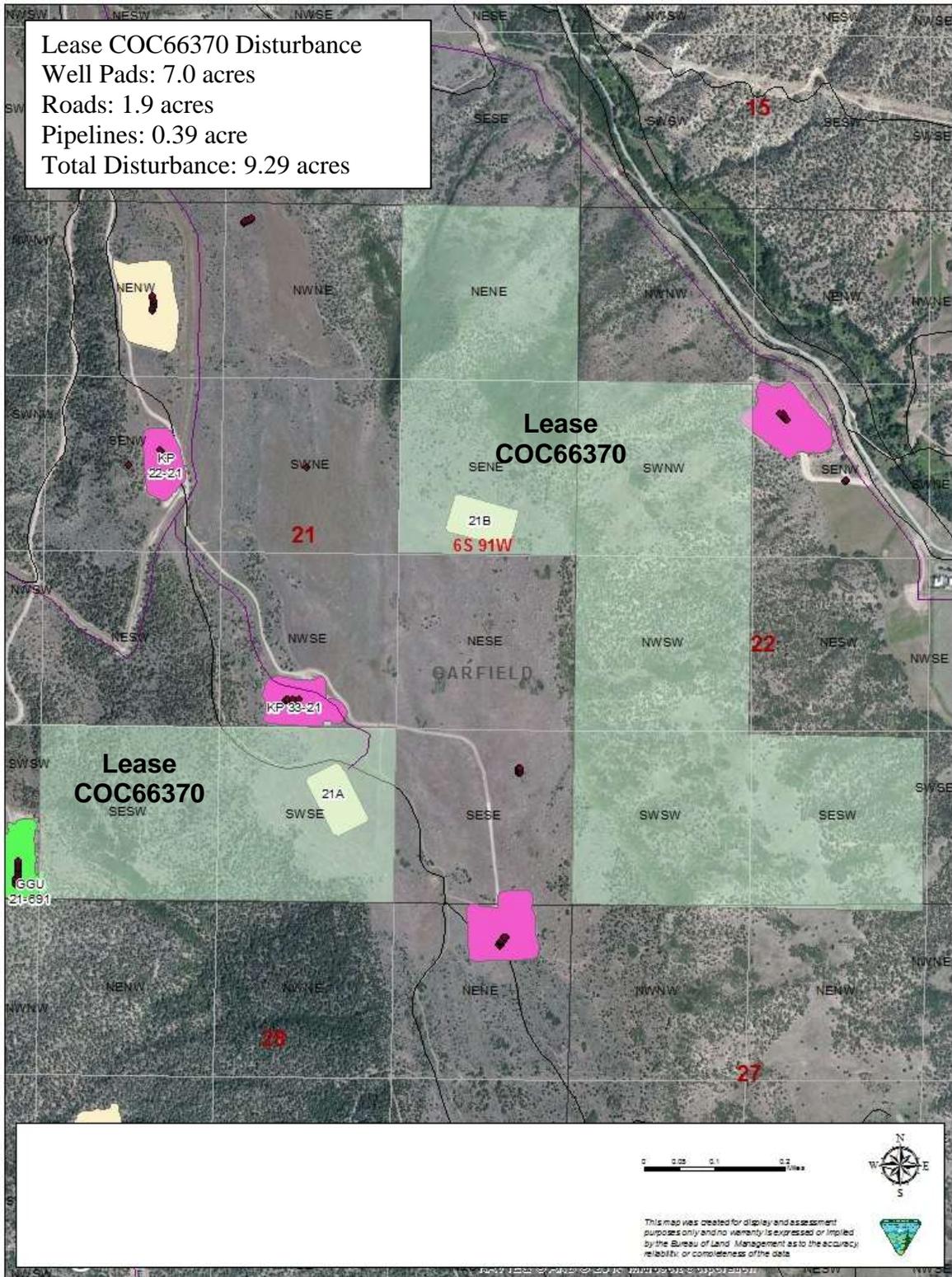


Figure 2. Disturbance Acres for Federal Lease COC66370

Stipulations for Federal lease COC66370 applicable to the 21A pad and the proposed temporary surface water line are described in Table 1.

Table 1. Summary of Applicable Lease Stipulations for the 21A Pad.		
<i>Lease Number</i>	<i>Description of Lands</i>	<i>Lease Stipulations</i>
COC66370	T.6S., R. 91W., Section 21: NE/NE, SE/NE, SE/SW, and SW/SE; Section 22: SW/NW, NW/SW, SW/SW, and SE/SW 320 acres	Timing Limitation (TL) GS-TL-01: No surface use is allowed during the following time period December 1 through April 30 for the purposes of minimizing watershed damage and protecting important seasonal wildlife habitat. This stipulation does not apply to operation and maintenance of production facilities. Any changes to this stipulation would be made in accordance with the land use plan and/or the regulatory provisions.

Resource surveys including those for wildlife, special status plants, and cultural resources were completed relative to the 2010 Dejour MDP/EA approval, and no new resource surveys were required.

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 the Dejour MDP (EA #CO140-2010-068). 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	Yes	No
1. Will the proposed action disturb less than 5 acres?	<u>Yes</u>	
2. Is the current amount of surface disturbance on the entire leasehold, plus the proposed action, less than 150 acres?	<u>Yes</u>	
3. Was the proposed action adequately analyzed in an existing site-specific National Environmental Policy Act (NEPA) document?	<u>Yes</u>	

NEPA Document Name:

- Dejour Master Development Plan (EA #CO140-2010-068) approved on October 3, 2011, specifically analyzed the 21A well pad as a proposed location that would include Federal wells and infrastructure.

Persons and/or Agencies Consulted: Dejour Energy (USA) Corp., Attn: Gary Haefele

Interdisciplinary Review: BLM staff from the CRVFO listed in Table 3 participated in the preparation of this CX, 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 3. BLM Interdisciplinary Team Authors and Reviewers		
<i>Name</i>	<i>Title</i>	<i>Areas of Participation</i>
Christine Cimiluca	Natural Resource Specialist	Project Lead, Access and Transportation, Socioeconomics, Wastes - Hazardous or Solid.
John Brogan	Archaeologist	Cultural Resources, Native American Religious Concerns
Allen Crockett, Ph.D., J.D.	Supervisory Natural Resource Specialist	NEPA Review, General Technical Review
Shauna Kocman, Ph.D., P.E.	Petroleum Engineer, Air Program Lead	Air Quality, Noise, Soils, Surface Water, Waters of the U.S.
Julie McGrew	Natural Resource Specialist	Visual Resources
Judy Perkins, Ph.D.	Botanist	Invasive Non-native Species, Special Status Species (Plants), Vegetation
Sylvia Ringer	Wildlife Biologist	Migratory Birds, Special-status Species (Animals), Wildlife - Aquatic and Terrestrial
Todd Sieber	Geologist	Fossil Resources, Geology and Minerals, Groundwater

The proposed action was presented to the Colorado River Valley Field Office interdisciplinary team on June 24, 2013.

MITIGATION: Conditions of approval to be attached to the Sundry Notice (SN) for the proposed water line are listed in Attachment A.

Name of Preparer: Christine Cimiluca, Natural Resource Special

Date Prepared: June 27, 2013

D. Signature

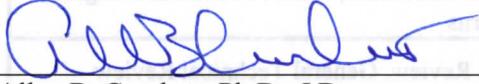
The proposed action is statutorily categorically excluded from further NEPA documentation in accordance with Section 390 (b) (1) of the Energy Policy Act of 2005, which provides for exclusion of "...individual surface disturbances of less than 5 acres so long as the total surface disturbance on the lease is not greater than 150 acres and site-specific analysis in a document prepared pursuant to NEPA has been previously completed."

Authorizing Official:  Date: 6/27/13
Allen B. Crockett, Ph.D., J.D.
Supervisory Natural Resource Specialist

E. Decision and Rationale for Action

I have decided to approve the temporary surface water line to the 21A well pad 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.

 Date: 6/27/13
Allen B. Crockett, Ph.D., J.D.
Supervisory Natural Resource Specialist

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 Sundry Notice 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-N040-2013-0095-CX (390)**

1. Administrative Notification. Dejour Energy (USA) Corp. (“Dejour”) shall notify the BLM Authorized Officer (AO) at least 48 hours prior to initiation of construction. If requested by the BLM, the operator shall first schedule a preconstruction meeting, including key operator and contractor personnel, to ensure that any unresolved issues are fully addressed prior to initiation of project work and review the stipulations of the ROW grant as well as required safety regulations, if appropriate.
2. Surface Pipeline Construction and Maintenance. The 10-inch polyethylene surface pipeline shall be installed to industry, COGCC, and BLM “Gold Book” standards.
3. Welding of Pipeline. Visual inspections shall be performed on 100% of all pipeline welds. All welders shall be appropriately certified. (43CFR109.227, *Qualification of Welders*), 49CFR192.241, *Inspection and Test of Welds*.)

Welding must be performed by a qualified welder in accordance with welding procedures qualified under section 5 of API 1104 (incorporated by reference, *see* §192.7) or section IX of the ASME Boiler and Pressure Vessel Code “Welding and Brazing Qualifications” (incorporated by reference, *see* §192.7) to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify welding procedures shall be determined by destructive testing in accordance with the applicable welding standard(s).

4. Fire Suppression. Welding by acetylene or other torch with open flame shall be operated in an area barren or cleared of all flammable materials at least ten feet on all sides of equipment. Internal combustion engines must be equipped with approved spark arrestors which meet either U.S. Department of Agriculture, Forest Service Standard 5100-1a, or Society of Automotive Engineers (SAE) recommended practices J335(b) and J350(a).
5. Saturated Soil Conditions. When saturated soil conditions exist on or along the proposed right-of-way, construction shall be halted until soil material dries out or is frozen sufficiently for construction to proceed without undue damage and erosion to soils.
6. Annual Inspection of Surface Pipelines. If the surface pipeline is left in place longer than 1 year, the entire length of the line shall be inspected, at a minimum, within 12 months of installation, and at least annually thereafter during the operational life of the line. Any evidence of compromised pipeline integrity including corrosion or physical damage to the surface lines shall be reported to the Authorized Officer and repaired in a timely manner.
7. 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.
8. 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 to April 30 annually.**

9. Reclamation. Any areas of surface disturbance and vegetation loss resulting from installation, maintenance, or removal of the surface pipeline greater than 100 square feet in area shall be seeded promptly with native perennial grass seed. Seedbed preparation shall include raking the area to remove coarse debris, relieve compaction, and break up any crust that has formed. The seed shall be installed by hand-broadcasting at a minimum rate of approximately 144 seeds per square foot (one seed per square inch) and then raked again to achieve burial. Larger areas may be seeded mechanically in lieu of hand-seeding. The seed mix shall include at least two species selected from Attachments 1 and 2 of the letter provided to operators dated April 6, 2012. The operator shall monitor the seeded area for germination success and weed infestations during the following growing season and shall implement such measures as necessary to control weed infestations and, where necessary, repeat the seeding process.

10. Cultural Education/Discovery. 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.

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).