

**U.S. Department of the Interior
Bureau of Land Management
White River Field Office
220 E Market St
Meeker, CO 81641**

**Section 390
Categorical Exclusion for
Oil and Gas Development**

NUMBER: DOI-BLM-CO-110-2010-133-CX

CASEFILE/PROJECT NUMBER: COC-065557

PROJECT NAME: Story Gulch Pad Expansion - B36-496

LEGAL DESCRIPTION: T4S, R96W, Section 36 (NWNE), 6th PM

APPLICANT: EnCana Oil & Gas (USA), Inc.

DESCRIPTION OF PROPOSED ACTION: The White River Field Office (WRFO) received a sundry notice March 30, 2010 from EnCana Oil & Gas (USA), Inc. (hereafter EnCana) which proposes to expand a well pad within the Story Gulch Unit by 0.83 acres. Most of the Story Gulch Unit is, and the location of the well pad is on EnCana's private surface, while the lease is developing Federal minerals. The location was previously analyzed in Environmental Analysis (EA) DOI-BLM-CO-110-2009-229-EA which was approved February 3, 2010. The previous analysis approved a pad size of 300 ft x 540 ft, with a total surface disturbance of 6.53 acres (including overburden and topsoil piles).

Due to the discovery by EnCana of an additional air package that was added to the rig and therefore not accounted for in the footprint needed for the pad surface, the pad will need to be expanded on one side in order to contain all of the cuttings for the 16 permitted wells on the pad, along with all of the cuttings anticipated for the additional 16 wells that are planned to be permitted on the pad in the near future. EnCana is currently drilling the first 16 wells on the pad. The proposed expansion will make the new pad size 360 ft x 540 ft. The additional 60 ft expansion will yield an additional 0.83 acres of surface disturbance, creating an overall proposed surface disturbance of 7.359 acres (including overburden and topsoil piles).

Well Pad	Previous Approved Pad Disturbance ^a (Acres)	Total New Proposed Pad Disturbance ^a (Acres)	Proposed Pad Expansion ^a (Acres)
B36-496	6.529 (300' x 540')	7.359 (360' x 540')	0.83

^a Estimate includes total acres disturbed including overburden and topsoil piles.

Procedure: The snow, slash, and topsoil will be pushed out individually in steps, 60 ft in the direction of the expansion; B36-496 pad is proposed to expand 60 ft to the west. No additional fill will need to be brought in for the expansion.

EnCana would like to begin work on the expansion as soon as possible.

After the work is completed, an as-built survey of the pad will be submitted.

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: White River Record of Decision and Approved Resource Management Plan (ROD/RMP).

Date Approved: July 1, 1997

Decision Number/Page: Page 2-5

Decision Language: “Make federal oil and gas resources available for leasing and development in a manner that provides reasonable protection for other resource values.”

REVIEW OF EXISTING NEPA DOCUMENTS:

List by name and date all existing NEPA documents that cover the Proposed Action.

Name of Document: DOI-BLM-CO-110-2009-0229-EA

Date Approved: 02/03/2010

CATEGORICAL EXCLUSION REVIEW: The proposed action has been reviewed with the list of extraordinary circumstances described in 516 DM 2, Appendix 2. This categorical exclusion is appropriate in this situation because there are no extraordinary circumstances potentially having effects that may significantly affect the environment. None of the exceptions in 516 DM 2, Appendix 2, apply.

Additionally, the proposed action is categorically excluded from further documentation in accordance with statutory NEPA categorical exclusions (CX), 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 criteria Number (1) of the categories listed below.

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. (a, b, and c below must be yes to have this CX apply)	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 five acres.	X	
b. The current un-reclaimed surface disturbance readily visible on the entire leasehold is not greater than 150 acres, including the proposed action.	X	
c. This categorical exclusion includes the requirement of a site-specific NEPA document. A site specific NEPA analysis can be either an exploration and/or development EA/EIS, an EA/EIS for a specific POD, a multi-well EA/EIS or an individual permit approval EA/EIS.	X	
2. Drilling an oil and gas location or well pad at a site at which drilling has occurred within five (5) years prior to the date of spudding the well. A “location or well pad” is defined as a previously disturbed or constructed well pad used in support of drilling a well. “Drilling” in the context of, “Drilling has occurred within five (5) years”		X
3. Drilling an oil or gas well within a developed field for which an approved land use plan or any environmental document prepared pursuant to NEPA analyzed drilling as a reasonably foreseeable activity, so long as such plan or document was approved within five (5) years prior to the date of spudding the well. (a, b, and c below must be yes to have this CX apply)		X
a. The proposed APD is within a developed oil or gas field. A developed field is defined as any field in which a confirmation well has been completed.		X
b. There is an existing NEPA document (including that supporting a land use plan) that contains a reasonably foreseeable development scenario broad enough to encompass this action.		X
c. The NEPA document was finalized or supplemented within five years of spudding the well.		X
4. Placement of a pipeline in an approved right-of-way corridor, as long as		X

Qualifying Criteria	YES	NO
the corridor was approved within five (5) years prior to the date of placement of the pipeline. (To avoid problems, the right-of-way must contain a term or condition that provides for the suspension of the authorization if placement does not begin before the last date that the CX is available, thus requiring the operator to obtain a new right-of-way.) (a and b below must be yes to have this CX apply)		
a. The placement of a pipeline in an existing corridor of any type		X
b. Placement of the pipeline within five years of approval (or amendment) of the most recent date of a decision (NEPA or permit authorization) are the only two applicable factors for review pursuant to this statute and must both be satisfied to use this CX.		X
5. Maintenance of a minor activity, other than any construction or major renovation of a building or facility.		X

CX (1) and (3) reference previous NEPA documents, the same or better mitigating measures from the tiered NEPA document will be applied as well as BMPs to reduce impacts to any authorization issued.

CX (2) and (3) must state the date when the previous well was completed or the date the site had workover operations involving a drilling rig of any type or capability; this also includes completion of any plugging operations. Because the 5-year period is tied to the spudding of the pending well, the APD must contain a COA that if no well is spudded by the date the CX is no longer applicable, the APD will expire, thus requiring the operator to obtain a new APD.

CX (4) to avoid problems, the right-of-way must contain a term or condition that provides for the suspension of the authorization if placement does not begin before the last date that the CX is available, thus requiring the operator to obtain a new right-of-way.

For all CX a brief narrative must be included in the well file(s) stating the rationale for making the determination that the categorical exclusion applies. If more than one applies each shall be explained.

Documentation: A site specific NEPA analysis for an individual permit approval Environmental Analysis (EA) was prepared and approved on 02/03/2010, and this CX (390) is being tiered to that EA (DOI-BLM-CO-110-2009-229-EA). That Environmental Analysis (EA) analyzed the affects of constructing 2 well pads, drilling 16 wells on each pad, constructing a centralized Frac pad and a Central Delivery Point (CDP) pad, and all associated access roads and pipelines. The individual surface disturbance associated with this proposed action will be 0.83 acre. This is less than the 5 acres allowed for a Criteria (1) CX (390). In addition, the current disturbance within this lease (COC-65557) is well below the 150 acre maximum limit for a Criteria (1) CX

(390). All the approved, unreclaimed disturbance within the lease that has not been reclaimed is associated with the original EA CO-110-2009-229-EA which approved only one well pad within the lease for a maximum site disturbance of 11.3 ac including pad, access road, and pipeline.

INTERDISCIPLINARY REVIEW:

The proposed action was presented to, and reviewed by the White River Field Office interdisciplinary team on 04/06/2010.

Date

A list of resource specialists who participated in this review is available upon request from the White River Field Office.

REMARKS:

Cultural Resources: The project area has been inventoried for cultural resources at the Class III (100% pedestrian) level, with no historic properties identified in or near the project area (Conner and Davenport 2009 [WRFO #09-11-36]; cf. CO-110-2009-229-EA). No cultural resources are known to exist within 500 meters of the project area. (GLH 4/15/2010)

Native American Religious Concerns: No Native American Religious Concerns are known in the area, and none have been noted by Northern Ute tribal authorities. Should recommended inventories or future consultations with Tribal authorities reveal the existence of such sensitive properties, appropriate mitigation and/or protection measures may be undertaken. (GLH 4/15/2010)

Threatened and Endangered Animal Species: No wildlife-related issues that are beyond those addressed in the tiering document; CO-110-2009-229-EA. (EH; 4/6/10)

Threatened and Endangered Plant Species: No known concerns. (MM 4/15/10)

MITIGATION:

1. All applicable conditions of approval (COA's) and mitigation associated with the existing NEPA document CO-110-2009-229-EA, which approved the original F25-496 well pad, will be carried forward, but no *additional* COA's are required.

REFERENCES CITED:

Conner, Carl E., and Barbara J. Davenport
2009 Class III Cultural Resource Inventory Report for Four Proposed Liberty Well Locations (M30-495, B36-496, D36-496 and F25-496), a Central Distribution Point

(J25-496), and Related Linear Routes in Garfield County, Colorado, for EnCana Oil and Gas (USA) Inc. Grand River Institute, Grand Junction, Colorado.

COMPLIANCE PLAN: On-going compliance inspections and monitoring of drilling, production and post-production activities will be conducted by White River Field Office staff during construction of well pads, access roads, and pipelines. Specific mitigation developed in the associated Categorical Exclusion and the lease terms and conditions will be followed. The Operator will be notified of compliance related issues in writing, and depending on the nature of the issue(s), will be provided 30 days to resolve such issues.

NAME OF PREPARER: Briana Potts

NAME OF ENVIRONMENTAL COORDINATOR: Caroline Hollowed

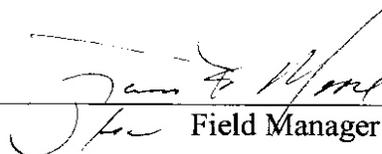
DATE: 04/26/2010

ATTACHMENTS: Project Map & Project Diagram

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

This action is listed in the Instruction Memorandum Number 2005-247 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 5 qualifying criteria listed above and have determined that it does not represent an exception and is, therefore, categorically excluded from further environmental analysis.

SIGNATURE OF AUTHORIZED OFFICIAL:


Field Manager

DATE SIGNED: 4/26/2010

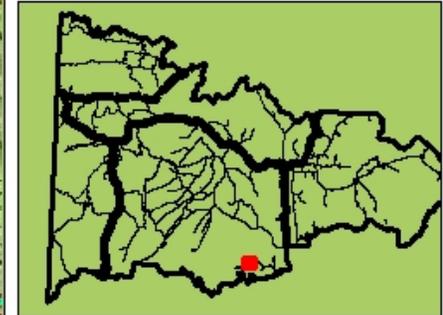
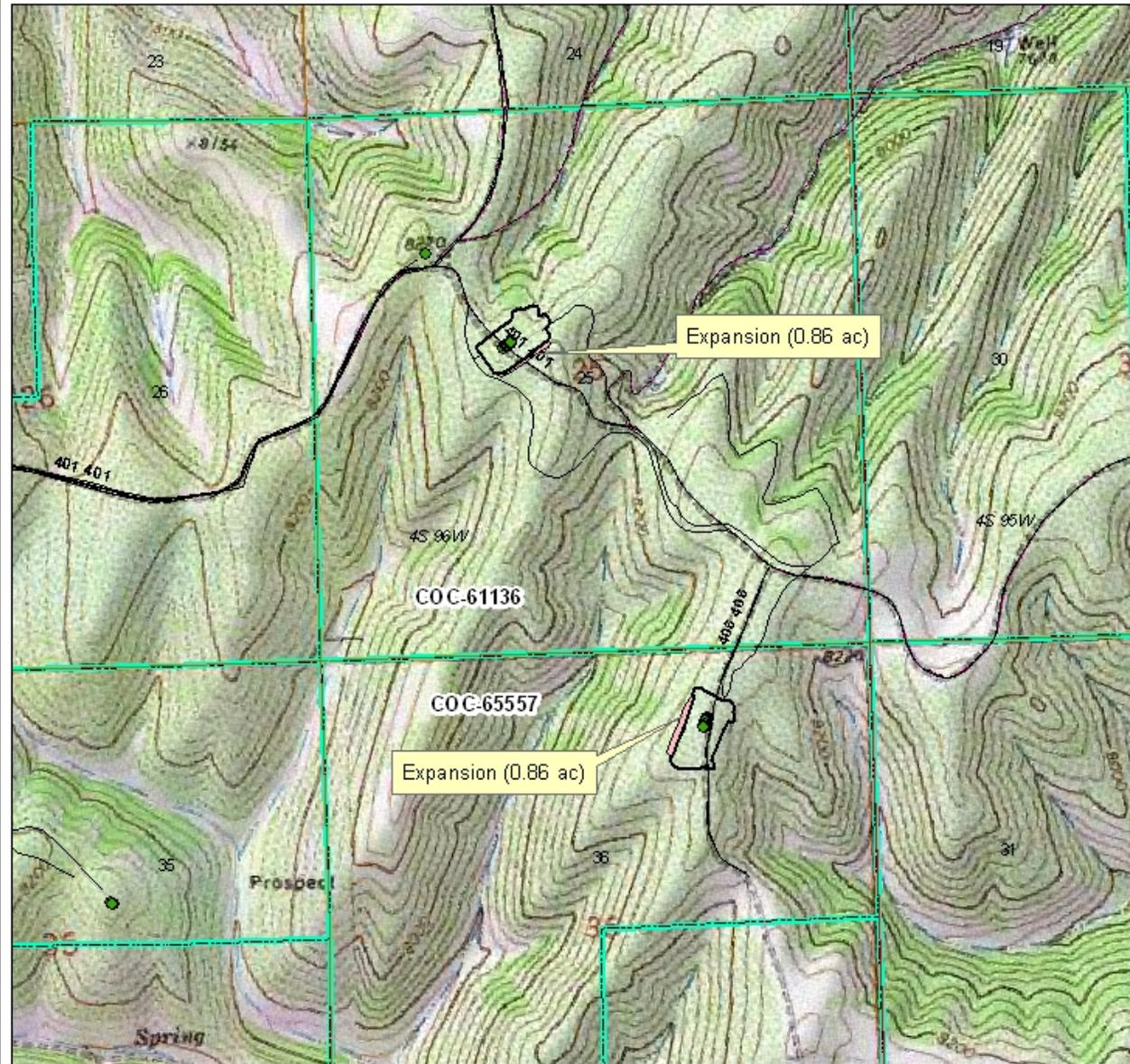
Administrative Review or Appeal Opportunities

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 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 Briana Potts, Natural Resource Specialist, White River Field Office, 220 E Market Street, Meeker, CO 81641, Phone (970) 878-3868.

Story Gulch Pad Expansions B36-496 & F25-496



0 0.1 0.2 Miles



Sources:
BLM, USGS, CDOW, etc.

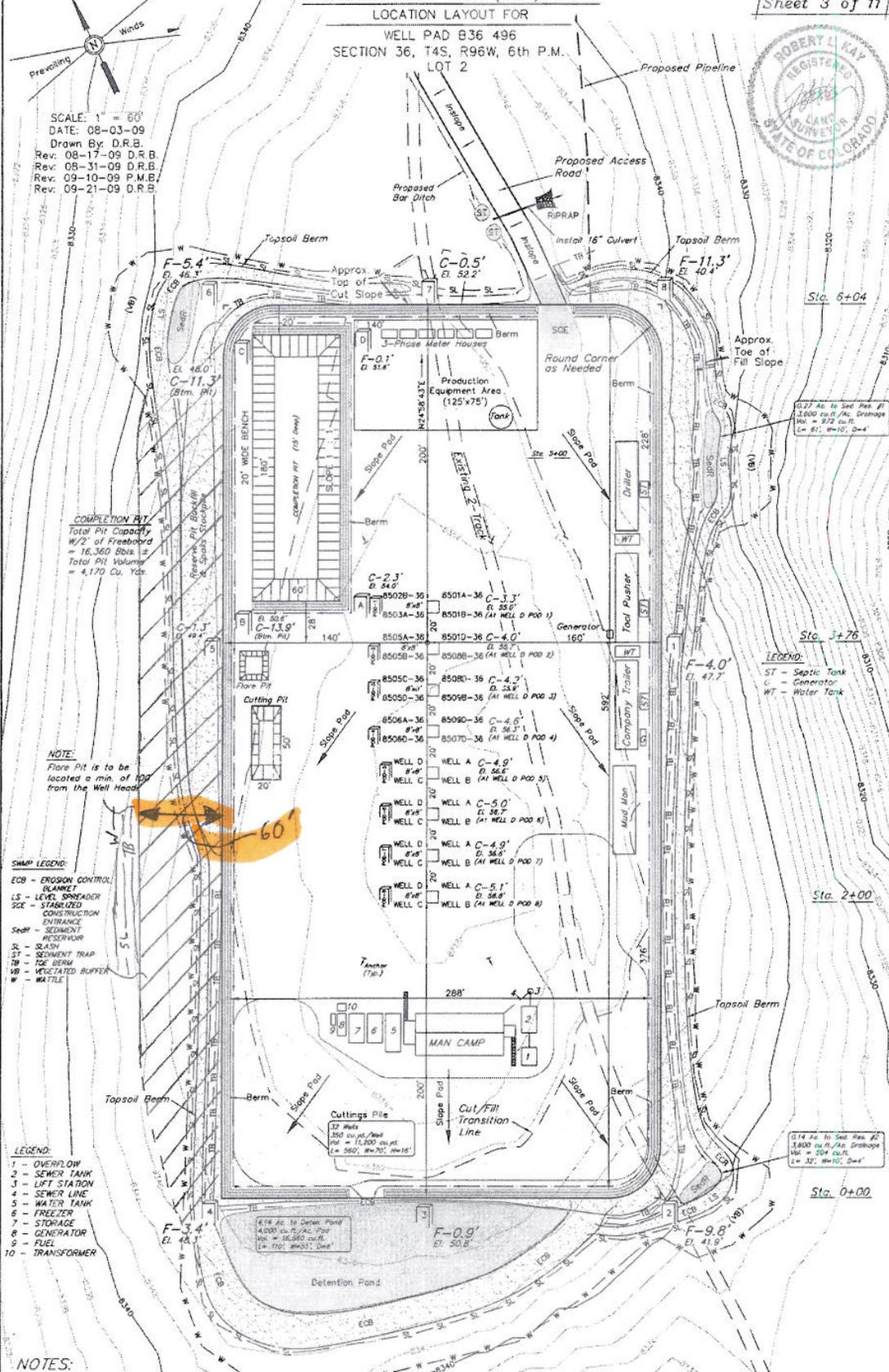
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EnCana OIL & GAS (USA) INC.

LOCATION LAYOUT FOR

WELL PAD B36 496
SECTION 36, T4S, R96W, 6th P.M.
LOT 2

Sheet 3 of 11



SCALE: 1" = 60'
DATE: 08-03-09
Drawn By: D.R.B.
Rev: 08-17-09 D.R.B.
Rev: 08-31-09 D.R.B.
Rev: 09-10-09 P.M.E.
Rev: 09-21-09 D.R.B.

COMPLETION PIT
Total Pit Capacity
W/2 of Freeboard
= 16,360 cu. Yds.
Total Pit Volume
= 4,170 Cu. Yds.

NOTE:
Flare Pit is to be located a min. of 100' from the Well Head

- SWAMP LEGEND:**
- ECB - EROSION CONTROL BLANKET
 - LS - LEVEL SPREADER
 - SOE - STABILIZED CONSTRUCTION ENTRANCE
 - SEDR - SEDIMENT RESERVOIR
 - SL - SLOSH
 - ST - SEDIMENT TRAP
 - TB - TOE BERM
 - HB - HETICATED BUFFER
 - W - WATTLE

- LEGEND:**
- 1 - OVERFLOW
 - 2 - SEWER TANK
 - 3 - LIFT STATION
 - 4 - SEWER LINE
 - 5 - WATER TANK
 - 6 - FREEZER
 - 7 - STORAGE
 - 8 - GENERATOR
 - 9 - FUEL
 - 10 - TRANSFORMER

NOTES:
Elev. Ungraded Ground At 8505A-36 of Pod #2 = 8355.7'
FINISHED GRADE ELEV. AT 8503A-36 of Pod #2 = 8351.7'

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