UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Buffalo Field Office
Buffalo, Wyoming

SURFACE USE
CONDITIONS OF APPROVAL
EA # WY-070-09-137

Well Name and Number: Federal 14-35

Operator: C & H Well Servicing

List of Wells:

Well Name & Number	QTR	Sec.	T	R	Lease #
Federal 14-35	NENE	35	53N	72W	WYW101101

I Site Specific Conditions of Approval

1. All changes made at the pre-approval onsite will be followed. They have all been incorporated into the operator's APD package.
2. All proposed access roads, culverts, pads, and other locations where engineered construction will occur will be completely slope staked for the pre-construction meeting.
3. All C & H Well Servicing representatives and contractors will have a copy of the approved APD package and COAs at all times while conducting construction activities.
4. Onshore Order #1, as revised effective 05-07-07, requires that all operators certify to the Field Office in writing that they have supplied a copy of the Surface Use Plan to each of the private surface owners affected by the project. This self-certification must be received by the Buffalo Field Office before construction on the project begins.
5. Clearly visible signs will be placed on the topsoil pile and the spoil pile. The top soil pile and spoils pile will be stabilized by any means necessary (e.g. Pam 12 application, erosion matting, and seeding.) to prevent its loss from wind and water erosion.
6. All topsoil removed during construction activities will be re-spread for interim reclamation success.
7. Redesign of the pad was not able to eliminate the spoil pile therefore; any long term soil piles will be stabilized. (See site specific COA # 5)
8. When pits are backfilled and the pad has been reduced to minimum production requirements (i.e. pulled into its anchor points) there should be no remaining spoils piles. This will be discussed in the Pre-construction meeting.
9. If there are no site specific conflicts with production and/or development, then interim reclamation will include seeding up to the anchors points.
10. The operator will follow the guidance provided in the Wyoming Policy on Reclamation (IM WY-90-231) specifically the following:

Reclamation Standards:

C. 3 The reclaimed area shall be stable and exhibit none of the following characteristics:
   a. Large rills or gullies.
   b. Perceptible soil movement or head cutting in drainages.
   c. Slope instability on, or adjacent to, the reclaimed area in question.

C.4. The soil surface must be stable and have adequate surface roughness to reduce runoff and capture rainfall and snow melt. Additional short-term measures, such as the application of mulch, shall be used to reduce surface soil movement.

C.5. Vegetation canopy cover (on unforested sites), production and species diversity (including shrubs) shall approximate the surrounding undisturbed area. The vegetation shall stabilize the site and support the planned post disturbance land use, provide for natural plant community succession and development, and be capable of renewing itself. This shall be demonstrated by:

   a. Successful onsite establishment of species included in the planting mixture or other desirable species.
   b. Evidence of vegetation reproduction, either spreading by rhizomatous species or seed production.

C.6. The reclaimed landscape shall have characteristics that approximate the visual quality of the adjacent area with regard to location, scale, shape, color and orientation of major landscape features and meet the needs of the planned post disturbance land use.

11. If storage of construction equipment on well locations becomes necessary beyond typical construction timeframes, a sundry will be submitted to designate this area for long term storage.

12. All permanent above-ground structures (e.g., production equipment, tanks, etc.) not subject to safety requirements will be painted to blend with the natural color of the landscape. The paint used will be a color which simulates "Standard Environmental Colors." The color selected for the Federal 14-35 well is Covert Green, (Munsell Soil Color 2.5Y 6/2).

13. Please contact Travis Kern – Natural Resource Specialist @ (307) 684-1074, Bureau of Land Management, Buffalo, if there are any questions concerning surface use COAs.

II Site Specific Wildlife Conditions of Approval

Greater Sage-grouse

The following condition of approval will alleviate impacts to sage-grouse:

1. Surface disturbing activities (Construction, drilling, reclamation) will be prohibited from 1 March to 15 June for the life of the project.
2. For any surface-disturbing activities proposed in sagebrush shrublands, the operator will conduct clearance surveys for sage grouse breeding activity during the sage grouse's breeding season (1 March to 15 June) before initiating the activities. The surveys must encompass all sagebrush shrublands within 0.5 mile of the proposed activities.

Raptors

The following condition of approval will alleviate impacts to raptors:

1. The project will have a timing limitation stipulation of no surface disturbing activities from 1 February through 31 July.

III III Standard Conditions of Approval

A. General

1. Please contact Travis Kern, Natural Resource Specialist, @ (307) 684-1074, Bureau of Land Management, Buffalo, if there are any questions concerning the above surface use stipulations.

2. If any cultural values [sites, artifacts, human remains (Appendix L FEIS)] are observed during operation of this lease/permit/right-of-way, they will be left intact and the Buffalo Field Manager notified. The authorized officer will conduct an evaluation of the cultural values to establish appropriate mitigation, salvage or treatment. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized BLM officer (AO). Within five working days the AO will inform the operator as to:

    - whether the materials appear eligible for the National Register of Historic Places;
    - the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
    - a time-frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction measures.

3. If paleontological resources, either large or conspicuous, and/or a significant scientific value are discovered during construction, the find will be reported to the Authorized Officer immediately. Construction will be suspended within 250 feet of said find. An evaluation of the paleontological discovery will be made by a BLM approved professional paleontologist within five (5) working days, weather permitting, to determine the appropriate action(s) to prevent the potential loss of any significant paleontological values. Operations within 250 feet of such a discovery will not be resumed until written authorization to proceed is issued by the Authorized Officer. The applicant will bear the cost of any required paleontological appraisals, surface collection of fossils, or salvage of any large conspicuous fossils of significant scientific interest discovered during the operation.

4. The operator shall restrict travel on unimproved two-track roads during periods of inclement weather or spring thaw when the possibility exists for excessive surface resource damage (e.g., rutting in excess of 4-inches, travel outside two-track roadway, etc.).

5. By November 1 each year, companies will provide georeferenced spatial data depicting as-built locations of all facilities, wells, roads, pipelines, power lines, reservoirs, discharge points, and other related facilities to the BLM for all PODs where construction and development have been completed.

6. If any dead or injured threatened, endangered, proposed, or candidate species is located during construction or operation, the U.S. Fish and Wildlife Service's Wyoming Field Office (307-772-2374), their law enforcement office (307-261-6365), and the BLM Buffalo Field Office (307-684-1100) shall be notified within 24 hours. If any dead or injured sensitive species is located during

construction or operation, the BLM Buffalo Field Office (307-684-1100) shall be notified within 24 hours.

7. Wildlife species are dynamic and new individuals may have moved into the Federal 14-35 area after the initial wildlife surveys were completed. The Record of Decision for the PRB FEIS includes a programmatic mitigation measure that states, "The companies will conduct clearance surveys for threatened and endangered or other special-concern species at the optimum time". The measure requires companies to coordinate with the BLM before November 1 annually to review the potential for disturbance and to agree on inventory parameters. Should this project not be completed by January 15, and surface disturbance is planned for that year, a C & H Well Servicing company representative will coordinate with the BLM to discuss required surveys.

8. All other conservation measures and terms and conditions identified in the Powder River Basin Oil and Gas Project Biological Opinion (ES-6-WY-07-F012) shall be complied with.

9. If an undocumented raptor nest is located during project construction or operation, the Buffalo Field Office (307-684-1100) shall be notified within 24 hours.

10. All contractors will have a copy of the project map and conditions of approval with them at all times.

A. Construction

1. The operator will limit vegetation removal and the degree of surface disturbance wherever possible. Where surface disturbance cannot be avoided, all practicable measures will be utilized to minimize erosion and stabilize disturbed soils.

2. Construction and drilling activity will not be conducted using frozen or saturated soil material during periods when watershed damage or excessive rutting is likely to occur.

3. Remove all available topsoil (depths vary from 4 inches on ridges to 12+ inches in bottoms) from constructed well locations including areas of cut and fill, and stockpile at the site. Topsoil will also be salvaged for use in reclamation on all other areas of surface disturbance (roads, pipelines, etc.). Clearly segregate topsoil from excess spoil material. Any topsoil stockpiled for one year or longer will be signed and stabilized with annual ryegrass or other suitable cover crop.

4. The operator will not push soil material and overburden over side slopes or into drainages. All soil material disturbed will be placed in an area where it can be retrieved without creating additional undue surface disturbance and where it does not impede watershed and drainage flows.

5. Construct the backslope no steeper than 1½:1, and construct the foreslope no steeper than 2:1, unless otherwise directed by the BLM Authorized Officer.

6. Maintain a minimum 20-foot undisturbed vegetative border between toe-of-fill of pad and/or pit areas and the edge of adjacent drainages, unless otherwise directed by the BLM Authorized Officer.

7. With the overall objective of minimizing surface disturbance and retaining land stability and productivity, the operator shall utilize equipment that is appropriate to the scope and scale of work being done for roads and well pads (utilize equipment no larger than needed for the job).

8. To minimize electrocution potential to birds of prey, all overhead electrical power lines will be constructed to standards identified by the Avian Power Line Interaction Committee (1996).

9. The operator shall utilize wheel trenchers or ditch witches to construct all pipeline trenches, except where extreme topography or other environmental factors preclude their use.

10. A flare pit will be constructed on the well pad for use during drilling operations. It will be located at least 100 feet from the well head and will be located down-wind from the prevailing winds.

11. Reserve pit will be adequately fenced during and after drilling operations until reclaimed so as to effectively keep out wildlife and livestock. This requires that it be fenced on the three nonworking sides prior to drilling and on the remaining side immediately following rig release. Fencing will be constructed in accordance with BLM specifications. (Plastic snow fence is not acceptable fencing material for conventional wells.)

12. The reserve pit will be oriented to prevent collection of surface runoff. After the drilling rig is removed, the operator may need to construct a trench on the uphill side of the reserve pit to divert surface drainage around it. If constructed, the trench will be left intact until the pit is closed.

13. The reserve pit will be lined with an impermeable liner if permeable subsurface material is encountered. An impermeable liner is any liner having a permeability less than 10-7 cm/sec. The liner will be installed so that it will not leak and will be chemically compatible with all substances that may be put in the pit. Liners made of any man-made synthetic material will be of sufficient strength and thickness to withstand normal installation and pit use. In gravelly or rocky soils, a suitable bedding material such as sand will be used prior to installing the liner.

14. The reserve pit will be constructed so that at least half of its total volume is in solid cut material (below natural ground level).

15. Culverts will be placed on channel bottoms on firm, uniform beds, which have been shaped to accept them, and aligned parallel to the channel to minimize erosion. Backfill will be thoroughly compacted.

16. The minimum diameter for culverts will be 18 inches. However, all culverts will be appropriately sized in accordance with standards in BLM Manual 9113.

17. Construction and other project-related traffic will be restricted to approved routes. Cross-country vehicle travel will not be allowed.

18. Maximum design speed on all operator constructed and maintained roads will not exceed 25 miles per hour.

19. Pipeline construction shall not block nor change the natural course of any drainage. Pipelines shall cross perpendicular to drainages. Pipelines shall not be run parallel in drainage bottoms. Suspended pipelines shall provide adequate clearance for maximum runoff.

20. Pipeline trenches shall be compacted during backfilling. Pipeline trenches shall be routinely inspected and maintained to ensure proper settling, stabilization and reclamation.

21. During construction, emissions of particulate matter from well pad and road construction would be minimized by application of water or other non-saline dust suppressants with at least 50 percent control efficiency. Dust inhibitors (surfacing materials, non-saline dust suppressants, and

water) will be used as necessary on unpaved roads that present a fugitive dust problem. The use of chemical dust suppressants on public surface will require prior approval from the BLM Authorized Officer.

22. Operators are required to obtain a National Pollution Discharge Elimination System (NPDES) Storm Water Permit from the Wyoming DEQ for any projects that disturb five or more acres (changing to one acre in March 2005). This general construction storm water permit must be obtained from WDEQ prior to any surface disturbing activities and can be obtained by following directions on the WDEQ website at http://deq.state.wy.us. Further information can be obtained by contacting Barb Sahl at (307) 777-7570.

23. The operator shall submit a Sundry Notice (Form 3160-5) to BLM for approval prior to construction of any new surface disturbing activities that are not specifically addressed in the approved APD or 13 Point Surface Use Plan.

B. Operations/Maintenance

1. Confine all equipment and vehicles to the access road(s), pad(s), and area(s) specified in the approved APD.

2. All waste, other than human waste and drilling fluids, will be contained in a portable trash cage. This waste will be transported to a State approved waste disposal site immediately upon completion of drilling operations. No trash or empty barrels will be placed in the reserve pit or buried on location. All state and local laws and regulations pertaining to disposal of human and solid waste will be complied with.

3. Rat and mouse holes shall be filled and compacted from the bottom to the top immediately upon release of the drilling rig from the location.

4. The operator will be responsible for prevention and control of noxious weeds and weeds of concern on all areas of surface disturbance associated with this project (well locations, roads, water management facilities, etc.) Use of pesticides shall comply with the applicable Federal and State laws. Pesticides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of Interior. Prior to the use of pesticides on public land, the holder shall obtain from the BLM authorized officer written approval of a plan showing the type and quantity of material to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the authorized officer to such use.

5. Sewage shall be placed in a self-contained, chemically treated portable toilet on location.

6. The operator and their contractors shall ensure that all use, production, storage, transport and disposal of hazardous and extremely hazardous materials associated with the drilling, completion and production of this well will be in accordance with all applicable existing or hereafter promulgated federal, state and local government rules, regulations and guidelines. All project-related activities involving hazardous materials will be conducted in a manner to minimize potential environmental impacts. In accordance with OSHA requirements, a file will be maintained onsite containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds and/or substances which are used in the course of construction, drilling, completion and production operations.

7. Produced fluids shall be put in test tanks on location during completion work. Produced water will be put in the reserve pit during completion work per Onshore Order #7.

8. The only fluids/waste materials which are authorized to go into the reserve pit are RCRA exempt exploration and production wastes. These include:
   - drilling muds & cuttings
   - rigwash
   - excess cement and certain completion & stimulation fluids defined by EPA as exempt

   It does not include drilling rig waste, such as:
   - spent hydraulic fluids
   - used engine oil
   - used oil filter
   - empty cement, drilling mud, or other product sacks
   - empty paint, pipe dope, chemical or other product containers
   - excess chemicals or chemical rinsate

   Any evidence of non-exempt wastes being put into the reserve pit may result in the BLM Authorized Officer requiring specific testing and closure requirements.

9. Operators are advised that prior to installation of any oil and gas well production equipment which has the potential to emit air contaminants, the owner or operator of the equipment must notify the Wyoming Department of Environmental Quality, Air Quality Division (phone 307-777-7391) to determine permit requirements. Examples of pertinent well production equipment include fuel-fired equipment (e.g., diesel generators), separators, storage tanks, engines and dehydrators.

10. If this well is drilled during the fire season (June-October), the operator shall institute all necessary precautions to ensure that fire hazard is minimized, including but not limited to mowing vegetation on the access route(s) and well location(s), keeping firefighting equipment readily available when drilling, etc.

C. Dry Hole/Reclamation

1. All disturbed lands associated with this project, including the pipelines, access roads, water management facilities etc will be expediently reclaimed and reseeded in accordance with the surface use plan and any pertinent site-specific COAs.

2. Disturbed lands will be recontoured back to conform with existing undisturbed topography. No depressions will be left that trap water or form ponds.

3. The fluids and mud must be dry in the reserve pit before recontouring pit area. The operator will be responsible for recontouring of any subsidence areas that develop from closing a pit before it is completely dry. The plastic pit liner (if any) will be cut off below grade and properly disposed of at a state authorized landfill before beginning to recontour the site.

4. Before the location has been reshaped and prior to redistributing the topsoil, the operator will rip or scarify the drilling platform and access road on the contour, to a depth of at least 12 inches. The rippers are to be no farther than 24 inches apart.

5. Distribute the topsoil evenly over the entire location and other disturbed areas. Prepare the seedbed by disking to a depth of 4-to-6 inches following the contour.

6. Waterbars are to be constructed at least one (1) foot deep, on the contour with approximately two (2) feet of drop per 100 feet of waterbar to ensure drainage, and extended into established vegetation. All waterbars are to be constructed with the berm on the downhill side to prevent the soft material from silting in the trench. The initial waterbar should be constructed at the top of the backslope. Subsequent waterbars should follow the following general spacing guidelines:

Slope (percent)	Spacing Interval (feet)
≤ 2	200
2 – 4	100
4 – 5	75
≥ 5	50

7. The operator will drill seed on the contour to a depth of 0.5 inch, followed by cultipaction to compact the seedbed, preventing soil and seed losses. To maintain quality and purity, the current years tested, certified seed with a minimum germination rate of 80% and a minimum purity of 90% will be used. On BLM surface or in lieu of a different specific mix desired by the surface owner, use the following:

Species - *Cultivar*	**Full Seeding (lbs/ac PLS*)**	**% in Mix**	**Lbs/Acre PLS***
Thickspike Wheatgrass - *Critana*	6	20	3.0
Prairie sandreed – *Goshen*	4	30	2.4
Bluebunch Wheatgrass - *Goldar*	7	20	3.0
Indian ricegrass – *Paloma or Rimrock*	6	20	2.4
Slender Wheatgrass - *Primar*	7	5	0.8
**Native blue flax (*Linum lewisii*)	4	5	0.4
Totals		100%	12.0 lbs/acre

Slopes too steep for machinery may be hand broadcast and raked with twice the specified amount of seed. Complete fall seeding after September 15 and prior to prolonged ground frost. To be effective, complete spring seeding after the frost has left the ground and prior to May 15.

8. BLM will not release the performance bond until the area has been successfully revegetated (evaluation will be made after the second complete growing season) and has met all other reclamation goals of the surface owner and surface management agency.

9. A Notice of Intent to Abandon and a Subsequent Report of Abandonment must be submitted for abandonment approval.

10. For performance bond release approval, a Final Abandonment Notice (with a surface owner release letter on split-estate) must be submitted prior to a final abandonment evaluation by BLM.

11. Soil fertility testing and the addition of soil amendments may be required to stabilize some disturbed lands.

12. Any mulch utilized for reclamation needs to be certified weed free.

D. Producing Well

1. Landscape those areas not required for production to the surrounding topography as soon as possible. The fluids and mud must be dry in the reserve pit before recontouring pit area. The operator will be responsible for recontouring and reseeding of any subsidence areas that develop from closing a pit before it is completely dry.

2. Reduce the backslope to 2:1 and the foreslope to 3:1, unless otherwise directed by the BLM Authorized Officer. Reduce slopes by pulling fill material up from foreslope into the toe of cut slopes.

3. Production facilities (including dikes) must be placed on the cut portion of the location and a minimum of 15 feet from the toe of the back cut unless otherwise approved by the BLM Authorized Officer.

4. A dike will be constructed completely around the production facilities (i.e. production tanks, water tanks, and heater-treater). The dikes for the production facilities must be constructed of impermeable soil, hold 110% of the capacity of the largest tank plus 1-foot of freeboard, and be independent of the back cut.

5. Any chemicals used in treating the wells (e.g., corrosion inhibitor, emulsion breaker, etc.) will be in a secure, fenced-in area with appropriate secondary containment structure (dikes, catchment pan, etc.).

6. The load out line coming from the oil/condensate tank(s) will have a suitable containment structure to capture and recycle any oil spillage that might occur.

7. Individual production facilities (tanks, treaters, etc.) will be adequately fenced off (if entire facility not already fenced off).

8. Any spilled or leaked oil, produced water or treatment chemicals must be reported in accordance with NTL-2A and immediately cleaned up in accordance with BLM requirements. This includes clean-up and proper disposition of soils contaminated as a result of such spills/leaks.

9. Distribute stockpiled topsoil evenly over those areas not required for production and reseed as recommended.

10. Upgrade and maintain access roads and drainage control (e.g., culverts, drainage dips, ditching, crowning, surfacing, etc.) as necessary and as directed by the BLM Authorized Officer to prevent soil erosion and accommodate safe, environmentally-sound access.

11. Prior to construction of production facilities not specifically addressed in the APD, the operator shall submit a Sundry Notice to the BLM Authorized Officer for approval.

12. If not already required prior to constructing and drilling the well location, the operator shall immediately upgrade the entire access road to BLM standards (including topsoiling, crowning, ditching, drainage culverts, surfacing, etc.) to ensure safe, environmentally-sound, year-round access.

13. Waterbars shall be installed on all reclaimed pipeline corridors per the guidelines in E #6.

Consultation/Coordination:

Contact	Title	Organization	Phone Number	Present at Onsite?
Rod Smith	Owner	60 Bar Ranch		No
Katie Smith	Owner	60 Bar Ranch		No
Ed Reich	Operations Manager	Western Interior Oil & Gas	307-234-7192	No
Leo Giangiacomo	Vic President	Western Interior Oil & Gas	307-234-7192	No

References and Authorities:

The National Environmental Policy Act of 1969 (NEPA), as amended (Pub. L. 91-90, 42 U.S.C. 4321 et seq.).

Code of Federal Regulations (CFR)

- 40 CFR All Parts and Sections inclusive Protection of Environment Revised as of July 1, 2001.
- 43 CFR All Parts and Sections inclusive - Public Lands: Interior. Revised as of October 1, 2000.

U.S. Department of the Interior, Bureau of Land Management and Office of the Solicitor (editors). 2001. The Federal Land Policy and Management Act, as amended. Public Law 94-579.

Approved Resource Management Plan for Public Lands Administered by the Bureau of Land Management Buffalo Field Office. Prepared by the United States Department of the Interior, Bureau of Land Management, Buffalo Field Office, April 2001.

Powder River Oil and Gas Project Environmental Impact Statement and Resource Management Plan Amendment. Prepared by the Department of the Interior, Bureau of Land Management, Wyoming State Office in Campbell, Converse, Johnson and Sheridan Counties, Wyoming. Approved April 30, 2003.

Reviewers

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