



THE DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASPER FIELD OFFICE



**ROCKWELL PETROLEUM, INC.
UNDERGROUND ACCESS ENHANCED OIL RECOVERY FACILITY
POISON SPIDER FIELD
NATRONA COUNTY, WYOMING**

**CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL**

The following are Conditions of Approval (COAs) for the RockWell Petroleum, Inc. (RWP) for the approved components of the POD for the RWP Underground Access Oil Recovery Facility (UAORF) and approved portal APD in the Poison Spider Field. The approved components of the POD are the surface construction, operations, maintenance, abandonment, reclamation activities, and any other surface activity associated with the Poison Spider UAORF project as described in this decision and in the POD

The proposed action involves the construction of a vertical access shaft for equipment and personnel drilled to 1600 feet from which a horizontal tunnel will extend below the target oil reservoir, the Sundance Formation. From the tunnel area, wells will be drilled upward into the Sundance Formation and completed as oil well. The oil and water produced will be pumped to the surface for processing and storage.

Underground construction activities on federal oil and gas leases outside of conventional small bore oil and gas drilling are not typically regulated by the BLM oil and gas staff, and these Conditions of Approval were developed to protect the surface resources in the project area from undue and unnecessary harmful impacts to the surface environment.

RWP and their contractors and subcontractors shall conduct operations in full compliance with applicable Federal, State, and local laws and regulations applicable to any activity associated with the Poison Spider UAORF project, whether it takes place at the surface or underground. RWP and its contractors and subcontractors shall abide by all of the requirements and guidelines of the BLM Authorized Officer (AO) as stated in approved APDs, Sundry Notices, and other permits issued by the BLM. The standards, procedures and requirements described below are derived from BLM State and District standards, and the Platte River Resource Area (PRRA) Resource Management Plan (RMP). The standard operating procedures for surface-disturbing activities must be adhered to during

all proposed activities unless a BLM AO-approved written exception has been granted. The BLM CFO Manager will be the AO for the project area.

Operator: Rockwell Petroleum, Inc.

Approved: 9/29/2006

**A COPY OF THESE CONDITIONS OF APPROVAL MUST BE FURNISHED
TO YOUR FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

Government Contacts

BUREAU OF LAND MANAGEMENT

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Site Specific Conditions of Approval

RockWell Petroleum, Inc. (HPC) shall implement the surface protective mitigation measures as outlined in the September 1, 2006 Plan of Development (POD) and the all of the measures included in the Surface Use Plan (SUP), Reclamation Plan, and the Applicant Committed Environmental Protection Measures that were incorporated into the POD by the approval of the Poison Spider UAORF Decision Record.

- All project activities including equipment emissions shall meet or exceed all state and federal standards for air quality as regulated by the Air Quality Division of the Wyoming DEQ.
- All drilling approved under an Application for Permit to Drill will be plugged and abandoned pursuant to Wyoming Oil and gas Conservation Commission (WOGCC) rules and regulations.
- A construction Storm Water Pollution and Prevention Plan (SWPPP) shall be prepared and implemented as required by the Water Quality Division of the DEQ.
- All boreholes and wells shall cased, cemented, and abandoned according to WOGCC and BLM regulations.
- To protect important raptor nesting habitat in the project area, drilling and/or surface use will not be allowed within 0.50 mile of occupied raptor nests during the period from February 1 to July 31.
- All reclaimed and reseeded areas shall be fenced for at least 2 years following reseeded to prevent overgrazing and allow for the new vegetation to be established. The reclamation sites shall be inspected and monitored at the end of 2 years and on a yearly basis thereafter to determine if additional fencing protection is needed.

General Conditions of Approval

1. Approval of this APD does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. In addition, approval of this APD does not imply that the operator has legal access to the drilling location. When crossing private surface 43 CFR 3814 regulations must be complied with and when crossing public surface off-lease the operator must have an approved right-of-way.
2. This APD is valid for a period of one year from the date of approval or until the oil and gas lease expires/terminates, whichever occurs first. If the APD terminates, any surface disturbance created under the application must be reclaimed in accordance with the approved plan.
3. All applicable local, state and/or federal laws, regulations, and/or statutes must be complied with.
4. A complete copy of the approved APD must be at the drill site during the construction of the roads and drill pad, the drilling of the well, and the completion of the well.
5. The spud date will be reported orally to the Authorized Officer 24 HOURS PRIOR TO SPUDDING, unless otherwise required in site specific conditions of approval.
6. Verbal notification shall be given to the Authorized Officer at least 24 hours in advance of formation tests, BOP tests, running and cementing casing (other than conductor casing), and drilling over lease expiration dates.
7. A progress report must be filed a minimum of once a month starting with the month the well was spud and continuing until the well is completed. The report must be filed by the 25th of each month on a Sundry Notice (Form 3160-5). The report will include the spud date, casing information such as size, grade, weight, hole size, and setting depth, amount and type of cement used, top of cement, depth of cementing tools, casing test method, intervals tested, perforated, acidized, fractured and results obtained and the dates all work done.
8. The operator is responsible for informing all persons associated with this project that they shall be subject to prosecution for damaging, altering, excavating or removing any archaeological, historical, or vertebrate fossil objects on site. If archaeological, historical, or vertebrate fossil materials are discovered, the operator is to suspend all operations that further disturb such materials and immediately contact the Authorized Officer. Operations are not to resume until written authorization to proceed is issued by the Authorized Officer.

Within five (5) working days, the Authorized Officer will evaluate the discovery and inform the operator of actions that will be necessary to prevent loss of significant cultural or scientific values.

The operator is responsible for the cost of any mitigation required by the Authorized Officer. The Authorized Officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Authorized Officer that the required

mitigation has been completed, the operator will be allowed to resume operations.

9. The operator shall be responsible for the prevention and suppression of fires on public lands caused by its employees, contractors or subcontractors. During conditions of extreme fire danger, surface use operations may be limited or suspended in specific areas.
10. All survey monuments found within the area of operations shall be protected. Survey monuments include, but are not limited to: General Land Office and Bureau of Land Management Cadastral Survey Corners, reference corners, witness points, U. S. Coast and Geodetic benchmarks and triangulation stations, military control monuments, and recognizable civil (both public and private) survey monuments. In the event of obliteration or disturbance of any survey monuments, the incident shall be reported in writing to the Authorized Officer.
11. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the authorized officer.
12. Gas produced from this well may not be vented or flared beyond an initial, authorized test period of 30 days or 50 MMcf following its completion, whichever first occurs, without the prior, written approval of the authorized officer. Should gas be vented or flared without approval beyond the test period authorized above, you may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted, and you shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.