

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires July 31, 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		CONFIDENTIAL	5. Lease Serial No. COC61170
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name
2. Name of Operator GENESIS GAS & OIL, LLC		Contact: ROBERT C BEHNER E-Mail: rbehner@genesisco.com	7. If Unit or CA Agreement, Name and No. COC68958X
3a. Address 106 WEST 14TH STREET, 7TH FLOOR KANSAS CITY, MO 64105	3b. Phone No. (include area code) Ph: 816-222-7500 Fx: 816-222-7501	8. Lease Name and Well No. FLETCHER GULCH 3-44	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SESE Lot 20 1172FSL 63FEL 40.08070 N Lat, 108.59418 W Lon At proposed prod. zone SESE Lot 20 1172FSL 63FEL 40.08070 N Lat, 108.59418 W Lon		9. API Well No.	
14. Distance in miles and direction from nearest town or post office* ~ 15 MILES SE OF RANGELY COLORADO		10. Field and Pool, or Exploratory UNKNOWN	11. Sec., T., R., M., or Blk. and Survey or Area Sec 3 T1N R100W Mer 6PM
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) ~ 63' WEST OF LEASE LINE	16. No. of Acres in Lease 1278.83	12. County or Parish RIO BLANCO	13. State CO
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. SE ~ 2000' FROM FLETCHER GULCH 3-33	19. Proposed Depth 3735 MD	17. Spacing Unit dedicated to this well	
21. Elevations (Show whether DF, KB, RT, GL, etc.) 7199 GL	22. Approximate date work will start 07/01/2009	20. BLM/BIA Bond No. on file	
		23. Estimated duration 31 DAYS	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
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| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) DAVID JENSEN Ph: 816-222-7500	Date 03/24/2009
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Title
EXECUTIVE VP

Approved by (Signature) <i>James F. Moore</i>	Name (Printed/Typed) James F. Moore	Date 12/8/09
Title ASSOCIATE FIELD MANAGER	Office White River Field Office Meeker, Co.	

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

A TRUE AND CERTIFIED COPY OF THE ORIGINAL DOCUMENT

Additional Operator Remarks (see next page) **CONDITIONS OF APPROVAL ATTACHED**

Electronic Submission #68337 verified by the BLM Well Information System For GENESIS GAS & OIL, LLC, sent to the Meeker Committed to AFMSS for processing by JEANNE NEWMAN on 03/25/2009 (09JEN0791AE)

AFMSS: IN OUT
hydro: Realty-OK

APPROVAL TO FLARE GRANTED WHILE DRILLING AND TESTING

APPROVAL FOR A PERIOD NOT TO EXCEED 2 YEARS

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Additional Operator Remarks:

The objective formation is the Williams Fork Coals.

4

Conditions of Approval

3160(CO-11000)

CONDITIONS OF APPROVAL

Operator: Genesis Gas & Oil, LLC

Lease No.:

LEASE SERIAL NUMBER	FEATURE
COC70201	Amend road
COC70781	Amend gas line
COC74192	New water line
COC61170	3-24, 3-44
COC63322	4-31, 4-41, 4-42, 8-24, 9-13, 9-14, 9-22, 9-24, 9-31, 9-34, 9-42, 9-44
COC61170	10-12, 10-14, 10-31
COC63322	34-41A

Location: T. 2 N., R.100 W., Sec. 34: W1/2, SW1/4
T. 1 N., R.100 W., 6th PM,
Sec. 2: SW1/4, SW1/4
Sec. 3: E1/2, E1/2
Sec. 4: SW1/4; SW1/4, NW 1/4; S1/2, SE1/4
Sec. 5: E1/2, SE1/4; SE1/4, NE1/4
Sec. 8: N1/2, NE1/4; SE1/4, NE1/4
Sec. 9: N1/2; N1/2, S1/2; SE1/4, SW1/4; SE1/4, SW1/4
Sec. 10: W1/2, W1/2; NE1/4, NE1/4
Sec. 11: NW1/4, NW 1/4
Sec. 15: NW1/4, NW1/4, 6th P.M.

The Bureau of Land Management, White River Resource Area Office, address and home telephone contacts are:

Address: 220 East Market Street, Meeker, Colorado 81641
Office Phone: (970) 878-3800
Office Fax: (970) 878-3805
Fluid Minerals Supervisor: Jim Moore, office phone (970) 878-3866
Natural Resource Specialist: Brett Smithers, office phone (970) 878-3818
Petroleum Engineer: Betty Lau, office phone (970) 878-3814, cell (970) 942-7484
Petroleum Engineering Tech: Bill Kraft, home phone (970) 878-4595, cell 942-8043,
Sat. (254) 460-3063

Conditions of Approval

All lease and/or unit operations are to be conducted in such a manner to ensure full compliance with the applicable laws, regulations (43 CFR Part 3160), Onshore Orders, Notices to Lessees, and the approved plan of operations. Approval of this application does not relieve you of your responsibility to obtain other required federal, state, or local permits.

This application is valid for a period of two years from the date of approval. Any requests for extensions must be submitted prior to the end of the two year period. If the application terminates, any surface disturbance created under the application must be rehabilitated in accordance with the approved plan within 90 days of termination, unless otherwise approved by the authorized officer. An expired application may be reinstated at the authorized officer's discretion, however, future operations may require a new application to be filed for approval.

You have the right to request a State Director Review (SDR) of the decision to approve this APD with the attached conditions in accordance with 43 CFR 3165.3(b). A request for a SDR must occur prior to filing an appeal with the Interior Board of Land Appeals (IBLA). Your request for a SDR and all supporting documentation must be filed with the State Director (CO-922), 2850 Youngfield St., Lakewood, Colorado 80215, within 20 business days of receipt of this letter.

- I. CONDITIONS OF APPROVAL SPECIFIC TO GENESIS' WELLS 3-24, 3-44, 4-31, 4-41, 4-42, 8-24, 9-13, 9-14, 9-22, 9-24, 9-31, 9-34, 9-42, 9-44, 10-12, 10-14, 10-31, AND 34-41A

Preliminary Conditions Relevant to the Proposed Action:

1. The operator will monitor BLM Spring 149-12 by doing a Spring Survey in the spring of 2010 using the technique and Spring Survey Form developed by the BLM WRFO Hydrologist (contact WRFO for location and form). A water quality sample will be taken during the 2010 field season and analyzed for basic water chemistry, metals, and major cations and anions. In addition to this information an assessment will be made if any natural gas may be seeping into the spring as can be indicated by bubbles and/or odors. The water quality results will be submitted to the WRFO hydrologist for review by October 1st, 2010. At this time a decision will be made by the BLM to determine if additional monitoring will be needed.
2. The operator will be responsible for complying with all local, state, and federal water quality regulations, such as, but not limited to, Phase I Storm Water Permit, U.S. Army Corps of Engineers (USACE) Section 404 permit coverage, and Industrial Wastewater/Produced Water Permits. The operator will provide confirmation of these permits at the request of the BLM.
3. Access roads shall be built and maintained to BLM Manual Section 9113 standards for road shape and drainage features. Culverts and waterbars shall be installed according to 9113

Conditions of Approval

standards and sized for the 10-year storm event with no static head and to pass a 25-year event without failing.

4. The operator shall submit an updated Spill Prevention, Control, and Countermeasure (SPCC) Plan to the AO prior to beginning any construction-related activity associated with this project.
5. Prior to issuing a Notice to Proceed by the AO, a raptor survey must be conducted using the current BLM WRFO raptor survey protocol and the results of that survey approved by BLM biologists. Raptor surveys need to be conducted between May 15th and August 15th in a 300 m (~1000 ft) buffer surrounding all proposed work areas where there is available woodland habitat or within 400 m (~ ¼ mile) of suitable cliff or rock outcrop habitat. Raptor surveys are only valid for the breeding season (i.e., April 1 to August 15 in woodland habitats and February 1 to August 15 in cliff habitats) in which they are conducted; a new raptor survey will be required if the project were delayed until a subsequent breeding season. Suitable nesting habitat associated with the following well locations and proposed pipeline and access corridors will be surveyed during the 2010 breeding season: 3-24, 3-44, 9-13, 9-24, 10-14, 10-31, and 34-41A.
6. Use of pesticides shall comply with the applicable federal and state laws and will require application for a Pesticide Use Proposal. Pesticides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of the Interior. Prior to the use of pesticides, the operator shall obtain written approval from the AO 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 AO. Emergency use of pesticides shall be approved in writing by the AO prior to such use.
7. A paleontological inventory of the proposed project area must be completed and submitted to the BLM with detailed results and any mitigation recommendation prior to construction. A paleontological monitor will need to be present any time it becomes necessary to excavate into the underlying rock formations.

Air, Soil and Water Resources:

1. All access roads will be treated with water and/or a dust suppressant during construction and drilling activities so that there is not a visible dust trail behind vehicles. All vehicles will abide by company or public speed restrictions during all activities. If water is used as a dust suppressant, there shall be no traces of oil or solvents in the water and it shall be properly permitted for this use by the State of Colorado. Only water needed for abating dust shall be applied; dust abatement shall not be used as a water disposal option under any circumstances.

Conditions of Approval

2. All construction and drilling activity shall cease when soils or road surfaces become saturated to a depth of three inches except in cases of emergencies where approved by the AO.
3. The operator will submit via Sundry Notice the location of all frac pits.
4. The operator will submit via Sundry Notice pad designs that reduce the soil stockpile area for all pads with 3,500 CY or more of excess spoil: #3-24, #4-41, #9-24, and #10-14, with the goal of a balanced cut and fill. The soil stockpiles may be reduced by increasing the elevation of each of these pads by at least 1 foot.
5. The operator will provide for erosion-resistant surface drainage by adding necessary drainage facilities and armoring prior to fall rain or snow. When erosion is anticipated, sediment barriers shall be constructed to slow runoff, allow deposition of sediment, and prevent it from leaving the site. In addition, straining or filtration mechanisms may also be used.
6. The operator will locate culverts or drainage dips in such a manner as to avoid discharge onto unstable terrain such as headwalls or slumps. Provide adequate spacing to avoid accumulation of water in ditches or road surfaces. Install culverts with adequate armoring of inlet and outlet. Patrol areas susceptible to road or watershed damage during periods of high runoff.
7. The operator will keep road inlet and outlet ditches, catchbasins, and culverts free of obstructions, particularly before and during spring runoff. Routine machine cleaning of ditches shall be kept to a minimum during wet weather. Leave the disturbed area in a condition that provides drainage with no additional maintenance.
8. The AO will be notified via Sundry Notice within 48 hours after well completion. The operator will not dispose of produced water in the reserve pits after well completion; all produced water will be disposed of in an approved injection well.
9. The operator shall submit a Sundry Notice for review by the WRFO Hydrologist if average field-wide water volumes exceed the 300 barrel-per-day maximum volume assumed for produced water production.
10. If erosion occurs on improved roads during the life of the project, the operator shall promptly repair it and control it. New construction will require a Sundry Notice.
11. The operator shall be required to monitor all reclaimed areas and access roads for signs of erosion. If erosion features such as rilling, gullyng, piping, and mass wasting occur at anytime during the life of this project on disturbed surfaces, the erosion features will be addressed immediately after observation and the AO will be notified as soon as practicable via Sundry Notice. In addition, the operator will prepare an implementation plan which will

Conditions of Approval

address the concern(s) to assure successful soil stabilization with BMPs. The operator may repair the erosion feature through maintenance of existing structures, construction of additional culverts, lead-out ditches, or other modifications, as necessary. Notification via Sundry Notice (and submitted to the AO) is also required for all soil stabilization activities that include new construction.

12. For all wells, submit via Sundry Notice an indication of the location, method of transportation and an indication of the water right or water right holder for the use of freshwater for construction, drilling and dust abatement to meet Onshore Order #1 requirements that state, "e. Location and Types of Water Supply: Information concerning water supply, such as rivers, creeks, springs, lakes, ponds, and wells, may be shown by quarter-quarter section on a map or plat, or may be described in writing. The operator must identify the source, access route, and transportation method for all water anticipated for use in drilling the proposed well."

Hazardous or Solid Wastes:

1. Construction sites shall be maintained in a sanitary condition at all times; waste materials at those sites shall be disposed of promptly at an appropriate waste disposal site. A chemical portable toilet shall be furnished with the drilling rig. Garbage, trash, and other waste materials shall be collected in a portable, self-contained, fully enclosed trash cage during operations. "Waste" means all discarded matter including, but not limited to: human waste, trash, garbage, refuse, oil drums, petroleum products, ashes, and equipment. No trash shall be burned on location. All debris and other waste material not contained in the trash cage shall be cleaned up and removed from the location immediately after removal of the drilling rig.
2. Any spills or releases of hazardous substances shall be cleaned up and disposed of in accordance with applicable requirements and spill response plans.
3. Pits shall not be constructed on known intermittent or perennial springs, seeps, or other surface water features. If groundwater is encountered during pit construction activity, pit construction shall cease and the location shall be reclaimed. An alternate location or an alternate plan (e.g., use of a closed loop and/or semi-closed loop system) must be approved by the AO before resuming operations. Pits shall be constructed, monitored, and operated to provide for a minimum of two (2) feet of freeboard at all times. Maintain fluids in pits at the lowest practicable level, subject to the type of operation in process.
4. It is the operator's responsibility to design and construct a liner system to contain fluids in the pit without compromising the integrity of the liner(s). The pit shall be padded with spoils material if necessary to reduce potential damage to the liner by sharp rock edges.

Conditions of Approval

5. If the COGCC requires the removal of the pit liner, the method of removal and location of disposal for pit liners and pit solids must be submitted to the AO and approved before beginning the pit closure. If pit liners are to be left in place, the fluids from the pit must be removed and/or evaporated before closing. The pit liner shall be cut or folded at the mudline and the pit shall be buried with at least 3 feet of clean spoils before interim reclamation efforts are started, as stated in the SUP.
6. Since the reserve pits may receive fluids from completion and fracing activities, all pits will be lined with a synthetic liner(s) with a minimum thickness of twenty-four (24) ml and shall be of a high-density polyethylene, polypropylene, poly vinyl chloride, hypalon, or other synthetic material that is impervious, weather resistant, and resistant to deterioration when in contact with hydrocarbons, aqueous acids, alkali, fungi, or other substances in the produced water. The synthetic liner(s) shall also be resistant to deterioration by ultraviolet light, punctures and tearing, and shall be designed for the life of the pit.
7. The concentration of contaminants of concern in pits and around production equipment (e.g., separators, above-ground storage tanks, etc.) at the time of closure must not exceed applicable or relevant and appropriate requirements (e.g., Colorado Oil and Gas Conservation Commission [COGCC] 900 Series Rules – Exploration and Production Waste Management, Table 910-1 [COGCC 2009]). This condition applies to pit contents and underlying soil.
8. The release of any oil, produced water, toxic liquid, or other waste materials must be controlled and contained immediately upon discovery and cleaned up as soon as possible. The BLM AO may require additional action to prevent or mitigate potential or actual adverse environmental impacts on any air, water, soil, or biological resource. Releases shall be reported by the operator to the BLM according to Notice to Lessees and Operators of Onshore Federal and Indian Oil and Gas Leases (NTL-3A). In addition to the reporting requirements set forth in NTL-3A, the operator shall provide a monthly report to the BLM documenting any release of liquids less than 10 barrels in quantity. The report will include: (a) the date and time of occurrence; (b) the location where the incident occurred; (c) the type and volume of the material released; (d) the volume of material recovered; (e) the cause of the incident; and (f) corrective action to address the incident (e.g., initial mitigation, investigation, remediation, etc.). The monthly report will be submitted electronically via email as a Microsoft Excel file to the BLM White River Field Office Hazardous Materials Coordinator, Christina Barlow (christina_barlow@blm.gov).

Vegetation, Reclamation and Invasive, Non-Native Species:

1. The operator will submit via Sundry Notice a clarification of the interim reclamation diagram for Fletcher Gulch 9-14 to include the access road on the Northwest side of the pad since this will be the access road for potentially two additional wells in section 16.

Conditions of Approval

2. To allow optimal opportunity for the maximum extent of interim reclamation of well pads, all tanks and production facilities will be situated on the access road side of the well pad, unless otherwise approved by the WRFO AO.
3. The operator will clear the minimum vegetation necessary for construction of the proposed facilities.
4. The operator shall provide a plan indicating how and where excess cut or borrow will be disposed of (e.g., used on other roads, stockpiled, etc.). The plans shall show stockpile and borrow locations.
5. Stripped topsoil and vegetation shall be stockpiled for subsequent reclamation of unused areas on the well pad where it was originally removed.
6. During construction, stockpiled topsoil and spoil piles will be separated and clearly identified to prevent mixing during reclamation efforts. Topsoil stockpiles will be seeded with a BLM-approved seed mixture and protected with hydromulch or an erosion control fabric, unless interim reclamation activities will occur within one month of the spud date.
7. The operator shall be responsible for reclamation of unused portions of well pads, including revegetation with a BLM-approved seed mix. Seed mixes allowed for reclamation are provided in the table below and are based on the ecological site defined by the soil MUs within the project area (USDI BLM 1997; Hafkenschiel 2009).

Seed Mix	Species	Lbs/Acre	Range Site
2	Western wheatgrass (Arriba)	3	Clayey foothills, clayey slopes
	Streambank wheatgrass (Sodar)	2	
	Thickspike wheatgrass (Critana)	2	
	Fourwing saltbush (Wytana, Rincon)	2	
	Alternates: Winterfat; shadscale, globemallow		
4	Western wheatgrass (Rosanna)	2	Pinyon-juniper woodlands, stony foothills
	Beardless bluebunch wheatgrass (Whitmar)	2	
	Thickspike wheatgrass (Critana)	1	
	Indian ricegrass (Rimrock,)	2	
	Fourwing saltbush (Wytana or VNS)	1	
	Utah sweetvetch	1	
Alternates: Needle and thread, globemallow, American vetch			
7	Beardless bluebunch wheatgrass (Whitmar)	2	Deep clay loam
	Slender wheatgrass (Primar)	2	
	Big bluegrass (Sherman)	1	
	Canby bluegrass (Canbar)	1	
	Mountain brome (Bromar)	2	
	Alternates: Blue flax, Rocky Mountain penstemon, balsamroot		

Source: Hafkenschiel 2009; USDI BLM 1997.

Conditions of Approval

8. Fences shall be erected around well pads to exclude livestock during reclamation of unused portions of the pads (Mark Hafkenschiel, BLM Range Specialist, pers. comm. 2008). The fences shall consist of a four-strand BLM Type-D barbed-wire fence braced with wooden H-posts at each corner, constructed in compliance with BLM Fencing Manual 1741-1 (USDI BLM 1989). Fencing may be in place for three years or more, depending upon moisture levels and reclamation success, and must be maintained so as to remain in a continuously functional state. Cattle guards shall be installed where fences cross access roads. Cattle guards shall provide a minimum 16-ft driving surface, unless otherwise stipulated by the AO. Cattle guards shall have an adjacent wire or welded steel livestock access gate, and shall be placed at a 90° angle to the access road. The gate shall be properly braced in accordance with the requirements of the Gold Book and BLM manual 1741-1.
9. The following reclamation success criteria shall be adhered to in order to ensure that adequate vegetation groundcover is established on disturbed surfaces to stabilize soils through the production phase:
 - A functioning vegetation community will present a minimum cover and composition of 70% of the Desired Plant Community (DPC) as defined by the ecological site description or in relation to the specified seed mix applied. On pinyon-juniper woodland sites, this would equate to the productive capability of those sites in an herbaceous state. These attributes shall be assessed using quantitative methods such as presented in BLM Technical Reference 1730-1, 1734-4, or other preapproved methods.
 - The functioning vegetation community established on the reclaimed site will be capable of persisting on the site without continued intervention and will allow plant community successional processes to progress toward advanced community states.
 - Bare ground will not exceed the ecological site description or if not described, bare ground will not exceed that of a representative undisturbed community meeting Public Land Health Standards.
10. It shall be the responsibility of the operator to continue revegetation/reclamation efforts until vegetative communities on all disturbed surfaces are successful. Rehabilitation efforts must be repeated, if necessary, to achieve BLM reclamation success criteria as stated above.
11. The Reclamation Coordinator for this project is Brett Smithers (Phone: (970) 878-3818; Email: brett_smithers@blm.gov).
12. All seed tags will be submitted to the Reclamation Coordinator within 14 calendar days from the time the seeding activities have ended via Sundry Notice. The Sundry will include the purpose of the seeding activity (i.e., seeding well pad cut and fill slopes, seeding pipeline corridor, etc.). In addition, the Sundry will include the well or well pad number associated with the seeding activity, if applicable, the name of the contractor that performed the work, his or her phone number, the method used to apply the seed (e.g., broadcast, hydro-seeded,

Conditions of Approval

drilled), whether the seeding activity represents interim or final reclamation, an estimate of the total acres seeded, an attached map that clearly identifies all disturbed areas that were seeded, and the date the seed was applied.

13. The Reclamation Coordinator will be notified 24 hours via email or by phone prior to beginning all reclamation activities associated with this project. Reclamation activities may include, but are not limited to, seedbed preparation that requires disturbance of surface soils, seeding, constructing exclosures (e.g., fences) to exclude livestock from reclaimed areas.
14. The Reclamation Coordinator will be notified 24 hours via email or by phone prior to beginning all construction-related activities associated with this project that result in disturbance of surface soils. Construction-related activities may include, but are not limited to, pad and road construction, clearing pipeline corridors, trenching, etc. Notification of all construction-related activities, regardless of size, that result in disturbance of surface soils as a result of this project, is required.
15. In an attempt to track interim and final reclamation of federal actions related to the development of federal mineral resources, the operator shall provide the designated BLM GIS staff person with geospatial data in a format compatible with the WRFO's ESRI ArcGIS Geographic Information System (GIS). These data will be used to accurately locate and identify all geographic as-built (i.e., constructed) features associated with this project and included in the Application for Permit to Drill (APD) or Sundry Notice (SN), as appropriate. These data shall be submitted within 60 days of construction completion. If the operator is unable to submit the required information within the specified time period, the operator shall notify the designated BLM GIS staff person via email or by phone, and provide justification supporting an extension of the required data submission time period. GIS polygon features may include, but are not limited to, constructed access roads, existing roads that were upgraded, pipeline corridors, and well pad footprints. Acceptable data formats are: (1) corrected global positioning system (GPS) files with sub-meter accuracy or better; (2) ESRI shapefiles or geodatabases; or, (3) AutoCAD .dwg or .dxf files. If possible, both (2) and (3) should be submitted for each as-build feature. Geospatial data must be submitted in UTM Zone 13N, NAD 83, in units of meters. Data may be submitted as: (1) an email attachment; or (2) on a standard compact disk (CD) in compressed (WinZip only), or uncompressed format. All data shall include metadata, for each submitted layer, that conforms to the *Content Standards for Digital Geospatial Metadata* from the Federal Geographic Data Committee standards. Questions shall be directed to WRFO BLM GIS staff at (970) 878-3800.

If the operator is unable to send the data electronically, the operator shall submit the data on compact disk(s) to:

BLM, White River Field Office

Conditions of Approval

Attn: GIS Staff
220 East Market Street
Meeker, Colorado 81641

Internal and external review of the reporting process and the adequacy of the associated information to meet established goals will be conducted on an on-going basis. New information or changes in the reporting process will be incorporated into the request, as appropriate. Subsequent permit application processing may be dependent upon successful execution of this request, as stated above.

If for any reason the location or orientation of the geographic feature associated with the proposed action changes, the operator shall submit updated GIS data to designated BLM GIS staff person within 7 calendar days of the change. This information shall be submitted via Sundry Notice.

16. A Reclamation Status Report will be submitted electronically via email and as a hard-copy to WRFO Reclamation Coordinator. Please submit the hardcopy to:

BLM, White River Field Office
220 East Market Street
Meeker, Colorado 81641
Attn: Brett Smithers

The Reclamation Status Report will be submitted annually for all actions that require disturbance of surface soils on BLM-administered lands as a result of the proposed action. Actions may include, but are not limited to, well pad and road construction, construction of ancillary facilities, or power line and pipeline construction. The Reclamation Status Report will be submitted by September 30th of each calendar year, and will include the well number, API number, legal description, UTM coordinates (using the NAD83 datum, Zone 13N coordinate system), project description (e.g., well pad, pipeline, etc.), reclamation status (e.g., Phase I Interim, Phase II Interim, or Final), whether the well pad or pipeline has been re-vegetated and/or re-contoured, percent of the disturbed area that has been reclaimed, method used to estimate percent area reclaimed (e.g., qualitative or quantitative), technique used to estimate percent area reclaimed (e.g., ocular, line-intercept, etc.), date seeded, photos of the reclaimed site, estimate of acres seeded, seeding method (e.g., broadcast, drilled, hydro-seeded, etc.), and contact information for the person(s) responsible for developing the report. The report will be accompanied with maps and GIS data showing each discrete point (i.e., well pad), polygon (i.e., area where seed was applied for Phase I and/or Phase II interim reclamation or area reclaimed for final reclamation), or polyline (i.e., pipeline) feature that was included in the report. Geospatial data shall be submitted: for each completed activity electronically to the designated BLM staff person responsible for the initial request and in accordance with WRFO geospatial data submittal standards (available from WRFO GIS

Conditions of Approval

Staff, or on the WRFO website). Internal and external review of the WRFO Reclamation Status Report, and the process used to acquire the necessary information will be conducted annually, and new information or changes in the reporting process will be incorporated into the report.

17. The operator will be required to meet with the WRFO reclamation staff in March or April of each calendar year and present a comprehensive work plan. The purpose of the plan is to provide information pertaining to reclamation activities that are expected to occur during the current growing season. The operator shall also provide a map that shows all reclamation sites where some form of reclamation activity is expected to occur during the current growing season.
18. Regarding reclamation activities associated with this project, in order to mitigate project-related soil erosion, increased surface runoff to nearby surface waters, all reserve pits shall be closed and pads recontoured for interim reclamation within 6 months of well completion or by November 1st of the year the well was drilled, depending on whichever comes first, unless prior approval is obtained from the AO. Examples of reclamation activities may include, but are not limited to, the following: seedbed preparation (i.e., soil decompaction, recontouring cut and fill slopes, etc.), and applying seed using established methods (e.g., drill seeding and/or broadcast seeding, or hydro mulching), as appropriate. Reclamation shall occur on all disturbed areas affected by construction and drilling, except areas needed for production operations, which is generally defined as the area necessary to access the well(s) and production facilities. This area is generally defined geographically as a "tear drop". If reclamation activities are anticipated to occur after November 1st of the year the well was completed, a request for a modification to this requirement will be submitted to the AO via Sundry Notice. Requests for interim reclamation activities that are anticipated to occur after October 1st will be submitted to WRFO via Sundry Notice.
19. Reclamation activities on barrow areas and along roads and interim reclamation on pads will be completed within six months of well completion, but no later than November 1st of the year the well was completed.
20. Upon final abandonment of well pads, 100% of all disturbed surfaces, including access roads, shall be restored to pre-construction contours to the extent practicable and revegetated with a BLM-stipulated seed mixture. Two-track roads improved for fluid mineral development will be reclaimed as nearly as practicable to original conditions. Natural drainage patterns will be restored and stabilized with a combination of vegetative (seeding, planting) and non-vegetative (material not harmful to wildlife, including straw bales and wattles, woody debris, biodegradable fabric) techniques. Monitoring and additional reclamation efforts shall persist until reclamation is proven successful, as determined by the BLM.

Conditions of Approval

21. The operator shall be required to monitor the project area for a minimum of three years after construction to detect the presence of Colorado State List A and B noxious weed species (CDA 2009). If List A or B noxious weed species are found, abatement measures shall be implemented using materials and methods approved in advance by the AO.
22. The operator shall be responsible for weed control on disturbed areas within the limits of the approved project footprint. The operator is responsible for consultation with the AO and/or local authorities for acceptable weed control methods (within limits imposed in the grant stipulations).
23. All vehicles and heavy machinery shall be cleaned to remove seed and soil prior to construction and drilling activities. When moving equipment from an area infested with cheatgrass, the operator shall clean equipment as required by the AO.
24. All activities shall comply with the requirements of Rio Blanco County for noxious and invasive species management.

Threatened, Endangered and Sensitive Plant Species:

1. No surface occupancy will be allowed within known populations of BLM Sensitive plant species, unless an exception is granted by the AO (NSO-09 cited in USDI BLM 1997).
2. If fugitive dust is determined to be affecting debris milkvetch populations, either during construction or during production, additional requirements may be applied as deemed necessary by the AO.

Wildlife:

1. Raptor timing limitations apply to development (construction, drilling, completion and scheduled workovers or fracing) of the following locations: #3-44, #4-31, #9-13, #9-24/10-31, and #10-14. These stipulations will remain in effect over the life of the project, although the timing limitation provisions are contingent on occupancy status. Pending the results of the 2010 raptor surveys, timing limitations may be applied to additional well locations.

The table below outlines the appropriate No Surface Occupancy and timing limitation restrictions related to listed and unlisted nesting raptors that shall be in effect during the life of the project. Modifications to this stipulation may be granted by the Field Office Manager as specified in Table A-3, page A-13 of the White River ROD/RMP USDI BLM 1997).

Conditions of Approval

Species	No Surface Occupancy Buffer Size	Timing Limitation Buffer Size	Dates that Activities are Prohibited ¹
Northern Goshawk and Burrowing Owl	1/4 mi of nests	1/2 mi of nests	4/1 - 8/15 or until dispersal of young
Golden Eagle and Great Horned Owl	1/8 mi of nests	1/4 mi of nests	2/1 - 8/15 or until dispersal of young
Ferruginous Hawk	1/4 mi of nests	1 mi of nests	2/1 - 8/15 or until dispersal of young
Bald Eagle	1/4 mi of nests	1/2 mi of nests	12/15 - 7/15 or until dispersal of young
All Other Raptors	1/8 mi of nests	1/4 mi of nests	4/1 - 8/15 or until dispersal of young

¹ Prohibited activities are any disruptive activities including, but not limited to, vegetation clearing, construction, drilling, completion, and reclamation work.

2. If at any time new information reveals that impacts from the proposed project to animal species listed as Endangered or Threatened under the ESA exceed those analyzed in DOI/BLM/CO-110-2009-0180-EA, or if a species that may be affected by the project becomes newly listed, Section 7 consultation with the FWS will be initiated.
3. The operator shall prevent migratory bird access to facilities that store or are expected to store fluids that may pose a risk to such birds (e.g., toxicity, compromised insulation). Features that prevent access to such fluids must be in place and functional within 24 hours of the drilling rig moving off the location and shall remain effective until such pits are removed or incapable of storing fluids. Deterrence methods may include netting or other alternative methods that effectively prevent use and that meet BLM approval (the use of "bird balls" is discouraged). It will be the responsibility of the operator to notify the BLM of the method that will be used two weeks prior to when completion activities are expected to begin. The BLM approved method will be applied within 24 hours after completion activities have begun. All lethal and non-lethal events that involve migratory birds will be reported to the BLM Petroleum Engineer Technician immediately.
4. Disruptive forms of activity, including road construction, drilling and completion operations, and scheduled workover and refracing, will be prohibited in severe winter range for mule deer from 1 January to 30 April: T1N R100W Section 4: W1/2NE1/4, NW1/4, N1/2SW1/4; and Section 5: SE1/4NE1/4, NE1/4SE1/4.
5. General access to the following locations shall be restricted by means of a lockable gate (may require fence wings) placed along the proposed access at a point as close as possible to the intersection of the proposed and established access:

Conditions of Approval

- Proposed access: #34-41/34-41a group; #9-24/10-31 group; #4-41; #4-31/4-42/9-14/10-12 group; #9-22/9-13 group
 - Existing access: #4-13/4-33 group; #4-24; #3-31/4-44/3-21 group; #3-33 including proposed 3-44/10-14 group
6. In consultation with the WRFO staff, specific locations for the recommended gates will be determined in 2010 during the construction phase of the project. The proponent will be responsible for constructing and maintaining these structures through the life of the project. The selected control point will be subject to the approval of the AO with the objectives of effectively deterring all unauthorized vehicle use not associated with natural gas development and production (including other BLM permitted users, but excepting CDOW DWM and WRFO Ranger) and preventing bypass of the control. These gates shall be installed by the time initial well completion activities are complete and are to remain locked throughout the year, except during well workover or high-traffic maintenance activities.
 7. Cross country pipeline ROWs, including segments between pads 4-12 and 4-31, pads 9-44 and 9-34, pad 8-24 and RBC 122, and pad 3-24 north to Yank's Gulch, must be conditioned in a manner that precludes vehicular traffic. The proponent will be responsible for maintaining installed features or conditions that are effective in precluding vehicular use through the life of the project.

Cultural and Paleontology:

1. The operator will be responsible for informing all personnel associated with the proposed project's operations that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts.
2. If historic or archaeological materials are uncovered during construction activities, the operator shall immediately cease construction activities in the vicinity of the find and contact the BLM AO. Within five working days the AO will inform The operator as to:
 - Whether the materials appear eligible for the NRHP;
 - The mitigation measures that are necessary before work can recommence at the site (assuming *in situ* preservation is not necessary);
 - A timeframe 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 the prescribed mitigation is appropriate.

If materials are eligible for the NRHP and the operator decides to relocate construction activities to avoid the expense and/or time delays of mitigation efforts, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be

Conditions of Approval

required. Otherwise, the operator will be responsible for the costs of mitigation. The AO will provide technical and procedural guidelines to the operator for undertaking mitigation measures. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction activities.

3. Pursuant to 43 CFR 10.4(g), the holder of this authorization shall notify the AO, 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), the holder must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the AO.
4. The known historic habitation 5RB 5356, located in the general project area, shall be avoided by all construction and maintenance activities unless permission to do otherwise is provided by the private landowner.
5. Any project modifications that are located outside areas previously inventoried for cultural resources shall be inventoried prior to approval of the modification.
6. The operator is responsible for informing all persons who are associated with the project operations that they will be subject to prosecution for knowingly disturbing paleontological sites, or for collecting fossils.
7. Should fossil resources be discovered at any time during construction, all construction activity in the vicinity of the discovery shall cease until the BLM and an approved paleontologist have time to evaluate the discovery and recover the remains. Work shall not resume in the area of the find without written approval of the AO. Within five working days the AO will inform The operator as to:
 - Whether the materials appear to be of noteworthy scientific interest;
 - The mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not feasible).

If the operator wishes at any time to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for the mitigation cost. 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.

Conditions of Approval

Visual:

1. All permanent (onsite for six months or longer) structures, facilities, and equipment placed onsite shall be low profile, and within six months of installation the operator shall paint them Munsell Soil Color Chart Juniper Green or the equivalent as specified by the AO.

Fire and Forestry:

1. Trees or shrubs that must be removed for construction or ROW preparation shall be cut down or masticated to a stump height of 6 inches or less prior to other heavy equipment operation. Trees removed for construction that are not needed for reclamation purposes shall be cut in four foot lengths (down to 4 inches diameter) and placed in manageable stacks immediately adjacent to a public road to facilitate removal by the public. Woody materials required for reclamation shall be stockpiled along the margins of the authorized use area. It is recommended to chip the smaller limbs and trees and incorporate that debris into the topsoil; the boles and limbs of the larger trees shall be retained for redistribution not to exceed 20% total ground cover.
2. Some tree boles shall be retained for use as erosion control. These stored materials shall not be windrowed, as this will result in an elevated hazardous fuel condition. When placed onto reclaimed areas, the boles shall be evenly scattered to avoid creating pockets of fuels that exceed 5 tons/ac.
3. As listed in the COAs for all surface-disturbing activities in the White River ROD/RMP, Appendix B, Page B-1 (USDI BLM 1997), the operator shall be required to purchase from the BLM all trees that will be removed as a result of the Proposed Action. Cut trees not being used for reclamation shall be cut into four-ft lengths, down to four inches in diameter, and placed along the edge of the disturbance prior to being removed for resale or private use.

Livestock Grazing and Wild Horse Management:

1. Where the main access route to well locations #8-24, #9-31, and #9-42 crosses the fenceline, the operator will install a minimum 20 ft wide cattleguard on concrete bases that meets BLM specifications in the Spring Creek/Fletcher gulch allotment boundary fence. This cattleguard will have a wire or tubular steel gate installed and properly braced next to it to allow for livestock ingress and egress.
2. Subject to AO approval, if environmental conditions during the construction and drilling phase warrant it, work restrictions may be initiated to reduce stress on mares and foals during the foaling season (mid-March through early May).

Conditions of Approval

Realty:

1. Regarding any realty action, the holder is responsible for obtaining all appropriate permits from State and local governments.
2. The operator shall protect all survey monuments found within the project area. Survey monuments include, but are not limited to: General Land Office (GLO) and BLM Cadastral Survey Corners, reference corners, witness points, U.S. Coastal 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 of the above, the operator shall immediately report the incident, in writing, to the AO and the respective installing authority if known. Where GLO or BLM ROW monuments or references are obliterated during operations, the operator shall secure the services of a registered land surveyor or a BLM cadastral surveyor to restore the disturbed monuments and references using surveying procedures found in the *Manual of Surveying Instructions for the Survey of the Public Lands in the United States*, latest edition. The operator shall record such survey in the appropriate county and send a copy to the AO. If the BLM cadastral surveyors or other Federal surveyors are used to restore the disturbed survey monument, the operator shall be responsible for the survey cost.
3. Boundary adjustments in oil and gas leases held by the operator shall automatically require the applicant to obtain a ROW to include that portion of the facilities no longer contained within the operator held leases.
4. Ninety days prior to termination of the ROWs, the operator shall contact the AO to arrange a pre-termination conference. This conference will be held to review the termination provisions of the grant.
5. If snow removal from access roads is undertaken, equipment used for snow removal operations shall be equipped with shoes to keep the blade three inches off the road surface. Holder shall take special precautions where the surface of the ground is uneven and at drainage crossings to ensure that equipment blades do not destroy vegetation.
6. Mud blading shall not be allowed without authorization from the AO.
7. As directed by the AO, all road segments shall be winterized by providing and maintaining a well-drained roadway with water bars and any additional measures necessary to minimize erosion and other damage to the roadway or the surrounding public land.
8. Construction of the individual pipelines and access road shall be such that the total disturbed area is no greater than 50 feet.

Conditions of Approval

II. NOTICES

A. DRILLING PLAN

1. All operations, unless a variance has been granted in writing by the Authorized Officer, must be conducted in accordance with 43 CFR PART 3160 - Onshore Oil and Gas Operations, Onshore Oil and Gas Order No.1; Approval of Operations on Onshore Federal and Indian Oil and Gas Leases; and Onshore Oil and Gas Order No. 2; Drilling Operations. If air or mist drilling is used, operations must be in accordance with Onshore Oil and Gas Order No. 2; Drilling Operations, Part E; Special Drilling Operations.

2. The operator is responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations.

3. Major deviations from the drilling plan require prior approval from the Authorized Officer. The operator shall verbally notify either the petroleum engineer or petroleum engineering technician 24 hours prior to the following operations to provide notice of:

- a) Well spud (Breaking ground for drilling surface casing)
- b) Running and cementing of all casing strings
- c) Pressure testing of BOPE or any casing string
- d) Commencing completion operations

A written sundry notice of the well spud must be submitted within five (5) working days.

4. All BOPE tests will be done by a tester and not by the rig pumps. The tests will include a low pressure test of 250 psi for five minutes prior to initiating the high pressure tests discussed in Onshore Order No. 2

5. No "new" hardband drill pipe abrasive to casing will be rotated inside the surface casing. Hardband drill pipe will be considered new until it has been run at least once.

6. Drilling muds with chlorides testing in excess of 3,000 ppm or those containing hydrocarbons shall not be used in drilling operations until after the surface casing has been set.

7. During surface cementing operations, should cement not be circulated to surface the WRFO shall be verbally notified as soon as reasonably possible. A log acceptable to the WRFO shall be run to determine the top of cement prior to commencing remedial cementing operations. If cement is circulated to surface and subsequently falls back, top job(s) will be performed until cement remains at surface.

Conditions of Approval

8. Due to the extensive lost circulation problems that are being encountered in the Piceance Basin during drilling operations from surface to total depth (TD), and given that all usable water zones, potential productive zones, and lost circulation zones shall be protected and/or isolated per Onshore Order #2, the White River Field Office requires sufficient volumes of cement be pumped to meet these requirements. Cement tops behind intermediate and production casing will be verified by an acceptable log to ensure compliance with this Order.

9. Chronologic drilling progress reports must be sent directly to the BLM White River Field Office on a daily basis, either electronically or by fax (970-878-3805) to the Petroleum Engineer and/or other designated petroleum engineering technicians until the well is drilled to total depth.

10. All drill cuttings shall be contained in a pit on the pad of the well being drilled, or hauled to an approved disposal site. All pits shall maintain a minimum of two feet of free board at all times.

11. For foam and ultralight cement jobs that are performed in cementing the intermediate or production strings, the operator will wait at least 36 hours for cement to harden before running a specialized log capable of reading pipe cement bond and verifying tops of cement. The White River Field Office shall be verbally notified prior to running such specialized log with enough advance notice to allow a representative from this office to witness. Logs showing pipe cement bond and tops of cement for intermediate and production cement jobs will be forwarded to the BLM.

12. One copy of all charted BOPE tests, logs, core descriptions, core analyses, well-test data, geologic summaries, sample descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed with the completion report, Form 3160-4. This completion report shall be filed within 30 days of completion of operations and submitted prior to, or along with the first production notice.

13. The WRFO requires the measurement of individual gas, oil (condensate) and water production streams at the wellhead, unless otherwise approved in advance by the BLM. The sales point for natural gas will be at the wellhead. All meters will be calibrated in place prior to any deliveries. The White River Field Office will be provided with a date and time for the initial meter calibration and all future meter proving and calibration schedules with enough advance notice, 24 hour minimum, to allow a representative from this office to witness. A copy of the meter proving and calibration reports will be submitted to the White River Field Office. Oil (condensate) will be sold from secured tanks on location, unless otherwise approved in advance by the BLM.

Conditions of Approval

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