



United States
Department of
Agriculture

Forest
Service

Rocky
Mountain
Region

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Lakewood, CO 80225-0127
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File Code: 2820-2

Date: February 10, 2005

State Director, Colorado State Office
Attn: Oil & Gas Leasing Team
Bureau of Land Management
2850 Youngfield Street
Lakewood, CO 80215-7076

RE: Proposed O&G lease for the following described lands:
T. 13 S., R. 89 W., 6th PM, Sec 7: SI; Sec. 8: Lots 7, 11-14, W2SW.
EOI-847 (FS C-20020507-6)

PUBLIC DOMAIN LANDS, FUND SYMBOL 145003, FS UNIT CODE 94

Dear Oil & Gas Leasing Team:

The Environmental Impact Statement and Record of Decision to authorize leasing on National Forest System lands referenced above have been completed. The Forest Service consents to lease issuance subject to the enclosed Notice for Lands of the National Forest System, five Controlled Surface Use Stipulations, two No Surface Occupancy Stipulations, and a Timing Limitation Stipulation.

The lease may be offered or made available for a period of up to 30 months with the enclosed stipulations. This period allows up to 6 months for processing and administrative action and 24 months for the lease area to be available in the event it is not awarded at the competitive sale.

Enclosed are copies of the Forest Service NEPA Validation/Verification form for Oil and Gas Leasing Proposals, and the documentation of the NEPA analysis, leasing decision and coordination with the Forest Land and Resource Management Plan.

Sincerely,

/s/ Randall Karstaedt

RANDALL KARSTAEDET
Director, Physical Resources

Enclosures

cc: Paonia RD, w/o enclosures

SMD: smd 2/8/2005



REGION 2
NEPA VALIDATION & VERIFICATION FORM 36 CFR 228.102 E 1
for
Oil & Gas Leasing

I. INTRODUCTION

A. FOREST: GRAND MESA, UNCOMPAHGRE, AND GUNNISON NATIONAL FOREST

DISTRICT: PAONIA RANGER DISTRICT

Legal description of proposed lease parcel:

FEDERAL SURFACE/FEDERAL (PUBLIC DOMAIN) MINERALS

T. 13 S., R. 89 W., 6TH PM

Sec. 7: SE

Sec. 8: Lots 7, 11-14, W2SW

B. Land Status:

1. Is the parcel or portions of the parcel administratively unavailable for leasing?
() YES (X) NO

If not, reason for unavailability:

2. Lease Proposal:

Includes private land with Federal minerals? () YES (X) NO

If yes, are NFS issues involved? () YES (X) NO

If yes, attach Forest Service issues and recommendations for private lands. NFS recommendations to BLM for private lands are not binding or subject to appeal.

II. NEW INFORMATION 36 CFR 228.102 E 1

A. Has leasing been adequately addressed in a NEPA document? (X) YES () NO

Name of Document: FINAL OIL AND GAS ENVIRONMENTAL IMPACT STATEMENT AND RECORD OF DECISION, GMUG, 1993

B. Is there significant new information or circumstances as defined by 40 CFR 1502.9 requiring additional environmental analysis? () YES (X) NO

If yes, additional NEPA required:

C. Is leasing this parcel consistent with the Forest Land/Grassland and Resource Management Plan? (X) YES () NO

D. Are conditions of occupancy properly included as stipulations in the resulting lease? (X) YES () NO

E. Are operations and development allowable on the proposed lease except where stipulations will prohibit all surface occupancy? (X) YES () NO

**III. SUMMARY OF VERIFICATION ANALYSIS AND RECORD OF
CONSENT/DENIAL TO LEASE:**

() A. Consent to issuance of the lease subject to Standard Lease Terms and Forest Service Notice for Lands. (R2-FS-2820-13 (92))

(X) B. Consent to issuance of the lease subject to Standard Lease Terms and Forest Service Notice for Lands R2-FS-2820-13 92. (SLT) and the following stipulations:

- X ___ No surface Occupancy Stipulation NSO -
 X ___ Timing Limitation Stipulation TL -
 X ___ Controlled Surface Use Stipulation CSU -
 ___ Lease Notice LN -

() C. Object deny to lease for all or part of the proposed case area description of denied area and reason for denial attached.

IV. PREPARED BY:

[Signature]
Minerals Specialist

Paonia
District

7/29/04
Date:

V. CONCURRENCE:

[Signature]
District Ranger

PAONIA
District

05/02/04
Date:

MINIMUM ATTACHMENTS

Parcel Map 7.5 min.
 Required Stipulations
 Lease Notices
 Check List (optional)
 Lease Denial (if applicable)

SPECIFIC VALIDATION/VERIFICATION FORM

Stipulation	Stip Applied? Y/N	If Yes, Stip type	Remarks	Reviewing Specialist, initial/date
1 Slopes 40% - 60%	Y	CSU		RT 7/29/04
2 Slopes Greater than 60%	Y	NSO		RT 7/29/04
3 Moderate Geologic Hazard	Y	CSU		RT 7/29/04
4 High Geologic Hazard	N			
Areas with Extremely Sensitive:				
5 Wetlands/Floodplains/Riparian Areas	Y	NSO		RT 7/29/04
6 Alpine/Tundra Areas	N			
7 Low VAC + Retention VQO	N			
8 Retention VQO	Y	CSU		RT 7/29/04
Threatened & Endangered Species				
9 Identify species:	N			
Critical Wildlife Habitat Identified in Forest Plan:				
10 Winter Habitat	Y	CSU/T		RT 7/29/04
11 Birthing Area	N			
12 Summer Range	N			
13 Other specify:	N			
Developed Recreation Sites:				
14 Recreation Complexes	N			
15 Major Trails	N			
Recreation Opportunity Spectrum:				
16 Primitive	N			
17 3A Management Areas, Semi-Primitive-nonmotorized	N			
Other Unique Characteristics or Concerns Addressed:				
18 Travel Restrictions Per Travel Management Plan	N			
19 Scenic Byway Corridor	Y	CSU		RT 7/29/04
20 Watershed of Special Interest to Municipalities	N			
21 Areas Eligible for Inclusion in National Register (NRHP)	N			
22 Battlement Mesa Roadless Areas	N			
23 Sensitive 5B Areas	N			
24 Special Use Occupancies	N			
25 Administrative Sites	N			

**NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
DEPARTMENT OF AGRICULTURE**

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed

to: **Forest Supervisor,**

Grand Mesa-Uncompahgre-Gunnison NF
2250 Highway 50
Delta, CO 81416
970-874-6600

who is the authorized representative of the Secretary of Agriculture.

NOTICE

CULTURAL AND PALEONTOLOGICAL RESOURCES - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site specific cultural resource inventory is required.
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface disturbing plan of operation is submitted.
3. Implement mitigation measures required by the FS and BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation

will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

The lessee or operator shall immediately bring to the attention of the FS and BLM any cultural or paleontological resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by FS and BLM.

ENDANGERED OR THREATENED SPECIES - The FS is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the FS that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resource specialist approved by the FS. An acceptable report must be provided to the FS identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

CONTROLLED SURFACE USE STIPULATION
RETENTION VISUAL QUALITY OBJECTIVE

Surface occupancy or use is subject to the following special operating constraints.

When necessary to meet the retention visual quality objective (VQO), site clearings, roads, collection facilities, structures, utilities and pipelines will be relocated. At the time of an APD, a visual resource assessment will be made considering vegetation, topography, proposed facilities and on-site controls necessary to mitigate expected impacts sufficiently to insure meeting the retention VQO.

On lands described below:

T. 13 S., R. 89 W., 6th PM

Sec. 7: N2SE

Sec. 8: Lots 7, 11, 14, NWSW

On portions (or all, which ever is applicable) of the lands as shown on the attached map, Exhibit A. All areas within the lease hold which are identified as having a Retention VQO fall under jurisdiction of this stipulation. Planning scale visual quality maps are on file at the District offices and at the Forest Supervisors Office in Delta, Colorado.

For the purpose of:

1. Protecting the natural and social scenic values of these areas.
2. Preventing location of oil and gas related facilities in areas where a retention VQO could not be met.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1650 and 2820.)

**CONTROLLED SURFACE USE STIPULATION
SCENIC BYWAYS**

Surface occupancy or use is subject to the following special operating constraints.

When necessary to meet the scenic, social, cultural and historical values associated with the (site specific Byway) site clearing, roads, collection facilities, structures, utilities and pipelines will be relocated. At the time of an APD, visual and interpretive resource assessments will be made considering vegetation, topography, proposed facilities and on-site controls necessary to mitigate impacts to the (specific byway). A computer generated perspective may be required as part of the visual impact assessment.

On lands described below:

T. 13 S., R. 89 W., 6th PM

Sec. 7: SE

Sec. 8: Lots 7, 11, 13, 14, NWSW

On portions (or all, which ever is applicable) of the lands as shown on the attached map, Exhibit A. Any area within the leasehold which is within the (specific Scenic Byway) falls under the jurisdiction of this stipulation.

For the purpose of:

To protect the scenic, social, historic and cultural resource values associated with the specific Scenic Byway.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1650 and 2820.)

**CONTROLLED SURFACE USE STIPULATION
BIG GAME WINTER RANGE****Surface Occupancy or use is subject to the following special operating constraints.**

Limit road use to periods when animals are not present on the winter range. Restrict road use to operators. Recontour and revegetate to prior existing conditions (to extent possible) new roads when work is complete.

Operation and maintenance of production facilities will be scheduled to minimize adverse effects on big game (Elk, Mule Deer, Big Horn Sheep, and Turkey) from December 1 to April 30.

On the lands described below:

T. 13 S., R. 89 W., 6th PM
Sec. 8: Lot 7

On portions (or all, which ever is applicable) of the lands as shown on the attached map, Exhibit A. Any area within the leasehold which is classified as Big Game winter range for one of the 4 species listed above falls under jurisdiction of this stipulation.

For the purpose of (reasons):

Protecting big game winter range for Elk, Mule Deer, Big Horn Sheep, and Turkey. These ranges are extremely important for animal survival during winter. Disturbances and habitat losses may place unnecessary stress on wintering wildlife herds and cause increase in herd mortality.

Waivers, exceptions, or modifications (WEMs) to this stipulation will be considered only at the time operations are proposed, and will be subject to the Forest Land and Resource Management Plan in effect at the time of consideration, and will be subject to applicable regulatory and environmental compliance requirements. Granting of a WEM is a discretionary action which the operator should not routinely expect. The Forest Service reserves the right to impose other stipulations in the same area of the leasehold if a WEM is granted.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

**TIMING LIMITATION STIPULATION
BIG GAME WINTER RANGE**

No surface use is allowed during the following time period(s). This stipulation does not apply to operation and maintenance of production facilities.

1. Exploration, drilling and development activity will not be allowed during the period from December 1 to April 30.
2. New oil and gas roads on public lands will be closed yearlong to the public.

On the lands described below:

T. 13 S., R. 89 W., 6th PM
Sec. 8; Lot 7

On portions (or all, which ever is applicable) of the lands as shown on the attached map, Exhibit A. All lands which are classified as big game winter range fall within jurisdiction of this stipulation.

For the purpose of (reasons):

Preventing unnecessary stress on the wintering wildlife herds and causing an increase in mortality resulting from disturbances and habitat losses. These areas are critical for mule deer, bighorn sheep, elk and turkey during winter. They serve as key concentration areas which support and sustain these species and are extremely important for animal survival.

Waivers, exceptions, or modifications (WEM's) to this stipulation will be considered only at the time operations are proposed, and will be subject to the Forest Land and Resource Management Plan in effect at the time of consideration, and will be subject to applicable regulatory and environmental compliance requirements. Granting of a WEM is a discretionary action which the operator should not routinely expect. The Forest Service reserves the right to impose other stipulations in the same area of this leasehold if a WEM is granted.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

**CONTROLLED SURFACE USE STIPULATION
MODERATE GEOLOGIC HAZARDS**

Surface occupancy or use is subject to the following special operating constraints.

Special interdisciplinary team analysis and mitigation plans detailing construction and mitigation techniques will be required on areas having moderate geologic hazards. (Interdisciplinary team disciplines could include: geotechnical engineer, soils engineer, roads engineer, oil and gas specialist and reclamation specialist.) Attributes constituting moderate geologic hazard include stabilized earthflows, stabilized mudflows and stabilized landslides; slopes adjacent to failed slopes or active earthflows, mudflows or landslides and avalanche chutes; areas of rockfall; flash flood zones; and areas with potential mining related problems (i.e., subsidence, acid drainage).

On lands described below:

T. 13 S., R. 89 W., 6th PM

Sec. 7: SF

Sec. 8: Lots 7, 11-14, W2SW

On portions (or all, which ever is applicable) of the lands as shown on the attached map, Exhibit A. Any area within the leasehold which is identified as having moderate geologic hazard falls under jurisdiction of this stipulation.

For the purpose of:

To insure the stability of facilities required (roads, pipelines, drillpads, etc.) during the oil and gas operations and to insure the stability of lands adjacent to these facilities.

Waivers, exceptions, or modifications (WEM'S) to this stipulation will be considered only at the time operations are proposed, and will be subject to the Forest Land and Resource Management Plan in effect at the time of consideration, and will be subject to applicable regulatory and environmental compliance requirements. Granting of a WEM is a discretionary action which the operator should not routinely expect. The Forest Service reserves the right to impose other stipulations in the same area of this leasehold if a WEM is granted.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1650 and 2820.)

**NO SURFACE OCCUPANCY STIPULATION
WETLANDS/FLOODPLAINS/RIPARIAN AREAS**

No surface occupancy or use is allowed on the lands defined as a Wetland, a Floodplain, or a Riparian area. These areas are generally shown on USGS quadrangle maps.

T. 13 S., R. 89 W., 6th PM

Sec. 7: NESE

Sec. 8: Lots 7, 12-14, W2SW

On portions (or all, which ever is applicable) of the lands as shown on the attached map, Exhibit A.

Wetlands, Floodplains and Riparian Areas of any defined drainage or location containing these specific ecosystem types come under jurisdiction of this stipulation. Drill pads, staging areas and storage sites will not be allowed in these areas. When road locations must occur in these areas, streams will be crossed at right angles and access across other areas will be held to a minimum. Streams will not be paralleled by roads through these areas.

Location of these areas which is more specific than can be identified on USGS topographical maps will come at the APD stage based on on-the-ground observations.

For the purpose of:

The management of wetlands and floodplains are subject to Executive Orders 11990 and 11988, respectively. The purpose of the EO's are to avoid to the extent possible the long and short term adverse impacts associated with the destruction or modification of wetlands and floodplains and to avoid direct or indirect support of new construction in wetlands wherever there is a practical alternative.

Also, it is recognized that there is a direct relationship between impacts on such areas and effects on water quality and aquatic ecosystems. There is a high risk of irreversible and irretrievable impacts on the latter with operation and developments in wetlands, floodplains and riparian areas.

Waivers, exceptions, or modifications (WEM's) to this stipulation will be considered only at the time operations are proposed, and will be subject to the Forest Land and Resource Management Plan in effect at the time of consideration, and will be subject to applicable regulatory and environmental compliance requirements. Granting of a WEM is a discretionary action which the operator should not routinely expect. The Forest Service reserves the right to impose other stipulations in the same area of this leasehold if a WEM is granted.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820).

CONTROLLED SURFACE USE STIPULATION
SLOPES 40-60%**Surface occupancy or use is subject to the following special operating constraints.**

Special inter-disciplinary team analysis and mitigation plans detailing construction and mitigation techniques will be required on areas with slopes ranging from 40-60%. (Inter-disciplinary team disciplines could include engineering, soil scientist, hydrologist, landscape architect, reclamation specialist and oil and gas specialist.)

Mitigation may include use of erosion control cloths, mats, geoweb soil support materials, lifting and saving local native vegetation in chunks of sod to be later placed over disturbed areas, reseeding disturbed banks with stabilizing seed mix, use of chemical stabilizers, tackifiers and blankets and careful design of surface water flow.

On lands described below:

T. 13 S., R. 89 W., 6th PM

Sec. 7: SE

Sec. 8: Lots 7, 11-14, W2SW

On portions (or all, which ever is applicable) of the lands as shown on the attached map, Exhibit A. Any area within the leasehold which has slopes ranging from 40-60% falls under jurisdiction of this stipulation.

For the purpose of:

Minimizing potential for soil loss, mass land movement, revegetation failure and unacceptable visual impairment.

Waivers, exceptions, or modifications (WEM'S) to this stipulation will be considered only at the time operations are proposed, and will be subject to the Forest Land and Resource Management Plan in effect at the time of consideration, and will be subject to applicable regulatory and environmental compliance requirements. Granting of a WEM is a discretionary action which the operator should not routinely expect. The Forest Service reserves the right to impose other stipulations in the same area of this leasehold if a WEM is granted.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1650 and 2820.)

NO SURFACE OCCUPANCY STIPULATION

SLOPES >60%

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description).

T. 13 S., R. 89 W., 6th PM

Sec. 7: SE

Sec. 8: Lots 7, 11-14, W2SW

On portions (or all, which ever is applicable) of the lands as shown on the attached map, Exhibit A. All areas within the leasehold with 60% slopes or greater fall under jurisdiction of this stipulation.

For the purpose of:

Protection of areas with slopes greater than 60% to prevent impacts to soil resources through erosion, mass failure, loss of productivity, etc.

Waivers, exceptions, or modifications (WEM's) to this stipulation will be considered only at the time operations are proposed, and will be subject to the Forest Land and Resource Management Plan in effect at the time of consideration, and will be subject to applicable regulatory and environmental compliance requirements. Granting of a WEM is a discretionary action which the operator should not routinely expect. The Forest Service reserves the right to impose other stipulations in the same area of this leasehold if a WEM is granted.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820).

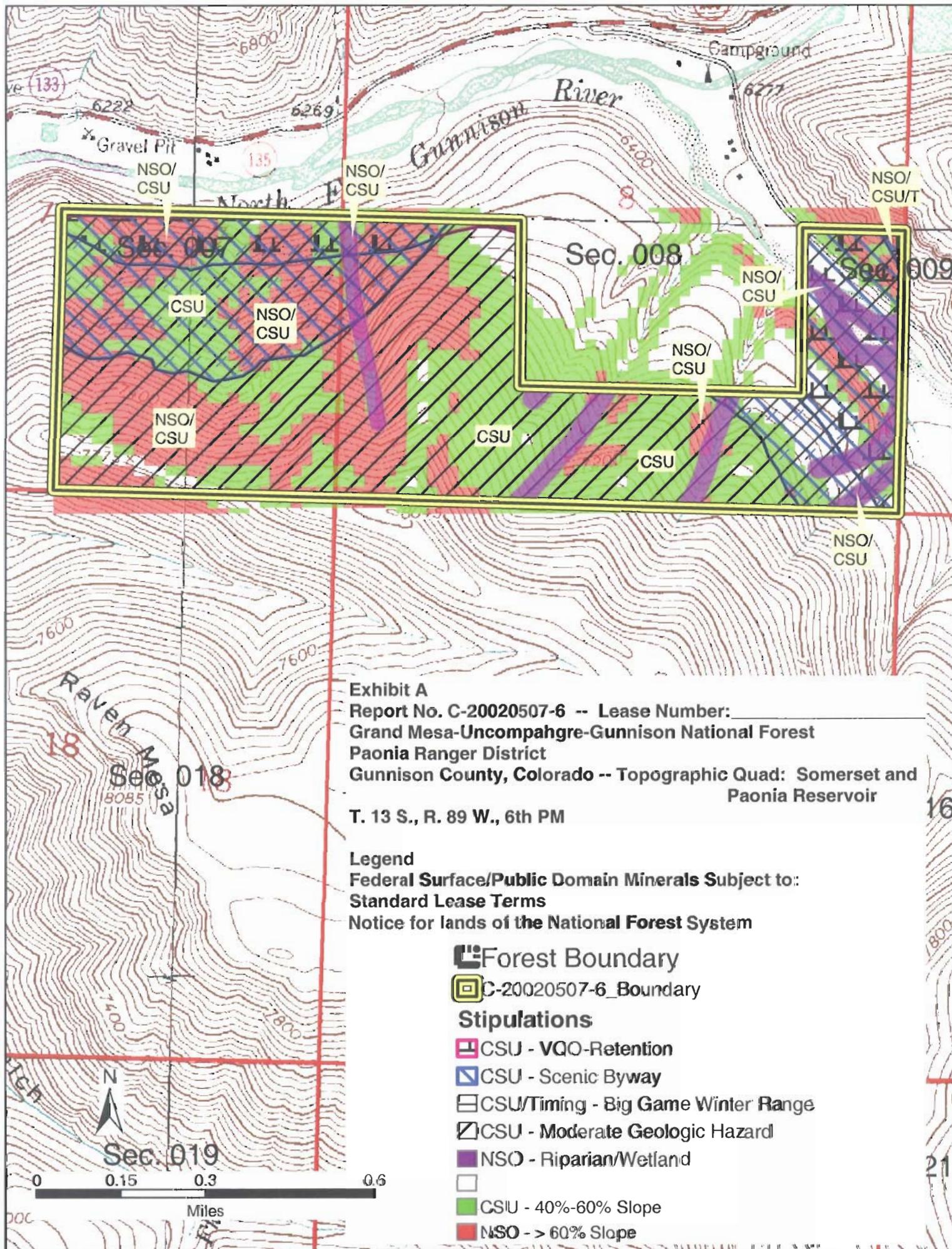


Exhibit A
Report No. C-20020507-6 -- Lease Number: _____
Grand Mesa-Uncompahgre-Gunnison National Forest
Paonia Ranger District
Gunnison County, Colorado -- Topographic Quad: Somerset and Paonia Reservoir

T. 13 S., R. 89 W., 6th PM

Legend
Federal Surface/Public Domain Minerals Subject to:
Standard Lease Terms
Notice for lands of the National Forest System

-  Forest Boundary
-  C-20020507-6 Boundary
- Stipulations**
-  CSU - VQO-Retention
-  CSU - Scenic Byway
-  CSU/Timing - Big Game Winter Range
-  CSU - Moderate Geologic Hazard
-  NSO - Riparian/Wetland
-  CSU - 40%-60% Slope
-  NSO - > 60% Slope