

FORM
28
Rev 8/09

State of Colorado Oil and Gas Conservation Commission



1120 Lincoln Street, Suite 801, Denver, Colorado 80203 (303) 894-2100 Fax: (303) 894-2109

CENTRALIZED E&P WASTE MANAGEMENT FACILITY PERMIT

Submit this Form and accompanying documents for each facility per Rule 908. Financial Assurance in the amount of \$50,000 is required to operate each facility.

Surety ID: _____

OGCC Operator Number: <u>10119</u>		Contact Name and Telephone:
Name of Operator: <u>Maralex Disposal, LLC</u>		<u>Doris Ney</u>
Address: <u>P.O. Box 338</u>		No: <u>970-563-4000</u>
City: <u>Ignacio</u>	State: <u>CO</u> Zip: <u>81137</u>	Fax: <u>970-563-4116</u>
Surface Owner (if different than above): <u>Bureau of Land Management</u>		
Address: <u>2815 H Road</u>		
City: <u>Grand Junction</u>	State: <u>CO</u> Zip: <u>81506</u>	Phone: _____
Facility Name: <u>Roan Creek Evaporation Pond</u>		Location (QtrQtr, Sec, Twp, Rng, Mer):
Address: _____		<u>NESE Section 36, T8S, R98W</u>
City: _____	State: _____ Zip: _____	Latitude: <u>09 deg. 12.546 min.</u>
Phone: _____	Fax: _____	Longitude: <u>106 deg. 56.940 min.</u>

Complete the Attachment Checklist

	Oper	OGCC
Site description (topo, geol, hydro)		
Adjacent land use description		
Topographic map		
Site drainage map with structures		
Scaled drawing and survey map		
Facility design & engineering		
Operating plan		
Water analysis report		
Financial assurance		
Closure plan		
Local gov't zoning compliance		
Local gov't permits and notices		

1. Is the site in a sensitive area? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	2. What are the average annual precipitation and evaporation rates for the site? Precipitation: <u>15</u> inches/year Evaporation: <u>15</u> inches/year
3. Has a description of the site's general topography, geology and hydrology been attached? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	
4. Has a description of the adjacent land use been attached? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	5. Has a 1:24,000 topographic map showing the site location been attached? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N
6. Has a site plan showing drainage patterns, diversion or containment structures, roads, fencing, tanks, pits, buildings and any other pertinent construction details been attached? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	
7. If site is not owned by the operator, is written authorization of the surface owner attached? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	8. Has a scaled drawing and survey showing the entire section(s) containing the proposed facility been attached? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N
9. What measures have been implemented to limit access to the facility by wildlife, domestic animals or by members of the public? Briefly explain. <u>There is gated access with a game fence surrounding perimeter of pond. A lock will be added to the gate upon completion of the soil treatment.</u>	
10. Is there a planned firelane of at least 10 feet in width around the active treatment areas and within the perimeter fence? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	11. Is there an additional buffer zone of at least 10 feet within the perimeter firelane? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N
12. Have surface water diversion structures been constructed to accommodate a 100-year, 24-hour event? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	13. Has a waste profile been calculated according to Rule 908.b.6? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N
14. Has facility design and engineering been provided as required by Rule 908.b.7? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	15. Has an operating plan been completed as required by Rule 908.b.8? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N
16. Has ground water monitoring for the site been provided? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N ***Attach Water Analysis Report, Form 25, for each monitoring well installed.***	
17. Has financial assurance been provided as required by Rule 704? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	18. Has a closure plan been provided? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N
19. Have local government requirements for zoning and construction been complied with? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	20. Have permits and notifications required by local governments and other agencies been provided? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N

Print Name: Doris Ney

Signed: Doris Ney Title: Production Technologist Date: 5/31/2011

OGCC Approved: _____ Title: _____ Date: _____

CONDITIONS OF APPROVAL, IF ANY:

Facility Number: _____

Roan Creek Evaporation Pond was permitted with the BLM in August 1998.

Explanation of items on first page:

3. General topography, geology and hydrology. Please see attached environmental assessment record.
4. Description of adjacent land. Please see attached environmental assessment record. Both site and adjacent land are BLM.
7. Written authorization of surface owner. Please see ROW Grant attached.
13. Waste plan profile. Prior to the temporary closure, Roan Creek was accepting approximately 2500 bbls of produced water monthly from local wells operated by Maralex Resources, Inc. Samples will be obtained from each of the wells and submitted to the COGCC once the wells are returned to production.
14. Facility design and engineering. Please see attached environmental assessment record.
15. Operating plan per Rule 980 b. 8. Please see BLM permit.
16. Ground water monitoring. Water analysis will be provided for produced water from each well which deposits water into the evaporation pond when the wells are put back into production.
17. Financial assurance. Maralex holds a bond in the amount of \$60,000 to cover closure.
18. Closure plan. - Please see BLM permit.

STANDARD FORM 200 (10/95)
Prescribed by DOI/USDA/DOT
P.L. 96-487 and Federal
Register Notice 5-22-95

APPLICATION FOR TRANSPORTATION AND
UTILITY SYSTEMS AND FACILITIES
ON FEDERAL LANDS

FORM APPROVED
OMB NO. 1004-0060
Expires: August 31, 1998

FOR AGENCY USE ONLY

NOTE: Before completing and filing this application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing this application. Many times, with the help of the agency representative(s), the application can be completed at the preapplication meeting.

Application Number

Date Filed

1. Name and address of applicant (include zip code) Maralex Resources, Inc. P.O. Box 338 Ignacio, Colorado 81137	2. Name, title, and address of authorized agent if different from item 1 (include zip code) N/A	3. TELEPHONE (area code) Applicant (970) 563-4000 Authorized Agent
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4. As applicant are you? (check one)

- a. ☐ Individual
b. ☒ Corporation*
c. ☐ Partnership/Association*
d. ☐ State Government/State Agency
e. ☐ Local Government
f. ☐ Federal

* If checked, complete supplemental page

5. Specify what application is for: (check one)

- a. ☐ New authorization
b. ☐ Renewing existing authorization No.
c. ☒ Amend existing authorization No.
d. ☐ Assign existing authorization No.
e. ☐ Existing use for which no authorization has been received*
f. ☐ Other*

* If checked, provide details under item 7

6. If an individual, or partnership are you a citizen(s) of the United States? ☐ Yes ☐ No

7. Project description (describe in detail): (a) type of system or facility, (e.g., canal, pipeline, road); (b) related structures and facilities; (c) physical specifications (length, width, grading, etc.); (d) term of years needed; (e) time of year of use or operation; (f) volume or amount of product to be transported; (g) duration and timing of construction; and (h) temporary work areas needed for construction. (Attach additional sheets, if additional space is needed.)

As the owner/operator of the Roan Creek Evaporative Pond, Maralex Resources, requests the authorization to use the facility to dispose of produced water from wells in close proximity to the facility. Any Maralex operated well, not in the Roan Creek Unit, is currently having its produced water trucked to Black Mountain Disposal, even if the well is adjacent to the evaporative pond. This application requests approval to dispose of only Maralex operated produced water from nearby wells. The trucking of even a small volume of produced water has resulted in very marginal or in many cases negative economics.

8. Attach a map covering area and show location of project proposal

9. State of Loe government approval: ☐ Attached ☐ Applied for ☒ Not required

10. Nonreturnable application fee: ☐ Attached ☒ Not required

11. Does project cross international boundary or affect international waterways? ☐ Yes ☒ No (If "yes," indicate)

12. Give statement of your technical and financial capability to construct, operate, maintain, and terminate system for which authorization is requested.

The Roan Creek Evaporative Pond is constructed and operational. The facility was constructed with a game fence surrounding the perimeter, according to BLM specifications. The pond is lined with an approved impermeable barrier. An extensive leak detection system underlies the impermeable barrier. The system continues to show no leakage from the liner. The facility has two tanks that any truck water is transferred to. The system is set up to catch any hydrocarbons in the tanks before the water is transferred to the pit. There continues to be no hydrocarbons in the system. Only produced water will be handled.

(Continued on reverse)

This form is authorized for local reproduction.

13a. Describe other reasonable alternative routes and means considered.

An alternative of disposing of prod. water in the Roan Creek facility is the trucking of the water to the Black Mountain facility. The economics do not support this on the majority of the wells adjacent to the pond. Reverse osmosis systems have not proven economical.

b. Why were these alternatives not selected?

Trucking to Black Mountain Disposal is being used when it is economical feasible. The installation of reverse osmosis systems are not economically viable with the relative high water volumes and low initial gas rates on the Cameo coal wells.

c. Give explanation as to why it is necessary to cross Federal Lands.

The Roan Creek Evaporative pond is located on Federally administered BLM lands. The use of this facility for nearby but non-unit wells will considerably reduced the distance the water has to be trucked across Federal, State and private lands.

14. List authorizations and pending applications filed for similar projects which may provide information to the authorizing agency. (Specify number, date, code, or name)

N/A

15. Provide statement of need for project, including the economic feasibility and items such as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.

The disposal of produced water at the Roan Creek facility significantly reduces the water disposal costs on the adjacent wells. The use of this facility will considerably lessen the truck traffic to Black Mtn. A number of wells could be restored to production.

16. Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.

The facility has been operational for the past several years. No adverse effects have occurred. Maralex or the previous operator have received no complaints concerning the facility. Instead of trucking water 30 miles, produced water will be trucked 1-5 mi. from adjacent well.

17. Describe likely environmental effects that the proposed project will have on: (a) air quality; (b) visual impact; (c) surface and ground water quality; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land, including vegetation, permafrost, soil, and soil stability.

Air quality will not be impacted. The evaporative pond operates with no engines or motors. The visual impact is minimal. The facility blends in with the terrain well. The addition of nearby wells will allow the facility to operate still under the design water rates.

18. Describe the probable effects that the proposed project will have on (a) populations of fish, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing those animals.

All of the water is contained in an impermeable pond. The water therefore can not harm fish wildlife and marine life. The pond is designed with an extensive leak detection system. If by chance a leak is detected it will be repaired.

19. State whether any hazardous material, as defined in this paragraph, will be used, produced, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), as amended, 42 U.S.C. 9601 et seq., and its regulations. The term hazardous materials also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or designated as a hazardous substance under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas.

Only produced water from nearby wells will be used at this facility. Water analysis show the water to be anywhere from 1500 to 10,000 ppm total dissolved solids. The facility will not handle any hazardous materials.

20. Name all the Department(s)/Agency(ies) where this application is being filed.

Bureau of Land Management - Grand Junction office - Attn. Dave Trappett and Will Lambert

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained in the application and believe that the information submitted is correct in the best of my knowledge.

Signature of Applicant

Deanna R. Keimera

Date July 14, 1997

Title 18 U.S.C. Section 1001, makes 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.

SUPPLEMENTAL

NOTE: The responsible agency(ies) will provide additional instructions

CHECK APPROPRIATE BLOCK

I - PRIVATE CORPORATIONS

ATTACHED

FILED*

a. Articles of Incorporation

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b. Corporation Bylaws

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c. A certification from the State showing the corporation is in good standing and is entitled to operate within the State.

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d. Copy of resolution authorizing filing

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e. The name and address of each shareholder owning 1 percent or more of the shares, together with the number and percentage of any class of voting shares of the entity which such shareholder is authorized to vote and the name and address of each affiliate of the entity together with, in the case of an affiliate controlled by the entity, the number of shares and the percentage of any class of voting stock of that affiliate owned, directly or indirectly, by that entity, and in the case of an affiliate which controls that entity, the number of shares and the percentage of any class of voting stock of that entity owned, directly or indirectly, by the affiliate.

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f. If application is for an oil or gas pipeline, describe any related right-of-way or temporary use permit applications, and identify previous applications.

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g. If application is for an oil and gas pipeline, identify all Federal lands by agency impacted by proposal.

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II - PUBLIC CORPORATIONS

a. Copy of law forming corporation

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b. Proof of organization

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c. Copy of Bylaws

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d. Copy of resolution authorizing filing

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e. If application is for an oil or gas pipeline, provide information required by item "f-f" and "f-g" above.

☐

☐

III - PARTNERSHIP OR OTHER UNINCORPORATED ENTITY

a. Articles of association, if any

☐

☐

b. If one partner is authorized to sign, resolution authorizing action is

☐

☐

c. Name and address of each participant, partner, association, or other

☐

☐

d. If application is for an oil or gas pipeline, provide information required by item "f-f" and "f-g" above.

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* If the required information is already filed with the agency processing this application and is current, check block entitled "Filed." Provide the file identification information (e.g., number, date, code, name). If not on file or current, attach the requested information.

NOTICE

The Privacy Act of 1974 provides that you be furnished the following information in connection with information required by this application for an authorization.

AUTHORITY: 18 U.S.C. 910; 5 U.S.C. 501.

PRINCIPAL PURPOSE: The information is to be used to process the application.

ROUTINE USES: (1) The processing of the applicant's request for an authorization. (2) Documentation for public information. (3) Transfer to appropriate Federal agencies when concurrence is required prior to granting a right in public lands or resources. (4)(b) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION: Disclosure of the information is voluntary. If all the information is not provided, the application may be rejected.

DATA COLLECTION STATEMENT

The Federal agencies collect this information from applicants requesting right-of-way, permit, license, lease, or certification for the use of Federal lands.

The Federal agencies use this information to evaluate the applicant's proposal.

The public is obligated to submit this form if they wish to obtain permission to use Federal lands.

A reproducible copy of this form may be obtained from the Bureau of Land Management, Division of Lands, 1820 L Street, Rm. 204, Washington, D.C. 20036.

APPLICATION FOR TRANSPORTATION AND UTILITY SYSTEMS AND FACILITIES ON FEDERAL LANDS

GENERAL INFORMATION ALASKA NATIONAL INTEREST LANDS

This application will be used when applying for a right-of-way, permit, license, lease, or certificate for the use of Federal lands which lie within conservation system units and National Recreation or Conservation Areas as defined in the Alaska National Interest Lands Conservation Act. Conservation system units include the National Park System, National Wildlife Refuge System, National Wild and Scenic Rivers System, National Trails System, National Wilderness Preservation System, and National Forest Monuments.

Transportation and utility systems and facility uses for which the application may be used are:

1. Canals, ditches, flumes, laterals, pipes, pipelines, tunnels, and other systems for the transportation of water.
2. Pipelines and other systems for the transportation of liquids other than water, including oil, natural gas, synthetic liquid and gaseous fuels, and any refined product produced therefrom.
3. Pipelines, slurry and emulsion systems, and conveyor belts for transportation of solid materials.
4. Systems for the transmission and distribution of electric energy.
5. Systems for transmission or reception of radio, television, telephone, telegraph, and other electronic signals, and other means of communications.
6. Improved rights-of-way for snow machines, air cushion vehicles, and all-terrain vehicles.
7. Roads, highways, railroads, turnpikes, tramways, airports, landing strips, docks, and other systems of general transportation.

This application must be filed simultaneously with each Federal department or agency requiring authorization to establish and operate your proposal.

In Alaska, the following agencies will help the applicant file an application and identify the other agencies the applicant should contact and possibly file with:

Department of Agriculture
Regional Forester, Forest Service (USFS)
Federal Office Building, P.O. Box 21828
Juneau, Alaska 99802-1628
Telephone: (907) 588-7847 (or a local Forest Service Office)

Department of the Interior
Bureau of Indian Affairs
Juneau Area Office
9109 Mendonhall Mall Road, Suite 5, Federal Building Annex
Juneau, Alaska 99802
Telephone: (907) 588-7177

Bureau of Land Management (BLM)
222 West 7th Ave., Box 13
Anchorage, Alaska 99513-7699
Telephone: (907) 271-8477 (or a local BLM office)

National Park Service (NPS)
Alaska Regional Office, 2525 Gamboli St., Rm. 107
Anchorage, Alaska 99503-2802
Telephone: (907) 257-2665

U.S. Fish & Wildlife Service (FWS)
Office of the Regional Director
1011 East Rudor Road
Anchorage, Alaska 99503
Telephone: (907) 788-3440

Note - Filings with any Interior agency may be filed with any office noted above or with the: Office of the Secretary of the Interior, Regional Environmental Officer, Box 120, 1675 C Street, Anchorage, Alaska 99503

Department of Transportation
Federal Aviation Administration
Alaska Region AAL-1, 222 West 7th Ave., Box 14
Anchorage, Alaska 99513-7687
Telephone: (907) 271-8205

NOTE - The Department of Transportation has established the above central filing point for agencies within that Department. Affected agencies are: Federal Aviation Administration (FAA), Coast Guard (USCG), Federal Highway Administration (FHWA), Federal Railroad Administration (FRA).

OTHER THAN ALASKA NATIONAL INTEREST LANDS

Use of this form is not limited to National Interest Conservation Lands of Alaska.

Individual departments/agencies may authorize the use of this form by applicants for transportation and utility systems and facilities on other Federal lands outside those areas described above.

For proposals located outside of Alaska, applications will be filed at the local agency office or at a location specified by the responsible Federal agency.

SPECIFIC INSTRUCTIONS (Items not listed are self-explanatory)

Item

7. Attach preliminary site and facility construction plans. The responsible agency will provide instructions whenever specific plans are required.
8. Generally, the map must show the section(s), township(s), and range(s) within which the project is to be located. Show the proposed location of the project on the map as accurately as possible. Some agencies require detailed survey maps. The responsible agency will provide additional instructions.
- 9, 10, and 12 - The responsible agency will provide additional instructions.
13. Providing information on alternate routes and modes in as much detail as possible, discussing why certain routes or modes were rejected and why it is necessary to cross Federal lands will assist the agency(ies) in processing your application and reaching a final decision. Include only reasonable alternate routes and modes as related to current technology and economics.
14. The responsible agency will provide instructions.
15. Generally, a simple statement of the purpose of the proposal will be sufficient. However, major proposals located in critical or sensitive areas may require a full analysis with additional specific information. The responsible agency will provide additional instructions.
- 16 through 19 - Providing this information in as much detail as possible will assist the Federal agency(ies) in processing the application and reaching a decision. When completing these items, you should use a sound judgment in furnishing relevant information. For example, if the project is not near a stream or other body of water, do not address this subject. The responsible agency will provide additional instructions.

Application must be signed by the applicant or applicant's authorized representative.

Public reporting burden for this form is estimated to vary from 30 minutes to 25 hours per response, with an average of 2 hours per response, including the time for reviewing the instruction, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (Alternate) Bureau Clearance Officer, (WO-673), 1849 O Street, N.W., Washington, D.C. 20240, and the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

If additional space is needed to complete an item, please put the information on a separate sheet of paper and identify it as "Continuation of Item".

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY GRANT/TEMPORARY USE PERMIT

SEP

SERIAL NUMBER COC-61214

-
1. A right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761).
 2. Nature of Interest:
 - a. By this instrument, the holder:

Maralex Resources, Inc.

receives a right to operate, maintain, and terminate an oil and gas produced water evaporation pond and access road on public lands described as follows:

6th Principal Meridian,

T. 8 S., R. 98 W.,

Section 36, W $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$
 - b. The right-of-way or permit area granted here is:

Pond: including fenced area and topsoil storage 285 feet wide, 505 feet long and contains 3.30 acres, more or less.

Road: 24 feet wide, 245 feet long and contains 0.13 acres, more or less.

Total: right-of-way acres equals 3.43 acres more or less.
 - c. This instrument shall terminate on August 30, 2018, 20 years from its effective date unless, prior thereto, it is relinquished, abandoned, terminated, or modified pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.
 - d. This instrument may be renewed. If renewed, the right-of-way or permit shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.
 - e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration, or prior termination, of the grant.

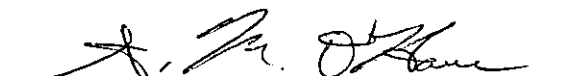
3. Rental:

For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

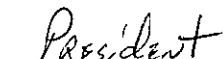
4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations part 2800.
- b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
- c. Each grant issued for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.
- d. The stipulations, plans, maps, or designs set forth in Exhibits A, B, and C, dated August 7, 1998 attached hereto, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
- e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
- f. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.

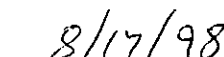
IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.



Signature of Holder



Title



(Date)



Signature of Authorized Officer



Title



(Effective date of Grant)

SPECIAL STIPULATIONS

1. The application and all attachments including the plan for the produced water evaporation pond development shall be adhered to during construction, operation and reclamation of the granted right-of-way. All conditions of USGS NTL-2B approval on October 22, 1982 shall remain in effect unless modified or superseded by special stipulation(s) below.
2. A bond, acceptable to the authorized officer, shall be furnished by the holder. The amount of this bond shall be determined by the authorized officer. This bond must be maintained in effect until removal of improvements, soil/sediment testing is completed, and reclamation of the right-of-way has been accepted by the authorized officer.

Should the bond delivered under this grant become unsatisfactory to the authorized officer, the holder, shall within 30 days of demand, furnish a new bond.

The holder agrees that all monies deposited with the authorized officer as security for holders's performance of the terms and conditions of this grant may, upon failure on the holder's part to fulfill any of the requirements herein set forth or made a part hereof, be retained by the United States to be applied as far as may be needed to the satisfaction of the holder's obligations assumed hereunder, without prejudice whatever to any other rights and remedies of the United States.

3. The pond liner material shall be a 30 mil polypropylene meeting the specifications provided by the holder and attached to the application. The liner shall be installed and tested as per the Polypropylene Guide Specification and Installation Preparation Guide attached to the application. Testing shall include the seams and the entire liner for any leaks. Written documentation of the results of testing to assure liner impermeability shall be provided to BLM within one week of the testing. Liner anchoring shall at a minimum meet specifications be as per the Installations Details sheet attached to the application.
4. BLM shall be notified in writing of the pre-construction meeting identified as 2.1 of the Polypropylene Guide Specification at least one week in advance of the meeting to allow BLM opportunity to attend the meeting.
5. BLM shall inspect the leak detection system prior to the installation of the new liner to assure that a functioning leak detection is in place. The holder shall provide any assistance deemed necessary to complete the leak detection inspection. If BLM determines that the existing leak detection system is not in place, not designed correctly or not functioning as intended, the holder shall submit a plan to install an acceptable leak detection system to BLM for approval. Installation of the liner shall not proceed until BLM approves the existing leak detection system or the plan for an acceptable leak detection system, in writing.
6. The pond, liner, leak detection system and all facilities shall be inspected by the holder on a quarterly basis for leaks or other problems. If any leaks or other significant problems are identified, the BLM Grand Junction Resource Area Office shall be notified immediately.

7. The pond, liner and all facilities shall be maintained in proper functioning condition. Some areas of the existing pond embankment constructed of soil are draining toward the liner. This has allowed the runoff to erode soil that is holding the liner in place and water has drained under the liner. This condition could affect the integrity of the liner and affect the function of the leak detection system. Runoff from the access road and surrounding terrain is also draining on to the embankment.

The pond embankment shall be graded so that precipitation that falls upon the embankment and runoff from the access road and surrounding terrain will drain away from the liner. This requirement shall be accomplished prior to any produced water disposal in the evaporation pond and shall be maintained in this condition until the pond is abandoned and reclaimed.

8. The maximum disturbed width of the access road from Mesa County V.20 Road to the evaporation pond shall not exceed 24 feet with an eighteen foot running surface. The access road shall be maintained in good condition as necessary to prevent soil erosion, and accommodate year-round traffic.
9. The existing fence around the evaporation pond shall be maintained in good condition. All permanent facilities placed within the right-of-way shall be painted a non-reflective desert tan that blends with the natural environment.

A sign shall be posted conspicuously requesting all persons to report any wildlife observed using the water and any wildlife that appears to have been affected by the pond to the Bureau of Land Management, 244-3013. The sign shall be readable from a distance of 30 feet and shall be in place prior to using the pit for water disposal. The operator shall install devices as required to discourage wildlife use if deemed necessary by the authorized officer.

10. The produced water disposal pond shall be used only for disposal of produced water from federal lease wells that have an onshore order #7 approval specifically approving disposal into this pond.
11. The holder shall provide a comprehensive list of wells and estimated volumes of water to be disposed that have lease approval through onshore order #7 for produced water disposal off lease in this pond prior to any water being disposed of from an approved well in this pit. If additional wells are approved via Onshore order #7, after a list has been submitted, an updated list of wells and estimated volumes of water shall be submitted to the authorized officer for approval prior to disposal of water from any new well into this pond.
12. Water quality analysis of produced water from each well to be disposed of in the pond shall be supplied to the BLM as required by onshore order #7 approval. Additional water quality/sediment analysis and analysis items may be required at anytime the BLM deems it necessary.
13. When the pit will be no longer used for water disposal, the sediments in the pit and soil beneath the liner shall be analyzed for hazardous materials. Analysis will include RCRA Characteristics [toxicity (includes heavy metals), corrosivity, ignitability, reactivity], TPH (total petroleum hydrocarbons), BTEX (benzene, toluene, ethylbenzene, xylene), and herbicides. Analytical procedures shall be via EPA approved methods and shall be specified at the time of sampling. Disposal options for the sediments and any contaminated soil beneath the liner shall be in accordance with local, state, and federal regulations and will depend on the results of the analysis.

14. Upon abandonment of the last well approved for disposal into the pond, the operator shall contact the authorized officer within 30 days to arrange a joint inspection of the right-of-way. This inspection shall be held to determine an acceptable reclamation plan. This plan shall include, but is not limited to, removing all sediment and the liner and disposing of it in compliance with any current federal, state or local regulation or laws. Restore the access road and disturbed surface to blend with the adjacent natural terrain. During reclamation of the site, push the fill material into cuts and up over the backslope. Leave no depressions that will trap water or form ponds. Distribute topsoil evenly over the site and seed according to the seed mixture in #14 below. The disturbed area shall be ripped or disked prior to seeding as necessary to prepare the seedbed. Perennial vegetation must be established. Additional work will be required in case of seeding failures. The plan will establish timeframes within which each stage of reclamation of the right-of-way shall be completed. The authorized officer must approve the plan in writing prior to the holder's commencement of any abandonment activities.
15. All disturbed areas will be seeded with the following mixture. Application rates are for pure, live seed (PLS). Seed tags must be submitted to the Area Manager within 30 days of seeding.

<u>Species</u>	<u>Application Rate</u> <u>lbs./Acre PLS</u>
Sodar streambank wheatgrass	2.2
Vinall Russian wildrye	2.0
Paloma Indian ricegrass	2.4
Shadscale	2.0
Rincon fourwing saltbush	2.0
	<u>10.6</u> lbs. PLS/ acre Total

Prepare seedbed by contour cultivating four to six inches deep. Drill seed $\frac{1}{2}$ to 1 inch deep following the contour. In areas that cannot be drilled, broadcast seed at 1.5 times the application rate and cover $\frac{1}{2}$ to 1 inch deep with a harrow or drag bar.

Seeding must be completed after September 1 and prior to October 15 of the year of abandonment.

The area is considered to be satisfactorily reclaimed when:

- A. Soil erosion resulting from the operation has been stabilized.
- B. A vegetative cover at least equal to that present prior to disturbance and a plant species composition at least as desirable as that present prior to disturbance has been established. Establishment of all the species in the seed formula will be considered as meeting the composition/desirable species criteria.

Additional work will be required until these conditions are satisfied.

16. Trash shall be confined in a covered container while the construction project is in progress. Upon completion, all trash, flagging, laths, etc. shall be removed and hauled to an authorized disposal site. No burning of trash, trees, brush or any other material is allowed.

- 17 Thirty days prior to termination of the right-of-way, the holder shall contact the authorized officer to arrange a joint inspection of the right-of-way. This inspection shall be held to determine an acceptable termination and reclamation plan. This plan shall include, but is not limited to, removal of facilities, recontouring, or seeding. The authorized officer must approve the plan in writing prior to the holder's commencement of any abandonment activities.
- 18 Applicant/Lessee shall comply with all County resolutions and regulations and permit requirements.

STANDARD STIPULATIONS

1. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.
2. Pursuant to 43 CFR 10.4(g) the holder of this authorization must notify the authorized officer, 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), you must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the authorized officer.
3. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601 et seq.) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant (see 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
4. The holder shall comply with applicable State standards for public health and safety, environmental protection and siting, construction, operation and maintenance, if these State standards are more stringent than Federal standards for similar projects.

ENVIRONMENTAL ASSESSMENT RECORD

NUMBER: CO-076-7-105-EA (Supplement to Sulfur Gulch Development Plan EA CO-076-6-08-EA and USGS NEPA categorical Exclusion Review October 19, 1982.

CASEFILE/PROJECT NUMBER: COC-61214

PROJECT NAME: Lined Oil and Gas Produced Water Evaporation Pit.

ECOREGION/PLANNING UNIT: Grand Junction Resource Area

LEGAL DESCRIPTION: NE $\frac{1}{4}$ SE $\frac{1}{4}$, Section 36, T. 8 S., R. 98 W., 6th P. M., Mesa County, Colorado.

APPLICANT: Maralex Resources, Inc.
P.O. Box 338
Ignacio, Colorado 81137

DESCRIPTION OF PROPOSED ACTION AND ALTERNATIVES:

- A. A Right-of-Way application under Title V of the Federal Land Policy and Management Act of 1976, to provide a method to dispose of produced formation water from production of coalbed methane and natural gas wells. The proposed disposal site consists of an existing lined evaporation pond that was approved October 1982 for disposal of water produced from wells located within the Roan Creek Oil and Gas Unit #14-08001-18112. The existing pond was approved through lease rights. Since this proposal requests approval to dispose of off lease water production, a right-of-way is required. A list of the wells from which water will be received from is in the application document. Each well site producing water also requires an Onshore Order #7 approval prior to disposal in the pond.

The existing pond is approximately 175' by 285' by 5' and is lined with a 30 mil polyester reinforced hypolon liner. A leak detection system was installed. The pond is fenced with a 6' net wire fence and the access gates are locked. Two large tanks located inside the fence are used to separate any hydrocarbons from the water prior to disposal into the pond.

The existing liner has some small leaks in it and was examined by Colorado Lining International. As a result of that examination, Maralex chose to remove the existing liner and replace it with a 30 mil scrim reinforced polypropylene liner. The specifications for this liner and the installation manual is attached to the application.

Use of the existing pit will require no additional surface disturbance.

- B. No Action: The no action alternative would not allow Maralex to economically dispose of water from their gas wells in the current economic environment.
- C. Other Alternatives Considered: The construction of a lined pit on each location or lease was considered, but would make production of the wells uneconomic due to the low gas production and could cause additional surface disturbance depending on the location of the pit at the well or on the lease.

Maralex also considered converting an existing well for use as an injection well, but the location of the well available for water injection was not located in a central area and was difficult to access. Use of this well is also economically infeasible at this time.

PLAN CONFORMANCE REVIEW: The proposed action is subject to the following plan:

Name of Plan: Grand Junction Resource Management Plan (RMP)

Date Approved: January 1987

Stipulations Attached: See Exhibit B.

The proposed action has been reviewed for conformance with this plan (43 CFR 1610.5, BLM 1617.3).

Standards for Rangeland Health

The proposed action has been reviewed and is in conformance with these plans which includes the following standards for Public Land Health in Colorado:

1. *Upland Soils exhibit infiltration and permeability rates that are appropriate to soil type, climate, land form and geologic processes.* This existing pond would not affect the overall infiltration and permeability rate for this geographic area. In the immediate area of the pond, infiltration and permeability would be reduced to zero.
2. *Riparian systems are functioning properly or able to recover.* The project is not located in a riparian area and is not expected to affect any riparian area.
3. *Maintenance of healthy, productive plant and animal communities of native and other desirable species.* The pond eliminated vegetation in the immediate area, but the small area affected would not affect the overall

health and productively of the natural communities. The project site would be rehabilitated when the pond is not longer required for water disposal.

4. *Maintenance or enhancement of special status, threatened and endangered, and other plants and animals designated by the BLM.* None would be affected by the proposed action (See T&E section below).
5. *Achieve or exceed the Water Quality Standards established by the State of Colorado and the Clean Water Act.* The purpose of the pond is to contain salt water produced with natural gas so that it does not affect water quality standards. A properly functioning pond would not affect existing water quality (See geologic and water quality sections below).

This action is in conformance with the Colorado Standards for Rangeland Health. Inspections by the operator and BLM would be utilized as a means to assure that the pond remains in conformance with these standards.

NEED FOR PROPOSED ACTION: The proposed action would provide an economic method for the disposal of water from coalbed methane and natural gas wells, as well as preventing additional surface disturbance required for additional disposal pit construction (See CO-076-6-08-EA description of alternatives, produced water).

LOCATION AND IDENTIFICATION: The subject land is located approximately 4.0 miles west of DeBeque, Colorado, proceed west from DeBeque on Mesa County V.50 Road and then on V.20 Road. The immediate project area is characterized by slightly sloping flats surrounding by low cliffs, small canyons and hills. Primary vegetation is greasewood/annual grass, rubber rabbit brush, big sagebrush and pricklypear cactus. The route to the area is identified on the DeBeque and Wagon Track Ridge 7.5 minute USGS quadrangle maps.

AFFECTED ENVIRONMENT / ENVIRONMENTAL IMPACTS / MITIGATION MEASURES:

CRITICAL ELEMENTS

AIR QUALITY: NA

Signature of specialist: /s/ David P. Stevens 10-15-97

CULTURAL RESOURCES: The project does not have the potential to affect cultural properties therefore, no cultural inventory is considered necessary.

Signature of specialist: /s/ Patricia Walker-Buchanan 10/07/97

FLOODPLAINS, WETLANDS, RIPARIAN ZONES, AND ALLUVIAL VALLEYS:
NA

Signature of specialist: /s/ David Smith 24 April 98

NATIVE AMERICAN RELIGIOUS CONCERNS:

The project has no potential for Indian concerns. No Indian consultation was conducted.

Signature of specialist: /s/ Patricia Walker-Buchanan 10/07/97

PRIME AND UNIQUE FARMLANDS: NA

Signature of specialist: /s/ David P. Stevens 10-15-97

THREATENED AND ENDANGERED SPECIES: The threatened bald eagle seems to dawdle around in this area during early morning hours during the winter. Since no problems have resulted as of yet with this pit, it is assumed that waterfowl avoid it and therefore the eagles would have no interest in it. However, a sign posted at the gate of the enclosure will ask that anyone seeing wildlife using the pond or apparently being affected by it should notify the BLM, so that measures can be installed to discourage use. This should be an early warning before eagles could be affected. The sign should be readable from a distance of 30 feet. It should say something like "Please notify the BLM (tel. 244-3000) of any wildlife use or evidence of use &/or harm to wildlife in or next to this facility. This will help in designing methods of harm prevention."

Signature of specialist: /s/ Ron Lambeth 10-3-97

WASTES, HAZARDOUS OR SOLID:

Hazardous wastes concerns are minimal for the following reasons. The pit would not be expected to attract illegal dumping activity originating from De Beque or the I-70 corridor due to its remote location. Aside from oil and gas development, the major uses of the land in the area are recreation and ranching. Neither of these would generally be expected to generate hazardous wastes. There is however, a remote chance that someone might dump hazardous wastes in the pit. The lined pit (assuming the liner is kept in good repair) should minimize the risk of resource damage from this possibility. Stipulations should ensure that the pit liner is maintained in good repair and replaced when it is no longer reliable.

The leak detection system should be inspected prior to installation of the new pit liner to see that it meets the original specifications.

To ensure that the pit liner has functioned properly and that improper disposal of hazardous materials has not occurred, the sediments contained within the liner,

and the soil beneath the liner should be tested at the time the pit is decommissioned. The sediment within the liner and any contaminated soil beneath the liner should be disposed of in accordance with state and federal regulations. This could include disposal on site if the sediment and soil are not contaminated with hazardous materials. Analysis should include (but not necessarily be limited to): RCRA Characteristics (toxicity (includes heavy metals), corrosivity, ignitability, reactivity), TPH (total petroleum hydrocarbons), BTEX (benzene, toluene, ethylbenzene, xylene), and herbicides. The previous list (excluding herbicides) is the minimum testing required by the Mesa County Landfill in order to accept petroleum contaminated soils. The Mesa County Landfill would be one potential disposal site for sediments and contaminated soils, if on-site disposal was ruled out.

To ensure that adequate funds are available to a surety bond or other suitable guarantee should be required. The amount of bond should be sufficient to cover the estimated costs of decommissioning, testing and reclamation. Testing costs (1998 dollars) are estimated to be \$2500. This is based on four samples submitted for testing and could include two composited samples each from the sediments and the soil beneath the liner. Professional services costs for sample collection and reporting of results are conservatively estimated to be an additional \$600 (16 hours at \$37.00/hr, 1998 dollars) for a total cost of \$3100.

Signature of specialist: /s/ Alan Kraus 7 August 1998

WATER QUALITY, SURFACE OR GROUND: The new pit liner, leak detection system, tanks used to separate any hydrocarbons from the water prior to disposal into the pit would mitigate impacts and/or indicate a potential water quality impact to surface or ground water quality before it becomes severe. Although the project is located on alluvium, no aquifers are known to exist in the area. The nearest known springs or wells are several miles to the north. Overland flow from the project areas flows to the ephemeral flowing Coon Hollow. Being an ephemeral system no water quality standards exist for the area. Given the design characteristics of the project, the lack of known ground water, and the ephemeral flow characteristics of the surface water, the potential impact to ground or surface water quality is low.

Signature of specialist: /s/ Jim Scheidt 4-20-98

WILDERNESS, AREAS OF CRITICAL ENVIRONMENTAL CONCERN, WILD AND SCENIC RIVERS: N/A

Signature of specialist: Wade Johnson 5-19-98

NON-CRITICAL ELEMENTS

VEGETATION AND RECLAMATION: The pit is located in a black grease wood/annual grass vegetation type. A total of 3.4 acres was disturbed at the time of construction. Most of that area remains disturbed by the facility to date. The topsoil stockpile has revegetated and a minor area outside of the fenced area has reestablished vegetation. At abandonment, the site would require recontouring and re-disturbance of the entire 3.4 acres. The liner and all other facilities would be removed. The application identifies that the liner would be disposed of at an approved landfill, which would require testing such as that identified in the hazardous materials section above. The disturbance would then be recontoured to blend with the adjacent terrain and revegetated. A reclamation and performance bond would be required. The estimate cost is as follows:

- 1) Removal of liner and facilities
\$1,000
- 2) Recontouring of 9,000 cubic yards of soil material to blend with the natural terrain.
\$1.50 per cu yard = \$13,500
- 3) Hazmat Testing at abandonment
\$3,100 (See Hazmat Section above)
- 4) Seedbed Preparation, seed and seeding
\$1,000/ acre = \$3,400

ACCESS AND TRANSPORTATION: The proposed action would reduce impacts on V.20 road by limiting the number of vehicle trips on the road from the pond to De Beque.

Signature of specialist: David K. Trappett 8-4-98

FOREST MANAGEMENT: NA

Signature of specialist:/s/David P. Stevens 10-15-97

GEOLOGY AND MINERALS: The alluvium in which the pit is located is a local, discontinuous deposit. The thin alluvial deposits are underlain by impermeable claystones and mudstones of the Wasatch Formation. The geology and recharge potential are unfavorable for the occurrence of water-bearing zones, and therefore no impacts to ground water would occur.

Signature of specialist: /s/ Bruce Fowler 4-24-98

HYDROLOGY AND WATER RIGHTS: No impact to the hydrology of Coon Hollow would occur from this project. No water rights are included nor would any existing water rights be impacted from this project.

Signature of specialist: /s/ Jim Scheidt 4-20-98

LAND STATUS/REALTY AUTHORIZATIONS:

The surface and mineral estates of these lands are owned by the United States and are administered by the BLM. The Master Title Plats indicate the following land use authorizations in the area:

C-31077	Natural Gas Pipeline R/W
C-9780	Oil and Gas Lease

According to the Mining Claim Geographic Indices Nos. 022, as of May 8, 1998 there are no mining claims of record in the area:

Land use in the project area includes oil and gas development, grazing, recreation and open space.

There would be not impacts to the existing realty authorizations in the project area

Signature of specialist: /s/ David K. Trappett 8-7-98

RANGE MANAGEMENT: The proposed project which is located in the Coon Hollow Common Allotment would not affect grazing management.

Signature of specialist: /s/ Dennis R. Jenkins 4-15-98

RECREATION: The proposed project would not affect any recreational opportunities present in the area.

Signature of specialist: /s/ Joe L. Ashor 4-29-98

SOILS: The soil in which this evaporation pond is located is the Uffens loam, 1 to 8 percent slope. The soil is deep, strongly alkaline, and well-drained, with a loam surface that grades into sandy loam at around 30 inches. Permeability is moderately slow and the erosion hazard is high. The soil has excess sodium, and reclamation should use vegetation tolerant of sodium and drouth.

Signature of specialist: // TBargsten 4-16-98

VISUAL RESOURCES: N/A (Existing project)

Signature of specialist: Wade Johnson 5-19-98

WILDLIFE, AQUATIC: NA

Signature of specialist: /s/ David Smith 23 April 98

WILDLIFE, TERRESTRIAL: Waterfowl and shorebirds don't seem to be resorting to this pond. However, a sign will be posted requesting information on any wildlife seen using this pond or apparently affected by it (see T&E Species section above).

Signature of specialist: /s/ Ron Lambeth 10-3-97

PALEONTOLOGICAL RESOURCES: Since the project involves existing disturbance, no paleo clearance is necessary.

Signature of specialist: /s/ Bruce Fowler 4-24-98

PERSONS/AGENCIES CONSULTED:

Donna Stoner of the Colorado Health Department and the Colorado Oil and Gas Commission were contacted concerning the potential requirements for State Approvals. It was jointly determined that the Oil and Gas Commission has state authority for the proposal.

Brian Macke of the Colorado Oil and Gas Commission was contacted to confirm their authority concerning the proposal. They do not permit produced water disposal ponds on Federal surface. They defer to Federal permitting process.

FONSI

The environmental assessment, analyzing the environmental effects of the proposed action, has been reviewed. The approved mitigation measures result in a finding of no significant impact on the human environment. Therefore, an environmental impact statement is not necessary to further analyze the environmental effects of the proposed action.

DECISION AND RATIONALE: This environmental analysis is tiered to CO-076-6-08-EA. Since the impacts of the proposal are adequately mitigated, it is my decision to implement project as described.

MITIGATION MEASURES: See stipulations attached (EXHIBIT B and C)

REMARKS:

STIPULATIONS: EXHIBIT B and C,

SIGNATURE OF PREPARER: David K. Trappett 8-10-98

SIGNATURE OF ENVIRONMENTAL COORDINATOR: David P. Stevens

DATE SIGNED: 8-10-98

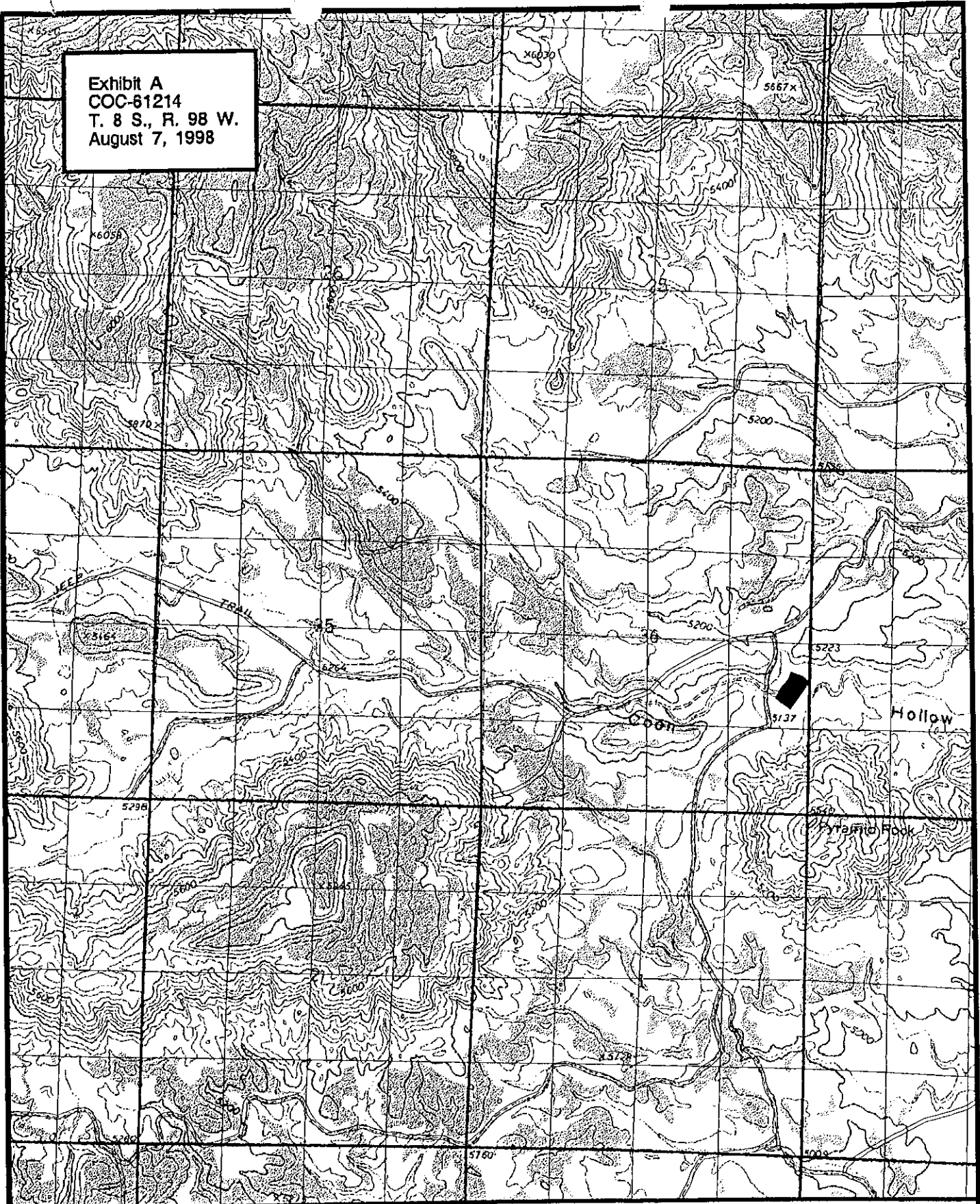
SIGNATURE OF AUTHORIZED OFFICIAL: 

DATE SIGNED:

8/11/98

ATTACHMENTS: Map (Exhibit A), Stipulations (Exhibit B and C)

Exhibit A
COC-61214
T. 8 S., R. 98 W.
August 7, 1998



Legend

Scale = 1 : 24000

0.5 0 0.5 Miles



- Evaporation Pond
- Access Road
- GCDB Data

SPECIAL STIPULATIONS

1. The application and all attachments including the plan for the produced water evaporation pond development shall be adhered to during construction, operation and reclamation of the granted right-of-way. All conditions of USGS NTL-2B approval on October 22, 1982 shall remain in effect unless modified or superseded by special stipulation(s) below.
2. A bond, acceptable to the authorized officer, shall be furnished by the holder. The amount of this bond shall be determined by the authorized officer. This bond must be maintained in effect until removal of improvements, soil/sediment testing is completed, and reclamation of the right-of-way has been accepted by the authorized officer.

Should the bond delivered under this grant become unsatisfactory to the authorized officer, the holder, shall within 30 days of demand, furnish a new bond.

The holder agrees that all monies deposited with the authorized officer as security for holders's performance of the terms and conditions of this grant may, upon failure on the holder's part to fulfill any of the requirements herein set forth or made a part hereof, be retained by the United States to be applied as far as may be needed to the satisfaction of the holder's obligations assumed hereunder, without prejudice whatever to any other rights and remedies of the United States.

3. The pond liner material shall be a 30 mil polypropylene meeting the specifications provided by the holder and attached to the application. The liner shall be installed and tested as per the Polypropylene Guide Specification and Installation Preparation Guide attached to the application. Testing shall include the seams and the entire liner for any leaks. Written documentation of the results of testing to assure liner impermeability shall be provided to BLM within one week of the testing. Liner anchoring shall at a minimum meet specifications be as per the Installations Details sheet attached to the application.

4. BLM shall be notified in writing of the pre-construction meeting identified as 2.1 of the Polypropylene Guide Specification at least one week in advance of the meeting to allow BLM opportunity to attend the meeting.
5. BLM shall inspect the leak detection system prior to the installation of the new liner to assure that a functioning leak detection is in place. The holder shall provide any assistance deemed necessary to complete the leak detection inspection. If BLM determines that the existing leak detection system is not in place, not designed correctly or not functioning as intended, the holder shall submit a plan to install an acceptable leak detection system to BLM for approval. Installation of the liner shall not proceed until BLM approves the existing leak detection system or the plan for an acceptable leak detection system, in writing.
6. The pond, liner, leak detection system and all facilities shall be inspected by the holder on a quarterly basis for leaks or other problems. If any leaks or other significant problems are identified, the BLM Grand Junction Resource Area Office shall be notified immediately.
7. The pond, liner and all facilities shall be maintained in proper functioning condition. Some areas of the existing pond embankment constructed of soil are draining toward the liner. This has allowed the runoff to erode soil that is holding the liner in place and water has drained under the liner. This condition could affect the integrity of the liner and affect the function of the leak detection system. Runoff from the access road and surrounding terrain is also draining on to the embankment.

The pond embankment shall be graded so that precipitation that falls upon the embankment and runoff from the access road and surrounding terrain will drain away from the liner. This requirement shall be accomplished prior to any produced water disposal in the evaporation pond and shall be maintained in this condition until the pond is abandoned and reclaimed.

8. The maximum disturbed width of the access road from Mesa County V.20 Road to the evaporation pond shall not exceed 24 feet with an eighteen foot running surface. The access road shall be maintained in good condition as necessary to prevent soil erosion, and accommodate year-round traffic.

9. The existing fence around the evaporation pond shall be maintained in good condition. All permanent facilities placed within the right-of-way shall be painted a non-reflective desert tan that blends with the natural environment.

A sign shall be posted conspicuously requesting all persons to report any wildlife observed using the water and any wildlife that appears to have been affected by the pond to the Bureau of Land Management, 244-3013. The sign shall be readable from a distance of 30 feet and shall be in place prior to using the pit for water disposal. The operator shall install devices as required to discourage wildlife use, if deemed necessary by the authorized officer.

10. The produced water disposal pond shall be used only for disposal of produced water from federal lease wells that have an onshore order #7 approval specifically approving disposal into this pond.
11. The holder shall provide a comprehensive list of wells and estimated volumes of water to be disposed that have lease approval through onshore order #7 for produced water disposal off lease in this pond prior to any water being disposed of from an approved well in this pit. If additional wells are approved via Onshore order #7, after a list has been submitted, an updated list of wells and estimated volumes of water shall be submitted to the authorized officer for approval prior to disposal of water from any new well into this pond.
12. Water quality analysis of produced water from each well to be disposed of in the pond shall be supplied to the BLM as required by onshore order #7 approval. Additional water quality/sediment analysis and analysis items may be required at anytime the BLM deems it necessary.
13. When the pit will be no longer used for water disposal, the sediments in the pit and soil beneath the liner shall be analyzed for hazardous materials. Analysis will include RCRA Characteristics [toxicity (includes heavy metals), corrosivity, ignitability, reactivity], TPH (total petroleum hydrocarbons), BTEX (benzene, toluene, ethylbenzene, xylene), and herbicides. Analytical procedures shall be via EPA approved methods and shall be specified at the time of sampling. Disposal options for the sediments and any contaminated soil beneath the liner shall be in accordance with local, state, and federal regulations and will depend on the results of the analysis.

14. Upon abandonment of the last well approved for disposal into the pond, the operator shall contact the authorized officer within 30 days to arrange a joint inspection of the right-of-way. This inspection shall be held to determine an acceptable reclamation plan. This plan shall include, but is not limited to, removing all sediment and the liner and disposing of it in compliance with any current federal, state or local regulation or laws. Restore the access road and disturbed surface to blend with the adjacent natural terrain. During reclamation of the site, push the fill material into cuts and up over the backslope. Leave no depressions that will trap water or form ponds. Distribute topsoil evenly over the site and seed according to the seed mixture in #14 below. The disturbed area shall be ripped or disked prior to seeding as necessary to prepare the seedbed. Perennial vegetation must be established. Additional work will be required in case of seeding failures. The plan will establish timeframes within which each stage of reclamation of the right-of-way shall be completed. The authorized officer must approve the plan in writing prior to the holder's commencement of any abandonment activities.
15. All disturbed areas will be seeded with the following mixture. Application rates are for pure, live seed (PLS). Seed tags must be submitted to the Area Manager within 30 days of seeding.

<u>Species</u>	<u>Application Rate</u> <u>lbs./Acre PLS</u>
Sodar streambank wheatgrass	2.2
Vinall Russian wildrye	2.0
Paloma Indian ricegrass	2.4
Shadscale	2.0
Rincon fourwing saltbush	<u>2.0</u>
	10.6 lbs. PLS/ acre Total

Prepare seedbed by contour cultivating four to six inches deep. Drill seed $\frac{1}{2}$ to 1 inch deep following the contour. In areas that cannot be drilled, broadcast seed at 1.5 times the application rate and cover $\frac{1}{2}$ to 1 inch deep with a harrow or drag bar.

Seeding must be completed after September 1 and prior to October 15 of the year of abandonment.

The area is considered to be satisfactorily reclaimed when:

- A. Soil erosion resulting from the operation has been stabilized.
- B. A vegetative cover at least equal to that present prior to disturbance and a plant species composition at least as desirable as that present prior to disturbance has been established. Establishment of all the species in the seed formula will be considered as meeting the composition/desirable species criteria.

Additional work will be required until these conditions are satisfied.

- 16. Trash shall be confined in a covered container while the construction project is in progress. Upon completion, all trash, flagging, laths, etc. shall be removed and hauled to an authorized disposal site. No burning of trash, trees, brush or any other material is be allowed.
- 17. Thirty days prior to termination of the right-of-way, the holder shall contact the authorized officer to arrange a joint inspection of the right-of-way. This inspection shall be held to determine an acceptable termination and reclamation plan. This plan shall include, but is not limited to, removal of facilities, recontouring, or seeding. The authorized officer must approve the plan in writing prior to the holder's commencement of any abandonment activities.
- 18. Applicant/Lessee shall comply with all County resolutions and regulations and permit requirements.

STANDARD STIPULATIONS

1. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.
2. Pursuant to 43 CFR 10.4(g) the holder of this authorization must notify the authorized officer, 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), you must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the authorized officer.
3. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601 et seq.) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant (see 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
4. The holder shall comply with applicable State standards for public health and safety, environmental protection and siting, construction, operation and maintenance, if these State standards are more stringent than Federal standards for similar projects.

Exhibit A
COC-61214
T. 8 S., R. 98 W.
August 7, 1998

Legend




Scale = 1 : 24000

0.5

0

0.5 Miles



-  Evaporation Pond
-  Access Road
-  GCDB Data

Roan Creek Evaporation Pond
Mesa County, CO NESE S36-T8S-R98W
Maralex Resources, Inc.

