

November 30, 2012

SCOPING NOTICE

Blacktail Ridge 12-Well Exploratory Drilling Project Environmental Assessment Bill Barrett Corporation

PROJECT DESCRIPTION

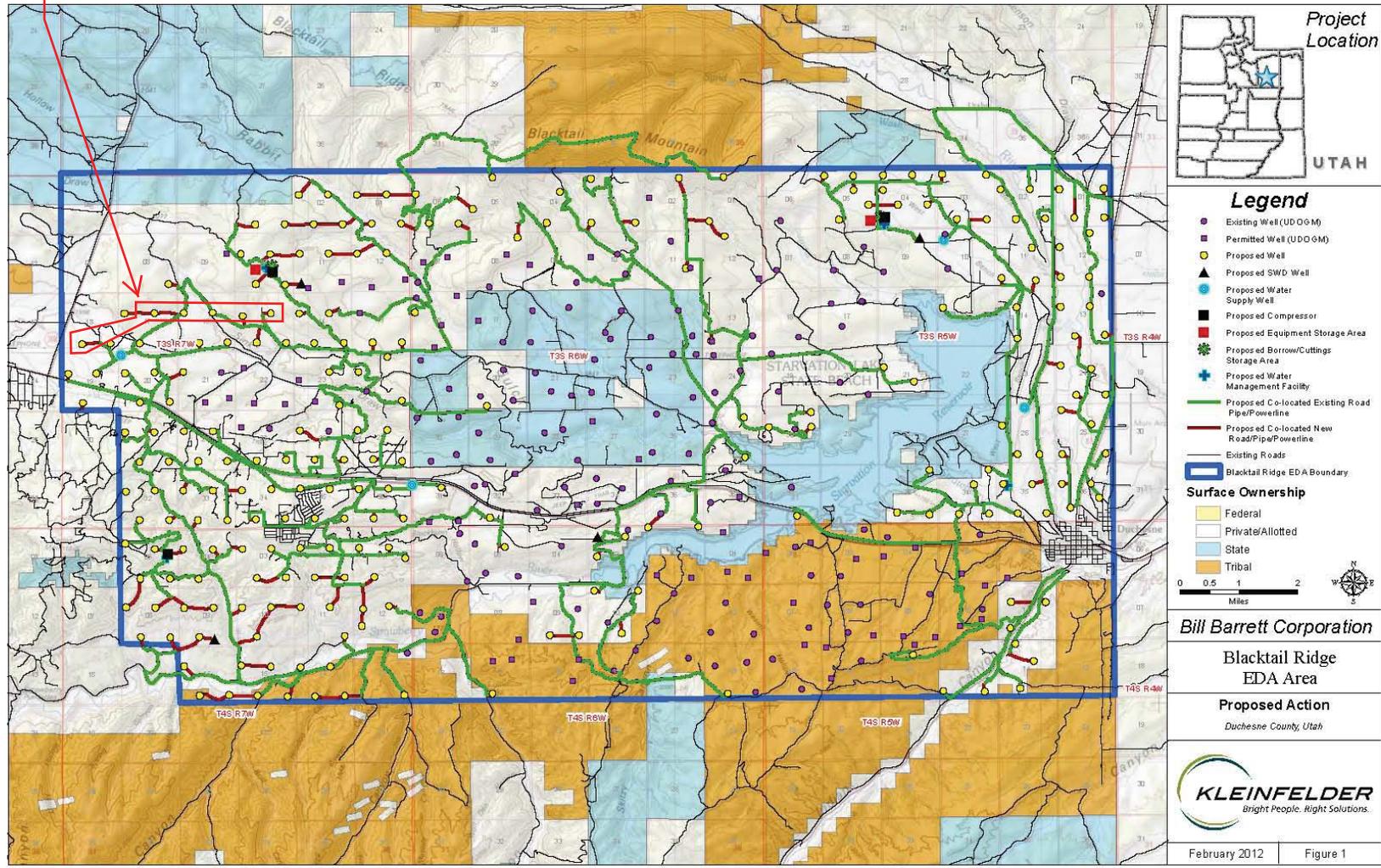
The Utah Reclamation Mitigation and Conservation Commission (Mitigation Commission) has been notified by Bill Barrett Corporation (BBC) that they are seeking to develop up to twelve (12) exploratory and development wells on Mitigation Commission lands in the Blacktail Ridge area of the Uinta Basin in eastern Utah. The Mitigation Commission is a Federal Agency pursuant to the Central Utah Project Completion Act (P.L. 102-575). The subject lands were acquired as mitigation for impacts on wildlife from construction and operation of the CUP. The project area is located in Duchesne County, Utah, approximately 8 miles east of the Fruitland, Utah, and approximately 2 miles north of Highway 40.

The proposal includes directional drilling of twelve (12) wells on six (6) well pads along with road construction and co-located pipeline and power line corridor installation. The long-term, potential, maximum surface disturbance is anticipated to be approximately 113 acres with the projected life of the wells to be approximately 30 years. The proposed wells are within BBC's Blacktail Ridge Exploration and Development Agreement (EDA) with the Ute Indian Tribe regarding the development of Tribal mineral resources. The Blacktail Ridge Exploration and Development Agreement Area includes the development of 400 new wells on 248 new well pads and 20 re-occupied well pads. Supporting infrastructure would include approximately 35 miles of new roads, 192 miles of upgraded existing roads, 228 miles of pipeline, 193 miles of transmission lines, compressor sites, water wells, water managements facilities and equipment storage areas. The Blacktail Ridge EDA was described at a programmatic level in an Environmental Assessment prepared by the Bureau of Indian Affairs. The six (6) proposed well pads within the context of the Blacktail Ridge EDA Area are shown in Figure 1 and at a finer scale in Figure 2.

PROPOSED ACTION

BBC proposes to drill, complete, and produce up to twelve (12) exploratory and development wells from six (6) new well pads. BBC proposes to construct, operate, and/or maintain supporting infrastructure for these wells, including access roads and production supporting gathering pipelines and power lines within linear development corridors (authorized through license agreements on Mitigation Commission surface). One existing water supply well and associated well pad and access road would be upgraded, operated, and maintained to support the project. A new pipeline/power line corridor would also be constructed along the existing water well access road. The well pad names and proposed legal locations are provided in **Table 1**.

Figure 1 Proposed Well Pads on Mitigation Commission Properties



*All proposed exploratory wells, access roads, pipeline and power line corridors and support facilities are conceptual to provide a reasonable, theoretical design of the proposed development. Actual locations would be determined at the project implementation phase during the onsite process for each specific location with consideration of factors such as technical and economic feasibility, topography, Native American and cultural resources, wildlife habitats, and other site-specific conditions.

Figure 2
Bill Barrett Corp Proposed Wells Pads
on Mitigation Commission Properties

- Bill Barrett Proposed Well Pads on Mitigation Commission Lands
- United States (Mitigation Commission)
- Utah Wildlife Resources

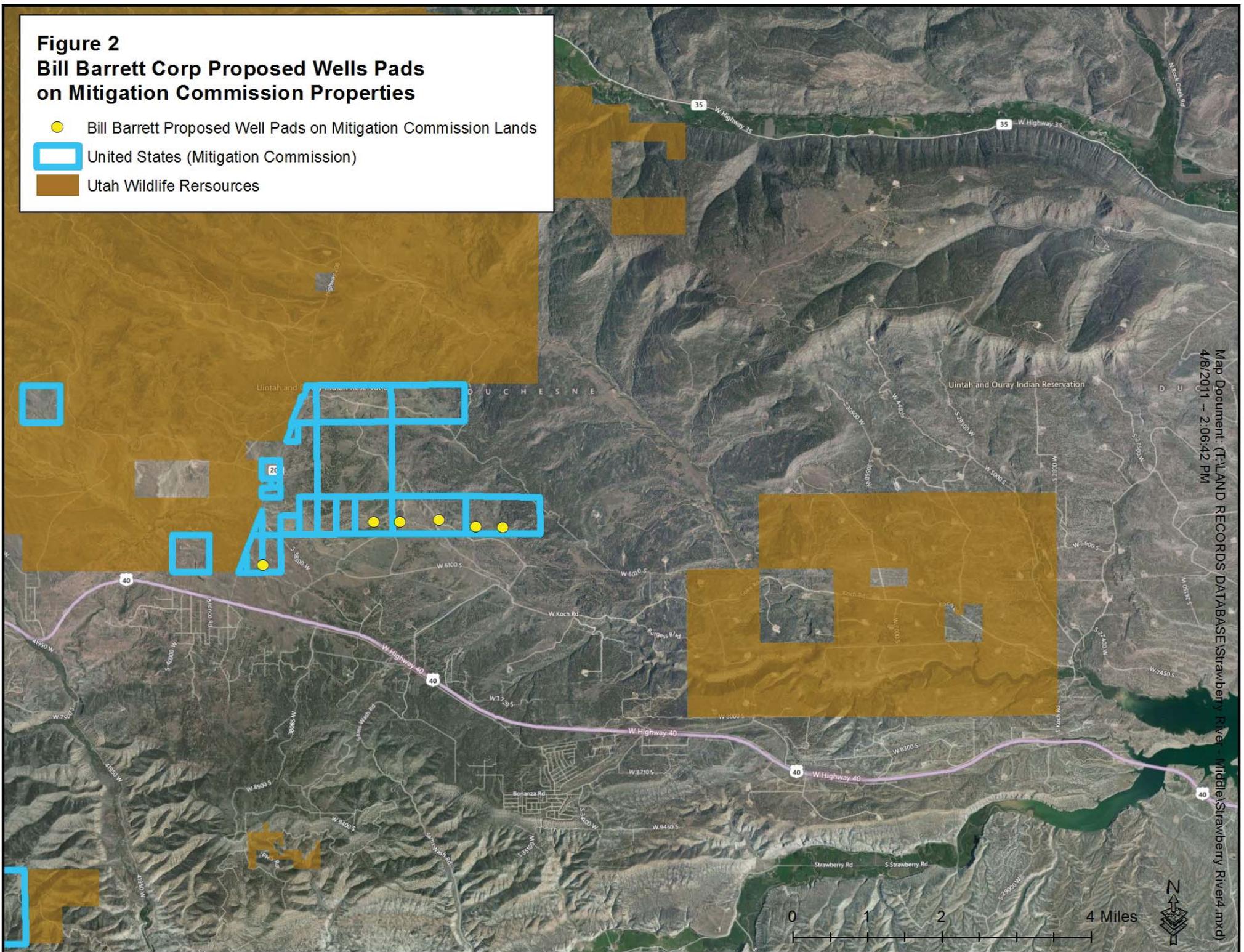


Table 1 – Proposed Black Tail Ridge Well Pad Descriptions

Well Pad No.	Legal Location
7-15D-37 BTR	SE/4 NW/4, Section 15, T3S, R7W
5-15D-37 BTR	SE/4 NW/4, Section 15, T3S, R7W
7-16D-37 BTR	SE/4 NW/4, Section 16, T3S, R7W
5-16D-37 BTR	SE/4 NW/4, Section 16, T3S, R7W
7-17D-37 BTR	SE/4 NW/4, Section 17, T3S, R7W
14-18D-37 BTR	SE/4 NW/4, Section 18, T3S, R7W

Should the exploratory wells become producers, it is anticipated that the life of an individual well could last for approximately 30 years. As long as a well remains in production, the associated access route, pipeline and power line corridor, and any other necessary infrastructure would remain for operations and maintenance activities.

A brief summary of individual construction activities, drilling and completion procedures, and production activities are provided below. Detailed information on each of these project elements will be included in the Proposed Action included in the Draft EA.

Construction Activities

Well Pads

The proposed twelve (12) wells would be located on six (6) new well pads sized to accommodate up to two (2) wells per well pad. Well pad construction would consist of roughing in a new access road (or widening an existing access road) to the well site and then leveling a rectangular pad with the approximate dimensions of 285 feet by 400 feet. The proposed well pads, with associated cut and fill slopes, including the reserve pit, would occupy approximately 3.5 acres, including the well pad, flare pit, reserve pit/cuttings storage area, cuts, fills, topsoil and subsoil stockpile areas, ditches, etc.

Access Roads and Pipelines

A total of approximately 4.0 miles of new lease road or upgraded existing road would be required to access the exploratory oil and gas wells. All roads would be upgraded or constructed such that they provide an approximate 18-foot travel surface within a 30-foot corridor width. Road improvements and new road construction would only occur on an as-needed basis to facilitate access to well pads and other facilities. All new and existing roads would be constructed, improved or maintained according to guidance and requirements set out in the “Gold Book” (BLM and USFS 2007), or as directed by the Mitigation Commission. Where roads would cross or involve potential waters of the U.S., or areas involving other Federal, State or county jurisdictions, the USACE or appropriate agency would be consulted and the appropriate permit would be obtained as necessary.

BBC would utilize each pipeline corridor to accommodate up to three pipelines; one (1) up to 8-inch outer-diameter (OD) steel gathering line; one (1) up to 4-inch OD polyethylene water line; and one (1) up to 4-inch OD polyethylene fuel gas line. Gas gathering pipelines would be installed if gas production from the proposed oil and gas wells is greater than amounts that can be used on location for heating of tanks or equipment operation, or flared for a period of 30 days.

To the extent possible, the pipeline corridors would parallel existing roads and access routes. However, in site-specific instances, such as specific tie-in locations, a short-run cross-country pipeline corridor could be required. Pipelines would be buried. BBC would obtain all required authorizations from Duchesne County, as appropriate, prior to initiating pipeline installation adjacent to county roads.

Power Lines

Should the proposed wells become producing wells, BBC may choose to have power lines installed to aid in the production actions of the wells and provide power to support the production activities of the six (6) well pads. BBC proposes to install power lines to all producing wells, where feasible (i.e., availability of nearby existing infrastructure, topography that does not preclude installation, etc.). The power lines would involve a surface 3-phase, 480 kV distribution line. The power lines would parallel existing and proposed access roads and pipeline corridors to the extent possible.

Where new and existing co-located roads and pipeline/power line corridors are proposed, a 150-foot wide right-of-way corridor would be needed for construction purposes. Of the initial 150-foot wide right-of-way corridor, surface-laid or buried pipelines would be co-located with access roads which would be installed and maintained within a 30-foot wide surface disturbance corridor. Additional power line construction activities, such as guide wire installation, may occur within the 150-foot right-of-way corridor, but following interim reclamation, surface disturbance would remain on average, approximately 30 feet for the length of the access/pipeline/power line corridor.

For this summary, surface disturbances have been conservatively estimated assuming that access roads, pipelines, and power lines have not been co-located, thus providing a maximum potential surface disturbance. As discussed, the access/pipeline/power line corridors will be co-located as much as possible and detailed analysis of co-location and reduced surface disturbance totals will be included in the draft EA.

Support Facilities – Existing Water Supply Well

BBC would operate and maintain one existing water supply well (Deep Creek Water Well #7-16-37 BTR) for the life of the project (LOP). Since the water supply well is already drilled and operational, BBC proposes a surface use area of approximately 1.4 acres around the water supply well would be required for operations and maintenance. Once the well pad has been updated, surface facilities at the existing water supply well would include a small pump building and water storage tanks for the operation of the water production well.

Well Development

Drilling and Completion Operations

Once construction of a well pad and access road is completed, drilling equipment would be moved onto the site. The proposed 12 wells would be drilled as directional wells to depths of approximately 5,000 to 10,000 feet below ground surface (below drinking water aquifers). Typically, a conventional mud rotary platform drill rig would be utilized in certain drilling operations; however, in some cases BBC may employ purpose-built drilling rigs with top drives and self-skidding systems. Generally, drilling would be conducted in one phase with a small spudder rig to set conductor casing and then the drilling rig would move on to drill the well in its entirety.

Wells would generally utilize an open-loop circulation system with reserve pits. However, in certain site-specific cases, such as proximity to major drainages or surface water, a closed-loop drilling system would be used.

Drilling operations would occur on a 24-hour per day basis, 7 days per week. Drilling activities would take approximately 8-24 days for each well, dependent on the slant of the well and the depth to which it is being drilled. Drilling activities would require approximately 12 personnel per well.

Once a well has been drilled, completion operations would begin approximately 2 to 3 weeks after drilling is complete, depending on availability of crews and equipment. Well completion involves setting casing to depth and perforating the casing in target production zones, followed by fracturing (fracing) the formation by injecting an agent into the formation under pressure. The fracing material would likely contain sand or other proppant to keep the fractures from closing, thereby allowing oil and gas to be produced from the formation. The next phase of completion would be to flow and test the well to determine rates of production.

Completion activities on individual wells would occur 24 hours per day, 7 days per week, and would require approximately 15 workers. For shallow wells, completion of an individual well would generally take 15 days, depending on conditions at the individual well. Completion procedures on deeper wells would require an average of 20 days depending on the number of completion zones.

Drilling and completion activities would be conducted in compliance with all Mitigation Commission and BLM requirements, Federal Oil and Gas Onshore Orders, and all applicable State and local rules and regulations. Site-specific descriptions of drilling procedures would be included in the Applications for Permits to Drill (APD) and additional regulatory measures may be specified in the agency COAs for each well. Information relative to size of the bore hole, casing, and cementing would also be contained in the site-specific APDs.

Well Pad Production Equipment

If a well is productive, surface facilities would include a wellhead, involving a pump jack or Roto-flex unit or gas lift with a natural gas-fired motor; separator; gas meter; one 500-gallon methanol tank; two 1,000-gallon propane tank; two 500-barrel oil tanks; one 500-barrel water tank; one 500-barrel test tank; 1,000-gallon gas propane tank; solar panels, solar chemical and methanol pumps, one trace pump; and if necessary, power lines.

Water Supply and Disposal

It is estimated that about 1.9 acre-feet (ac-ft.) of water would be needed to drill each well drilled on a pad, with another 1.2 ac-ft. per additional well if more than one well is drilled from a single pad for a maximum of 18.6 ac-ft. (1.9 ac-ft. x 6 wells plus 1.2 ac-ft. x 6 wells). An estimated 3.5 ac-ft. would be required for completion of each well for a maximum of 42 ac-ft. (12 wells x 3.5 ac-ft.). A minimum of 40 percent of the water needed to complete each well would be recycled water. Thus, an estimated 2.1 ac-ft. of fresh water would be required for completion of each well for a maximum of 25.2 ac-ft. of fresh water (12 wells x 2.1 ac-ft.). BBC plans to utilize more than 40 percent recycled water, up to as much as 100 percent. An additional 0.2 ac-ft. of water would be needed to control fugitive dust for each well pad during dry and windy conditions for a maximum of 1.2 ac-ft. (0.2 ac-ft. x 6 well pads). Thus, total water needed for the proposed project would be approximately 66 ac-ft.

Water for exploratory drilling and completing the subject wells would generally come from the existing water supply well (Deep Creek Water Well #7-16-37 BTR) utilizing existing valid water rights or other permitted sources.

Water used during exploratory drilling and completion actions would be treated and recycled. Water suitable for re-use would be trucked to another drilling location for use on that well, or used for fugitive dust suppression, as allowable. Water not suitable for re-use would be properly disposed of at existing, permitted salt water disposal wells, water management facilities, or at a State of Utah-approved facility.

Surface Disturbance

Construction associated with the Proposed Action would result in an estimated potential maximum total initial disturbance of approximately 122 acres. As discussed, co-locating access/pipeline/power line corridors and assuming short-term or interim reclamation is successful, long-term surface disturbance under the Proposed Action would be less than 113 acres for the life of the field.

RESOURCES AND CONCERNS

Initial scoping and project evaluations have identified the following resources and other concerns for consideration in the environmental analysis:

- Air Quality and Greenhouse Gases
- Threatened and Endangered Species
- Fish and Wildlife
- Water Resources
- Invasive Species/Noxious Weeds
- Livestock & Rangeland Health and Standards
- Public Health and Safety
- Recreation
- Socio-Economics
- Vegetation

COMPLIANCE WITH THE NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)

Pursuant to Section 102(2)(C) of the National Environmental Policy Act of 1969 (NEPA), the Mitigation Commission is preparing an analysis of the environmental impacts that would result should the proposed action be granted to BBC.

Public input is important in establishing the level and scope of the analysis. The Mitigation Commission is requesting the public's help in identifying the level of analysis needed, alternatives for analysis, other issues or concerns that should be analyzed, mitigation opportunities, and any other comments or ideas to help ensure the completeness of the analysis process. Comments are being solicited by the Mitigation Commission no later than January 4, 2013, regarding the proposal. Comments should be submitted to:

Mitigation Commission
Attn: Richard Mingo
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Salt Lake City, UT 84102
rmingo@usbr.gov.