

James Seyler/R9/USDAFS

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To Rob T Fallon/R9/USDAFS@FSNOTES, Lois Demarco/R9/USDAFS@FSNOTES, Robert Stovall/R9/USDAFS@FSNOTES, Paul Weese/R9/USDAFS@FSNOTES, Sheldon J Winters/R9/USDAFS@FSNOTES, Jim Dougherty/R9/USDAFS@FSNOTES, Lauren Miles/R9/USDAFS@FSNOTES, Michael Lewis/R9/USDAFS@FSNOTES, Anthony Scardina/R5/USDAFS@FSNOTES
cc Kathleen Morse/R9/USDAFS@FSNOTES

bcc

Subject OGM procedures to be followed.

All,

I wanted to take a minute to go over how what procedures we should be following for handling OGM packages. Our primary goal is the same as it always has been, to work with the OGM operators to layout the best possible access to their mineral rights while protecting the surface resources. However, a few things have changed and they are discussed below. These should be followed on both Districts to ensure consistency and minimize internal and external confusion.

1. Attached is an example of the NTP and operating plan that should be used on both Districts. This was discussed at the last Steering group meeting and reviewed by Kathleen.
2. A written pit plan should be completed for all operations. Rick Hiemenz and Jeff Yurchick now work directly for Paul Weese. This should help get the pit plans completed as well as provide some engineering support for road layout.
3. Pre-work meetings should be held to minimize confusion and misunderstandings between all parties involved with the developments.
4. If anyone from the public or the OGM industry ask why we have filed objections to wells, it is important that we all give the same consistent answer. Our goal is to work with the operators up front prior to them applying and subsequently obtaining a DEP drilling permit. If the operator applies for a DEP permit prior to working with us and we have a resource concern we may choose to file an objection with DEP within the 15 day window . A copy of the objection letter will be sent to the operator along with a follow-up phone call from the District Ranger to discuss our concerns and to explore possible ways to alleviate these concerns. Our intent is to work with the operators during this entire process and to help them get access to their mineral rights while protecting the surface.
5. All objections are to continue to go through the SO.

If anyone has any questions or concerns please do not hesitate to call me.

Thanks,

Jim Seyler
Acting Technical Services Staff Officer
Allegheny National Forest



OPERATING PLAN_as_of_070507.doc NEWNTP_as_of_070507.doc

OPERATING PLAN

A. Wildlife

1. Retain snags with bark or den trees adjacent to the flagged well sites and road right-of-way. Bark provides hibernation habitat for a wide variety of bats. If the snags pose a safety hazard, then it is recommended that they be removed.
2. All work should stop immediately if any federally proposed or listed species are found or observed on the project site during implementation. The operator will contact the District so that a wildlife biologist can conduct an assessment or recommend mitigation measures. In addition, the operator should contact the District if any stick nests are found near or adjacent to any work location prior to development.
3. Complete all proposed work in a timely fashion to reduce disturbance of and displacement to fish and wildlife species.
4. Follow all terms and conditions in regulatory permits and other official project authorizations to eliminate or reduce the adverse impacts to endangered, threatened, or sensitive species or their habitats.

B. Soil and Water

1. The operator will follow the standards and guidelines of their submitted Soil Erosion and Sedimentation Control Plan and Spill Prevention Plan. Disturbed areas must be stabilized within 30 days following construction and successfully revegetated within 60 days following construction or within 60 days of the beginning of the first growing season following construction that occurs in late fall or winter. Revegetation is achieved when there is 70 percent coverage of perennial vegetation as measured by transect.
2. It is the operator's responsibility to place culverts where they are needed in access roads to drain road surface runoff, and where seeps, springs, streams and other drainages will intersect the proposed roads. Cross culverts to drain ditch water should be at least 18 inch diameter corrugated metal pipes (CMPs) or 15 inch diameter casings and installed diagonally with outlet downhill and a 6 inch drop per 10 feet of running width. The following table outlines recommended spacing of cross culverts to drain ditch water based on percentage slope:

Slope	Spacing of Culverts
2 to 5 percent	300 to 500 feet
6 to 10 percent	200 to 300 feet
11 to 15 percent	100 to 200 feet

Where streams, springs, seeps, and other drainages intersect the road, the operator should install properly sized culverts or properly select, size, and construct other drainage structures, in accordance with the PA-DEP recommended oil and gas management practices.

3. Do not sidecast excavated road materials and avoid accumulating or spreading these materials in upland draws, depressions, streams, and/or spring seeps.
4. Produced fluids must be handled and disposed of according to Commonwealth of Pennsylvania Oil and Gas Law in accordance with the Clean Streams Act.
5. Road ditch water and runoff from well locations shall not be discharged directly into watercourses. This water will be either discharged onto undisturbed ground or passed through a sedimentation basin.
6. Construction will not take place during the spring thaw or during times of prolonged rainfall when saturated conditions are existent.
7. Temporary and permanent seed mixtures should be in accordance with the Pennsylvania Oil and Gas Operators Manual (Chapter 4). However, to avoid introducing non-native invasive plant species to the Allegheny National Forest, operators should use the following seed mixtures:
 - a) Temporary cover or nurse crops: all mixtures and cover rates can be used but, for the late spring and summer seeding mixtures, do not use Japanese or foxtail millet or sudangrass.
 - b) Permanent seed mixtures:
 - (i) Cool season grasses: Preferred mixture is Number 3 using smooth bromegrass and birdsfoot trefoil. Mixture 1 using fine fescue, perennial ryegrass and birdsfoot trefoil may be used if Number 3 is not available, but it is our preference that fescue mixes not be used.
 - (ii) Warm season grasses: Preferred mixtures are Number 5 and 6.
 - c) Mulch: straw is preferred in all cases. If hay is used, the source location and supplier shall be provided and every attempt should be made to obtain hay free of non-native evasive species.

C. Transportation Systems and Equipment

1. Road locations will be approved by the District prior to marking timber for removal. Use existing roadways, skid trails, or travel paths for access to proposed well sites whenever possible.
2. Rock surfacing on roads will be commensurate with use and season of the year. At least 6 inch of stone will be applied to all roads intended for permanent access. Roads should be constructed and maintained in a manner to prevent rutting and to maintain the road crown. It is

recommended that stone be obtained from a commercial source. Pits developed to obtain pit run road surfacing material on National Forest System land should be reclaimed to the Forest Service's specifications. Please see Section J for additional information.

3. Road grades are recommended to be between 2 and 8 percent, with grades up to 15 percent acceptable for short pitches up to 200 feet when sufficient stabilization is provided.
4. It is strongly recommended that a gate be installed at the entrance of OGM roads to ensure that the FS resources are not damaged by non-OGM development users.
5. Equipment must be stored, serviced, and fueled in upland areas away from transport pathways and all aquatic habitats. No long term equipment storage, such as unused storage tanks, vehicles, machinery, pipeline, or other staging materials, is allowed. Litter or trash shall be promptly removed.

D. Timber

1. All merchantable timber will be marked by the Forest Service and sold by contract. Timber will be paid for prior to harvesting.
2. Timber will not be skidded across watercourses, springs or seeps, except at crossings designated by the Forest Service.
3. Slash will be lopped and scattered to lie within 3 feet of the ground. Slash will be kept out of springs, seeps, and streams.

E. Public Safety

1. Pipelines and electric lines will be buried a minimum of 36 inches deep, where practical. Utility lines should follow road rights-of-way, wherever possible, to minimize conflict with surface management activities and to protect the utility lines.
2. Automatic jacks will have warning signs. Storage tanks should have warning signs to restrict flames near flammable materials.

F. Recreation and Aesthetics

1. The developer is encouraged to use earth-tone colors such as *grey-brown* when painting well jacks and tanks. Well pads and storage tank installations should be designed to minimize visual impacts.
2. All disturbed soils and cut or fill slopes will be seeded and mulched as soon as possible.

G. Heritage Resources

1. Private mineral owners are subject to the prohibitions of the Antiquities Act of 1906. The Archaeological Resource Protection Act (ARPA) of 1979 provides clarification and forbids the removal of archaeological resources from Federal land without a proper permit. Section 6 of ARPA states that "no person may excavate, remove, damage, or otherwise alter or deface or attempt to excavate, remove, damage, or otherwise alter or deface any archaeological resource located on public lands or Indian lands unless such activity is pursuant to a permit issued under section 4 of this Act..."
2. A limited assessment of the potential for cultural resource damage has been completed. Although this work has revealed no known cultural resource sites near the proposed development, care should be taken to ensure that project activities are limited to those areas marked on the ground, i.e. well pads and access roads. Before operations occur beyond the marked project boundaries, you should contact the District Ranger. Your cooperation will help you avoid civil or criminal actions under the Antiquities Act of 1906 and the Archaeological Resources Protection Act of 1979, which protect cultural resources from unauthorized disturbance, removal and transport.

H. Monitoring

1. Forest Service personnel will inspect this development periodically while clearing, road building, and drilling are occurring.
2. The Forest Service will work closely with PA-DEP personnel to ensure that Soil Erosion and Sedimentation Control and Spill Prevention Plans are implemented.

I. Permits

1. Commercial road use permits are required for commercial use of any National Forest System road.
2. Permits are required for ATV use on your leases within the Allegheny National Forest (See Section K for details).

J. Stone Pit Development

For the implementation of the Erosion and Sedimentation Plan for OGM Case 524, there is an Allegheny National Forest source of rock sandstone available for your use to develop and surface your well pads and access roads. You are authorized to use this source of rock sandstone, located off of Forest Road 295A, under the following operating requirements and constraints:

1. Unauthorized removal of trees or rock sandstone may result in a bill for payment for the removed resource, a citation and/or a fine.

2. Development, use and reclamation of this rock sandstone source is subject to the attached "Pit Development Plan." Any deviation from this Pit Development Plan may be permitted only with the written approval of the Forest Service Representative assigned to this OGM Case.
 - a) You may remove rock sandstone only from that section of the stone pit in which you have been authorized to operate, as specified in the Pit Development Plan.
 - b) The length and height of rock face that may be open at any time, and the requirements and schedule for reclamation of each face are as specified in the Pit Development Plan.
 - c) If another authorized operator is working in another section of the same stone pit, you are each responsible for coordinating movement of trucks and equipment throughout the pit in a safe and efficient manner.
 - d) Only equipment and materials necessary for the excavation, removal and reclamation of the rock sandstone for OGM Case 524 may be used or stored in the stone pit.
 - e) Forest Road 295 has a gated entrance leading to the rock sandstone source on the "A" road. You will be responsible for closing and locking this gate when your operations are completed at the end of each day.
3. You will monitor the condition of any Forest Service road providing access to the rock sandstone source, and cease all hauling operations at the first indication that hauling is causing damage to the road (rutting or potholes deeper than 3", pulverizing rock surfacing, crushing of culverts). You will then notify the Forest Service Administrator assigned to this OGM Case, or the Forest Service District Ranger (if the Administrator is not available). The Forest Service will assess the road condition and specify the necessary repairs or improvements. You will be responsible for making the necessary repairs or improvements before you may resume operations.
 - a) If more than one authorized operator is hauling from the same source, and it is not evident who is responsible for damage, each operator will bear an equal financial responsibility for specified repairs or improvements.
4. If you believe an unauthorized operator is working within your rock sandstone source, you should immediately notify the Forest Service Administrator assigned to this OGM Case, or the Forest Service District Ranger (if the Administrator is not available).

K. ATV use on the lease:

1. Public use of ATVs is prohibited on the Allegheny National Forest, with the exception of designated trails. You or your designated employees will be allowed to use ATVs only as part of the business operations associated with operating your lease. You may operate ATVs on roads and pipelines you have constructed within your lease or on those Forest Service roads

within your lease that are designated for ATV use in the Notice to Proceed, and only while the lease is under production or operation. Operating ATVs off of these roads and pipelines within your lease is strictly prohibited. Individuals observed operating ATVs off of these roads and pipelines are subject to citation and fine. Evidence that ATVs are being used on your lease off of these roads and pipelines will jeopardize your exception to use ATVs on this and other leases.

2. Designated employees are those individuals involved in the day-to-day operation and maintenance activities within your lease. You are required to obtain a Forest Service permit for any ATV used on this or any other lease. This permit will restrict use of this ATV to the specified roads and pipelines within the identifiable lease, and only for operations and maintenance activities. ATVs may be authorized to operate on multiple leases, but this must be specified on the permit. Unless leases are adjacent and connected by a designated road or trail, ATVs must be moved using a trailer from lease to lease. Designated individuals operating ATVs within your lease are required to carry identification, and to stop and present this identification to a Forest Service Officer when requested. Failure to do so will jeopardize your exception to use ATVs on this and other leases.
3. ATVs are to be utilized in a safe manner. Operators will use basic safety equipment and maintain safe speeds.



United States
Department of
Agriculture

Forest
Service

Allegheny National Forest
Marienville Ranger District

HC 2, Box 130
Marienville, PA 16239
(814) 927-6628
FAX (814) 927-2285

File Code: 2800

Date:

Troy Spehar
Landman
East Resources, Inc.
P.O. Box 279
51 West Main Street
Allegany, NY 14706

Notice to Proceed

Dear Troy:

We have completed our project analysis of oil, gas and minerals (OGM) Case 524 for your proposed drilling of one oil and gas test well numbered T-1 in Warrant 3120, Wetmore Township, McKean County, Pennsylvania.

This is your Notice to Proceed. We have received your signed Timber Sale Settlement Contract, Road Use Permit, and proof of payment. Executed copies of the Timber Sale Settlement Contract and Commercial Road Use Permit have been mailed to you for your records.

Please contact Mike Lewis, Oil and Gas Administrator on the Marienville Ranger District, at (814) 927-6628, x 168 as soon as you receive this letter to arrange a pre-work meeting with the Forest Service that includes your timber harvest contractor, road construction contractor, and your field representative, prior to beginning the harvesting and road building operations.

If an alternative method of drilling is requested from the PA-DEP for dusting of drill cuttings, it is recommended that an unlined pit be utilized to capture all drill cuttings or a deflector shield used to pile the cuttings in one location. If the pit is used, it can then be dewatered, lined, and utilized for the containment of stimulation material. This shall be within the provisions of Title 25, Chapter 78 of the Pennsylvania Code.

You have been authorized to use the Forest Service stone pit off of Forest Road 295A as your source for road building and well pad material. Your operations in this pit are subject to Section J of the attached Operating Plan. A pit management plan, including a map, for this designated pit has also been attached.

Please note that there may be heritage resources in the area. Heritage resources on Federal land are subject to the prohibitions of the Antiquities Act of 1906, and compliance by the mineral owner is mandatory. For additional information, please see the attached Section G.

All operations within your lease on Forest Service surface are subject to Allegheny National Forest restrictions on ATV use. If you intend to use ATVs at any time during the life of your lease, you must comply with the attached Section K, this includes providing the Forest Service



with the names of individuals you wish to be authorized to operate ATVs. Each permit is free of charge, must be displayed on the left rear bumper of the ATV, and restricts the use of the ATVs to operations and maintenance activities on the lease. Please coordinate with the Oil and Gas Administrator assigned to this case to obtain the necessary ATV permits for your lease.

There are six threatened or endangered species known to occur on or near the Allegheny National Forest. These include the small whorled pogonia, bald eagle, Indiana bat, and the clubshell and northern riffleshell mussels. Outstanding and reserved mineral rights owners have certain responsibilities under the Endangered Species Act to protect threatened or endangered species and their habitats. To determine what your responsibilities are, you should contact the U.S. Fish and Wildlife Service district office in State College, Pennsylvania.

If you have any questions or concerns regarding the attached Operating Plan, please contact Mike Lewis OGM Administrator, on the Marienville Ranger District, at (814) 927-6628 x 168.

Sincerely,

/s/ Robert T. Fallon
ROBERT T. FALLON
District Ranger