July 20, 2004

EMS TRANSMISSION 07/21/2004
Information Bulletin No. OR-2004-147

To: All District Managers

From: Chief, Branch of Realty and Records Services

Subject: Posting of Notice of Competitive Oil and Gas Lease Sale DD: 07/23/2004

Attached is the next Competitive Oil and Gas Lease Sale Notice of certain lands being offered in Washington on Thursday, September 9, 2004.

In accordance with the Oil and Gas Reform Act, the notice must be posted for public review in a prominent location in your office for at least 45 days prior to the sale. To meet this requirement, please post the notice by July 23, 2004.

Districts with Unions are reminded to notify their unions of this Information Bulletin and satisfy any bargaining obligations before implementation. Your servicing Human Resources Office or Labor Relations Specialist can provide you assistance in this matter.

Signed by
Sherrie L. Reid
Acting Chief, Branch of Realty and Record Services

Authenticated by
Mary O'Leary
Management Assistant

1 Attachment(s)
1 - Notice of Competitive Lease (O&G) Sale (14 pp)

Distribution
Jay Douglas (WO-310, 501 LS)
Notice of Competitive Lease Sale
Oil and Gas

We are pleased to announce that we will offer for competitive sale certain Federal lands in the State of Washington for oil and gas leasing. This notice describes-

- The time and place of the sale;
- How to participate in the bidding process;
- The sale process;
- The conditions of the sale;
- How to file a noncompetitive offer after the sale; and
- How to file a presale noncompetitive offer.

Attached to this notice is a list of the lands we are offering by parcel number and description. We have referenced any special conditions or restrictions that will be made a part of the lease below each parcel.

When and where will the sale take place?

When: The competitive oral sale will begin at 9:00 a.m. on Thursday, September 9, 2004. The sale room will open one-half hour earlier so you can get your bidding number.

Where: We will hold the sale in the Land Office at 333 SW First Ave., Portland, Oregon. There is metered parking on the street and pay-to-park lots in the area. Public transportation is an option.

Access: The sale room is accessible to persons with disabilities. If you need an auxiliary aid or service to participate in the sale, such as a sign language interpreter or materials in an alternate format, contact Donna Kauffman at (503) 808-6162, by August 30, 2004.

How do I participate in the bidding process?

To participate in the bidding process, you must get a bidding number. You must display your bidding number to the auctioneer when you submit a bid.

What is the sale process?

Starting at 9:00 a.m. on the day of the sale-

- The auctioneer will offer the parcels in the order they are shown in the attached list;
- All bids are on a per-acre basis for the entire acreage in the parcel;
- The successful bid is the highest oral bid equal to or exceeding the minimum acceptable bid; and
- The decision of the auctioneer is final.

The minimum bid BLM can accept is $2 per acre. If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.32 acres requires a minimum bid of $202 ($2 x 101 acres). After we have offered
all the parcels, you may ask the auctioneer to re-offer any unsold parcels.

What conditions apply to the lease sale?

- **Parcel withdrawal or sale cancellation:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw a parcel, we will post a notice in the Oregon State Office Land Office (Public Room) before the day of the sale. We will announce withdrawn parcels before beginning the sale. If we cancel the sale, we will notify you as soon as possible.

- **Payment due:** You cannot withdraw a bid. Your bid is a legal binding commitment to sign the bid form, accept the lease, and pay the money due on the day of the sale. You may pay immediately after the sale, or you can pay within one hour after the close of the sale at our Land Office on the 1st floor of the State Office.

  If you are the successful high bidder on a parcel, the money due the day of the sale is the minimum bid of $2 per acre, the first year’s rent ($1.50 per acre), and the administrative fee ($75). You may pay the total due the day of the sale, or you may pay the balance of the bonus bid due by the close of business on September 23, 2004, which is the 10th working day following the sale. If you do not pay in full by this date, you lose the right to the lease and all money paid on the day of the sale. If you forfeit a parcel, we may offer it at a later sale.

- **Forms of payment:** You can pay by personal check, certified check, money order, or credit card (VISA, MasterCard, Discover, or American Express only). Make checks payable to: Department of the Interior—BLM. We cannot accept cash. If a check you have sent to us in the past has been returned for insufficient funds, we may ask that you give us a guaranteed payment, such as a certified check. If you pay by credit card and the transaction is refused, we will try to notify you early enough so that you can make other payment arrangements. However, we cannot grant you any extension of time to pay the money that is due the day of the sale.

- **Bid form:** On the day of the sale, if you are a successful bidder, you must give us a properly completed and signed competitive bid form (Form 3000-2, July 1991, or later edition) with your payment. This form is a legally binding offer by the prospective lessee to accept a lease and all its terms and conditions. Once the form is signed, you cannot change it. We will not accept any bid form that has information crossed out or is otherwise altered.

  We recommend you get a copy of the bid form and complete all but the money part before the sale. You can fill out the money part at the sale. Your completed bid form certifies that:

  (1) You and the prospective lessee are qualified to hold an oil and gas lease under our regulations at 43 CFR 3102.5-2; and

  (2) You have complied with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of, and collusion among bidders.

- **Lease Issuance:** After we receive the bid form and all the money due, we can issue the lease. Usually, a lease is effective the first day of the month following the month in which we sign it. If you want your lease to be effective the first day of the month in which we sign it, you must ask us in writing to do this. We have to receive your request before we sign the lease.
• **Lease terms:** A lease issued as a result of this sale will have a primary term of 10 years. It will continue beyond its primary term as long as oil or gas in paying quantities is produced on or for the benefit of the lease. Rental at $1.50 per acre for the first 5 years ($2 per acre after that) is due on or before the anniversary date each year until production begins. Once a lease is producing, you must pay a royalty of 12.5 percent on the production. You will find other lease terms on our standard lease form (Form 3100-11, October 1992 or later edition).

• **Stipulations:** Some parcels have special requirements or restrictions which are called stipulations. These are included with the parcel descriptions. Stipulations are part of the lease and supercede any inconsistent provisions of the lease form.

### How do I file a noncompetitive offer after the sale?

Lands that do not receive a bid are available on a first-come, first-served basis for a two-year period, beginning the day after the sale. If you want to file a noncompetitive offer on an unsold parcel, you must give us:

• An Offer to Lease Form properly completed and signed. *(Note: You may copy the lease form, but you must copy both sides on one page. If you copy the form on 2 pages or use an obsolete lease form, we will reject your offer. Any copy you make should be legible.)* Describe the lands in your offer as specified in our regulations at 43 CFR 3110.5, and;

• Your payment for the total of the $75 filing fee and the advanced first year’s rental ($1.50 per acre). Remember to round up any fractional acreage when you calculate the amount of rental.

You may submit your offer the day of the sale after the sale is closed. However, we consider all offers filed the day of a sale and the first business day after it, for any of the unsold parcels, filed at the same time. If a parcel receives more than one offer, we will hold a drawing to pick the winner. A presale offer has priority over any offer filed after the sale. There were no presale offers filed for the lands in this notice.

### How do I file a noncompetitive presale offer?

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive presale offer for lands that:

• Are available, and;
• Have not been under lease during the previous one-year period, or;
• Have not been included in a competitive lease sale within the previous two-year period.

If we do not receive a bid for the parcel that contains the lands in your offer, it has priority over any offer for that parcel filed after the sale. Your presale offer is your consent to the terms and conditions of the lease, including any additional stipulations. If you want to file a presale offer, follow the directions listed for filing a noncompetitive offer after the sale.

### How can I find out the results of this sale?

We will post the sale results in the Oregon State Office Land Office (Public Room), and on our website. You can buy ($5) a printed copy of the results list from the Land Office.

### Who should I contact if I have a question?
For more information, please contact Donna Kauffman at (503) 808-6162.

/s/ Sherrie L. Reid
Sherrie L. Reid
Chief, Realty Records Section

PUBLIC LANDS
WILLAMETTE MERIDIAN, WASHINGTON

PARCEL 9-9-04-1
MINIMUM ACCEPTABLE BID $3,402.00

T. 12 N., R. 21 E.,
Sec. 2, SWNW, SW, SWSE;
Sec. 4, Unnumbered lots in the NENE, NWNE, NENW, and the NWNW, and the S2N2, E2SW, SE;
Sec. 10, All;
Sec. 12, W2.

Yakima County 1,700.48 acres
Subject to Stipulation 3 and Lease Notices

PARCEL 9-9-04-2
MINIMUM ACCEPTABLE BID $960.00

T. 13 N., R. 21 E.,
Sec. 32, N2NW, E2SE;
Sec. 34, W2.

Yakima County 480.00 acres
Subject to Stipulation 3 and Lease Notices

PARCEL 9-9-04-3
MINIMUM ACCEPTABLE BID $3,220.00

T. 12 N., R. 22 E.,
Sec. 6, Lots 1-6, S2NE, SENW, NESW, N2SE;
Sec. 8, W2, SE;
Sec. 18, Lots 1-4, E2, E2W2 (All);
Sec. 30, NWNE, NENW.

Yakima County 1,609.36 acres
Subject to Stipulations 2, 3, Lease Notices and Form 3730-1
ACQUIRED LANDS
WILLAMETTE MERIDIAN, WASHINGTON

PARCEL 9-9-04-4
MINIMUM ACCEPTABLE BID $470.00

T. 14 N., R. 24 E.,
Sec. 6, Lots 1, 2, S2NE, and approx. 70 acres described as the West 1150 feet of the SW and approx. 4 acres described as the north 120 feet of the SW lying east of the west 1150 feet of the SW.

Grant County 234.08 acres
Subject to Lease Notices and Bureau of Reclamation Stipulation

PARCEL 9-9-04-5
MINIMUM ACCEPTABLE BID $184.00

T. 16 N., R. 24 E.,
Sec. 11, W2SW;
Sec. 24, Approx. 12 acres in the NWSE as described in a warranty deed dated December 28, 1955, as recorded in the Grant County records Book 126, Page 219-220.

Grant County 92.00 acres
Subject to Stipulation 1, Lease Notices, and Bureau of Reclamation Stipulation

PARCEL 9-9-04-6
MINIMUM ACCEPTABLE BID $100.00

T. 15 N., R. 25 E.,
Sec. 30, Approx. 49.39 acres described as follows: Beginning at the Northwest corner of the Southwest quarter (SW) of said Section 30 and running thence East along the North line of the said SW, a distance of 1270.32 feet; thence South 1693.75 feet; thence West 1270.32 feet; thence South 1693.75 feet; thence West 1270.32 feet to a point on the West line of the said SW; thence North 1693.75 feet to the point of beginning.
ACQUIRED LANDS
WILLAMETTE MERIDIAN, WASHINGTON

PARCEL 9-9-04-7
MINIMUM ACCEPTABLE BID $454.00

T. 12 N., R. 28 E.,
Sec. 14, NWNE;
Approx. 187 acres described as Lots 8 through and including 21, and the northerly 179 feet of Lot 22 of Ringold,
according to the recorded plat thereof as filed in the Franklin County records on February 8, 1910,
comprising a portion of Sections 23, 24, 25, and 26 EXCEPTING from said lots those portions thereof lying
easterly of the westerly line of the right of way for the county road as shown on said recorded plat.

Franklin County 227.00 acres
Subject to Stipulations 2, 3, Lease Notices, and Bureau of Reclamation Stipulation

PARCEL 9-9-04-8
MINIMUM ACCEPTABLE BID $6.00

T. 18 N., R. 28 E.,
Sec. 36, Approx. 2.6 acres in the NWNW described as follows: Beginning at the Northwest corner of said Sec. 36
and running thence South 89°47'35" East, 203.75 feet along the north line of said Sec. 36 to a corner of
Farm Unit 286, Irrigation Block 42, Columbia Basin Project, Washington, according to the Fourth Revision
to the Farm Unit Plat thereof as recorded in Grant County on July 27, 1956; thence along the boundary line
of said Farm Unit 286 as follows: South 00°12'25" West, 65.05 feet on a curve to the left with a radius of
143.24 feet for an arc distance of 70.40 feet, South 27°56'35" East, 325.7 feet, North 89°47'35" West,
377.85 feet to a point on the west line of said Sec. 36; thence leaving said boundary line and running thence
North 00°41'07" East, 419.82 feet to the point of beginning.

Grant County 2.6 acres
Subject to Lease Notices and Bureau of Reclamation Stipulation
ACQUIRED LANDS
WILLAMETTE MERIDIAN, WASHINGTON

PARCEL 9-9-04-9
MINIMUM ACCEPTABLE BID $232.00

T. 11 N., R. 29 E.,
Sec. 15, Approx. 6.4 acres described as all that portion of Farm Unit 141, Irrigation Block 15, Columbia Basin Project, Washington, according to the Farm Unit Plat thereof as recorded in Franklin County on September 15, 1952, in the NENE, and approx. 108.90 described as Farm Units 110 and 111, Irrigation Block 16, Columbia Basin Project, Washington, according to the Farm Unit Plat thereof as recorded in Franklin County on September 25, 1953.

Franklin County 115.30 acres
Subject to Lease Notices and Bureau of Reclamation Stipulation

PARCEL 9-9-04-10
MINIMUM ACCEPTABLE BID $506.00

T. 15 N., R. 30 E.,
Sec. 36, Approx. 2.2 acres in the NENE described as follows: Beginning at the Northeast corner of said Sec. 36, which corner is on the Northerly boundary line of Farm Unit 83, Irrigation Block 47, Columbia Basin Project, Washington, according to the Sixth Revision to the Farm Unit Plat thereof as recorded in Adams County on August 25, 1961, and running thence South 00°02’ West, 150.0 feet along said boundary line; thence North 88°48’ West, 650.0 feet along said boundary line; thence North 00°02’ East, 150.0 feet along said boundary line to a point on the north line of said Section 36; thence South 88°48’ East, 650.0 feet along said north line to the point of beginning.

T. 15 N., R. 31 E.,
Sec. 31, Approx. 250.4 acres described as Farm Units 51 and 67, Irrigation Block 47, Columbia Basin Project, Washington, according to the Farm Unit Plat thereof as recorded in Adams County on March 24, 1955.

Adams County 252.6 acres
Subject to Lease Notices and Bureau of Reclamation Stipulation

Total parcels: 10
Total acres: 4,762.81
Total number of parcels with presale offers: 0
Total acres with presale offers: 0.00
STIPULATION NO. 1 – NO SURFACE OCCUPANCY

No surface occupancy or use is allowed on the lands below: (description)

For the purpose of: (purpose)

<table>
<thead>
<tr>
<th>Parcel No.</th>
<th>Description</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>9-9-04-5</td>
<td>Entire parcel</td>
<td>Protect Crab Creek State Wildlife Area *</td>
</tr>
</tbody>
</table>

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (Proposed Spokane Resource Management Plan Amendment Final Environmental Impact Statement, pages 89-92)

*Waivers, Exceptions, and Modifications may be allowed in conjunction with the Bureau of Reclamation. Timing limitations may exceed 60 days per year. Controlled surface use (CSU) may strictly effect operations due to special values or resource concerns. Relocation of operations of USBR-controlled land administered by Washington State Department of Fish and Wildlife could be in excess of 200 meters. For more details on the “Timing Limitations” and Controlled Surface Use” stipulations in this section see pages 118-119 of the BLM Spokane Resource Management Plan (RMP) Final Environmental Impact Statement (FEIS) (December 17, 1992).

Attachment 1-9

STIPULATION NO. 2 – TIMING LIMITATION

**Raptor Nests**

Seasonal prohibition on oil and gas operations from January 1 to August 15, within 800 meters of raptor nests to protect raptor species of concern during nesting. Includes Burrowing Owls.

<table>
<thead>
<tr>
<th>PARCEL NO.</th>
<th>DESCRIPTION</th>
<th>WILDLIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>9-9-04-3</td>
<td>Sec. 30, NWNE.</td>
<td>Raptor Nests (burrowing owl)</td>
</tr>
<tr>
<td>9-9-04-7</td>
<td>Sec. 14, NWNE; Sec. 24, W2SW; Sec. 25, NW.</td>
<td>Raptor Nests (burrowing owl)</td>
</tr>
</tbody>
</table>

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (Proposed Spokane Resource Management Plan Amendment Final Environmental Impact Statement, pages 89-92)

Attachment 1-10
STIPULATION NO. 3 – CONTROLLED SURFACE USE

BOTANICAL

All surface disturbing activities are limited to existing roads, until a botanical field inventory of the proposed area of disturbance has been completed. This field survey must be completed during the appropriate season (April 15 through May 31) for the identification of special status plants. If special status species or plant community values are found, the Authorized Officer may determine not to allow activities if they adversely affect the botanical resources.

CULTURAL RESOURCES

Controlled surface use (CSU) or occupancy is restricted to existing roads and trails until the BLM has consulted with interested Native American Tribes, the State Historic Preservation Office and, where applicable, the Advisory Council on Historic Preservation. The following parcels are known to contain cultural resources potentially eligible for the National Register of Historic Places. A cultural resources inventory may be required for the area of potential effect prior to project implementation. Proposed operations may need to be redesigned, or may not be authorized if activities would result in adverse impacts to cultural resources.

NATIONAL OCEANOGRAPHIC AND ATMOSPHERIC ADMINISTRATION (NOAA) FISHERIES
(Formerly National Marine Fisheries Service)

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

No surface use is allowed until BLM has consulted with the National Oceanographic and Atmospheric Administration (NOAA) Fisheries (formerly National Marine Fisheries Service) to evaluate the potential effects of the proposed surface-disturbing activity on Federally listed threatened and endangered anadromous fish species.

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<tbody>
<tr>
<td>9-9-04-1</td>
<td>Sec. 4, Unnumbered lots in the NENE, NWNE, NENW, and the NWNW, and the S2N2, E2SW, SE; Sec. 10, All.</td>
<td>Botanical and Cultural Resources</td>
</tr>
<tr>
<td>9-9-04-2</td>
<td>Sec. 32, N2NW, E2SE. Sec. 34, W2.</td>
<td>Botanical</td>
</tr>
<tr>
<td>9-9-04-3</td>
<td>Sec. 18, E2. Sec. 18, Lots 1, 2, 3, E2W2.</td>
<td>Botanical</td>
</tr>
</tbody>
</table>

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (Proposed Spokane Resource Management Plan Amendment Final Environmental Impact Statement, pages 89-92)
Lease Notices:

Native American Grave Protection and Repatriation Act Notification

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.

APPLIES TO ALL PARCELS

Endangered Species Act Section 7 Consultation Stipulation

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modification of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act as amended, 16 U.S.C. §1531 et seq., including completion of any required procedure for conference or consultation.

APPLIES TO ALL PARCELS

Pacfish Standards and Guidelines (Pacfish)

All Bureau of Land Management (BLM) managed parcels and federal mineral estate managed by BLM are subject to PacFish Standards and Guides within watersheds containing anadromous fisheries (salmon and Steelhead). There is a 50-foot minimum riparian protection buffer on either side of intermittent streams.

Applies to Parcel 9-9-04-7
Secs. 23, 25, and 26.

The lessee or permittee hereby agrees:

(a) If any of the land covered by this lease or permit was, on the date of the lease or permit application or do so at his own expense. Furthermore, occupancy and use of the land by the mineral lessee or permittee shall
offer was filed, within a powersite classification, powersite reserve, waterpower designation, or project on which an application for a license or preliminary permit is pending before the Federal Energy Regulatory Commission or on which an effective license or preliminary permit had been issued by the Federal Energy Regulatory Commission under the Federal Power Act, or on which an authorized power project (other than one owned or operated by the Federal Government) had been constructed, the United States, its permittees or licensees shall have the prior right to use such land for purposes of power development so applied for, licensed, permitted, or authorized and no compensation shall accrue to the mineral lessee or permittee for loss of prospective profits or for damages to improvements or workings, or for any additional expense caused the mineral lessee as a result of the taking of said land for power development purposes. It is agreed, however, that where the mineral lessee or permittee can make adjustments to avoid undue interference with power development, he will be permitted to be subject to such reasonable conditions with respect to the use of the land as may be prescribed by the Federal Energy Regulatory Commission for the protection of any improvements and workings constructed thereon for power development.

(b) If any of the land covered by this lease or permit is on the date of the lease or permit within a powersite classification, powersite reserve, or waterpower designation which is not governed by the preceding paragraph, the lease or permit is subject to the express condition that operations under it shall be so conducted as not to interfere with the administration and use of the land for powersite purposes to a greater extent than may be determined by the Secretary of the Interior to be necessary for the most beneficial use of the land. In any case, it is agreed that where the mineral lessee or permittee can make adjustments to avoid undue interference with power development, he will be permitted to do so at his own expense.

APPLIES TO THE FOLLOWING LANDS:

<table>
<thead>
<tr>
<th>PARCEL NO.</th>
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<tbody>
<tr>
<td>9-9-04-3</td>
<td>Sec. 30, NNE, NENW.</td>
</tr>
</tbody>
</table>

13 Attachment 1-13
operation, and maintenance of such works. It is agreed by the lessee that, if the construction of any or all of said dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone or telegraph lines, electrical transmission lines, roadways, appurtenant irrigation structures or Reclamation works across, over, or upon said land should be made more expensive by reason of the existence of the improvements and workings of the lessee thereon, said additional expense is to be estimated by the Secretary of the Interior, whose estimate is to be final and binding upon the parties hereto, and within thirty (30) days after demand is made upon the lessee for payment of any such sums, the lessee will make payment thereof to the United States, or its successors, constructing such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electrical transmission lines, roadways, appurtenant irrigation structures, or Reclamation works, across, over, or upon said lands; PROVIDED, HOWEVER, that subject to advance written approval by the United States, the location and course of any improvements or works and appurtenances may be changed by the lessee; PROVIDED, FURTHER, that the reservations, agreements, and conditions contained in the within lease shall be and remain applicable notwithstanding any damage to the improvements or workings of the lessee resulting from the construction, operation, and maintenance of any of the works herein above enumerated. Nothing contained in this paragraph shall be construed as in any manner limiting other reservations in favor of the lessor contained in this lease.