

OR/WA BLM Renewable and Non-Renewable Energy

Rights-of-Way, Leases, and Withdrawals

Long Summary

Including Project Descriptions

June 30, 2013

Here is a detailed summary of energy right-of-way grants (ROWs), leases, withdrawals, projects, or potential projects, on U.S. Bureau of Land Management (BLM) lands (and U.S. Forest Service lands for pipeline ROWs, geothermal leases, and some Federal Energy Regulatory Commission hydropower withdrawals) in Oregon and Washington (OR/WA). It covers these energy categories: wind, electrical transmission, geothermal, hydro, biomass, solar, tidal/wave, oil and gas, coal bed natural gas, oil and gas pipelines, coal, and uranium. Seven location maps and two FERC project tables accompany this summary. There are OR/WA map pairs for Renewable and Non-Renewable Energy Projects, a pair for FERC Hydro Energy Projects, and a Biomass Energy Projects map of Oregon. There are also Energy Development “Challenges and Opportunities” interactive maps (layered PDFs) for both renewable and non-renewable energy projects in Oregon. All are referenced in the text. Numbered projects in the text are cross referenced on the maps. **All the maps along with the long and short text summaries and additional information can now be found at OR/WA BLM’s energy website via this web link:** <http://www.blm.gov/or/energy> .

RENEWABLE ENERGY

WIND

Right-Of-Way (ROW) grants are required for wind testing or development structures, or electrical transmission lines to be erected on public lands. ROW requirements are described in the 43 CFR 2800 ROW Regulations.

In Oregon, as of June 30, 2013, there were 4 authorized (44,960 acres) plus one pending (15,826 acres) wind testing ROW in Oregon, for a total of 60,786 acres. This represents a 45% wind testing acreage decrease from February 2013. There were also three pending wind farm development ROWs (34,208 acres). This represents a 265% wind farm development acreage increase in Oregon from February 2013. There is also one authorized wind farm (108 acres) in Oregon, Lime Wind, which began operation in December 2011.

In Washington there was one authorized wind testing ROW and one pending wind farm development ROW occupying the same project area, Saddle Mountain West (22,096 acres). So

the net acreage change for wind testing and development between February 2013 and June 2013 in Washington is essentially zero.

See accompanying “Renewable Energy Projects” maps for locations, and individual project descriptions below for details.

CONTACT: Janet Hutchison, (541) 416-6710, jhutchison@blm.gov

Wind test project descriptions for Oregon:

1 Big Wind Energy Project (OR 65905 & 66473): The wind data acquired the winter of 2010-11 was not sufficient to make this project economically feasible according to Oregon Community Wind, LLC. They have decided to acquire another year’s worth of test data and make a decision at the end of 2012 as to whether they will move forward. Their current authorized wind testing and monitoring right-of-way does not expire until December 31, 2013 and covers 1,160 acres.

2 Abert Rim (OROR 066561): Aero Power, LLC submitted a wind energy testing application to the Lakeview District on January 10, 2011, for 15,825 acres. This company proposes to install three meteorological towers southwest of Coyote Hills and southeast of Abert Lake in the Abert Rim area of southern Lake County. This area is managed by the BLM’s Lakeview District. The Lakeview Resource Area is currently reviewing this request. As of 6/6/13 this test site application was still pending a decision. They are waiting on a sage grouse determination.

3 Hog Back (OROR 066233): Sacramento Municipal Utilities District (SMUD) assumed Distributed Generation Systems, Incorporated’s three-year testing ROW for 20,328 acres of land managed by the BLM’s Lakeview District between the Abert Rim Wilderness Study Area and the Hog Back Road ROW. SMUD is currently determining if it will proceed with a wind project in this area. SMUD was issued a new wind-testing ROW in 2010. It expires 12/31/13.

4 Red Mountain (OROR 066278): Test ROW grant authorized to OR Power Solutions for 13,903 acres on 4/1/11, for 3 MET towers and future development rights for wind. Test ROW expires 3/31/14.

5 North Pole Ridge (OROR 066096): EC&R Development, LLC, also known as E-ON Climate and Renewables was granted a Right-of-Way (ROW) for a wind testing and monitoring project in Prineville District on January 2011. The ROW allowed nine meteorological towers and future development area for wind potential on 9,568 acres (9,880 acres?). The ROW will expire on December 31, 2013.

Wind test project descriptions for Washington:

6 Saddle Mountain West (WAOR 63043): Wind testing and monitoring area ROW grant renewed on 7/1/10 for second three year term. The authorization allows placement of up to five MET towers and reserves approximately 22,096 acres of public land for future wind development rights. In reality, the two met towers that were in place on the public land have been removed. However, several operating met towers are situated on intervening private land. The ROW expires on 6/30/13. As per BLM policy, EDP Renewables, (formerly Horizon

Wind Energy) filed a development application prior to the ROW renewal. However, EDP has not yet provided a study design for conducting inventories on the public lands included in the development application.

On June 7, 2013, William Schurger wrote:

Due to the pending expiration of the testing ROW, BLM has sent a letter to EDP Renewables, asking if they are planning to submit a new application for a wind testing and monitoring area right-of-way. Because of BLM policy, the about to expire testing area ROW cannot be renewed for a third 3-year term. However, EDP can file a new application. We have also asked EDP for feedback regarding their development plans for the Saddle Mountains (#10, below).

Wind farm development project descriptions for Oregon:

7 Buckskin Mountain (OROR 066096): OPS was granted a wind testing and monitoring project area ROW in the Buckskin Mountain area in the Burns District in July 2010. In the spring of 2011 the grant was assigned to Enxco Development Company. The Buckskin Mountain Project Area encompasses 9,519 acres with two authorized meteorological towers. The proponent, EnXco requested a pre-application meeting with the cooperating agencies and it was held January 11, 2012. Wildlife surveys began in the spring of 2012. The Burns District has received preliminary studies from the proponent. Of concern was the presence of numerous eagles near the ROW. The ROW will expire in June 2013. On 5/23/13 Tara McClain wrote: The proponent has filed a letter with the Burns District stating they intend to move forward with development. The second pre-application meeting is currently scheduled for June 13, 2013. A decision on this application is pending.

8 Wagontire Mountain (OROR 067776): Oregon Power Solutions (OPS) was granted a wind testing and monitoring project area ROW on Wagontire Mountain in the Burns District in July 2010. The Wagontire Mountain Project Area encompasses 12,947 acres. In January 2012 the OPS Desert Wind filed an amendment application to add acreage to their existing authorization. The amendment was authorized on March 16, 2012 and the new authorization contains 17,710 acres. Two meteorological towers were authorized and have been installed in the project area. The test ROW will expire in July 2013.

On March 29, 2013, Holly Orr said that OPS had applied for a Development ROW on the Burns District side. However, Prineville said that they have not yet received a Development ROW application on their side of the District line. Note: this project overlaps the SE corner of the Glass Buttes leases.

On 5/8/13 Tara McClain wrote: We have received a development application for a wind project near Wagontire Mtn. We are currently in the process of determining the cost recovery agreement. It is proposed to be approximately 102 mw and about 40-50 turbines.

And on 5/23/13 Tara McClain wrote: On April 3, 2013 OPS Desert Wind, LLC submitted a Type 3 Wind Development application for a 102 MW site with approximately 40-50 turbines. The original request included approximately 12 thousand acres near Wagontire Mtn. and another approximately 5000 acres near Little Glass Buttes. OPS withdrew the acreage near Little Glass Buttes on May 7, 2013 due to resource concerns. The wind development site is wholly on the

Burns District. There is one transmission line alternative that would authorize a new transmission line across the Prineville District. A decision on the application is still pending. Burns is currently working on the Project Charter, Request for Delegation of Authority and the Cost Recovery Agreement.

9 BURNT RIVER (OROR 065616, 061281, & 67054): Horizon Wind LLC has been testing the wind in the Burnt River area of BLM's Vale District since August 1, 2005, under ROW OR-61281 (11,742 acres). In December of 2007, Horizon informed BLM that they intended to move forward with a Wind Development Project in the Burnt River area. On July 7, 2008, the company submitted a POD/Amend SF-299 right-of-way application for project development and their wind testing ROW was renewed with only one MET tower located on public lands. Horizon began the necessary inventories and studies for environmental analysis in spring 2009. The wind testing ROW OR-61281 has expired and Horizon applied for another renewal of the ROW. A new case file, OR-67054, was established and the application is currently pending awaiting Horizon's reduction in project acreage. Additional cultural surveys are required with OR-67054 as a due diligence provision. The delay in project development is due mainly from the undetermined route location of the Boardman to Hemingway 500kV transmission line (B2H). A revised POD will be required once the B2H route is decided or prior to the expiration of OR-67054. The economic viability of this wind project is dependent upon which route is chosen. For more information on the progress of the B2H project see Vale District below under "Transmission Line Projects".

Wind farm development project description for Washington:

10 SADDLE MOUNTAIN WEST WIND FARM (WAOR 66523): On June 29, 2010, Horizon Wind Energy LLC (now EDP Renewables), dba Saddleback Wind Power Project LLC filed a right-of-way application with the Wenatchee Field Office for a major wind energy project in the Saddle Mountains. The project, which would be built on federal and private lands, would have an estimated generating capacity of 165-450 mw, based on 150 turbines ranging in size from 1.5 to 3.0 mw. Several months prior to BLM's receipt of the development application, Horizon requested a three year renewal of their wind testing and monitoring area r/w on 22,096 acres of public land in the Saddle Mountains (WAOR 63043). The wind testing & monitoring area r/w was subsequently renewed for a three year period. It will expire on June 30, 2013. It includes the right to install five meteorological towers. However, the two towers previously installed on BLM have been removed. EDP still has functional met towers on intervening private lands. The BLM has requested additional information from Horizon on the development application and is awaiting a revised POD. The revised POD was received. However, two more things need to be done before the project may proceed: The Spokane District is in the process of scheduling a mandatory stakeholder meeting and the District is currently engaged in a major rewrite of its RMP, and the potential exists that portions of the Saddle Mountains could be designated as an avoidance area because of resource issues. Therefore, processing of Horizon's development application is still dependent on the progress of the RMP. The BLM has not yet scheduled meetings with potential stakeholders. As a gauge of EDP's interest in this project, we had anticipated seeing a resource study design and possible initiation of inventories by the company. However, we haven't heard much from EDP for about a year and a half, and the previous EDP manager assigned to this project left the company. Another project manager has been assigned, but he hasn't contacted us. Therefore, the possibility exists that EDP no longer desires to pursue this project. About 1-2 years ago, EDP obtained a green light from Adams County to begin building a wind energy project on the far eastern end of the Saddle Mountains

(on non-BLM lands). However, actual construction of this approved project had not begun as of 11/5/12.

On June 7, 2013, William Schurger wrote:

Due to the pending expiration of the testing ROW, BLM has sent a letter to EDP Renewables, asking if they are planning to submit a new application for a wind testing and monitoring area right-of-way (see #6 above). Because of BLM policy, the about to expire testing area ROW cannot be renewed for a third 3-year term. However, EDP can file a new application. We have also asked EDP for feedback regarding their development plans for the Saddle Mountains.

Operational wind farm in Oregon:

11 LIME WIND: The Baker Field Office, Bureau of Land Management (BLM) completed and signed a FONSI and decision record for a wind energy development right-of-way (ROW) for Joseph Millworks, Inc. on December 11, 2009. This is the first wind farm on BLM lands in Oregon. The ROW grant authorizing the development of a wind power facility on federal lands near Lime, Oregon was issued on December 15, 2010. The Notice to Proceed was issued on June 6, 2011. Construction of the facility began on July 1, 2011 and was completed in December 2011. This wind energy facility produces 3.0 megawatts (MW) from six rebuilt Nordtank wind turbines. It occupies 108 acres of BLM-managed public lands. The company website: www.lime-wind.com.

New Regulation Affecting Wind & Solar ROWs:

Mining Claim Segregation Rule to Facilitate Development of Renewable Energy Issued April 29, 2013 via BLM Press Release:

In support of the Administration's strategy to develop environmentally responsible renewable energy on public lands, the Bureau of Land Management (BLM) is issuing a regulation that will facilitate right-of-way applications for lands with wind and solar energy development potential.

The Final Rule to be published in tomorrow's Federal Register will allow the BLM, when necessary for the orderly administration of the public lands, to temporarily segregate lands in a wind or solar energy right-of-way application from the location of mining claims or other land appropriations.

Under the Federal Land Policy and Management Act of 1976, the BLM is charged with managing the public lands for multiple uses. Under existing regulations, lands proposed for exchange or sale can be closed to the filing of mining claims. However, lands included in a proposed right-of-way remain open to the location and entry of mining claims while the BLM is considering the application.

The Final Rule will revise the regulations to provide for the segregation of lands to facilitate the processing of solar and wind energy right-of-way applications.

The regulation has been in development for two years. On April 26, 2011, the BLM published an interim temporary Final Rule and a proposed rule on segregating lands in solar and wind energy applications. The Final Rule published tomorrow replaces the interim temporary Final Rule.

Since 2009, the BLM has approved 23 solar and 8 wind energy development right-of-way applications. In two proposed rights-of-way, mining claims were located after the right-of-way applications were submitted but before the rights-of-way could be authorized. In the two years before the interim temporary Final Rule went into effect, 437 new mining claims were located within wind energy right-of-way application areas in Arizona, California, Idaho, Nevada, Oregon, Utah, and Wyoming; another 216 new mining claims were located within solar energy right-of-way application areas.

The temporary rules published in April 2011 have helped resolve such conflicts, since they granted the BLM authority to temporarily remove lands included in a renewable energy right-of-way application and lands offered for wind or solar energy lease from land appropriations like mining claims. By temporarily segregating lands covered by pending wind or solar right-of-way applications, or lands identified as potential renewable energy leasing areas, the BLM can help ensure that new resource conflicts will not arise with respect to mining claims.

Under the Final Rule, lands with right-of-way applications for solar or wind energy development could be segregated from the location and entry of mining claims. Such segregations would only be authorized as needed and would not necessarily cover all lands where renewable energy right-of-way applications have been filed.

A segregation would be effective for two years and could be extended for an additional two years if the appropriate BLM State Director determines that an extension is necessary for the orderly administration of the public lands.

The rule also provides for termination of a segregation by one of three means: (1) by having the BLM issue a decision issuing or not issuing a right-of-way for the wind or solar energy proposal; (2) by publishing a Federal Register notice of termination of the segregation; or (3) without further administrative action at the end of the segregation period.

The text of the Final Rule is available online here:

The Federal Register Notice for this rule, published on April 30, 2013 can be found here:
<http://www.gpo.gov/fdsys/pkg/FR-2013-04-30/pdf/2013-10087.pdf>

TRANSMISSION

BLM authorizes a number of right-of-way (ROW) grants each year for electrical transmission and distribution lines crossing BLM managed public lands. According to BLM's Automated Lands and Minerals Case Recordation System Data Base (LR2000), there were 983 authorized and 56 pending electrical transmission ROWs across both Oregon and Washington as of January 9, 2013.

Apparently LR2000 does not distinguish between transmission and distribution lines, at least in any systematic or reliable way.

Distribution lines generally carry less than 69 kV. But 115 & 138 kV lines can be either distribution or transmission lines. However, transmission lines are usually 230, 345, or 500 kV, but can also include 600 kV. Transmission lines move power from region to region and provide substations from which distribution lines move stepped-down power to users within a region. Transmission lines generally use steel lattice “monster” towers and have large linear footprints. Distribution lines generally use the more familiar wood poles to hold up their lines with a much smaller linear footprint.

There are three proposed major transmission lines involving BLM lands in Oregon: Boardman to Hemingway 500 kV, North Steens 230 kV, and West Butte 115 kV. Permitting and development of the Cascade Crossing project was suspended on June 3, 2013 (see below). And there are two transmission lines in Washington: the proposed Vantage to Pomona Heights 230 kV line and the authorized McNary -John Day 500 kV line. See accompanying “Renewable Energy Projects” maps for locations. They are located on this OR/WA BLM energy website:

<http://www.blm.gov/or/energy>

CONTACT: B2H- Tamara Gertsch, (307) 775-6115, tgertsch@blm.gov or Renee Straub, (541) 473-6289, rstraub@blm.gov; Cascade Crossing - Robin Estes, (541) 416-6728, restes@blm.gov West Butte, V2PH - Janet Hutchison, (541) 416-6710, jhutchison@blm.gov; Steens Mt. – Tara McClain, (541) 573-4462, tmclain@blm.gov

Transmission project descriptions for Oregon:

Boardman to Hemingway 500kV Line

The Boardman to Hemingway (B2H) Transmission Project consists of an approximate 300 mile 500 kV line from Boardman, Oregon to Melba, Idaho; BLM is the lead agency and has more than 20 cooperating agencies. Bonneville Power Administration joined the B2H Project as a Cooperating Agency in spring 2012. The B2H Project will relieve pressure on the existing transmission system, improve electric reliability, provide additional energy capacity to meet demand in Oregon and Idaho, and provide service to wholesale customers. BLM received an updated application and plan of development (POD) on November 21, 2011, from Idaho Power Company (IPC); all resource reports have been received to assist in the development of the DEIS although data request regarding visual and cultural resources are still outstanding BLM reviewed the application / POD / resource reports and developed final NEPA alternatives in summer 2012 after conducting a series of landowner and public meetings. BLM has provided the resource reports and is currently sharing Chapters 1, 2 and most of Chapter 3 of the DEIS with tribes and the Cooperating Agencies at this time for review and input. A complete administrative DEIS is expected to be shared with the tribes and cooperators in April or May. The B2H Programmatic Agreement (PA) workgroup continues work on the Section 106 PA and has a nearly complete draft. The draft PA will be circulated for final comment to all consulting parties in late March

2013. BLM continues to consult with the Shoshone-Paiute Tribes of the Duck Valley Indian Reservation, the Confederated Tribes of the Umatilla Indian Reservation, the Shoshone-Bannock and the Burns Paiute Tribes. Idaho Power submitted its preliminary Application for Site Certificate to the state of Oregon in February 2013.

A draft EIS is anticipated for public release in the summer of 2013. If approved, construction could begin as soon as the fall of 2014.

More information about this project can be found at its website:

http://www.boardmantohemingway.com/faq_design.aspx

Cascade Crossing 500kV Line

Portland General Electric (PGE) has proposed the Cascade Crossing Transmission Project (Cascade Crossing) to help meet Oregon's growing energy needs, encourage development of more renewable energy projects and maintain reliability of the region's electrical grid.

In 2009, PGE first proposed to build a 215-mile transmission project from Boardman to Salem. As the result of a Memorandum of Understanding reached in January 2013 with the Bonneville Power Administration (BPA), PGE now proposes to build a shorter line from Boardman to a new Pine Grove substation PGE would build about 18 miles southwest of Maupin. At that point, the project would connect to the existing transmission grid to bring electricity to PGE customers in the Willamette Valley.

Permitting of the project involves review and environmental analysis by local, state and federal agencies and the Confederated Tribes of Warm Springs (CTWS). The State's review process is being administered by the Oregon Department of Energy and the federal review is currently being led by the U.S. Forest Service.

PGE intends to amend its applications to the state and federal agencies, seeking permits to:

- build a 122-mile, 500 kilovolt line from Boardman to the Pine Grove substation;
- site up to four substations, including Pine Grove, that could be built by PGE or by its transmission customers.

Project website: <http://www.cascadecrossingproject.com/>

For info on the proposed change of route announced on January 14, 2013 see:

<http://www.businesswire.com/news/home/20130114006454/en/PGE-BPA-Pursuing-Change-Cascade-Crossing-Transmission>

On June 3, 2013, PGE issued a press release stating that they had "signed a new Memorandum of Understanding with BPA to seek mutual transmission capacity solutions, resulting in the company's decision to suspend permitting and development of the proposed Cascade Crossing transmission project..." This new "MOU reflects progress PGE and BPA officials have made on

discussions surrounding Cascade Crossing under the previous MOU signed in January.” The new MOU is non-binding and “there is no assurance that the MOU will result in a binding agreement.” It identifies an option that could meet PGE’s retail customers’ needs for the next 10 years.” It went on to say: “this is a unique opportunity that has only occurred because of our joint planning discussions with BPA on our Cascade Crossing project. The new MOU lays out a path for PGE to capture the value of additional available transmission capacity more effectively, delaying PGE’s need for new transmission infrastructure. While it’s not an easy decision to suspend permitting and development of Cascade Crossing, it’s the right thing to do for our customers, the region, and the environment.”

#12 North Steens 230kV Line

Secretary of the Interior Ken Salazar signed the Record of Decision (ROD) for the Proposed North Steens Transmission Line Project (Project) on December 28, 2011. The Project is a 29-mile, 230-kilovolt (kV) transmission line that would convey 104 MW of power generated from wind farms proposed for development on private land on the north side of Steens Mountain. The proposed transmission line would cross over private lands and nine miles of BLM land.

The Right Of Way (ROW) grant for the transmission line was mailed out by the Burns District on January 17, 2012, to the project proponent (Columbia Energy Partners, or CEP) for their signature and proof of a bond to cover potential project liabilities. The signed ROW grant was received from CEP by the Burns District BLM office, and their bond was reviewed and approved. Their ROW grant was officially “authorized” on March 16, 2012. As of April 23, 2012, a Notice to Proceed (NTP) had not yet been issued pending review of a lawsuit filed on April 5, 2012 to stop the project (see below). On May 21, 2012 the NTP was issued.

The Habitat Mitigation Plan was finalized and accepted by our district on May 18, 2012. It includes weed treatment, sagebrush planting and juniper removal. We have concurrence from all of our cooperating agencies on the plan.

BLM filed a motion for summary judgment in the US District Court for District of Oregon, Portland Division on November 2, 2012, and another motion on January 11, 2013.

On February 22, 2013 BLM revoked the limited NTP and refunded the performance and construction bond. The bond will be recalculated and must be received by BLM prior to any ground disturbing activities being conducted.

ONDA petitioned the Secretary of the Interior on March 6, 2013 asking that he revoke the Record of Decision and the associated ROW.

The District Court held a status update conference on March 11, 2013, council for all parties involved, including the intervenors, were on the call. Another status update will be held on April 3rd.

Oral Arguments on North Steens are scheduled for July 22, 2013.

More information is available on the BLM North Steens project website: http://www.blm.gov/or/districts/burns/plans/steen_trans/index.php

#13 West Butte 115kV line

In the summer of 2009, West Butte Wind Power LLC (WBWP) submitted an application to improve, construct, and operate an access roadway and transmission line across Bureau of Land Management (BLM) administered public lands. The right-of-way requested would provide a permanent access road; a pole-mounted 115-kilovolt (kV) electrical transmission line; a 14.4-kV electrical utility line; and a fiber optic communication line. The right-of-way request was associated with a proposed wind farm development on private lands adjacent to the BLM. The project area is located about 32 miles east of the City of Bend and 30 miles south of the City of Prineville, north of Oregon State Highway 20.

The proposed project would consist of up to 52 wind turbines providing a maximum of 104 megawatts of electrical generating capacity, enough to power about 36,400 homes. The wind farm would also require infrastructure to support the generation and transmission of power. Because BLM lands provided the only reasonable access to the project area, the BLM was required to analyze the effects of the project in its entirety via the NEPA process. On October 1, 2010 the BLM released the Final Environmental Impact Statement (FEIS) to the public. On July 14, 2011, Secretary of the Interior Ken Salazar approved the decision to authorize a road and transmission line right of way, 100 feet wide, 4.5 miles long, across BLM lands associated with the West Butte Wind Power Project.

As part of the approval agreement, BLM is requiring the developer to mitigate 9,000 acres of sage grouse habitat by providing funding for the restoration and enhancement of a similar amount and type of habitat on BLM lands. The company will also provide funds through Crook County to purchase conservation easements for sage grouse management and will work with the U.S. Fish and Wildlife Service to develop an Avian (golden eagle) and Bat Protection Plan and prepare a Wildlife Mitigation and Monitoring Plan for Crook County. The proponent has worked with USFWS to obtain a programmatic take permit for golden eagles but a final decision is not expected until sometime in 2013 due to precedence concerns. If issued, this would be the first programmatic take permit issued by USFWS.

Apparently, as of March 4, 2013, WBWP had not yet obtained a power purchase agreement which would be critical before construction of the wind farm and associated facilities could begin. For this reason the company is apparently in no hurry to secure the Right Of Way (ROW) grant for the transmission line and road. However, the company has renewed interest in securing the ROW given the potential effects of the sage grouse amendments could have to the project. However, as of March 4, 2013, the company had not yet accepted BLM's September 7, 2011 ROW grant offer or submitted payment to secure it. Until that step is complete this project is not officially "authorized" from a ROW administration point of view.

There has been a rumor that ownership of this project has changed hands, but that has not been officially verified as of March 4, 2013. It is uncertain when, or if, this project will be built but initial construction costs were estimated at \$220 million and would create about 70 jobs, with another 345 workers providing supplies, material, support, and offsite services. Operation of the wind farm would require a staff of between 10 and 15. In addition, the wind farm is expected to provide \$1 million in annual tax revenue to Crook County.

For more information and a location map visit the BLM's West Butte Wind Power Project's website at http://www.blm.gov/or/districts/prineville/plans/wbw_power_row/

On May 2, 2013, the North American Wind Power Newsletter stated:

***NAW** has learned that West Butte Wind Power LLC has withdrawn its permit application enabling the developer to "take" golden eagles at a proposed wind project in central Oregon.*

According to the Fish & Wildlife Service (FWS), the West Butte permit would have allowed the take of up to three golden eagles over a period of five years as long as the company fulfilled its conservation commitments. Take means to kill, harass or disturb the birds, their nests or eggs.

West Butte, which is planning a 52-turbine project near Bend, Ore., first submitted its permit application in January 2012. It was the first wind developer to apply for a permit under the Bald and Golden Eagle Protection Act (BGEPA).

Regulations adopted in 2009 enabled the FWS to authorize, for the first time, the take of eagles for activities that are otherwise lawful but that result in either disturbance or mortality.

However, the developer withdrew its take permit request in March due to the difficulty in finding a power purchase agreement (PPA) for the project, explains Aaron Rachlin, managing member of R-Squared Energy LLC, the developer behind West Butte.

"It was done mainly as a way to conserve cash," Rachlin says, adding that he and his partners continue to seek a buyer to purchase the wind farm's output. When a long-term PPA is signed, Rachlin says West Butte will resume the eagle-take application.

A spokesperson at the FWS's Pacific regional office in Portland, Ore., says the agency will work with West Butte if the developer revisits the application request.

"We granted the request, along with an assurance that [the developer] could revive their application if they choose, without having to start the whole process over from the beginning," says the FWS spokesperson.

Added clarity

The FWS and other conservation partners have been working with the wind industry to find

solutions to reduce the number of eagle mortalities at wind projects and bolster eagle populations through other conservation measures.

While the industry had been awaiting the outcome of the West Butte permit, wind developers received a bit more clarity from the FWS on April 26 with the new Eagle Conservation Plan Guidance (ECPG), intended to promote compliance with the BGEPA and Migratory Bird Treaty Act. For more on the guidance, click [here](#).

Andy Spielman, a partner at law firm Hogan Lovells, explains that the new guidance should help developers comply with regulatory requirements and avoid the unintentional take of eagles.

Additionally, he notes, the guidance should assist the wind industry in providing the biological data needed to support programmatic permit applications for projects that may pose a risk to eagles.

Importantly, Spielman notes that the new ECPG does not change the standards established by the 2009 take permit rule. The guidance assumes that obtaining such a permit is possible and necessary for avoiding BGEPA liability.

According to Spielman, FWS may recommend that wind developers monitor eagle fatalities and disturbance, adopt reasonable measures to reduce eagle fatalities from historic levels and implement compensatory mitigation.

Transmission project descriptions for Washington:

Vantage to Pomona Heights 230kV Line (WAOR 65753):

On June 25, 2013 Janet Hutchison updated this section as follows:

The original right-of-way application for this project was received by the Wenatchee Field Office on October 31, 2008, and an amended application was received Nov. 5, 2010. The project would cross both BLM public lands and federal lands under the control of the U.S. Army's Yakima Training Center. Private and state lands would also be crossed. The BLM is currently the lead federal agency for the preparation of an Environmental Impact Statement. The new 230 kV transmission line is being proposed by Pacific Power to address energy demand growth in the Yakima region by increasing the capacity of the transmission system that will serve growing needs, while ensuring continued reliable service to existing customers. The new 230 kV transmission line would be constructed from Pacific Power's existing Pomona Heights substation

east of Selah, Washington to the Bonneville Power Administration's existing Vantage substation east of the Wanapum Dam on the Columbia River. The project would travel a distance of approximately 61 to 67 miles, depending on the alternative chosen, through Benton, Grant, Kittitas, and Yakima Counties.

The Federal Register Notice of Intent to Prepare an EIS was posted on January 5, 2010, initiating the NEPA scoping process for this project. The formal scoping period ended on March 8, 2010. Due to public and agency input received during the scoping period and a significant military aviation safety issue identified afterwards, it was necessary to eliminate certain route alternatives and to make major adjustments to other alternatives.

The Draft EIS was completed and issued January 4, 2013. The public comment period closed on March 8, 2013. The BLM hosted public meetings during the comment period in Mattawa and Selah, Washington. We received 66 comment letters during the public comment period. One of the comments received was from Pacific Power indicating that the WEC rules had changed which allowed transmission lines to be installed closer together, not as much separation as was previously required. In the DEIS there was an alternative that was discussed going through the Yakima Training Center (YTC) and dismissed because it would impact the mission of YTC, based on the previous separation rules. Because of the rule change and comments received during the comment period, Pacific Power, BLM, and YTC looked again at a northern route going across the YTC and YTC agreed to this new route. A Cooperators Meeting was held in Yakima on April 25, 2013 to discuss comments from the public comment period and this new alternative. The Cooperators were all in favor of this alternative. Due to this new alternative, we extended an invitation to FHWA, WSDOT, and Kittitas County to be a Cooperator and they agreed. A MOU will be mailed to them this week. Because this alternative was not fully analyzed in the DEIS, we decided to complete a Supplemental Draft Environmental Statement (SDEIS) to fully analysis this alternative. A Tribal Consultation Letter and a Dear Interested Party Letter was mailed on May 31, 2013 to inform the public of this alternative.

On July 19, 2013 Janet entered this into the Weekly Report:

Vantage to Pomona Heights Project: Pacific Power submitted an application to BLM to construct a new 230 kV transmission line. The proposed line would cross public lands managed by BLM, Bureau of Reclamation (BOR), and Yakima Training Center (YTC), private lands, and State lands. On Wednesday, July 17, 2013, the BLM and YTC met with U.S. Fish and Wildlife Service and Washington Department of Fish and Wildlife to discuss concerns that they expressed during the public comment period of the DEIS and to obtain their input for a new northern route we are currently analyzing in a Supplemental Draft Environmental Impact Statement.

The BLM web page for this project

is: <http://www.blm.gov/or/districts/spokane/plans/vph230.php>.

McNary-John Day 500kV Line (WAOR 65586 & 65763):

In February 2009, Bonneville Power Administration (BPA) decided to build the 79-mile McNary-John Day Transmission Line Project in the Spokane and Vale Districts. The 500kV line will start at the BPA's McNary Substation in Oregon and cross the Columbia River with the existing lines, just north of the substation into Washington. The line will run parallel to the Columbia River for 75 miles within existing rights-of-way, then cross the Columbia River back into Oregon and end at BPA's John Day Substation. BPA prepared a supplement analysis under NEPA and determined that the environmental analysis in the 2002 EIS remains valid. BPA began construction in June 2009. BPA expected to complete construction in late 2012, but the project website, as of June 30, 2013, does not indicate whether that timeframe was met. For more information visit: http://transmission.bpa.gov/PlanProj/Transmission_Projects/mcnary/default.cfm#maps or http://efw.bpa.gov/environmental_services/Document_Library/Mcnary-John_Day/

GEOHERMAL

Leases are required to explore for or develop geothermal resources on public lands. Leasing requirements are described in the 43 CFR 3200 Geothermal Leasing Regulations.

As of June 5, 2013 there were 78 federal geothermal leases encompassing 102,484 acres in Oregon, a 2% acreage decrease since May 2012, and four leases encompassing 8,436 acres in Washington representing no change over the same period. There have also been 15 parcels nominated for leasing, 6 in Oregon (11,452 acres) and 9 in Washington (35,480 acres). Three of these are on BLM land; the remaining 12 are on U.S. Forest Service (USFS) land.

There is one enhanced geothermal system (EGS) pilot demonstration project and four potential exploration projects associated with these leases. AltaRock's EGS and Ormat's Twilight exploration project are at Newberry Crater in central Oregon. Ormat is proposing two exploration projects at Glass Buttes also in central Oregon. PGE is considering exploration at Mt. Hood, Oregon, and Gradient Resources is considering an exploration project at Mt. Baker in northwestern Washington. There is also industry interest in exploring for geothermal resources on BLM lands near Vale, OR.

See accompanying "Renewable Energy Projects" maps for locations. They are located on this OR/WA BLM energy website: <http://www.blm.gov/or/energy>

CONTACT: Tom Wawro, (541) 808-6492, twawro@blm.gov

Project descriptions for Oregon:

14 Glass Buttes:

Geothermal company ORMAT Nevada, Inc. holds 11 BLM leases (having obtained two leases previously held by Magma Energy Corp.) totaling 41,362 acres at Glass Buttes in central Oregon

on the Prineville and Burns Districts. They are proposing two geothermal exploration projects there. And, under the best scenario, hope to build two separate geothermal-powered 50-MW producing facilities near existing transmission corridors.

In March 2010, ORMAT hired ENTRIX to conduct a biological and cultural survey of their geothermal leases at Glass Buttes. Both were completed in 2010. BLM staffs were consulted by ENTRIX on acceptable methods and approaches to conducting the surveys. ORMAT's preliminary drill hole sites were guided by these data sets to choose locations with the least amount of environmental impact to sensitive resources. They also began an early outreach effort to open a collaborative dialogue with potential stakeholders including federal and state government agencies, environmental groups, and Tribes. That effort continues.

On September 27, 2010 ORMAT submitted 14 Geothermal Drilling Permit (GDP) applications to the BLM for exploratory drilling. These are divided between two project sites, Mahogany in the Prineville District, and Midnight Point in the Burns District. These are located west and east of Glass Buttes respectively. They are proposing up to 11 wells in the Burns District and three wells in the Prineville District. Of the 14 wells proposed, three would be permitted only as "slim wells". These are small diameter holes (6 1/8" at the bottom) which will be drilled to about 3500 feet that are strictly used for exploration and monitoring of the geothermal resource. The remainder would be larger diameter production-sized wells (12 1/4" at the bottom) drilled to 5000 feet but, at this stage, would be used only for exploration purposes. Three of the slim wells and two production wells are eligible for grant money incentives through the U.S. Department of Energy (DOE) if drilling commences this calendar year.

They are also planning to drill three other wells in the same vicinity on private property. These are being coordinated with the DOE, Oregon Department of Geology and Mineral Industries (DOGAMI), and the BLM. DOE is involved because they are providing grant money to ORMAT, and, because of that, have been made a formal cooperator in the development of the Environmental Assessment (EA) that BLM is leading to comply with the National Environmental Policy Act (NEPA). BLM is involved because of cumulative impact issues that need to be analyzed for these three wells along with the 14 others on BLM land nearby. DOGAMI will have an approval role for these as well, from a state perspective.

On November 8, 2010, an Interdisciplinary Team that will develop the EA was assembled in Prineville to which ORMAT made a presentation describing their general drilling plans. The BLM Prineville and Burns Districts will share staff in the development of the EA. Matt Shaffer, from Prineville, is the Project Manager. His counterpart in Burns is Rick Wells. A 3rd Party Contractor, approved by the BLM, and funded by ORMAT, will assist the BLM in the development of the EA. It has a preliminary target completion date of July 2011. Likely issues include sage grouse and other wildlife, visual and cultural resources, and tribal-specific concerns.

On February 1, 2011, BLM completed its annual acreage audit for Federal geothermal leases. It was determined that ORMAT Nevada, through its subsidiaries, holds 53,992 acres in Oregon; no more than 51,200 acres in any one state is allowed.

On February 23, 2011, BLM received two unit applications from ORMAT Nevada and forwarded them to Prineville for action. The leases in the units are at the Glass Buttes site. Any leases included in a unit are not considered in the acreage limit defined in 43 CFR 3206.

On May 2nd, 2011, BLM notified ORMAT that because they are actively seeking unitization at Glass Buttes, we find them in compliance of the acreage limitation pending approval of their unit application.

On May 9th, 2011, BLM received an email from ORMAT stating that they would like to drop one of their proposed wells on the Burns District after initial studies from the contractor showed that the proposed well would not meet ORMAT's proposed mitigation measures for sage grouse.

On May 24th, 2011, ORMAT notified BLM of their desired location for a rock pit so that the location can be analyzed in the EA.

On May 26th, 2011, BLM met with a cultural representative from the Klamath Tribes to discuss concerns that the Tribes brought up in scoping. In the meeting it was stated that the Klamath Tribes have many concerns about the project location because of the historical significance of the Glass Buttes area to the Tribes. Cultural specialists from Burns and Prineville are working on a joint recommendation to management on the implications of the claims that the Klamath Tribes are making, and a recommended course of action for the BLM.

On May 31st, 2011, the 3rd party contractor provided the BLM with an outline of the EA with Issue statements and applicable guidance and regulations for review.

On October 14, 2011, the contractor provided BLM with a draft of the EA. BLM provided comments and edits to the draft and received the EA back for another review on January 11th.

On October 17, 2011, BLM granted logical unit area status to ORMAT's Midnight Point Unit (27,205 acres) and their Mahogany Unit (18,064 acres), pursuant to unit plan regulations at 43 CFR 3280. On April 26, 2012 those units were formally approved.

On March 5, 2012, the DRAFT EA (BLM-OR-P040-2011-0021-EA), dated February 2012, was circulated to resource specialists for review. Comments were received back on March 21, 2012 and are under review by the Project Manager, Matt Shaffer.

As of March 28, 2012, The BLM is anticipating receiving a letter from ODFW that has a recommendation to remain consistent with the Oregon Sage-Grouse Strategy and avoid test drilling in Core Areas (Preliminary Priority Habitat) if it would directly or indirectly impact sage-grouse. ODFW's recommendation will directly impact the currently proposed geothermal exploration at Glass Buttes on the Prineville and Burns Districts. BLM wildlife specialists are reviewing the draft of the EA for the geothermal exploration and will develop an Alternative in the EA that conforms with BLM's current sage-grouse habitat management guidance and policy. Prior to releasing the EA for comments, the project's manager, Matt Shaffer, is going to send the EA to the Prineville and Burns District Managers, the State Office planning shop, and solicitors for review. The EA is anticipated to be sent out for that internal review in April, and if there are no substantive changes needed following this review, decisions on the EA are anticipated in June.

The BLM has continued to meet with Klamath Tribes and Confederated Tribes of the Warm Springs staff and Council members to hear the Tribes concerns about the project. BLM District cultural staff are in communication with SO cultural leads, solicitors, and the Oregon DOGAMI to

determine an appropriate response to the requests and concerns that have been raised by the Tribes.

On June 26, 2012, a meeting was held in the Oregon State Office including BLM, DOE, FWS, ODFW, and ORMAT to discuss unresolved issues facing the proposed Mahogany and Midnight Point exploration projects. The two remaining obstacles to completing the EA and finalizing a decision were identified as addressing the viability of drill sites within sage grouse “core” habitat and the completion of Section 106 Tribal consultations. It was decided that drilling would begin only in “low density” sage grouse habitat starting in the southern portion of the Midnight Point Project area. After that, if results were favorable, ORMAT would reassess their options in consultation with the agencies. They also said they would conduct any modeling, testing, and monitoring required to meet noise threshold requirements along with any necessary mitigation and impact avoidance measures. And they would be willing to host field site visits for tribal members, and other interested parties, to address any of their concerns. It was also decided that diligent efforts to conclude required Tribal consultations would continue and that a letter would be drafted to the SHPO asking for guidance in determining when “due diligence” requirements would be considered met. ORMAT concluded by saying that they needed to start their drilling by the end of 2012 to keep the project viable. DOE also mentioned that committed ARRA funding for his project would only be available up to September 30, 2013. A waiver of this deadline could be applied for, but was not guaranteed. On July 27, 2012 ORMAT informed Matt that they did not want to alter their most recently submitted drilling plan that include targets within core habitat. They wish to keep those and want the EA to address them instead of excluding them. In other words they want to keep their options open to future opportunities that may present themselves. On July 30th Matt said that it is unlikely that any drilling could get started until early in 2013 because of the realities of the NEPA and consultation process still before them.

As of February 25, 2013 the Draft EA was still being circulated among the Burns District subject matter specialists for comment. It is expected that those comments will be incorporated into the document by the NEPA contractor by the end of March 2013.

On March 29, 2013 State Director briefing on the imminent release of the EA for public comment was held.

On April 17, 2013, the Prineville District issued news release announcing the availability of the EA for Public comment.

Two separate FONSI were signed on July 10, 2013, one each for the Prineville and Burns Districts, and the EA was published on July 12, 2013. The website link to access the FONSI and EA is: <http://www.blm.gov/or/districts/prineville/plans/index.php>

An appeal challenging the Mahogany Decision Record (DOI-BLM-OR-P040-2011-0021-EA) was filed by ORMAT on August 7, 2013.

15 Newberry Crater: (Note: #15 is used as a tag for three different projects at Newberry, Davenport’s temperature gradient and seismic monitoring wells, AltaRock’s EGS Demonstration Project, and ORMAT’s Twilight Exploration Project)

AltaRock’s EGS Demonstration Project:

On August 31, 2007, the Prineville District completed an environmental assessment and Finding of No Significant Impact (FONSI) for the Newberry Geothermal Exploration Project (EA No. OR-050-07-075). The Environmental Assessment (EA) analyzed potential impacts of implementing a proposed Plan of Exploration (POE) for geothermal resources within the Bend-Fort Rock Ranger District of the Deschutes National Forest on the western flank of Newberry Volcano. The project is located on two federal geothermal leases held by Northwest Geothermal Company issued by BLM in 1983. Davenport Power was the Operator for the lease holder. On October 26, 2007, the District Manager signed the Decision Record approving the project.

The project was to construct three well pads, a short segment of temporary road, drill and test up to nine wells, and to use existing access roads on these federal geothermal leases. The project would also temporarily reroute up to 8 miles of snowmobile trail onto 1.5 miles of existing road and 2 miles of constructed (brushed) cross country trail. Results from the exploration would be used to evaluate and define the extent and characteristics of the geothermal reservoir beneath their leases. The company completed construction of three drill pads and drilling of two exploration holes. Both holes were drilled in 2008 to depths in excess of 10,000 feet. Although hot, fractured rock was encountered, the holes were dry. A performance bond of \$100,000 is held by the BLM for the construction activities associated with the three pads. Work under the POE will continue for approximately one to three years.

Due to the dry, but hot, holes, Davenport, in partnership with Altarock Energy, Inc., is investigating new Enhanced Geothermal Systems (EGS) technology that produces steam from hot, dry, rock. The companies have received research grants from the DOE totaling \$21.45 million dollars to pursue EGS technology at the Newberry Volcano site.

A Plan of Operations was received June 2010. Davenport Power and their partner AltaRock Energy who have procured \$22.36 million dollars of private investment monies to match the \$23 Million in DOE grants to conduct this demo EGS project at Newberry. What is important is that DOE will authorize payment on bench marks. NEPA will have to be completed first, prior to DOE releasing funding for stimulation of one of the wells previously drilled by Davenport/Newberry. An Environmental Assessment was prepared for this Demo project. Since scoping ended on November 22, 2010, BLM, as the lead agency has been coordinating with the US Department of Energy, the US Forest Service, and the proponents. USDOE serves not only as a funding mechanism (with required standards and benchmarks), but also as the EGS technical experts for the government. While authority for the leases is with BLM, the US Forest Service reviews, recommends, and coordinates on the project. The EGS demonstration project is within US Forest Service lands and near the Newberry National Monument. The EA for this project was released December 23, 2011 and the public comment period closed on January 25, 2012

Numerous studies and evaluations have been conducted in the process of completing the NEPA. Proponent produced shake maps and seismic investigations have led to a better understanding of impacts, or lack of impacts resulting from EGS. In cooperation with the US Forest Service and the USDOE, BLM is currently working with the proponent for any additional

analysis and studies to ensure that this new technology is able to produce the needed renewable geothermal energy in an environmentally sound and safe matter.

Davenport Power LLC filed a Notice of Intent (NOI) to Conduct Geothermal Resource Exploration at Newberry Crater in the Deschutes National Forest in August 2009. The BLM processed one **Notice of Intent to Conduct Geothermal Resource Exploration Operations** (Form 3200-9) to complete this work. NEPA analysis of these exploration activities was handled under an EA which was completed in March of 2010. This work is separate from the work that will be conducted by Davenport Power, LLC, and their partner Alta Rock Energy under their DOE grants to do a demo EGS project at Newberry.

Davenport drilled 12 temperature gradient/seismic monitoring wells on 7 Federal Geothermal Leases as a continuation of the Newberry Geothermal Exploration Project. This work included improvement of required forest service roads; preparation of 11 drill sites; testing of each well. They continue to monitor temperature, seismic activity, and other data in each well. The Deschutes N.F. set up a reimbursable account with Davenport to fund staff work on the Forest. On April 5, 2012, the USDI Bureau of Land Management (BLM) issued the following press release:

BLM Approves Enhanced Geothermal Systems Demonstration Project

CENTRAL OREGON—USDI Bureau of Land Management (BLM) is issuing a decision authorizing a demonstration project to evaluate the potential for producing energy through the use of Enhanced Geothermal Systems (EGS) technology near Newberry Volcano. If successful, this project could advance EGS technology and facilitate the development of a domestic, renewable, clean energy option for the United States through the extraction of heat from engineered reservoirs of underground hot rock.

The Environmental Analysis (EA) was initiated after the BLM received a Notice of Intent to Conduct Geothermal Resource Exploration Operations from Davenport Newberry Holdings, LLC and AltaRock Energy, Inc. (the proponents) in May 2010. The project area is located approximately 22 miles south of Bend, OR on the Deschutes National Forest along the western flank of Newberry Volcano. With the exception of one strong motion sensor and one seismic monitoring station, the project is located outside the Newberry National Volcanic Monument. Although the project is located entirely within the Deschutes National Forest, the BLM is the lead agency as it has jurisdiction over geothermal leases on Federal lands. In addition, the U.S. Department of Energy is funding a portion of the project through the American Reinvestment and Recovery Act. The Forest Service and Department of Energy are cooperating agencies for this project.

The proposed project will create an EGS Demonstration Project over a two-year period involving new technology to test the feasibility of EGS for renewable energy production. The project proposes to develop and test an EGS reservoir using an existing 10,060-foot geothermal well. The reservoir will be created using a process called “hydroshearing,” in which cold water is injected

through the well and into existing fractures of hot rock at depths between 6,500 and 10,060 feet. The cold water slightly expands and extends the fractures creating additional surface area where water can circulate through hot rocks and heat up, much like the heat exchange process of a radiator. Diverters will be used to direct the water to specific areas of pre-existing fractures and small amounts of tracers commonly used in groundwater studies would be injected to monitor water flow. Shallow groundwater wells will provide water for the project. Prior to the injection of water, an array of sensitive seismometers will be installed on the surface and in bore-holes for real-time monitoring of the EGS stimulation.

The hydroshearing process will produce microseismic events. While these microseismic events have the potential to be felt in nearby communities like La Pine, engineering evaluations determined the seismicity had a very low risk of being felt by people in the vicinity of the project and an even lower risk that any damaging seismic events could occur. In addition, an Induced Seismicity Mitigation Plan has been developed which will take proactive measures to prevent microseismicity from escalating into felt or damaging seismic events.

Issues raised and addressed during review of the EA included concerns over groundwater quality, sources of water for the project, wildlife, scenic resources and the potential effects of induced seismicity.

Prineville District BLM District Manager, Carol Benkosky, has determined that the proposed actions will not significantly affect the quality of the human or natural environment, individually or cumulatively with other actions in the general area; therefore, the decision Finding of No Significant Impact (FONSI) has been reached by the BLM. The DOE has also issued a FONSI and the Forest Service will issue a special use permit authorizing installation of seismic monitoring equipment.

All documentation associated with this project including the EA, FONSI, Decision Record, and maps are available on the Prineville BLM website at:

<http://www.blm.gov/or/districts/prineville/plans/newberry/index.php>

Persons or organizations who previously commented on the EA are eligible to appeal this decision. Any notice of appeal must be filed with the Prineville District BLM office, 3050 NE 3rd St, Prineville, OR 97754, within 30 days of receipt of the decision notice.

On January 22, 2013 AltaRock issued a press release in which it said;

AltaRock Energy today announced that it has created multiple stimulated zones from a single wellbore at the Newberry Enhanced Geothermal System (EGS) Demonstration site. Creating multiple stimulated zones from a single well will dramatically increase the flow and energy output per well for the completed system, which will include soon-to-be-drilled production wells. The overall effect will be to lower the cost of geothermal energy production by as much as 50 percent. This is a major advancement for EGS and has the potential to move geothermal energy from a niche role to a major player in AltaRock's energy portfolio.

In the spring of 2013, AltaRock will test for permeability, flow rates, and heat capturing properties of the created reservoirs. After that, production wells will be drilled to intersect the reservoirs about 1,500 feet away from the injection well. Once a connection between wells is made, the well system—one injector and at least one producer—will be flow-tested to determine if the system can support a commercial plant. If it is determined that a commercial plant is feasible, a design will be developed, and construction permits will be submitted to regulators. That will trigger the development of an Environmental Impact Statement by the BLM and a public comment period. It is a long process, but the potential payoff in renewable domestic energy is enormous.

The Newberry Volcano EGS Demonstration is partially supported by the Department of Energy under Award Number DE-EE0002777, with \$21.4 million in grant funds from the Department of Energy to AltaRock Energy matched by an additional \$22.4 million from the AltaRock-Davenport partnership. The project is also benefiting from the research efforts of faculty and students at the Oregon State University, the University of Utah, Lawrence Berkeley National Laboratory, Texas A&M, and Temple University.

The rest of that press release can be found at:

<http://www.businesswire.com/news/home/20130122005635/en/AltaRock-Energy-Announces-Successful-Multiple-Zone-Stimulation-Newberry>

The June 2013 edition of the Geothermal Resource Council Bulletin said this:

AltaRock Energy is closer to patenting the “Enhanced Geothermal Systems (EGS) and Reservoir Optimization” methods it is using at the Newberry EGS Demonstration Project in Bend, Oregon.

A patent application serial number 603410, filed by the inventors Daniel L. Bour and Susan Petty on September 4, 2012, was cleared for further review by the U.S. Patent Office on March 14, 2013.

The application reads “Systems and methods for maximizing energy recovery from subterranean formation are herein disclosed. According to one embodiment, a selected subterranean open-hole interval is isolated and a least one fracture is stimulated in the isolated subterranean open-hole interval.”

In the last GRC Bulletin, we reported that AltaRock had created multiple stimulated zones from a single wellbore at the Newberry EGS Demonstration project that will dramatically increase the flow and energy output per well for the completed system, including soon-to-be-drilled production wells.

Leases at the Newberry Crater:

Davenport Power, LLC holds 40 leases at Newberry totaling 40,186 acres, all on USFS land. Ormat Inc., holds 18 leases totaling 11,478 acres at the Newberry site. These leases were extended for five years at a higher lease rate. As part of the agreement, Ormat’s performance

bond was increased from \$50,000 to \$138,000. Ormat has filed an NOI to drill 6 temperature gradient wells on their Newberry holdings. Five well pads are on their leases and one is on a Davenport lease. The Forest Service maintains they have jurisdiction over this one pad. The WO solicitor and the OGC, the solicitor's that represent the Forest Service are in discussions about jurisdiction in these types of situations. To progress this project the BLM has agreed just for this project to allow the FS to maintain their perceived jurisdiction on the one pad. The Klamath Tribe has requested a Traditional Cultural Property (TCP) evaluation be prepared for this project. Ongoing conversations are occurring with the Klamath but it is the BLM opinion this is a low impact project and would continue conversations with the tribe but will proceed without the TCP.

Davenport Power LLC filed an application on December 2, 2009 proposing the formation and approval for development of the Newberry Unit Agreement. Members of the Energy Team will meet with the applicant, their contractor UnitSource Inc., and with adjudicative and geologic/engineering staff of the BLM Utah State Office to review the application in Salt Lake City on February 1, 2010. Since that time there have been numerous conference calls between the BLM and the Proponent and Lawyers from Holland & Hart, who have been contracted to assist the proponent to finish his Unit Application. On May 11, 2012, Davenport met with the OR/WA BLM Chief of Minerals and Energy and staff to discuss remaining issues that needed to be resolved before a Unit Agreement could be approved. The main unresolved issues center around language in Davenport's Draft Agreement that deviates substantially from the model agreement language offered in the regulations at 43 CFR Subpart 3286 – Model Unit Agreement.

ORSO finalized suspension of five of Davenport's leases at Newberry Volcano in September, 2011 pending approval of their unit application. This action removes the leases from the expiration schedule.

ORSO Received a letter from Davenport Newberry Holdings on October 21, 2011, and revised on November 8, outlining due diligence exploration conducted at the site and requesting BLM make the determination that they have met due diligence requirements and accept that the requirements benefit all leases the site. In a letter dated November 14, 2011, ORSO approved the request and made the determination that Davenport's expenditures were acceptable to satisfy the diligence requirements and can be applied to all of their Newberry leases, because the work benefits and adds value to all of the leases.

To date the final determination of the proposed Davenport Geothermal Unit has not been finalized. Recent communications with Alta Rock representatives indicate that they will likely take over from Davenport to work towards finalizing the agreement by mid-summer 2013.

ORMAT's Twilight Geothermal Exploration Project:

On 6/21/12, the Prineville DM signed the Categorical Exclusion (CX) for 6 temperature gradient wells applied for by ORMAT on leases that they control on the Deschutes National forest. Drilling of one well was initiated in the summer of 2012 and in October 2012 the company shut

down operations for the winter. Ormat is expected to reoccupy the well site and complete the well in the fall of 2013.

16 Mt. Hood:

The Mt. Hood National Forest Supervisor forwarded the Mt. Hood National Forest Geothermal Leasing Record of Decision (ROD), signed August 8, 2010, to the Regional Forester (Region 6) on December 30, 2010. One appeal was filed on the ROD, but the US Forest Service (USFS) decision was upheld on November 22nd, 2010.

The ROD selects Alternative B as set forth in the 2008 USDA/USDI *Programmatic Environmental Impact Statement for Geothermal Leasing in the Western United States*. The decision will make 8,110 acres of the Mt. Hood National Forest administratively available for geothermal leasing, subject to the lease stipulations described in the ROD. A copy of the transmittal letter and the ROD were provided to the BLM Oregon State Office on January 11, 2011.

On January 28, 2011, the BLM Oregon State Office submitted new lease forms, with USFS stipulations, to Portland General Electric (PGE), for signature, for five geothermal leases in the Mt. Hood National Forest. New lease forms are required, as they reflect new acreages compared with PGE's initial lease offers made 35 years ago on these same general parcels back in 1976. Because these are noncompetitive leases, they were required to sign the stipulations issued by the surface management agency with the leases, the BLM. The USFS recently made recommendations approving geothermal leasing, with required stipulations, excluding the Mt. Hood Wilderness or Potential Wilderness Area, and the Shellrock Mountain National Recreation Area, in their Record of Decision. The stipulations were signed and the leases issued to PGE in March, 2011.

We received a letter in September, 2011 from PGE notifying BLM and USFS of their intent to conduct preliminary exploration activities on their Mt. Hood National Forest leases. The work proposed is casual use (no OHV and hand tools only), and did not require a permit from the BLM or USFS. This information was forwarded to the Salem District and Forest Service. The field work to perform the structural assessment activities began November 7, 2011 and lasted through mid-December. Optim Inc. and the University of Nevada, Reno (UNR) Research Team will be performing the activities under the direction of Portland General Electric.

On April 30, 2012, the BLM was contacted by CardnoEntrix, a consultant firm representing PGE, inquiring about preliminary permitting requirements to conduct geothermal exploration on their leases. On June 1, 2012, PGE contacted the BLM and requested an introductory meeting for June 28, 2012 to discuss the leases and their planned exploration activity there. That meeting was held and PGE indicated a strong interest in beginning exploration activities in the not too distant future. However, in February 2013, Steve Storo, the manager for the project, was contacted by PGE and told that their plans for the project were on hold until further notice.

On June 5, 2013 PGE sent this email to the BLM:

Thank you for your interest in PGE's BLM Geothermal Leases and the potential geothermal project. To date, PGE has gathered some good basic knowledge of the geothermal lease sites and also the surrounding area. Some of the information gathered during previous preliminary

exploration activities has been promising. Information gathered so far includes elevated temperature readings from geochemistry tested water samples which indicate temperatures possibly sufficient for low-temperature power plant generation. Though the information we have obtained so far has been promising, the costs related to the project are escalating at levels that are nearly doubling each year. At the same time, the risks related to discovering a geothermal reservoir directly beneath the leases have not been reduced at the same rate that costs have increased.

As you may be aware of from recent news releases, PGE has become sensitive to significant write-offs of Research & Development (R&D) costs. For this reason, PGE is unable to continue with the planned exploration program at the Mt. Hood site. PGE is currently seeking a different path forward for the project. Options may include a partner with more capital resources and geothermal specific knowledge or a possible divestiture of the leases including all proprietary knowledge created as part of the project so far.

For this reason, PGE will be canceling the Pre-Application Meeting which was scheduled for Wednesday, June 12.

Please contact Joe Eberhardt at 503-464-2959 if you have any questions or if you would like any additional information concerning the project and PGE's new path moving forward.

17 Mt. Baker - Snoqualmie National Forest (Whatcom County):

The BLM Oregon State Office (ORSO) received four offers and stipulations from Gradient Resources (formally Vulcan Power Company) for 8,436 acres in the Mt. Baker National Forest in northwestern Washington on January 5, 2011. The initial lease offers were submitted to the U. S. Forest Service (USFS) in 2000. The USFS sent their stipulations and recommendations for leasing after rejecting a portion of the leases that included lands in a recreation area and a botanical area. BLM sent the proponent new lease forms and the USFS stipulations. These have been signed and resubmitted. The Minerals Section Chief has determined that these lands are not in a Known Geothermal Resource Area. This determination allowed BLM to issue the non-competitive leases on January 7, 2011. These leases are the first Federal geothermal leases issued in the state of Washington.

On February 20, 2013 the BLM, USFS, and Gradient Resources met in Everett, WA to discuss their preliminary exploration and development plans and permitting requirements.

18 Nominated parcels for future lease sale at Crump Geyser - Sucker Creek/Rehaily-Gravelly RNA-ACEC:

On March 21, 2011, BLM received two nominations to lease geothermal resources on 9,093 acres in the former Crump Geyser Known Geothermal Resource Area (KGRA) between Adel, Oregon and the Nevada border in the Lakeview District. On April 25, 2011, an additional 520 acres was nominated for geothermal leasing in an area adjacent to and west of the previously nominated

area. Most of the area proposed for leasing is within the Rahilly-Gravelly Area of Critical Environmental Concern (ACEC). In addition to the ACEC designation, there are two additional issues associated with the proposed lease area: (1) sage-grouse core areas encompass virtually all of this landscape, and (2) wilderness character has been identified in this location by the Oregon Natural Desert Association and the Lakeview Resource Area, and the settlement agreement for the Lakeview Resource Management Plan precludes any ground disturbing activity in areas found to have wilderness character until the plan amendment is completed.

19 Nominated Parcels at Newberry for Future Lease Sale:

On February 29, 2008, three parcels on USFS land at the Newberry Volcano site were nominated for inclusion in the July, 2008 geothermal lease sale. The USFS withdrew the Newberry parcels pending review and public comment of the PEIS for Geothermal Leasing in the Western United States. The USFS released a public notice in October, 2009, indicating they are ready to evaluate leasing the parcels. On June 4, 2012, the USFS said they were getting close to finalizing their “consent to lease” decision on these leases but were still working on it.

Appeal Filed:

On May 26, 2010, the Oregon Chapter Sierra Club, the League of Wilderness Defenders – Blue Mountains Biodiversity Project, and Cascadia Wildlands (“Appellants”) appealed the Environmental Assessment, Finding of No Significant Impact, and Decision Record for the analysis and decision document entitled “Drilling, Testing, and Monitoring of Temperature Gradient/Passive Seismic Geothermal Exploration Wells” No. DOI-BLM-OR-P000.2010-0003-Environmental Assessment, Finding of No Significant Impact, and Decision Record issued by the Bureau of Land Management and approved on April 29, 2010 by BLM Prineville District Office Manager Deborah Henderson-Norton.

IBLA order on this appeal:

Subject: Geothermal development.

BLM decision: BLM will approve geothermal exploration after preparing an environmental assessment (EA.)

Appellants: The EA failed because BLM did not analyze development impacts as well as exploration impacts.

IBLA order: IBLA Deputy Chief Administrative Judge Bruce R. Harris not only rejected a petition for a stay but he affirmed a BLM decision approving a geothermal exploration project. The appellant Oregon Chapter of the Sierra Club argued that BLM should have analyzed both development and exploration impacts in its EA on a notice to conduct geothermal exploration. But Judge Harris said that development analysis is not necessary. “Sierra Club’s appeal is grounded almost entirely on a false premise, i.e., that NEPA requires the analysis of the environmental effects of full scale geothermal development in considering the proposed exploration wells,” said Harris.

Case identification: Oregon Chapter of the Sierra Club, IBLA 2010-150. Aug. 26, 2010. Seven pages

#20 Nominated leases for future lease sale at Mt. Baker - Snoqualmie National Forest (Snohomish County):

Five parcels, totaling 19,410.1 acres, were nominated for geothermal leasing on May 17, 2011. The parcels are located in the Mt. Baker - Snoqualmie National Forest in southeastern Snohomish Co., WA. Another adjacent parcel, totaling approximately 1,210 acres, was nominated on May 31, 2011. This nomination has since been withdrawn. The lands nominated are adjacent to the Wild Sky and Henry M. Jackson Wilderness Areas. We have sent notification and a request for stipulations to the Regional Forester's Office. These lands would be offered in a future competitive sale.

#21 Nominated leases for future lease sale at Mt. Baker - Snoqualmie National Forest (Whatcom County):

Two parcels, totaling 4,920 acres were nominated on July 5, 2011 for future competitive sale. And another two adjacent parcels totaling 9,410 acres were nominated on March 8, 2013.

#22 Neal Hot Springs:

The Neal Hot Springs geothermal project is in development by US Geothermal, Inc. (USG). They are primarily operating on private land and private subsurface, but partially on federal surface estate also. The portion of federal surface/private minerals has been managed through Rights-of-Way on the federal surface. Two Environmental Assessments (EA) have been completed for two ROWs for drill sites to access the private mineral estate.

Four temperature gradient wells were authorized on federal land via a categorical exclusion (CE).

Four seismic geophysical data acquisition sites were also approved as casual use via a CE on federal surface.

As of March 22, 2012, US Geothermal was drilling on federal surface estate near Bully Creek Reservoir to further define the extent of the geothermal resource at the Neal Hot Springs Project. They completed the drilling of two injection wells on the recently issued Right-of-Way. Four production wells have also been completed. And the geothermal reservoir received certification by an independent engineering company.

Construction for a 23 MW binary plant began in April 2011, with a \$96.7 million loan guarantee from DOE. All of this facility will be on private land. As of August 8, 2012, power plant construction was 93% complete. To address a specific vibration issue in the turbine gearbox, adjustments to the three generating modules of the power plant were being made, along with an evaluation of the performance of the "silencer".

Drilling for the remaining target injection capacity began on June 12, 2012, and as of August 8, 2012, approximately 85 percent of the required injection capacity has been successfully drilled.

The office complex and four production wells were complete. The plant is expected to be in commercial operation sometime in the fall of 2012.

USG has a 25-year power purchase agreement with Idaho Power to purchase up to 25 MW of electrical power per year.

On June 29, 2012 the Oil & Gas Journal reported:

“U.S. Geothermal Inc., Boise, Idaho, said its construction contractor provided a notice of mechanical completion for the second of three 7.3 net Mw air cooled power plant modules at the Neal Hot Springs project in Malheur County, Ore.

Construction on the 22 net Mw project is 93% complete. The first turbine roll at the first module is set for August, and the facility is expected to achieve full commercial operation late in the third quarter of 2012. All major components are now on site and the third power plant module now slated to achieve mechanical completion during the second week of July.

Drilling for the remaining injection capacity began on June 12. Three injection wells, targeted at zones with demonstrated known permeability, are included in the drilling program. To date, 58% of the required injection capacity has been drilled.”

On November 2, 2012 the Neal Hot Springs Geothermal plant went into operation.

On March 25, 2013 U.S. Geothermal issued a press release that said in part:

U.S. Geothermal Inc., a leading renewable energy company focused on the development, production and sale of electricity from geothermal energy, announced today that its subsidiary USG Oregon LLC (the “Company”) received an award letter approving its application for payment in the amount of \$35,870,253 from the U.S. Department of Treasury. The cash grant is for Specified Energy Property in Lieu of Tax/Credits relating to the Neal Hot Springs geothermal power plant under Section 1603, Division B of the American Recovery and Reinvestment Act of 2009. The Section 1603 award letter states that, pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, payments issued under Section 1603 of the American Recovery and Reinvestment Tax Act of 2009 for specified energy property in lieu of tax credits are subject to sequestration. As a result, the amount of the award was reduced by the sequestration reduction rate of 8.7 percent resulting in a payment in the amount of \$32,749,541. The proceeds of the cash grant will be used to fund \$8.5 million in plant and well field cash reserves. Approximately \$13.3 million of the grant is expected to pay down the outstanding project loan with the balance available for distribution to the equity partners. The Section 1603 award letter affirms that the payment should be received in the Company bank account within seven business days.

From January 1 thru March 21, 2013, the Neal Hot Springs power plant produced and sold 42,324 megawatt hours. Electrical energy from the new power plant is being sold under the terms of a 25-year power purchase agreement with Idaho Power Company. The new plant is projected to generate up to 183,000 megawatt hours of electrical power each year. Between 30% and 40% of the Company is owned by Enbridge Inc., subject to final calculations.

HYDROPOWER

Ownership of hydropower generation facilities is classified as “federal” or “nonfederal”. The majority of federal projects are owned and managed by the Bureau of Reclamation or the U. S. Army Corp of Engineers and are principally large multi-purpose dams capable of producing more than 30 megawatts (MW) of electricity. Nonfederal projects can be privately owned, or publically owned, and located on public or private land. Nonfederal projects are licensed and administered by the Federal Energy Regulatory Commission (FERC) and are principally categorized as small hydropower (1-30 MW). In 2010 nonfederal hydropower accounted for 4% of total U.S. electrical power generation.

It appears that all hydropower plants on BLM managed land are considered “nonfederal” projects and consequently are regulated by FERC. To see FERC hydro energy project location maps and informational tables visit the OR/WA BLM energy website:

<http://www.blm.gov/or/energy>

Once the FERC receives an application, the Bureau of Land Management (BLM) updates public land records by noting a withdrawal of public lands, if any; processes and authorizes rights of way agreements; and offers the FERC pre-filing consultation including area determination; standards and guidelines identification; and an assessment as to whether the plans information is consistent with its conclusions.

Federal resource agencies, including the BLM, may also submit to the applicant and the FERC:

- a) **Mandatory Conditions, FPA§4(e):** The federal agency responsible for managing reservations can establish mandatory terms and conditions to protect the reservation.
- b) **Terms and Conditions, FPA§30(c):** these conditions prevent loss of and damage to fish and wildlife and provide for the development and improvement of fish and wildlife in the project area; this can include fish passage requirements.

Resource agencies must also negotiate with stakeholders, who submitted alternatives, to settle on modifications of the agencies preliminary conditions and prescriptions.

CONTACT: Jenice Prutz, (503) 808-6163, jprutz@blm.gov or Robin Estes, (541) 416-6728, restes@blm.gov

As of May 2013, the **State of Oregon** had 46 nonfederal hydroelectric projects active with the FERC. Of those 46 projects, 20 include BLM lands or interest (e.g. unreserved mineral estate). Of those 20 projects 40% (8 projects) are currently in the preliminary permit stage; 35% (7 projects) are licensed and operating; 10% (2 projects) are being decommissioned; 10% (2 projects) are in the licensing process and 5% (1 project) is being relicensed. In FY 2013, as of June 14, 2013, the BLM performed some administrative action on five of these projects. The projects are described below:

Corbett Hydroelectric Project, P-14322 (OROR67180): Corbett Hydro filed an Original Major License application on May 23, 2013, to study the feasibility of the proposed hydro project to annually generate 8.4 megawatt-hours. The project is located on U.S. Forest Service and Bureau of Land Management lands located in Multnomah County, Oregon. The applicant is in the process of licensing and is scheduled to be issued the Final Environmental Analysis by February 2014.

Mason Dam, P-12686 (OROR 63741): Mason Dam Hydroelectric Project filed an Original Major License application on May 3, 2013, to study the feasibility of the proposed hydro project to annual generation of 7,510 megawatt-hours. The project is located on U.S. Forest Service and Bureau of Reclamation lands in Baker County, Oregon. The applicant is in the process of licensing this project and is scheduled to be issued the Final Environmental Analysis or Environmental Impact Statement by July 24, 2014.

Monroe Water, P-14430 (OROR 67752): Monroe Water is located on the North Unit Irrigation District's Main Canal in Jefferson County, Oregon. The preliminary permit was issued on Marcy 28, 2013 to Monroe Hydro, LLC. The proposed project would generate 1 gigawatt-hours annually.

Warm Springs Dam, P 13570 (OROR67118): This project was originally authorized via a preliminary permit on 1/31/2010. On April 15, 2013, the Warm Springs Irrigation District filed an application with FERC for a new license for a major hydropower project that would produce 5 megawatts or less by retrofitting an existing irrigation dam. The project is located on the Malheur River, near the town of Juntura, Malheur County, Oregon. The project would utilize the existing Warm Springs irrigation dam and reservoir, which is owned by the Bureau of Reclamation, and would occupy 13.5 acres of land administered by the Bureau of Land Management, Burns District Office. In addition to utilizing the BOR Warm Springs dam and reservoir, the project would consist of the following new facilities (1) an 8-foot diameter, 32-foot-long cylindrical intake; (2) a 190-foot-long, 8-foot-diameter steel penstock; (3) a powerhouse containing one 2.7 -megawatt Francis or Kaplan turbine; (4) a 2.2-mile-long, 25-kilovolt (kV) transmission line; and (5) appurtenant facilities. The average annual generation is estimated to be 7.442 gigawatt-hours. On April 19, 2013, the FERC issued a Notice of Application Teneder for Filing with the Commission and Soliciting Additional Study Requests. The deadline for and resource agency, Tribe or person who believes additional scientific studies should be conducted have until June, 14, 2013 to file such requests.

Whitewater Hydro, P-14383 (OROR 67386): Whitewater hydro is located on Whitewater and Russell Creeks on U.S. Forest Service land in Marion and Linn Counties, Oregon. The proposed project would generate 95.04 gigawatt-hours annually. The applicant is in the process of

submitting pre-license application documents. The notice of intent to file application for a new license was approved by FERC on April 30, 2013.

As of May 2013, the **State of Washington** had 74 nonfederal hydroelectric projects active with the FERC. Of those 74 projects, 15 include BLM lands or interest (e.g. unreserved mineral estate). Of those 15 projects, 13% (2 projects) are currently in the preliminary permit stage; 80% (12 projects) are licensed; and 6% (1 project) is in the licensing process. In FY 2013, as of June 14, 2013, the BLM performed some administrative action on eight of these projects. The projects are described below:

16.4 Wastewater, P-14349 (WAOR 67518): 16.4 Wastewater is located on the 16.4 Wasteway in Franklin County, Washington. The preliminary permit was issued on March 26, 2013 to Grand Coulee Project Hydroelectric Authority to study the feasibility of hydrologic project. If licensed, the project would generate an annual 10 gigawatt-hours.

46A Wastewater, P-14351 (67520): 46A Wastewater is located on Potholes East Canal of the Columbia River in Franklin County, Washington. The preliminary permit was issued on March 26, 2013 to Grand Coulee Project Hydroelectric Authority to study the feasibility of hydrologic project. If licensed, the project would generate an annual 6.75 gigawatt-hours.

Cascade Pumped Storage, P-14464: Cascade Pumped Storage is located on Mud Lake in Snohomish County, Washington. The preliminary permit and order granting priority to file a license application was issued on February 7, 2013 to Cascade Energy Storage, LLC. If licensed, the project would generate an annual 1,314 gigawatt-hours.

PEC 1973 Drop, P-14316 (WAOR 67498): PEC 1973 Drop is located on Potholes East Canal of the Columbia River in Franklin County, Washington and is part of the U.S. Bureau of Reclamation's Columbia Basin Project. The preliminary permit was issued on March 26, 2013 to study the feasibility of hydrologic project. If licensed, the project would generate an annual 6.7 gigawatt-hours.

Priest Rapids, P-2114 (WAOR 20353): Priest Rapids is located on the mid-Columbia River, in portions of Grant, Yakima, Kittitas, Douglas, Benton, and Chelan Counties, Washington, and occupies about 3,052 acres of federal land managed by the Bureau of Reclamation, Bureau of Land Management, U.S. Department of the Army, US Fish and Wildlife Service, and U.S. Department of Energy. On June 3, 2013 an application was accepted to amend the Recreation Resource Management Plan and implementation schedules under article 418 of its license. The amendment includes modifications and relocation of camping and fishing amenities for the Priest Rapid Dam tailrace. The BLM is undertaking archaeological site testing and evaluations in accordance with the Historic Properties Treatment Plan and Programmatic Agreement for

relicensing of the project. Archaeological reports and evaluations are in draft and are being finalized by the PUD and its contractors.

Scooteny Inlet Drop, P-14318 (WAOR 67437): Scooteny Inlet Drop is located on Potholes East Canal of the Columbia River in Franklin County, Washington. The preliminary permit was issued on March 26, 2013 to Grand Coulee Project Hydroelectric Authority to study the feasibility of hydrologic project. If licensed, the project would generate an annual 5.2 gigawatt-hours.

Scooteny Outlet Drop, P-14317 (WAOR 67500): Scooteny Outlet Drop is located on Potholes East Canal of the Columbia River in Franklin County, Washington. The preliminary permit was issued on March 26, 2013 to study the feasibility of hydrologic project. If licensed, the project would generate an annual 4.1 gigawatt-hours.

Scooteny Wasteway, P-14352 (WAOR 67521): Scooteny Wasteway is located on Potholes East Canal of the Columbia River in Franklin County, Washington. The preliminary permit was issued on March 26, 2013 to Grand Coulee Project Hydroelectric Authority to study the feasibility of hydrologic project. If licensed, the project would generate 4.8 gigawatt-hours.

CONTACT: Jenice Prutz, (503) 808-6163, jprutz@blm.gov or Robin Estes, (541) 416-6728, restes@blm.gov

BIOMASS

As of January 2013 there were 19 woody biomass stewardship projects administered by the Oregon-Washington (OR/WA) BLM. These projects provided the raw material to support the production of heat, power, engineered wood fuel, or ethanol at 41 facilities across OR/WA. In fiscal year (FY) 2012 over 77,000 green tons (GT) of biomass were sold from these projects. Please refer to the accompanying Biomass Energy Projects map for Oregon on the OR/WA BLM energy website: <http://www.blm.gov/or/energy>. There is no map for Washington.

The biomass was a by-product of land management treatments related to hazardous fuels reduction, forest health restoration, or habitat improvement. Instead of open burning forest slash, biomass projects remove the excess woody material so that it can be manufactured into a product like “densified” wood pellets and bricks or clean wood chips. These materials can be burned in small scale biomass facilities like in homes schools and hospitals to produce clean, local, renewable energy. Using biomass in this manner significantly reduces environmental impacts, like smoke and emissions from pile burning, and allows the BLM to recoup a portion of treatment cost by selling the biomass. Additionally, local communities can realize significant energy savings by switching from fossil fuels use to woody biomass.

In addition to providing raw material for biomass products, the OR/WA BLM is also using biomass for energy in its own facilities. In 2010, OR/WA BLM facilities were inventoried to screen for biomass heating potential. U.S. Department of Energy consultant teams visited 9 potential BLM Oregon sites to gather data on potential biomass project feasibility as part of a Federal Energy Management Program study. Since then, the OR/WA BLM installed its first biomass facility at the Wildwood Recreation Area near Mt. Hood. We currently have two small scale projects planned for FY2013. Although biomass may have a higher “upfront” installation cost than natural gas, appropriately scaled biomass facilities are competitive with natural gas operating costs and greenhouse gas emissions. And, biomass is renewable.

CONTACT: Lindsey Babcock, (503) 808-6451, lbabcock@blm.gov

Here is a summary of the biomass projects occurring in the BLM Districts in OR/WA:

Burns District

The Burns District recently completed the Mill Creek stewardship contract which restored 450 acres and included removal of 6,400 green tons of biomass. The District currently has two active contracts which include woody biomass: the Claw Creek Stewardship and Blitzen Stewardship projects. These two contracts will treat up to 11,000 acres and offer over 55,000 GT of biomass.

Wood pellets are manufactured at Malheur Lumber in nearby John Day, OR. The facility utilizes biomass harvested from private and federal lands. The plant produces pellets for bulk delivery to fuel pellet boilers in hospitals, schools and other commercial and government buildings in the region. The company hopes to significantly increase production by providing fuel pellets to large industrial users such as utility companies.

Facilities that use woody biomass for heat (i.e. thermal) in the Burns area include the John Day Airport, Prairie City Schools, Harney District Hospital, Blue Mountain Hospital and Burns High School.

Eugene District

The Eugene District currently has one active project, Chinook Stewardship, this is offering woody biomass. The project will treat up to 2,000 acres and offer 2,500 GT of woody biomass.

The city of Eugene includes two combined heat and power biomass facilities: International Paper Springfield and Seneca Sustainable Energy. Seneca Sustainable Energy can generate up to 18.8 megawatts of electricity – enough to meet the annual energy needs of more than 13,000 homes – and provide heat for Seneca’s sawmill dry kilns. Seneca can supply 100 percent of the woody biomass to fuel this facility from its own by-products from mill operations and forest residue from its sustainably managed forestlands; approximately 75 percent of the biomass will come from its mills, which process timber from BLM sales in the Eugene, Roseburg and Salem Districts. Since this project will reduce by-products sold to other companies, truck hauling trips will be reduced by two-thirds. The facility also provides 11 new, permanent family-wage jobs.

Close by, the Oakridge Schools District also recently converted their boilers to burn biomass.

Lakeview District

The Lakeview District currently operates two large stewardship contracts: Gerber Stew and Klamath Stew. Gerber Stew has the potential to treat up to 10,000 acres and has already included removal of over 41,000 green tons of biomass. Klamath Stew includes 5,000 acres and has already produced 47,000 GT of biomass byproducts.

Under these contracts, material from residual timber sale landing piles that were historically burned is ground on site and hauled to Biomass One in White City, Oregon, and Honey Lake Power in Susanville, California. Just north, Interfore Pacific also generates both heat and power at their sawmill.

Medford District

The Medford District has OR/WA BLM's largest stewardship contracting program, and also offers biomass from all their contracts. Currently, Medford has seven active stewardship contracts, covering 14,000 acres in southern OR. As of FY2012, these projects included removal of over 35,000 GT of biomass. The Medford District is increasing utilizing biomass instead of burning it, in accordance with the Southern Oregon Interagency Biomass Utilization Strategy. Biomass was utilized instead of being disposed of via slash pile burning. For example, each year the BLM Medford District burns an average of 9,700 tons of slash from forest activities. The cost of burn preparation ranges from \$400 to \$800/acre, in addition to \$250/acre for burn management. Smoke and other combustion by-products contribute to atmospheric CO₂ and other hydrocarbon loading.

Within the Medford District Resource Area, two biomass co-generation facilities currently exist: Biomass One which produces 25 megawatts (MW) of electricity and Boise Cascade which produces 11 MW. Western Oregon Wood Products also produces densified fuels like woody pellets. Additionally, the Three Rivers School District recently converted to biomass thermal boilers and is using woody biomass for heating and cooling. Also nearby, the Days Creek Charter School and Milo Academy converted their boilers to biomass thermal as well.

Prineville District

The Prineville District recently completed the LaPine stewardship contract. The contract included forest health and hazardous fuels reduction treatments, as well as the removal of over 6,000 GT of biomass. Some of biomass debris was ground on-site and hauled to the Biomass One power plant in White City, OR (90 miles away) and burned to produce electricity. Power plant emissions are significantly less than those from open burning biomass at the project landing sites.

Pacific Pellet in Redmond, OR converts 40,000 tons of wood per year into pellets to heat homes and businesses and eventually fuel everything from schools and hospitals to factories and power plants. Pacific Pellet recently announced they will be adding up 25% juniper to their pellet fuel

mix which adds another needed market for juniper byproducts. Woodgrain of Prineville, OR produces engineered wood fuels as well.

The Deschutes National Forest Headquarters recently added biomass boilers to their new facility. The Forest Service building will be one piece of larger woody biomass market.

HM3 Energy, a Gresham-based company, selected Prineville for a biomass briquette business. The company chose Prineville because of the proximity to private forest-land, as well as rail access. HM3 manufactures torrefied biomass briquettes from forest waste that are used as a clean-burning alternative to coal for coal-burning power plants. Coal plants do not have to make any changes to their current systems in order to use the biomass briquettes. HM3 manufactures the briquettes by cooking wood waste at a very high temperature in an air-free environment. During the process, the carcinogens that wood burning normally generates are captured and completely combusted. Consequently, the briquettes are effectively non-polluting and harmless to human health. Once operational, the plant is expected to employ 50 people with family-wage jobs.

Biogreen Sustainable Energy is planning to build an 18-megawatt electricity plant in La Pine. The plant will be fueled with woody biomass from slash piles, forest thinning and wood construction materials. At this time most fuels are being removed from private timber lands, but Biogreen says it will partner with wood recyclers to bid on federal thinning projects. Other businesses, such as a wood pellet plant, could partner with the biomass plant in the future to share the steam. Biogreen expects to bring 21-25 direct jobs, with as many as 80 indirect jobs such as trucking and forestry to follow. In addition, the company says about 60 jobs should be created during construction. The county says the process is clean, with pollution almost non-existent.

Salem District

The BLM Salem District currently has two active stewardship contracts offering woody biomass: Horning Roguing and Mill Creek 001. The contracts cover 100 acres and offered 350 GT of biomass.

Some District woody biomass is sold to Freres Lumber in Lyons, OR. The family-owned mill reconfigured their facility to combined heat and power last year by investing in a 10 MW co-generation biomass facility. Freres supplies approximately ½ of their required biomass fuel (60 GT/day) and sources the remainder from federal, state, and private lands. Other local combined heat and power facilities include Georgia Pacific Toledo and Evergreen Biopower.

Frank Lumber, Western Oregon Wood Products and Bear Mountain Forest Products all produce engineered wood fuels adjacent to Salem District forest stands. Local utilization of those products include the Estacada and Vernonia school districts which both installed biomass boilers. The Tillamook Forest Center also utilizes biomass for their heat.

Spokane District

The BLM Spokane District is home to one of BLM's largest stewardship contracts, Huckleberry Stewardship. Over the length of the 10 year project, 1000's of tons of hog fuel, consisting of bark, tops and branches, will be hauled to a co-generation facility in Kettle Falls, WA where it will be utilized for energy. This facility, owned by Avista, utilizes waste wood and lumber and has been operating since the mid-1980s. Unfortunately, Avista is currently not accepting any material which has put the biomass utilization on hold.

Vale District

The Vale District has three active stewardship contracts: Rattlesnake Forest Health, Upper Cove and Woodtick Village. The projects are treating 1,050 acres of forest land and include over 4,000 GT of biomass.

Markets for biomass in the Vale District include Elkhorn Biomass, Integrated Biomass Resources, LLC and Blue Mountain Forest Products. And, the Enterprise School District recently converted their boilers to burn woody biomass.

Also with District boundaries, ZeaChem built a cellulosic ethanol plant with a 25 to 50 million gallon annual capacity. The plant is located adjacent to Pacific Ethanol, Inc.

Near Halfway, OR in Baker County, Eric Twombly plans to build the region's first biochar processing plant at the site of the former Ellingson Lumber Co. sawmill. The plant will take wood wastes from forest thinning and harvesting, as well as agricultural residues such as corn stalks and wheat stubble, and turn them into biochar products, including a nutrient-rich soil amendment that locks carbon dioxide in the soil when it is applied to crops, pastures or forest lands. The processing plant will also produce a liquid fuel that can replace stove oil and kerosene.

Yaka Energy LLC is the recipient of a USDA Rural Energy for America Program (REAP) grant. The grant will fund a feasibility study for converting biomass, mostly from wood chips, into 30 megawatts of renewable energy in Umatilla County through a process called thermal gasification.

SOLAR

As of June 30, 2013, there were no solar projects on BLM lands in Oregon or Washington, and no solar ROW applications had been received.

CONTACT: Cathie Jensen, (503) 808-6170, c06jense@blm.gov

TIDAL/WAVE

As of June 30, 2013 there were no tidal/wave energy projects involving BLM lands in either Oregon or Washington, and no transmission ROW applications connecting any tidal/wave project had been received. However, the Reedsport Wave Energy Project, whose transmission line will cross federal land, was recorded in BLM's LR2000 lands record system. It may be of interest to those BLM districts that border the Oregon coast.

#23 Reedsport Wave Energy Project (FERC Project no. 12713):

On August 13, 2012, FERC issued a license to Reedsport OPT Wave Park, LLC to build and operate a wave energy facility. The ten wave energy converters (PowerBuoys) of this ocean energy project will have an installed capacity of 1.5 megawatts with an ocean footprint of about 30 acres. It will be located in Oregon State territorial waters, about 2.5 nautical miles off the coast of Reedsport, in Douglas County, Oregon. The onshore portion of this project will occupy 4.97 acres of the Oregon Dunes National Recreation Area in the Siuslaw National Forest, administered by the U.S. Forest Service.

CONTACT: Tim Barnes, (541) 416-6858, tbarnes@blm.gov

NON-RENEWABLE ENERGY

OIL & GAS

Leasing reforms introduced by this administration have placed a priority on the exploration and development of existing leases and the relinquishment of idle ones.

Apparently as a consequence of that policy, as of June 18, 2013 there were only 2 leases (3,804 acres) in Washington, a 98% acreage decrease since May 29, 2012; and 112 leases (188,391 acres) in Oregon, a 27% acreage decrease over that same period. The majority of the leases are located in the Vale District (106 leases, 172,839 acres). And Prineville has 6 leases encompassing 15,552 acres. No leases are being explored or developed at this time.

CONTACT: Tom Wawro, (541) 808-6492, twawro@blm.gov

COAL BED NATURAL GAS

The coal-bearing sandstones and siltstones of the Coos Basin are estimated to form a section approximately 6,600 feet thick. The Basin has multiple seams of coal (many which contain methane gas) and it is estimated that up to 160,000 onshore acres in the Coos Basin are prospective for both conventional and coal bed natural gas (CBNG) production. Industry has expressed an interest in these resources as recently as 2007.

Total in-place gas is estimated to be 1.2 trillion cubic feet (tcf). Permeability tests showed at least 580 billion cubic feet (bcf) are recoverable under new technology and the impetus of industry interest. Future tests may increase this volume. Exploration has revealed exceptionally high gas content in two areas and studies estimate the average gas in place at approximately 10 bcf per section. This compares favorably to existing natural gas from coal operations elsewhere in the United States and Canada. For example, the sub-bituminous coals of the Powder River Basin in Wyoming hold 2 to 4 bcf of gas per section.

Scattered occurrences of low-grade coal are known along the eastern and western sides of Washington and Oregon. These units are probably too immature and too small to ever be economically mined, but they may provide targets for undiscovered coal-bed natural gas resources.

The bottom line here is although the potential for CBNG development exists, no applications for the exploration or development of these resources have been received by the BLM as of June 30, 2013.

CONTACT: Tom Wawro, (541) 808-6492, twawro@blm.gov

OIL & GAS PIPELINES

There are two major pipelines that cross BLM lands in Oregon, the Ruby Pipeline, in south-central Oregon, went into service on July 28, 2011; and the Jordan Cove LNG/Pacific Connector Gas Pipeline, which is being proposed to extend the Ruby Pipeline across southwestern Oregon to an export/import facility at Coos Bay on the Pacific coast. There is an unnamed pipeline that runs generally SW and NE from Bend, OR, and another to the north of Vale, OR that runs NW. The database showing pipelines crossing BLM lands in Washington is under review and consequently no information about them was available at this time. See the “Non-Renewable Energy Projects” map for Oregon for locations there. It can be found at the OR/WA BLM energy website: <http://www.blm.gov/or/energy>

CONTACT: Natalie Cooper, (208) 373-3905, ncooper@blm.gov

Pipeline Project descriptions:

Ruby Pipeline:

The Ruby Pipeline Project is a 42-inch diameter, 678 mile interstate natural gas pipeline that crosses 368 miles of Federal land beginning near Opal, Wyoming, extending through northern Utah and northern Nevada, and terminating near Malin, Oregon. The project, built by Ruby Pipeline, LLC (Ruby), also includes a 3-mile lateral pipeline, 4 compressor stations, 4 meter stations, and other related above ground facilities.

The Ruby Pipeline Project was initiated in March 2008, and in January 2010, the Federal Energy Regulatory Commission (FERC) and eight Cooperating Agencies, including the Bureau of Land Management (BLM), released the Final Environmental Impact Statement (EIS) for the pipeline.

The Ruby Pipeline Project was approved for construction by FERC on April 5, 2010, and the Right-of-Way (ROW) Grant and Plan of Development were approved by a Record of Decision (ROD) issued by the BLM on July 12, 2010. BLM issued multiple Notices to Proceed (NTPs) for each pipeline segment after Ruby demonstrated that all conditions and stipulations had been met.

The pipeline went into service on July 28, 2011. Construction restoration, stabilization, and final clean-up are not expected to be completed until later in 2012. FERC and BLM will continue to closely monitor and evaluate restoration progress along the entire pipeline ROW for several years.

Project website links: <http://www.rubypipeline.com/> and http://www.blm.gov/nv/st/en/info/nepa/ruby_pipeline_project.html

On May 1, 2013, the BLM issued the following press lease:

The Bureau of Land Management (BLM) is preparing a Draft Supplemental Environmental Impact Statement (Draft SEIS) for the Ruby Pipeline Project. The Draft SEIS is in response to a Ninth Circuit Court of Appeals Decision that found the Ruby Pipeline Final Environmental Impact Statement did not provide sufficient quantified or detailed data about the cumulative loss of sagebrush steppe vegetation and habitat. The pipeline has been constructed and is currently operational. It includes an approximately 678 mile, 42-inch interstate natural gas pipeline that crosses 368 miles of Federal land beginning near Opal, Wyoming, extends through northern Utah and northern Nevada, and terminates near Malin, Oregon.

The Draft SEIS will include supplemental information about the original and present condition of the sagebrush steppe habitat and analyze the cumulative impacts of the project based on the supplemental information. The Draft SEIS also will serve as the foundation for the BLM's decision on whether to reissue the right-of-way for the project and, if so, to determine what terms and conditions it would require.

A 45-day public comment period will be available when the Draft SEIS is issued.

For further information and/or to have your name added to the mailing list, contact Mark Mackiewicz, Project Manager at (435) 636-3616, Bureau of Land Management Price Field Office, 125 South 600 West, Price Utah 84501; email mmackiew@blm.gov. Additional information about the project can be found at http://www.blm.gov/nv/st/en/info/nepa/ruby_pipeline_project.html

Jordan Cove LNG/Pacific Connector Gas Pipeline:

Jordan Cove LNG/Pacific Connector Gas Pipeline (PCGP) - On April 17, 2006, the BLM Oregon State Office received a right-of-way application from Williams Pacific Connector Gas Operator, L.L.C., on behalf of Pacific Connector Gas Pipeline, L.P. (Pacific Connector) for the construction, operation, maintenance and termination of a 36-inch natural gas pipeline (PCGP). The proposed pipeline, under Federal Energy Regulatory Commission (FERC) jurisdiction, is approximately 230 miles long with an estimated 40 miles over federal lands administered by the BLM and approximately 30 miles over federal lands administered by the United State Forest Service. The PCGP would transport up to 1 Billion cubic feet per day of re-gasified liquefied natural gas (LNG) from the proposed Jordon Cove LNG facility at Coos Bay, Oregon easterly to Malin, Oregon, to tie in with existing pipelines serving the Pacific Northwest, California and Nevada markets.

On September 4, 2007, Pacific Connector filed an application with the FERC for a certificate of public convenience and necessity authorizing the construction and operation of the PCGP. The FERC published a draft Environmental Impact Statement (EIS) in August 2008 with a 90-day public comment period. The FERC final EIS was released on May 1, 2009. Endangered Species Act consultation is also underway with the USFWS and NMFS. A FERC decision to certify the project was issued on December 17, 2009. The State of Oregon has requested a review of the decision. The BLM, USFS, USFWS, EPA and several other federal agencies were formal cooperators with the FERC in the EIS development.

Because the Western Oregon Plan Revisions (WOPR) Record of Decision was withdrawn by the DOI in July, 2009, and other effecting litigation, the BLM had to complete supplemental environmental analysis and project-specific land use plan amendments. The USFS also requires amendments to their LRMPs. The BLM was the lead agency in preparation of the SEIS and the USFS is a formal cooperating agency. The PCGP FERC certificate was vacated in May 2012 (stating PCGP must pre-file with FERC and the FERC FEIS may still be valid). The Executive Team had a conference call with the BLM Solicitor, FS OGC, and the FERC Lawyer in which FERC stated the LUP amendments can be part of the FERC NEPA. The FERC NOI was published on August 13, 2012. When the NOI was published by FERC it was not published in the FS or the BLM sections of the Federal Register. The BLM/FS NOI was published in the Federal Register on September 21, 2012 with a scoping comment end date of October 29, 2012. In addition we mailed interested parties a notification by mail, issued a press release, put paid legal notices in local newspapers, provided congressional notices, and mailed notification letters to the Tribes. FERC/FS/BLM conducted scoping meetings to fulfill the requirement for 15 days' notice of public meetings; these meetings were held in October 9th – 11th in North Bend/Canyonville/Malin as stated in the NOI. The team believes there is a better understanding by the public of the NEPA process; the public is now getting ready to review the DEIS in the first half of 2013.

Work continues on the draft right-of-way grant; the TMP; the BLM mitigation plan analysis (coordination with USFWS and NMFS on BA); ACS analysis; survey and manage data input and analysis, LSR/MAMU, TMP road analysis, and the development of the project record. There is a current FOIA request that is being coordinated by our FOIA Specialist in BLM OSO and our contractor. There are several work groups doing work on the project (GIS/TMP/Realty Team/S&M/Core Team/Executive Team/Project Coordinators). Pre-Draft resource reports 1 and 10 review is completed and comments sent to FERC. Draft resource reports 1 and 10 have been submitted to FERC and the official CD with the resource reports was received by the agencies on Feb. 13, 2013. BLM asked for a two-week extension to the resource report comments due date and FERC granted the extension; comments are due to FERC on March 29, 2013. We provided the company the BLM/FS mitigation plan analysis on the 24th of October 2012. The Survey and Manage Report has been drafted and is going out for internal review.

Jordan Cove Energy Project, L.P., filed for a Long-Term Authorization to Export Liquefied Natural Gas (LNG) to Free Trade Nations with Department of Energy (DOE) in September 2011 and the export license was approved in December 2011; currently the company has filed for trade to Non-Free Trade Nations with DOE. Jordan Cove is the LNG facility associated with the transmission of natural gas through the Pacific Connector Gas Pipeline. The Jordan Cove LNG facility and Pacific Connector Gas Pipeline were previously certified by FERC as an LNG import terminal and send-out pipeline. FERC has a pre-application from Jordan Cove for its proposed

LNG export terminal. FERC conducted an Interagency meeting in Roseburg, Oregon on March 26, 2012 and a public meeting in Coos Bay, Oregon on March 27, 2012 for the Jordon Cove pre-application. PCGP meet with FERC on April 25, 2012 and completed pre-filing with FERC in June 2012; PCGP Open Houses were conducted in Roseburg, Coos Bay, Klamath Falls, and Medford, July 25 through 28, 2012.

On May 23, 2013 Oregon Public Broadcasting reported that an application for a liquefied natural gas terminal at Coos Bay has been filed with the Federal Energy Regulatory Commission. Jordan Cove Energy Project calls this filing a major milestone although it still must go through the process for local, state and federal permits and faces opposition from local landowners and environmentalists. The Oregonian reports the project planners hope to have federal approval within a year for a terminal that would export the gas to markets in Asia. Backers say it would be the largest construction project in Oregon, taking about 900 workers more than three years. The project includes a 230-mile pipeline and a plant that would turn the gas into liquid for shipment on tankers.

On August 14, 2013, Black & Veatch and Kiewit, two engineering firms, reported that the pre-construction planning activities for the Jordon Cove Liquefaction Project was completed and that together they were proceeding into the construction planning phase of the project in preparation for FERC permit approval which is expected in the third quarter of 2014.

On September 10, 2013, Veresen, an energy infrastructure company, filed an application with the Canadian National Energy Board for a long-term license to export natural gas from Canada to the U.S. The exported natural gas will supply Veresen's proposed Jordon Cove LNG export project.

The Jordon Cove facility was initially conceived as an import facility only, but the new abundance of cheap natural gas in the U. S. has made exporting gas economically more important.

Project website links: <http://www.jordancoveenergy.com/project.htm>

<http://www.pacificconnectorgp.com/> and <http://www.pacificconnectorgp.com/overview.php>
and <http://www.blm.gov/or/plans/pgcp.php>

COAL

#25 TransAlta Centralia Coal Mine:

BLM administers two Federal coal leases (WA-6527 and WA-04322) encompassing 521 acres at the TransAlta Centralia Coal Mine (TCCM). This operation is located about six miles northeast of Centralia, Washington. The mine annually produced between 4 to 5 million clean tons of sub-bituminous coal, including up to 2 million Federal tons, between about 1961 and 2006. Federal royalties have been as much as \$4 million annually.

But on October 2, 2006, TCCM filed a request for a temporary *force majeure* suspension to reengineer the mining plan to mitigate difficult ground control problems induced by the February 28, 2001, magnitude 6.8 earthquake with epicenter less than 20 miles from the mine. And despite their best efforts, safety concerns forced the mine to close.

However, pilot testing to investigate the feasibility of recovering “fine” coal from several large refuse ponds at the Centralia Coal Mine took place during the second half of 2011 and proved feasible.

On February 23, 2012, The US Office of Surface Mining (OSM) officially approved the Fine Coal Recovery Plan at coal mine waste impoundments 3B, 3C, and 3D at the TCCM (OSM Project No. WA-0001-E-R-09). Operations to recover the fine coal are expected to begin sometime in the summer of 2014.

Based on recent agreements signed between TCCM and the State of Washington during the spring of 2011, there will be no more mining of in-place coal (as distinct from fine coal in refuse ponds) from the Centralia Coal Mine. Mine reclamation work continues to be supervised by OSM. It is anticipated that the coal fired generating plant now operating on coal imported by rail will eventually be replaced by a natural gas fired generating plant developed, owned and operated by TCCM. This change is proposed to occur sometime between 2025 and 2030.

See accompanying “Non-Renewable Energy Projects for Washington” map for location at the OR/WA BLM Energy website: <http://www.blm.gov/or/energy>

CONTACT: Tom Wawro, (541) 808-6492, twawro@blm.gov

URANIUM

#24 Aurora Mining Claims:

In September 2011, a representative from Oregon Energy, L.L.C. (formally Uranium One), met with local citizens, and county and state officials, to discuss the possibility of opening a uranium oxide (“yellowcake”) mine in Malheur County. Oregon Energy is interested in developing a 17-Claim parcel of land known as the Aurora Project through an open pit mining method. Besides the mine, there would be a mill for processing. The claim area occupies about 450 acres and is also referred to as the “New U” uranium claims.

Oregon Energy, LLC, has finalized interim reclamation of Aurora Prospect Notice-level exploration activities that it began in September 2011. The third phase of exploration drilling was completed in November 2011. Scarification of the surface disturbance and re-vegetation with a native seed mix was completed.

The BLM has also met with representatives of the proponent to discuss potential sage grouse mitigation requirements. In addition to the BLM, it appears the DOE’s Nuclear Regulatory Commission, the Oregon Energy Facilities Siting Committee, the DOGAMI, the EPA, and the

Oregon Department of Environmental Quality will also be involved in review and or oversight of the project if it goes forward.

On April 12, 2012, the Minerals Section Chief, Chris DeWitt, spoke with Alan Bjornsen of the US Nuclear Regulatory Commission (NRC). Alan called after being contacted by Oregon Energy, LLC, regarding the Aurora Uranium Prospect. Oregon Energy was letting NRC know of their intent to seek an NRC License. He said there is an MOU between BLM and NRC, signed on November 30, 2009, that was designed to avoid any duplication for the proponent in meeting BLM, NEPA, and NRC requirements. They have also put together four generic Environmental Impact Statements (EIS) for four regions in the western U.S. that may be useful. Chris mentioned that any EIS would likely be done by the Vale District. He suggested that, in order to expedite approval, the proponent should try to work the NEPA and Licensing issues concurrently as much as they could. Alan sent us a copy of the MOU, which we also passed along to Jon Westfall, BLM's geologist in Vale.

On May 7, 2012, Oregon Energy LLC made a presentation to the BLM outlining its plans for development for the mine.

The Vale District has agreed to work with ODFW on mitigation for the "New U" uranium claims, which are located in core sage grouse habitat. Although the lands encompassing the claims have been designated core, the area is frequented by rock hounds and hunters, has a crisscrossing of OHV roads, and other significant land disturbance from the defunct Bretz Mercury Mine, abandoned in the 1960s.

However, by the fall of 2012 the company said that it was putting its plans for the mine on hold until the uncertainty surrounding sage grouse issues were resolved.

See accompanying "Non-Renewable Energy Projects for Oregon" map for location at the OR/WA BLM Energy website: <http://www.blm.gov/or/energy>

CONTACT: Tim Barnes, (541) 416-6858, tbarnes@blm.gov