

Attachment C
Parcels Available for Lease with Applied Stipulations
May 2012 - Colorado Competitive Oil & Gas Lease Sale

The Colorado State Office is offering competitively **3 parcels** containing **1510.56** acres of Federal mineral estate in the State of Colorado for oil and gas leasing.

THE FOLLOWING ACQUIRED LANDS ARE SUBJECT TO FILINGS IN THE MANNER SPECIFIED IN THE APPLICABLE PORTIONS OF THE REGULATIONS IN 43 CFR, SUBPART 3120.

PARCEL ID: 6164 SERIAL #:

T. 0030N., R 0920W., 6TH PM
Sec. 15: NW, NE, SW, W1/2 SE ;
Sec. 16: ALL;

Rio Blanco County
Colorado 1200.00 Acres

All lands are subject to Exhibit CO-28 to protect all types of riparian areas.

All lands are subject to LSFO RMP (October 2011) - No Surface Occupancy to protect perennial water sources.

All lands are subject to Exhibit CO-34 to alert lessee of potential habitat for a threatened, endangered, candidate, or other special status plant or animal.

All lands are subject to Exhibit CO-39 to protect cultural resources.

All lands are subject to LSFO RMP (October 2011) - Controlled Surface Use to protect the viewshed of the Thornburg/Battle of Milk Creek.

The following lands are subject to LSFO-RMP (October 2011) - Medium Priority Habitat Controlled Surface Use. A 5 percent surface disturbance limitation and a POD illustrating a strategy to leave large blocks of undisturbed habitat will be required for development of this lease:

T. 0030N., R 0920W., 6TH PM
Sec. 15: NW, NE, SW, W1/2 SE ;
Sec. 16: ALL;

The following lands are subject to LSFO-RMP (October 2011) – Timing Limitation to protect nesting greater sage-grouse:

T. 0030N., R 0920W., 6TH PM
Sec. 15: NW, NE, SW, W1/2 SE ;
Sec. 16: ALL;

The following lands are subject to LSFO-RMP (October 2011) – Timing Limitation to protect wintering elk, mule deer, pronghorn antelope and/or bighorn sheep.

T. 0030N., R 0920W., 6TH PM
Sec. 16: NW, W2SW

The following lands are subject to LSFO-RMP (October 2011) - No Surface Occupancy to protect raptor nests:

T. 0030N., R 0920W., 6TH PM
Sec. 15: SWSW, E2SW, W1/2SE
Sec. 16: W2NW, NWSW, SWSW, SESW, S2SE

The following lands are subject to LSFO-RMP (October 2011) – Timing Limitation to protect raptor nesting and fledgling habitat:

T. 0030N., R 0920W., 6TH PM
Sec. 15: SWSW, E2SW, W1/2SE
Sec. 16: W2NW, NWSW, SWSW, SESW, S2SE

The following lands are subject to Exhibit CO-25 to protect surface or underground coal mines:

T. 0030N., R 0920W., 6TH PM
Sec. 15: S2S2;
Sec. 15: S2NE,N2S2;
Sec. 15: NW,N2NE;
Sec. 16: N2,N2S2;
Sec. 16: S2S2;

The following lands are subject to Exhibit CO-26 to protect fragile soils:

T. 0030N., R 0920W., 6TH PM
Sec. 15: S2S2;
Sec. 15: N2S2,S2NE;
Sec. 15: NW,N2NE;
Sec. 16: S2S2;
Sec. 16: N2,N2S2;

The following lands are subject to Exhibit CO-27 to protect steep slopes:

T. 0030N., R 0920W., 6TH PM
Sec. 15: SESE;
Sec. 15: NESE;

PVT/BLM;BLM; CDO: WRRRA

PARCEL ID: 6171 SERIAL #:

T. 0030N., R 0930W., 6TH PM
Sec. 11: Lot 21;
Sec. 12: Lot 5,6;
Sec. 12: E2NW;

Moffat County
Colorado 150.78Acres

All lands are subject to LSFO-RMP (October 2011) - Medium Priority Habitat Controlled Surface Use. A 5 percent surface disturbance limitation and a POD illustrating a strategy to leave large blocks of undisturbed habitat will be required for development of this lease.

All lands are subject to Exhibit CO-28 to protect all types of riparian areas.

All lands are subject to LSFO RMP (October 2011) - No Surface Occupancy to protect perennial water sources.

All lands are subject to LSFO-RMP (October 2011) – Timing Limitation to protect nesting Columbian sharp-tailed grouse.

All lands are subject to LSFO-RMP (October 2011) – Timing Limitation to protect wintering Columbian sharp-tailed grouse.

The following lands are subject to LSFO-RMP (October 2011) – Timing Limitation to protect wintering elk, mule deer, pronghorn antelope and/or bighorn sheep.

The following lands are subject to LSFO-RMP (October 2011) – Timing Limitation to protect nesting greater sage-grouse:

T. 0030N., R 0930W., 6TH PM
Sec. 12: Lot 5;
Sec. 12: E2NW;

The following lands are subject to Exhibit CO-25 to protect surface or underground coal mines:

T. 0030N., R 0930W., 6TH PM
Sec. 11: Lot 21;
Sec. 12: Lot 5;
Sec. 12: Lot 6;
Sec. 12: E2NW;

All lands are subject to Exhibit CO-34 to alert lessee of potential habitat for a threatened, endangered, candidate, or other special status plant or animal.

All lands are subject to Exhibit CO-39 to protect cultural resources.

BLM; CDO: LSRA

PARCEL ID: 6175 SERIAL #:

T. 0050N., R 0950W., 6TH PM
Sec. 29: N2SW,NWSE;
Sec. 30: Lot 7;

Moffat County
Colorado 159.780 Acres

All lands are subject to LSFO-RMP (October 2011) – Timing Limitation to protect wintering elk, mule deer, pronghorn antelope and/or bighorn sheep.

All lands are subject to Exhibit CO-28 to protect all types of riparian areas.

All lands are subject to Exhibit CO-34 to alert lessee of potential habitat for a threatened, endangered, candidate, or other special status plant or animal.

All lands are subject to Exhibit CO-39 to protect cultural resources.

All lands are subject to LSFO RMP (October 2011) - No Surface Occupancy to protect perennial water sources.

The following lands are subject to LSFO-RMP (October 2011) - Medium Priority Habitat Controlled Surface Use. A 5 percent surface disturbance limitation and a POD illustrating a strategy to leave large blocks of undisturbed habitat will be required for development of this lease:

T. 0050N., R 0950W., 6TH PM
Sec. 30: Lot 7;

The following lands are subject to Exhibit CO-26 to protect fragile soils:

T. 0050N., R 0950W., 6TH PM
Sec. 29: ALL;
Sec. 30: Lot ALL;

BLM; CDO: LSRA

EXHIBIT CO-01

Lease Number:

NO SURFACE OCCUPANCY STIPULATION

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

For the purpose of:

Protection of surface and longwall coal mines where oil and gas development is incompatible with planned coal extraction.

Changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

Exception Criteria:

This stipulation may be waived if the lessee agrees that any well approved for drilling will be plugged below the coal when the crest of the highwall or longwall approaches within 500 feet of the well. A suspension of operations and production will be considered for the lease only when a well is drilled and then plugged, and a new well or reentry is planned when the mine moves through the location.

EXHIBIT CO-03

Lease Number:

NO SURFACE OCCUPANCY STIPULATION

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

For the purpose of:

To protect raptor nests within a one-eighth mile radius from the site.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

Exception Criteria:

An exception may be granted depending on current usage, or on the geographical relationship to topographic barriers and vegetation screening.

EXHIBIT CO-04

Lease Number:

NO SURFACE OCCUPANCY STIPULATION

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

For the purpose of:

To protect bald eagle roosts and nests within a one-quarter mile radius from the site.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

Exception Criteria:

An exception may be granted to this stipulation depending on the current usage of the site, or the geographical relationship to the topographic barriers and vegetation screening.

EXHIBIT CO-09

Lease Number:

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation does not apply to operation and maintenance of production facilities.

December 1 through April 30

On the lands described below:

For the purpose of (reasons):

To protect big game (mule deer, elk, pronghorn antelope, and bighorn sheep) winter range, including crucial winter habitat and other definable winter range as mapped by the Colorado Division of Wildlife. This may apply to sundry notice that require an environmental analysis.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of the stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

Exception Criteria:

An exception may be granted under mild winter conditions for the last 60 days of the closure.

EXHIBIT CO-18

Lease Number:

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation does not apply to operation and maintenance of production facilities.

February 1 through August 15

On the lands described below:

For the purpose of (reasons):

To protect raptor (this includes golden eagles, all accipiters, falcons [except the kestrels], all butteos, and owls) nesting and fledgling habitat during usage for one-quarter mile around the nest site.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of the stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

Exception Criteria:

Exceptions may be granted during years when the nest site is unoccupied, when occupancy ends by or after May 15, or once the young have fledged and dispersed from the nest.

EXHIBIT CO-23

Lease Number:

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation does not apply to operation and maintenance of production facilities.

November 16 through April 15

On the lands described below:

For the purpose of (reasons):

To protect bald eagle winter roost sites within a one-half mile buffer around the site

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of the stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

Exception Criteria:

Exceptions may be granted for partial or complete visual screening of the oil and gas activity from the primary zone (that is, one-quarter mile around the roost site).

EXHIBIT CO-25

Lease Number:

CONTROLLED SURFACE USE STIPULATION

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

Operations proposed within the area of an approved surface or underground coal mine will be relocated outside the area to be mined or to accommodate room and pillar mining operations.

On the lands described below:

For the purpose of:

To protect surface or underground coal mines

Exception Criteria:

This stipulation may be waived without a plan amendment if the lessee agrees that the drilling of a well will be subject to the following conditions: (1)(a) well must be plugged when the mine approaches within 500 feet of the well and reentered or redrilled upon completion of the mining operation; (b) well must be plugged in accordance with Mine Safety and Health Administration (formerly Mine Enforcement and Safety Administration) Informational Report 1052; (c) operator will provide accurate location of where the casing intercepts the coal by providing a directional and deviation survey of the well to the coal operator; or (2) relocate well into a permanent pillar or outside the area to be mined. A suspension of operations and production will be considered when the well is plugged, and a new well is to be drilled after mining operations move through the location.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820).

EXHIBIT CO-26

Lease Number:

CONTROLLED SURFACE USE STIPULATION

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

On the lands described below:

For the purpose of:

Protecting fragile soils. Prior to surface disturbance of fragile soils, it must be demonstrated to the Authorized Officer through a plan of development that the following performance objectives will be met.

Performance Objectives:

- I. Maintain the soil productivity of the site.
- II. Protect off-site areas by preventing accelerated soil erosion (such as land-sliding, gullyng, drilling, piping, etc.) from occurring.
- III. Protect water quality and quantity of adjacent surface and groundwater sources.
- IV. Select the best possible site for development in order to prevent impacts to the soil and water resources.

Fragile soil areas, in which the performance objective will be enforced, are defined as follows:

- a. Areas rated as highly or severely erodible by wind or water, as described by the Soil Conservation Service in the Area Soil Survey Report or as described by on-site inspection.
- b. Areas with slopes greater than or equal to 35 percent, if they also have one of the following soil characteristics:
 - (1) a surface texture that is sand, loamy sand, very fine sandy loam, fine sandy loam, silty clay or clay;
 - (2) a depth to bedrock that is less than 20 inches;
 - (3) an erosion condition that is rated as poor; or
 - (4) a K factor of greater than 0.32.

EXHIBIT CO-26 (continued)

Performance Standards:

- I. All sediments generated from the surface-disturbing activity will be retained on site.
- II. Vehicle use would be limited to existing roads and trails.
- III. All new permanent roads would be built to meet primary road standards (BLM standards) and their location approved by the Authorized Officer. For oil and gas purposes, permanent roads are those used for production.
- IV. All geophysical and geochemical exploration would be conducted by helicopter, horseback, on foot, or from existing roads.
- V. Any sediment control structures, reserve pits, or disposal pits would be designed to contain a 100-year, 6-hour storm event. Storage volumes within these structures would have a design life of 25 years.
- VI. Before reserve pits and production pits would be reclaimed, all residue would be removed and trucked off-site to an approved disposal site.
- VII. Reclamation of disturbed surfaces would be initiated before November 1 each year.
- VIII. All reclamation plans would be approved by the Authorized Officer in advance and might require an increase in the bond.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820. See also Geothermal PEIS ROD section 2.3.3 at page 2-6.)

EXHIBIT CO-27/GGNCA-13

Lease Number:

CONTROLLED SURFACE USE STIPULATION

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

On the lands described below:

For the purpose of:

Protecting soils on surfaces greater than 40 percent slope. Prior to surface disturbance of steep (greater than 40 percent) an engineering/reclamation plan must be approved by the Authorized Officer. Such plans must demonstrate how the following will be accomplished:

- a. Site productivity will be restored.
- b. Surface runoff will be adequately controlled.
- c. Off-site areas will be protected from accelerated erosion such as drilling, gullyng, piping, and mass wasting.
- d. Surface-disturbing activities will not be conducted during extended wet periods.
- e. Construction will not be allowed when soils are frozen.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

EXHIBIT CO-28

Lease Number:

CONTROLLED SURFACE USE STIPULATION

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

On the lands described below:

For the purpose of:

To protect perennial water impoundments and streams, and/or riparian/wetland vegetation by moving oil and gas exploration and development beyond the riparian vegetation zone.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820. See also Geothermal PEIS ROD section 2.3.3 at page 2-6.)

Exception Criteria:

Exceptions may be granted only if an on-site impact analysis shows no degradation of the resource values.

EXHIBIT CO-30/GGNCA-154

Lease Number:

LEASE NOTICE

- In order to protect nesting grouse species, surface-disturbing activities proposed during the period between March 1 and June 30 will be relocated, consistent with lease rights granted and section 6 of standard lease terms, out of grouse nesting habitat.

Sage grouse nesting habitat is described as sage stands with sagebrush plants between 30 and 100 centimeters in height and a mean canopy cover between 15 and 40 percent.

Greater prairie chicken nesting habitat is described as tall to mid-grass communities with a mean height density index of 5.85 decimeters with 11 percent bare ground and an average height of sandsage at 84 centimeters; grasses 111 centimeters; and forbs 83 centimeters. (Nesting occurs within an average distance of 2.4 km of a lek.)

Lesser prairie chicken nesting habitat is described as short-mid grass and sandsage communities with a mean height density index of 3.5 decimeters with an average grass canopy coverage of 30 percent and 7 percent sandsage. The predominate plant associated with nesting cover is sandsage with an average height of 40-50 centimeters. (Nesting occurs within an average distance of 1.8 km [.2 to 4.8 km] of the lek site.)

Sharptail grouse nesting habitat is described as mountain shrub communities with a density of shrub plants from 1,700 to 32,000 shrubs per hectare and average shrub height of 30 centimeters. Nests are found primarily in shrub clumps where the shrubs are taller than average. (Nesting occurs within an average distance of 2 km of a lek.)

On the lands described below:

EXHIBIT CO-34

Lease Number:

ENDANGERED SPECIES ACT SECTION 7 CONSULTATION STIPULATION

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

On the lands described below:

EXHIBIT CO-39

Lease Number:

CONTROLLED SURFACE USE

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, E.O.13007, or other statutes and executive orders. The BLM will not approve any ground disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require modification to exploration or development proposals to protect such properties, or disapprove any activity that is likely to result in adverse effects that cannot be successfully avoided, minimized or mitigated.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

On the lands described below:

EXHIBIT LS-12

Lease Number:

LEASE NOTICE

Surface use may be prohibited during portions of the lambing season. Closure will be determined on a case-by-case basis, but will generally be for six weeks within the season (typically between April 10 and June 30).

On the lands described below:

EXHIBIT XXXX

Lease Number:

LEASE NOTICE

Elk, Mule Deer, Pronghorn Antelope Crucial Winter Habitat:

Crucial winter habitat will be closed to surface disturbing activities from December 1 to April 30, with the intent that this stipulation apply after the big game hunting season. In the case that hunting season extends later, exceptions will be applied through normal procedures.

On the lands described below:

EXHIBIT XXXX

Lease Number:

LEASE NOTICE

Greater Sage-Grouse Nesting and Early Brood Rearing Habitat:

Between March 1 and June 30, greater sage-grouse nesting and early brood-rearing habitat will be stipulated as Controlled Surface Use for oil and gas operations within a 4 mile radius of the perimeter of a lek. All surface disturbing activities will avoid only nesting and early brood-rearing habitat within the 4 mile radius of the lek during this time period. The actual area to be avoided would be determined on a case-by-case basis, depending on applicable scientific research and site-specific analysis and in coordination with commodity users and other appropriate entities.

On the lands described below:

EXHIBIT XXXX

Lease Number:

LEASE NOTICE

Raptor nesting and fledgling habitat (golden eagle, osprey, all accipiters, falcons [except the kestrel], buteos, and owls, not including special status species raptors):

Raptor nesting and fledgling habitat will be closed to surface disturbing activities from February 1 to August 15 within a 0.25 mile buffer zone around the nest site. However, during years when a nest site is unoccupied, or unoccupied by or after May 15, these seasonal limitations may be excepted. They may also be excepted once the young have fledged and dispersed from the nest.

On the lands described below:

EXHIBIT XXXX

Lease Number:

LEASE NOTICE

Columbian Sharp-Tailed Grouse Crucial Winter Habitat:

Columbian sharp-tailed grouse crucial winter habitat will be closed from December 16 to March 15.

On the lands described below:

EXHIBIT XXXX

Lease Number:

LEASE NOTICE

Columbian Sharp-Tailed Grouse Nesting Habitat:

Columbian sharp-tailed grouse nesting habitat will be closed to surface disturbing activities from March 1 to June 30.

On the lands described below:

EXHIBIT XXXX

Lease Number:

LEASE NOTICE

Perennial Water Sources:

No surface occupancy for up to 0.25 mile from perennial water sources, if necessary, depending on type and use of the water source, soil type, and slope steepness.

On the lands described below:

EXHIBIT XXXX

Lease Number:

LEASE NOTICE

Raptor Nest Sites (golden eagle, osprey, all accipiters, falcons [except the kestrel], buteos, and owls, not including special status species raptors):

No surface occupancy (NSO) will be allowed within a 0.25 mile radius of raptor nest sites. The NSO area could be altered depending upon the active status of the nest site or upon the geographical relationship of topographical barriers and vegetation screening to the nest site.

On the lands described below:

EXHIBIT XXXX

Lease Number:

LEASE NOTICE

Medium Priority Sagebrush Habitats:

Existing Leases

For existing oil and gas leases at the time of the Record of Decision (ROD), participation in this approach will be voluntary. A valid existing lease conveys certain rights of development to the leaseholder. A stipulation cannot be added to an existing lease after the lease is issued. Oil and gas operators could opt into an agreement to limit surface disturbance to 5 percent of the project area and submit a Plan of Development (POD) which illustrates a strategy to keep large blocks of habitat undeveloped. In return, BLM will grant exceptions to big game and sage-grouse timing limitation stipulations, allowing larger windows for development (drilling, completions and construction). If a proposal and/or operator meets both criteria, BLM will grant an exception to big game winter range and sage-grouse nesting and critical winter range timing stipulations for all applications for permits to drill (APDs) in the project area (as described below), allowing a larger window for development. Until these criteria are met, timing limitation stipulations will apply as stated on leases. This agreement does not pertain to the NSO stipulation around sage-grouse leks or timing stipulations for raptors and other species, which will remain in effect. For these stipulations, as well as stipulations on leases which are not subject to this voluntary agreement, BLM could grant exceptions, modifications, or waivers through normal procedures. The agreement must be adhered to for the life of the leases in the project area.

Approval of exceptions to big game and sage-grouse timing limitation stipulations for year-round drilling will require active monitoring for compliance with the conditions of approval outlined in the voluntary agreement. Operators must continually meet these criteria throughout development of the project area, or the authorization for the exception of timing stipulations will terminate. Compliance history will be a factor in approving this tradeoff for future development. If an operator were to breach the agreement, BLM will not allow the same operator to enter into this agreement again.

For operators who choose not to opt into this voluntary approach in medium potential habitats, BLM will require habitat protection best management practices (BMPs). Appropriate BMPs will be required as Conditions of Approval (COAs) on drilling applications on existing leases within medium priority habitats not enrolled in a voluntary surface disturbance limiting agreement. BMPs could include, but will not be limited to, the practices listed in Section 2.6 (special status species management).

New Leases

For any new leases which overlie a medium priority habitat, a stipulation will be attached to the lease to comply with the two criteria described in more detail below: a 5 percent disturbance limitation and a POD illustrating a strategy to leave large blocks of undisturbed habitat. These

criteria will be mandatory and BLM will not be obligated to grant an operator an exception to timing limitation stipulations. Operators will have to apply for an exception to this stipulation, which BLM will consider on a case-by-case basis.

Defining the project area boundary

Where the surface disturbance stipulation is voluntary, the operator will define the project boundary. An operator is allowed a lot of flexibility in defining the project area. The only requirement is that they control the oil and gas development within the area so that they are able to meet the necessary criteria without interference from other operators. A project boundary could be composed of as little as one lease, or as much as several leases under different operators, or even a federal oil and gas unit. The leases within the project area could either be connected or not contiguous. The project area could be composed of a mixture of federal and private surface.

The total allowable surface disturbance will be calculated for the entire project area. For example, a project boundary of 1,000 acres will allow 50 acres of disturbance regardless of the size of the leases in the project area. A project area could be composed of medium and high priority habitats. In this case, allowable disturbance in the two different types will be calculated separately. For example, a 1,000 acre project area with 500 acres medium priority habitat and 500 acres high priority habitat, no more than 25 acres of medium priority habitat and 5 acres of high priority habitat could be disturbed at one time. When calculating total acres in a project area, all leased lands will be included, including areas with NSO stipulations. For example, if there are 200 acres covered by an NSO stipulation for sage-grouse in a 1,000 acre project area, the total project area will be 1,000 acres, not 800.

It is not necessary for one leaseholder to hold all leases in a project area. In the case of the project area being defined by a federal oil and gas unit, the lead operator will be responsible for coordinating the oil and gas development so the criteria are met. Outside of established units, but within landscapes with multiple leaseholders, multiple operators could enter into this approach together, coordinating development together to ensure meeting the criteria within the project area. Development will have to be organized so that one operator cannot utilize all allowable disturbance acreage for the project area.

Larger project areas will benefit both the operator and the wildlife resource. Large project areas will allow operators more flexibility in remaining below the disturbance threshold, as there will be more acres available to disturb. Likewise, larger project areas will facilitate larger sage-grouse sanctuaries and better create habitat protection on a landscape scale.

For new leases where this approach is mandatory, the operator could suggest a project area boundary to BLM for approval, which could include existing leases. If the operator does not have a specific project area in mind, compliance with established criteria will be required for the boundary of the new lease.

Below are the two criteria that an operator must meet when entering into a voluntary agreement or complying with a mandatory stipulation in medium priority habitats.

Criterion #1 for Medium Priority Habitats

No more than 5 percent of the surface area of the project area will be disturbed at any time. In this context, surface disturbance pertains to only oil and gas actions. Other BLM permitted activities, nonpermitted activities, and non-oil and gas related rights of way (ROWs) do not count toward the 5 percent maximum. Oil and gas related ROWs that are owned by a third party also do not count toward the 5 percent limit; only actions that the leaseholder is responsible for are included in the total. All disturbances associated with oil and gas operations performed by the leaseholder, however, do count toward this limitation, including well pads, roads, pipelines, exploration and production facilities, and all other infrastructure. In addition, existing oil and gas disturbance also counts toward the 5 percent threshold. In this context, “existing disturbance” means areas where vegetation has been stripped or otherwise removed or destroyed, and for which revegetation has not been initiated, or has not achieved reclamation success standards. For project areas already exceeding 5 percent oil and gas-related disturbance, a no-net-gain principle would go into effect, which is described below.

Although the 5 percent surface disturbance threshold is the guiding factor, spacing of oil and gas facilities on the surface is also an important concept in limiting habitat fragmentation. If it is assumed that each facility occupies 8 acres, this is equivalent to disturbing 5 percent of a 160-acre block. The intent is not to require 160-acre spacing but to average no more than one facility for each 160 acres within a project area while leaving large blocks of habitat undisturbed. Therefore, operators are encouraged to develop proposals that leave larger blocks of sagebrush habitat undisturbed within project areas, by clustering facilities, carefully designing road and pipeline systems to minimize disturbance, or other means.

Disturbed areas can be recovered on a rolling-reclamation basis. Upon successful reclamation, reclaimed areas will no longer be counted toward the 5 percent limit, and the total area disturbed in the project area will be decreased by that amount. Successful reclamation is defined in the Reclamation Performance Standard described in ROD Appendix C. The criteria used to evaluate whether the reclamation performance standard is met will depend on whether the reclamation is interim or final.

In areas where existing oil and gas infrastructure already exceeds the 5 percent disturbance threshold, a no-net-gain principle will be employed. A leaseholder could satisfy this criterion if it can show in a POD that it will reclaim areas equal to the area proposed for new development and meet the performance standard for successful reclamation in those areas. In-kind offsite or compensatory mitigation could also count toward recuperating disturbed areas, if approved by BLM, although it may not necessarily be on a one-acre per one-acre basis. Reclamation and offsite mitigation will be required to meet the same reclamation performance standard as described above. If mitigation is not performed as agreed upon, or any aspect of the POD is not followed, BLM will no longer grant exceptions to timing stipulations and will issue noncompliance to the leaseholder.

Criterion #2 for Medium Priority Habitats

Development and approval of a POD, which contains a strategy for reducing habitat fragmentation and maintaining large blocks of sagebrush habitat, is an important requirement in this approach. The operator needs to have some level of confidence and certainty in their POD.

PODs may be developed in stages and updated annually (see the discussion on *Maintaining the Project Record* below). The area of the project described in the POD could include multiple leases or units, either connected or not contiguous. However, BLM or the operator may determine that separate PODs are needed for areas that are not connected.

A complete POD consists of the following components, if applicable:

Cover letter containing operator name, project name, list of wells (name and number by lease, with legal description including quarter-quarter)

Master drilling plan

Master surface use plan, including plans for surface reclamation, a baseline calculation of total surface area currently disturbed by oil and gas activity in the project area, and the total area to be disturbed through the proposed development

A strategy for limiting and/or mitigating sagebrush habitat fragmentation with the goal of maintaining large, unfragmented blocks of sagebrush habitat. The plan will demonstrate significant control of fragmentation in a number of ways, including:

- Reducing surface density of facilities, roads, pipelines, and other ROWs
- Focusing development near existing ROWs
- Clustering facilities, including the use of directional drilling where feasible and utilizing closed drilling systems (no reserve pits)
- Minimizing oil- and gas-related activity in sagebrush habitats, including reducing traffic through field road management, closing roads to public use, remote telemetry of wells, piping of produced fluids rather than trucking, etc.
- Using new technologies, including surface mats, self-contained rigs, limited impact drilling (e.g., small roads and small pads)

- Being sensitive to different habitat types within the project area and developing a strategy that protects important habitat types. Operators should consider seasonal habitats and guide development away from important breeding, summer, fall and winter habitats. Mitigation plans, compensatory mitigation proposals
- Acceptance of applicable BMPs

Water management plan

Cultural resource inventory plan

Wildlife monitoring plan

Project maps, including:

- Surface ownership with project boundary
- Mineral ownership with project boundary
- Existing and proposed well sites
- Compressor sites
- Flow line routes
- Utility line routes
- Transportation routes

List of all permitting agencies involved

Surface owner agreements

Water mitigation agreements

Any additional information

Maintaining the Project Record: Baseline Measurements, Monitoring, and Updating PODs

This approach requires a baseline measurement of existing disturbance as well as monitoring to determine when the 5 percent or 1 percent threshold is reached. Before a leaseholder enters into the agreement, a geographic information system (GIS) analysis of existing disturbance in the project area will be performed by the operator as part of the POD. Operators will provide BLM with Federal Geographic Data Committee-compliant metadata and GIS data for all existing oil and gas related disturbance. Using global positioning system (GPS) on the ground or digitizing disturbance from satellite imagery are two possible methods to compile a baseline disturbance map. The total number of acres of existing disturbance in the project area will be calculated by the operator. Portions of the project area will be ground-truthed by BLM to ensure accuracy.

A running total of surface disturbance in the project area will be performed by the operator and updated in the POD at least annually. Annual meetings between BLM and the operator will be required to maintain a project record. A draft POD will be required for BLM review prior to annual planning meetings. A final POD, based on comments and discussion during the annual planning meeting, will be submitted within a reasonable timeframe thereafter.

During an annual meeting or in another forum, the proposed POD will be reviewed and recommendations will be made to ensure that the measures laid out will effectively protect sagebrush and big game habitat. Additionally, a running total of surface disturbance in the project area, including anticipated development for that year, will be performed by the operator and included in the POD. The operator will be required to supply an annual reclamation status report and plan for all disturbances in the project area so that BLM could assess reclamation success. BLM and the operator could take the following day, or another time, to ground-truth the scope of the proposed development and review reclaimed areas to see if they have met the reclamation requirements described in ROD Appendix C. Proposals for compensatory mitigation could also be discussed.

On the lands described below:

EXHIBIT XXXX

Lease Number:

LEASE NOTICE

High Priority Sagebrush Habitats: Existing Leases

For existing oil and gas leases at the time of the ROD, participation in this approach will be voluntary. If an operator chose to opt into an agreement, they will have to develop a plan which keeps surface disturbance below 5 percent and creates large refuges of undeveloped habitat. As an incentive to enter into this approach, BLM will grant exceptions to big game and sage-grouse timing limitation stipulations, allowing larger windows for development (drilling, completions and construction). If a proposal and/or operator meets both criteria, BLM will grant an exception to big game winter range and sage-grouse nesting and critical winter range timing stipulations for all APDs in the project area (as described below), allowing a larger window for development. Until these criteria are met, timing limitation stipulations will apply as stated on leases. This agreement does not pertain to the NSO stipulation around sage-grouse leks or timing stipulations for raptors and other species, which will remain in effect. For these stipulations, as well as stipulations on leases which are not subject to this voluntary agreement, BLM could grant exceptions, modifications, or waivers through normal procedures. The agreement must be adhered to for the life of the leases in the project area.

Approval of exceptions to big game and sage-grouse timing limitation stipulations for year-round drilling will require active monitoring for compliance with the conditions of approval outlined in the voluntary agreement. Operators must continually meet these criteria throughout development of the project area, or the authorization for the exception of timing stipulations will terminate. Compliance history will be a factor in approving this tradeoff for future development. If an operator were to breach the agreement, BLM will not allow the same operator to enter into this agreement again.

For operators who choose not to opt into this voluntary approach in medium potential habitats, BLM will require habitat protection BMPs. Appropriate BMPs will be required as COAs on drilling applications on existing leases within medium priority habitats not enrolled in a voluntary surface disturbance limiting agreement. BMPs could include, but will not be limited to, the practices listed in Section 2.6 (special status species management).

High Priority Habitats, New Leases

For new leases within high priority habitat, a lease stipulation will be attached to comply with the two criteria: a 1 percent disturbance limitation and a POD illustrating a strategy to leave large blocks of undisturbed habitat. These criteria will be mandatory and BLM will not be obligated to grant an exception to timing limitation stipulations. Operators will have to apply for an exception to this stipulation, which BLM will consider on a case-by-case basis. To grant an exception to the 1 percent disturbance threshold, the operator will have to prove that it went to extraordinary means to mitigate or improve high priority habitats. This could include enlisting surrounding leaseholders into a plan to protect even larger blocks of habitat, or performing BLM-approved compensatory mitigation.

The two criteria that an operator must meet when entering into a voluntary agreement or complying with a mandatory stipulation in high priority habitats are similar to those for medium potential habitats.

Criterion #1 for High Priority Habitats

No more than 1 percent of the surface area of the project area will be disturbed at any time. In this context, surface disturbance pertains to only oil and gas actions. Other BLM permitted

activities, nonpermitted activities, and non-oil and gas related ROWs do not count toward the 1 percent maximum. Oil and gas related ROWs that are owned by a third party also do not count toward the 1 percent limit; only actions that the leaseholder is responsible for are included in the total. All disturbances associated with oil and gas operations performed by the leaseholder, however, do count toward this limitation, including well pads, roads, pipelines, exploration and production facilities, and all other infrastructure. In addition, existing oil and gas disturbance also counts toward the 1 percent threshold. In this context, “existing disturbance” means areas where vegetation has been stripped or otherwise removed or destroyed, and for which revegetation has not been initiated, or has not achieved reclamation success standards. For project areas already exceeding 1 percent oil and gas-related disturbance, a no-net-gain principle would go into effect, which is described below.

Although the 1 percent surface disturbance threshold is the guiding factor, spacing of oil and gas facilities on the surface is also an important concept in limiting habitat fragmentation. If it is assumed that each facility occupies 8 acres, this is equivalent to disturbing 1 percent of an 800-acre block. The intent is not to require 800-acre spacing but to average no more than one facility for each 800 acres within a project area while leaving large blocks of habitat undisturbed. Therefore, operators are encouraged to develop proposals that leave larger blocks of sagebrush habitat undisturbed within project areas, by clustering facilities, carefully designing road and pipeline systems to minimize disturbance, or other means.

Disturbed areas can be recovered on a rolling-reclamation basis. Upon successful reclamation, reclaimed areas will no longer be counted toward the 1 percent limit, and the total area disturbed in the project area will be decreased by that amount. Successful reclamation is defined in the Reclamation Performance Standard described in ROD Appendix C. The criteria used to evaluate whether the reclamation performance standard is met will depend on whether the reclamation is interim or final.

In areas where existing oil and gas infrastructure already exceeds the 1 percent disturbance threshold, a no-net-gain principle will be employed. A leaseholder could satisfy this criterion if it can show in a POD that it will reclaim areas equal to the area proposed for new development and meet the performance standard for successful reclamation in those areas. In-kind offsite or compensatory mitigation could also count toward recuperating disturbed areas, if approved by BLM, although it may not necessarily be on a one-acre per one-acre basis. Reclamation and offsite mitigation will be required to meet the same reclamation performance standard as described above. If mitigation is not performed as agreed upon, or any aspect of the POD is not followed, BLM will no longer grant exceptions to timing stipulations and will issue noncompliance to the leaseholder.

Criterion #2 for High Priority Habitats

A POD which puts forward a strategy for limiting and/or mitigating sagebrush habitat fragmentation with the goal of maintaining large, unfragmented blocks of sagebrush habitat will be a requirement for high priority habitats. This requirement is described below, with an emphasis that BLM will look for a more measures to protect these critical communities. The operator needs to have some level of confidence and certainty in their POD. PODs may be developed in stages and updated annually (see the discussion on *Maintaining the Project Record*

below). The area of the project described in the POD could include multiple leases or units, either connected or not contiguous. However, BLM or the operator may determine that separate PODs are needed for areas that are not connected.

A complete POD consists of the following components, if applicable:

Cover letter containing operator name, project name, list of wells (name and number by lease, with legal description including quarter-quarter)

Master drilling plan

Master surface use plan, including plans for surface reclamation, a baseline calculation of total surface area currently disturbed by oil and gas activity in the project area, and the total area to be disturbed through the proposed development

A strategy for limiting and/or mitigating sagebrush habitat fragmentation with the goal of maintaining large, unfragmented blocks of sagebrush habitat. The plan will demonstrate significant control of fragmentation in a number of ways, including:

- Reducing surface density of facilities, roads, pipelines, and other ROWs
- Focusing development near existing ROWs
- Clustering facilities, including the use of directional drilling where feasible and utilizing closed drilling systems (no reserve pits)
- Minimizing oil- and gas-related activity in sagebrush habitats, including reducing traffic through field road management, closing roads to public use, remote telemetry of wells, piping of produced fluids rather than trucking, etc.
- Using new technologies, including surface mats, self-contained rigs, limited impact drilling (e.g., small roads and small pads)
- Being sensitive to different habitat types within the project area and developing a strategy that protects important habitat types. Operators should consider seasonal habitats and guide development away from important breeding, summer, fall and winter habitats. Mitigation plans, compensatory mitigation proposals
- Acceptance of applicable BMPs

Water management plan

Cultural resource inventory plan

Wildlife monitoring plan

Project maps, including:

- Surface ownership with project boundary
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- Existing and proposed well sites
- Compressor sites
- Flow line routes
- Utility line routes
- Transportation routes

List of all permitting agencies involved

Surface owner agreements

Water mitigation agreements

Any additional information

Maintaining the Project Record: Baseline Measurements, Monitoring, and Updating PODs

This approach requires a baseline measurement of existing disturbance as well as monitoring to determine when the 5 percent or 1 percent threshold is reached. Before a leaseholder enters into

the agreement, a GIS analysis of existing disturbance in the project area will be performed by the operator as part of the POD. Operators will provide BLM with Federal Geographic Data Committee-compliant metadata and GIS data for all existing oil and gas related disturbance. Using GPS on the ground or digitizing disturbance from satellite imagery are two possible methods to compile a baseline disturbance map. The total number of acres of existing disturbance in the project area will be calculated by the operator. Portions of the project area will be ground-truthed by BLM to ensure accuracy.

A running total of surface disturbance in the project area will be performed by the operator and updated in the POD at least annually. Annual meetings between BLM and the operator will be required to maintain a project record. A draft POD will be required for BLM review prior to annual planning meetings. A final POD, based on comments and discussion during the annual planning meeting, will be submitted within a reasonable timeframe thereafter.

During an annual meeting or in another forum, the proposed POD will be reviewed and recommendations will be made to ensure that the measures laid out will effectively protect sagebrush and big game habitat. Additionally, a running total of surface disturbance in the project area, including anticipated development for that year, will be performed by the operator and included in the POD. The operator will be required to supply an annual reclamation status report and plan for all disturbances in the project area so that BLM could assess reclamation success. BLM and the operator could take the following day, or another time, to ground-truth the scope of the proposed development and review reclaimed areas to see if they have met the reclamation requirements described in ROD Appendix C. Proposals for compensatory mitigation could also be discussed.

On the lands described below:

EXHIBIT XXXX

Lease Number:

LEASE NOTICE

Viewshed of the Thornburgh/Battle of Milk Creek:

A Controlled Surface Use stipulation will be attached to leases within the viewshed of the Thornburgh/Battle of Milk Creek.

On the lands described below: