

November 15, 2013

NOTICE OF COMPETITIVE LEASE SALE
OIL AND GAS

The Colorado State Office is offering competitively 9 parcels containing 7435.300 acres of Federal lands in the State of Colorado for oil and gas leasing. This notice provides:

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

Attached to this notice is a list of the lands being offered by parcel number and legal land description. We have included stipulations that apply to each parcel.

When and where will the sale take place?

When: The competitive oral sale will begin at 9 a.m. on February 13, 2014. The sale room will open one hour earlier to allow you to register and obtain your bid number. Registration begins at 8 a.m.

Where: The sale is held at the Bureau of Land Management, Colorado State Office, 2850 Youngfield Street, Lakewood, Colorado 80215. Parking is available.

Access: The sale room is accessible to persons with disabilities. If assistance is needed for the hearing or visually impaired, contact Karen Zurek at (303) 239-3795.

How will the sale be conducted?

The sale will be conducted by oral auction. You must make your bids verbally. The winning bid is the highest verbal bid equal to or exceeding the national minimum acceptable bid.

How do I participate in the bidding process?

To participate in the Bureau of Land Management (BLM) bidding process, you must register and obtain a bidder number. If you are bidding for more than one party, you must register and obtain a separate bidder number for each company or individual you represent. The BLM will begin registering bidders at 8 a.m. on the day of the sale.

When you register to bid, you will be required to show valid government-issued photo identification (ID) to verify your identity. If you do not provide a valid photo ID, you will not be allowed to register as a bidder and participate in the auction.

You will be asked to sign a statement to confirm that any bid you cast will represent a good faith intention to acquire an oil and gas lease and that you understand that any winning bid will constitute a legally binding commitment to accept the lease and pay monies owed. Further, you will acknowledge that you understand it is a crime under 18 U.S.C. 1001 and 43 U.S.C. 1212 to knowingly and willfully make any false, fictitious or fraudulent statements or representations regarding your qualifications, bidder registration and intent to bid, acceptance of a lease, or payment of monies owed; and that any such offense may result in a fine or imprisonment for not more than 5 years or both. You will also acknowledge that you understand that it is a crime under 30 U.S.C. 195 (a) and (b) to organize or participate in any scheme to defeat provisions of the mineral leasing regulations. Any person who knowingly violates this provision will be punished by a fine of not more than \$500,000, imprisonment for not more than 5 years, or both.

If you, or the party you represent, owe the United States any monies that were due the day of a previous oil and gas lease auction conducted by any BLM office (the minimum monies owed the day of sale), you will not be allowed to register to bid at this lease sale. The Mineral Leasing Act requires that leases be issued to a "responsible qualified bidder" (30 U.S.C. 226(b)(1)(A)). Any bidder, or party represented by a bidding agent, that does not pay the minimum monies owed the day of the sale is not a "responsible qualified bidder" and will be barred from participating in any oil and gas lease auction nationwide until that debt to the United States is settled. In addition, if you or the party you represent defaults at any three sales conducted by any BLM office, you or the party you represent will be barred permanently from participating in any other BLM oil and gas lease sale auction.

What is the sale process?

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

- The auctioneer will offer the parcels in the order they are shown in the attached Lease Sale Notice;
- All bids are on a per-acre basis, rounded up to whole acres, for the entire acreage in the parcel;
- The winning bid is the highest oral bid equal to or exceeding the minimum acceptable bid; and
- The decision of the auctioneer is final.

The minimum acceptable bid is \$2 per acre. If a parcel contains fractional acreage, it is rounded up to the next whole acre. For example, a parcel of 100.401 acres requires a minimum bid of \$202 (\$2 x 101 acres).

How long will the sale last?

We begin the sale at 9 a.m.; and it continues until all of the parcels in this Lease Sale Notice have been offered. The length of the sale depends on the number of parcels we are offering and the pace of the bidding. Normally, the sale is completed by noon.

What conditions apply to the lease sale?

- **Parcel withdrawal or sale cancellation:** We reserve the right to withdraw any or all parcels

before the sale begins. If we withdraw a parcel, we will post a notice in the State Office Information Access Center (Public Room). If we cancel the sale, we will try to notify all interested parties early enough to stop them from traveling to the sale site.

- **Fractional interests:** 43 CFR 3120.1-2(c) If the United States owns less than 100 percent of the oil and gas mineral interest for the land in a parcel we will show that information with the parcel. When we issue the lease, it will be for the percentage or fraction of interest the United States owns. However, you must calculate your bonus bid and advance rental payment on the gross acreage in the parcel, not the United States net interest. For example, if a parcel contains 200 acres and the United States owns 50 percent of the oil and gas mineral interest, the minimum bonus bid will be \$400 (\$2 x 200 acres) and the advance annual rental will be \$300 (\$1.50 x 200 acres) for the first 5 years and \$400 (\$2 x 200 acres) for the remainder of the lease term. Conversely, your chargeable acreage and royalty on production will be calculated on the United States net.
- **Payment is due on the day of the sale:** You cannot withdraw a bid. Your bid is a legally binding contract. For each parcel you win, you must pay the minimum bonus bid of \$2 per acre or fraction of an acre, the first year's advance rental of \$1.50 per acre or fraction of an acre, and a non-refundable administrative fee of \$155. You must pay these monies at the sale site or by 4 p.m. at the Colorado State Office. You must pay any remaining balance due by **4 p.m. February 28, 2014**, which is the tenth working day following the sale. **If you do not pay the balance due by this date, you forfeit the right to the lease and all money paid the day of the sale.** If you forfeit a parcel, we may offer it at a future sale.

The minimum monies owed on the day of the sale for a winning bid are monies owed to the United States (43 CFR 3120.5-2(b) and 43 CFR 312035-3(a)). If payment of the minimum monies owed the day of the sale is not received by the date and time above, the BLM will issue a bill for the monies owed. If payment then is not received by the bill due date, a demand letter will be sent to you that will include additional fees. If payment is not received as requested by the demand letter, the U.S. will immediately pursue collection by all appropriate methods, and when appropriate, collect late fees, interest, administrative charges, and on past-due amounts assess civil penalties. "All appropriate methods" include, but are not limited to, referral to collection agencies and credit reporting bureaus, salary or administrative offset, offset of Federal and state payments, including goods or services, Federal and state tax refund offset, and retirement payment offset. Debts may be sent to the Internal Revenue Service and charged as income to you on Form 1099C, Cancellation of Debt (Federal Claims Collection Act of 1966, as amended; The Debt Collection Improvement Act of 1996, 31 CFR 285, Debt Collection Authorities Under the Debt Collection Act of 1966).

- **Form of payment:** You can pay by:

Personal check, certified check, money order, or credit card (Visa, MasterCard, American Express, and Discover cards only). Colorado BLM will accept payments by Automated Clearing House (ACH) or Fed Wire Transfers for balance due payments only.

Effective June 30, 2012, BLM will not accept credit or debit card payments to the Bureau for an amount equal to or greater than \$49,999.99. We also will not accept aggregated smaller amounts to bypass this requirement. **Initial payment at the time of the sale must be paid with check, or credit card.**

We cannot accept cash. Make checks payable to: **Department of the Interior-BLM**. If a check you have sent to us in the past has been returned for insufficient funds, we may require that you give us a guaranteed payment, such as a certified check. If you pay by credit card and the transaction is refused, we will try to notify you early enough so that you can make other payment arrangements (If you plan on submitting your payment on the day of the sale using a credit card please be sure you call and notify your bank). *However, we cannot grant you any extension of time to pay the money that is due the day of the sale.*

- **Bid form:** On the day of the sale, if you are the successful bidder, you must give us a properly completed and signed competitive bid form (Form 3000-2 dated August 2007 or later) with the required payment on the day of the sale. This form constitutes a legally binding offer by the prospective lessee to accept a lease and all its terms and conditions. Once the form is signed, you cannot change it. *We will not accept any bid form that has information crossed out or is otherwise altered.*

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

- (1) That you and/or the prospective lessee are qualified to hold an oil and gas lease under our regulations at 43 CFR 3102.5-2; and
 - (2) That both of you have complied with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of and collusion among bidders.
- **Federal acreage limitations:** Qualified individuals, associations, or corporations may only participate in a competitive lease sale and purchase Federal oil and gas leases from this office if such purchase will not result in exceeding the State limit of 246,080 acres of public domain lands and 246,080 acres of acquired lands (30 U.S.C. 184(d)). For the purpose of chargeable acreage limitations, you are charged with your proportionate share of the lease acreage holdings of partnerships or corporations in which you own an interest greater than 10 percent. Lease acreage committed to a unit agreement or development contract that you hold, own, or control is excluded from chargeability for acreage limitation purposes.

The acreage limitations and certification requirements apply for competitive oil and gas lease sales, noncompetitive lease offers, transfer of interest by assignment of record title or operating rights, and options to acquire interest in leases regardless of whether an individual, association, or corporation has received, under 43 CFR 3101.2-4, additional time to divest excess acreage acquired through merger or acquisition.

- **Lease terms:** A lease issued as a result of this sale has a primary term of 10 years. It will continue beyond its primary term as long as oil or gas in paying quantities is produced on or for the benefit of the lease. Rental at \$1.50 per acre for the first 5 years (\$2 per acre after that) is due on or before the lease anniversary date each year until production begins. Once a lease becomes producing, royalty of 12.5 percent must be paid. You will find other lease terms on our standard lease form (Form 3100-11, October 2008). (**Note:** You may copy the lease form, but if you copy an obsolete lease form, your offer will be rejected. The copy you make must be legible.)
- **Split Estate:** Information regarding leasing of Federal minerals overlain with private surface, referred to as “Split Estate,” is available at the Washington Office website provided below. A Split Estate brochure is available at this site. The brochure outlines the rights, responsibilities, and opportunities if private surface owners and oil and gas operators are in the planning, lease sale, permitting/development, and operations/production phases of the oil and gas program.

www.blm.gov/bmp/Split_Estate.htm

- **Stipulations:** Stipulations are part of the lease and supersede any inconsistent provisions of the lease form.

Stipulations for parcels located within Forest Service boundaries can be viewed at the following website by selecting the bulleted item for Stipulations and Maps for Forest Service Administered Parcels under the sale date:

http://www.blm.gov/co/st/en/BLM_Programs/oilandgas/leasing.html

- **Lease issuance:** After we have received the bid form and all monies due, the lease can be issued. The lease effective date is the first day of the month following the month in which we sign it. If you want your lease to be effective the first day of the month in which we sign it, you must ask us in writing to do this. We have to receive your request before we sign the lease.

Legal Land Descriptions: We prepared the Notice with land status information from our Legacy Rehost 2000 (LR2000) case recordation system. We are providing you with the following information to assist you in understanding the legal descriptions given for each parcel:

The township and range contains additional zeros. For example, T. 9 S., R. 92 W., is shown as, T. 0090S., R. 0920W. (additional zeros underlined).

Lands are described separately by lots, tracts, minor aliquot parts, aliquot parts, and exceptions to survey for each section.

Cellular Phone Usage: Cellular phones are not allowed to be used in the sale room. Please remember to silence your phones before the sale begins.

Other Conditions of the Sale: At the time the sale begins, we will make any rules regarding sale procedures that we feel are necessary for the proper conduct of the sale.

Mailings and Deliveries: All mailings and deliveries to the Bureau of Land Management must have return addresses or we won't be able to accept delivery of them.

NONCOMPETITIVE OFFERS TO LEASE

How do I file a noncompetitive day-after-sale offer after the sale?

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

- An offer to lease form (Form 3100-11, dated October 2008) properly filled out and signed. The lands in your offer must be described as specified in our regulations at 43 CFR 3110.5; and
- Your remittance for the total of the \$400 filing fee and the advanced first year's rental (\$1.50 per acre). Remember to round up any fractional acreage when you calculate the amount of rental.

We will have a drop box in the payment room. All offers, filed the day of a sale and the first business day after it are considered filed simultaneously. When a parcel receives more than one filing by 4 p.m. on the day after the sale, a drawing is held to determine the winner. A presale offer has priority over any offer filed after the sale. After the day-after-sale drawing, any parcels remaining are available for a period of two years. Offers receive priority as of the date and time of filing in this office.

How do I file a noncompetitive presale offer?

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

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

If we do not get a bid for the parcel that contains the lands in your presale offer, it has priority over any offer for that parcel filed after the sale. Your presale offer is your consent to the terms and conditions of the lease, including any additional stipulations.

If you want to file a presale offer you must file in this office:

- An offer to lease form properly filled out and signed. The lands in your offer must be described as specified in our regulations at 43 CFR 3110.5; and
- Your remittance for the total of the \$400 filing fee and the advanced first year's rental (\$1.50 per acre). Remember to round up any fractional acreage when you calculate the amount of rental.

When is the next competitive oil and gas lease sale scheduled?

We have tentatively scheduled our next competitive sale for June 12, 2014. Expressions of Interest (EOI's) cutoff for the November 13, 2014 Sale is November 20, 2013. We can make no guarantee as to when a given parcel will be offered for competitive sale. We will try to put EOI's on the earliest possible sale.

How do I file an Expression of Interest (EOI)?

An Expression of Interest (EOI) is an informal nomination to request that certain lands be included in an oil and gas competitive lease sale. This request must be made in writing or can be E-mailed to:

co_leasing_info@blm.gov

No filing fee or rental is required with an EOI. We are required (43 CFR 3120.4-2) to post the Notice of Competitive Sale 90 days prior to the sale. The oil and gas plats also must be notated with the parcels 90 days prior to the sale. This is a very complicated and lengthy process. Please keep this in mind when making future plans regarding a federal oil and gas lease.

The BLM no longer requires submitters of EOIs to provide their name or address. You may still provide this information for contact purposes; however, the BLM will make this information available to the public. If you consider your name and address to be confidential, do not include it in your EOI. The BLM will release all EOIs received after January 1, 2014 to the public. In an effort to improve transparency, each state office will make all new EOI submissions received on or after January 1, 2014, available to the public on each state's public website.

If you are submitting an informal Expression of Interest (EOI) which includes split estate lands (private surface/Federal minerals), you must provide, with the EOI, the name and address of current private surface owners(s) along with your EOI. The Bureau of Land Management (BLM) will send a courtesy letter to the surface owners(s) providing notice of the scheduled auction as well as information about the BLM's regulations and procedures for Federal oil and gas leasing and development on split estate lands.

In the future, an EOI which includes split estate lands that does not provide the name and address of the surface owner(s) will not be processed by the BLM. In addition, any EOI which is currently pending in a BLM State Office will not be placed in the Notice of Competitive Lease Sale until the required information is provided.

How can I find out the results of this sale?

We will post the sale results in the State Office Information Access Center (Public Room) and on our public Internet site when we have compiled them. You may buy a printed copy of the results list for \$5 plus \$5 for postage and handling from the Information Access Center. The list will also be available on our public Internet site:

http://www.blm.gov/co/st/en/BLM_Programs/oilandgas/leasing.html

PROTEST INFORMATION

Protests for the February 13, 2014 Competitive Oil & Gas Sale must be received by

4:00 P.M. on December 16, 2013

May I protest BLM's decision to offer the lands in this Notice for lease?

Yes, under regulation 43 CFR 3120.1-3, you may protest the inclusion of a parcel listed in this lease sale notice. All protests must meet the following requirements:

- The BLM Colorado State Office must receive a protest no later than close of business on the 30th calendar day after the posting of the notice of the lease sale. No protests should be received by BLM District or Resource Area Offices. All protests must be received by the Colorado State Office, located at 2850 Youngfield St., Lakewood, CO 80215. If the State Office is not open on the 30th day after the posting of the sale notice, a protest received on the next day our office is open to the public will be considered timely filed. Close of business for the Colorado State office is **4:00 p.m.** which is when the Information Center (Public Room) closes. The protest must also include a statement of reasons to support the protest. **We will dismiss a late-filed protest, a protest filed without a statement of reasons, or a protest listing the internal 4-digit parcel ID number.**
- A protest must state the interest of the protesting party, their mailing address, **and reference the specific COC 5-digit serial number being protested.**
- You may file a protest by mail in hardcopy form or by telefax directly to the BLM Colorado State Office. You may not file a protest by electronic mail. A protest filed by fax must be sent to **303-239-3799**. A protest sent to a fax number other than the fax number identified or a protest filed by electronic mail will be dismissed.
- If the party signing the protest is doing so on behalf of an association, partnership or corporation, the signing party must reveal the relationship between them. For example, unless an environmental group authorizes an individual member of its group to act for it, the individual cannot make a protest in the group's name.

If BLM receives a timely protest of a parcel advertised on this Sale Notice, how does it affect bidding on the parcel?

We will announce receipt of any protests at the beginning of the sale. We will also announce a decision to either withdraw the parcel or proceed with offering it at the sale.

If I am the high bidder at the sale for a protested parcel, when will BLM issue my lease?

We will issue no lease for a protested parcel until the State Director makes a decision on the protest. If the State Director denies the protest, we will issue your lease concurrently with that decision.

If I am the successful bidder of a protested parcel, may I withdraw my bid and receive a refund of my first year's rental and bonus bid?

No. In accordance with BLM regulations (43 CFR 3120.5-3) you may not withdraw your bid.

If BLM upholds the protest, how does that affect my competitive bid?

If we uphold a protest and withdraw the parcel from leasing, we will refund your first year's rental, bonus bid and administrative fee. If the decision upholding the protest results in additional stipulations, we will offer you an opportunity to accept or reject the lease with the additional stipulations prior to lease issuance. If you do not accept the additional stipulations, we will reject your bid and we will refund your first year's rental, bonus bid and administrative fee.

If BLM's decision to uphold the protest results in additional stipulations, may I appeal that decision?

Yes, you may. **NOTE:** an appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

May I appeal BLM's decision to deny my protest?

Yes, you may. **NOTE:** an appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

May I withdraw my bid if the protestor files an appeal?

No. If the protestor appeals our decision to deny the protest, you may not withdraw your bid. We will issue your lease concurrently with the decision to deny the protest. If resolution of the appeal results in lease cancellation, we will authorize refund of the bonus bid, rentals and administrative fee if—

- There is no evidence that the lessee(s) derived any benefit from possession of the lease during the time they held it; and
- There is no indication of bad faith or other reasons not to refund the rental, bonus bid and administrative fee.

FOREST SERVICE PARCELS: All bidders are hereby notified that stipulations for parcels located within the administrative boundaries of some Forest Service units are described in terms of the appropriate Forest Plan. Copies of the original maps and stipulations may be reviewed in the appropriate District Ranger's Office, the Forest Supervisor's Office, or the Rocky Mountain Regional Forester's Office at 740 Simms St., Lakewood, Colorado (303) 275-5090. Information for parcels located within Forest Service boundaries may also be viewed at the following website by selecting the bulleted item for Stipulations and Maps for Forest Service Administered Parcels under the sale date:

http://www.blm.gov/co/st/en/BLM_Programs/oilandgas/leasing.html

NOTE: The posting of this notice serves to withdraw the lands listed herein from filings under 43 CFR 3110.1(a)(1)(ii).

Who should I contact if I have questions?

If you have questions on BLM stipulations, lease notices, etc., please contact the appropriate BLM Field Office for assistance. If you have questions on another surface management agency's stipulations or restrictions, etc., for parcels under their surface management jurisdiction, please contact that agency.

For general information about the competitive oil and gas lease sale process, or this Lease Sale Notice, you may e-mail or call:

Mrs. Rebecca Baca: e-mail rbaca@blm.gov. Telephone number (303) 239-3780

Ms. Tina Turja: e-mail cturja@blm.gov. Telephone number (303) 239-3786

Karen Zurek
Chief, Fluid Minerals Adjudication

SURFACE MANAGEMENT AGENCY DESCRIPTION

The list of parcels offered for competitive sale includes a description of the surface management agency(ies) involved. Where the surface is administered by a federal agency other than the BLM, the coordinating BLM District and Resource Area Offices are depicted immediately below. The following abbreviations are used:

Surface Management Agencies	
BLM	Bureau of Land Management
PVT	Private Surface
FS	Forest Service surface
BOR	Bureau of Reclamation surface
DOE	Department of Energy surface
NF	National Forest
NG	National Grassland
STCO	State of Colorado
BLM District Offices	
CON	Northwest District Office
COF	Front Range District Office
COS	Southwest District Office
BLM Field Offices	
KRO	Kremmling Field Office (CON)
LSFO	Little Snake Field Office (CON)
WRFO	White River Field Office (CON)
GJFO	Grand Junction Field Office (CON)
CRVFO	Colorado River Valley Field Office (CON)
UFO	Uncompahgre Basin Field Office (CON)
GFO	Gunnison Basin Field Office (COS)
TRFO	Tres Rios Field Office (COS)
SLVFO	San Luis Valley Field Office (COS)
RGFO	Royal Gorge Field Office (COF)

Sample Number 1: PVT; BLM; COF: RGFO (This entry shows the parcel contains both private and BLM surface located in the Front Range District Office in the Royal Gorge Field Office.)

Sample Number 2: FS; Routt NF; CON: LSFO (This entry shows the parcel is Forest Service land in the Routt National Forest. The coordinating BLM office is in the Little Snake Field Office in the Northwest District Office.)

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

PARCEL ID: 6734 SERIAL #: COC76346

T.0030N., R.0860W., 6TH PM

Section 16: Lot 3-6;

Section 17: Lot 1,2;

Routt County

Colorado 247.880 Acres

All lands are subject to Exhibit CO-26 to protect fragile soils

All lands are subject to Exhibit CO-29 to alert lessee of Class I and II paleontological area inventory requirement

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 Exhibit LS-104 to protect wintering Columbian sharp-tailed grouse.

PVT/BLM; CON: LSFO

PARCEL ID: 6738 SERIAL #: COC76347

T.0070N., R.0890W., 6TH PM

Section 17: Lot 13,14;

Section 18: Lot 10,11,14-20;

Section 19: Lot 13-20;

Section 20: Lot 3,4;

Moffat County

Colorado 838.470 Acres

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

T.0070N., R.0890W., 6TH PM

- Section 17: Lot 13;
- Section 18: Lot 10,11,14,17-20;
- Section 19: Lot 13-20;
- Section 20: Lot 3,4;

The following lands are subject to Exhibit CO-28 to protect riparian/wetland vegetation:

T.0070N., R.0890W., 6TH PM

- Section 18: Lot 11,18-19;
- Section 19: Lot 14,17,19,20;

All lands are subject to Exhibit CO-29 to alert lessee of Class I and II paleontological area inventory requirement

The following lands are subject to Exhibit CO-30 to alert lessee of closure period for nesting grouse species:

T.0070N., R.0890W., 6TH PM

- Section 18: Lot 10,11,14-20;

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 Exhibit LS-101 to protect big game winter habitat

PVT/BLM; CON: LSFO

PARCEL ID: 6732 SERIAL #: COC76348

T.0110N., R.0890W., 6TH PM

- Section 5: Lot 6-20;
- Section 6: Lot 8-23;
- Section 7: Lot 5-20;
- Section 8: Lot 1-16;

Moffat County
Colorado 2443.440 Acres

The following lands are subject to Exhibit CO-10 to protect elk calving:

T.0110N., R.0890W., 6TH PM

Section 6: Lot 10-12,18-21;

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

T.0110N., R.0890W., 6TH PM

Section 8: Lot 8-9;

All lands are subject to Exhibit CO-28 to protect riparian/wetland vegetation

All lands are subject to Exhibit CO-29 to alert lessee of Class I and II paleontological area inventory requirement

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

The following lands are subject to Exhibit LS-101 to protect big game winter habitat:

T.0110N., R.0890W., 6TH PM

Section 5: Lot 6-20;

Section 6: Lot 8-17,23;

The following lands are subject to Exhibit LS-102 to protect nesting greater sage-grouse grouse:

T.0110N., R.0890W., 6TH PM

Section 5: Lots 6-8, 11-16, 20;

Section 6: 10-13;

Section 8: 1, 2,7-10,14-16;

All lands are subject to Exhibit LS-108 to protect high priority sagebrush habitats.

The following lands are subject to Exhibit LS-112 to protect nesting Columbian sharp-tailed grouse:

T.0110N., R.0890W., 6TH PM

Section 8: 1-16;

All lands are subject to Exhibit LS-117 to protect greater sandhill crane nesting and displaying habitat.

PVT/BLM; CON: LSFO

PARCEL ID: 6733 SERIAL #: COC76349

T.0110N., R.0890W., 6TH PM

Section 17: Lot 1-16;
Section 18: Lot 5-20;
Section 19: Lot 5-13,20;
Section 20: Lot 1-16;
Section 21: Lot 4,5;

Moffat County

Colorado 2332.690 Acres

All lands are subject to Exhibit CO-28 to protect riparian/wetland vegetation

All lands are subject to Exhibit CO-29 to alert lessee of Class I and II paleontological area inventory requirement

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

The following lands are subject to Exhibit LS-102 to protect nesting greater sage-grouse:

T.0110N., R.0890W., 6TH PM

Section 17: 1-16;

All lands are subject to Exhibit LS-107 to protect medium priority sagebrush habitats.

The following lands are subject to Exhibit LS-112 to protect nesting Columbian sharp-tailed grouse:

T.0110N., R.0890W., 6TH PM

Section 17: 1-16;
Section 20: 1-16;

The following lands are subject to Exhibit LS-118 to protect Columbian sharp-tailed grouse lek sites.

T.0110N., R.0890W., 6TH PM

Section 17: Lot 1,2,7-10,15,16;

PVT/BLM;BLM; CON: LSFO

PARCEL ID: 6735 SERIAL #: COC76350

T.0070N., R.0900W., 6TH PM

Section 7: Lot 16,17;

Moffat County

Colorado 72.790 Acres

All lands are subject to Exhibit CO-25 to protect surface or underground coal mines

All lands are subject to Exhibit CO-29 to alert lessee of Class I and II paleontological area inventory requirement

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 Exhibit LS-101 to protect big game winter habitat

All lands are subject to Exhibit LS-115 to protect elk calving areas.

PVT/BLM; CON: LSFO

PARCEL ID: 6743 SERIAL #: COC76351

T.0070N., R.0910W., 6TH PM

Section 1: Lot 6-8;

Section 12: Lot 7,9,10;

Moffat County

Colorado 240.830 Acres

The following lands are subject to Exhibit CO-09 to protect big game winter habitat:

T.0070N., R.0910W., 6TH PM

Section 1: Lot 6-8;

Section 12: Lot 7;

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

T.0070N., R.0910W., 6TH PM

Section 1: Lot 6-8;

Section 12: Lot 7;

All lands are subject to Exhibit CO-28 to protect riparian/wetland vegetation

All lands are subject to Exhibit CO-29 to alert lessee of Class I and II paleontological area inventory requirement

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

The following lands are subject to Exhibit LS-12 to alert lessee of potential closure for sheep lambing grounds:

T.0070N., R.0910W., 6TH PM

Section 1: Lot 6-8;

PVT/BLM; CON: LSFO

PARCEL ID: 6724 SERIAL #: COC76352

T.0030N., R.0930W., 6TH PM

Section 13: Lot 3,4;

Section 13: N2NW,S2SW,W2SE;

Moffat County

Colorado 322.440 Acres

All lands are subject to Exhibit CO-25 to protect surface or underground coal mines

All lands are subject to Exhibit CO-28 to protect riparian/wetland vegetation

All lands are subject to Exhibit CO-29 to alert lessee of Class I and II paleontological area inventory requirement

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

The following lands are subject to Exhibit LS-101 to protect big game winter habitat:

T.0030N., R.0930W., 6TH PM

Section 13: Lot 3;

All lands are subject to Exhibit LS-104 to protect wintering Columbian sharp-tailed grouse.

All lands are subject to Exhibit LS-107 to protect medium priority sagebrush habitats.

All lands are subject to Exhibit LS-116 to protect wintering greater sage-grouse.

PVT/BLM;BLM; CON: LSFO

PARCEL ID: 6728 SERIAL #: COC76353

T.0030N., R.0940W., 6TH PM

Section 9: SE;

Moffat County

Colorado 160.000 Acres

The successful bidder will be required to join the Wilson Creek Unit Agreement, COC 47699X

All lands are subject to Exhibit CO-25 to protect surface or underground coal mines

All lands are subject to Exhibit CO-26 to protect fragile soils

All lands are subject to Exhibit CO-28 to protect riparian/wetland vegetation

All lands are subject to Exhibit CO-29 to alert lessee of Class I and II paleontological area inventory requirement

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 Exhibit LS-115 to protect elk calving areas.

PVT/BLM; CON: LSFO

PARCEL ID: 6718 SERIAL #: COC76354

T.0120N., R.0950W., 6TH PM

Section 13: Lot 1-4;
Section 13: S2S2;
Section 15: Lot 1-4;
Section 15: S2S2;

Moffat County
Colorado 776.760 Acres

The successful bidder will be required to join the Cherokee Ridge Unit Agreement, COC 72660X

All lands are subject to Exhibit CO-29 to alert lessee of Class I and II paleontological area inventory requirement

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 Exhibit LS-101 to protect big game winter habitat.

All lands are subject to Exhibit LS-107 to protect medium priority sagebrush habitats.

The following lands are subject to Exhibit LS-116 to protect wintering greater sage-grouse:

PM: 6 T: 0120N R: 0950W
Section 13: Lot 1-4;
Section 13: S2S2;

BLM; CON: LSFO

EXHIBIT CO-09

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-10

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.

April 16 through June 30

On the lands described below:

For the purpose of (reasons):

To protect elk calving

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.)

EXHIBIT CO-25

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

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:

1. Maintain the soil productivity of the site.
2. Protect off-site areas by preventing accelerated soil erosion (such as land-sliding, gullying, drilling, piping, etc.) from occurring.
3. Protect water quality and quantity of adjacent surface and groundwater sources.
4. 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:

1. 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.
2. 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:

1. All sediments generated from the surface-disturbing activity will be retained on site.
2. Vehicle use would be limited to existing roads and trails.
3. 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.
4. All geophysical and geochemical exploration would be conducted by helicopter, horseback, on foot, or from existing roads.
5. 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.
6. Before reserve pits and production pits would be reclaimed, all residue would be removed and trucked off-site to an approved disposal site.
7. Reclamation of disturbed surfaces would be initiated before November 1 each year.
8. 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-28

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-29

LEASE NOTICE

An inventory of fossil resources in Class I and II paleontological areas must be performed by an accredited paleontologist approved by the Authorized Officer.

On the lands described below:

EXHIBIT CO-30/GGNCA-15

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 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 <BEGIN_DATE> and <END_DATE>).

On the lands described below:

Exhibit LS-101

Lease Number:

LEASE NOTICE

Exhibit LS-101: Elk, Mule Deer, Pronghorn Antelope and/or Bighorn Sheep Crucial Winter Habitat Timing Limitation:

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 LS-102

Lease Number:

TIMING LIMITATION STIPULATION

Exhibit LS-102: Greater Sage-Grouse Nesting and Early Brood Rearing Habitat Timing Limitation:

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 LS-104

Lease Number:

TIMING LIMITATION STIPULATION

**Exhibit LS-104: Columbian Sharp-Tailed Grouse Crucial Winter Habitat Timing
Limitation:**

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

On the lands described below:

Exhibit LS-107

Lease Number:

CONTROLLED SURFACE USE STIPULATION

Exhibit LS-107: 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 LS-108

Lease Number:

CONTROLLED SURFACE USE STIPULATION

Exhibit LS-108: 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
- 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 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.

Exhibit LS-112

Lease Number:

TIMING LIMITATION STIPULATION

Exhibit LS-112: Columbian Sharp-Tailed Grouse Nesting Habitat Timing Limitation:

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 LS-115

Lease Number:

TIMING LIMITATION STIPULATION

Exhibit LS-115: Elk Calving Areas Timing Limitation:

Elk calving areas will be closed to surface disturbing activities from April 16 to June 30.

On the lands described below:

Exhibit LS-116

Lease Number:

TIMING LIMITATION STIPULATION

Exhibit LS-116: Greater Sage-Grouse Crucial Winter Habitat Timing Limitation:

Greater sage-grouse crucial winter habitat will be closed from December 16 to March 15.

On the lands described below:

Exhibit LS-117

Lease Number:

TIMING LIMITATION STIPULATION

Exhibit LS-117: Greater Sandhill Crane Nesting and Staging Habitat Timing Limitation:

Nesting and staging habitat areas will be closed to surface disturbing activities from March 1 to October 16.

On the lands described below:

Exhibit LS-118

Lease Number:

NO SURFACE OCCUPANCY STIPLATION

Exhibit LS-118: Columbian Sharp-Tailed Grouse Lek Sites NSO:

No surface occupancy (NSO) will be allowed within a 0.25 mile radius of a Columbian sharp-tailed grouse lek site. The NSO area may be altered depending upon the active status of the lek or the geographical relationship of topographical barriers and vegetation screening to the lek site.

On the lands described below: