

Process Improvement for  
Oil, Gas, Geothermal, Geophysical, and  
Related Rights-of-Way Approvals

**Self-Assessment**

**Division of Fluid Minerals (WO-310)**  
**Fiscal Years 2006 and 2007**

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## Executive Summary

The Bureau of Land Management's (BLM) Washington Office (WO) conducted a self-assessment of the Oil and Gas Surface Management Program during Fiscal Year (FY) 2006 with a follow-up data call to the field during February 2007. The objective of the assessment was to determine if the Fluid Minerals Application for Permit to Drill (APD) and related rights-of-way processes are being conducted in a manner that is timely, consistent, and in compliance with environmental laws, and, if not, to recommend necessary changes to office procedures.

The Minerals, Realty and Resource Protection Directorate (WO-300) issued Instruction Memorandum (IM) No. 2006-071 *Process Improvement for Oil, Gas, Geothermal, Geophysical, and Related Rights-of-Way Approvals* (Appendix 1). This IM directed Field Offices (FO) to review and improve their APD process and ensure that environmental studies are timely, consistent among FOs, and comply with applicable environmental laws. The FO managers with Oil and Gas, Geothermal, Geophysical, and related Rights-of-Way programs that averaged 20 or more APDs per year over the past 5 years were directed to form improvement teams from each office and report findings and efficiency improvements to their respective state office by April 2006. The State Offices (SO) were to report results to the Division of Fluid Minerals (WO-310) by May 1, 2006. Results were received from 23 field offices.

The scope of the assessment focused on the following areas: APD Processing; Rights-of-Way Processing associated with fluid minerals development; National Environmental Policy Act (NEPA) and Mitigation; Biological Surveys, Cultural Surveys and Consultations; Onsite Inspections; Internal Coordination; Surface Management Agency Communication; External Communication; and Personnel and Training.

The required reports were to identify the FO, review-team members, meeting dates, process delays, and consistency issues that were identified within SOs and FOs, and what consistency and process solutions are being implemented.

The assessment areas most frequently identified by the SOs and FOs as needing improvement to prevent delays in APD processing were cultural resource surveys, personnel and training, and surface management agency (SMA) communication. The WO-310 conducted a follow-up data call in February 2007 and determined that further gains in productivity and environmental protection might be made if more offices processed APDs in multiple APD packages or Master Development Plans (see Onshore Oil and Gas Order No.1), rather than one APD at a time.

Most FOs reported that they are currently applying strategies identified in Attachment 1- *Application for Permit to Drill and National Environmental Policy Act- Process Improvement Strategies and Best Business Practices*- of Instruction Memorandum No. 2006-071, dated January 19, 2006. These improvement strategies have resulted in reduced APD processing times for many offices. Most of the SOs and FOs are holding priority meetings with staff involved with APD processing. Some FOs in Utah, Colorado, New Mexico, and Wyoming reported that they were implementing or plan to implement software programs to gather surface information and track documentation for APD and/or NEPA actions, APD Conditions of Approval, and Resource Management Plan lease stipulations. Some FOs are learning from each others'

successes and are implementing versions of software programs or methods that have worked successfully in other offices.

The majority of SOs and FOs reported working on team processes to coordinate and strengthen communication, workload, and documentation within the teams.

Most SOs and FOs are addressing improvements to their rights-of-way processing. Several FOs report that few multiple rights-of-way proposals have been presented in the past, but they will consider the use of Master Rights-of-way for operators that submit more than one right-of-way application per year. In addition, some SOs, such as the Montana State Office, encourage training at the National Training Center (NTC) for their Realty Specialists and other staff working on rights-of-way to improve the process.

Enhancing the communication between SMAs was also regarded as important to improving the coordination among agencies involved in APD processing. Coordinating with the U.S. Forest Service (FS) was identified by the majority of SOs and FOs as important, to preventing delays in the permit processing. Some FOs are working with the FS to help identify inefficient measures related to the APD process.

Most of the SOs and FOs reported that they are currently working or implementing procedures to work more closely with independent groups and operators in the land use planning and gas field development processes. Workshops and meetings have been used by many offices to initiate and develop external communication with operators, independent groups, and the general public. Workshops typically cover discussions of the APD process and how to use the process more effectively, and on better environmental practices.

Another area of improvement looked at by the SOs and FOs are the Biological Surveys, Cultural Surveys, and Consultations. This assessment found that certain FOs considered biological and cultural surveys as a significant source of delay in the APD process. Several FOs reported that the lack of, or untimely submission of cultural surveys by the operators and consultants were often a leading factor in the delay of APD processing.

Addressing increased staff workload and obtaining the desired skills and skilled staff were some of the leading issues identified in the area of personnel and training needs. In addition, some offices reported that training is hindered by the availability of funds and courses that focus on subjects useful in the FOs, such as a reclamation courses (offered only once per year). Nonetheless, some of these offices have identified ways to use the skilled staff in other FOs and train available staff in the skill or area need for the office when applicable.

## **Background**

The Oil and Gas Surface Management Program (1310-PP) includes many processes that tie to the approval of APDs, including: land use planning for oil and gas minerals; pre-leasing review; permit review; NEPA analysis, mitigation development, and documentation; permit approval; and training. The land use planning process determines what lands are available for oil and gas

leasing and what major or moderate restrictions may be placed on specific leases (based on protection of other resource values). Lessees or their operators must file Notices of Intent or Sundry Notices to conduct geophysical exploration, and APDs to develop their leases. The APDs contain detailed surface use plans that are evaluated by the BLM or other SMAs. Site-specific Conditions of Approval (COA) are developed to further mitigate surface and resource impacts beyond any special lease stipulations. Subsequent field operations are inspected by the BLM or other surface management agencies to assure that the operations follow lease stipulations and COAs. Compliance inspections are conducted before, during, and after development to ensure compliance with the approved permit.

## **Evaluation Objective and Scope**

A self-assessment was conducted during FY 2006 and FY 2007 by WO-310, to determine if the FO APD processes are being conducted in an effective manner, and, if not, to recommend necessary changes to office procedures.

The scope of the assessment focused on the following areas related to the processing of APDs: APD processing; Rights-of-Way Processing; NEPA and Mitigation; Biological Surveys and Consultations; Cultural Surveys and Consultations; Onsite Inspections; Internal Coordination; Surface Management Agency Communication; External Communication; and Personnel and Training.

## **Methodology**

Instruction Memorandum No. 2006-071 (Appendix 1) was issued by the WO-310. This IM was an initial inquiry into improving the APD process and ensuring that environmental studies are timely, consistent among field offices, and comply with applicable environmental laws. Field office managers with Oil and Gas, Geothermal, Geophysical, and related Rights-of-the-Way programs that averaged 20 or more APDs per year over the past 5 years were directed to form improvement teams and report findings and efficiency improvements to their respective state office by April 2006. The SOs were to report results to the WO-310 by May 1, 2006.

The IM requested the FOs to:

1. Form a process improvement team to review the APD process currently used by the office, including associated on-and off-lease rights-of-way and related environmental reviews;
2. Make changes to improve process efficiency with the objective of reducing current processing times, while maintaining an interdisciplinary review and ensuring development is conducted in an environmentally responsible manner; and
3. Report findings and efficiency improvements to their respective state offices by April 1, 2006. The FOs that have been reviewed by a WO Quality Assurance Team or by the SO were to address the effectiveness of improvements resulting from the reviews.

State Directors were directed to support FO process improvement teams by providing advice; verifying implemented improvements; consolidating findings; and reporting results to WO-310 by May 1, 2006.

The reports were to provide information identifying the FO, review-team members, meeting dates, process delays, and consistency issues that were identified within SOs and FOs, and what solutions were being implemented.

## **Data Analysis/Survey Results**

### **Application for Permit to Drill Processing**

In Attachment 1- *Application for Permit to Drill and National Environmental Policy Act- Process Improvement Strategies and Best Business Practices-* of Instruction Memorandum No. 2006-071, dated January 19, 2006, the WO recommended the following process improvement actions be taken by the FOs to improve the APD process:

- Make efficient permit processing a management priority. Business practices should be efficient and paperwork should flow in the most efficient manner.
- Analyze each step in the processing of APDs, geophysical, and rights-of-way permits to identify the sources of unnecessary delay.
- Meet regularly within the field office to ensure APD project leads and permitting and inspection staff follow the same processes and maintain the same improved standards for the conduct of exploration and development operations.
- Strongly consider developing APD Teams with dedicated team members.
- Work more closely with operators in many areas, including combining field development proposals of various operators in the area into a single Environmental Impact Statement (EIS) rather than preparing individual EISs.
- Review Washington Office Instruction Memorandum 2005-046 *Policy for Entry of Data into Applications for Permit to Drill Processing, Tracking, and Monitoring Fields in the Automated Fluid Minerals Support System (AFMSS) Database*. Ensure the new required data fields are being populated. Use AFMSS to track field office APD processing times.

Other guidance has also been previously provided in IM's such as *the Application for Permit to Drill (APD) - Process Improvement #1- - Comprehensive Strategies*, WO-IM-2003-152, dated April 13, 2003. This IM recommends FOs fully utilize comprehensive drilling plan and geographic area NEPA analysis strategies to more efficiently and effectively process APDs. The following strategies must be considered for use either individually or in combination:

- Multiple APD Package with Master Drilling Plan\*
- Geographic Area Development Plan\*
- Standard Operating Practice (SOP) Agreement
- Geographic Area NEPA \*

\* Components of a Master Development Plan introduced in the updated 2007 Onshore Oil and Gas Order No. 1.

**Finding:**

The Carlsbad Field Office in New Mexico has developed an advanced electronic workflow system for APD tracking and NEPA logging hyperlinked to electronic APD files. APDs are processed electronically and associated GIS spatial data and maps, photos, forms, field notes, letters, and drawings are linked into the system. Multiple databases are interlinked and shared so that multiple specialists can monitor and work on a project. When a link is selected, all documents within the file are visible within the folder. Due dates are electronically highlighted allowing staff and managers to monitor workload and adjust accordingly. Routine letters can be printed at the click of a button, electronically saved into the APD file, and mailed and e-mailed to the operator. The new system has significantly reduced APD processing times. The State Offices for Utah, Colorado, and Wyoming reported that several of their FOs were also implementing or planning to implement software programs to gather surface information and track documentation for APD and/or NEPA actions.

The Farmington Field Office in New Mexico reports that the use of operator-funded third-party Environmental Assessments (EA) and Categorical Exclusions (CX) is a continuing best [business] practice in the San Juan Basin. The use of categorical exclusions by both the BLM and the Forest Service in that region has resulted in around 45 percent reduction in APD processing times.

The Glenwood Springs Field Office in Colorado uses what it refers to as Geographical Area Plans (GAP), also known as Master Development Plans in Onshore Order No. 1, to streamline the APD/NEPA review process, which has resulted in more meaningful and effective public involvement. It also processes small groups of exploratory wells utilizing one environmental assessment when proposals are in the same geographic area and with one operator. The Buffalo Field Office also uses Master Development Plans that the office refers to as Plans of Development (POD) to plan for large numbers of wells and infrastructure in a defined area. Master Development Plans allow for significant time savings over processing APDs and rights-of-way individually. Planning an entire development up front also avoids redundant route and well pad selection, allows selection of environmentally preferred routes and locations, and reduces environmental effects.

In 2007, the WO initiated a follow-up review of the submission of Multiple-APD Packages by operators, which can include Master Development Plans. The review indicated that most FOs are not requiring operators to submit Multiple-APD Packages. Use of this very important processing efficiency and environmental protection tool since 2003, has not grown as fast as desired.

**Recommendation:**

The FOs should continue implementing process improvement actions, such as those identified in the WO IMs mentioned above, and those actions that are developed locally and will result in more efficient approval of environmentally responsible energy development operations. Increase outreach and coordination with oil and gas operators to emphasize the use of operator-submitted Master Development Plans and Multiple-APD Packages as identified in Onshore Oil and Gas Order No. 1. Close communication with operators is key. If an operator has a history of submitting individual APDs one at a time over a period of time, or if an operator plans to infill or develop a particular area, the field office should require the operator to coordinate the submission of a Master Development Plan or Multiple-APD Package with the field office.

**Rights-of-Way Processing**

In Attachment 1- *Application for Permit to Drill and National Environmental Policy Act- Process Improvement Strategies and Best Business Practices*- found in Instruction Memorandum No. 2006-071, the WO recommended the following process improvement actions be taken by the FOs to improve the rights-of-way (ROW) process:

- Consider the use of rights-of-way Master Agreements for companies that routinely submit several APDs with associated rights-of-way each year.
- Assure that the individuals handling oil and gas related ROWs are informed of all actions that could result in the need for a ROW or an adjustment to an existing ROW. This may include unit contractions, partial lease relinquishments, and lease terminations.

**Finding:**

Several FOs report few multiple ROW proposals have been presented in the past, but they will consider the use of Master ROW for operators that submit more than one right-of-way application per year. The Montana State Office reports that it continues to improve APD associated ROW processing guidance for ROW applications in conjunction with oil and gas lease activities. In addition to guidance, Montana also said that training offered through the NTC such as “Managing Major ROW Projects” are encouraged for their Realty Specialists and other staff working on ROWs. The WY Cody Field Office has prepared a wall map to track permitted ROWs because Master Title Plats may not be up-to-date. This reduces time spent going through old files. In addition, Montana reports that it has reduced time spent on ROW by 30 percent by employing a single NEPA document for both APD and off lease ROW, where appropriate.

**Recommendation:**

Most field and state offices appear to be addressing improvements to their rights-of-way processing. The FOs should continue to implement guidance from IM No. 2006-071.

**NEPA Process**

The WO has provided guidance on improvement strategies and concepts into field office NEPA procedures through IMs and IBs. From its latest IM, in Attachment 1- *Application for Permit to*



*Drill and National Environmental Policy Act- Process Improvement Strategies and Best Business Practices-* of Instruction Memorandum No. 2006-071, dated January 19, 2006, the WO recommended:

- Conduct field office and statewide workshops, training, and listening sessions with operators, local government, and the public. Seek recommendations for improving the APD and NEPA processes as well as ideas for improving environmental practices.
- Increase the use of Documentation of NEPA Adequacy worksheets [and the new Section 390 Categorical Exclusions] by writing more site-specific field development Environmental Assessments (EA) and Environmental Impact Statements (EIS).
- Work more closely with operators to ensure submission of environmentally sound proposals that incorporate environmental Best Management Practices, which require less review by staff specialists in the NEPA process.
- Implement procedures from Washington Office IM No. 2005-247 *National Environmental Policy Act (NEPA) Compliance for Oil, Gas, and Geothermal Development* (09/30/05).
- Attend NTC courses such as NEPA for Managers, **Surface Management of Fluid Minerals Development**, and rights-of-way courses to increase knowledge and skill levels.

**Findings:**

Some FOs are implementing software programs or databases to track documentation of Conditions of Approval (COA), Resource Management Plan (RMP) stipulations, and NEPA documents.

The White River FO in Colorado established voluntary contributed funds accounts to enhance staff resource availability and the hiring of multi-hatted Natural Resource Specialists (NRS) to improve specialist availability for permit review and processing.

Energy Pilot Offices were created to form multi-agency teams for jointly completing environmental review and NEPA documents for energy actions (APDs, ROWs, and Sundry Notices) to improve process efficiency. Other offices have been developing and providing NEPA templates to contractors to reduce delays in the NEPA process and increase uniformity. Some offices hold monthly or weekly staff meetings to discuss the progress of NEPA documents and resolve delays.

The Buffalo Field Office takes an innovative approach to NEPA by working closely with Realty Specialists. If ROWs are required as part of the Plan of Development (POD), the NRS in charge of the POD review team will review the needed ROW(s) at the onsite and provide feedback to the Realty Specialist. The Realty Specialist will utilize this information to work up the ROW. The NEPA document for the POD will also cover the surface disturbing actions for the ROW. The ROW case file references the NEPA document and applies the same Conditions of Approval as used in the POD. This allows the field office to maintain consistency and reduce duplication of NEPA documents.

Use of environmental Best Management Practices is improving, incrementally. However, encouragement and use of environmental BMPs by field and state offices has been observed to be inconsistent. Some offices have a poor history of using BMPs, while other offices have a good history of ensuring that development occurs in an environmentally responsible manner. Inconsistency has been observed within the same office where one NRS will require the use of appropriate BMPs to protect environmental resources while another NRS will not.

**Recommendation:**

The FOs should continue to implement improvement strategies for the NEPA process as identified in IMs such as IM No. 2006-071 *Process Improvement for Oil, Gas, Geothermal, Geophysical, and Related Rights-of-Way Approvals* (01/19/06); IM 2005-247 *National Environmental Policy Act (NEPA) Compliance for Oil, Gas, and Geothermal Development* (09/30/05); and the updated BMP policy, IM No. 2007-021 *Integration of Best Management Practices into Application for Permit to Drill Approvals and Associated Rights-of-Way* (11-08-06).

**Biological Surveys, Cultural Surveys, and Consultations**

Biological surveys can be a significant source of delay in the APD process. Therefore, conducting timely and adequate surveys are important to the efficiency of the process.

In addition, cultural resource compliance requirements, under the National Historic Preservation Act (NHPA), Section 106, have been identified as critical steps in the approval of APDs, as explained in IM No. 2003-147 *Application for Permit to Drill (APD) - Process Improvement #3 - Cultural Resources* (04/14/03). The SOs and FOs can improve the APD/cultural resources review and approval process by:

- Recommending cultural resource “block” surveys, in certain situations.
- Having cultural surveys completed earlier in the process.
- Supporting cultural resources data sharing and regional synthesis and modeling initiatives.

Implementation of these three recommendations by SOs and FOs, as well as oil and gas operators, is expected to shorten review and processing times for many APDs and assist operators in future field development planning. Early coordination with BLM cultural resource specialists on survey and consultation requirements will assist operators in programming sufficient time and resources to complete cultural resources compliance requirements. “Block” surveys completed in a timely manner increase the flexibility of the BLM and the operator in locating potential wells, access roads, pipelines, and utilities to avoid cultural resource and other environmental impacts and the associated costs of site evaluation and mitigation. Automated database and GIS systems assist BLM and cultural resources contractors by improving access to existing survey data, allowing development of more effective survey strategies, and providing an improved basis for future field development planning.

**Findings:**

The Bakersfield FO in California reported that when dealing with large projects which may exceed the surface disturbance thresholds in the programmatic Biological Opinion, operators are encouraged to initiate a *Section 7* consultation with the U.S. Fish and Wildlife Service early in the planning process. It also notes that lengthy delays in permit processing can be avoided by planning and completing biological surveys during the appropriate season.

The Kemmerer, Wyoming FO NRS conducts the initial wildlife “screening” for both rights-of-ways and APD projects. The Farmington Field Office saw significant improvement in review of third party archeological reports with the addition of an archeologist to the Pilot Office program staff, as proven by first and third quarter reports of 2006. The review time for cultural resource assessment had a reduced average processing time from 11 to 7 days.

Several FOs reported that the lack of, or untimely submission of cultural surveys were often a leading factor in the delay of APD processing. The North Dakota FO reported that the cause of non-BLM delays in APD processing (49 percent) were the untimely submission of the cultural reports by operators. The North Dakota FO continues to encourage the use of block cultural surveys, especially in areas of large-scale drilling programs. Also, it points out that timely submission of cultural surveys is important since the Dakotas have many months of snow cover. Thus, operators wanting to submit APDs in winter and early spring should have cultural inventories completed in the fall, or cultural surveys may not be possible for several months after submission of the APD.

**Recommendations:**

The FOs should continue implementing process improvement actions, such as those identified in the IM mentioned above and those process improvements developed locally, that will result in more efficient approval of environmentally responsible energy development operations.

**Onsite Inspections**

An onsite inspection must be conducted prior to approval of an APD. The onsite inspection is one of the most critical steps for identifying project mitigation. During the onsite inspection, the NRS (or a field office team with the NRS as the lead) should review the project proposal with the operator (and surface owner, if any), preliminarily determine proper siting and mitigation measures to reduce environmental impacts, and collect baseline data to assist in conducting further environmental review.

**Findings:**

The Rock Springs FO in Wyoming conducts onsite with a team approach, usually consisting of an NRS, an archeologist, and a wildlife biologist. Proposed wells located in sensitive areas may require the presence of other specialists as needed. The field office Assistant Field Manager (AFM) for Minerals and AFM for Resources are made aware of pending onsite to ensure staff availability.

To expedite resource specialists' time in the field, the Buffalo FO in Wyoming makes extensive use of all-terrain vehicles (ATV). When staff are conducting 30 to 100 well onsite as part of a POD approval, the use of ATVs, especially in rough terrain, increases work accomplishments. The Buffalo FO currently has nine 4-wheelers, a 6-wheeler, and a Polaris Ranger. These vehicles are constantly being used in the field.

**Recommendation:**

The FOs should place a high priority on conducting thorough onsite inspections to discuss the project proposal with the operator and BLM staff, identify proper siting and mitigation measures, and gather baseline data and photographs.

**Internal Coordination**

Internal coordination among program staff in field and state offices is important to the improved processing of APDs, strengthening communication, and reducing redundancy. The BLM WO has identified several strategies for better internal coordination in Attachment 1- *Application for Permit to Drill and National Environmental Policy Act- Process Improvement Strategies and Best Business Practices*- found in IM No. 2006-071, (01/19/06). The FOs should:

1. Designate a field office APD project lead with the authority to coordinate permit review and approval with appropriate staff and the operator. The project lead should have authority to work directly with the staff and the operator to eliminate roadblocks or to secure immediate resolution by the field manager. Normally, the resource or realty specialist responsible for permit processing serves as the project lead.
2. Meet regularly within the field office to ensure APD project leads and permitting and inspection staff follow the same processes and maintain the same improved standards for conduct of exploration and development operations.
3. Use an interdisciplinary team for writing and reviewing documents. Ensure that reviews are conducted concurrently, not sequentially. (Passing off a draft NEPA document sequentially from one specialist to the next remains a major source of needless processing delay.) Strongly consider developing APD Teams with dedicated team members.
4. Develop a close and positive working relationship between the Resources and Minerals staffs.

**Findings:**

The majority of SOs and FOs reported some kind of team processes to coordinate and strengthen communication, work, and documents within the team to improve permit processing and inspections.

As part of the team process, the Buffalo FO in Wyoming tries to have all specialists present when onsites are held. By following this procedure, when changes to a proposed project are made in the field, Buffalo can get immediate buy-off from all team members. When the team returns to the office, the NRS generates the NEPA document, which incorporates the changes made in the field and the team specialists add their write up to this document. To aid in this

process, Buffalo requires the operator to furnish a surface use data summary form (SUDS), which details by type of disturbance all actions that will occur as part of the project.

The Little Snake FO in Colorado holds a weekly priority-setting meeting that includes review of each and every item required in the APD NEPA document. Delays are identified and eliminated. Procedures are constantly improved. APD processing times have dropped for 4 consecutive years and are now completed in an average of less than 30 days.

The minerals staff at the Kemmerer FO in Wyoming holds weekly update meetings with resource specialists. A status list of complete, returned, withdrawn, and inactive APDs is provided to the resource specialists to improve communications and to prioritize workloads.

**Recommendation:**

The FOs should continue to establish project leads, form review and processing teams, and strengthen internal coordination using the strategies identified in IM No. 2006-071.

**Surface Management Agency (SMA) and External Communication**

The BLM WO continues to encourage improving consultation and coordination with States and the public by consulting and coordinating early and often in the land use planning and oil and gas field development processes.

External communication also involves working with operators, independent groups, and the general public besides SMAs in the APD permit processing and inspection and enforcement. According to Attachment 1- *Application for Permit to Drill and National Environmental Policy Act- Process Improvement Strategies and Best Business Practices-* of IM No. 2006-071 (01/19/06), the field and state offices should:

- Improve consultation and coordination with States and the public by consulting and coordinating early and often in the land use planning and gas field development processes.
- Conduct field office and statewide workshops, training, and listening sessions with operators, local government, and the public. Seek recommendations for improving the APD and NEPA processes as well as ideas for improving environmental practices.
- Work more closely with operators:
  1. Early in the process to identify and plan for future development needs rather than allowing development to occur in an unplanned manner;
  2. By holding “Operator Workshops” to help keep operators up-to-date on Bureau policies and processes for ensuring timely processing of APDs;
  3. To encourage the submission of APDs in multiple APD packages or [Master Development Plans];
  4. To encourage the operator to submit well-thought-out, complete APDs not subject to continual updating and delays;
  5. To combine field development proposals of various operators in the area into a single EIS rather than prepare individual EISs;

6. To ensure submission of environmentally sound proposals that incorporate environmental Best Management Practices which require less review by staff specialists in the NEPA process.

**Findings:**

A. *SMA Communication.* Coordinating with the U.S. Forest Service (FS) was identified by the majority of field and state offices as important for preventing delays in permit processing. For example, a major contributor to delays at the North Dakota FO in Montana is the time needed to obtain approval of the surface use portion of an APD proposed on lands managed by other agencies, primarily the FS. A significant factor in the longer processing timeframe for the FS is its mandated scoping and appeal periods. The North Dakota FO and the FS have encouraged operators to initiate the permitting process with the appropriate FS Ranger District as early as possible. The FS conducts periodic operator meetings/workshops in an effort to better educate the operators on their requirements, with the objective being more efficient permitting. North Dakota FO staff members regularly participate in these workshops to answer any BLM or split estate questions that may arise.

The Bakersfield FO in California reported that the development of a Memorandum of Understanding (MOU) between the Bakersfield FO and the California Division of Oil, Gas, and Geothermal Resources (District 4) has resulted in significant improvements in permit processing by eliminating duplicative approval processes, clearly defining agency responsibilities for activities on Federal lands, and by encouraging the exchange of information. Other MOUs have also been developed between the Bakersfield FO and other FOs that receive infrequent requests for drilling permits. The Bakersfield office provides the downhole technical review of the APD, while the appropriate surface reviews are completed by the appropriate multi-resources staff in the representative FOs.

B. *External Communication.* Most of the SOs and FOs reported that they currently are developing or implementing procedures to work more closely with independent groups and operators in the land use planning and gas field development processes. The Bakersfield FO has formed the California Oil and Gas Workgroup, which includes representatives from the California Division of Oil, Gas, and Geothermal Resources, the Western States Petroleum Association, the California Independent Petroleum Association, and the Independent Oil Producers Agency, along with the Central Valley Office of the Regional Water Quality Control Board, the Fish and Wildlife Service, and the California Department of Fish and Game, among others. This group has greatly improved the level of communication among the BLM, state government, and the petroleum industry.

Workshops are an excellent way of communicating with the operators and subcontractors, and the public. With increasing frequency, field offices are conducting industry workshops, some annually, some spanning several days. These workshops cover issues such as BMPs, Reclamation, and APD processing. It was recently observed in one workshop that none of the national BLM outreach materials, such as the Gold Book and Split Estate brochure, were distributed to the operators.

**Recommendation:**

Continue to hold operator and public workshops and improve coordination with Surface Management Agencies, operators, independent groups, and the general public as a way of improving the APD process, promoting new ideas, and increasing an understanding of the program. During these workshops, the BLM's updated outreach materials, such as the Gold Book, Categorical Exclusion brochure, and Split Estate brochure should be distributed to operators.

## **Personnel and Training**

The WO continues to support the field and state offices through program guidance offered in new IMs and outreach materials such as the Gold Book, Categorical Exclusion brochure, and Split Estate brochure and in developing new training courses and satellite broadcasts. The BLM offers diverse surface management training courses developed by the National Training Center (NTC) such as the Surface Management of Fluid Minerals Development course offered in Farmington, Grand Junction, Casper and Vernal, and a new Construction and Reclamation course first offered in Buffalo. WO-310 has also prepared satellite broadcasts covering Visual Resources and the new Onshore Oil and Gas Order No. 1. Other NTC courses include: Planning; NEPA; Inspection & Enforcement; Petroleum Engineering Technician training; Rights-of-way, and Pipeline Systems. The BLM WO, state offices, and the oil and gas industry also offer conferences and workshops.

Staffing issues were the concern of many field and state offices, stating workload level is excessive and can lead to increasing times for APD processing. However, the WO continues to work with SOs and FOs to identify ways of improving efficiency, increasing budgets, and training.

### **Finding:**

The Utah SO definitely would like to see training in "administrative review," which does not have an available training course.

Some offices reported that training is hindered by the availability of travel funds.

Due to staff shortages, some offices are cross-training existing staff to handle multiple tasks. To deal with a lack of engineering staff, the Royal Gorge FO in Colorado uses engineering assistance from the Colorado SO to address increased APD and sundry notice workload. The office has also provided some training to other staff to assist in conducting onsites and NEPA reviews for APDs.

In late 2005, the Miles City FO in Montana reorganized the Minerals and Non-Renewable Resources groups to report to the same Assistant Field Manager. This reorganization was initiated to better integrate communications, scheduling, and workload management among the two groups, especially relating to APD processing.

**Recommendation:**

The WO will continue to work with the NTC to develop new training courses, including satellite broadcasts and web-based courses. The FOs should encourage staff to become fully trained and cross-trained and continue to take full advantage of the wide variety of existing training courses offered by the BLM and Forest Service.

**Conclusion**

This Self-Assessment was conducted by the WO Division of Fluid Minerals to analyze the establishment of procedures for improving the Application for Permit to Drill (APD) process and ensuring that environmental studies are timely, consistent among FOs, and comply with applicable environmental laws. Initiated by IM No. 2006-071, *Process Improvement for Oil, Gas, Geothermal, Geophysical, and Related Rights-of-Way Approvals* (01/19/2006), the self-assessment was responded to by 23 FOs with Oil and Gas, Geothermal, Geophysical, and related Rights-of-the-Way programs that averaged 20 or more APDs per year over the past 5 years.

The FOs reported that areas of significant delay in the APD process resulted from cultural resource assessments, personnel and training, and surface management agency communication.

The most common cause for delay resulted from operators not submitting cultural resource surveys early or with the APDs. Conducting timely and adequate cultural and biological surveys are very important to the efficiency of the APD process. The WO has provided policy guidance for conducting and submitting cultural surveys. Instruction memorandum No. 2003-147 *Application for Permit to Drill (APD) - Process Improvement #3 - Cultural Resources* (04/14/03), promotes early coordination between the operator and the BLM cultural resource specialist.

The next leading APD processing delay factor for many offices was staffing issues involving increased workload and the uniformity of certain skill levels among the staff. Some FOs are adapting by improving internal coordination, cross-training, sharing skills between offices, and utilizing BLM and outside training to increase the skill set of the available staff.

Another important source of delay involves the inefficient communication between the BLM and other surface management agencies. Several FOs in different regions reported that coordinating with other surface management agencies, especially the Forest Service, on the APD processing was needed in order to prevent delays. In some locations, the new multi-agency Pilot Offices will resolve this situation. Some BLM offices have been working with the Forest Service to identify ineffective APD procedures and to encourage operators to initiate the permitting process with the appropriate Forest Service Ranger District as early as possible.

The majority of the offices are implementing some of the WO recommended strategies to improve APD process efficiency and ensure environmentally responsible oil and gas development. Some offices are taking extraordinary steps to implement their own innovative solutions.



The WO will continue to provide policy guidance to improve the efficiency and effectiveness of the Fluid Minerals Surface Management program. The WO acknowledges that many SOs and FOs have been working exceptionally hard to help meet America's increased demand for domestic supplies of energy through improved business and environmental practices. Your efforts are to be commended.

**Appendix 1**  
**Instruction Memorandum No. 2006-071**

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
WASHINGTON, D.C. 20240

January 19, 2006

In Reply Refer To:  
1790, 2800, 3100, 3160 (310) P  
Ref. IM 2005-247

EMS TRANSMISSION 01/25/2006  
Instruction Memorandum No. 2006-071  
Expires: 09/30/2007

To: All Field Officials

From: Director

Subject: Process Improvement for Oil, Gas, Geothermal, Geophysical, and Related Rights-of-Way Approvals  
DD: 04/01/2006, 05/01/2006

**Program Areas:** Oil and Gas Exploration and Operations; Geothermal Operations; Lands and Realty; Environmental Coordination

**Purpose:** This Instruction Memorandum (IM) establishes procedures for improving the Application for Permit to Drill (APD) process and ensuring that environmental studies are timely, consistent among field office's, and comply with applicable environmental laws.

**Policy/Action:** Field office managers with Oil and Gas, Geothermal, Geophysical, and related Rights-of-Way programs that averaged 20 or more APDs per year over the past 5 years are directed to take the following actions:

- 1) Form a process improvement team to review the APD process currently used by the office, including associated on-and off-lease rights-of-way and related environmental reviews;
- 2) Make changes to improve process efficiency with the objective of reducing current processing times, while maintaining an interdisciplinary review and ensuring development is conducted in an environmentally responsible manner; and
- 3) Report findings and efficiency improvements to their respective State offices by April 1, 2006. Field offices that have been reviewed by a Washington Office Quality Assurance Team or by the State office should address the effectiveness of improvements resulting from the reviews.

Regardless of program size, field office managers shall remain personally and actively involved in the energy development program to ensure the process is both efficient and interdisciplinary, and also to ensure that energy resources are developed in an environmentally responsible manner using appropriate environmental Best Management Practices.

State Directors shall support field office process improvement teams by providing advice; verifying implemented improvements; consolidating findings; and reporting results to the Washington Office Fluid Minerals Group (WO-310) by May 1, 2006.

The report need not be lengthy. It shall include: the field office; review-team members; meeting dates; process delays identified; consistency issues that were identified within offices and within the State; and process and consistency solutions that are being implemented. State Directors shall remain actively involved in oversight of field office energy development programs, ensuring process and environmental improvement through training, guidance, and periodic reviews.

Process improvement strategies for APD and National Environmental Policy Act (NEPA) processes are included as Attachment 1. The FOs shall adopt these strategies.

**Background:** State and field offices have worked exceptionally hard to meet America's increased demand for domestic supplies of energy. Many offices have met this challenge by developing and implementing improved business and environmental practices. Your efforts are to be commended. While we have achieved much, there remains more that we, as an agency, can do.

The Office of Inspector General (OIG), in its February 2004 report *Audit of Oil and Gas Permitting Process*, identified "The lack of effective management oversight and accountability" as a problem that significantly delayed and impeded BLM's ability to effectively process and approve APDs. The OIG made a set of recommendations to improve the APD process. Recommendation No.7 states:

"Establish procedures for completing environmental studies that are timely, consistent among field offices, and comply with applicable environmental laws."

The Bureau of Land Management's Fluid Minerals Group conducted Quality Assurance Team reviews in seven FOs. A primary objective of these reviews was to evaluate the efficiency of APD processing practices. Adherence to Onshore Oil and Gas Order No. 1 requirements, timeliness, and quality were of particular concern. Subsequent Automated Fluid Minerals Support System (AFMSS) reports showed that average BLM APD processing times varied between offices, from 56 to 534 days for FY 2004.

The Quality Assurance Teams concluded that the more personally involved the field manager is in the APD process, the more timely and efficient the office becomes. The Teams' report makes several recommendations, including:

- Each office must evaluate its NEPA process and make necessary changes to expedite internal reviews and paperwork flows.
- Increase the usage of the Documentation of NEPA Adequacy worksheets [and the new Section 390 Categorical Exclusions] by writing more site-specific field development Environmental Assessments (EA) and Environmental Impact Statements (EIS).
- Expand the use of multiple APD or Plan of Development (POD) EAs.

Section 362 of the Energy Policy Act of 2005 requires development and implementation of Best [Business] Practices to ensure timely action on oil and gas APDs. Best Business Practices are included on Attachment 1.

Section 390 of the Energy Policy Act established five new categorical exclusions for oil and gas development projects (see Washington Office IM 2005-247). For most offices, these new categorical exclusions will result in changes to office procedures for documenting environmental reviews.

A streamlined APD and NEPA review process is expected to reduce costs for both the Bureau and operator, generate additional time for preplanning with operators and the public, and increase the Bureau's ability to monitor permit compliance.

**Timeframe:** Implement immediately. Field offices report accomplishments of the process improvement teams to their respective state offices by April 1, 2006. State offices report process improvement results by E-mail to [Jim\\_Perry@blm.gov](mailto:Jim_Perry@blm.gov) , by May 1, 2006.

**Budget Impact:** Limited travel funding will be necessary for state office personnel to assist field office process improvement teams.

**Manual/Handbook Sections Affected:** None.

**Coordination:** This IM was coordinated with the Washington Office Fluid Minerals Group; Planning, Assessment and Community Support Group; Land and Realty Group; and Department of the Interior - Office of the Solicitor.

**Contact:** Please direct any questions to Jim Perry, Washington Office Fluid Minerals Group (WO-310) at (202) 452-5063 or [jim\\_perry@blm.gov](mailto:jim_perry@blm.gov) , Chuck Otto, Washington Office Planning, Assessment and Community Support Group (WO-210) at (202) 785-6592 or [chuck\\_otto@blm.gov](mailto:chuck_otto@blm.gov) , Ron Montagna, Lands and Realty Group (WO-350) at (202) 452-7782 or [ron\\_montagna@blm.gov](mailto:ron_montagna@blm.gov) .

Signed by:  
Lawrence E. Benna  
Acting, Director  
1 Attachment

Authenticated by:  
Robert M. Williams  
Policy and Records Group, WO-560

1 – Application for Permit to Drill and National Environmental Policy Act – Process Improvement Strategies and Best Business Practices (2 pp)

## **Application for Permit to Drill (APD) and National Environmental Policy Act (NEPA) – Process Improvement Strategies and Best Business Practices**

Incorporate the following process improvement strategies and concepts into FO APD/NEPA procedures:

- Make efficient permit processing a management priority. The field manager and supervisor will maintain close and continual involvement in the energy program to ensure that business practices are efficient and that paperwork flows in the most efficient manner possible.
- Conduct FO and statewide workshops, training, and listening sessions with operators, local government, and the public. Seek recommendations for improving the APD and NEPA processes as well as ideas for improving environmental practices.
- Analyze each step in the processing of APDs, geophysical, and rights-of-way permits to identify the sources of unnecessary delay.
- Designate a field office APD project lead with the authority to coordinate permit review and approval with appropriate staff and the operator. The project lead's role is to ensure the APD moves efficiently through the process. The project lead should have authority to work directly with the staff and the operator to eliminate roadblocks or to secure immediate resolution by the field manager. Normally, the resource or realty specialist responsible for permit processing serves as the project lead.
- Review WO IM 2005-046 *Policy for Entry of Data into Applications for Permit to Drill Processing, Tracking, and Monitoring Fields in the Automated Fluid Minerals Support System (AFMSS) Database*. Ensure the new required data fields are being populated. Use AFMSS to track field office APD processing times.
- Consider the use of rights-of-way Master Agreements for companies that routinely submit several APDs with associated rights-of-way each year.
- Meet regularly within the field office to ensure APD project leads and permitting and inspection staff follow the same processes and maintain the same improved standards for conduct of exploration and development operations.
- Use the principles of "Risk Management" to break away from business as usual. When a NEPA analysis is required, focus on addressing the issues while avoiding excessive documentation, data collection, reports, and studies that are not critical to reaching a decision. The Council on Environmental Quality provides the following guidance:
  - "Most important, NEPA documents must concentrate on the issues that are truly significant to the action in question, rather than amassing needless detail."
  - "Ultimately, of course, it is not better documents but better decisions that count. NEPA's purpose is not to generate paperwork--even excellent paperwork--but to foster excellent action."
  - "Your Environmental Assessment (EA) should be a 'concise public document' of no more than 10-15 pages..."
- Use an interdisciplinary team for writing and reviewing documents. Ensure that reviews are conducted concurrently, not sequentially. (Passing off a draft NEPA document

sequentially from one specialist to the next remains a major source of needless processing delay.) Strongly consider developing APD Teams with dedicated team members.

- Develop a close and positive working relationship between the Resources and Minerals staffs.
- Apply Energy Policy Act, Section 390 Categorical Exclusions where appropriate.
- Expand use of applicant-supplied EAs where this would expedite the APD permitting process. Avoid using BLM-funded contract EAs unless they truly reduce processing time, fill a need that the BLM staff cannot meet, or free up staff time to conduct other priority activities.
- Work more closely with operators:
  - early in the process to identify and plan for future development needs rather than allowing development to occur in an unplanned manner;
  - by holding “Operator Workshops” to help keep operators up-to-date on BLM policies and processes for ensuring timely processing of APDs;
  - to encourage the submission of APDs in multiple APD packages or Plans of Development (POD);
  - to encourage the operator to submit well-thought-out, complete APDs not subject to continual updating and delays;
  - to combine field development proposals of various operators in the area into a single environmental impact statement (EIS) rather than prepare individual EISs;
  - to ensure submission of environmentally sound proposals that incorporate environmental Best Management Practices which require less review by staff specialists in the NEPA process.
- Improve consultation and coordination with states and the public by consulting and coordinating early and often in the land use planning and gas field development processes.
- Implement procedures from WO IM 2005-247 *National Environmental Policy Act (NEPA) Compliance for Oil, Gas, and Geothermal Development* and IM 2005-235 *Interim Guidance for Process Time Line - Permitting Oil and Gas Operations on Federal and Indian Leases*.
- Attend NTC courses such as NEPA for Managers, **Surface Management of Fluid Minerals Development**, and rights-of-way courses to increase knowledge and skill levels.