



United States Department of the Interior BUREAU OF LAND MANAGEMENT

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In Reply Refer To:
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EMS TRANSMISSION: 8/27/14
Instruction Memorandum No. **CA-2014-031**
Expires: 09/30/2016

To: All California District/Field Managers
Attention: All California Field Offices with Oil and Gas Operations Activities

From: State Director

Subject: Oil and Gas Application for Permit to Drill and Sundry Notice Processing

Program Areas: Oil and Gas Application for Permit to Drill (APD) and Sundry Notice (SN) Processing, National Environmental Policy Act (NEPA)

Purpose: The Bureau of Land Management (BLM) California has identified a need to respond jointly with the California Division of Oil, Gas, and Geothermal Resources (DOGGR) to public concerns in California about the environmental impacts of oil and gas operations. These concerns include adequate environmental analysis and appropriate public participation in decisions related to oil and gas operations on Federal mineral estate, particularly as they relate to well stimulation technology and the regulations implementing the provisions of California Senate Bill 4 (SB 4).

Policy/Action: This Instruction Memorandum (IM) supplements existing policy and guidance for processing Applications for Permit to Drill (APD), as found in Washington Office (WO) IMs 2013-033 (Reducing Causes of Direct Wildlife Mortality) and 2013-104 (Notice of Staking and Application to Drill Processing). This IM also explains the type of information that the BLM in California may require to process APDs in accordance with existing regulations, including Onshore Oil and Gas Orders No. 1 (Oil and Gas Operations) and No. 7 (Disposal of Produced Water), 43 CFR Part 3160, and consistent with the procedures outlined in the BLM NEPA Handbook. It also includes guidance for processing Sundry Notices submitted for new operations or new facilities where environmental analysis is needed.

This IM provides BLM California an opportunity to coordinate, where appropriate, its existing data requirements with those of the State of California, as required by California SB 4. SB 4 was signed into law on September 20, 2013, and regulates well stimulation activities in California. (SB 4 is available at <http://www.conservation.ca.gov/dog/Pages/index.aspx>). To reduce the need

for operators to generate information for BLM that is duplicative of the information required by the State of California, BLM California may accept from applicants, as fulfillment of BLM's own information requirements, copies of information submitted to DOGGR by operators as part of their permit application process to comply with SB 4 well stimulation information requirements. We may also request copies of operators' permit applications to the local air pollution control districts. BLM California will still need to separately obtain any information from applicants that BLM needs to process APDs and SNs that is not included in the information submitted to the State of California. By accepting copies of these materials submitted by operators to satisfy State permit requirements, the need for generating duplicative information for BLM is minimized, burdens on the operators are minimized, and BLM enhances efficient coordination and cooperation with the State, which is a goal identified in the 2012 Memorandum of Understanding between BLM CA and DOGGR.

NEPA Compliance and Public Participation:

A key part of NEPA compliance is public participation. To the extent practicable, the BLM must provide some form of public notification and public involvement during preparation of an EA. There is no required format for public involvement relative to the preparation of EAs. For preparation of an EA, public involvement may include: external scoping, public notification before or during preparation of an EA for an APD or SN, public meetings, or public review and comment on a completed EA and unsigned FONSI (BLM NEPA Handbook, section 8.3).

BLM CA will continue to post APDs or SNs for 30 days in the public room of the field office with jurisdiction over the subject public lands. At a minimum all APDs and SNs requiring an EA will be posted for external scoping. Public notification should now also occur as soon as possible after receipt of an APD or SN (even if incomplete), through posting on the BLM CA NEPA Log. This online posting will initiate a minimum 2 week public scoping period. As part of scoping, the BLM should provide enough information on the proposed APD on the BLM CA NEPA Log to allow the public to participate meaningfully in the review process. This information should include, but not necessarily be limited to:

- A description of the proposed action, including a map location
- Company/operator name, well number/name, location described to the nearest quarter-quarter section, or similar land description
- A proposed purpose and need, and BLM's decision to be made
- Any preliminary issues, as defined by BLM's NEPA Handbook (H-1790-1, page 40)

The end result of such scoping has the potential to provide BLM with information that may be helpful in the development of alternatives, mitigation measures, and the analysis of the effects of the proposed action and its alternatives. Members of the public who review and comment on the background information during scoping will be notified by the BLM once a decision on the application has been made. Comments received will be made a part of the Administrative Record for the proposed project.

BLM CA IM 2007-015 requires field offices to enter all EAs and environmental impact statements (EIS) into the BLM CA NEPA Database, and update the NEPA Database as

projects/NEPA documents are initiated and completed. For this scoping to meet the requirements for public notification, the NEPA Database shall be maintained and kept current.

The environmental analysis for the APD/SN, and any subsequent revision/updates, will be posted to the NEPA log.

Information Needed by the BLM to Process an APD Package and Sundry Notices

An APD must be complete (no deficiencies) and include all information needed by the BLM in order to process the APD. Onshore Oil and Gas Order No. 1 defines the requirements of a complete APD. If approval of an APD is deferred, operators have up to 2 years from receipt of the 30-day letter to submit necessary information, and approval will not occur until the proposal can be analyzed by the BLM.

SNs must include all information needed by the BLM in order to adequately document and describe the proposed action and analyze the potential resource impacts of the action. For those SNs that require preparation of an EA, particularly SNs for new operations or facilities, the BLM will not approve a SN until all information deemed reasonably necessary for a complete NEPA analysis for a given project is received and considered through the NEPA process.

The BLM will not be able to process the APD or SN until the operator provides this information. In addition to cultural and biological survey requirements, this IM identifies several categories of information that are also likely to be necessary to process an APD or SN. BLM CA Field Office experience has shown that the following categories represent the minimum necessary additional information to process an APD or SN, and therefore must be considered in all reviews, as specified below. A specific project proposal may require more detailed information based on individual issues raised by the proposal.

Air Resources:

For the BLM to complete analysis on a submitted APD or SN, BLM CA Field Offices will require operators to provide an air emissions inventory. This information may be similar to an operator's submission to the local air pollution control district. For operations where BLM identifies air quality concerns, a technical report on the impacts of the project on air quality written by an independent, third party air quality specialist may be required.

Water Resources:

For the BLM to complete environmental analysis on a submitted APD or SN, BLM CA Field Offices will require operators to provide a water management plan, including water sources, volumes, and proposed disposal/recycling of produced water. For operations where BLM identifies water concerns, a technical report on the impacts of the project on water resources written by an independent, third party hydrologist or water quality specialist may be required.

Well Stimulation:

Prior to the operator conducting well stimulation activities, BLM CA Field Offices will require (1) a copy of the State permit application to perform a well stimulation treatment and (2) a copy of the submitted Water Board/DOGGR ground water monitoring plan or State Water Board concurrence on evidence of no protected waters. Both (1) and (2) must be followed up with a

copy of the final State-approved permit that clearly shows any modifications from the original permit application. Documentation of approved State permits is required prior to commencement of well stimulation activities. Information from the permit application will be used to inform BLM's NEPA analysis of the environmental effects of the APD or SN.

Other Information Requirements:

Specific information requirements may change over time. For items beyond the minimum requirements listed in this IM, the Bakersfield Field Manager is responsible for maintaining a current list of additional information necessary for BLM CA to process APDs. Attachment 1 is a list of the kinds of information required to process an APD. Attachment 2 lists information required to process SNs that require environmental analysis.

Timeframe: This policy is effective upon issuance.

Budget Impact: This policy may have budget impacts to the BLM's 1310 and 1311 oil and gas program areas due to potentially increased processing times for APDs and SNs.

Background: Over the past several years the level of public participation in CA BLM's efforts to lease and develop oil and gas resources on public lands has increased. Protests, appeals, and litigation of leasing decisions, based primarily on criticism of NEPA adequacy, have been filed. More recently, this same interest has been focused on the operational aspects of CA BLM's oil and gas program, specifically the approval process involving APDs.

Relevant Manual/Handbook Section: BLM NEPA Handbook, H-1790-1

Coordination: An interdisciplinary team consisting of members of the Bakersfield and Hollister Field Offices, the California State Office (CASO) Division of Energy and Minerals (CA-920) and the CASO Division of Resources (CA-930) participated in developing this policy. WO-310 and WO 210 were consulted in development of this IM. The Washington and Regional Offices of the Solicitor were also consulted.

Contact: If there are any questions concerning this IM, please contact James Scrivner, Deputy State Director for Energy and Minerals at 916-978-4361. You may also contact Leroy Mohorich, State Oil and Gas Program Lead, at 916-978-4363.

Signed by:
James G. Kenna
State Director

Authenticated by:
Richard A. Erickson
Records Management

Attachments - 2

- 1- APD Additional Necessary Information (1 p)
- 2- Sundry Notice Additional Necessary Information (1 p)

APD Additional Necessary Information

1. Is an underground source of drinking water (40 CFR 144.3) in the project area? If so, describe where the drinking water exists in relation to the target formation and how drinking waters will be protected. If not, document that no underground sources of drinking water exist.
2. What is the *specific* source of water for drilling? (Onshore Order No 1). Estimate how much water will be required to complete the proposed project, including water for drilling and dust abatement?
3. What is the final destination for produced water (i.e., disposal well, treatment facility, re-injection project, etc.)? (Onshore Order Nos. 1 and 7).
4. If a drilling sump will be employed, provide the BLM with a copy of your associated Notice of Applicability of Water Quality Order 2003-0003-DWQ issued by the regional water board. Attach all information submitted to the water board, including the Discharge Monitoring Plan, drilling mud composition, and MSDS sheets. Also, if disposing of drilling waste off-site, describe the disposal method/location (Onshore Order No. 1).
5. Has this oil field experienced any well barrier and/or well integrity failures (a well integrity failure is defined as a failure of all well barriers, establishing a pathway that enables leakage into the surrounding environment)? If so, explain why the failure(s) occurred, what measures have been taken to prevent subsequent failures, and what the likelihood is of another failure occurring.
6. Estimate emissions of criteria pollutants and greenhouse gases for each year for the life of the project. At a minimum, the following emissions sources will be considered: fugitive dust, fuel-burning equipment, fuel-burning vehicles (light and heavy duty trucks/vehicles), venting, flaring, and leakages. Document all assumptions upon which estimates are based. List all CARB/APCD permits acquired in association with the proposed project. Provide a detailed description of operator committed measures to reduce project related air pollutant emissions and air quality impacts.
7. Will steam be applied to the proposed well? If so, describe the water source for steam injection, how much water would be required to steam the well, and the potential for surface expressions to result from steam injection. If surface expressions are not anticipated, explain why. If steam injection is employed in the subject oil field and you do not plan to steam the proposed well, explain why steaming is not foreseeable.
8. Does this well have the potential to be hydraulically fractured (HF), acid fractured, or matrix acidized in the future? Prior to conducting such operations, provide BLM with a copy of the State permit application to perform a well stimulation treatment. If these activities are not foreseeable, explain why.

Sundry Notice Necessary Information

1. Is an underground source of drinking water (40 CFR 144.3) in the project area? If so, describe how drinking waters will be protected. If not, document that no underground sources of drinking water exist.
2. Is water required to complete the proposed project? If so, how will the water be used, what is the source, and how much is required?
3. Estimate emissions of criteria pollutants and greenhouse gases for each year for the life of the project. At a minimum, the following emissions sources will be considered: fugitive dust, fuel-burning equipment, fuel-burning vehicles (light and heavy duty trucks/vehicles), venting, flaring, and leakages. Document all assumptions upon which estimates are based. List all CARB/APCD permits acquired in association with the proposed project. Provide a detailed description of operator committed measures to reduce project related air pollutant emissions and air quality impacts.