

**U.S. Department of the Interior
Bureau of Land Management
Uncompahgre Field Office
2465 South Townsend Avenue
Montrose, CO 81401**

Decision Record

(DOI-BLM-CO-S050-2014-0024 CX)

PROJECT NAME: SG Interests VII, Ltd., (SG) Suspension of Operations and Production, Federal Oil and Gas Lease No. COC-66716

DECISION: It is my decision to approve a suspension of operations and production on lease COC-66716 pursuant to 43 CFR 3103.4-4, subject to the conditions listed below, in order to allow BLM additional time to complete the environmental analysis necessary to reach a final decision on SG's pending Federal 12-90-7-1 APD.

The lease suspension will become effective as of March 1, 2014, (effective the first day of the month in which the request is received by BLM) and effectively add the period of the suspension to the primary term of the lease (43 C.F.R. § 3103.4-4(b)).

The lease suspension will expire when one of the following conditions is **first** met:

The first day of the month that:

1. The APD is approved.
2. The lease is committed to a valid unit or communitization agreement.
3. September 1, 2015.

RATIONALE: The request for suspension of operations and production of lease COC-66716 was filed by SG on March 14, 2014, prior to the lease primary term expiration date of March 31, 2014. According to BLM Manual 3160-10, circumstances that normally warrant a suspension of operations and production includes "BLM or other surface managing agency (SMA) initiates environmental studies (Environmental Assessment/Environmental Impact Statement/Resource Management Plan) that prohibit beneficial use of the lease(s)" (3160-10.21B.B.1).

The BLM is currently working on an environmental analysis of the Proposed Action. This results in a force majeure situation creating a hardship on the lessee/operator as they are denied beneficial use of the lease until BLM can reach a final decision on the APD.

COMPLIANCE WITH MAJOR LAWS and CONFORMANCE WITH LAND USE PLAN:

The Proposed Action is categorically excluded from further documentation under the National Environmental Policy Act (NEPA) in accordance with 516 DM 11.9, B.4. This categorical exclusion is appropriate in this situation because there are no extraordinary circumstances

potentially having effects that may significantly affect the environment. The Proposed Action has been reviewed, and none of the extraordinary circumstances described in 516 DM 2 apply.

The decision is in compliance with applicable laws, regulations and policy, including the Endangered Species Act, Migratory Bird Treaty Act and National Historic Preservation Act. It is also in conformance with the Uncompahgre Basin RMP.

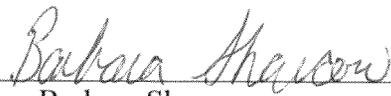
PUBLIC COMMENT: The BLM informed the public about this project by listing it on the online Uncompahgre Field Office NEPA Register and a copy of the completed Categorical Exclusion will be posted on the NEPA website.

ADMINISTRATIVE REMEDIES: Any adversely affected party who contests a decision of the authorized officer may request an administrative review before the State Director. Such requests, including all supporting documentation, shall be filed with the State Director within twenty (20) business days of receipt of the notice. Upon request and showing good cause, an extension for submitting supporting data may be granted by the State Director. Requests for administrative review should be sent to: State Director (CO-922), Bureau of Land Management, Colorado State Office, 2850 Youngfield Street, Lakewood, Colorado 80215.

PREPARED BY: Thane Stranathan

ENVIRONMENTAL COORDINATOR: 

DATE 4-9-14

SIGNATURE OF AUTHORIZED OFFICIAL 
Barbara Sharrow
Field Manager
Uncompahgre Field Office

DATE 4-10-14