

BLM Fact Sheet

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February 2008 Oil & Gas Lease Sale

- ◆ 35 parcels totaling about 24,835 acres of land were offered at the BLM February 14, 2008 quarterly oil and gas lease auction. Of those parcels offered, all 35 were sold.
- ◆ Eight protests were received by BLM for this Sale. Of the 40 parcels offered, all were protested.
- ◆ The lease sale earned \$3.9 million in proceeds, of which 48 percent will go to the State of Colorado. The State received \$123 million in Fiscal Year 2007 from royalties, rentals and bonus bid payments for all federal minerals (including coal). The money is used to help fund counties, schools, cities and some State offices.
- ◆ BLM Colorado listens to the concerns of those impacted by oil and gas leasing. We rely on input from the public during the land use planning process, and we make every effort to work with local communities, municipalities and other State and federal agencies to ensure any leasing that may occur is conducted with adequate safeguards in place to protect the environment.
- ◆ Federal and State protections are in place to minimize potential impacts from oil and gas exploration, development and production. Oil and gas exploration and development is one of the most regulated activities on public lands.
- ◆ Energy development and protection of natural resources are not mutually exclusive activities. BLM ensures that development of energy resources is done in an environmentally sound manner on all lands we manage.
- ◆ BLM manages more than 8.3 million acres of public lands in Colorado. BLM also administers mineral leasing for other federal agencies with lands throughout the State. BLM is mandated by the Federal Lands Policy and Management Act to manage public lands for multiple uses - which may include energy development - under existing, approved land use plans developed with considerable public input, and extensive environmental analysis.
- ◆ Federal laws, including the Federal Onshore Oil and Gas Leasing Reform Act of 1987, require BLM to offer lands for lease on a quarterly basis.
- ◆ Any U.S. citizen, 18 years-old or older, may bid on the parcels offered at quarterly lease auctions, provided the individual is a registered bidder. Typically, BLM does not select lands to offer for lease. In Colorado, lands nominated by an interested party are made



available for leasing, if oil and gas development is allowed by the approved land use plan.

- ◆ Information about BLM oil and gas lease sales, as well as the posting of the official results (available by February 22, 2008) can be obtained at the BLM field offices, on our web site (www.blm.gov/co), or at the Colorado State Office Public Room.
- ◆ BLM consults with other federal, State and local agencies, partners, interest groups and industry throughout the land use planning process. These collaborations result in measures to protect all uses and resource values, such as wildlife, Threatened and Endangered species' habitat, recreation, cultural resources, grazing, and others, while still allowing for environmentally sound energy development.
- ◆ In all of the areas where parcels were offered, the current land use plans allow energy development. When preparing land use plans, revisions, or when parcels are nominated for leasing, the BLM considers available new information to determine if any significant new circumstances or impacts have occurred since the completion of the most recent land use plan. Every parcel offered for lease in this sale was analyzed to determine whether existing environmental analysis was adequate.
- ◆ BLM leases carefully. Every lease contains standard terms and stipulations designed to protect Threatened and Endangered species habitat. Leases also may include any number of additional stipulations to further protect air, Wilderness, or historic and cultural resources. For example, No Surface Occupancy stipulations can protect against any surface disturbance. Other stipulations can protect viewsheds, water quality, or may require operations only during certain seasons to protect wildlife or wildlife habitat in the winter or during the breeding season or birthing times.
- ◆ Issuing a lease does not necessarily result in drilling. The drilling of an exploratory well doesn't guarantee there will be widespread development of wells. Economics, supply versus demand, and geologic information drive industry to nominate areas for leasing, exploration and mineral resource development. Some leases are never drilled, and are allowed to expire due to changes in supply vs. demand, company finances, or new/updated geologic information.
- ◆ BLM Colorado provides the public with the oil and gas lease sale notice 15 days earlier than required by law (60 days). BLM notifies media outlets statewide when the lease sale notice is posted and informs county commissioners of parcels being offered for lease in an upcoming sale through individual notification and through the Colorado Oil and Gas Commission's county liaison program. BLM Colorado also offers presentations at county meetings throughout the state on the oil and gas leasing process, and we post a map of parcels and other lease sale information on the BLM Colorado website:
<http://www.blm.gov/co/oilandgas/leasinfo.htm>.
- ◆ Where data and technology allow, BLM field offices are collaborating with county governments to provide information on federal minerals ownership via the internet (see <http://gis.mesacounty.us/minerals.aspx> and <http://www.southwestdata.org/projects/dip/interagency.htm>).

- ◆ BLM Colorado follows national policy concerning split estate Application for Permit to Drill (APD) processing, which requires: a copy of or evidence of a signed surface use agreement between the surface owner and the oil and gas operator (but not the actual agreement itself). If an agreement cannot be reached; the operator can gain access to the property through reclamation bonding. BLM Colorado has not had to use the bonding process for any APDs on split estate lands.
- ◆ The private surface owner is always invited to the on-site pre-drill inspection, and their concerns are incorporated into BLM approved APDs. BLM Colorado worked with the Colorado Oil and Gas Conservation Commission on their onsite inspection policy for split- estate wells on private minerals. The State's policy, adopted with industry support, took effect February 15, 2005, and addresses road placement, planning concerns, and gives landowners the right to an on-site meeting about a proposed drilling site. Such procedures have long been in effect for split-estate involving Federal minerals.
- ◆ **Wilderness Areas can only be designated by Congress.** In Colorado, BLM has four existing Wilderness Areas, comprising 149,000 acres, and 50 Wilderness Study Areas, encompassing 623,000 acres. Citizens or interest groups have proposed new areas for wilderness status; these proposals have recommended additional areas for consideration, or, in some cases, additional lands be added to existing Wilderness or wilderness study areas. The February lease sale does not include any parcels in areas proposed for Wilderness designation by the environmental community.
- ◆ BLM aims to help meet our country's needs for sustainable energy development, while effectively managing the other natural resources that are under our care. The U.S. Department of the Interior is a significant contributor to America's energy supplies, with about 30 percent of all domestic energy produced from federal minerals. Environmentally sound energy development on public lands is one vital part of BLM's national strategy to ensure economic and national security.
- ◆ Anyone may file a protest; however, all protests of parcels nominated for inclusion in the lease sale must be received by mail or fax at the Colorado State Office by 4 p.m., 15 days prior to the date of the sale to be considered (January 30 for this sale). Protested parcels may still be offered; however, bidders are notified that BLM will not issue a lease until protests are resolved.
- ◆ BLM Colorado attempts to resolve all protests within 60 days; however, some protests have taken as long as a year to resolve. Before a final decision is reached to issue any leases, a thorough review of the protests is undertaken by the appropriate BLM field office and/or the Colorado State Office. If a protest is denied, the protesting party has 30 days, from receipt of the decision, to appeal to the Interior Board of Lands Appeals in Washington, D.C. If a protest is upheld, the lease is not issued and the winning bidder's money is refunded.