

OIL AND GAS LEASING AND LEASING REFORM



NW RAC Meeting December 1, 2011

Leasing Reform

WO-IM-2010-117



- I. Plan Adequacy Review
- II. Stipulation Reliability and Consistency
- III. Master Leasing Plans
- IV. Comprehensive Sale Parcel Review



IV. Lease Parcel Review and Issuance Process

- ✓ Rotation of field office parcel reviews
- ✓ Interdisciplinary Parcel Review (IDPR) Teams
- ✓ IDPR Teams “conduct site visits to validate existing data or to gather new information in order to make informed leasing recommendations.”
- ✓ Consider Other Program-Specific Guidance
- ✓ Consideration of Reservoir Management
- ✓ Internal and External Coordination
- ✓ Environmental Assessment (EA)
 - ✓ 30 day public review of the draft EA & unsigned FONSI
- ✓ Or Determination of NEPA Adequacy (DNA)

Change to the Leasing Process



Previous Schedule:

- Previous schedule allowed for approximately 9 months from EOI submission to lease issuance
- Allowed for approximately 5-7 weeks of EA prep time for the FO

New Schedule:

- Allows for approximately 13 months from EOI submission to lease issuance
- Allows for approximately 22 weeks of total EA prep time

Process Begins (COSO)

(Gantt Chart Tasks 1-3)



- ✓ Expressions of Interest accepted from public
- ✓ Reservoir Management Recommendations received
- ✓ Parcels formed from EOIs and RMR
- ✓ Packages prepared for FO in coming sale (e.g. rotation by FO)
- ✓ Packages sent to FO

FO Review of Proposed Parcels and Associated Stipulations

(Gantt Chart Task 2-3)



Field Office personnel along with CPW and FS (if applicable) are sent the following information by e-mail for review and to aid in completion of the NEPA documentation on the proposed leasing action:

FO Review Continued...

(Gantt Chart Task 2-3)



- 1) Parcel description with stipulations (from COSO LSS)
- 2) Spreadsheet listing parcels by Field Office
- 3) Checklist and Gantt chart for specific lease sale
- 4) Surface owner contact information for split estate lands
- 5) Shape files and map
- 6) Attachments A, B, and C (format for submitting leasing recommendations to the SO)

Field Office Sale Rotation



February: Little Snake Field Office
Tres Rios Field Office
Canyons of the Ancients NM

May: White River Field Office
Kremmling Field Office

August: Colorado River Valley Field Office
Grand Junction Field Office
Gunnison Field Office
Uncompahgre Field Office

November: Royal Gorge Field Office
San Luis Valley Field Office

Field Office Sale Rotation

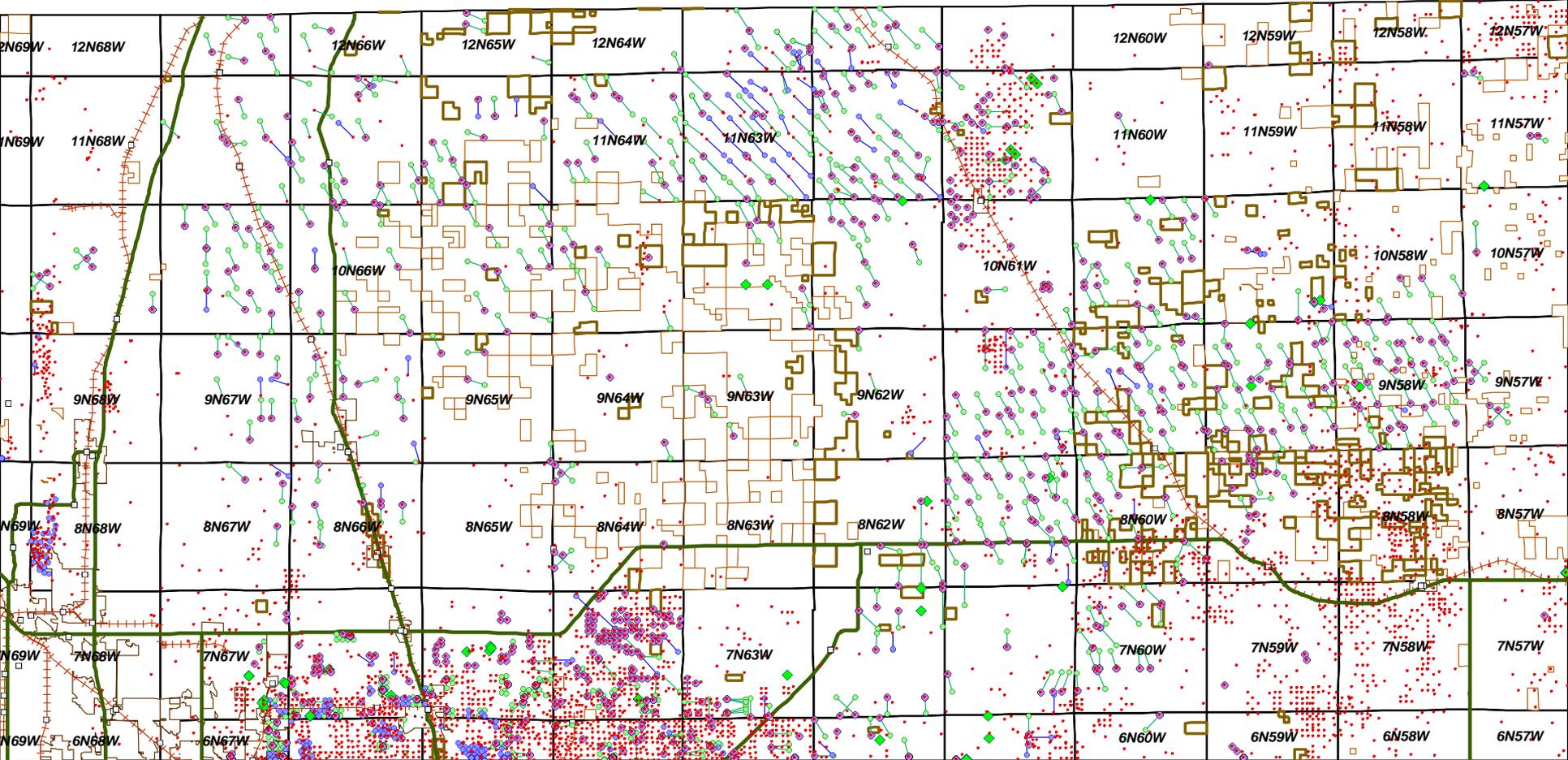


Deviations in the sale rotation may occur for the following reasons:

- Deferred parcels (Previously deferred parcels will be made available on the next possible sale)
- Lack of EOI request for the particular sale/FO
- Adjustments by COSO to the sale rotation based on interest and need
- Bureau Motion Nominations (Reservoir management issues)

Unleased Federal Minerals in the DJ Basin

Wyoming



Draft Parcels Reviewed by FO

(Gantt Chart Tasks 2-3)



- ✓ Field Office reviews parcels
- ✓ Receive deferral recommendations from CPW
- ✓ Initial determination; defer or process for sale
- ✓ Send deferral list to DO and SO
- ✓ Prep for SD briefing

DO/SO Reviews

(Gantt Chart Tasks 4-5)



- ✓ DO deferred parcel review with FO
- ✓ SO specialists deferred parcel review with FO & DO
- ✓ Return comments to FO
- ✓ Prepare comments for SD briefing

State Director Briefing

(Gantt Chart Task 6)

- ✓ Parcels deferred and rationale for each
- ✓ Heads-up of potential issues with other parcels

FO Surface Owner Notification

(Gantt Chart Task 7)



- ✓ Prior to leasing reform, surface owners were notified by COSO
- ✓ Currently, FOs send notifications from the list of surface owners provided by EOI through COSO
- ✓ FO Posts “clean” Shape Files, provided by COSO
(Parcel shape files without resource data for public use)

The following notice currently appears on the BLM website:

NOTICE

Effective immediately, if you are submitting an Expression of Interest (EOI) which includes split estate lands (private surface/Federal minerals), you must provide the name(s) and address(s) of current private surface owner(s) along with your EOI. The Bureau of Land Management (BLM) will send a courtesy letter to the surface owner(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 for a lease sale 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.

Parcel Comment Period

(Gantt Chart Tasks 8-10)



- ✓ Initial public review of parcels gives the public 30 days to comment on proposed sale parcels (4 Weeks)
- ✓ Colorado Parks and Wildlife continued review for analysis and stipulation input (4 Weeks)
- ✓ FO prepares draft EA (8 Weeks)
- ✓ Site visits could occur during this period (see definition of site visit in implementation strategy)

EA Reviews, Comments, Revisions

(Gantt Chart Tasks 11-14)

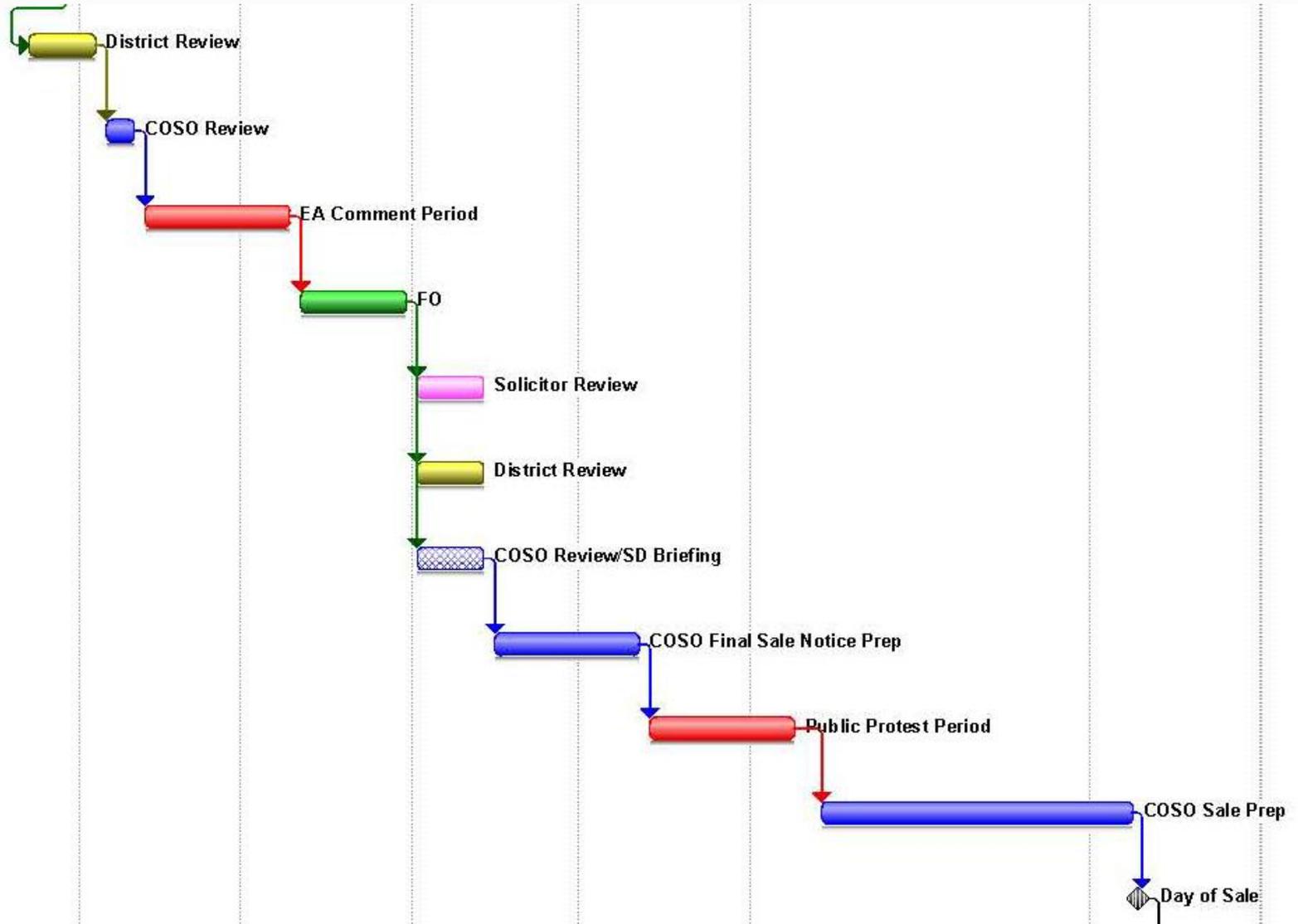


- ✓ DO is responsible for NEPA quality control with FO
- ✓ SO specialists' review with FO and DO
- ✓ Official public comment period for draft EA
- ✓ FO EA revision

Final Reviews

(Gantt Chart Tasks 15-17)

- ✓ Solicitor Review
- ✓ District Review
- ✓ SD Briefing (if needed)



Posting

(Gantt Chart Tasks 18,19)



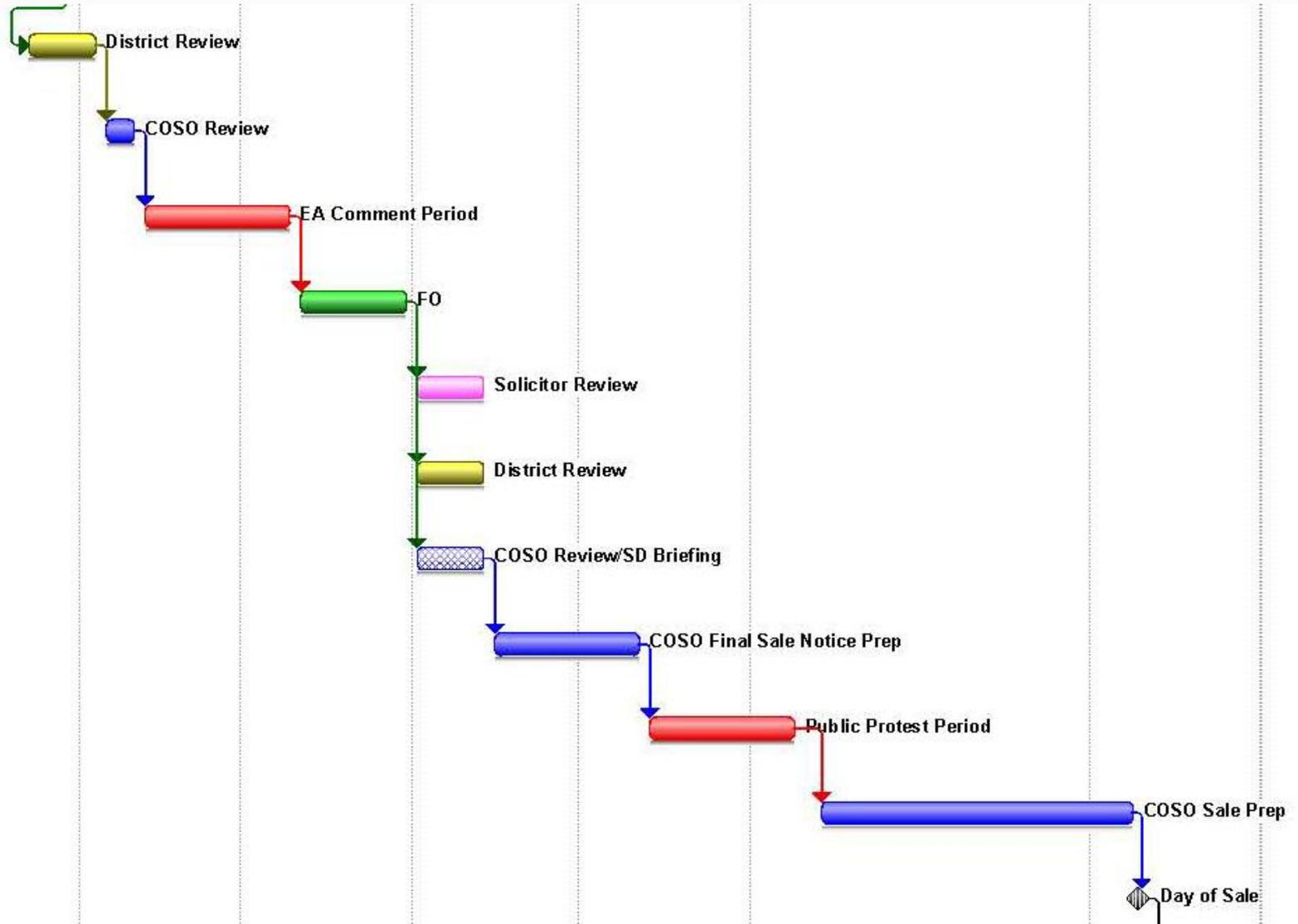
- ✓ COSO prepares final Sale Notice incorporating any changes made by FO/COSO specialists, etc.
- ✓ 90 day posting begins. Sale Notice posted on BLM website, mailed to FOs, CPW, County Commissioners, interested parties, etc.
- ✓ Final EA (Un-signed), parcel list and shape file posted on web by FO and SO

Protest Period

(Gantt Chart Task 20)



- ✓ 30-Day protest period begins (Protests may be submitted by mail or fax provided they are received prior to deadline e-mailed protests will not be accepted)
- ✓ Properly submitted protests will be posted on the BLM website after the protest deadline
- ✓ Protest period followed by 60 day sale prep and protest response (COSO responds with FO input)
- ✓ Protest responses will be posted on the COSO BLM website upon completion



Sale

(Gantt Chart Tasks 21-22)



- ✓ FONSI and Decision Record signed day before sale by DSD of Lands and Minerals
- ✓ Protests resolved prior to sale
- ✓ Day of Sale – Announcement of any un-resolved protests will be made prior to the auction
- ✓ Leases will not be issued until protests are resolved
- ✓ COSO posts sale results by the following Monday (sent electronically to FOs, etc. and posted on BLM website)
- ✓ Leases issued within 60 days of sale

COLORADO STATE OFFICE LEASE SALE CONTACTS



Jerry Strahan	Branch Chief of Fluid Minerals	303-239-3753
Karen Zurek	Supervisory Land Law Examiner	303-239-3795
Kristian Lee	Land Law Examiner	303-239-3786
Sharon Sales	Land Law Examiner	303-239-3987
Rebecca Skinner	Land Law Examiner	303-239-3780
Jim Rhett	Natural Resource Specialist	COSO: 303-239-3749
		Monte Vista: 719-852-6259
Ken Couture	Administrative Support Assistant	303-239-3771

Questions?





III. Master Leasing Plans

When the following **criteria** are met:

- ✓ Substantial unleased lands.
- ✓ Majority Federal mineral interest .
- ✓ Industry interest in leasing and Potential for oil and gas confirmed by a discovery.
- ✓ Likely resource conflicts if oil and gas development were to occur.
- ✓ Or... “Under other circumstances at the discretion of the Field Manager, District, Manager, or State Director.”