

RECORD OF DECISION
FOR
LEASING OF FEDERAL OIL AND GAS ESTATE
ON THE
U.S. DEPARTMENT OF AGRICULTURE, FOREST SERVICE'S
HURON-MANISTEE NATIONAL FORESTS
NEWAYGO COUNTY, MICHIGAN
NEPA #DOI-ES-030-2013-0008

BUREAU OF LAND MANAGEMENT-EASTERN STATES



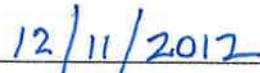
Preparer Signature
Physical Scientist
Northeastern States Field Office
Mineral Resources Division



Date



Reviewer Signature
Environmental Planner/Coordinator
Northeastern states Field Office
Lands and Renewable Resources Division



Date

DECISION:

It is my decision to offer for lease the 75% U.S. oil and gas interest in 440 acres of the U.S. Department of Agriculture, Forest Service's Huron-Manistee National Forests (HMNF) in Newaygo County, Michigan. In a letter dated November 16, 2012, the Forest Service authorized leasing the U.S. mineral interest in these lands, which were requested in pre-sale lease offer MIES 38349, designated Expression of Interest (EOI) 010. The Forest Service authorization applies only to the U.S. oil and gas interest under Forest Service surface.

The 440 acres is configured as one lease parcel and will be offered for lease subject to the Bureau of Land Management (BLM) standard lease terms, the Forest Service Standard Lease Stipulations for the HMNF, and the Forest Service Lease Stipulations and Lease Notices as identified in the authorization letter. Attachment 1 to this Record of Decision (ROD) is a copy of the Forest Service's authorization package. The package includes the authorization letter, Title Report Request, Worksheets for Deed Examination that indicates the lands available, lease parcel list, Standard Lease Stipulations for the HMNF, list of Lease Stipulations and Lease Notices for the parcel, a map of the lease parcel showing areas affected by the Lease Stipulations, and copies of the deeds.

With the authorization package, the Forest Service provided a copy of an Additional Information Letter that addresses the Forest Service's review of available information regarding the Antrim, Utica, and Collingwood Formations. The Forest Service concluded that there is no new information or circumstances that would warrant additional environmental analysis prior to authorizing leasing.

It is anticipated that this parcel will be offered on the June 20, 2013, Eastern States Oil and Gas Lease Sale, subject to BLM standard lease terms, the Forest Service Standard Lease Stipulations for the HMNF, and the Forest Service Lease Stipulations and Lease Notices as identified in the authorization letter.

ALTERNATIVES:

In 2006, the Forest Service finalized an Environmental Impact Statement (EIS) for revision of the HMNF's 1986 Land and Resource Management Plan (Forest Plan), as amended. The EIS describes a range of alternatives, documents the effects of implementing various management options, provides the basis for determining what changes will be made to the Forest Plan, and evaluates the effects of implementing the revised Forest Plan. The BLM-Eastern States (BLM-ES) was a cooperating agency in preparation of this EIS, which allows the BLM-ES to base the decision to offer a lease on the EIS, as set forth in the National Environmental Policy Act (NEPA) implementing regulations at 40 CFR 5106.3. The final EIS (FEIS) is a companion document to the revised Forest Plan.

The Forest Service used the Forest Plan revision process to accomplish the following in regard to oil and gas resources:

- 1) Establish desired conditions, goals and objectives for oil and gas resources.
- 2) Incorporate regulatory requirements of the Federal Onshore Oil and Gas Leasing Reform

Act (FOOGLRA) of 1987 into the Forest Plan by developing and analyzing a programmatic Reasonably Foreseeable Development Scenario (RFDS) for oil and gas leasing and development for the next 10 to 15 years (prepared in cooperation with the BLM-ES, Northeastern States Field Office).

3) Identify National Forest System lands that may be considered administratively available for leasing and if available, under what conditions, as well as identify those lands that are not available.

The HMNF considered and evaluated three alternatives (A, B, and C) in detail and considered, but dismissed from further consideration, seven alternatives, one of which was “No Mineral Leasing”. The Forest Service found “No Mineral Leasing” to be inconsistent with current Forest Plan direction and the agency mineral policy. Alternative A was the “No action” alternative, e.g. the current management allocations, activities, and management direction within the 1986 Forest Plan, as amended, would continue. Alternatives B and C were developed to provide a range of choices for addressing the revision topics and issues. In regard to oil and gas, Alternative B activities were the same as Alternative A, except that the Forest Service conducted an analysis of a RFDS for oil and gas, as required by FOOGLRA of 1987, and identified conditions under which National Forest System lands may be considered for oil and gas leasing. Alternative C was similar to B, with certain exceptions, none of which relate to oil and gas. All alternatives adhered to the concepts of multiple-use and ecosystem management.

The evaluation of alternatives in the FEIS provided an adequate basis for identifying the one alternative that came closest to maximizing net public benefits, while providing adequate environmental protection for surface and subsurface resources. On March 20, 2006, the Regional Forester signed a ROD for the selection of the HMNF’s 2006 Forest Plan which entirely replaces the 1986 Forest Plan and its subsequent twenty-five Amendments. The Regional Forester selected Alternative B, as modified, in the FEIS as the 2006 Forest Plan for the HMNF. Alternative B, as modified, falls within the range of alternatives between B and C and reflects a balance based on the extensive public comments received on the Proposed Revised Forest Plan and Draft EIS. Alternative B, as modified, is also the environmentally preferred alternative.

The analysis documented in the FEIS served as the basis for the Forest Service’s “availability” decision for leasing that was made in the Forest Service’s ROD. Under the 2006 Forest Plan, the HMNF lands are, in general, open to mineral exploration. The only lands statutorily withdrawn from oil and gas leasing are the Nordhouse Dunes Wilderness Area; no lands are administratively unavailable for oil and gas leasing; and all other lands are considered to be available with specified Forest Plan Standards and Guidelines. Exploration, development, production of mineral and energy resources and reclamation activities are considered to be part of the Forest Service’s management responsibilities.

There are approximately 480,000 acres of federally owned oil and gas development rights on the HMNF, including the 440 acres addressed in this ROD. The remaining acreage of federal surface has private or state held oil and gas development rights. Under the 2006 Forest Plan, 969,727 acres of federally owned surface would be available for mineral leasing. This includes the 480,000 acres

of federally owned subsurface rights. For each Management Area on the HMNF, the Forest Plan Standards and Guidelines identify restrictions that must be applied to protect resource values should Federal oil and gas leasing occur. These restrictions include no surface occupancy, controlled surface use, and timing limitations.

The Forest-wide Standards and Guidelines state “Department of Agriculture consent for leasing of Federal oil and gas on specific lands will be made following review/validation of the assumptions and analysis in the Forest Plan Environmental Impact Statement, verification that there are no changed conditions, and documentation of compliance with 36 CFR 228.102. The Forests’ leasing recommendation to the Regional Office will include Standards and Guidelines as required lease stipulations/notices.” (2800 Minerals and Geology (2800), I. Minerals-General, B. 1.)

MITIGATION AND MONITORING:

The BLM will offer a lease subject to the BLM standard lease terms, the Forest Service Standard Lease Stipulations for the HMNF, and Lease Stipulations and Lease Notices provided in the lease authorization letter. The Forest Service developed both Forest-wide and Management Area-specific Standards and Guidelines as a part of the environmentally preferable alternative in the FEIS. The Forest Service reviewed the proposed lease parcel and selected Standards and Guidelines to be applied as Lease Stipulations and Lease Notices based on resource values present on the lease parcel.

The FOOGLRA of 1987 granted the Forest Service authority to approve the surface use program for an Application for Permit to Drill (APD) on a Federal oil and gas lease, while the BLM has authority to approve the drilling program for an APD. Assuming a lease is issued, the Forest Service will evaluate surface use proposals for conformance with the Forest Service Standard Lease Stipulations for the HMNF and Lease Stipulations and Lease Notices. The BLM will evaluate proposed drilling operations for conformance with the BLM lease terms, regulations and standards. As appropriate, the Forest Service and the BLM will document the analysis of impacts for site-specific operations and development of site-specific mitigation measures in a joint NEPA document. The Forest Service and the BLM would jointly administer the operations during the life of the project with inspections by BLM and Forest Service field personnel at various stages to assure that mitigation measures outlined in the lease and the specific operational proposals are being carried out.

If the expected development exceeds the RFDS of the FEIS, and/or could result in significant cumulative effects not discussed in the FEIS, a supplemental EIS may need to be done.

PUBLIC INVOLVEMENT:

The HMNF implemented a thorough and active public participation campaign throughout the planning process. The process began in the mid 1990’s with the “Need for Change” process. This process temporarily ceased due to a legislative mandate that no additional plan revisions be initiated until a new planning rule was implemented. Input received during the mid-1990’s effort was considered when the plan revision process resumed in 2002. The HMNF utilized a variety of public involvement tools and methods including public meetings, open houses, newsletters, news

releases, and meetings with specific special interest groups when requested.

Public meetings were held in October and November 2002 and again in February 2003. After the Notice of Intent was published in the Federal Register on September 18, 2003, the HMNF held 10 open houses throughout the state. Following the March 18, 2005 Notice of Availability of the Draft EIS and Proposed Revised Forest Plan, the HMNF held a series of eight open house meetings throughout the State. Roughly 350 copies of the Draft EIS and Proposed Revised Forest Plan were distributed in print or CD ROM format. Notification was also provided to roughly 1,450 individuals on the HMNF mailing list indicating these documents could be viewed on the HMNF website. During the 3-month public comment period following the March 18, 2005 release of the draft documents, the HMNF received roughly 1,650 pieces of mail (letters, postcards, e-mails). Comments were from individuals, organizations, and all levels of government, including tribal governments.

RATIONALE:

Factors on which I have based my decision include:

- 1) The Forest Service authorized oil and gas leasing following completion of a FEIS that fully disclosed to the public the potential impacts to the HMNF of a RFDS under three alternatives. The Forest Service chose to implement the environmentally preferred alternative (Alternative B, as modified).
- 2) Prior to authorizing leasing the lands, the HMNF validated that leasing was adequately analyzed in the FEIS and is consistent with the Forest Plan. The Forest Service provided the BLM an Additional Information Letter that addresses the Forest Service's review of available information regarding the Antrim, Utica, and Collingwood Formations and the conclusion that there is no new information or circumstances that would warrant additional environmental analysis prior to authorizing leasing.
- 3) The HMNF reviewed the requested lands and verified which Forest Plan Standards and Guidelines must be applied as Lease Stipulations and Lease Notices for protection of resource values. The stipulations include no surface occupancy and controlled surface use. These restrictions are specified in the November 16, 2012 authorization package.
- 4) The Federal government has a policy of fostering and encouraging private enterprise in the development of a stable domestic minerals industry and the orderly and economic development of domestic resources (Mining and Minerals Policy Act of 1970). The BLM's 2008 Energy and Mineral Policy reflects this policy in stating "The BLM actively encourages private industry development of public land energy and mineral resources, and promotes practices and technology that least impact natural and human resources."
- 5) The BLM's Energy and Mineral Policy further states "BLM...multiple-use management decisions will recognize that energy and mineral development can occur concurrently or sequentially with other resource uses, providing that appropriate stipulations or conditions of approval are incorporated into authorizations to prevent unnecessary or undue degradation, reduce environmental impacts, and prevent a jeopardy opinion."
- 6) Objectives of the Forest Service's Minerals Program Policy include facilitating the orderly exploration, development, and production of mineral and energy resources within the National Forest System on lands open to these activities and ensuring that exploration,

development, and production of mineral and energy resources are conducted in an environmentally sensitive manner and integrated with the planning and management of other resources using the principles of ecosystem management.

- 7) This decision is consistent with the BLM policy of making mineral resources available for leasing and development while protecting both surface and subsurface resources, and complies with coordination requirements and responsibilities of the FOOGLRA of 1987 and Energy Policy Act of 2005.
- 8) The decision to offer and issue a lease, subject to the BLM standard lease terms, the Forest Service Standard Lease Stipulations for the HMNF, and Lease Stipulations and Lease Notices, as provided in the November 16, 2012 authorization package, will not result in any undue or unnecessary environmental degradation nor require preparation of a statement of adverse energy impacts.

Approving Official:

Tony J. Kenell

 Deputy State Director
 Division of Natural Resources

6-12-13

 Date

Assoc State Dir.