

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Montana State Office

5001 Southgate Drive

Billings, Montana 59101-4669

<http://www.mt.blm.gov/mt>

In Reply To:

3160 (922.JA) P
2800, 2880

July 6, 2007

EMAIL TRANSMISSION - 7/6/07

Instruction Memorandum No. MT-2007-060

Expires: 9/30/08

To: Field Managers

From: State Director

Subject: Onshore Oil and Gas Operations, Approval of Operations

Program Area: Oil and Gas Operations; Lands and Realty (energy-related Rights-of-Way)

Purpose: These instructions are being issued to clarify specific points and provide guidance for the use of Onshore Oil and Gas Order Number 1 (Order), Approval of Operations, which was issued March 7, 2007, effective May 7, 2007, Federal Register (FR), Volume 72, No.44, pages 10308-38. This order supersedes the existing Onshore Oil and Gas Order Number 1 dated October 21, 1983.

Policy/Action: Field Offices are directed to follow existing regulations, primarily at 43 CFR 3162.3 and 43 CFR 3162.5., the Order, Instruction Memorandum (IM) MT-2006-038, Washington Office (WO) IM No. 2003-131, WO IM No. 2007-021, WO IM No. 2007-115, and this IM. Existing regulations must be followed if any discrepancies exist between guidance and the regulations, including this Order (e.g., the Order modifies some of the guidance in WO IM No. 2003-131).

1. COMPONENTS OF A COMPLETE APD AND PROCESSING APDS

The Order includes some changes for its definition of a complete APD, processing steps, and timeframes. The following summarizes these changes and provides references to the applicable section of the Order.

The Order replaces the term "Technically and Administratively Complete APD" with "Complete APD." The definition of a complete APD has been modified substantially in two ways. First, the Order requires an onsite inspection conducted jointly by the BLM (and the Forest Service (FS) if appropriate) and the operator be completed before the BLM considers an APD package complete (see Section III.D.7., Components of a Complete APD Package, Onsite Inspection, page 10333).

The Order also excludes inventories and NEPA documentation from the definition of a complete APD. Inventories are not necessary for a complete APD and are not required before the onsite inspection. The operator may voluntarily provide cultural and wildlife survey data, or NEPA documentation, but the responsibility to comply with NEPA, Endangered Species Act, National

Historic Preservation Act, and other requirements is the responsibility of the agencies and therefore, is not a requirement of the applicant.

However, resource concerns and the need for inventories should be discussed with the applicant early in the process. The BLM may require the applicant to conduct surveys or otherwise provide information needed for the BLM's National Historic Preservation Act consultation with the State Historic Preservation Officer or Indian tribe or its Endangered Species Act consultation requirements under the provisions of the lease terms (see Section 6 of form 3100-11). If the need for an inventory is the reason an APD can not be approved 30 days after a complete APD is filed, such reasons must be documented in the 30-day notification letter sent to the applicant as required by Section 366 of the Energy Policy Act of 2005.

Notice of Staking Option, page 10330, Section III.C.

A Sample Format for the information required for the Notice of Staking (NOS) option is included with the Order. The most significant change concerning content of the NOS is a requirement to include the bottom-hole location for directional or horizontal wells with the NOS.

Complete staking is not required for the NOS option. Staking requirements are included in this section. This section also includes a regulatory timeframe (10 days) for the BLM to review the NOS and schedule an onsite inspection.

Three other important requirements for the BLM are described in this section of the Order. The BLM must invite other surface managing agency representatives or private surface owners to the onsite inspection. The BLM must provide a list of resource concerns that need to be addressed in the APD to the operator at the onsite inspection or within 7 days of the onsite inspection. Finally, the order provides the operator a period of 60 days from the onsite inspection to file an APD. If this requirement is not followed, the NOS must be returned to the operator.

Components of a Complete APD Package, Well Plat, page 10330 and 10331, Section III.D.2.

The Order requires geospatial data for the well plat showing the proposed well location (see Section III.D.2., Components of a Complete APD Package, Well Plat, page 10330). This provision is included to assure the well is accurately located in relation to lease boundaries. This data should be entered into the appropriate oil and gas data base in your office during your 10-day review of an APD, or upon receipt of corrections related to the proposed well location. Specific content requirements for this data are provided on page 10330.

A BLM work team has been formed to develop additional guidance for submitting and managing geospatial data. The primary objective of this effort is to provide assistance to BLM Field Offices and industry for the required and optional geospatial data submissions. Allen Ollila, with the North Dakota Field Office, is the MSO representative on this work team. We anticipate products from this team will be provided to the field directly from the WO. You should contact the Branch of Fluid Minerals (MT 922) if questions arise

concerning submittal or management of geospatial data before further guidance is developed.

The Order clarifies contact requirements for access arrangements before surveying and staking on tribal or allotted lands (individually owned land). This is not a new requirement and is consistent with existing practice and regulations for Rights-of-Way over Indian lands found at 25 CFR part 169.

Components of a Complete APD Package, Drilling Plan, page 10331, Section III.D.3.

The former 8-point Drilling Program (also referred to as the Subsurface Use Plan) is replaced with a 9-point Drilling Plan. A new requirement in the final rule requires the operator to address the type and amount of cement to be used in setting each casing string (paragraph e).

New language is also included in paragraph (d):

"The operator must include the minimum design criteria, including casing loading assumptions and corresponding safety factors for burst, collapse, and tensions (body yield, and joint strength)".

Paragraphs (f) and (i) also include more details concerning requirements for proposed circulating mediums and other facets of the proposed operations (e.g., directional drilling, coil tubing operations).

Components of a Complete APD Package, Surface Use Plan of Operations, page 10331 and 10332, Section III.D.4.

The Order replaces the former 13-point Surface Use Program (or Plan) with a 12-point Surface Use Plan of Operations. "Operator Certification" is a separate component of the APD (see Section III.D.6., Operator Certification, page 10333). The Order makes it clear that the Operator Certification covers the entire APD package and not just the Surface Use Plan of Operations. The Order also includes a requirement for agents not directly employed by the operator to demonstrate they are authorized to act on behalf of the operator.

Best Management Practices (BMPs) are clarified as voluntary measures unless they are analyzed during the review process as a mitigation measure and included as Conditions of Approval. The Order encourages operators to use BMPs when developing their APDs. The effectiveness of BMPs, potential increased operating costs, and the availability of less restrictive mitigation options that accomplish the same objective should be considered when determining whether or not Conditions of Approval are necessary to mitigate environmental, cultural, or social impacts. As directed by WO IM No. 2007-021,

"All Field Offices shall incorporate appropriate environmental BMPs into proposed Application for Permits to Drill (APD), sundry notices, and associated on-and off-lease Rights-of-Way approvals after appropriate environmental review."

Notable changes include:

A requirement to provide a reasonable estimate of the use of existing and/or proposed production facilities, when the operator chooses to defer submission of such information until a production well is completed (paragraph d). It is important to ensure the location of all production facilities and lines likely to be used or installed if the well is successfully completed are provided by the operator, regardless of the time such information is provided, including any cases where the operator chooses to utilize the "reasonable estimate" option described above. A reasonable estimate of production facilities should include: 1) the location of such facilities; 2) the type and size of storage vessels and production facilities; 3) length, capacity, and size of pipelines and power lines; and 4) installation methods for pipelines and power lines.

Information submitted may be used by the BLM or the FS for Rights-of-Way or Special Use Authorization application information. Although the Order only specifies the link between information provided under this Section and Rights-of-Way or Special Use Authorization application information under paragraphs (a), (d) and (h), information submitted under paragraphs (b), (e) and (f) may also be used for such purposes.

When an integrated pest management program is needed for weed or insect control, the operator must coordinate plans with state or local management agencies and include the pest management program in the Surface Use Plan of Operations (paragraph l).

Paragraphs (a), (b), (i), and (j) also include more details concerning requirements for existing roads, new or reconstructed access roads, the well site layout, and plans for surface reclamation.

Components of a Complete APD Package, Bonding, page 10333, Section III.D.5.

This section includes provisions from current regulations at 43 CFR subpart 3104 and Washington Office IM 2006-206. Forest Service and Bureau of Indian Affairs (BIA) regulations for bonding are also described in part or referenced. The most notable regulatory changes are consistent with policy previously described in IM 2006-206. The Order clarifies the BLM's authority under 43 CFR 3104.5 to require an additional bond to be applied to off-lease facilities that are required to develop a lease, such as the large impoundments being created in Wyoming for water produced from Federal and non-Federal coal bed natural gas wells. Provisions for decreasing individual lease bonds are also included in this section.

The need to require additional bonds for off-lease facilities has not been identified as an issue in Montana or the Dakotas. Operators are not using large impoundments for managing produced water from Federal coal bed natural gas wells in the Montana portion of the Powder River Basin at this time. We request you contact the Branch of Fluid Minerals (MT 922) if questions arise concerning the need to require an additional bond for off-lease facilities or to discuss how bond amounts for off-lease facilities should be determined.

APD Posting and Processing, Posting, page 10333 and 10334, Section III.E.1.

This section includes existing requirements for posting APDs and NOSs and new criteria for reposting. The Order includes some discretion concerning the need to repost an APD or NOS. However, you should implement the provisions

for considering **reposting** in the following manner, regardless of the reason why a proposed location is moved.

- If a proposed location is moved to a different quarter-quarter section, the APD must be reposted.
- For lands that do not have a Public Land Survey, proposed locations that are moved 660 feet or more may be reposted. The 660-foot criterion is used because a well at the center of a quarter-quarter section that is moved 660 feet will by definition be in a different quarter-quarter section. You should consider the nature of the move in this situation and the "substantial" provision of this section of the Order to determine if the proposal must be reposted.
- A proposal must be reposted if you determine that a move is substantial and essentially a new proposal based on your review of the case and site specific circumstances.

APD Posting and Processing, Processing, page 10334, Section III.E.2.

Section 366 of the Energy Policy Act of 2005 sets steps and time requirements for processing APDs. The Order has been revised to be consistent with section 366 requirements and the Reform Act. Days are defined as all calendar days to eliminate any question about processing timeframes. Details concerning processing timeframes are described in WO IM No. 2007-115. This memorandum stresses the importance of the onsite inspection as the time to confirm the APD is complete and accurate, and to identify additional deficiencies discovered during the onsite inspection. All resource concerns should be identified either before or during the onsite to meet the intent of the Order and the Energy Policy Act of 2005.

The most critical aspect of the processing time requirements involve the actions the BLM must complete 30 days after the operator has submitted a complete application, including incorporating any changes required as a result of the onsite inspection. The BLM must:

- Approve the APD;
- Notify the applicant that the BLM is deferring action on the APD and:
 - (1) Any actions that the operator can take to get approval; and (2) What steps, such as National Environmental Policy Act (NEPA) or other regulatory compliance, remain to be completed and the schedule for completion of these requirements; or
- Deny the APD.

If the FS has not approved a Surface Use Plan of Operations (SUPO), the BLM must provide notice within the 30-day period that action on the APD will be deferred until the FS completes action on the SUPO. This section also directs the FS to notify the applicant of any action that could be taken to enable the FS to issue a final decision on the SUPO. Your office should develop procedures with the local FS Office to address this situation and eliminate duplicate work efforts and documentation.

Denial of an APD is not mentioned in Section 366 (2) of the Energy Policy Act, but it is authorized by the Reform Act which added subsection (g) to 30 U.S.C. 226. This subsection of the Mineral Leasing Act states that no drilling permit may be issued unless the appropriate Secretary approves the surface disturbing activities. This addition to the requirements of the Order restates the present authority to deny a permit in 43 CFR 3162.3-1(h). As stated in WO IM No. 2007-115, any decision to deny a permit 30 days after it is complete must be discussed with this Office (MT 922) to obtain concurrence from the State Director.

The timeframes established in this section apply to both individual APDs and to the multiple APDs included in a Master Development Plan. Time limits established in Section 366 of the Act are amendments to the Mineral Leasing Act and, therefore, do not apply to Indian leases. However, the Order clearly requires the same time limits and processing steps for Indian leases.

Approval of APDs, page 10334 and 10335, Section III.F.

Our existing MOU for implementing oil and gas operations on Indian lands with the BIA continues to be effective and remains consistent with the provisions of this Order. This MOU identifies the BIA as the responsible agency for preparing NEPA analysis for oil and gas well proposals. If the BIA is unable to prepare such analysis, BLM is ultimately responsible. This responsibility is described in this section of the Order.

"The BLM has the lead responsibility for completing the environmental review process, except in the case of NFS lands."

A new provision in this section of the Order requires the BLM to establish terms and Conditions of Approval for any associated Rights-of-Way when the APD is approved.

2. NATIONAL FOREST SYSTEM (NFS) LANDS

Where NFS lands are involved, a SUPO, included in an APD, is now approved by the FS. The FS also approves surface disturbing aspects of related and subsequent operations.

In summary, the BLM may not approve an APD until the FS has approved the SUPO or until the appeal of the SUPO is resolved, and FS decisions concerning use of National Forest System (NFS) lands may be subject to appeal under its appeal procedures found at 36 CFR parts 215 and 251. In all cases operator notification and filing requirements for activities on NSF lands must include the FS in the process.

The provisions of the Order do not change existing policy concerning National Environmental Policy Act (NEPA) documentation for APDs on lands administered by other agencies, including the FS. Although the FS has the responsibility for completing NEPA, the BLM will still need to adopt the analysis completed by the FS in any decision document completed for APDs on NFS lands. Therefore, you must independently evaluate other agency NEPA documents that are prepared for portions of APDs that are eventually approved by the BLM, including documents prepared by the FS. This evaluation shall be included in the record and the results of this review should be documented in the combined FONSI/decision record, or Record of Decision (ROD) (BLM Manual, H-

1790-1 at III-6, III-8). These requirements will also apply to APDs on Indian lands and NEPA documentation prepared by the BIA (see Sections III.F, Approval of APDs, pages 10334 and 10335). Your office should work with the BIA or contractors working on behalf of the BIA early in the process to insure NEPA documents meet BLM standards. A single NEPA document should be prepared, to the extent possible, for all aspects of the APD.

According to the requirements of the Order, BLM is ultimately responsible for notifying the operator and making decisions on matters directly related to the SUPO (e.g., whether or not an APD is complete within 10 days of receiving an application, granting a waiver, exception, or modification), even though the Order also clearly identifies the FS as the responsible agency for the SUPO portion of the APD on NFS lands. We strongly encourage you to work out local procedures with the FS to insure these types of notifications and decisions are completed in a timely manner while eliminating any unnecessary duplication of work efforts or documentation.

The authority delegated to the FS under the Mineral Leasing Act (30 U.S.C. 226(g)) as amended by the Reform Act is emphasized in many portions of the Order. Important provisions regarding operations on NFS lands are included on the following pages and sections.

- Page 10329-Authority
- Page 10332-Surface Use Plan of Operations
- Page 10333-Bonding
- Page 10334-APD Posting and Processing
- Page 10334-Approval of APDs
- Page 10335-General Operating Requirements
- Page 10336-Rights-of-Way and Special Use Authorizations
- Page 10336-Operating on Lands With Non-Federal Surface and Federal Oil and Gas
- Page 10337-Waivers, Exceptions, or Modifications
- Page 10338-Abandonment
- Page 10338-Appeal Procedures

3. OPERATING ON SPLIT ESTATE LANDS

The Order defines a Private Surface Owner as a non-Federal or non-State owner of the surface estate and includes any Indian owner of surface estate not held in trust by the United States. This definition and other relevant parts of the Order effectively apply the provisions for split estate lands, including for the purposes of bonding in lieu of surface owner agreement, to cases where the surface is held in unrestricted fee status by an Indian owner or the action is proposed on Indian leases with a different beneficial owner than the minerals (see Section VII.B., Leases for Indian Oil and Gas, Surface Use, page 10337). **When tribal lands are held in trust or are subject to Federal restrictions against alienation, the BIA is the Surface Managing Agency. If lands are held in unrestricted fee, those lands are treated the same as private surface.**

Operating on Lands With Non-Federal Surface and Federal Oil and Gas, page 10336, Section VI.

This section discusses the requirements and procedures for operating on split estate lands. An important aspect of these requirements involves contacting private surface owners at various stages and working with the surface owner to consider their concerns during the drilling, operation and abandonment phases of oil and gas operations. Specific requirements for working with the surface owner are found in various locations within the Order. Attachment 1 summarizes these requirements with references to the applicable portion of the Order. Attachment 1 also includes additional guidance to meet the intent of the Order in the column titled "Clarification".

The same notification requirements included in Attachment 1 are also applicable to situations where a Surface Managing Agency other than the FS is involved, including the BIA for tribal or allotted lands held in trust. As previously stated, operations on NFS lands are treated differently because of the unique authorities delegated to the FS as a result of the Reform Act.

The Order makes it clear that split estate lands include those having Indian trust surface and Federal minerals. It also explains that the operator is required to address split estate surface use related issues with the tribe in the case of tribally owned surface, or with Indian surface owners and the BIA when Indian trust lands involve individual Indian owner(s).

Existing guidance uses the Stock Raising Homestead Act standard to define the scope of damages that need to be covered by a bond for the surface owner's benefit when a good faith effort to reach an agreement fails (see IM WO-2003-131). The Order modifies existing guidance and states the amount of such a bond must be a minimum of \$1,000 and be sufficient to: 1) pay for loss or damages; or 2) comply with the provisions of the law that reserved the mineral estate. We have found cases with patents under other statutes besides the Stock Raising Homestead Act and recommend patent research or contacting the Branch of Fluid Minerals (MT 922) if you plan to discuss a specific proposal and the need for a surface owner bond with either operators or surface owners.

4. OTHER IMPORTANT REGULATORY PROVISIONS AND CHANGES

The following summarizes other changes and requirements worth noting for implementing the Order and provides references to the applicable section of the Order.

Scope, page 10329, Section I.C.

This section was changed in response to comments on the proposed rule regarding the applicability of the order to operations with no federal interests (i.e., surface or minerals). The Order only requires the operator to submit copies of state approved permits for non-Federal wells within units or communitized areas. These provisions are consistent with existing policy. Instruction Memorandum MT-88-289 provides more details concerning the type of state approved permits and other reports that should be submitted to BLM for operations of non-Federal wells within units and communitized areas. The preamble clarifies the applicability of the Order to activity on state and private lands and states it is not appropriate for the BLM or the FS to exercise authority over surface operations conducted on private and state owned lands just because those lands are contained within a unit or communitized area.

Valid Period of Approved APD, page 10335, Section III.G.

The Order allows an APD to be valid for 2 years with an option to extend for an additional 2 years.

Master Development Plans, page 10335, Section III.H.

The Order establishes a new approval process for Master Development Plans. An operator uses this process to submit plans for field development of a multiple well program.

General Operating Requirements, page 10335, Section IV.

The operator can not commence either drilling operations or preliminary construction activities before the BLM's approval of the APD.

Drilling without approval or causing surface disturbance without approval is a violation of 43 CFR 3162.3-1(c) and is subject to a monetary assessment under 43 CFR 3163.1(b)(2). However, the monetary assessment provisions at this section of the regulations only apply to drilling without approval and surface disturbance of Federal or Indian surface preliminary to drilling without approval.

This section of the Order includes operating requirements related to cultural and historic resources for operators. However, this section also includes a notification requirement for BLM or FS to inform the operator within 7 days concerning the eligibility of materials uncovered during construction activity.

Provisions for actions in the event of an emergency during construction and drilling operations are included in this section, including a discussion of actions that can be taken without prior approval and reporting requirements.

A new provision is included that permits the submittal of well logs in an electronic format as part of the completion reports. You should follow the data management procedures outlined in Attachment 2. In addition, an informational notice should also be provided to operators upon approval of any Federal APD. This information notice should encourage the Lessees or Operators of Federal wells to provide the BLM with a copy of all well logs in an electronic file format (.las, .lis, .tif, etc.) in lieu of submitting paper copies of well logs. However, this shall not apply if the Lessee or Operator indicates compliance with electronic filing requirements would impose an economic hardship.

The following language must be included as an information notice for Federal APDs:

"Pursuant to Onshore Oil and Gas Order No. 1, Section IV, General Operating Requirements, Operator Responsibilities, paragraph (e), Completion Reports, you are encouraged to submit all well logs in an electronic format, such as ".LAS" format, in lieu of providing the BLM with two (2) paper copies of all well logs, as currently required."

Well logs submitted for Indian wells must be properly handled and filed to insure the data is secure.

Rights-of-Way and Special Use Authorizations, page 10336, Section V.

This section describes the requirements for obtaining a Rights-of-Way (BLM) or Special Use Authorization (FS) for activities that are necessary for access, ancillary facilities, or production facilities. The provisions of the Order are essentially consistent with existing policy (see IM MT-2006-038 and BLM 2801 Manual, Rights of Way Management, Release 2-283, dated 2/12/96, Section 2801.32.).

The Order requires the BLM or the FS to notify the operator of the need for a Rights-of-Way, Special Use Authorization or other permit at the time the operator submits an APD, NOS or Sundry Notice, within 10 days of receipt of these applications, or during the onsite inspection. Existing policy requires notification in time to insure review of potential Rights-of-Way and other permit areas during the onsite inspection for oil and gas lease proposals, and to make sure appropriate documents and information are provided to the operator at or before the onsite inspection. We strongly encourage your office to provide notification of the need for associated Rights-of-Way in time to properly review the Rights-of-Way during the onsite inspection conducted for the APD or Sundry Notice.

Leases for Indian Oil and Gas, page 10336 and 10337, Section VII.

This section includes provisions for surface use and requirements for the operator to reach a surface use agreement when a proposal is on Indian lands with a different beneficial owner than the minerals. The surface use agreement must be with the Indian tribe or the individual Indian surface owner(s). Agreements with individual Indian surface owner(s) are subject to BIA approval. If the operator is unable to obtain a surface use agreement, a bond may be provided for the benefit of the surface owner. We are not aware of this type of situation occurring in Montana or the Dakotas and request you contact the Branch of Fluid Minerals (MT 922) if questions arise concerning the need to obtain a bond in lieu of a surface use agreement for any cases involving Indian oil and gas leases.

Subsequent Operations and Sundry Notices, page 10337, Section VIII.

This section describes permitting requirements for operations that occur after the APD has been approved, including changes to the drilling plan. The Order refers to the regulations at 43 CFR part 3160 for most of the actions that require permitting and describes situations involving surface disturbing operations that would need to be permitted. Requirements for permitting the use and/or development of production facilities are also covered in this section because such activities are not always approved as part of the APD package.

Well Conversions, page 10337, Section IX.

This section describes the process of converting an existing well into either an injection well or water well. The Order reinforces existing policy concerning the need for a Surface Managing Agency or private surface owner to assume liability for any well it acquires for water use purposes. Sample water well release forms for documenting assumption of liability are included in BLM Manual 3160-4, Conversion to Water Well, Illustrations 1-5.

Waivers, Exceptions, or Modifications, pages 10337 and 10338, Section XI.

This section supplements 43 CFR 3101.1-4. It requires, at a minimum, posting of waivers, exceptions, or modifications (WEMs) considered substantial for 30 days in the local BLM or FS office. Your office should physically post all substantial lease stipulation WEMs and also include this information on your APD posting web site. In addition, your office should keep a record of all requests for WEMs.

The preamble of the Order provides some discussion to assist the decision maker in a determination concerning whether or not granting a WEM should be considered a substantial change. It states:

"The granting of a waiver, exception, or modification would not be considered substantial if the circumstances warranting a waiver, exception, or modification were prescribed in the planning document and the associated impacts were disclosed in the environmental impact statement for the Resource Management Plan."

After drilling operations have started, the applicant may request BLM to grant a WEM verbally. This type of request must be followed up in writing within 7 days of the verbal request. Verbal approvals granted by BLM and the FS must also be followed up with written confirmation of the approval.

All requests from applicants for WEMs should be reviewed to determine if the request can be treated as a one time exemption for a particular site within the leasehold (i.e., exception) instead of a waiver or modification. Exceptions provide the most flexibility to manage oil and gas leases under changing circumstances. Waivers and modifications can both create a permanent change to the lease contract and potentially less flexibility for future management.

Abandonment, page 10338, Section XII.

The Order defines reclamation as returning disturbed land as near to its predisturbed condition as is reasonably practical. In addition the preamble adds "or as specified in an approved APD" to the definition. This section of the Order also expands the definition by adding

"...plans for surface reclamation...must be designed to return the disturbed area to productive use and to meet the objectives of the land and resource management plan" and

"all pads, pits and roads must be reclaimed to a satisfactorily revegetated, safe and stable condition unless an agreement is made...to keep the road or pad in place".

In conclusion the Order provides general reclamation definitions/standards, and the flexibility to modify reclamation requirements for specific APDs, and/or to meet the objectives of reclamation standards evaluated in an applicable Resource Management Plan. Refer to Chapter 6 of the Gold Book, 4th Edition, for additional reclamation standards and guidelines.

This section describes the requirements for notification of intent to abandon a well and reclaim the site. It describes requirements for providing notice

of intended changes to reclamation plans. Most of this section is consistent with existing regulations and Onshore Oil and Gas Order Number 2 except for the following:

- The Order is the first regulatory package to require the use of a Notice of Intent to Abandon (NIA), a Subsequent Report of Plug and Abandon (SRA), and a Final Abandonment Notice (FAN).
- If an operator makes changes to surface reclamation plans originally approved with the APD such plans must be included in both the NIA and SRA. However, it is not necessary to report these changes in the SRA unless the reclamation plans included with an NIA actually change.
- An NIA must be promptly submitted after BLM provides verbal approval of dry holes, drilling failures or emergency situations. The term promptly submitted is currently quantified in Onshore Oil and Gas Order Number 2 as; "filed not later than the fifth business day following oral approval". Your office should continue to use this filing requirement from Onshore Oil and Gas Order Number 2.

In addition, this section also requires completion of earthwork for interim and final reclamation within 6 months of well completion or well plugging if permitted by weather conditions, pit closure standards, and requirements to complete revegetation efforts within established time frames.

Appeal Procedures, page 10338, Section XIII.

You should continue attaching appeal language (43 CFR part 4 and subpart 3165) to actions approved under the Order. The provisions of this section should not fundamentally change the language you are currently using. Appeal language will need to be modified if you make a decision regarding a WEM request in conjunction with an APD decision because decisions on WEMs are only subject to appeal under 43 CFR part 4 (see Section XI., Waivers, Exceptions, or Modifications, pages 10337 and 10338).

Appeal procedures are substantially different for APDs on NFS lands. The Order includes provisions for appealing a SUPO approved by the FS. It also clarifies that the incorporation of a FS approved SUPO into the approval of an APD is not subject to protest to BLM, or appeal to the IBLA (also see Section 2 of this IM).

Timeframe: Implement immediately.

Budget Impact: Implementation of this policy is expected to provide some savings in staff time and budget associated with approval of oil and gas operations and Rights-of-Way applications in conjunction with oil and gas activities.

Background: The existing order has been in place since 1983. Numerous IMs have been issued to implement the 1983 order. The Washington Office intends to issue supplemental guidance for the implementation of the Order, in addition to IM No. 2007-115. This IM is being prepared to enhance implementation of the Order in response to its issuance and subsequent discussions with WO 310.

Manual/Handbook Sections Affected: BLM 2801 Manual, Rights of Way Management, Release 2-283, dated 2/12/96, Section 2801.32., BLM 2880 Manual, Oil and Natural Gas Pipelines, and BLM 3101-1 Handbook, Issuance of Leases, Release 3-308, dated 2/2/96, Section III.A.

Coordination: Coordination occurred within the Division of Resources and with the Field Offices and WO 310.

Contact: Please direct any questions related to this guidance or the content of the Order to Jim Albano at (406) 896-5111 or Will Lambert at (406) 896-5328.

Signed by: Gene R. Terland

Authenticated by: Kathy Ray (MT-922)

2 Attachments

[1-Onshore Oil and Gas Order Number 1 Private Surface Owner Provisions](#)

(8 pp)

[2-Storage of Digital Well Logs](#) (2 pp)

Distribution w/attm.

Assistant Field Manager, Glasgow Field Station

Assistant Field Manager, Havre Field Station

SOMT