



United States Department of the Interior



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May 24, 2011

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DECISION

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PROTEST DISMISSED

I. INTRODUCTION

On February 9, 2011, a Lease Sale Notice for the May 10, 2011 Competitive Oil and Gas Lease Sale was posted, which initiated a 30-day protest period. An Oil and Gas Leasing Environmental Assessment (EA) updated after a 30-day public comment period and a Montana, North Dakota and South Dakota Climate Change Supplementary Information Report (Climate Change SIR) were made available at the same time as the May Oil and Gas Lease Sale Notice.

By letter to the Bureau of Land Management (BLM) dated March 11, 2011, the Western Environmental Law Center (WELC) submitted a timely protest (Enclosure 1) to the inclusion of all 25 parcels on the lease sale on behalf of the Montana Environmental Information Center, Earthworks' Oil and Gas Accountability Project, and WildEarth Guardians (Climate Hawks).

The competitive oil and gas lease sale was held on May 10, 2011, with a total of 25 parcels being offered. Based on the analysis and recommendations from the Miles City Field Office (MCFO) Manager, a total of 23 BLM parcels in Montana were offered with the proposed stipulations identified in the EA completed for the lease sale. The remaining 2 parcels are located within the boundaries of the Dakota Prairie Grasslands in North Dakota. These 2 parcels were offered based on recommendations from the United States Forest Service (FS) after completion of the required National Environmental Policy Act (NEPA) review and compliance documents.

II. BACKGROUND

On November 29, 2010, the BLM Montana/Dakotas released one EA for a 30-day public comment period. The EA assessed the BLM's decisions to offer parcels for leasing on the

May 2011 lease sale. The WELC provided written comments on the EA by letter dated December 17, 2010. Public comments were incorporated in the EA, and an updated EA was posted on February 9, 2011. A Climate Change SIR was prepared for the BLM by URS Corporation in October 2010. The Climate Change SIR includes detailed greenhouse gas (GHG) emissions inventories, calculations and analysis of potential future oil and gas development, and it was incorporated into the May 2011 Oil and Gas Lease Sale EA by reference.

Chapter 6 of the Climate Change SIR focuses on oil and gas GHG mitigation techniques. Mitigation information includes GHG mitigation programs and plans including the United States Environmental Protection Agency's (EPA) Natural Gas STAR Program, natural gas sector mitigation technologies, oil sector mitigation technologies, and coal bed natural gas well mitigation technologies.

The BLM's decision to offer 25 parcels at the May 10, 2011 lease sale fully complies with the NEPA, Federal Land Policy and Management Act (FLPMA), Mineral Leasing Act (MLA), Clean Air Act (CAA), and with existing BLM policies and regulations. The BLM completed a careful and reasonable review of relevant environmental concerns. The WELC has not demonstrated any clear error of fact or that the BLM's decision is in violation of any laws, nor has the WELC demonstrated any deficiencies in the notice of lease sale or supporting documentation. For these reasons and those set forth in Section III below, the BLM denies this protest and all relief requested.

III. PROTEST ANALYSIS

Protest Summary: The WELC submitted a timely protest March 11, 2011, to the inclusion of all 25 parcels in the May 2011 Oil and Gas Lease Sale. The protest states at the outset that it is their hope that the BLM "take meaningful action to address climate change concerns implicated by BLM's sale and issuance of oil and gas leases for Montana and the Dakotas." The protest further notes that the WELC's comments on the BLM EAs for the December 2010 lease sale parcels dated June 10, 2010, expressed the hope that the BLM "will exercise leadership on the very critical issue of climate change" and that the BLM's leasing decisions presented "an essential opportunity to prevent waste and inefficiencies in the production of federal oil and gas resources and to address the cumulative impacts of large-scale oil and gas development and climate change to our environment." (At page 2)

At page 3 of the protest, the WELC notes that:

"the Government Accountability Office, in GAO Report 11-34 (Oct. 29, 2010), which we provided to BLM with our December 17th comments as an attached exhibit (Exh. 10) concluded on page 19 that 40% of methane currently emitted to atmosphere from BLM-managed oil and gas operations could be captured through cost-effective, off-the-shelf technologies and practices."

This 40 percent figure is based on data from the EPA, supported by information obtained from technology vendors and the GAO's analysis of Western Regional Air Partnership (WRAP) data.

The WRAP data focused on five specific production basins in the mountain west: the Piceance, the Denver-Julesburg and North San Juan Basins in Colorado; the Uinta Basin in eastern Utah; and the South San Juan Basin in northern New Mexico. None of these production basins are similar to oil and gas producing areas in Montana. The basins cited by the protest have been analyzed by the United States Geological Survey (USGS)¹ and the USGS concludes these basins are gas prone. In contrast, the parcels on the lease sale are primarily located in the Williston Basin (also analyzed by the USGS²), an area that is more oil prone.

PROTEST CONTENTIONS AND BLM RESPONSE

A. BLM Failed to Consider Reasonable Alternatives to Reduce GHG Pollution and Protect the Environment in the Face of a Deteriorating Climate

Protest Contention: Part A of the WELC's protest states that they:

“asked BLM to consider two types of alternatives. First, alternatives to reduce GHG pollution and methane waste from oil & gas development. And, second, alternatives to protect and restore ecological resiliency as a way to best withstand climate change impacts.”

The protest states that the BLM has considered neither alternative. It also states “this is unacceptable, eviscerating the "heart" of the environmental review process. 40 C.F.R. 1502.14.” (At page 5)

Rather than simply parrot what has already been asserted in previous comments, the WELC directs the BLM's “attention to pages 3-12 of our December 17th comments which detail our position regarding BLM's duty to consider lease-stage alternatives. In particular, the BLM's refusal to consider GHG pollution and waste alternatives was challenged in the Climate Hawks comments on the basis of ten distinct, independent reasons. *See* Climate Hawks' December 17, 2010 Comments at 8-12.” The protest states that “BLM, however, has apparently determined that it need not respond to these challenges, which is itself legally problematic and suggests that BLM's NEPA reviews are not intended to provide a forum for dialogue with the public but, rather, to simply confirm the agency's predetermined decisions. *See, e.g.*, 40 C.F.R. 1503.4.”

Finally, the protest notes that “BLM's excuses for not considering alternatives related to GHG pollution and waste proffer little more than the same tired shell game that has severely imbalanced multiple use management in favor of oil and gas leasing and development.”

¹ <http://pubs.usgs.gov/fs/fs-147-02/>
<http://pubs.usgs.gov/fs/fs-002-03/>
<http://pubs.usgs.gov/fs/fs-0026-02/>
² <http://pubs.usgs.gov/fs/2008/3092/>

BLM RESPONSE: This protest refers the BLM to comments filed on the leasing EA for the May 2011 competitive oil and gas lease sale. These comments reference the December 2010 lease sale protest in which WELC brought up these same issues.

The BLM considered three alternatives, an adequate range to address the purpose and need of the EA. As summarized from the EA (Section 1.2):

“The purpose of offering parcels for competitive oil and gas leasing is to provide opportunities for private individuals or companies to explore for and develop federal oil and gas resources after receipt of necessary approvals and to sell the oil and gas in public markets.

This action is needed to help meet the energy needs of the people of the United States. By conducting lease sales, the BLM provides for the potential increase of energy reserves for the U.S., a steady source of income and at the same time meets the requirement identified in the Energy Policy Act, Sec. 362(2), Federal Oil and Gas Leasing Reform Act of 1987, and the Mineral Leasing Act of 1920, Sec. 17.

The decision to be made is whether to sell oil and gas leases on the lease parcels identified, and, if so, identify stipulations that would be included with specific lease parcels at the time of lease sale.”

Under the No Action alternative in the EA, the 29 lease parcels under review would not be offered on the May 10, 2011 competitive oil and gas lease sale. Under this alternative, the state and private minerals could still be leased in surrounding areas. There would be no potential for GHG emissions from the 29 lease parcels nominated by industry because the parcels would not be leased at this time.

Under the Proposed Action alternative, the 29 lease parcels would be offered in whole with lease stipulations and/or lease notices from the Big Dry and Powder River RMPs as necessary (Appendix A) for competitive oil and gas lease sale and lease issuance. No lease parcels would be deferred.

Under the BLM Preferred alternative, 23 of the 29 lease parcels would be offered in whole or in part with RMP lease stipulations and/or lease notices as necessary for competitive oil and gas lease sale and lease issuance. For this alternative, seven lease parcels (6 whole, 1 partial) have been found to contain priority sage-grouse habitat and important cultural resource values. Greater sage-grouse conservation areas are being considered in the alternatives as part of the ongoing MCFO RMP planning effort; therefore, six lease parcels (5 whole, 1 partial) would be deferred at this time pending further review and analysis in the current RMP revision process. This would provide for consideration of alternatives in the future RMP planning effort utilizing recent research and updated BLM policies. In addition, the BLM has determined that the lease parcel near a salt lake bed area in or near a potential Traditional Cultural Property (TCP) would require further consultation and coordination with Native American Tribes to adhere to BLM policy. Therefore, one lease parcel would be deferred pending further review and analysis for

Native American concerns. The projected GHG emissions would be about 50 percent less than the GHG emissions estimated for the proposed action alternative.

The terms and conditions of the standard federal lease and federal regulations would apply to each parcel offered for sale in each of the two alternatives allowing leasing. Identified stipulations would be included with parcels offered for sale. Standard operating procedures for oil and gas operations on federal leases include measures to protect the environment and resources such as groundwater, air, wildlife, historical and prehistorical concerns and others as mentioned in the Big Dry and Powder River RMPs and 2008 Final Supplement to the Montana Statewide Oil and Gas EIS and Proposed Amendment of the Powder River and Billings RMPs. Conditions of Approval (COAs) would be attached to post leasing permits to address site-specific concerns or new information. Standard operating procedures, best management practices (BMPs), COAs and lease stipulations can change and be modified over time to meet RMP objectives, resource needs or land use compatibility.

The BLM considered GHG emissions-reducing technologies and practices recommended by the WELC, and appropriately identified these practices as mitigation to reduce estimated, potential GHG emissions that may occur from the proposed action. The EA and Climate Change SIR, Section 6.0 identify mitigation measures to reduce GHG emissions should techniques and practices be appropriate at the development stage. Mitigation identified in the analysis adequately addresses the resource concerns (EA at Section 4.3.3.2 and 4.4.3.3.).

After consideration of public comments, the EA and Climate Change SIR (section 6.5) were updated to include an analysis of applying mitigation measures to demonstrate the effectiveness of GHG emissions reduction methods. In an effort to disclose potential future GHG emissions reductions that might be feasible, the BLM estimated GHG emissions reductions based on the Reasonably Foreseeable Development (RFD) scenario for the MCFO. The BLM estimated projected annual emissions of GHGs associated with oil and gas exploration and development activity in the MCFO area at 610,741.1 metric tons/year of CO₂e. Further analysis indicated that emissions of 2,379.9 metric tons/year of CO₂e could be expected, if all parcels analyzed in Alternative B were leased, and 1,221.5 metric tons/year of CO₂e, if the parcels within Alternative C were to be developed.

For emissions sources subject to BLM (federal) jurisdiction, the estimated emissions reduction represent approximately 51 percent reduction in total GHG emissions compared to the estimated MCFO federal GHG emissions inventory (Climate Change SIR, as updated October 2010, Section 6.5 and Table 6-3). The largest potential GHG emission reductions are estimated from electrification of compressors, stringent GHG emission controls on glycol dehydrators, and capture of GHGs from oil storage tanks.

The emissions-reducing technologies and practices are identified as mitigation measures that could be imposed during development. (Note: except for the light-duty vehicle GHG emission standards, no federal or state regulations mandate these GHG emissions reductions at this time.) Identifying mitigation at the development stage, based on site-specific conditions, allows the agency to be adaptive and responsive; thereby, allowing the BLM to be consistent with the goals

and objectives identified in regional action plans (as well as pending changes in regulations and policies) aimed at reduction targets for GHG emissions. Currently, the BLM is preparing a new Onshore Oil and Gas Order (Order) that will require changes in oil and gas operations and would set new standards to manage vented and flared gas from drilling and production operations. The Order will update and modernize existing requirements currently identified in Notice-to-Lesseees (NTL)-4A.

Finally, an alternative to “protect and restore ecological resiliency as a way to best withstand climate change impacts” does not meet the defined Purpose and Need (40 CFR 1502.13) of the EA. However, the Purpose and Need of the EA does meet the intended management goals, objectives and specific management actions as identified in the respective land-use plan decisions (Chapter 1, Plan Conformance section of the EA).

The EA appropriately tiers from land-use level plans and other associated NEPA analyses (40 CFR 1502.21), whereby a reasonable range of alternatives, at the landscape scale, identify overall management goals and objectives for resources and resource uses. These plans also identify specific allocations of resource uses and assess the impacts of those allocations and management actions to the environment, and disclose that analysis in the respective planning documents. Each plan (the EA tiers from) considered varying degrees intensity of potential development of federal minerals: a range of acres “Open” (available) and “Closed” (not available) for oil and gas leasing and development. The range of alternatives also considered varying levels of major and/or moderate constraints for oil and gas development. These alternatives and assessment of impacts were previously analyzed and disclosed in the respective plans from which the EA tiers from. The EA is in conformance with these plans, and based on the assessment of impacts from the proposed action, still meets the defined management goals and objectives of specific resources that were considered.

Tiering allows the BLM to narrow the scope of the subsequent analysis and focus on the issue(s) that are ripe for decision-making. Where climate change information and GHG emissions inventories and data were needed to help make an informed decision, the EA appropriately incorporated by reference (40 CFR 1502.21) analysis and documentation included in the Climate Change SIR (as updated October 2010). Again, the proposed action identified in the EA meets the management goals, objectives and specific management actions identified in the respective land-use plan decisions.

In conclusion, the EA includes brief discussions of the need for the proposal, reasonable alternatives as required by Section 102(2)(E) [of NEPA], and includes the environmental impacts of the proposed action and alternatives (40 CFR 1508.9(b)). An EA need not examine as broad a range of alternatives as an EIS, because the necessary range of alternatives diminishes as the expected impacts diminish.

B. BLM Failed to Prepare an Environmental Impact Statement and Failed to Revise or Amend its Land Use Plans

Protest Contention: The protest states that an EIS is in fact necessary and, moreover, that the BLM needs to revise or amend its land-use plans. It directs the BLM's attention to concerns articulated in pages 12-18 of WELC's December 17th comment letter. The WELC believes an EIS is required because of:

Uncertainties and controversy regarding the magnitude of GHG emissions from oil and gas development;

The global warming potential of methane over the 20-year planning and environmental review horizon — the horizon most appropriate to ensure the proper 'hard look' at impacts and, moreover, the horizon used by the Leasing EAs themselves for gauging impacts other than climate change (for climate change, the Leasing EAs and Climate Change SIR assume a 100-year horizon and, therefore, a lesser warming potential for methane);

The precedent that these [sic] Leasing EAs set for justifying and authorizing BLM's future leasing decisions in Montana and the Dakotas;

The potential that these GHG emissions are avoidable and thus constitute preventable waste and inefficiencies in how oil and gas resources are developed underscores the need to align impacts analysis with those temporal scales to ensure reasoned and informed analysis and decisions;

The cumulative impact of oil and gas development and climate change on the climate;

The BLM's apparent inability to properly oversee the management of federal onshore oil and gas resources at the drilling stage.

The WELC believes that the "BLM's December 27, 2010 decision denying the Climate Hawks' protest of the December 9, 2010 oil and gas lease sale does not forthrightly address these issues, which were raised in nearly identical fashion during the BLM's preparation of the EA which form a basis of the May 10, 2011 leasing EA at issue here."

The WELC goes on to say the "BLM in its December 27, 2010 decision, on page 9, also contends that it cannot make any determinations regarding "the specific effects of specific actions with regard to the issue of impacts to global climate change (GCC) and/or levels of GHG emissions that may contribute to GCC...." Of course, the emission of any GHG contributes to climate change. And the degree of warming determined by the global warming potential of that GHG, which tees off the warming potential of carbon dioxide. Methane, for example, has a global warming potential of 33 over a 100-year time period, and a warming potential of 105 over a 20-year time period."

The protest finishes by stating that "BLM must withdraw the lease sale and complete an EIS."

BLM RESPONSE: The record shows there has been no demonstrated need provided by the protestor for the BLM to complete an EIS or revise and amend the MCFO Land-Use Plan.

As noted, the WELC, at pages 6 and 7 of 13, believes an EIS is required because of:

1. **“Uncertainties and controversy regarding the magnitude of GHG emissions from oil and gas development.”**

This point is addressed in Section C of this Protest Decision.

2. **“The global warming potential of methane over the 20-year planning and environmental review horizon - the horizon most appropriate to ensure the proper ‘hard look’ at impacts and, moreover, the horizon used by the Leasing EAs themselves for gauging impacts other than climate change (for climate change, the Leasing EAs and SIR assume a 100-year horizon and therefore, a lesser warming potential for methane).”**

The BLM disagrees with this contention for a number of reasons. As noted, a 20-year horizon is appropriate for a planning and environmental review horizon and it is the horizon used by the Leasing EAs themselves for gauging impacts other than climate change. The BLM did use a longer horizon for gauging impacts from climate change in the EA and the Climate Change SIR.

Specific to the WELC’s protest contention on Global Warming Potential (GWP), the BLM’s analysis discloses the GHG life spans and GWPs do vary greatly (Climate Change SIR Table 2-2). The EA (summarized in Chapter 3, Section 3.2.2 and detailed in the Climate Change SIR Chapter 2) states that:

“...earth has a natural greenhouse effect wherein naturally occurring gases such as water vapor, CO₂, methane, and N₂O absorb and retain heat. Without the natural greenhouse effect, earth would be approximately 60⁰ cooler. (Climate Change SIR). Current ongoing global climate change is believed by scientists to be linked to the atmospheric buildup of GHGs, which may persist for decades or even centuries. Each GHG has a global warming potential that accounts for the intensity of each GHG’s heat trapping effect and its longevity in the atmosphere (Climate Change SIR 2010). The buildup of GHGs such as CO₂, methane, N₂O, and halocarbons since the start of the industrial revolution has substantially increased atmospheric concentrations of these compounds compared to background levels. At such elevated concentrations, these compounds absorb more energy from the earth’s surface and re-emit a larger a portion of the earth’s heat back to the earth rather than allowing the heat to escape into space than would be the case under more natural conditions of background GHG concentrations.

A number of activities contribute to the phenomenon of climate change, including emissions of GHGs (especially carbon dioxide and methane) from fossil fuel

development, large wildfires, activities using combustion engines, changes to the natural carbon cycle, and changes to radioactive forces and reflectivity (albedo). It is important to note that GHGs will have a sustained climatic impact over different temporal scales due to their differences in global warming potential (described above) and life spans in the atmosphere. For example, CO₂ proper may last 50 to 200 years in the atmosphere while methane has an average atmospheric life time of 12 years (Table 2-2, Climate Change SIR, 2010).”

Each GHG has a global warming potential (GWP). As defined by the EPA, the GWP provides a "ratio of the time-integrated radioactive forcing from the instantaneous release of one kilogram of a trace substance relative to that of one kilogram of CO₂" (GPO 2010a). In other words, the GWP accounts for the intensity of each GHG's heat trapping effect and its longevity in the atmosphere.

The concept of GWP provides a method to quantify the cumulative effect of multiple GHGs released into the atmosphere by calculating carbon dioxide equivalent (CO₂e) for the GHGs. The EPA's 100-year GWPs are codified in the CAA regulations (40 CFR Part 98) and therefore, are typically used as the default GWPs throughout the industry. The BLM analysis and application of GWP factors are consistent with the EPA's use of 100-year GWPs and is appropriate for this analysis.³

3. “The precedent that these [sic] Leasing EAs set for justifying and authorizing BLM's future leasing decisions in Montana and the Dakotas.”

The BLM has followed requirements of the NEPA while completing the EA for the subject oil and gas lease sale. The protest does not demonstrate the need to complete an EIS for this lease sale or provide any meaningful argument that the actions the BLM has taken for this lease sale set a precedent for future lease sales. As noted in the unsigned and undated FONSI for the EA posted on our internet site and pending decision of this protest:

“Based on my review of the updated EA and all other available information, I have determined that the BLM preferred alternative, including the implementation of required stipulations, is not a major federal action and will not significantly affect the quality of the human environment, individually or cumulatively with other actions in the general area. Therefore, an environmental impact statement (EIS) is not required. Any future proposed development on lease parcels would be subject to additional site-specific NEPA analysis and documentation.

³ The BLM acknowledges that many different GWPs have been calculated for various GHGs by differing entities including the IPCC, the EPA, and other independent entities. On pages 7 and 8 of the protest filed by the WELC for the May 2011 sale a GWP of 33 over a 100 year time-frame with no attribution. We note that the IPCC has used a GWP of 21 and 25, and the EPA uses a GWP of 21. We believe that the discrepancies highlight the evolving state of climate science and varied opinions regarding the use of GWPs. In addition, the BLM has provided the GHG emission inventory information in a format that can be used to consider emission levels with any GWP if so desired.

With regard to the issue of impacts to global climate change (GCC) and/or levels of greenhouse gas (GHG) emissions that may contribute to GCC, as discussed in the EA, the current state of the science does not allow determinations to be made about the specific effects of specific actions. Therefore, while I find that the proposed action would result in no significant impacts, either individually or cumulatively, as described in more detail below in the FONSI; no similar finding is made with respect to GCC or GHG emissions. However, given the state of the science, preparation of an environmental impact statement is not warranted, as it would not further inform my decision, or the public, with respect to the significance or lack thereof, of this proposed action as to the issue of GCC or GHG. ”

Based on this determination the use of an EA is warranted. An EIS is not required.

4. “The potential that these GHG emissions are avoidable and thus constitute preventable waste and inefficiencies in how oil and gas resources are developed.”

This point is addressed in Sections D and F of this Protest Decision.

5. “The cumulative impact of oil and gas development and climate change on the climate.”

This point is addressed in Sections C and E of this Protest Decision.

6. “BLM's apparent inability to properly oversee the management of federal onshore oil and gas resources at the drilling stage.”

The BLM disagrees with this contention. The protest does not adequately address this specific point. At no point does the protest address how the BLM in Montana and the Dakotas is improperly overseeing and managing Federal oil and gas resources at the drilling stage.

C. BLM Failed to Take a ‘Hard Look’ at Direct, Indirect, and Cumulative GHG Pollution

Protest Contention: In the opinion of the protestor:

“BLM's analysis of GHG pollution does not satisfy the agency's duty to take a ‘hard look’ at the direct, indirect, and cumulative GHG pollution associated with the ‘upstream’ exploration and production of oil & gas resources. Many of the deficiencies in BLM's analysis parallel deficiencies in BLM's decision to proceed on the basis of EAs that, by definition, presume the insignificance of GHG emissions from oil & gas development - a presumption that drives BLM's decision to take a business-as-usual approach to the [sic] December 9th lease sale. These are issues that must be addressed through a ‘hard look’ NEPA analysis - an analysis that must take the form, here, of an EIS.

In particular, BLM has failed to address serious uncertainties involved in current assumptions driving calculations of GHG emissions from oil & gas development.”
(At Page 10)

BLM RESPONSE: The BLM would like to direct the protestor to our December 2010 dismissal of their protest of our December 2010 oil and gas lease sale. They raised the same issues in that case which the BLM has addressed in detail.

The EA prepared for the May 2011 Oil and Gas Lease Sale took the requisite ‘hard look’ at the possible direct, indirect, and cumulative impacts from potential GHG emissions, and the BLM reasonably concluded that the leases would have no significant impacts. The BLM analyzed and disclosed the direct, indirect, and cumulative effects of potential GHG emissions based on RFD scenarios for oil and gas resources. Analytical assumptions based in large part on EPA assumptions and procedures are used in the EA to estimate impacts. Impact analysis is based on the BLM Montana oil and gas GHG emission inventory (Climate Change SIR Section 5.0) and RFD presented for the MCFO planning area (Climate Change SIR Section 4.0). The RFD provides temporal, spatial and intensity assumptions for projected development of oil and gas resources and is based on peer-reviewed research and past, present and projected development using the best currently available data.

For the EA planning area, a detailed inventory of GHG emissions was prepared, which involved data collection, assumptions and calculations. Climate Change SIR Appendix G includes 73 pages of detailed emissions estimates for the EA that were collected and analyzed to address the direct, indirect and cumulative impacts of potential GHG emissions (while not intended to be an exhaustive list of sources, the inventories provide the data to estimate potential GHG emissions).

These detailed emissions estimates were summarized in the EA and the Climate Change SIR Section 5.0. To estimate GHG emissions, the BLM used the highest year emissions output from the RFD and considered cumulative emissions from all possible well development in the planning area. In addition, the emissions inventory includes estimates from development and operations activities which are beyond the BLM’s jurisdiction. It should be noted that the emissions calculations (results) were not adjusted to account for anticipated use of GHG emissions mitigation measures at the development stage. As demonstrated through analysis (in response to a comment received from the WELC as to the effectiveness of mitigation), mitigation measures (e.g., standard operating procedures, BMPs, COAs based on BLM policies, state permit requirements, etc.) will substantially reduce those emissions over the practices that formed the basis for the inventory (Climate Change SIR Section 6.5 and EA Chapter 4 Mitigation section). Thus, the BLM over-estimated the potential GHG emissions attributable to the BLM’s oil and gas leasing decisions, but still rationally concluded that those overestimations would not be significant and took the requisite ‘hard look’ at potential GHG emissions.

The BLM does not presume the insignificance of GHG emissions from oil and gas development, but rather, fully discloses potential GHG emissions and illustrates their scale and magnitude as a comparative tool utilizing figures derived from the Climate Change SIR and the Center for Climate Science. In all cases, the potential incremental emissions of GHGs from exploration and

development of fluid minerals on parcels from the proposed action would be minor in the context of projected GHG emissions contributions from the entire RFD for the MCFO planning area, as well as in the context of the State, National and Global analysis areas.

As of July 2010, the EPA had not set GHG emission limits for any stationary sources. However, the EPA is gathering detailed GHG emission data from thousands of facilities throughout the United States. Data gathered during this effort will be used by EPA to develop an improved national GHG inventory, in accordance with EPA's GHG Mandatory Reporting Rule [40 *Code of Federal Regulations (CFR)* Part 98, GPO 2010b], and inform future GHG emission control regulations. This review may lead to more accurate estimates of GHG emissions from these facilities and may prompt GHG emission monitoring in some cases. The BLM used the best available information and sources to disclose estimated GHG emissions for this analysis.

In conclusion, while the WELC contends that there are many uncertainties involving GHG inventories, the BLM analysis is consistent with current methodologies and the best available data. The Climate Change SIR Section 1.3 and EA identify assumptions and methodologies, as well as disclose inconsistencies, with GHG emission inventories and difficulties in developing accurate emission estimates (40 CFR 1502.22; 40 CFR 1502.24). The estimated GHG emissions, particularly fugitive emissions, vary greatly from one oil and gas area to another based on oil and gas field characteristics, equipment, and operational methods. Estimating emissions using EPA's techniques is well-or field specific; there is no default value. Based on these considerations, the BLM calculations are reasonable and consistent with EPA.

D. BLM Failed to Take a 'Hard Look' at Oil & Gas Waste & Inefficiencies

Protest Contention: The protester believes that:

“BLM must also take a ‘hard look’ at methane waste caused by production inefficiencies through NEPA. *See* December 17th Comments at 20-24. A cubic foot of methane emitted to the atmosphere is a cubic foot of methane that cannot be sold to consumers. BLM, however, continues to ignore this issue relative to its environmental reviews of proposed oil and gas lease sales and to rely on the existence of policies that GAO Report 11-34 determined to be outdated and plagued by serious implementation-stage inconsistencies. *See* Exh. 10 at II (attached to December 17, 2010 comments).

BLM's EA does not contain a single reference to methane waste with the exception of acknowledging that the Climate Hawks raised the issue in their comments; BLM's EA certainly does not address the issue in any meaningful, analytical capacity. Instead, BLM appears to assume that it need not take a ‘hard look’ at the issue because it has policies — which, in light of GAO Report 11-34, are demonstrably inadequate — to address this issue. BLM cannot, in this situation, assume away the various flaws and general dysfunction — extensively documented by GAO in multiple reports, not just GAO Report 11-34 — of its oil and gas program. *See* December 17th Comments at 17. Indeed, GAO has recently

categorized BLM's oil and gas program as a "high risk" government program. Those flaws and dysfunction have yet, real impacts to very real resources.

Furthermore, BLM is not excused of its NEPA duties by virtue of the fact that it has policies to address those impacts. If anything, compliance with NEPA ensures that the agency can apply its policies in light of specific lands and actions and ensure that those policies are in fact complied with. In numerous other instances — e.g., wildlife — BLM has policies that do not excuse the agency's duty to address wildlife through NEPA. BLM should therefore withdraw this lease sale and revisit the EA to evaluate methane waste, in particular in light of the identified deficiencies in current BLM waste policies, and to use that analysis to inform the agency's consideration and selection of alternatives and, ultimately, whether it should proceed with this lease sale.”

BLM RESPONSE: The EA took the requisite ‘hard look’ at the possible direct, indirect, and cumulative impacts from the proposed action, and the BLM reasonably concluded that lease issuance would have no significant impacts and would not result in oil and gas waste and inefficiencies.

The WELC contends that the BLM did not provide adequate detail needed for adequate impact analysis and to evaluate waste and inefficiencies. To the contrary, the BLM, in an effort to take the requisite ‘hard look’, prepared a detailed RFD scenario for the EA which identified development potential and assumptions to estimate impacts. The RFD contained detailed descriptions of how oil and gas would be developed in the planning area, including information on projected disturbance for all types of wells that might be expected in the area of the lease parcels under consideration. This includes information on well pad sites, access roads, utility lines, transportation lines, processing, and produced water management (EA, Chapter 4 Assumptions):

“...Even if lease parcels are leased, it remains unknown whether development would actually occur, and if so, where specific wells would be drilled and where facilities would be placed. This would not be determined until the BLM receives an APD in which more detailed information about proposed activities and facilities would be clarified for particular lease parcels. Therefore, this EA discusses potential effects that could occur in the event of development...”

In addition to assumptions for potential future development, the EA discloses annual GHG source emissions from BLM-permitted activities associated with the RFD. The source year used to estimate and calculate the GHG emissions was the highest production year (from the RFD). Additionally, emission source inventories were not just those sources limited to actual production, but from associated development of the lease parcels including construction activities, vehicle exhaust (including worker transportation for all the development and operations activities, type of vehicle(s) used, average speed, etc.), operations, compressor stations and oil pumps, well completions and re-completions, glycol dehydrators, and facilities maintenance in the course of exploration, development and production (Climate Change SIR

Sections 5.2 and 5.3). Many of these sources are outside of the BLM's authority and jurisdiction.

In response to a specific comment submitted by the WELC, and to further assess the feasibility of GHG emissions reduction technologies, the BLM prepared additional analysis in an effort to disclose potential future GHG emissions reductions that might be feasible. The analysis indicated that for emissions sources subject to BLM (Federal) jurisdiction, the estimated emissions reduction represent approximately 51 percent reduction in total GHG emissions (compared to the estimated MCFO Federal GHG emissions inventory). As noted earlier in our response to Part A, the largest potential GHG emission reductions are estimated from electrification of compressors, stringent GHG emission controls on glycol dehydrators, and capture of GHGs from oil storage tanks.

As stated earlier, the BLM is preparing an Order which will have the force of regulation.

The WELC repeatedly references the GAO report here. As noted in our December 2010 decision on an earlier protest from the WELC:

“The BLM is in receipt of the subject GAO report. The subject GAO report does not expand upon or provide additional information beyond that already contained within the original protest. The BLM concurred (GAO Report, Appendix II) with all five of the recommendations made by the GAO and agreed to incorporate the recommended actions in a new Onshore Order to improve the completeness and accuracy of our data and help address limitations in current regulations. When that Order is approved, all requirements in that Order, as well as other regulatory BLM guidance, will be adhered to by the BLM. Until that time, the BLM will follow the current regulatory framework.”

As stated earlier, the BLM is in the process of preparing an Order.

In conclusion, the BLM took a ‘hard look’ at the potential GHG emissions from equipment and practices (based on a high-year output), and techniques that could improve efficiencies of potential future lease operations. In addition, the leases (as identified in the proposed action) contain standard provisions that require the lessee to comply with existing and future direction of the BLM in any development of the lease parcels. The leases also state that the lessee shall exercise reasonable diligence in development and production, and shall prevent unnecessary damage to, loss of, or waste of leased resources.

E. BLM Has Failed to Take a ‘Hard Look’ at Climate Change Impacts to the Environment

Protest Contention: As the protest notes, oil and gas development and climate change impacts the environment. In the opinion of the protestor, the direct, indirect and cumulative impacts of oil and gas development and climate change are considerable. The protest notes that their review of the final EA indicates that the BLM did not account for comments on this issue filed on the leasing EA and, instead, have largely persisted with the same analysis that the Climate Hawks

originally criticized. To emphasize the primary thrust of these comments, the BLM, on one hand, acknowledges that climate change will impact Montana resources but, on the other hand, does not address what these impacts will be relative to specific resources.

The protestors find this perplexing. They state that:

“the basis of a ‘hard look’ is to acknowledge how a particular threat — here, climate change — impacts the environment. The fact that precise climate change impacts are uncertain does not suggest that these impacts can be ignored. Indeed, this is essential information to inform whether oil and gas development is appropriate given existing stress on ecological systems, the intensified stress on ecological systems caused by climate change, the likelihood that this intensified stress will put into question the efficacy of existing conservation mitigation, and the need for BLM to take more aggressive action to protect the resiliency of ecological systems to best withstand climate change degradation. BLM should therefore revisit its EA to consider how climate change will impact specific resources and to use that ‘hard look’ to inform the consideration of a more expansive range of alternatives and, if necessary, to amend or revise existing Resource Management Plans. At present, however, BLM is flying blind. Accordingly, BLM should withdraw the lease sale and revisit its NEPA analysis.”

BLM RESPONSE: The BLM prepared and analyzed GHG emissions from hypothetical lease development (based on development assumptions for the EA planning area RFD Scenario). The BLM collected data and analyzed detailed GHG emissions inventories (Climate Change SIR Appendix G) in an effort to disclose emissions from potential development. The level of detail and consideration of potential emissions sources ranged from emissions from compression stations to details about worker transportation to and from the worksite. The EA contains more than a brief discussion of potential GHG emissions that might result if the particular lease parcel(s) addressed in the EA were offered and sold, as well as the potential for climate change to affect the environment in Montana, nationally, and globally.

The BLM acknowledges that a number of activities contribute to the phenomenon of climate change at global and regional scales, including emissions of GHGs. The Climate Change SIR describes impacts of climate change in detail at various scales, including the state scale where appropriate. The EA and Climate Change SIR outline potential changes identified by the EPA (EPA 2008) that are expected to occur to the environment at the regional scale, including the area of the Proposed Action. The EPA identifies this area as part of the Mountain West and Great Plains region. As noted in the WELC’s protest, the BLM contends it is impossible to predict specific climate changes and their impacts on the environment based on very specific actions at a specific localized scale (the proposed action) (EA, Section 3.2.2):

“...While long-range regional changes might occur within this project area, it is impossible to predict precisely when they could occur. The following example summarizing climate data for the West North Central Region (MT, ND, SD, and WY) illustrates this point at the regional scale. A potential regional effect of climate change

is earlier snowmelt and associated runoff. This is directly related to spring-time temperatures. Over a 112-year record, overall warming is clearly evident with temperatures increasing 0.21 degrees per decade (Figure E). This would suggest that runoff may be occurring earlier than in the past. However, data from 1991-2005 indicates a 0.45 degree per decade cooling trend (Figure F). This example is not an anomaly, as several other 15-year windows can be selected to show either warming or cooling trends. Some of these year-to-year fluctuations in temperature are due to natural processes, such as effects of El Niño's, La Nina's, and the eruption of large volcanoes (Climate Change SIR 2010). This information illustrates the difficulty of predicting actual regional or site-specific changes or conditions which may be due to climate change during any specific time frame....”

Nonetheless, despite these uncertainties, the BLM addressed the potential for oil and gas development and the estimated (potential) GHG emissions. Through RFD scenarios (Climate Change SIR 4.0) and GHG emission inventories (Climate Change SIR 5.0) for each of the planning areas, the BLM does estimate the maximum potential GHG emissions resulting from future development of lease parcels. As indicated in our earlier December 2010 decision on a WELC protest, potential emissions from development of all BLM Montana lease parcels related to earlier EAs, as a percentage of the Montana state-wide total of GHG emissions, is 0.0205 percent.

The BLM used the highest year to calculate GHG emissions (from the respective RFD) and considered cumulative emissions from all possible well development in the EA planning areas.

In addition to estimated emissions from production, the inventory includes emissions estimates from development and operations activities which are beyond the BLM's jurisdiction. The BLM did not adjust the GHG emissions analysis to account for anticipated use of GHG emissions mitigation measures at the development stage, which will substantially reduce (as demonstrated through analysis, Climate Change SIR Section 6.5 and EA Chapter 4 Mitigation sections) those emissions over the older practices that formed the basis for the inventory. Thus, the BLM likely overestimated the potential GHG emissions attributable to its oil and gas leasing decisions, but still rationally concluded that those overestimations would not be significant and took the requisite 'hard look' at potential GHG emissions.

In conclusion, the inconsistency in results of scientific models used to predict climate change at the global scale, coupled with the lack of scientific models designed to predict climate change on regional or local scales, limits the ability to quantify potential future impacts of decisions made at this level. Moreover, it is beyond the scope of existing science to relate a specific source of GHG emission (or sequestration) with the creation or mitigation of any specific climate related environmental effects. However, the BLM took the requisite 'hard look' at the impacts to the environment, and estimated (quantified) and disclosed GHG emissions, disclosed the potential impacts, and appropriately identified reasonable mitigation measures that could reduce potential emissions during future development stages.

F. BLM Has Failed to Prevent Unnecessary or Undue Degradation and Waste

Protest Contention: The protest contends that “BLM has a basic duty to prevent unnecessary or undue degradation and, further, a duty to prevent waste pursuant to the Federal Land Policy and Management Act ("FLPMA") and Mineral Leasing Act ("MLA"), as amended.” The protest adds that “it is entirely unclear whether and how BLM has complied with these duties here.”

Finally, the protest notes:

“the Climate Hawks still cannot identify a rational connection — let alone any connection — between BLM's EA and these substantive duties to prevent waste, cannot identify any criteria explaining how BLM has actually ensured compliance with these substantive duties, and cannot identify any information indicating that BLM has addressed the Climate Hawks' concerns relative to these duties. BLM must therefore withdraw this lease sale and revisit its decision-making process to ensure that waste on these leases will, in fact, be prevented.”

BLM RESPONSE: As we responded to the protestor on their December 2010 sale protest, the BLM prepared analysis in accordance with the NEPA and determined that the issuance and potential development of the leases will not result in waste or ‘unnecessary or undue degradation’ of BLM lands, and thus is in compliance with the FLPMA and MLA. Section 302(b) of the FLPMA states that “In managing the public lands the Secretary shall, by regulation or otherwise, take any action necessary to prevent unnecessary or undue degradation of the lands.”

The EA presents analysis and identifies actions (either through lease stipulations or mitigation to be applied through subsequent site-specific development proposals) to prevent unnecessary or undue degradation of the public lands (43 U.S.C § 1732(b)) and is in compliance with the FLPMA and MLA. Further, the BLM manages venting and flaring of gas from Federal wells as described in the provisions of NTL-4A, Royalty or Compensation for Oil and Gas Lost. The BLM, following the requirements of NTL-4A and the use of COAs as needed, does not allow waste of oil and gas resources, nor does the BLM cede any authority it may have to assess and control GHG emissions after leases are issued. The term waste in this context is defined at 30 U.S.C. § 225:

“All leases of lands containing oil or gas made or issued under the provisions of this chapter, shall be subject to the condition that the lessee will, in conducting his explorations and mining operations, use all reasonable precautions to prevent waste of oil or gas developed in the land...” Additionally, “Waste of oil or gas means any act or failure to act by the operator that is not sanctioned by the authorized officer as necessary for proper development and production and which results in: (1) A reduction in the quantity or quality of oil and gas ultimately producible from a reservoir under prudent and proper operations; or (2) avoidable surface loss of oil or gas.” (43 CFR 3160.0-5).

The Interior Board of Land Appeals (IBLA) has ruled on the standard of unnecessary and undue degradation expressed in the FLPMA several times in recent years. The IBLA has recognized that “neither FLPMA nor implementing regulations defines the term unnecessary or undue degradation.” *Colorado Env'tl. Coalition*, 165 IBLA 221, 229 (holding that surface occupancy and drilling did not per se constitute unnecessary or undue); *Wyoming Outdoor Council*, 171 IBLA 108, 121 (2007); *see also Biodiversity Conservation Alliance*, 174 IBLA 1, 5 (2008). Through these decisions, the IBLA has maintained its position in regard to the “unnecessary or undue degradation” requirement:

Notwithstanding the lack of a definition in the onshore oil and gas regulations, to show that an action results in undue or unnecessary degradation of leasehold lands, at a minimum, an appellant would have to show that a lessee’s operations are or were conducted in a manner that does not comply with applicable law or regulations, prudent management and practice, or reasonably available technology, such that the lessee could not undertake that action pursuant to a valid existing right. 165 IBLA at 229 (emphasis added).

In *Wyoming Outdoor Council, et. al.*, (IBLA 205-147), the IBLA addressed the standard as it relates to oil and gas leasing. In that decision, the IBLA addressed arguments relating to oil and gas leasing by the BLM in Wyoming.

The IBLA (171 IBLA 121 (2007)) rejected the appellants’ argument that the BLM’s failure to incorporate other standards and guidelines into each of the subject leases amounts to a violation of section 302(b) of the FLPMA, 43 U.S.C. § 1732(b), which requires the BLM to “take any action necessary to prevent unnecessary or undue degradation of the [public] lands.” Again, the Board noted neither the FLPMA nor implementing regulations defines the term ‘undue or unnecessary degradation.’ In contexts other than oil and gas, the BLM has promulgated regulations defining the term; see, e.g., 43 CFR 2800.0-5(x) (rights-of-way); 43 CFR 3600.0-5(1) (exploration and mining and wilderness review); 43 CFR 3809.5 (surface management). No similar definition appears in the onshore oil and gas regulations (See 43 CFR 3100.0-5, definitions for Onshore Oil and Gas Leasing: General and 3160.0-5, definitions for Onshore Oil and Gas Operations).

In the identified case, the IBLA ruled that the appellants had not shown that the BLM’s failure to incorporate additional policies, plans, and guidelines into the protested leases would result in injury to big game species and their habitat, and thus cause unnecessary and undue degradation to the parcels.

In conclusion, the leases (as identified in the proposed action (EA Chapter 2)), contain standard provisions that require the lessee to comply with existing and future direction of the BLM in any development of the lease parcels, and also state that the lessee shall exercise reasonable diligence in development and production and shall prevent unnecessary damage to, loss of, or waste of leased resources. The WELC failed to show how the BLM’s actions in this case will be conducted in a manner inconsistent with the regulations or prudent oil and gas practices, and

provided no objective proof that leasing or subsequent development will result in unnecessary or undue degradation or waste.

G. BLM Failed to Analyze and Assess Related Air Quality Impacts and Comply With Air Quality Standards

Protest Contention: The protest notes that:

“BLM's failure to take a ‘hard look’ at GHG pollution and climate change impacts associated with the proposed leasing is especially troublesome in light of the associated air quality impacts. In particular, BLM needs to address the interaction between methane waste and conventional air pollutants. Methane is often released with volatile organic compounds ("VOCs"), a pollutant regulated under the Clean Air Act. VOCs react with sunlight to form ground-level ozone, a poisonous gas that can trigger asthma attacks and lead to other adverse respiratory impacts. EPA has noted, for example, that a number of methane control options achieve the co-benefit of reducing methane. Thus, there is a clear link between GHGs and more traditional air pollution from oil & gas operations. While the EA does acknowledge air quality issues, this particular issue is unaddressed. *See* December 17th Comments at pages 25-32. Furthermore, BLM has also failed to address alternatives that reduce conventional air pollution as recommended for consideration in those comments. *Id.* at 31-32” (At Page 13)

BLM RESPONSE: Air quality within the proposed project areas is rated as very good. The EPA calculates the Air Quality Index (AQI) for the five major criteria pollutants regulated by the CAA; ground level ozone, particulate matter, carbon monoxide, sulfur dioxide, and nitrogen dioxide. The AQI data summarized in the EA, as well as current monitoring data within the project areas, indicate that criteria pollutants fall well below applicable air quality standards, resulting in full compliance with the CAA. The maximum potential level of development through implementation of Alternative C with applicable mitigation outlined in Chapter 4 of the EA is expected to maintain this level of air quality. In addition, pollutants would be regulated through the use of state-issued air quality permits or air quality registration processes managed and developed by the Montana Department of Environmental Quality – Air Resources Management Bureau to maintain pollutant levels well below applicable standards. This includes, but is not limited to, VOC vapors.

Existing ozone levels are currently very low in the project area. At the Sidney, Montana monitoring station the maximum ozone concentration over the past three years was .068 parts per million (PPM). This is well below the state one hour standard of .10 ppm. Since the National 8-hour standard (.075 ppm) is based on a three year average of the fourth highest eight hour daily average this station would also be well within the National standard. This station is the only station within the project area with three years of data (required to assess the Federal standard). It is also ideally located to evaluate ozone in this project area as it is located 15 miles northwest of Sidney, Montana.

The AQI data show that there is little risk to the general public from air quality in the MCFO area. Between 1999 and 2008, 95 percent of the days rated “good” with 5 percent being “moderate”. While there have been days that posed a health risk in Rosebud County, the occurrence is very rare (0.1 percent of all records) and short term (<1 day/year). The last occurrence was in 2003. The pollutants that caused these elevated risks were PM2.5 and PM10. The primary air quality pollutants within the MCFO boundaries are sulfur dioxide and particulate matter.

Methods to address mitigation of VOCs are addressed in section 4.4.3.1.2 of the EA mitigation section of the preferred alternative. The proposed action alternative includes the same mitigation.

IV. CONCLUSION

In conclusion, the WELC requested that the BLM cancel the May 10, 2011 lease sale pending completion of an EIS which considers alternatives to reduce GHG pollution, takes a ‘hard look’ at methane waste and climate change impacts, and air quality issues. The WELC requested that the BLM advise prospective lessees that the lease sale is under protest, and that the BLM stay issuance of the leases pending resolution of any litigation. Further, the WELC requested that if the BLM issues leases, the BLM suspend all activities and operations pertaining to those leases, including lessee unitization and other drilling agreements, pending resolution of any litigation.

For the reasons stated above, the BLM denies this Protest and the WELC’s requested relief. The BLM notified potential bidders of the protest at the May 10, 2011 Oil and Gas Lease Sale. The BLM, in accordance with existing regulations and policies, will issue leases for all the lands receiving competitive bids or noncompetitive offers included on the May 10, 2011 Oil and Gas Lease Sale Notice, as amended. The BLM also denies WELC’s request to suspend all activities and operations pertaining to any leases issued.

Administrative Review and Appeal

This Decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR Part 4 (Enclosure 2) and the enclosed Form 1842-1 (Enclosure 3). If an appeal is taken, the Notice of Appeal must be filed in the Montana State Office at the above address within 30 days from receipt of this Decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition for a stay pursuant to 43 CFR Part 4, Subpart B § 4.21, during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay must show sufficient justification based on the standards listed below. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulations, a petition for a stay of a decision pending appeal shall be evaluated based on the following standards:

1. The relative harm to the parties if the stay is granted or denied;
2. The likelihood of the appellant's success on the merits;
3. The likelihood of immediate and irreparable harm if the stay is not granted; and
4. Whether the public interest favors granting the stay.

Copies of the Notice of Appeal, Petition for Stay, and any statement of reasons, written arguments or briefs must also be submitted to each successful bidder on the May 11, 2011 sale and to the Office of the Solicitor at the address shown on Form 1842-1 at the same time the original documents are filed in this office. A list of the parties who purchased parcels at the May 11, 2011 lease sale is provided below for you to serve with a copy of any Notice of Appeal, Petition for Stay, and statement of reasons.

ABO Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

Cody Oil & Gas Corporation
P.O. Box 597
Bismarck, ND 58502

Continental Resources, Inc.
P.O. Box 1032
Enid, OK 73702

Magnum Producing, LP
500 N. Shoreline #322
Corpus Christi, TX 78401

Myco Industries, Inc.
105 South 4th Street
Artesia, NM 88210

Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

Zone Exploration, Inc.
P.O. Box 1362
Billings, MT 59103

/s/ Katherine P. Kitchell for

Jamie E. Connell
State Director

3 Enclosures

1-Protest Received March 11, 2011 (16 pp)

2-43 CFR 4.21(a) (2 pp)

3-Form 1842-1 (1 p)

cc: ABO Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

Cody Oil & Gas Corporation
P.O. Box 597
Bismarck, ND 58502-0597

Continental Resources, Inc.
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