

Oil and Gas Leasing Reform Implementation Plan

Montana State Office
August 2010

Revised 09/14/2010

Stipulation Consistency

Lease Stipulations Currently Used

A list of all lease stipulations currently used within Montana/Dakotas was provided to the Washington Office (WO) on July 2, 2010, per WO IM 2010-117.

Background Information

We are currently in the process of updating five Resource Management Plans (RMPs); HiLine, Billings, Miles City, South Dakota, and North Dakota. As lease stipulations are developed for each of the plans, we will ensure they are written in a WO-approved format, stipulation language is consistent for the protection of similar resources or resource settings, and stipulations edge-match across administrative boundaries.

In the interim, we will continue to review the stipulations proposed for each sale parcel. The stipulations proposed will be compared with existing stipulations utilizing the list of stipulations referenced above. If the stipulations proposed are not consistent, we will evaluate the particular resource and stipulation to ensure adequate protection of the resource. If we determine that the proposed stipulation does not offer adequate protection and the lease sale NEPA analysis does not support modifying the stipulation under plan maintenance, the parcel will be deferred until completion of the RMP. We are aware of some inconsistencies we have; particularly with sage grouse and cold water fisheries. Parcels with these particular issues are being deferred until completion of the RMPs.

Interdisciplinary Consistency Review (IDCR) Team

We will form an IDCR team to review stipulations. The team will consist of specialists from the Branch of Fluid Minerals, the Branch of Planning and Biological Resources, and the Branch of Land Resources. The review will begin with the two recent RMPs in Dillon (2006) and Butte (2009). The stipulations will be reviewed by resource for consistency. They will also be reviewed by the Regional Solicitor's Office to determine if the stipulations are enforceable. Since the plans are recent and the stipulations were reviewed during the RMP process, we do not anticipate many inconsistencies. The stipulations will also be edge-matched between the two planning areas to check for consistency.

As stipulations for the ongoing RMPs are developed, the proposed stipulations will be reviewed by the IDCR team to ensure they are written in a WO-approved format, the stipulation language is consistent with the existing plans (Dillon and Butte) for the protection of similar resources or resources settings, are necessary beyond the lease terms, and are enforceable. Each draft RMP will be reviewed by the Regional Solicitor's Office. The review will include the enforceability of the proposed stipulations.

As stipulations are developed for the ongoing RMPs they will also be reviewed to ensure they are edge-matched across BLM administrative boundaries. The IDCR team members will be responsible for coordination between the Field Offices and between States to ensure consistency. Each resource specialist will be responsible for the stipulations affecting their particular resource.

Timelines

The stipulation consistency review between Dillon and Butte will be completed prior to the next lease parcel review to be conducted by those offices. The scheduled start date of that effort will provide results that can be considered in the ongoing RMPs. The stipulation consistency review will continue for the other Field Offices during development of the draft and final RMPs.

Master Leasing Plans

Master Leasing Plans (MLP): Montana will utilize four processes to identify areas that may require a MLP. Each of the processes will include evaluation using the four criteria listed in WO IM-2010-117. The criteria are:

- A substantial portion of the area to be analyzed in the MLP is not currently leased.
- There is a majority Federal mineral interest.
- The oil and gas industry has expressed a specific interest in leasing, and there is a moderate or high potential for oil and gas confirmed by the discovery of oil and gas in the general area.
- Additional analysis or information is needed to address likely resource or cumulative impacts if oil and gas development were to occur where there are:
 - o multiple-use or natural/cultural resource conflicts;
 - o impacts to air quality;
 - o impacts on the resources or values of any unit of the National Park System, national wildlife refuge, or National Forest wilderness area, as determined after consultation or coordination with the NPS, the FWS, or the FS; or
 - o impacts to other specially designated areas.

Process 1 – Montana State Office (SO) Review

The SO will create and maintain a GIS map with the following layers to monitor future expressions of interest (EOI) to monitor whether an area may meet the MLP criteria:

- Areas of high and moderate potential based on the reasonably foreseeable development scenarios developed for the RMPs
- Current leases
- Federal oil and gas ownership
- Pending EOI
- New EOI
- Oil and gas development activity including any new proposals

Based on a visual review of the map layers, the SO will determine if an area has potential for an MLP, and if so, the Field Office (FO) will be notified to complete a more thorough evaluation.

Process 2 – FO Evaluation

The FO will complete a more thorough evaluation of any area identified by the SO. The evaluation will be done utilizing the four criteria listed above. The evaluation will utilize GIS capabilities to generate the oil and gas potential, the percentage of the area currently leased (and unleased), and the percentage of federal mineral interest in the area. If these percentages indicate further evaluation is necessary, the fourth criteria (resource conflicts) will then be applied. Based on the results of this evaluation, a determination will be made as to whether or not a MLP should be completed.

In addition to the areas identified by the SO, the FO managers have the discretion to identify areas where additional planning and analysis may be necessary prior to leasing as a result of

changing circumstances, updated policies, or new information. This could be driven by resource conflicts identified, discussions with industry indicating increased interest in an area, or other factors.

Process 3 – FO Evaluation During RMP Revision

As RMPs are being revised, each FO will evaluate areas against the four criteria listed above. A MLP will be combined with the plan revision for any areas meeting the criteria. We currently have five RMP revisions underway. Each RMP area will be evaluated to determine if any MLPs are warranted. If an MLP is warranted, it will be included as part of the RMP. If an MLP is not warranted, a discussion of the areas evaluated will be included in the RMP.

Process 4 – Outside Entity Recommendation

Organizations outside of the government have taken an interest in the MLP concept. We have received recommendations for MLPs. We may receive additional recommendations in the future. Each recommendation will be evaluated against the criteria listed above to determine if a MLP is warranted.

Outside Entity Recommendations

We have received two recommendations for Montana to prepare MLPs. One is within the Western Montana District, Dillon Field Office and includes the “Centennial Valley/Beaverhead Headwaters” area. This was submitted by The Wilderness Society, the Greater Yellowstone Coalition, the National Wildlife Federation, and the Theodore Roosevelt Conservation Partnership. The other is within the HiLine District, Malta Field office and includes the “Bitter Creek/Frenchman Breaks” area. This was submitted by The Wilderness Society. Following is a brief summary of each proposal.

Centennial Valley/Beaverhead Headwaters [NOTE – all statistics provided by The Wilderness Society, et al]

The proposed MLP area contains 2.2 million acres of which 500,318 acres are BLM surface. Total Federal minerals within the area (excluding Forest Service and Refuge land) are 720,633 acres. There are currently 82,370 acres of Federal minerals that are leased. The Centennial Valley contains migration routes for wildlife and contains hundreds of bird species including Greater Sage Grouse. The Beaverhead Headwaters contains habitats for Westslope cutthroat trout and other coldwater fish species as well as other wildlife habitat.

The Wilderness Society, The National Wildlife Federation, and The Nature Conservancy are sponsoring The Centennial Valley Future workshop on September 30, 2010. One of the agenda items is “Protecting the Centennial Valley from Energy Development”. Ned Farquhar, Steve Dougherty, and Mike Pool have been invited to attend the workshop.

There are currently no active oil or gas wells within the Centennial Valley/Beaverhead Headwaters area. There also are no pending EOIs.

This area will be evaluated against the criteria listed in the WO memo to determine if a MLP should be completed at this time. Consideration will be given to the points raised in The Wilderness Society's recommendation.

Bitter Creek/Frenchman Breaks [NOTE – all statistics provided by The Wilderness Society] The proposed MLP area contains 1,045,915 acres of which 497,106 acres are BLM surface. Total Federal minerals within the area are 598,480 acres. There are currently 148,178 acres of Federal minerals that are leased. The Wilderness Society points out that, "This area is a globally significant temperate grassland and harbors numerous wildlife species that could be negatively impacted by leasing. Numerous studies by conservation organizations, the state of Montana, and other federal agencies have noted this region's value for wildlife." The area contains habitats for numerous bird species including Greater Sage Grouse.

The proposed MLP area contains a portion of the Bowdoin gas field. A field development Environmental Assessment (EA) of the Bowdoin area was completed in 2008. The EA analyzed the drilling, completing, and producing of a total of 1,225 wells (635 federal) at individual locations in the Bowdoin Natural Gas Production Area. Construction and installation of the associated infrastructure, management of produced water, treatment of weeds, and reclamation of disturbed areas are included in the EA. Drilling is expected to last for approximately 10 to 15 years, with a life-of-project (LOP) of 30 to 50 years. This includes an expected average production life of the project wells of 10 to 20 years each, with final reclamation to be completed 2 to 3 years after plugging of the wells. There are currently no other producing wells within this area outside of the Bowdoin gas field.

The proposed MLP area also contains the Bitter Creek Wilderness Study Area (WSA) which covers 59,660 acres. The entire WSA is unavailable for leasing. Additional Areas of Critical Environmental Concern (ACEC) are also being considered in the HiLine RMP revision.

This area will be evaluated against the criteria listed in the WO memo to determine if a MLP should be completed as part of the ongoing RMP revision. The leasing decisions being proposed in the preferred alternative (WSA, ACEC, sage grouse restrictions) will also need to be evaluated in context with the MLP criteria. Consideration will be given to the points raised in The Wilderness Society's recommendation.

Lease Parcel Review Process

Interdisciplinary Parcel Review Teams (IDPRs)

Team Structure:

Montana/Dakotas will use a 3-tier parcel review structure; State Office Fluids Parcel Review Team (SO FPR), Field Office Interdisciplinary Parcel Review Team (FO IDPR), and a State Interdisciplinary Consistency Review Team (State IDCR). The SO FPR Team will be responsible for initial parcel review and processing, and compilation of a final sale list. The FO IDPR Team will be responsible for writing the EA and submission to the State IDCR Team for review. A State Office Web Maintenance Team and State Office GIS Support Team are also important components to the process.

Team Memberships:

- 1. State Office Fluids Parcel Review Team (SO FPR):** The SO FPR team shall consist of Legal Instrument Examiners and Land Law Examiners from the Branch of Fluid Minerals. A State Office sale lead will be identified for each sale and will be the contact person for the other teams.
- 2. Field Office Interdisciplinary Parcel Review Team (FO IDPR):** The FO IDPR teams shall consist of a team leader and an interdisciplinary team of resource specialists that the Field Manager deems necessary to accomplish the goals of the review. The FO team will consist of a variety of resources specialists which may include Natural Resource Specialists, Wildlife Biologists, Archeologists, Hydrologists, and Soil Scientists. Other members may be included in this team through District Manager and Field Manager coordination. District and/or zoned support and State Office support may be necessary for some disciplines.
- 3. State Interdisciplinary Consistency Review Team (State IDCR):** The State IDCR shall consist of specialists from the Branch of Fluid Minerals, the Branch of Planning and Biological Resources, and the Branch of Land Resources.
- 4. Web Maintenance Team:** The web maintenance team shall consist of specialists from the Branch of Fluid Minerals and the External Affairs Office.
- 5. State Office GIS Support Team:** The State Office GIS Support Team will consist of one principle and one alternate GIS specialist from the Resources staff (MT920).

Team Functions:

1. SO FPR Team:

- a. Process incoming Expressions of Interest (verify status)
- b. Send parcel review worksheet to the respective FO, as well as the SO GIS Team
- c. Batch pending parcels, create Appendix A (list of parcels with legal descriptions appended to each EA) and send to each FO
- d. Generate and send scoping letters to surface owners and external entities
- e. Review incoming recommendations for formatting and accuracy
- f. Compile final sale list
- g. Notify surface owners and nominators
- h. Prepare parcels for lease issuance
- i. Notify nominators of deferred or deleted (no lease areas) parcels if necessary

2. FO IDPR Team:

- a. Conduct initial parcel review and screenings
- b. Identify preliminary stipulations and deferrals or deletions (no lease areas) and provide to SO Web Maintenance Team to be posted for public outreach
- c. Conduct necessary site visits
- d. Prepare draft EA/unsigned FONSI or DNA
- e. Consider public comments and modify EA/DNA if necessary
- f. Coordinate District Manager review/concurrence
- g. Send recommendations for leasing (including applicable stipulations), deferral, or deletion to SO

3. State IDCR:

- a. Review FO EAs/unsigned FONSI or DNAs for technical adequacy and consistency
- b. Review proposed stipulations and parcel deferral recommendations
- c. Review stipulations to insure they are RMP-based and are consistent across administrative boundaries
- d. Review and/or assist with, as appropriate, comment letters that may apply to broader geographic areas and/or issues
- e. Prepare decision record(s) for DSD (920) signature

4. Web Maintenance Team

- a. Maintain leasing EA page including key dates
- b. Post preliminary parcel lists received from FOs
- c. Post preliminary parcel map
- d. Post EAs received from FOs for public comment
- e. Post lease sale notice with links to EAs
- f. Post Decision Record(s) with links to EAs

State Office GIS Team

- a. Create shapefile for each parcel sent to FOs
- b. Create preliminary map of batched parcels
- c. Create final map for sale list
- d. Create final post-sale map

Determination of NEPA Adequacy (DNA):

If, through the lease parcel FO IDPR Team review process, the authorizing official confirms the proposed leasing action is adequately analyzed in an existing NEPA document and is in conformance with the approved RMP, a Determination of NEPA Adequacy (DNA) may be used to document NEPA compliance for the leasing decision. The FO will provide a 30-day public review and comment period for the DNA. After consideration of any public comments received, the FO will submit a final DNA and recommendation to the State Office.

Environmental Assessments (EA):

FO level EAs and recommendations will be prepared by each FO IDPR Team for submission to the State Office. Each EA will be structured with the following range of alternatives:

- Alternative I - No Action (no leasing) Alternative
- Alternative II - Lease according to existing RMP
- Alternative III - Lease with additional (or fewer) restrictions, or not lease certain parcels or portions of parcels

The EAs completed for our November 2010 lease sale will be used as the basis for the future EAs. Based on State Office and FO review of the EAs and public comments received on the EAs, a template EA will be developed for future use.

Rotational Parcel Review Schedule

All Montana Oil and Gas Competitive Lease Sales are subject to the following laws, regulations, and policies:

1. Required by law and regulation to hold lease sales at least quarterly if lands are available (Public Law 100-203, Sec. 5102, dated 12/22/87 (FOOGLRA))(43 CFR 3120.1-2)
2. Parcels will only be generated by Expressions of Interest (EOI) or in a drainage situation
3. Required to comply with National Environmental Policy Act (NEPA). This plan includes a schedule for NEPA compliance for next year's sales. Including the mandatory 30 day public comment period, the EA process will take 14 or 18 weeks, depending on the rotation. The schedule will be evaluated after the first year of implementation to determine if a modified schedule is necessary.

4. Required by leasing reform (WO IM 2010-117, dated 05/17/10):
 - a. Must have a 30-day public comment period as part of analysis of parcels.
 - b. Must have a 90-day posting period for the sale notice.
 - c. Must have a 30-day protest period (first 30 days of posting period).
5. Required to notify the surface owners of split estate parcels prior to 30-day comment period (WO IM 2010-117, dated 05/17/10) and again when the parcel is included in the oil and gas Notice of Competitive Lease Sale (WO IM 2009-184, dated 07/24/09). Both notifications will be sent by the State Office.

Field Office Rotation:

A sale schedule based on current industry demand will be established on a FO rotational basis to balance the workload and allow each FO to devote sufficient time and resources to the review process. The FO IDPR Teams consist of a variety of resource specialists. District and/or zoned support and State Office support may be necessary for some disciplines.

Two of the FOs, Miles City and North Dakota, have experienced the most leasing interest in the recent past. This trend is expected to continue in the foreseeable future. These two offices will be responsible for parcel reviews for two sales per year.

The other FOs have experienced a lower level of leasing activity in the recent past and fewer expressions of interest are being received for these areas. These offices include: Billings, Lewistown, Butte, Dillon, Glasgow, Malta, Havre, and South Dakota. Therefore, these offices will be responsible for parcel reviews for one sale per year and only if EOIs are received.

There has also been continued leasing interest in the Dakota Prairie Grasslands which are administered by the United States Forest Service (USFS). The USFS lands are not subject to the same EA process. Therefore, USFS parcels will be included in any of the lease sales if leasing recommendations have been received from the USFS.

The rotation for 2011-2012, based on sale dates, is as follows:

February	USFS only
May	Miles City USFS
July	North Dakota South Dakota USFS
October	Miles City Billings, Lewistown, Butte, Dillon, Glasgow, Malta, Havre USFS

January North Dakota
 USFS

Development of the rotation included consideration of the field season and the ability to conduct site visits, breaks in between rotations, and staggering the periods of intense workload for the SO FPR Team. Due to delays caused by the completion of the EAs for the November/December 2010 sale, it is not feasible to have BLM parcels available for a first quarter sale in 2011. However, we anticipate having enough parcels available from the USFS to justify holding a first quarter sale. Therefore, the first sale in 2011 will consist of only USFS parcels. The first feasible date to have a sale including BLM parcels is May 2011. The July sale will start us on a true quarterly sale schedule with future sales scheduled every 3 months after the July sale.

Also under consideration in developing a schedule was the need to avoid overlapping periods of intense workload for the SO FPR Team. While the workload for the field offices is rotational, the workload for the SO FPR Team is continuous. Once we are fully implemented, three sales will be in various stages simultaneously at all times.

Due to the requirement to schedule lease sales on a quarterly basis, and to conduct site visits, an additional four weeks was added to the time for FOs to complete the EAs for the July sale. It is anticipated this same timeframe will be used in subsequent years.

This rotation may change in future years as RMPs are completed or there is a change in industry demand. There could be additional leasing interest in Havre, Malta, and Glasgow upon completion of the HiLine RMP.

Public Notification:

Conducting sales based on a FO rotational schedule will be a change for the Montana/Dakotas and may have a significant impact on the length of time between when an EOI is filed and when the parcel is scheduled to be reviewed by the FO. In some cases, it may be up to one year later.

The State Office will post (on website, in Public Room, and in sale notices) a sale schedule for calendar year 2011 which includes the FO rotation and EOI cutoff dates to encourage the public to timely submit EOIs within their area of interest. However, submitting an EOI prior to the cutoff date does not ensure the parcel will be placed on the next preliminary list. If the parcel requires other action, such as Surface Management Agency, Cadastral, or title review, the action will be completed before the EOI is forwarded to the FO and placed on a preliminary list.

Backlog of Deferred Parcels

When a parcel is identified for deferral during the EA/DNA process:

The State Office notifies the nominator that a parcel(s) will be deferred and the reason for the deferral (i.e. RMP revision, sage grouse screen, etc.). The Worksheet Status spreadsheet and LR2000 are updated as tracking mechanisms for future processing. The nomination case file is filed on a deferral shelf.

The State Office maintains both the Worksheet Status spreadsheet and LR2000 with the parcel information, dates, reason for deferral, and field office. Deferred acreage statistics are generated with an ad hoc LR2000 report. When the condition for the deferral is no longer applicable (i.e. RMP revision is complete) the State Office will add the parcel to the next available preliminary list for review and processing.

Backlog of deferred parcels during the EA/DNA process:

Upon completion of an RMP, any parcels deferred pending completion of the RMP will undergo an initial screening process at the FO to determine if any of the deferred acreage has been identified as a “no leasing area” in the RMP. Parcels within a “no leasing area” will be removed from the Worksheet Status spreadsheet and LR2000, the nomination file will be closed, and the nominator will be notified by SO FPR.

For parcels not within a “no leasing area”, the State Office will send a letter to the nominator of each deferred parcel currently on the backlog list, with their EOI attached, asking if there is still interest in the land being leased. If so, the nominator will need to contact the State Office in writing or by fax, and if necessary, provide additional information (split estate owner name and address). Contacting the nominator before processing the backlogged EOI will prevent unnecessary work where there is no longer an interest.

If the State Office does not receive notification of continued interest in the EOI, the parcel will not be processed any further. The parcel will be removed from the Worksheet Status spreadsheet and LR2000, and the nomination file will be closed.

When the State Office receives written notification from the nominator to continue processing the EOI, the nominated parcel will be added to the next available preliminary list for review and processing. If the FO determines that leasing would not be in conformance with the respective FO RMPs, the parcel would be recommended for deletion, rather than deferral. The parcel will be removed from the Worksheet Status spreadsheet and LR2000, the nomination file will be closed, and the SO FPR Team will notify the nominator.

Public Participation

Public participation is an important component of the leasing EA/DNA process. Public notice and participation under the leasing reform process will rely heavily on web based electronic distribution. The leasing EA web page will contain information regarding upcoming EAs/DNAs and participation opportunities. The web page will provide dates that preliminary lists will be posted as well as the dates of the public comment period on the draft EAs/DNAs. In addition to the web page, split estate surface owners will be notified when parcels are being considered for lease and again when parcels are included in a lease sale notice. Also, each Field Manager can provide additional scoping and public participation opportunities at their discretion. Notification to interested and affected parties will be accomplished as follows:

1. **Notification of split estate surface owners.** Hard copy letters will be generated and mailed by the State Office Fluids Branch. This letter will inform the surface owners of the date the EAs will be available for public review on the website. This will satisfy the requirement to notify surface owners prior to the 30-day comment period.
2. **Public scoping for leasing EAs/DNAs via the web.** Preliminary list of parcels and preliminary stipulations will be placed on the web two weeks into the FO parcel review process.
3. **Additional public scoping for leasing EAs/DNAs.** This will be left to the discretion of the Field Manager.
4. **Public review and comment period of EA/DNA and unsigned FONSI.** The EAs/DNAs, including the parcel list and stipulations, and the unsigned FONSI will be placed on the web for the required 30 days. Additional notification will be left to the discretion of the Field Manager.

External Coordination

Coordination with external entities is also an important component of the leasing EA/DNA process. The State Office will send the preliminary list with a correlated map to other State and Federal agencies including the State Fish and Wildlife Agencies, State Land Boards, National Park Service, Bureau of Indian Affairs, US Fish and Wildlife Service, US Forest Service, Bureau of Reclamation, and Corps of Engineers.

Tribal Coordination/Consultation

Coordination/consultation with respective Tribal Governments is an important component of the leasing EA/DNA process, and an integral element of the tiered process designed to meet the requirements of the National Historic Preservation Act. The interaction between the BLM and the affected Tribes will be based on a government-to-government relationship. Tribes, by treaty, law and executive order, have a unique legal status different than that of states, counties, municipalities, or public interest groups. Therefore, it is imperative to the success of leasing efforts that Tribal consultations be conducted in an appropriate manner. For purposes of this project, “tribal consultations” are viewed as an on-going relationship and process for initiating and carrying out dialogue between the BLM and the respective Indian tribes in regard to the oil and gas leasing EA process. This will be done in a manner intended to secure meaningful and timely exchanges of information among all parties involved.

Unlike public notice and participation under the leasing reform process, effective tribal coordination/consultation efforts cannot rely solely on web based electronic distribution and therefore will include an initial meeting with designated tribal representatives to review the Leasing Reform Implementation Plan and hard copy mailings of all subsequent review materials. The key components of the tribal coordination/consultation strategy include:

1. **Review of the Oil and Gas Leasing Reform Implementation Plan.** Meetings will be held with representatives of potentially interested tribes to review the critical elements of the Leasing Reform Implementation Plan, including: the parcel review process, the rotational parcel review schedule, the backlog of deferred parcels, public participation, tribal coordination/consultation, and the overall Oil and Gas Competitive Sale process.
2. **Notification of batched lease parcel list package.** The list of batched lease parcels and map will be provided to Tribes with identified interests in the lease areas. Lists of tribes and designated tribal contacts with potential interest in the lease areas will be provided to the State Office Fluids Branch during the compilation of batched lease parcels for each lease sale rotation.
3. **Notification of Field Office Interdisciplinary Parcel Review Results (FO IDPR).** The results of the FO IDPR review of the parcels with preliminary stipulations and parcel deferrals will be generated and mailed to designated tribal representatives by the State Office Fluids Branch.
4. **Additional consultation for leasing EAs.** This will be left to the discretion of the Field Manager and based on input provided by designated tribal contacts, and or requests for additional information.
5. **Tribal review and comment period of EA and unsigned FONSI.** The EAs, including the parcel list and stipulations, and the unsigned FONSI will be mailed to designated tribal representatives by the FO, with comment requested within 30 days. Additional notification will be left to the discretion of the Field Manager.

Leasing Reform Table

Process Step	Leasing Reform Policy Process Requirements and Required Timeframes	State-specific Process Requirements	State-specific Timeframes
Expressions of Interest (EOI) are received in the State Office (SO)	SO establishes a cutoff date for incorporating EOIs into sale packages for individual field offices (FO)	EOIs will be received anytime up until the cutoff date	Ongoing
	SO reviews EOIs	Ownership verified, Lease parcel review worksheet to FO, USFS, and GIS	Ongoing
	SO sends preliminary parcel lists to designated FOs (on a rotational basis)	Preliminary list developed for each office, list and shape files sent to each office and MT FWP.	3 weeks
Leasing Reform Process			
FO begins parcel review process	FO Interdisciplinary Parcel Review (IDPR) Team initiates parcel review through the National Environmental Policy Act (NEPA) process		
	<ol style="list-style-type: none"> 1. Gather Existing Information 2. Review for Resource Management Plan (RMP) conformance and adequacy 3. Review for program-specific guidance requirements 4. Identify other considerations 5. Conduct parcel site visits with appropriate IDPR team members 6. Ensure internal and external coordination 7. Ensure opportunity for public participation 8. Identify/address consultation needs 	Identify deferrals based on screening process and develop preliminary list of stipulations based on the RMP. Scoping letters mailed to state and federal agencies, tribal entities, and split estate surface owners notified. Information posted for public review and comment.	2 weeks or 6 weeks depending on the rotation
		Develop EA and unsigned FONSI	6 weeks

Process Step	Leasing Reform Policy Process Requirements and Required Timeframes	State-specific Process Requirements	State-specific Timeframes
	<p>NEPA Document (EA or DNA)</p> <ol style="list-style-type: none"> 1. Optional Scoping 2. 30-day public comment period on the Environmental Assessment (EA) and unsigned Finding of No Significant Impact (FONSI) (or unsigned Determination of NEPA Adequacy (DNA)) <p>Plan amendments and Environmental Impact Statements (EIS) will have additional requirements</p>	30-day tribal and public comment period	4 weeks
	As necessary, update the EA and unsigned FONSI based on public comments		2 weeks
	<p>FO sends the EA and unsigned FONSI (or the unsigned DNA) along with the parcel recommendations to the SO or to the District office who in turn reviews and forwards to the SO</p> <p>The State Director may require the district and/or field manager’s signature along with his/her recommendations through methods such as a transmittal memorandum, email, or separate “Recommended by:” signature page that accompanies the FONSI and Decision Record.</p>	Send EA including appendix showing lease parcel and stipulations, and unsigned FONSI to the SO	
SO reviews FO parcel recommendations and NEPA documents		SO IDCR reviews EAs and recommendations	1 week
		SO adjudication prepares sale list, Split estate surface owners notified	3weeks

Process Step	Leasing Reform Policy Process Requirements and Required Timeframes	State-specific Process Requirements	State-specific Timeframes
SO begins the Lease Sale process	SO posts the Sale Notice in the SO Public room and on the SO website at least 90 days prior to the lease sale date with a link to the EA and unsigned FONSI (or the unsigned DNA)		13 weeks
	30-day protest period begins		
	60-day protest review period begins after the protest period ends		
	<p>Note: When possible, state offices should attempt to resolve protests before the sale of the protested parcels and publish the decisions on the SO website</p> <p>As appropriate, update the EA and unsigned FONSI (or the unsigned DNA), taking into account the protest(s) or protest resolution</p> <p>If <u>all</u> of the protests have been resolved prior to the lease sale, the authorized officer at the SO may sign the FONSI and then the decision record (or DNA) prior to holding the lease sale</p> <p>A 30-day Interior Board of Land Appeals appeal period begins for the protester upon denial of his/her protest</p>		
Lease sale	Conduct the lease sale		1 day

Process Step	Leasing Reform Policy Process Requirements and Required Timeframes	State-specific Process Requirements	State-specific Timeframes
Issue the Lease(s)	<p>Prior to issuing a lease for a parcel, the authorized officer at the SO must:</p> <ol style="list-style-type: none"> 1) Resolve any protest on the parcel(s) that was not resolved before the lease sale and post the decision on the SO website; and 2) Sign the FONSI (or the DNA) and then the separate decision record (decision to issue or not to issue a lease(s)); and 3) Post the updated and signed documents on the SO website and in the SO public room; and 4) Issue the lease(s) <p>Note: Leases will be issued in a timely manner (60 days or less) following payment by the successful bidder of the remainder of the bonus bid (bonus bid to be remitted within 10 working days after the sale). A decision not to lease should be issued within the same timeframe</p>		8 weeks
	<p>A 30-day Interior Board of Land Appeals appeal period begins for the protester upon denial of his/her protest</p>		
	<p>A 30-day Interior Board of Land Appeals appeal period begins upon issuance, or a decision not to issue, the lease(s)</p> <p>Note: To bring an appeal to IBLA, the appellant must have taken part in the process, either by making a comment or filing a protest. Otherwise the appellant does not have standing to bring an administrative appeal</p>		

Oil and Gas Competitive Lease Sale Process

Required Tasks for Offering a Parcel for Competitive Lease Sale:

EXPRESSIONS OF INTEREST (EOIs):

EOIs are received at the State Office and verified for land status/ownership. There is no set nomination period for each sale; however, there is a cutoff date for EOIs for each sale. The sale schedule and EOI cutoff dates for 2011 are listed below:

<u>SALE DATE</u>	<u>EOI CUTOFF DATE</u>
Tuesday, February 15, 2011	NA – (USFS only)
Tuesday, May 10, 2011	September 9, 2010
Tuesday, July 12, 2011	October 14, 2010
Tuesday, October 18, 2011	February 18, 2011
Tuesday, January 24, 2012	May 27, 2011

STATE OFFICE EOI PROCESSING:

The SO FPR Team will process EOIs as they are received throughout the year. As each EOI is verified, the parcel(s) is sent to the FO and SO GIS. Using this process, the FO receives early notification of upcoming parcels and may be able to conduct site visits prior to receiving the batched list on the EOI cutoff date.

STATE OFFICE PRELIMINARY BATCHED LIST PREPARATION:

The State Office prepares the preliminary list with correlated mapping (shapefiles and plat drafting). The list will be completed within 3 weeks after the cutoff date for each sale. The preliminary list and map will be provided to the appropriate FO. The surface owner information required on the EOIs will be provided to the FO with the preliminary list. This information can be used by the FO to contact the surface owner if necessary. Letters will be sent to split estate surface owners by the State Office Branch of Fluid Minerals. The list and map will also be provided to Montana Fish, Wildlife and Parks headquarters in Helena. The list and map will also be provided to other State and Federal agencies including the State Land Board, National Park Service, Bureau of Indian Affairs, US Fish and Wildlife Service, US Forest Service, Bureau of Reclamation, Corps of Engineers, and to Tribes with interests in the lease areas.

FIELD OFFICE ANALYSIS AND RECOMMENDATIONS:

Parcel review and NEPA compliance will be conducted by the FO IDPR Team. The parcel reviews and NEPA compliance will be completed in 14 or 18 weeks, depending on the rotation. This includes:

1. Initiate parcel review and screenings
2. Provide preliminary stipulations and deferrals to SO Web Maintenance Team to be posted for public outreach and mail (certified mail) to Tribes with interests in the lease areas
3. Conduct necessary site visits
4. Coordinate with State Agencies as appropriate
5. Additional coordination and public outreach as necessary
6. Prepare draft EA/DNA and unsigned FONSI (copies to Tribes using certified mail)
7. Consider public and Tribal comments and modify EA/DNA if necessary
8. Send recommendations (leasing, deferrals or deletions) to the SO FPR Team, including applicable stipulations

STATE OFFICE REVIEW:

Consolidate recommendations and NEPA documents from the FOs and USFS.

1. Review FO EAs/DNAs and unsigned FONSI's for technical adequacy and consistency
2. Review proposed stipulations and parcel deferral recommendations
3. Review stipulations to insure they are RMP-based and consistent across administrative boundaries
4. Prepare decision record(s) for DSD (920) signature:

STATE OFFICE PREPARES FINAL SALE NOTICE:

1. Proof final parcel list
 - a. make corrections and deletions based on information from FOs
 - b. proof land descriptions and formatting
 - c. number parcels
 - d. print sale notice, which includes "rules of the sale"
 - e. send signed final list to printer
 - f. send electronic copy of the sale notice to the web team for posting
2. Prepare letters to all split estate surface owners to notify them their land is being included in a sale notice.
3. Mail Sale Notice to the lease sale mailing list (paid subscription) and the Surface Management Agencies

POST COMPETITIVE SALE NOTICE 90 DAYS PRIOR TO SALE

Protests are due into the State Office 60 days prior to sale
Post received protests online
Analysis and resolution of protests (60 days prior to sale)

HOLD SALE AUCTION

AFTER SALE:

Prepare statistics for WO
Prepare and mail Results List (post on the web)
Update EA/DNA and FONSI for State Director's signature (within 60 days of sale if protests resolved)
Prepare Decision Record
Resolve Protests (if not completed before the sale). Response is signed by DSD
Prepare additional decisions that have resulted from protests (deferral, rejection, etc.) signed by Chief, Fluids Adjudication Section or SD based on reason
Prepare and issue leases-if protest is resolved. The leases are signed by Chief, Fluids Adjudication Section
Create post-sale lease map

30 DAY APPEAL PERIOD BEGINS FOR ISSUED LEASES