

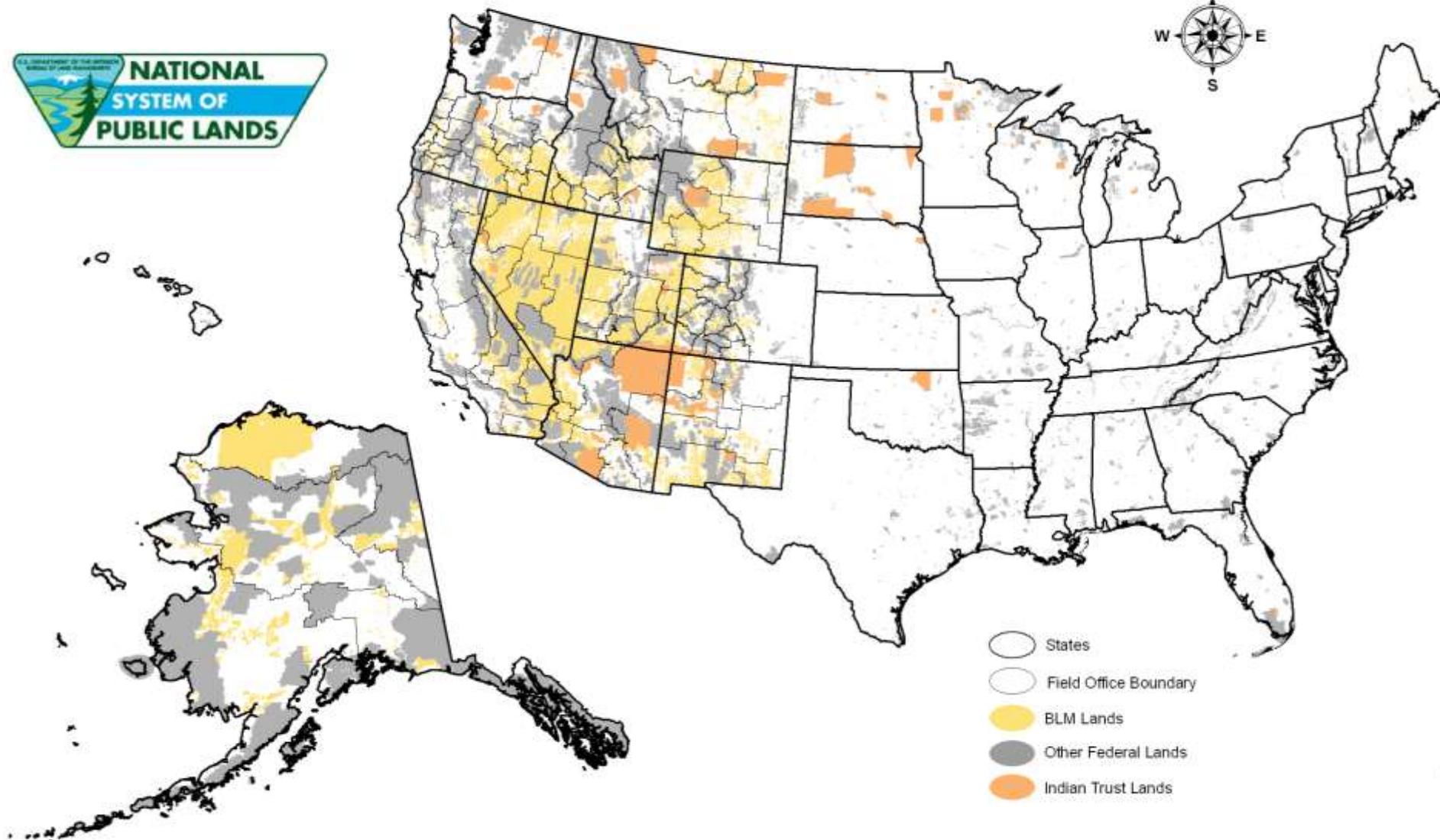
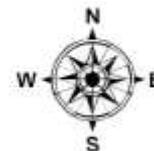
**Managing Oil and Natural Gas
Development
on
Federal Onshore Lands
Presented by:
Gary Johnson
Deputy State Director – Minerals
Nevada BLM**



U. S. Department of the Interior
Bureau of Land Management
Division of Fluid Minerals



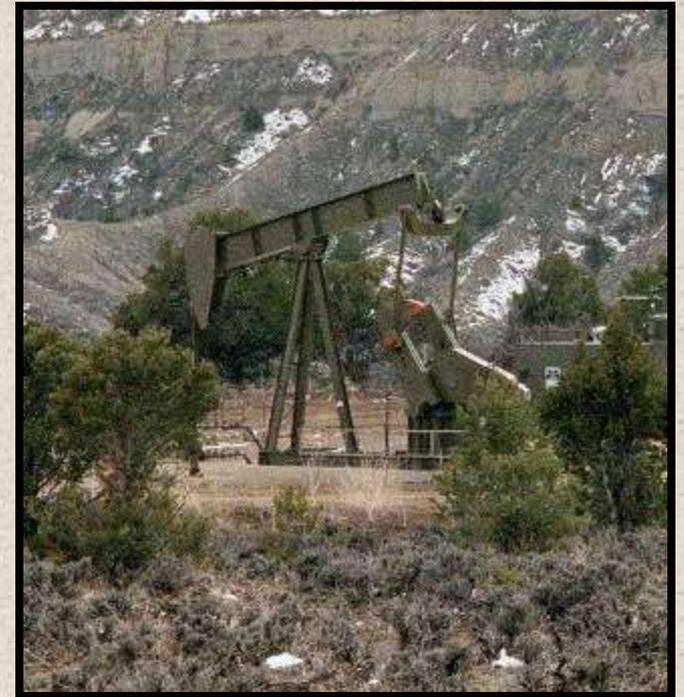
Public Lands, Onshore Federal and Indian Minerals Responsibilities of the Bureau of Land Management



- States
- Field Office Boundary
- BLM Lands
- Other Federal Lands
- Indian Trust Lands

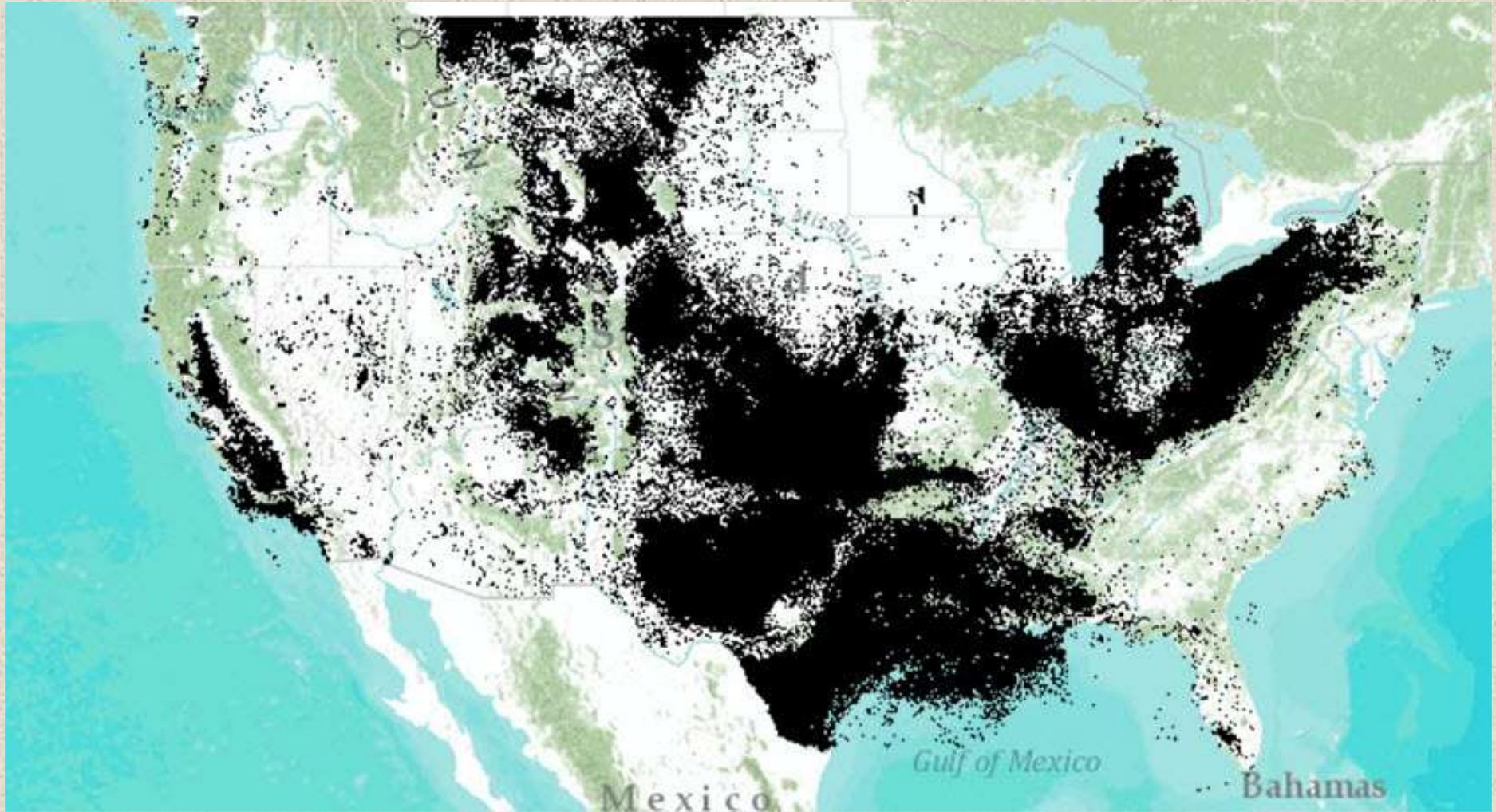
Providing, \$2.7 (US) billion annual royalties; \$245 million bonuses; \$47 million rentals; from \$125 million in program funding:

- 6% of Domestically Produced Oil
- 14% of Domestically Produced Natural Gas

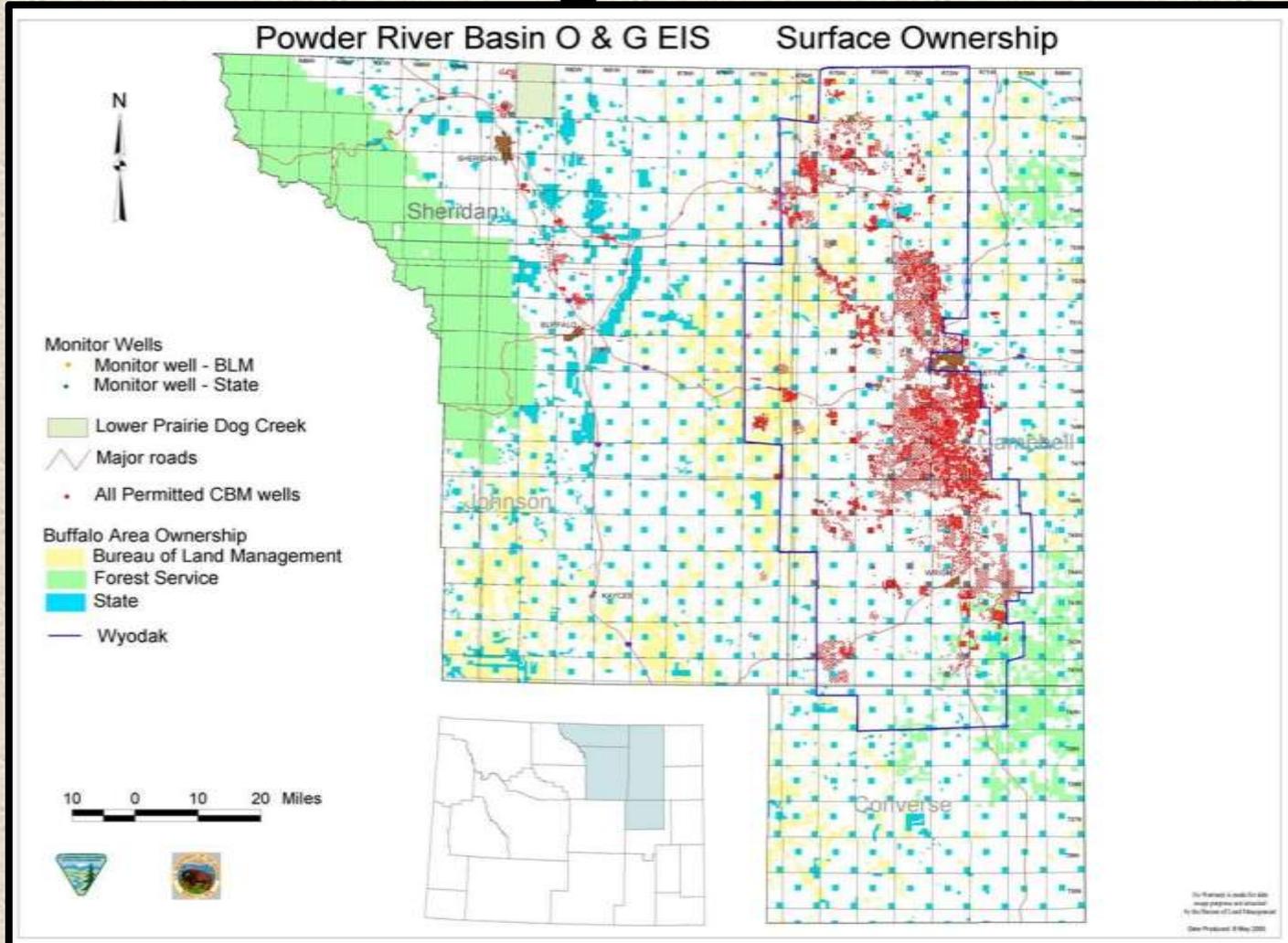


Development is governed under these Laws, and other Regulations and Policies.

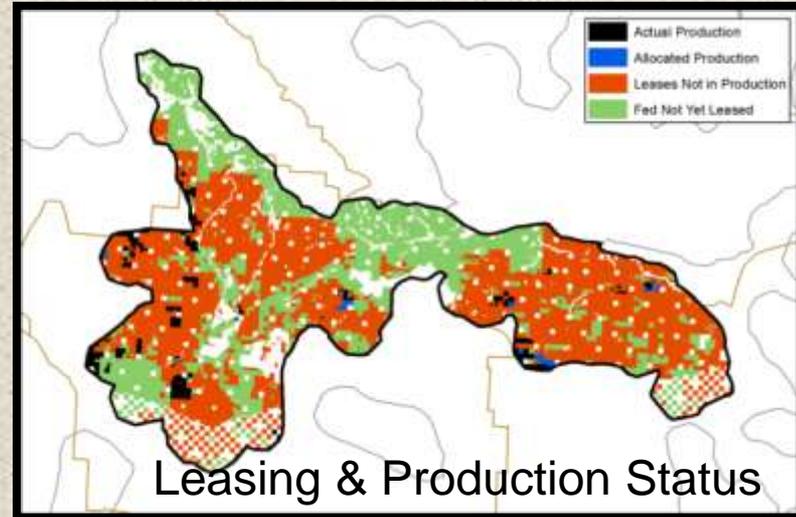
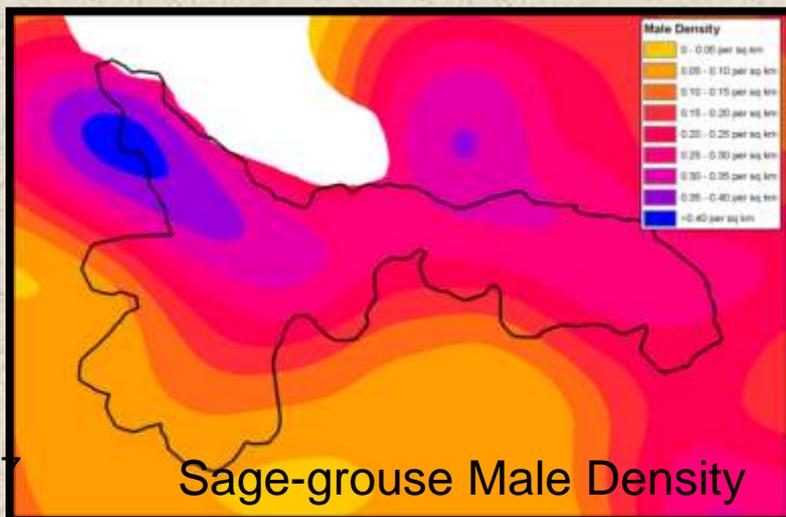
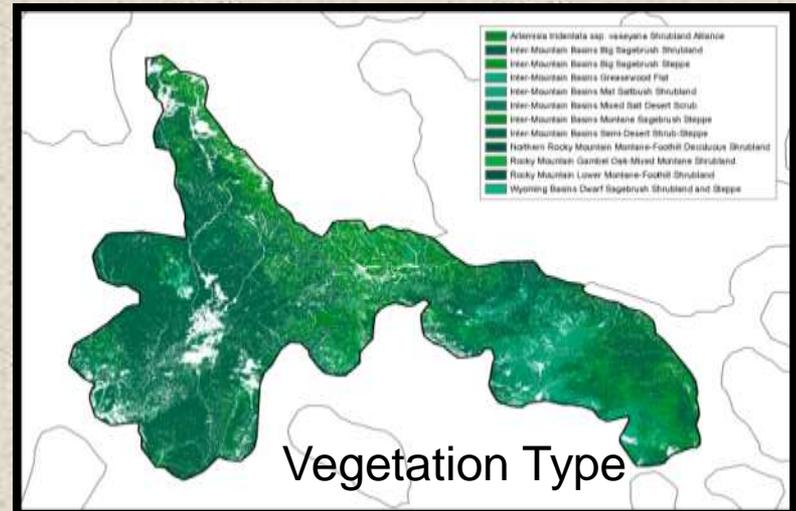
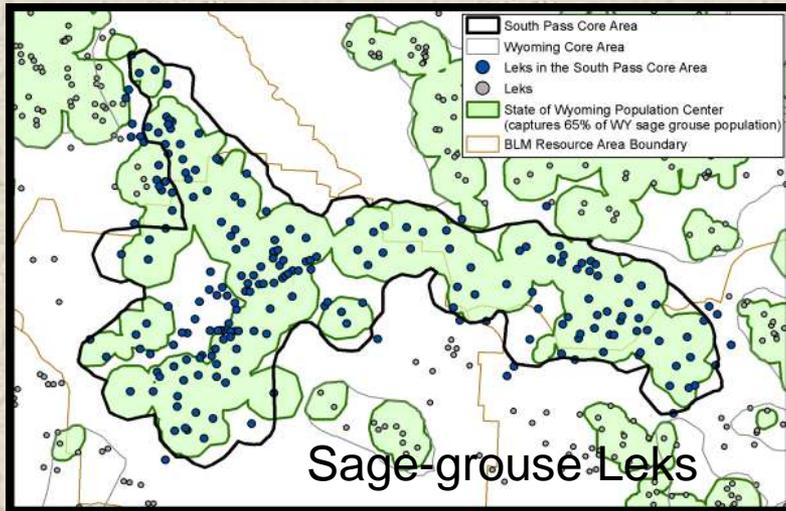
- Mineral Leasing Act of 1920
- National Environmental Policy Act of 1969
- Federal Land Policy and Management Act of 1976 – 2000 laws combined
- Federal Oil and Gas Royalty Management Act of 1982 – followed by a suite of Onshore Orders
- Federal Oil and Gas Leasing Reform Act of 1987
- National Energy Policy Act of 2005



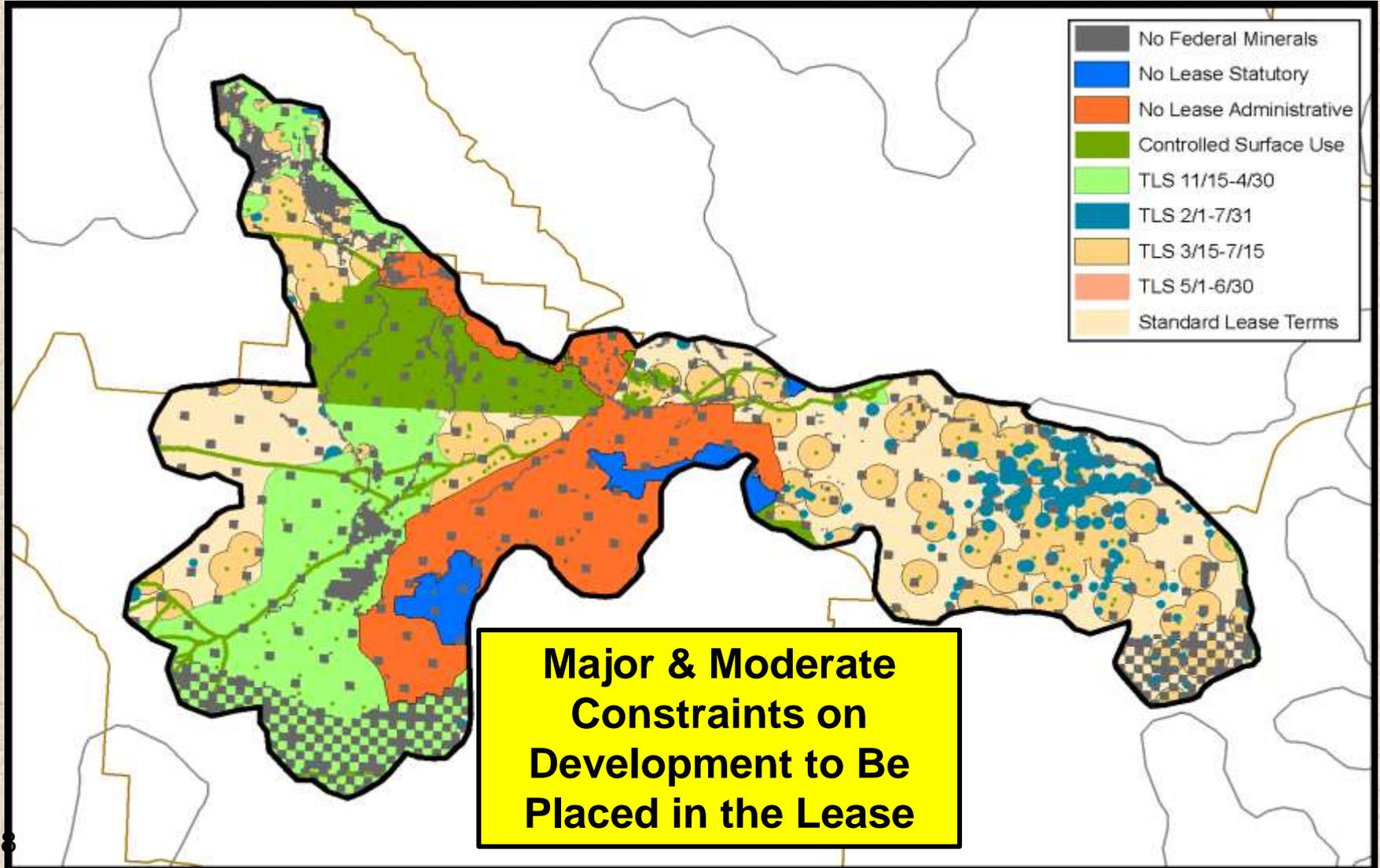
Land Use Planning – Public (sets the stage to tier NEPA)



Using Science & Inventories to Make Better Leasing Decisions



Resulting Lease Stipulations



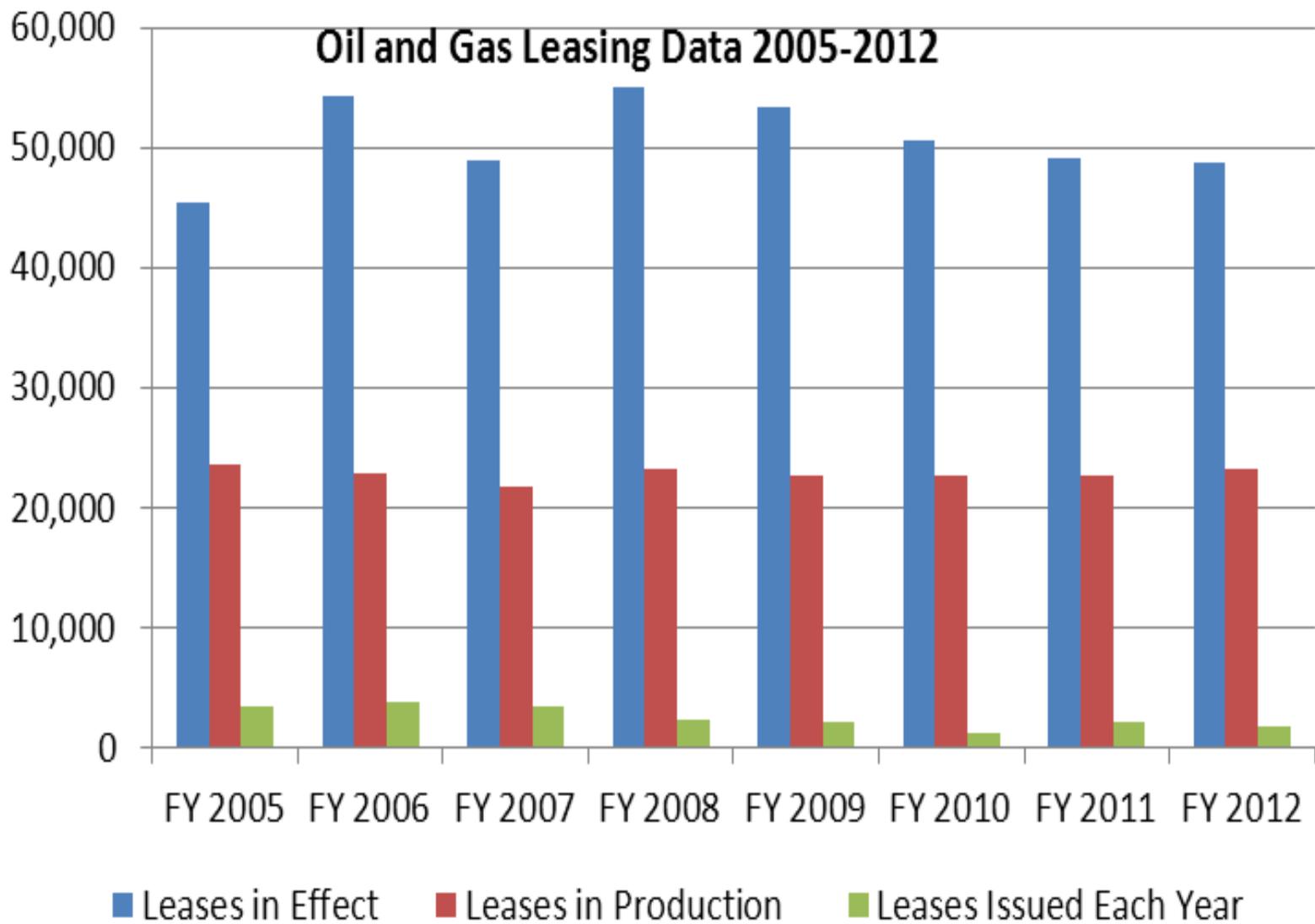
Leasing



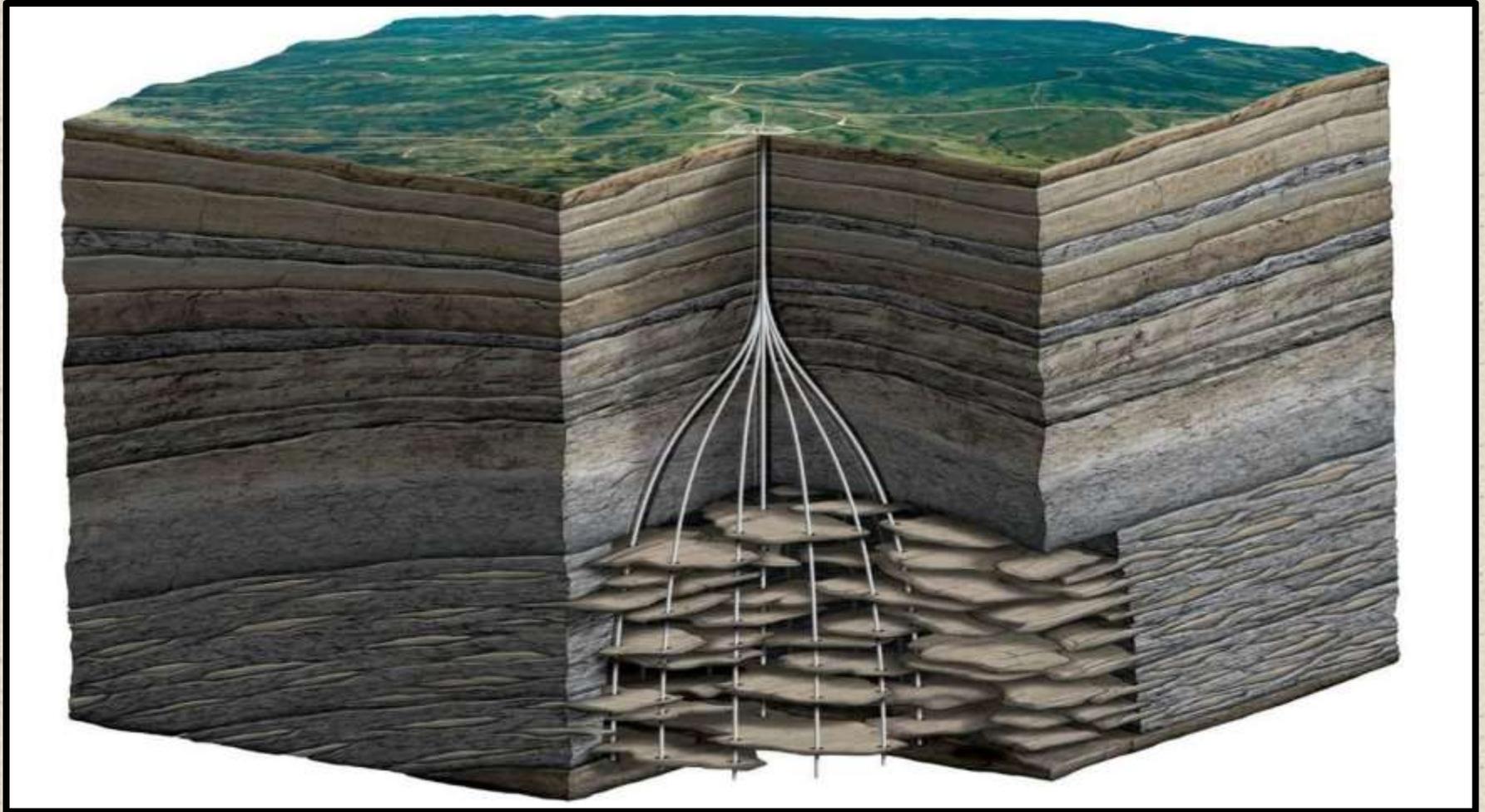
Lease Sales

- BLM conducts an interdisciplinary environmental review of nominated parcels and provides opportunities for public comment and protest.
- BLM State Offices conduct quarterly Lease Sales.
- Parcels are offered through competitive, oral auctions with bidding starting at \$2/acre.

Oil and Gas Leasing Data 2005-2012



Drilling Permit



Drilling Plan

- Geology
- Blowout Prevention
- Casing Program
- Cementing Program
- Mud Program
- Testing & Logging
- Pressures or Potential Hazards
- Directional Design

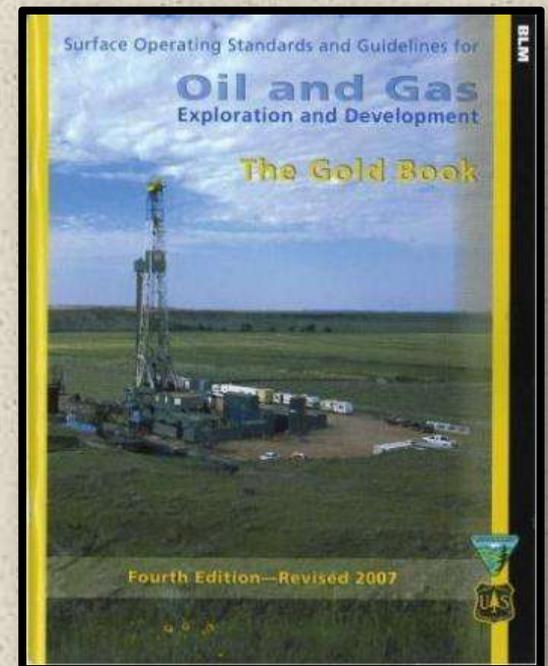


Surface Use Plan of Operations

- Level of Environmental Review (EIS, EA, CX, DNA)
- Resource Surveys (Cultural, Wildlife, Vegetation)
- The Gold Book is the Gold Standard
- Sound operations is critical, due diligence !
- Mitigation Measures attached to the Permit

Minor Constraints such as:

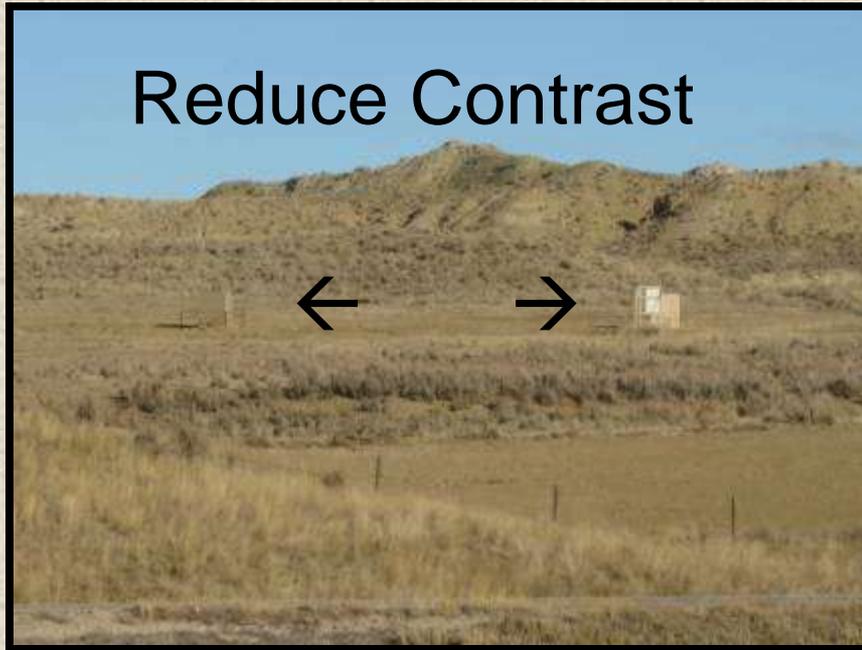
- Move location to a site with less impact
- Control erosion, dust, noise, emissions
- Ensure Interim & Final Reclamation



Best Management Practices (BMP)

Emphasis

It is the BLM's policy to require state-of-the-art mitigation measures.



Inspection Strategy

- Annual determination – required and planned inspections are identified
- Track all hours – office, field, travel
- Risk-based, identify and focus priorities
- Drilling, plugging, production, SAFETY
- 34,000 inspections completed, with 20,000 as environmental – 176 PETs, plus additional Natural Resource Specialists
- 33 field offices, 48,000 leases, in everyone's backyard

Production Verification

- Verify production volumes (23,000 Federal leases), leads to revenues collected
- Compare volumes to what the operator has reported to the new Office of Natural Resources Revenue (ONRR)



Interim Reclamation (before)

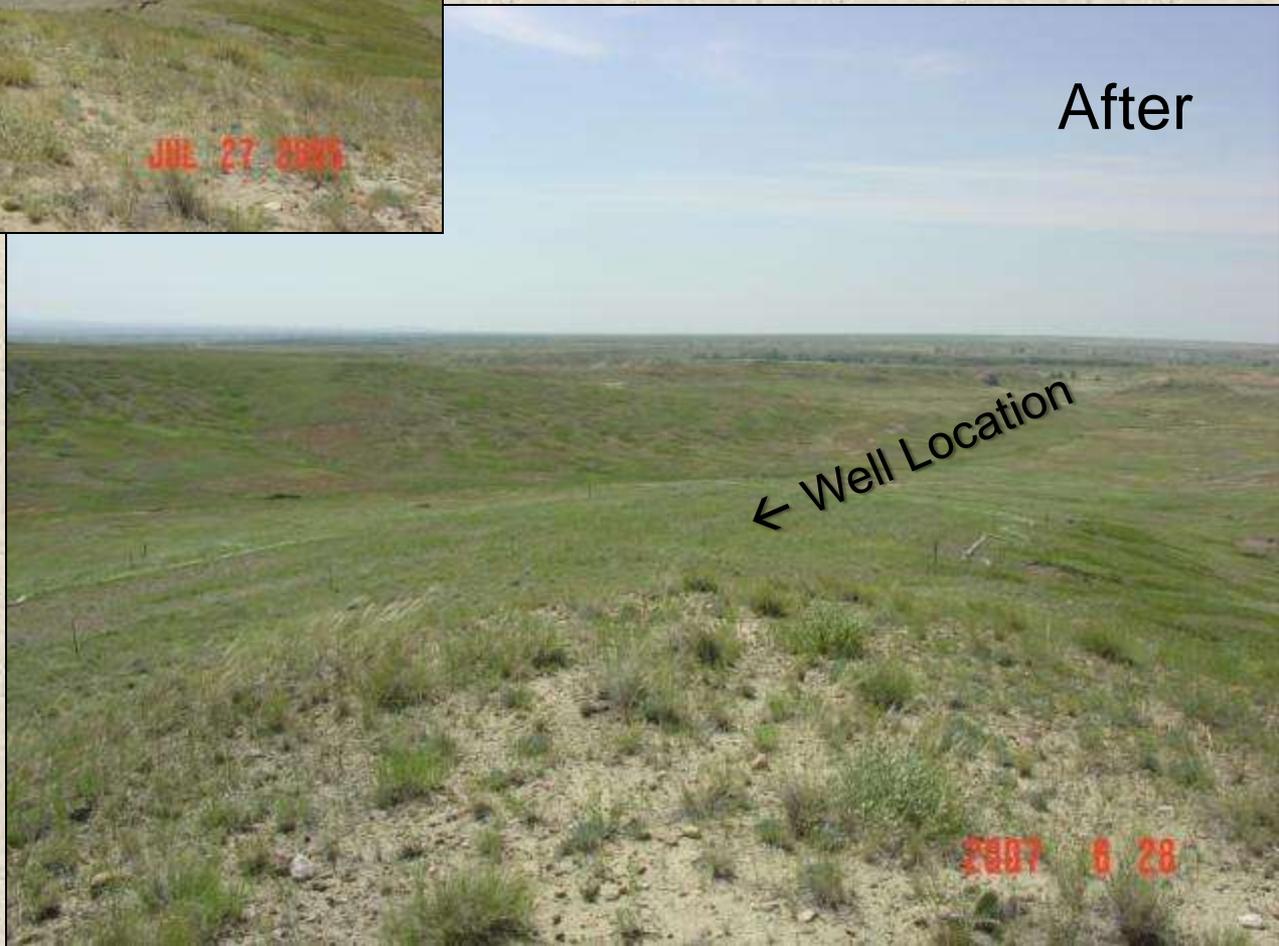


Before



Final
Reclamation
(after)

After



Restoring the
Landscape
and Wildlife
Habitat
.....

Interim Reclamation Sets the Stage, for the Well Plugging, and Final Reclamation

