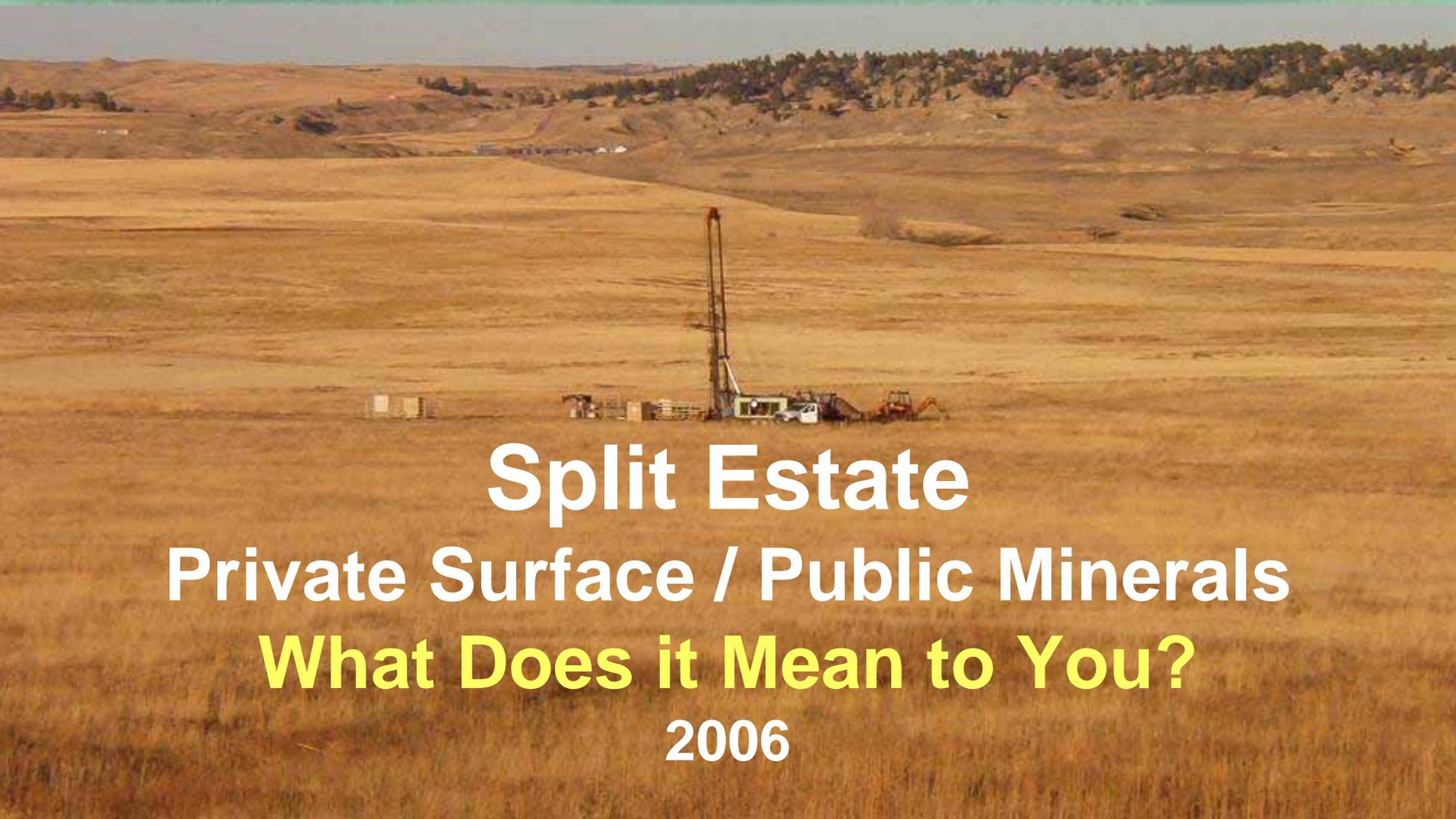




U. S. Department of the Interior Bureau of Land Management



Split Estate Private Surface / Public Minerals What Does it Mean to You?

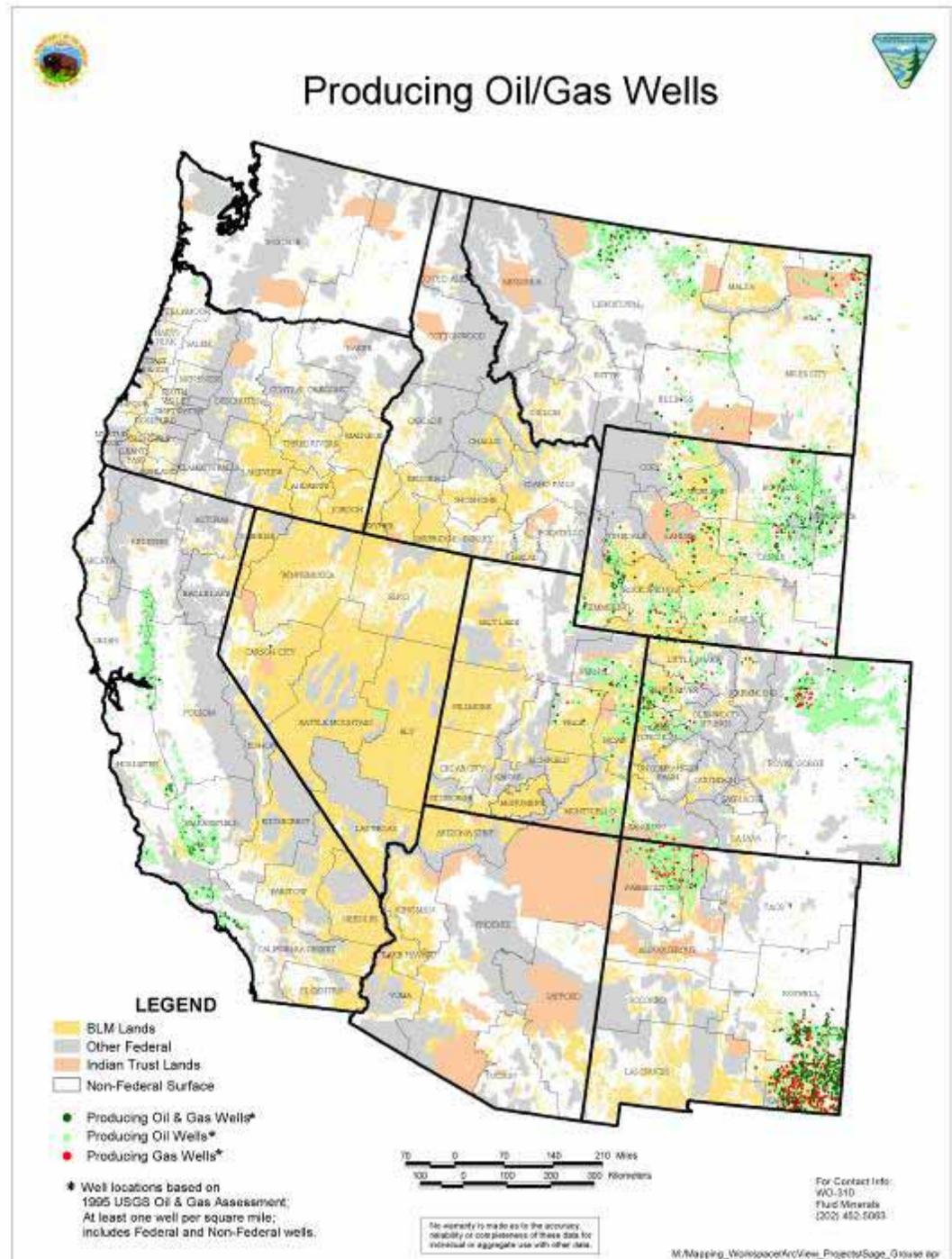
2006

Overview of Presentation

- Why Were the Surface and Mineral Estates, Split?
- Energy Policy Act of 2005, Section 1835 and a Report to Congress – Our Task
- How BLM Manages Split Estate
- How To Reduce the Impact of Energy Development on Private Surface

Where Is Oil and Gas Found in the Western United States?

Green and Red areas on the map show Oil and Gas production areas.



Private
Federal

State
Private

← This Presentation

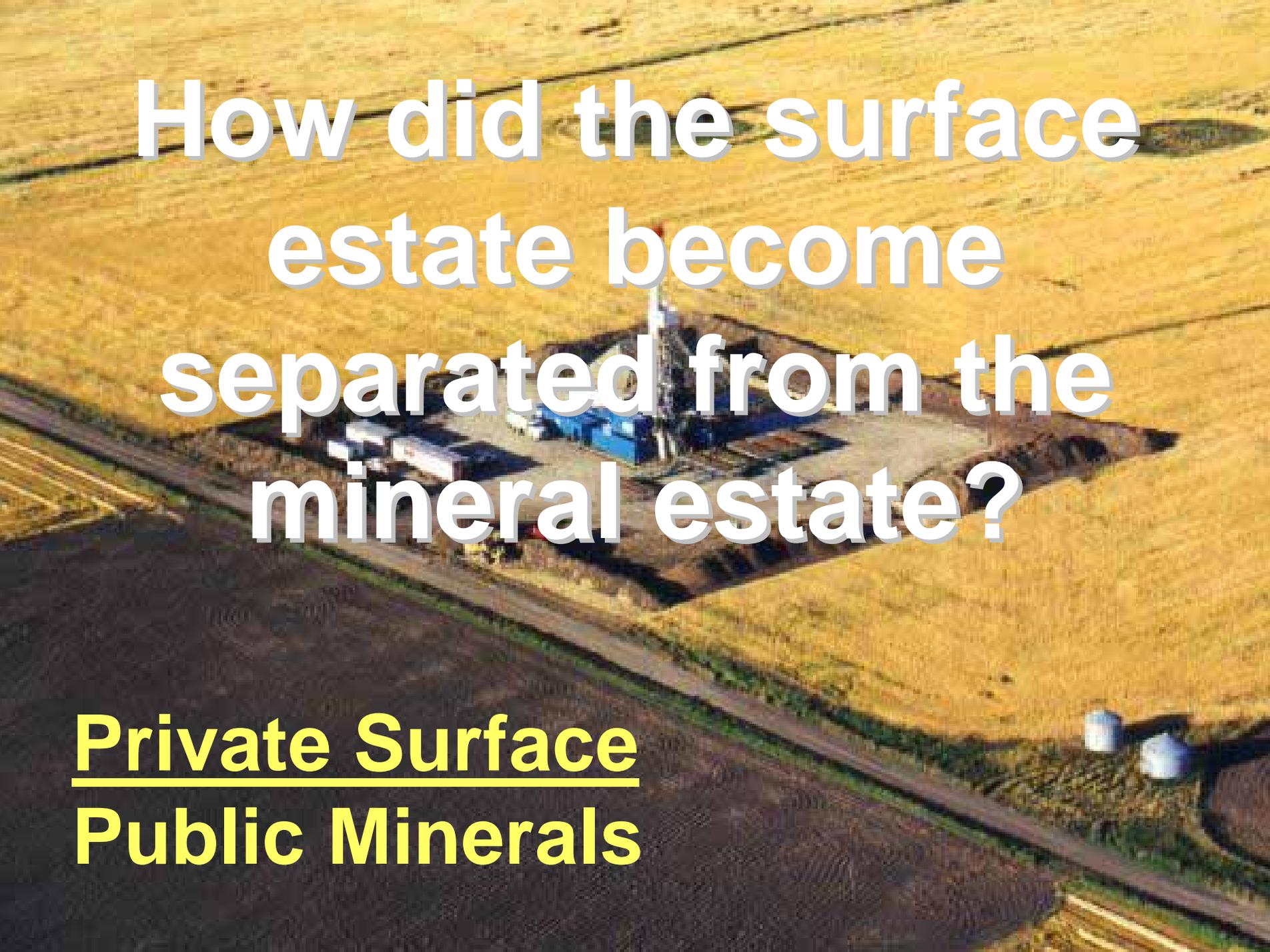
State
Federal

Federal
State

Private
Private

Federal
Federal

Private
State

An aerial photograph of an oil well in a rural, agricultural setting. The well is a complex of blue and white structures, including a derrick and various tanks, situated in a cleared area. The surrounding landscape is a mix of golden-brown fields and dark brown soil. In the bottom right corner, there are two white cylindrical tanks. The text is overlaid on the image in a large, white, bold font with a slight shadow.

**How did the surface
estate become
separated from the
mineral estate?**

**Private Surface
Public Minerals**

After the Revolutionary War, the Continental Congress began the process of selling lands in order to help repay the war debt.



Eventually a cry went out for “FREE LAND” that could be obtained through sweat equity.

The Country also saw the need for a way to encourage settlement of the West.

FREE LAND!

FREE LAND!

FREE LAND!

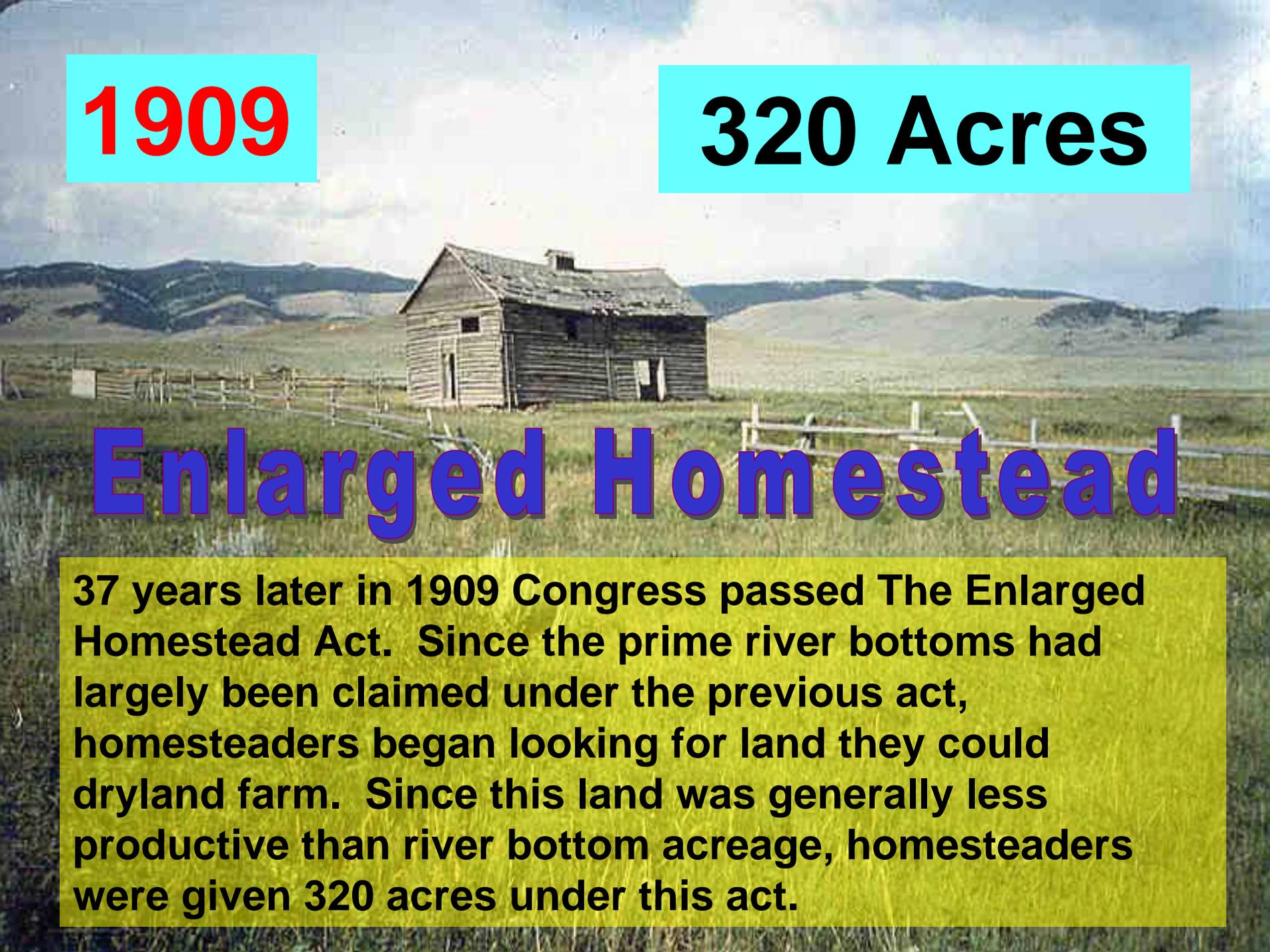


1862

160 Acres

Original Homestead

Over time, Congress responded with 3 main Homestead Acts to encourage settlement of the West. In 1862 the Original Homestead Act was passed. It provided a gift of 160 acres if you lived on the land for 5 yrs; cultivated it; and constructed at least a 12'X14' building on it. You also received the minerals!



1909

320 Acres

Enlarged Homestead

37 years later in 1909 Congress passed The Enlarged Homestead Act. Since the prime river bottoms had largely been claimed under the previous act, homesteaders began looking for land they could dryland farm. Since this land was generally less productive than river bottom acreage, homesteaders were given 320 acres under this act.

1910

Congress Recognizes Different Values



Surface = agriculture

Subsurface = minerals

As early as 1910 Congress recognized that some Federal lands had surface that was valuable for agriculture and subsurface that was desired for mineral extraction, so.....

The Government began selling the surface, and either retaining the minerals, or selling them to someone else.



1914

During the early homesteading days the Fed govt didn't retain the minerals, or it retained only the coal (i.e.. the Homestead Act or the Enlarged Homestead Act). However, concern grew that strategic minerals needed to fuel the economy were being locked up by a relatively few people. So in 1914 Congress began retaining most of the mineral estate under acts like the Stockraising Homestead Act of 1916.



1916

640 Acres

Stock Raising Homestead Act

For Ranching Purposes

In 1916 The Stock Raising Homestead Act was passed. It provided settlers 640 acres of prairie for ranching purposes. Under this act, the minerals were reserved to the Fed Govt.

**Bureau of Land Management (BLM)
Administers Surface and Minerals
for the Federal Government**

261 Million Surface Acres

700 Million Mineral Acres

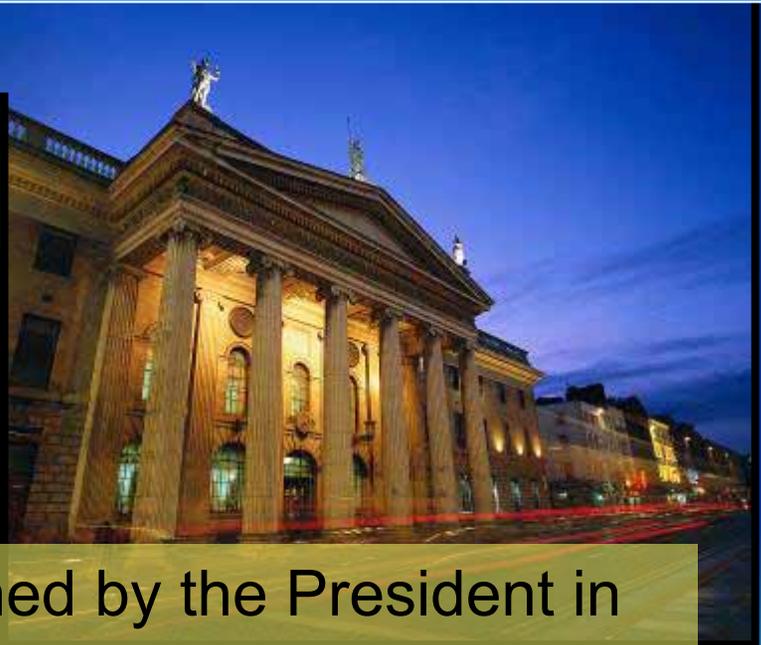
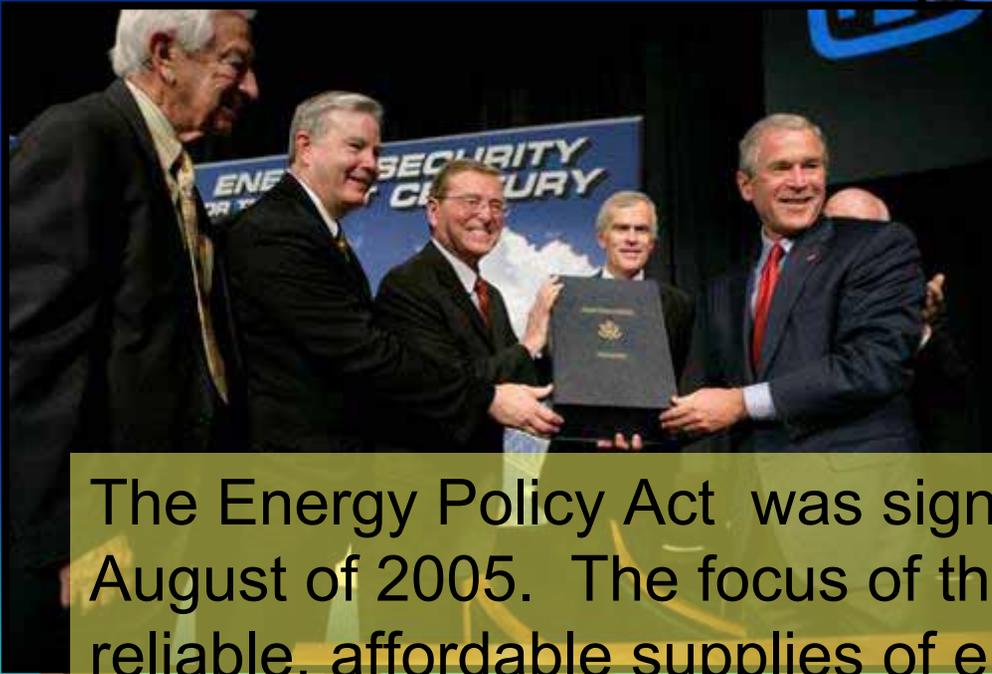
58 Million Acres

NonFederal Surface

Federal Minerals



Energy Policy Act of 2005



The Energy Policy Act was signed by the President in August of 2005. The focus of the Act is securing reliable, affordable supplies of energy for American homes and businesses.

Energy Policy Act of 2005

Sec 1835

Split Estate

- ▶ In consultation with **private surface owners, industry and interested parties**, the Secretary shall **review current policies and practices** of management of Federal subsurface oil and gas activities **and their effects** on private surface ownership.



Affected Party Consultation

- Meeting with Local BLM Managers
- Listening Sessions
 - Public Comments to a Panel
- E-mail Comments:
 - Were Due April 1: splitestate@blm.gov
- Report to Congress
- Further Information:
 - Website: www.blm.gov/bmp



BLM Conducted Split Estate Listening Sessions & Accepted E-mail Comments

New Mexico

Colorado

Wyoming

Montana

Washington, D.C.

**9 listening sessions
were held at 5 locations
across the West and
Washington DC**

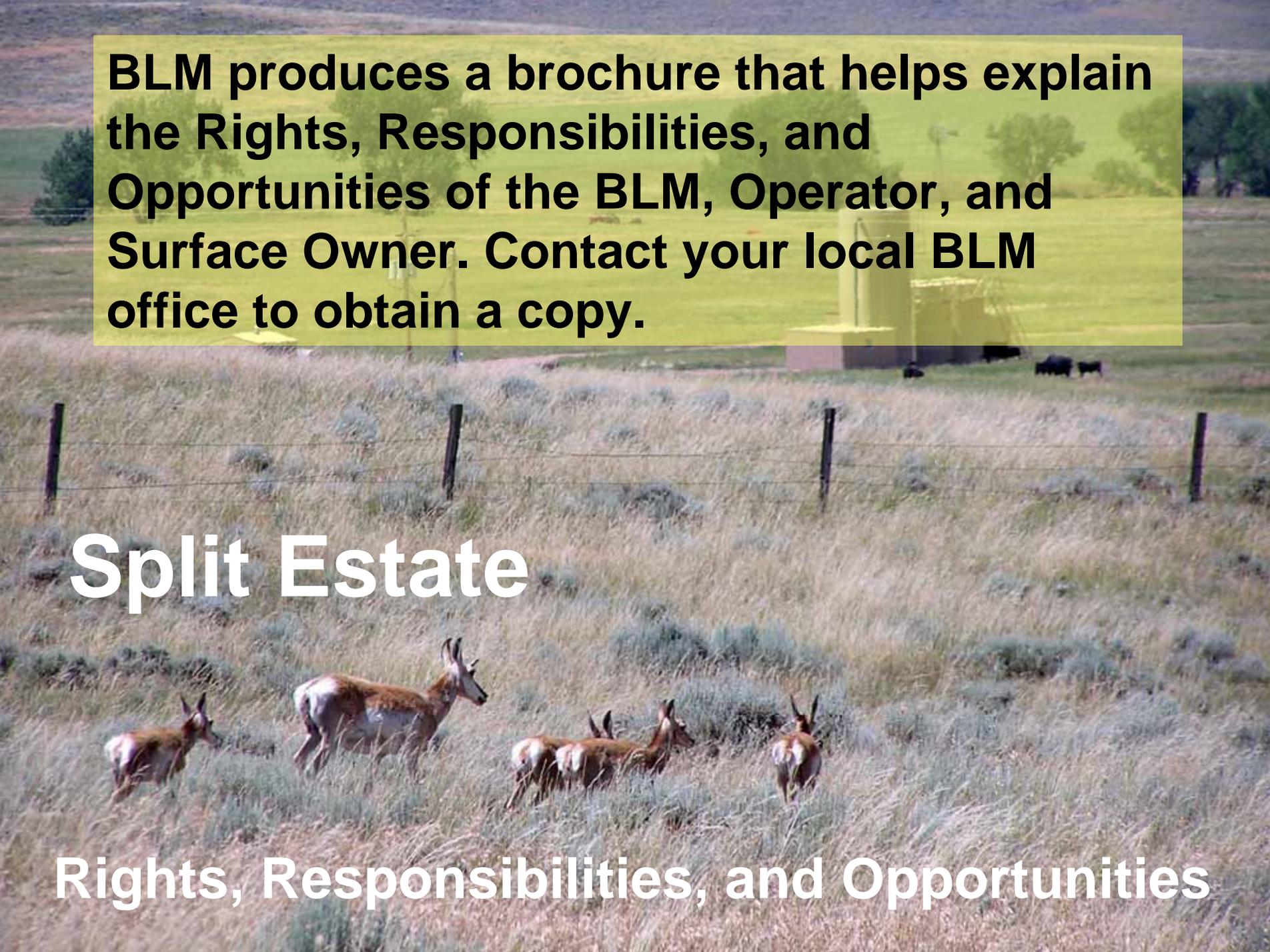
splitestate@blm.gov

State/Date	Speakers	Participants
Albuquerque, NM March 20, 2006	1:00 PM 25 7:00 PM 7	1:00 PM 100+ 7:00 PM 64
Grand Junction, CO March 22, 2006	1:00 PM 12 7:00 PM 7	1:00 PM 43 7:00 PM 22
Casper, WYO March 24, 2006	1:00 PM 32 7:00 PM 7	1:00 PM 72 7:00 PM 20
Miles City, MT March 27, 2006	1:00 PM 6 7:00 PM 2	1:00 PM 20 7:00PM 6
Washington, DC March 31, 2006	1:00 PM 4	1:00 PM 10
Total	102	360+



In addition to the National listening sessions, our doors are always open at the State Office, District Office, and Field Office level to discuss local problems and find local solutions.

Our Doors Are Always Open



BLM produces a brochure that helps explain the Rights, Responsibilities, and Opportunities of the BLM, Operator, and Surface Owner. Contact your local BLM office to obtain a copy.

Split Estate

Rights, Responsibilities, and Opportunities

How Does the BLM Manage Oil and Gas Development in Split Estate Situations?

- **Land Use Planning**

- The BLM Resource Management Plan is the Foundation for Oil and Gas Decisions on Split Estate.
 - Open or Closed to Leasing
 - Lease stipulations
 - BLM routinely updates its land use plans.
 - BLM strongly encourages public involvement during the Resource Management Plan process.
 - State and Local Governments may be Cooperating Agencies.
- 

How Does the BLM Manage Oil and Gas Development in Split Estate Situations?

- **Lease Sales**

- BLM provides a minimum of a 45-day public notification prior to leasing
- BLM is looking at ways to better notify the public prior to leasing.



How Does the BLM Manage Oil and Gas Development in Split Estate Situations?

- **The Onsite Meeting**
 - The surface owner is invited to attend and identify development preferences.



Current BLM Policy

▶ BLM Requires that the Operator engage the Surface Owner in negotiations for the purpose of obtaining a surface use agreement:

1. Surface owner **agreement for access**, or
2. **Waiver** from surface owner for access, or
3. Agreement regarding **compensation**



Current BLM Policy

- Surface Use/Access Agreement
 - BLM requires the lessee/operator to make a good faith effort to obtain an agreement with the surface owner.
 - Failing that, the operator can “bond-on”
 - Bonding-on is a very rare occurrence.



Current BLM Policy

▶ There are 2 Types of Bonds

- **3104 “Performance” Bond – Required**
 - Ensures Performance During Drilling, Production, Plugging and Abandonment, Reclamation
 - Minimum Bond Amounts:
 - \$10,000 Per Lease
 - \$25,000 Statewide
 - \$150,000 Nationwide

Current BLM Policy

- ▶ 2nd Type of Bond –
 - **Surface Owner Protection Bond**
(aka: Damages Bond or 3814 Bond)
 - If the lessee/operator and surface owner fail to reach a Surface Use Agreement
 - Coverage (Depends on statute under which the land was patented.)
 - For example, under the Stock Raising Homestead Act : Reasonable & foreseeable damages to Crops (including grazing lands) and Tangible Improvements

Minimum Bond = \$1,000

Damages Bond

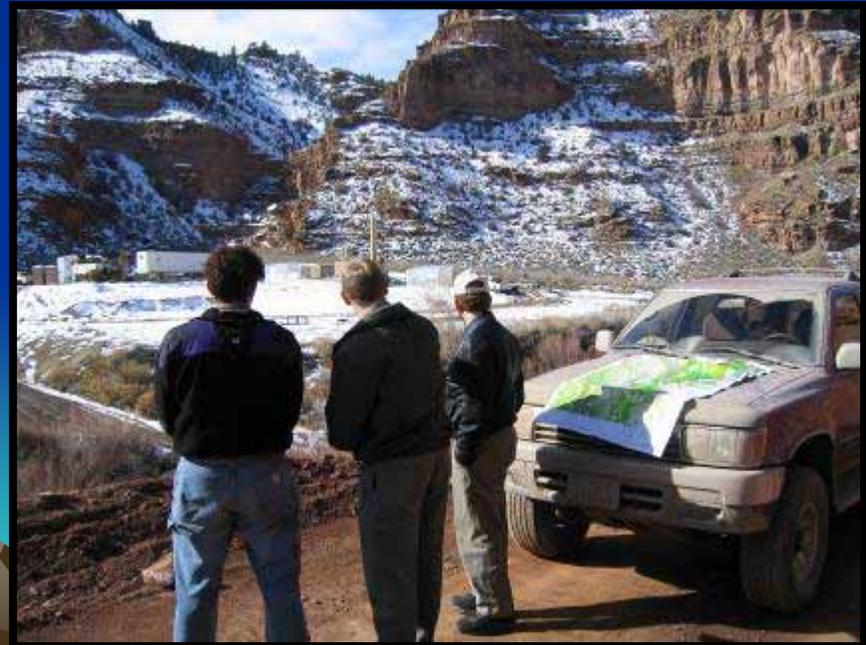
Bond is filed with BLM, with a copy to the surface owner

- Surface owner has 30 days to object
- BLM reviews objections and:
 - Rejects bond: Operator has 30 days to appeal to the Interior Board of Land Appeals (IBLA)
 - Accepts bond: Surface owner has 30 days to appeal to the Interior Board of Land Appeals



Inspection and Enforcement

- BLM conducts inspections based on a priority ranking system.
- If a surface owner detects noncompliance, they should contact the BLM. (2nd set of eyes)
- BLM will investigate and take appropriate enforcement action.



Current BLM Policy

- The surface owner is invited to attend the reclamation inspection & identify concerns to BLM.
- BLM will consult with the surface owner prior to approving final reclamation.



How to Reduce the Impact of Energy Development on Private Lands

Environmental

Best Management Practices (BMPs)

- Minimize Road Traffic
- Minimize Noise
- Maintain Scenic Quality
- Protect Property Values



Use **Best Management Practices** To:

Reduce the Impact Of Energy Development



FOR MORE
INFORMATION, VISIT:
www.blm.gov/bmp



**A Temporary Use,
not a Permanent Use
of the Land**



For More Information:

www.blm.gov/bmp BMPs

www.blm.gov/bmp Split Estate

www.blm.gov/bmp Oil and Gas Gold Book

