



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Buffalo Field Office
1425 Fort Street
Buffalo, Wyoming 82834-2436



OCT 10 2008

Dear Operator,

The purpose of this letter is to advise you of the Buffalo Field Office's intent to process Applications for Permit to Drill (APD)/Plans of Development (POD) in the Fortification Creek area in concert with the submission of a coordinated development plan for any portion of the Fortification Creek area to be developed. The need for such a development plan is set forth in this office's 1985 planning documents and lease stipulations that apply to the Fortification Creek area.

The 1985 Buffalo Field Office Resource Management Plan (RMP) identified the Fortification Creek area as a "Special Management Area" because it contains a combination of important resources such as wildlife habitat, high visual quality, a wilderness study area, steep slopes and erosive soils. Further, the 1985 Record of Decision included the 1982 Fortification Creek Oil & Gas Surface Protection Plan by reference (1985 ROD at P-17) which is the basis for the lease stipulations in this area. Many leases issued within the Fortification Creek area contain a Controlled Surface Use (CSU) stipulation which states that "Surface occupancy or use within the Fortification Creek area will be restricted or prohibited unless the operator and surface managing agency arrive at an acceptable plan for mitigation of anticipated impacts. This may include development and operations and maintenance of facilities..." (PRB FEIS at P-5).

There is a high degree of public interest, high resource values and high Coal Bed Natural Gas (CBNG) potential in this area and as a result, the Buffalo Field Office (BFO) has been working with CBNG operators since 2004 to identify and resolve the resource, planning and NEPA issues associated with this area that would allow responsible CBNG development. This office initiated a RMP amendment for the Fortification Creek area in 2007. The analysis within the Draft RMP Amendment /EA indicates a phased development approach including cooperation among CBNG operators and sharing of linear infrastructure areas among CBNG operators may be the best approach for CBNG development in the Fortification Creek area. Therefore, BLM is requesting that CBNG operators work together with BLM and one another so that development plans dependent on shared infrastructure balance economically viable CBNG development with the sensitive resources of the Fortification Creek area.

It is not required or necessary that affected operators share non-public development plans with one another. To the extent that such plans may impact BLM's approval of the shared infrastructure, any operator is invited to present non-public development plans confidentially to the BLM. The BLM will consider the operators' joint proposals for such infrastructure for each phase of the Fortification Creek area development. Each proposal should include the affected operators' collective efforts to minimize impacts to the resource values in this area. This would include, but not be limited to, common roads, pipelines, powerlines, waterlines, compressor facilities, and commonly agreed BMP's that would be used in the area. Insofar as such proposals contemplate cooperation among different producers, such cooperation must be limited to the minimum necessary to protect the environmental issues at stake in the Fortification Creek area. I would request that the companies involved in the development of the Fortification Creek area, as identified in the 1985 Resource Management Plan, immediately begin working together to generate a coordinated development plan that would minimize impacts to the critical resources in each area to be developed.

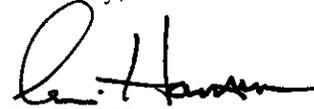
I also encourage you to include the BLM and Wyoming Game & Fish Department representatives in the development of these coordinated plans at the appropriate time. Once the coordinated development plan(s) are received and following a signed Decision Record for the RMPA/EA, this office will analyze and process individual APD/POD's for the Fortification Creek area. This request does not affect those POD's where previous decisions by this office resulted in deferred decisions for portions of POD's that are now being analyzed and processed by this office.

A copy of this letter has been sent to each known CBNG operator in the Fortification Creek area (Enclosure). If you have any questions regarding this letter, please contact my Planning & Environmental Coordinator, Thomas Bills or myself at 307-684-1100.

Enclosure (1)

Cc: Tom Bills-BFO

Sincerely,

A handwritten signature in black ink, appearing to read "Chris E. Hanson". The signature is fluid and cursive, with a large initial "C" and "H".

Chris E. Hanson
Field Office Manager

John Broman, CBM Manager
Anadarko Petroleum Corporation
1099 18th Street
Denver, CO 80202

Charley Dein, CBM Production Manager
Anadarko Petroleum Corporation
1099 18th Street
Denver, CO 80202

Eric Koval, President
Black Diamond Energy
29 Stage Trail Road
Buffalo, WY 82834

Kent Fink
Comet Energy
P.O. Box 594
Buffalo, WY 82834

David Searle, Northern HES Manager
Marathon Oil Company
P.O. Box 7135
Sheridan, WY 82801

Greg Muse, PRB Asset Team Manager
Marathon Oil Company
P.O. Box 3128
Houston, TX 77253-2707

Sherri Robbins, Permitting Manager
Petro-Canada Resources (USA), Inc.
999 18th Street
Suite 600
Denver, CO 80202

David Lanning, Rocky Mountain Assets Mgr.
Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210

Stan Smith, Operations Manager
Yates Petroleum Corporation
P.O. Box 2560
Gillette, WY 82717

Tyler Vanderhoef
Gene George & Associates
111 W. Second Street, Suite 400
Casper, WY 82602

Raymond Lynde, President
Cedar Resources Corporation
P.O. Box 1717
Gillette, WY 82717

RaSchelle Richen
Medallion Exploration
3165 E. Millrock Dr.; Suite 550
Holladay, UT 84121