

Managing Oil and Natural Gas Development on U. S. Federal Lands and Federal Mineral Estate



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

- I. Bureau of Land Management
- II. Laws
- III. Land Use Planning
- IV. Leasing
- V. Drilling Permit
- VI. Inspection and Enforcement
- VII. Production Verification
- VIII. Pipeline Rights-of-Way



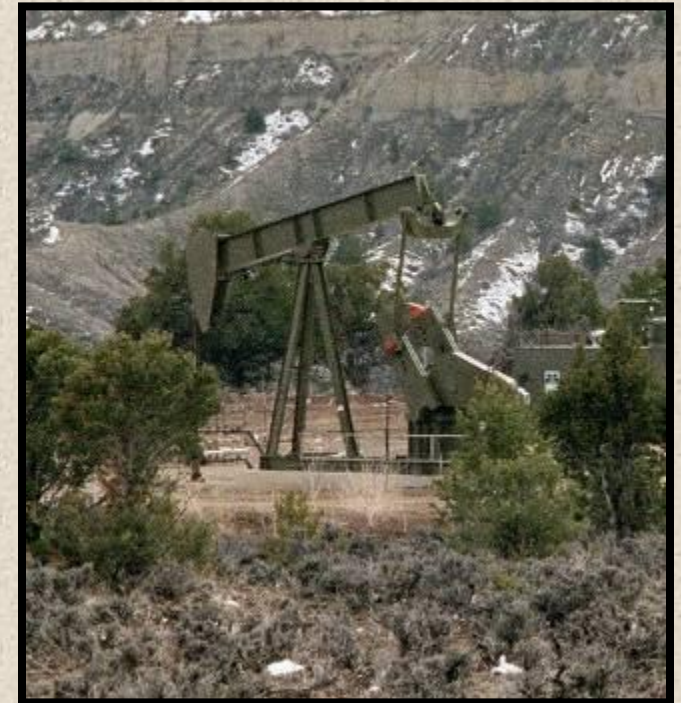
I. US Bureau of Land Management (BLM)

Administers:

- 253 million acres of surface lands
- 700 million acres of sub-surface mineral estate
- 12.3 million acres of producing leases (30% of total leased acreage)

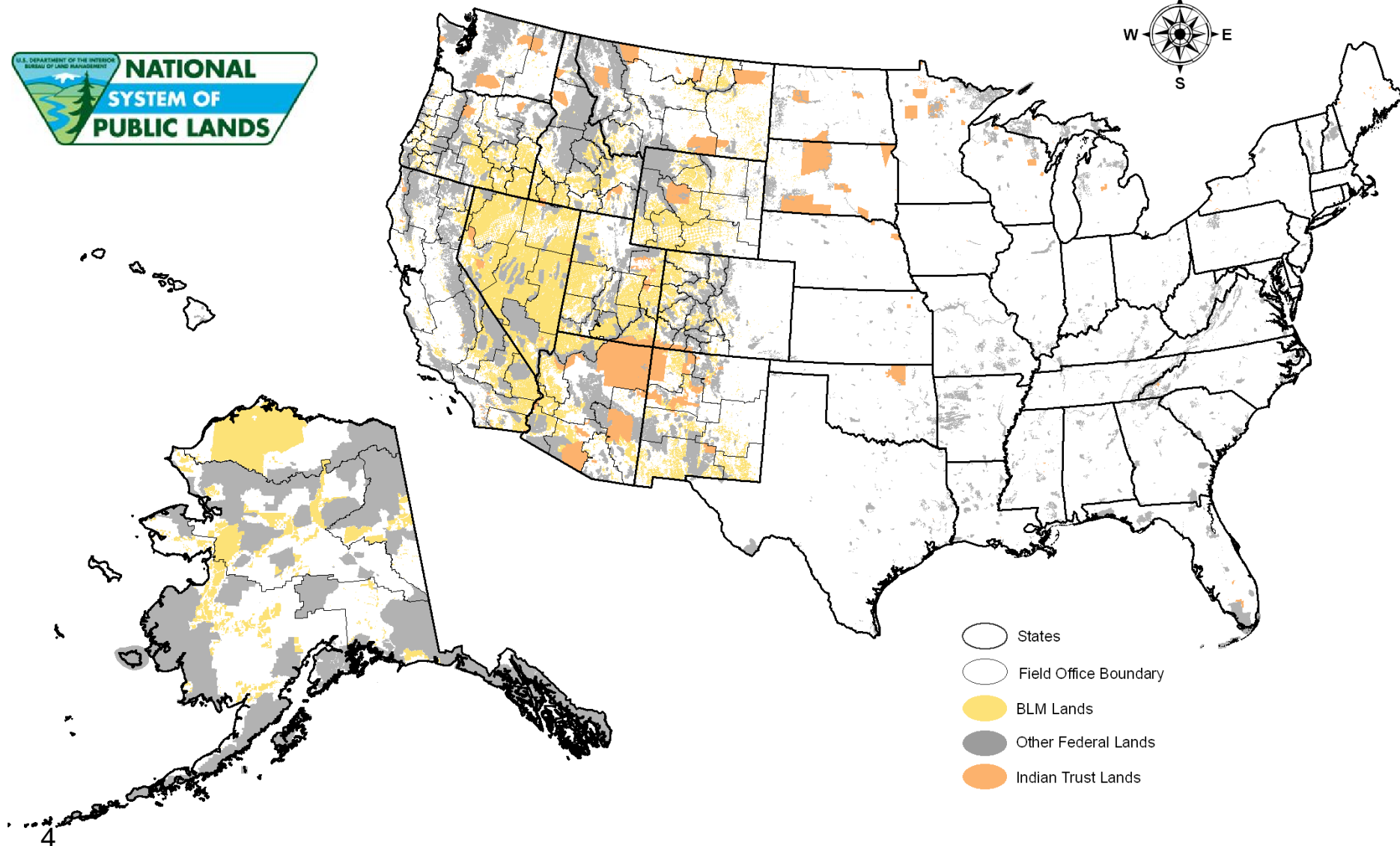
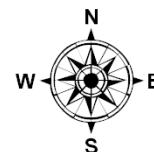
Providing:

- 6% of Domestically Produced Oil
- 13% of Domestically Produced Natural Gas
- 49% of Federal Oil & Gas Revenue goes to the State



Public Lands, Onshore Federal and Indian Minerals

Responsibilities of the Bureau of Land Management



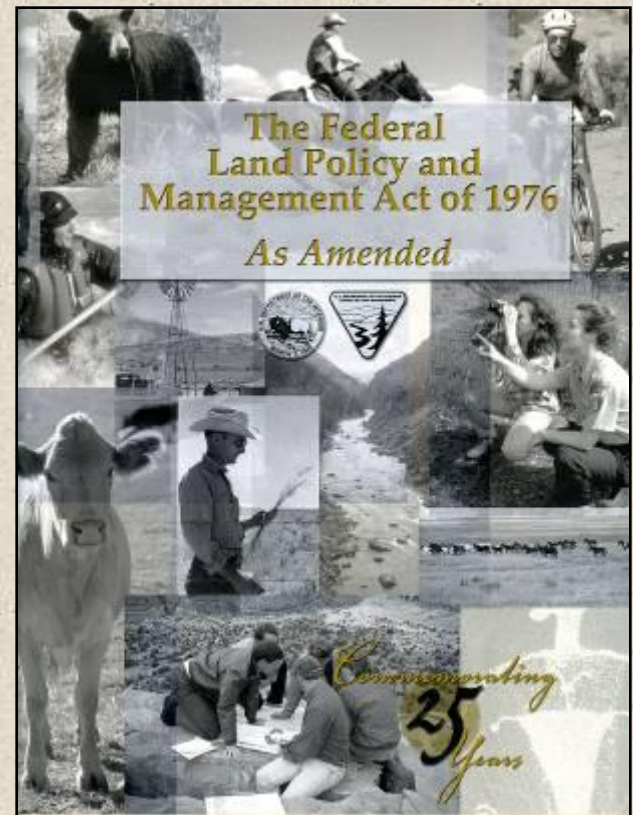
II. Laws Related to Oil and Gas Development

Development is conducted 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
- Federal Oil and Gas Royalty Management Act of 1982
- Federal Oil and Gas Leasing Reform Act of 1987
- National Energy Policy Act of 2005

Federal Land Policy and Management Act of 1976

- Multiple-use management of the public lands
- Opportunities for public participation
- Land-use plans to guide activity on the public lands



National Environmental Policy Act (NEPA) – requires BLM to Conduct an **Environmental Review** for every “action”



Land Use Plan: EIS



Leasing: EA, DNA



Field Development: EIS, EA



Drilling Permit:

EIS, EA, CX, DNA

EIS – Environmental Impact Statement

EA – Environmental Assessment

CX – Categorical Exclusion

⁸DNA- Determination of NEPA Adequacy



Public Involvement

Land Use Planning

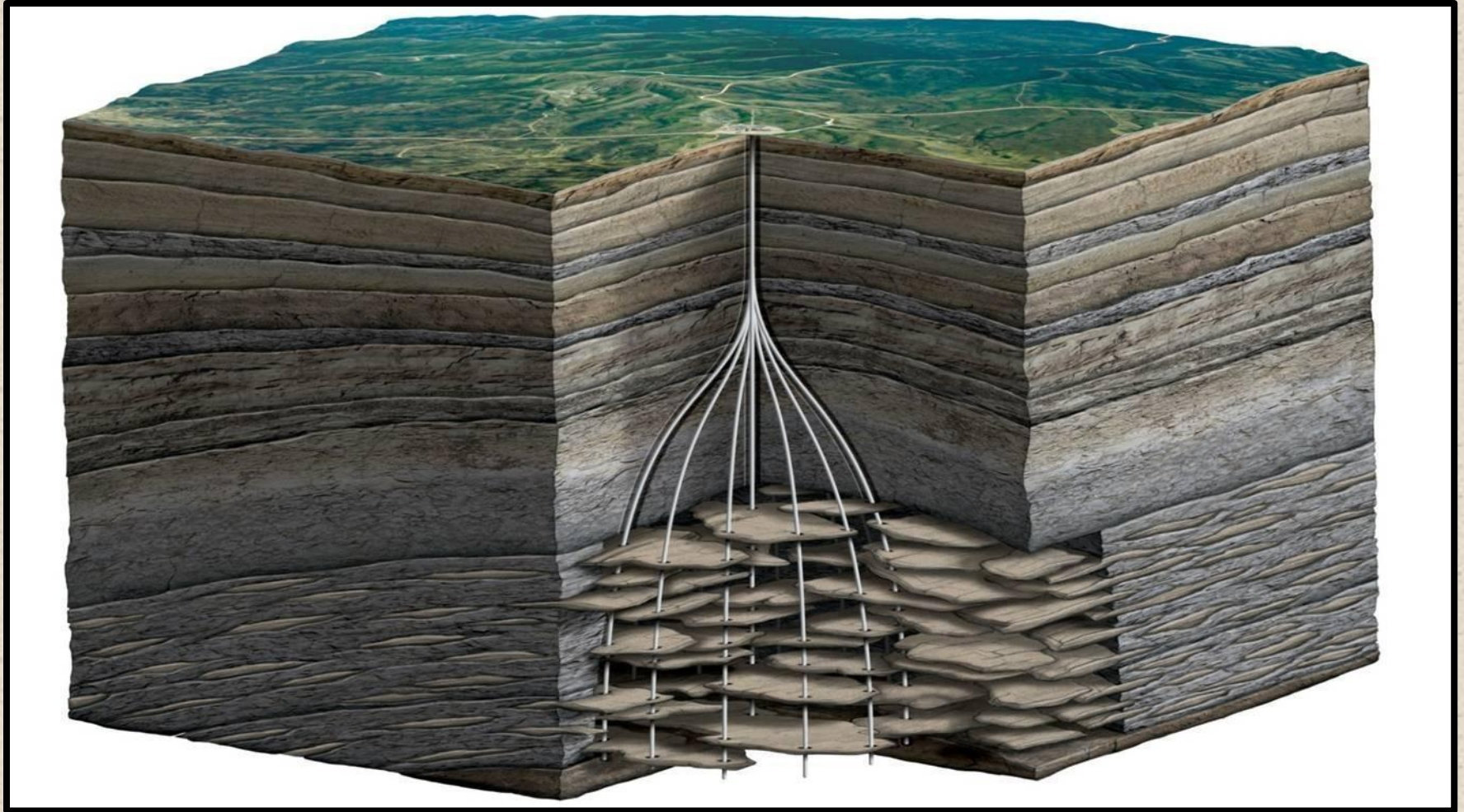
- Laying the Foundation for Land Management
- Balancing Resource Use and Protection
- Resolving Resource Conflicts
- Identifying:
 - 1) Lands Open or Closed to Leasing, and
 - 2) Environmental Mitigation (Protection)



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.
- The winning bidder must pay the minimum bonus bid of \$2.00 per acre, first year's rent, and \$145 fee. The balance is due within 10 days.
- Rent : \$1.50/acre/year for years 1-5; \$2.00 years 6-10.
- Lease issued for 10 years unless held by production.

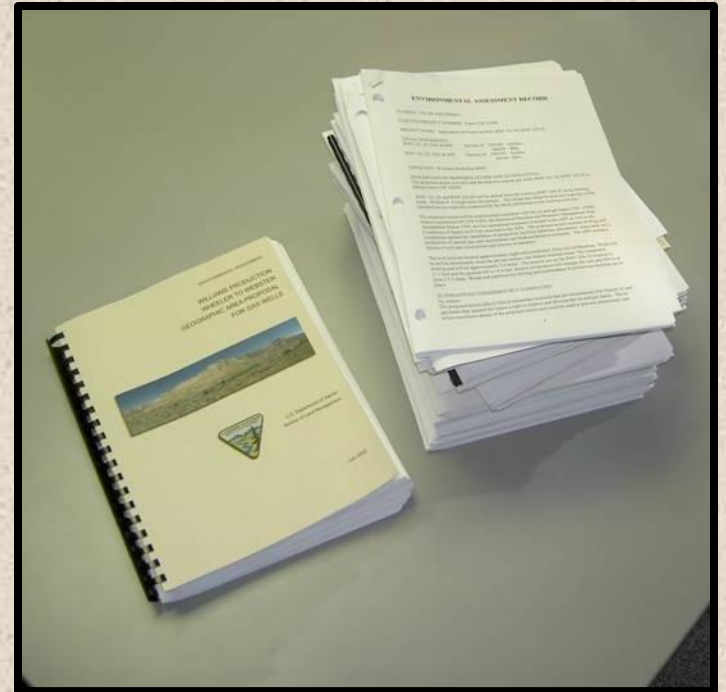
V. Drilling Permit



Review and Approval of the Operator's Application for Permit to Drill (APD)

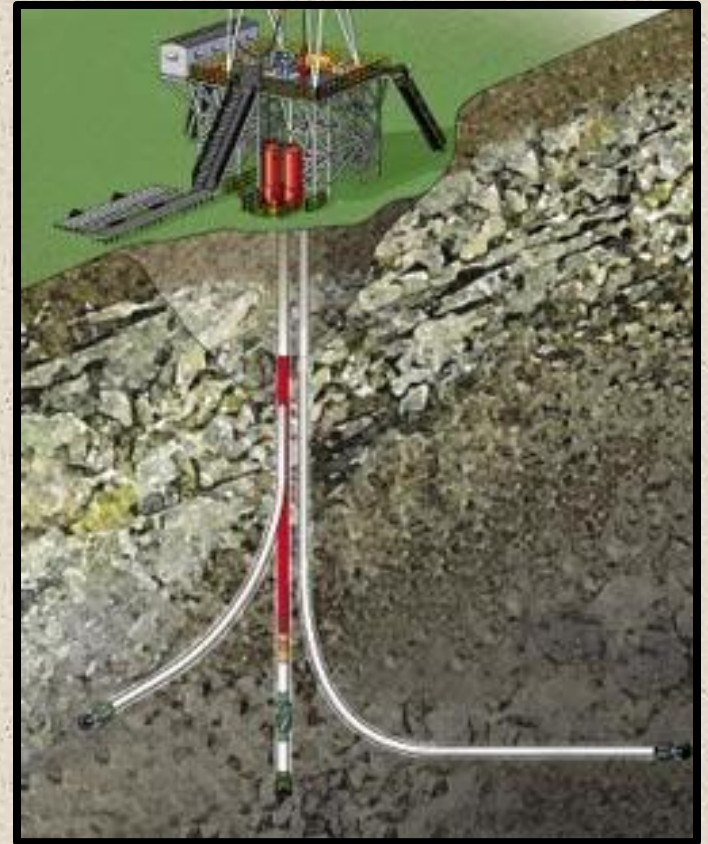
Operator Submits:

1. APD Form
2. Well Plat Map
3. **Drilling Plan**
4. **Surface Use Plan of Operations**
5. \$6,500 Application Fee



Drilling Plan

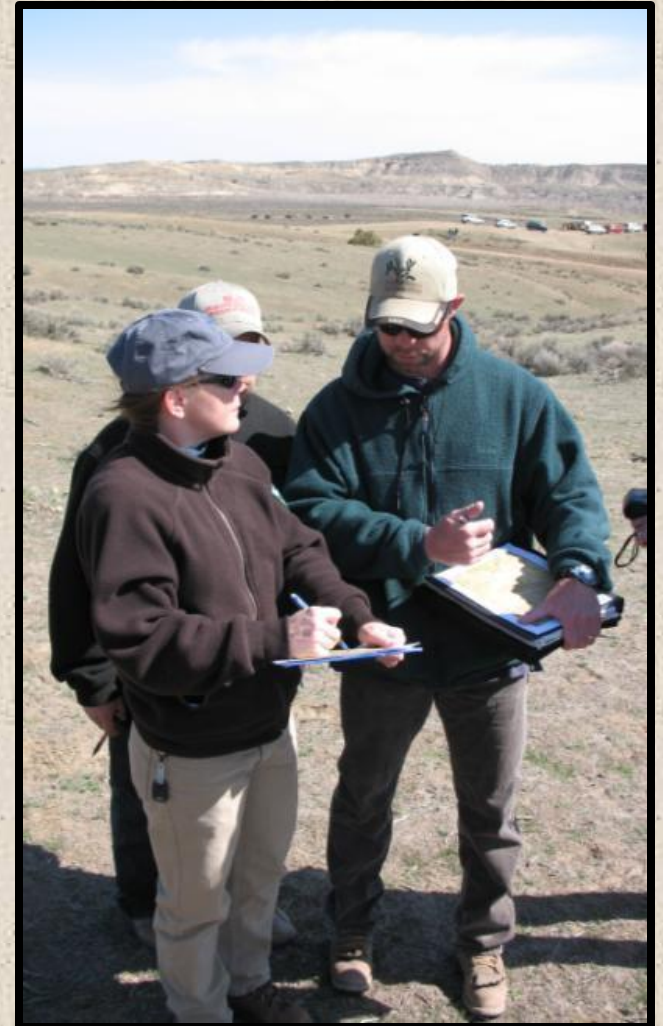
- Geology
- Blowout Prevention
- Casing Program
- Cementing Program
- Mud Program
- Testing & Logging
- Pressures or Potential Hazards
- Directional Design



VI. Inspection and Enforcement

Inspections ensure compliance with regulations and permit terms.

- BLM conducted **28,358** inspections in fiscal year 2010.
 - Drilling
 - Production
 - Environmental
 - Abandonment
 - Workover
 - Undesirable Events
 - Theft



Production Verification

- Verify production volumes
- Compare volumes to what the operator has reported to the new Bureau of Ocean Energy Management Regulation and Enforcement (BOEMRE)



Best Management Practices (BMP)

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

Reduce Contrast



Minimize Footprint



Improve
Reclamation



www.blm.gov/bmp

Oil and Gas Pipelines

- Sec 28 of MLA provides authority for issuance of rights-of-way (ROW) for oil and gas pipelines
- Implementing regulations found at 43 CFR 2880
- Land use plans designate utility corridors and other locations where ROWs are allowed, restricted or excluded

Right-of-Way Process & Procedures

- Developer submits application and preliminary Plan of Development (POD)
- Collect cost recovery fees and process the application
- Determine if proposal conforms with land use plan(s)
- Complete environmental review including agency and Tribal consultations

Right-of-Way Process



- Issue grant with additional terms and conditions to mitigate impacts
- Collect rent
- Monitor construction and reclamation

Pipeline Challenges

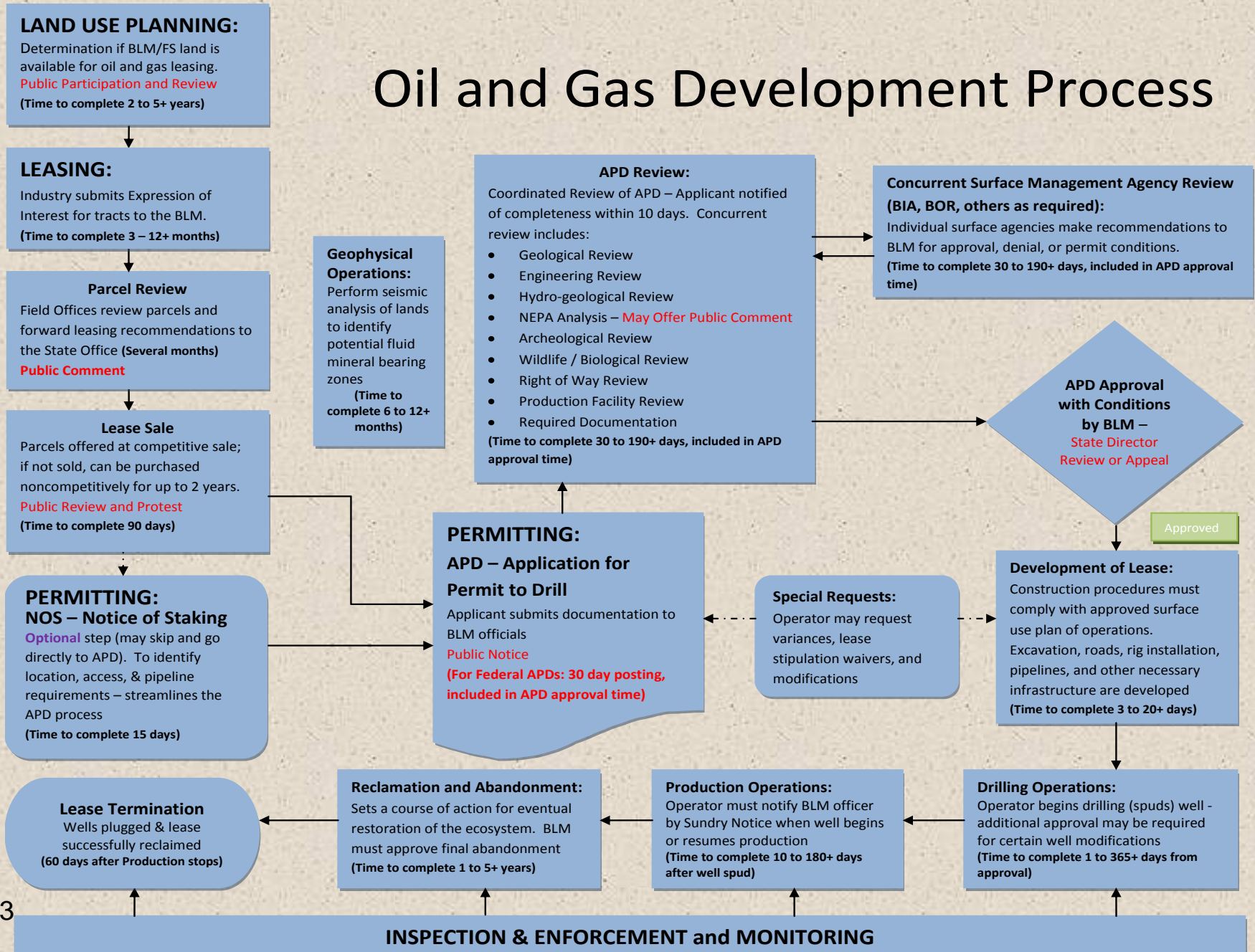
- Public concerns with health and safety
- Potential impacts to private property values
- Visual intrusions
- River and wetland crossings
- Possible use of eminent domain authority
- Impacts to buried resources
- Noise and dust during construction

Pipeline Opportunities

- Use open, and deliberate process to engage public and stakeholders
- Modify routes based on public and agency feedback
- Use designated corridors
- Locate in previously disturbed areas
- Use best management practices (BMP) and other mitigation to reduce impacts

Handouts

Oil and Gas Development Process



FEDERAL ONSHORE OIL & GAS LEASING PROCESS MODEL

The Minerals Leasing Act of 1920 and the 1987 Federal Onshore Oil and Gas Leasing Reform Act
Authorizes oil and gas leasing on BLM, National forest and other Federal lands, as well as private lands where the Federal government has retained mineral rights.

ENERGY POLICY ACT 2005

BLM State Office: Conducts Lease Sales (at Least Quarterly)

(Regulations that govern the BLM's oil and gas leasing program may be found in Title 43, Groups 3000 & 3100)

Lands included in offers filed for noncompetitive leases, i.e., Parcels from lands beyond the 24 month period on noncompetitive eligibility

Parcels identified by informal expressions of interest (EOI) by Industry.

Parcels identified by informal expressions of interest (EOI) by the public.

Existing oil & gas leases (Competitive and Noncompetitive) just expired, terminated, relinquished, cancelled, including 12 month old parcels received in over-the-counter applications.

Parcels identified by the BLM for land & resource management reasons.
Example: Protective leasing.

Field Office: Checks/Evaluates Parcels

for availability, other agency consent, presence of Wilderness Study Area (WSA) and ACEC concerns, potential resource conflicts and environmental issues.

Develops and makes recommendations for special stipulations and/or withdrawal from proposed offering.

State Office: Consolidates List of Parcels.

Final Sale Notice posted at least 45 days prior to sale.

State Office: Competitive Sale -- Oral Auction

No Bid

Successful Bid

Land Use Planning System

BLM determines what lands are available for leasing through the land use planning system (mandated by the Federal Land Policy & Management Act (FLMPA) of 1976).

Generally, BLM lands are allocated in one of four categories: open with standard stipulations, open with special terms or conditions, open but no surface occupancy allowed, or closed to leasing.

Land Use Plans (LUPs)

Analyze land uses and resources to determine what lands should be open to oil and gas leasing.

Additional Site-Specific Analysis

Occurs prior to exploration, ground disturbing activities, or development activity.

Supplemental Environmental Reviews

Occur prior to lease sales to ensure consistency with LUPs and NEPA adequacy. Review may result in parcels being deferred for further analysis or environmental stipulations being placed on the lease

Not Leased

Lease available over-the-counter for 24 months

Filing Received

Issue Noncompetitive Lease (10 year primary term)

Lessee/Operator
 Exploration Development
 Production Abandonment Reclamation

Production

Fluid Minerals Program (BLM-Related Follow-through)

Plans of development
 Bonding- \$ 10,000.00/Lease
 Assignments & Adjudication
 Diligence
 Production Verification
 Collections
 Unitization/Communization
 Drainage
 Plugging and abandonment
 NEPA: EIS,EA,CXs
 Geophysical Permits
 Rights-of-way
 Gas storage
 Development Contracts
 RFD Analysis
 Resource Assessments

Issue Competitive Lease (10 year primary term)

Lessee/Operator
 Exploration
 Development
 Production
 Abandonment
 Reclamation

Production

No production

Lease Termination or Expiration

Lease Termination or Expiration

No production

24

Additional Best Management Practices

www.blm.gov/bmp

Visit the
“Technical Information” page

Directional Drilling Multiple Wells from a Single Well Pad

Drilling 16 wells on one
well pad, with one road,
and one set of utilities.



Reduce the Footprint
& Drill More Wells

For Additional Information

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 - Senior Petroleum Engineer
- Lucas Lucero Lucas_Lucero@blm.gov
 - Chief, Branch of Rights-of-Way