Appendix C

OIL AND GAS LEASE STIPULATIONS (CURRENT MANAGEMENT)

Introduction

This report discusses the fluid minerals leasing decisions, stipulations, exceptions, waivers, and modifications proposed as part of the effort to develop the Draft Resource Management Plan/Draft Environmental Impact Statement (DRMP/DEIS) for the Kremmling Field Office (KFO). This report covers the existing oil and gas lease stipulations applicable under the current management situation (as described under Alternative A, the No Action Alternative) related to public lands managed by the Bureau of Land Management (BLM) within the Planning Area.

Key definitions associated with oil and gas leasing include:

- **Competitive leasing --** The BLM (in this case) issues leases on Federal onshore lands where there are known mineral deposits, or where inference of probable mineralization may be derived from knowledge of the geology of the land. The lands are offered for competitive lease bidding following publication of the offer of the lands for lease. A lease is issued to the highest bidder at a sale by public auction.

- **Fluid minerals --** Fluid minerals include oil, gas, and geothermal resources.

- **Gas --** Gas means any fluid, either combustible or non-combustible, that has neither independent shape nor volume and tends to expand indefinitely if unconfined. Gas is any substance that exists in a gaseous stage at the surface under normal conditions. Gas includes methane, carbon dioxide, other gaseous hydrocarbons, and nitrogen.

- **Gas well --** A well completed for the production of natural gas from one or more gas zones or reservoirs.

- **Geothermal resource --** Hot water, steam, by-products, and associated energy extracted from geothermal reservoirs in the Earth's crust.

- **Lease --** A legal document executed between the BLM, as lessor (in this case), and a company or individual, as lessee, that conveys the right to exploit the premises for minerals or other products for a specified period of time over a given area.

- **Lease sale --** A process conducted by the BLM (in this case) for Federal onshore lands in which leases of certain mineral tracts are offered for lease by competitive sealed bidding. During a lease sale, bids are received, announced, and recorded.

- **Lease term --** The duration of the contract specified in the lease.

- **Lessee --** The person or company authorized by the lease terms to produce specific minerals from the leased land.

- **Lessor --** The owner or administrator (the BLM, in this case) of the leased land or mineral rights.

- **Locatable minerals --** Valuable mineral deposits that are not excluded by the Mining Law of 1872, by the Mineral Leasing Act of 1920, by the Mineral Leasing Act for Acquired Lands of 1947, or by the Mineral Materials Act of 1947 (see Authorities and Guidelines below). Locatable minerals include base metals, precious metals, light metals, ferrous metals, precious and semi-precious stones, and a wide array of industrial minerals.

- **Mineral --** Naturally occurring organic or inorganic substances with characteristics and uses that bring them within the purview of mineral laws. Minerals may be obtained under applicable laws from public lands by purchase, lease, or pre-emptive entry.

- **Natural gas --** A compressible and expansible mixture of hydrocarbons having a low specific gravity and occurring naturally in a gaseous form. Natural gas ordinarily consists principally of methane and heavier entrained hydrocarbons, and may contain appreciable quantities of nitrogen, helium, carbon dioxide, and contaminants (such as hydrogen sulfide and water vapor). Some of the gases may be found either in a gaseous state or as liquids under suitable conditions of temperature and pressure.

- **Non-competitive leasing --** Leases issued to qualified applicants for land not specifically known or presumed to contain mineral or petroleum deposits in quantity.

- **Oil well --** A well completed for the production of crude oil from one or more zones or reservoirs.

- **Operating agreement --** A written document between parties holding operating rights, with one of the parties normally designated as the Operator. The agreement contains detailed provisions for the drilling of a well, the sharing of expenses, and acceptable accounting methods.

- **Operator --** The individual, partnership, firm, or corporation having control or management of operations on a leased area, or on a portion thereof. The Operator may be a lessee, designated agent of the lessee, a holder of rights under an approved operation agreement, or an agent of an operating rights holder.

- **Petroleum --** A naturally occurring complex liquid hydrocarbon that may contain varying degrees of impurities. Petroleum is obtained from the rocks below the surface of the Earth by drilling down into a reservoir rock and piping the minerals to the surface.

- **Producible lease --** A lease where 1 well, or where several wells, have discovered hydrocarbons in paying quantities, but for which there is no production during the reporting period.

- **Producing lease --** A lease that is producing oil, gas, or other minerals in quantities sufficient to generate royalties.

- **Public lands --** Any land and/or interest in land owned by the United States and administered by the Secretary of the Interior through the BLM (in this case), without regard to the manner through which the BLM acquired ownership, except: 1) lands located on the Outer Continental Shelf, and 2) lands held for the benefit of Indians, Aleuts, and Eskimos. The BLM considers acquired lands to be a category of public lands.

Authorities and Guidelines

In addition to all applicable laws, rules, regulations, policies, standards, and guidelines, the following specifically guide the evaluation process for fluid minerals leasing decisions, stipulations, exceptions, waivers, and modifications:

- **The General Mining Law of 1872, as amended --** This Act [30 United States Code (USC) 29 and 43 Code of Federal Regulations (CFR) 3860] is the principal Federal law governing locatable minerals in the United States. The law provides U.S. citizens with an opportunity to explore, discover, and purchase certain valuable metallic and non-metallic minerals on Federal lands that are not closed to mineral entry. The law establishes standards and guidelines covering the claiming of mineral rights, and includes provisions for local rules to be developed, consistent with Federal laws. This Act provides the successful mining claimant the right to patent (acquire absolute title to the land) mining claims or sites if they meet the statutory requirements.

- **The Mineral Leasing Act of 1920, as amended --** This Act (30 USC 181 et seq.) gives the BLM responsibility for oil and gas leasing on BLM, U.S. Forest Service (USFS), and other Federal lands, as well as on State and private surface lands where mineral rights have been retained by the Federal Government. This Act authorizes, and governs, the leasing of public lands for the development of deposits of coal, oil, gas (and other hydrocarbons), sulfur, phosphate, potassium, and sodium. This Act establishes qualifications for mineral lessees, sets out maximum limits on the number of acres of a particular mineral that can be held by a lessee, and prohibits alien ownership of leases (except though stock ownership in a corporation). Rental and royalty terms are specified for each mineral; general conditions are established for pipeline right-of-way (ROW), lease diligence, royalty disposition, and holding restrictions. The Act requires sharing royalty and other lease revenues with the States. The Secretary of the Interior is authorized to promulgate rules and regulations to implement and enforce the Act.

- **The Mineral Leasing Act for Acquired Lands of 1947, as amended --** Mineral leases on acquired lands cannot be issued without the concurrence of the acquiring agency. This Act (30 USC 351-359) requires disbursement of mineral receipts from acquired lands in the

manner prescribed by legislation governing the type of land in question, including acquired national grasslands and acquired National Forest System lands.

- **The Federal Oil and Gas Royalty Management Act (FOGRMA) of 1982 --** This Act [Public Law (PL) 97-451; 30 USC 1701 et seq.) ensures that all oil and gas activities on public lands, as well as on the Outer Continental Shelf, are properly accounted for under the direction of the Secretary of the Interior. The Act requires oil and gas operators on Federal lands to construct and operate wells in such a manner as to protect the environment and to conserve Federal resources. It also requires the U.S. Department of the Interior (DOI) to establish a comprehensive system, including inspections, for accurately determining oil and gas royalties. The FOGRMA requires the Secretary of the Interior to "audit and reconcile, to the extent practicable, all current and past lease accounts for leases of oil or gas and take appropriate actions to make additional collections or refunds as warranted." (Section 1711(c)(1)). The Secretary, in turn, has assigned these duties to the Minerals Management Service (MMS).

- **The Federal Onshore Oil and Gas Leasing Reform Act (FOOGLRA) of 1987 --** This Act (PL 100-203, 101 Stat. 1330-256) amends the Mineral Leasing Act of 1920. It requires each BLM State office to conduct oil and gas lease sales on at least a quarterly basis where there is interest to do so. The Act also requires that all public lands that are available for oil and gas leasing be offered first by competitive leasing. Non-competitive oil and gas leases may be issued only after the lands have been offered competitively at an oral auction and have not received a bid.

- **The Federal Oil and Gas Royalty Simplification and Fairness Act (FOGRS&FA) of 1996 --** This Act (PL 104-185, 110 Stat. 1717) amends the FOGRMA. It revises and expands the guidelines under which the authorities of the Secretary of the Interior, with regard to the collection of oil and gas receipts and related activities, may be delegated to a State. The Act prescribes procedural guidelines for Secretarial and delegated States' actions and limitation periods, including royalty adjustments and refunds. The Act renders inapplicable, except to American Indian leases: 1) the current statute of limitations governing the recovery of penalties, and 2) the Secretary's authority to enter into cooperative agreements with any State (or Native American tribe) with respect to oil or gas royalty activities.

- **The Energy Policy Act of 2005 --** This Act (PL 109-58, 119 Stat. 624) sets forth an energy research and development program covering energy efficiency; renewable energy; oil and gas; coal; American Indian energy; nuclear matters and security; vehicles and motor fuels, including ethanol; hydrogen; electricity; energy tax incentives; hydropower and geothermal energy; and climate change technology.

- **The Federal Land Policy and Management Act (FLMPA) of 1976, as amended --** This Act establishes the land management authority of the BLM and provides guidance for how public lands are to be managed by the BLM. The BLM manages public lands on the basis of multiple use and sustained yield (Section 202(c)(1). The FLPMA requires the development, maintenance, and revision of Resource Management Plans (RMPs) for public lands. It requires that the quality of scientific, scenic, historical, ecological, environmental, air and

atmospheric, water resource, and archaeological values be protected. Section 302(b) (43 USC 1732(b) and 603(c)) concern authorizing and permitting of mineral exploration, mining, and reclamation actions on public lands administered by the BLM. With regard to oil and gas leasing, the FLPMA requires that RMPs address: 1) the identification of areas available for oil and gas development; and 2) related management directions (including stipulations, exceptions, waivers, and modifications).

- **The National Environmental Policy Act (NEPA) of 1969 --** This Act (PL 91-190, 42 USC Section 4321-4347) establishes national environmental policy, including a multidisciplinary approach to considering environmental amenities in decision-making. The law also established the President's Council on Environmental Quality (CEQ). The CEQ prepares the regulations implementing the law that apply to all agencies, including the BLM. (These regulations are found at 40 CFR Parts 1500 to 1508.) The NEPA requires Federal agencies to prepare an Environmental Impact Statement (EIS) for all "major Federal actions significantly affecting the human environment." Thus, before implementing any "major" or "significant" or "Federal" action, the BLM must consider the environmental impacts of that action, identify unavoidable environmental impacts, and make this information available to the public in the EIS. All of these conditions must be satisfied before implementing a proposed action.

- **The Code of Federal Regulations (CFR) --** Title 43 of the Code of Federal Regulations, subchapter 3, provides guidance on Minerals Management (subparts 3100, Onshore Oil and Gas Leasing, General; 3101, Issuance of Leases; 3102, Qualifications of Lessees; 3103, Fees, Rentals, and Royalty; 3104, Bonds; 3105, Cooperative Conservation Provisions; 3106, Transfer by Assignment, Sublease, or Otherwise; 3107, Continuation, Extension, or Renewal; 3108, Relinquishment, Termination, Cancellation; and 3109, Leasing under Special Acts). Part 3150 provides guidance on Onshore Oil and Gas Geophysical Exploration; Part 3180 provides guidance on Onshore Oil and Gas Unit Agreements: Unproven Areas. Part 3200 addresses Geothermal Leasing. Title 43 CFR 3800 addresses mining claims under the General Mining Laws for the BLM.

- **BLM National Onshore Oil and Gas Operating Orders --** Order No. 1 covers the approval of operations, Federal Register Notice(s), and correction(s) to Federal Register Notice(s); Order No. 2 covers drilling; Order No. 3 covers site security; Order No. 4 covers the measurement of oil; Order No. 5 covers the measurement of gas; Order No. 6 covers H2S Operations; and Order No. 7 covers the disposal of water.

- **BLM National Notice-to-Lessee(s) (NTLs) --** NTL 3a covers the reporting of undesirable events; NTL 4A covers royalty or compensation for oil and gas lost.

- **BLM Manual and Handbook 1601-1 - Land Use Planning --** This Manual and Handbook provide guidance with regard to the requirements of the FLPMA (Sections 201 and 202), the BLM's Planning Regulations (43 CFR 1600), and the NEPA. They provide guidance for preparing new RMPS (as well as plan revisions, plan amendments, and subsequent implementation-level plans) so that such plans can help ensure that the public lands are managed in accordance with the principles of multiple use and sustained yield in a manner

that recognizes the Nation's need for domestic sources of minerals, food, timber, and fiber; and in a manner that will protect the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water, and archaeological values.

- **BLM Manual 3150 - Onshore Oil and Gas and Geophysical Exploration --** This Manual establishes procedures for processing Notice(s) of Intent (NOIs) to Conduct Oil and Gas Geophysical Exploration Operations, as well as for conducting oil and gas geophysical exploration on BLM-administered lands in the lower 48 States. It describes the functions and responsibilities of the BLM as they pertain to authorization of oil and gas geophysical exploration.

- **BLM Manual 3109; BLM Handbook H-3109-1, Leasing Under Special Acts --** This Manual and Handbook contain guidance and procedures for processing Federal oil and gas leases and compensatory royalty agreements.

- **BLM Handbook 1624-1, Planning for Fluid Mineral Resources --** This Handbook provides guidance related to oil and gas, coal, and other leasable and locatable minerals.

- **BLM Handbook H-3110-1, Non-Competitive Leases --** This Handbook provides procedures, in accordance with the Mineral Leasing Act of 1920 and the Federal Onshore Oil and Gas Leasing Reform Act of 1987, regarding non-competitive leasing of BLM-administered lands. Guidance concerning the adjudication and issuance of future interest non-competitive leases is also provided.

- **BLM Handbook 3150-1, Onshore Oil and Gas Geophysical Exploration Surface Management Requirements --** This Handbook provides guidance related to identifying any potential surface-use conflicts between the proposed operation and land use plan restrictions (stipulations), for wildlife habitat areas, range improvements, ROW structures, fire danger, population areas, hunting seasons, off-road vehicle restrictions, and/or any other special designations.

- **BLM Handbook H-3203-1; H-3210-1; H-3220-1, Leasing Terms --** These handbooks provide guidelines related to adjudication where lease terms have been continued by reason of production, or where leases qualify for extensions. Guidance is also provided regarding the diligent exploration expenditure requirement, consolidation of leases, and the readjustment of lease terms and conditions. The procedures concerning the dating of leases, lease acreage limitations, and descriptions of lands in lease applications or offers are covered in H-3210-1 and H-3220-1.

- **BLM Instruction Memorandum (IM) 2007-021, dated November 8, 2006. Integration of Best Management Practices into Application for Permit to Drill Approvals and Associated Rights-of-Way for Oil & Gas Operations; Geothermal Operations; Helium Operations; Lands and Realty --** This IM requires that BLM Field Offices use appropriate environmental Best Management Practices (BMPs) for mitigating anticipated impacts to surface and subsurface resources.

- **BLM IM. No. 2008-032, dated November 19, 2007 -- Exceptions, Waivers, and Modifications of Fluid Minerals Stipulations and Conditions of Approval, and Associated Rights-of-Way Terms and Conditions for Oil and Gas Exploration and Operations; Geothermal Operations; Land Use Planning and Environmental Coordination; Lands and Realty; Wildlife Management --** This IM (and attached instructions) provides guidance related to: 1) incorporating exception, waiver, and modification criteria into a land use plan; 2) making changes to fluid minerals leasing decisions/stipulations in the land use plan; and 3) reviewing and approving lease stipulation exceptions, waivers, and modifications for oil, gas, and geothermal leases that have been issued. Guidance is also provided for adapting the exception, waiver, and modification process to permits (including for oil and gas Applications for Permit to Drill (APD), Geophysical NOIs, and Geothermal Drilling Permit Conditions of Approval), as well as for energy-related ROW Terms and Conditions. This policy consolidates and further refines the exception, waiver, and modification guidance contained in law, regulations, handbooks, and other guidance documents.

- **The Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development ("The Gold Book"), Fourth Edition (2007) --** The Gold Book provides information on the requirements for obtaining permit approval and for conducting environmentally responsible oil and gas operations on Federal lands, as well as on private surface over Federal minerals (split-estate). In 2007, the Gold Book was updated to incorporate changes resulting from the new Onshore Oil and Gas Order No. 1 regulations.

- **Uniform Format for Oil and Gas Lease Stipulations, dated March 1989, Rocky Mountain Regional Coordinating Committee --** This document provides oil- and gas-related definitions, policies, and examples of: No Surface Occupancy (NSO) stipulations, Timing Limitation (TL) stipulations, Controlled Surface Use (CSU) stipulations, special administrative stipulations, and lease notices. It also provides a copy of the standardized stipulation forms to be used for planning purposes.

Fluid Minerals Leasing on Public Lands

Historical Background

Until the early 20th century, the Federal government allowed private individuals/entities to explore and develop public lands containing oil and gas with relative ease, and without charge. Full ownership of oil and gas lands could be purchased for a nominal amount. In 1920, however, Congress enacted the Mineral Leasing Act, and ended the private acquisition of title to Federal lands. The Act authorized the Secretary of the Interior to issue permits for exploration, and to lease lands containing oil and gas. Under the Act, the Federal government retained title to the lands.

The Minerals Leasing Act of 1920 created a two-track leasing process: competitive and non-competitive leasing. Competitive leases were issued when the lands were within the known geologic structure of a producing oil and gas field. Non-competitive leases were issued to the person/entity "first making application" (30 USC 226). All leasing, competitive and non-competitive, was at the

discretion of the Secretary of the Interior, who could lease lands with, or without, conditions (stipulations), and who could withhold lands from leasing entirely.

In the 1950s, interest in leasing public lands grew dramatically. Finding it increasingly difficult to determine exactly who was the “first making application” for a lease, the Secretary of the Interior established a lottery system where one application was chosen at random in order to determine the lessee. At the time, the lottery system was widely used because a majority of the leases were issued non-competitively.

In the 1960s and 1970s, there was an increasing demand for the protection and preservation of public lands “undisturbed” for present and future generations. As a result, several major environmental laws were enacted, including the Wilderness Preservation Act of 1964, the National Environmental Policy Act of 1970, and the Endangered Species Act of 1973. As a result of this increased interest in environmental protection, the U.S. Congress overhauled the land use planning process governing public lands. The goal was to encourage land management agencies, including the BLM, to meet society’s increasing demand for materials and energy (in order to support economic growth), and to protect and preserve non-economic values (including of wildlife, outdoor recreation, scenery, air and water quality, etc.) (Watson 2005).

Fluid Minerals Leasing -- BLM Process and Procedure

Overview

The FLPMA established the land management authority of the BLM and provided guidance for how public lands are to be managed by the BLM. In accordance with the FLPMA, the BLM is required to manage public lands on the basis of multiple use and sustained yield (Section 202(c)(1)). Multiple use is to be considered in the context of the best combination of land uses that meet the present and future needs of the nation with respect to “recreation, range, timber, minerals, watershed, wildlife and fish, and natural, scenic, scientific, and historical values.”

The Mineral Leasing Act of 1920, the Mineral Leasing Act for Acquired Lands of 1947, and the Federal Onshore Oil and Gas Leasing Reform Act of 1987, give the BLM responsibility for oil and gas leasing on approximately 570 million acres of BLM, USFS, and other Federal lands, as well as on private lands where mineral rights have been retained by the Federal government (“split-estate” lands).

Under the FLMPA, resource values, including fluid minerals, on BLM-administered lands are to be managed in a “harmonious and coordinated” manner that does not lead to “permanent impairment of the productivity of the land and the quality of the environment.” The BLM is required to protect the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water resource, and archaeological values for present and future generations.

Types of Fluid Minerals Leases

The BLM issues 2 types of leases for oil and gas exploration and development on lands owned or controlled by the Federal Government: competitive and non-competitive. After Congress passed the

Federal Onshore Oil and Gas Leasing Reform Act of 1987, all public lands available for oil and gas leasing were offered first through a competitive leasing process. Non-competitive oil and gas leases are only issued after the lands have been offered competitively at an oral auction and have not received a bid.

- **Competitive Leasing Process --** When parcels are available, the BLM conducts oral auctions of all oil and gas leases on a quarterly basis. A Notice of Competitive Lease Sale (Sale Notice), which lists lease parcels to be offered at the auction, is published by each BLM State Office at least 45 days before the auction is held. Lease stipulations applicable to each parcel are specified in the Sale Notice (See Fluid Minerals Leasing --Stipulations below.). Lands included in the auction process come from the following sources:

    - lands identified by informal expressions of interest from the public;
    - lands identified by the BLM for management reasons; and/or
    - lands included in offers filed for non-competitive leases.

- **Non-Competitive Leasing Process --** Non-competitive leases are only issued for parcels that have been offered competitively but have failed to receive a bid. Lands in expired, terminated, relinquished, or cancelled leases are not available for non-competitive leasing until they have been offered competitively, and have failed to receive a bid. A non-competitive pre-sale offer may be filed on such lands only if the prior lease expired (or was terminated, relinquished or cancelled) at least 1 year before the pre-sale offer was submitted to the BLM State Office.

The BLM cannot place for sale lands already under lease, or lands where mineral ownership is not federally owned. Additional lands unavailable for leasing include, but are not limited to, the following:

- lands within city limits;
- lands withdrawn from mineral leasing;
- lands designated as Wilderness or Wilderness Study Areas (WSAs);
- lands within a Native American Indian Reservation;
- lands with mineral entry applications;
- lands in patented mining claims; and/or
- lands posted in a Notice of Competitive Lease Sale.

In the lower 48 States, the maximum competitive lease size is 2,560; it is 5,760 acres in Alaska. A non-competitive offer (NCO) must be made for a minimum of 640 acres, or for one full section, whichever is larger. A NCO may be made for a maximum of 10,240 acres (entirely within six miles

square). Since the passage of the Energy Policy Act of 1992, both competitive and non-competitive leases are issued for a 10-year period. Both types of leases continue for as long as oil or gas is produced in paying quantities.

A lease grants the lessee the right to explore and drill for (and extract, remove, and dispose of) oil and gas deposits (except helium) that may be found in the leased lands.

Subject to special restrictions or “stipulations,” the leases are granted on the condition that the lessee will have to obtain BLM approval before conducting any surface-disturbing activities. The oil and gas lease conveys the right to develop those resources on the leased land. The lessee(s) or operator(s) may not build a house on the land, cultivate the land, or remove any minerals other than oil and gas from the leased land.

Land Use Planning for Fluid Minerals Leasing -- The Planning Process

In order to help ensure proper land management that meets the goals of multiple use and sustained yield, the FLPMA requires the development, maintenance, and revision of land use plans for public lands. The land use planning process is the key tool used by the BLM to protect resources and designate uses on BLM-administered lands. Resource Management Plans (RMPs) help ensure that the public lands are managed in a manner that recognizes the Nation’s need for domestic sources of minerals, food, timber, and fiber in a manner that protects the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water, and archaeological values for present and future generations.

Preparation of RMPs by the BLM is a major Federal action; therefore, under the provisions of the NEPA, it requires the preparation of an associated Environmental Impact Statement (EIS). The NEPA requires Federal agencies to fully disclose the nature and condition of the environment within the area of interest. The development of an RMP, and the associated EIS, is an interactive process whereby a BLM Interdisciplinary (ID) Team works with all interested parties (including other government agencies, private organizations, groups, and individuals) in order to identify all of the values and resources associated with the public lands, including fluid minerals, and how they would be potentially managed.

In accordance with the NEPA, the BLM must formulate various alternatives for proposed management, and must compare those alternatives to a “no-action” alternative (which is a “baseline” alternative that proposes the continuation of the current management scheme). Working within the ID team process, these “action alternatives” are developed that present different potential planning scenarios. Each alternative is analyzed in the RMP, specifically in relation to how well it would meet the legal and regulatory mandates of the BLM, including for multiple use and sustained yield. At the same time, the BLM conducts a NEPA analysis of the various alternatives, and discloses the expected environmental, economic, and social impacts of the proposed management alternatives. The NEPA specifically requires the agency preparing the EIS to seek decisions that, among other things, “attain the widest range of beneficial uses of the environment without degradation;” that “preserve important historic, cultural, and natural aspects of our national heritage;” and that “achieve a balance between population and resource use which will permit high standards of living and a wide sharing of life’s amenities” (42 U.S.C. 4331(b)).

With regard to oil and gas leasing (Section 302(b) (43 USC 1732(b) and 603(c)), the FLPMA requires that RMPs address: 1) the identification of areas available for oil and gas development; and 2) specify related management directions (including, if applicable, stipulations, exceptions, waivers, and modifications) by alternative.

Fluid Minerals Leasing -- Stipulations

BLM-managed public lands are available for oil and gas leasing only after they have been evaluated through the BLM's multiple-use/sustained-yield planning process. In areas where development of oil and gas resources would conflict with the protection or management of other resources or public land uses, mitigating measures are identified and may appear on leases as either stipulations to uses or as restrictions on surface occupancy.

Stipulations are conditions, promises, or demands that are to be made part of a lease when the environmental and planning record demonstrates the necessity for the stipulations. Stipulations, as such, are neither "standard" nor "special." They are a necessary modification of the terms of the lease. In order to accommodate the variety of resources encountered on BLM-administered lands, these stipulations are categorized as to how the stipulation modifies the lease rights, not by the resource(s) to be protected (Rocky Mountain Regional Coordinating Committee 1989). The specifics as to what, why, and how this mitigation/protection is to be accomplished is determined by the land management agency through the development of the RMP and through the NEPA analysis.

If upon weighing the relative resource values, uses, and/or users during the development of the DRMP/DEIS, it is determined that conflict with oil and gas operations exist that cannot be adequately managed under the BLM Standard Lease Terms (SLTs), a lease stipulation is deemed necessary. Documentation of the necessity for a stipulation is disclosed in planning documents, such as in this one, or through site-specific analysis. RMPs, and/or NEPA documents, establish the guidelines by which future waivers, exceptions, and/or modifications may be granted (see definitions below).

Stipulations may be necessary if the authority to control the activity on the lease does not already exist under laws, regulations, and/or orders. The Authorized Officer has the authority to modify the site location and design of facilities, control the rate of development and timing of activities, and require additional mitigation under Sections 2 and 6 of the SLTs (BLM Form 3100-11) and 43 CFR 3101.1-2.

Key definitions related to fluid minerals leasing stipulations are as follows:

- **Lease Stipulation --** A lease stipulation, developed during the land planning process, is a condition of lease issuance designed to provide a level of protection for other resource values and/or land uses. This is achieved by restricting lease operations (such as during certain times of the year or by locations) in order to avoid unacceptable impacts to a greater extent than provided by standard lease terms or regulations. A stipulation is an enforceable term of the lease contract. It supersedes any inconsistent provisions of the standard lease form. A lease stipulation is attached to, and made a part of, the lease. Lease stipulations further implement the BLM's regulatory authority to protect resources or resource values.

- **Stipulation Standards --** Stipulation standards are the physical and temporal conditions, resources, or resource values that must be present, and met, for application of a specific stipulation to a specific lease.

- **Condition of Approval (COA) --** A COA is a site-specific and enforceable requirement included in an approved Application for Permit to Drill (APD) or in a Sundry Notice that may limit or amend the specific actions proposed by the operator. COAs are designed to minimize, mitigate, or prevent impacts to resource values or other uses of public lands.

- **Information Notice (IN) --** An IN provides detailed information concerning limitations that already exist in law, lease terms, regulations, and/or operational orders. An IN also addresses special items that the lessee should consider when planning operations. It does not, however, impose new or additional restrictions. INs attached to leases should not be confused with Notices to Lessees (NTLs).

- **Notice to Lessees (NTL) --** A NTL is a written notice issued by the BLM (in this case) Authorized Officer. NTLs implement regulations and operating orders. They serve as instructions on specific item(s) of importance within a State, District, or Area.

- **No Surface Occupancy (NSO) --** Under a NSO stipulation, use or occupancy of the land surface for fluid minerals exploration or development is prohibited in order to protect identified resource values. The NSO stipulation includes stipulations that may have been worded as “No Surface Use/Occupancy,” “No Surface Disturbance,” “Conditional NSO,” and/or “Surface Disturbance or Surface Occupancy Restriction (by location).” The NSO stipulation is intended for application only when other stipulations are deemed insufficient to achieve the level of resource protection necessary in order to protect the public interest.

- **Controlled Surface Use (CSU) --** Under a CSU stipulation, use and occupancy is allowed unless restricted by another stipulation. Identified resource values requiring special operational constraints may modify the lease rights. A CSU stipulation is used for operating guidance, not as a substitute for the NSO or for TL stipulations. The CSU stipulation is intended for application where standard lease terms and permit-level decisions are deemed insufficient to achieve the level of resource protection necessary in order to protect the public interest, but where an NSO stipulation is deemed overly restrictive. A CSU stipulation allows the BLM to require that a proposed facility or activity be relocated, if necessary, in order to achieve the desired level of protection.

- **Timing Limitation (TL) --** A TL stipulation prohibits surface use during specified time periods in order to protect identified resource values. This stipulation does not apply to the operation and maintenance of production facilities unless the findings of analysis demonstrate the continued need for such mitigation and that less stringent, project-specific mitigation measures would be insufficient. A TL stipulation is intended for application where standard lease terms are deemed insufficient to achieve the level of resource protection necessary in order to protect the public interest, but where an NSO is deemed overly restrictive. The scope of the TL stipulation goes beyond ground-disturbing activities to encompass any

source of protracted or high-intensity disturbance that may interfere with normal wildlife behavior and/or adversely affect (impact) habitat use. Typically, the limitation is applied annually for a specified period of time.

Fluid Minerals Leasing -- Exceptions, Modifications, and Waivers

Fluid minerals lease stipulations and related exceptions, waivers, and modifications are developed during the land use planning process. Exceptions, waivers, and modifications provide an effective means of applying "Adaptive Management" techniques in order to meet changing circumstances. The criteria for approval of exceptions, waivers, and modifications must be supported by the NEPA analysis, either through the land use planning process or through site-specific environmental review. (Regulations covering exceptions, modifications, and waivers are found in 43 CFR 3101.1-4; BLM IM No. 2008-032, dated November 19, 2007.)

Key definitions related to lease exceptions, modifications, and waivers are as follows:

- **Exceptions --** A one-time exemption from a stipulation for a particular site within the leasehold. Exceptions are determined on a case-by-case basis and, if granted, suspend the restrictions of a stipulation for a specified period, location, and/or activity. The stipulation continues to apply to other sites within the stipulation area. Exceptions that conform to the RMP do not require public notice. Non-conforming exceptions are granted only upon RMP amendment and do require public notice.

- **Modifications --** A modification is a fundamental change to the provisions of a lease stipulation. Modifications may be temporary, or they may be for the term of the lease. Depending upon the specific modification, the stipulation may, or may not, apply to all sites within the leasehold to which the restrictive criteria are applied. Modifications are made if it is determined that the stipulation is no longer required as written (for example, when it is based upon the results of monitoring data). Modifications require an environmental assessment in order to determine the potential impacts, and in order to evaluate whether or not an RMP Amendment is needed. If deemed substantial, a modification requires a 30-day public notice period prior to implementation.

- **Waivers --** Waivers are permanent exemptions to a stipulation. Under a waiver, the stipulation no longer applies anywhere within the leasehold. Waivers apply to an entire stipulation area. They are applied only after preparation of an environmental analysis document, in accordance with the NEPA, and after a subsequent decision has been made that a stipulation is no longer required to protect a specific resource. The decision to waive a substantial stipulation requires an RMP amendment and a 30-day public notice period prior to implementation.

A lease stipulation shall be subject to modification, exception, or waiver if:

- the Authorized Officer determines that the factors leading to its inclusion in the lease have changed sufficiently to make the protection provided by the stipulation no longer justified (when the Authorized Officer determines that impact will be acceptable); or

- if the proposed operations would not result in unacceptable impacts (43 CFR 3101.1-4).

Such determinations must be fully supported by an appropriate level of environmental review, and must be made on a case-by-case basis based on the following questions:

- Would the BLM remain in compliance with all applicable laws, regulations, rules, policies, standards, and guidelines?
- Is the proposal in conformance with the objectives of the RMP?
- What would be the level of harm (impacts) to the protected resource, both locally and regionally?
- What would be the economic or public safety concerns if an active operation near completion was shut down in order to comply with a seasonal closure?
- Are the impacts temporary, rather than long term?
- Is the resource being protected rare, or is it relatively common? Is it a Special Status Species?
- Based upon existing knowledge of a species and of its use of an area, would impacts be confined to single or to a small number of individuals, or would there be impacts on local or regional populations? Would such impacts be allowed under existing law and policy?
- Is off-site mitigation an appropriate option? (For example, where individual or cumulative impacts cannot be effectively mitigated on site.)
- Can the impacts be reduced to an acceptable level through intensive use of environmental Best Management Practices (BMPs)?

Oil and Gas Leasing within the Planning Area

This Appendix displays the oil and gas leasing stipulations, and the lease notices, available under current management for use on BLM-managed public lands within the Planning Area. In addition, areas closed to leasing under Alternative A (the No Action Alternative) are listed. Depending upon the characteristics of an expression of interest for leasing, any of these stipulations and lease notices could be applied in order to constrain the nominated lease for the protection of resources, or for the management of the lease. The stipulations displayed in Table C-1 are specific to the Kremmling Field Office (KFO). The remainder of the stipulations and lease notices in Tables C-2 through C-6 are available for use State-wide. [NOTE: For guidance on the use of stipulations, see BLM Manual 1624 (Planning for Fluid Mineral Resources) and BLM Handbook 3101 (Issuance of Leases). In addition, any changes to the stipulations will be made in accordance with the Approved RMP (Approved Plan) and/or with the regulatory provisions for such changes.]

Table C-1 Areas Closed to Oil and Gas Leasing (Current Management)
Wilderness Study Areas
Troublesome WSA
Platte River Contiguous
North Sand Hills Instant Study Area
Other Lands
Lands within municipal boundaries

Table C-2 NSO Stipulations Applicable to Oil and Gas Leasing (Current Management)		
Type	**Stipulation Number/Protected Resource**	**Stipulation Description**
	Paleontology	
NSO	**KR -01 Kremmling Cretaceous Ammonite ACEC**	**STIPULATION --** No surface occupancy or use is allowed on public lands within the Kremmling Cretaceous Ammonite ACEC. **PURPOSE --** To protect ammonite fossils in the Kremmling ammonite site.
	Endangered Plants	
NSO	**KR-02 North Park Phacelia ACEC**	**STIPULATION --** No surface occupancy or use is allowed on public lands within the North Park Phacelia ACEC. **PURPOSE --** To protect Endangered Species (plant) habitat within the North Park Phacelia ACEC.
	Cultural Resources	
NSO	**KR-03 Windy Gap Cultural Resource Natural Area (RNA)**	**STIPULATION --** No surface occupancy or use is allowed on public lands within the Windy Gap Cultural RNA. **PURPOSE --** To protect archaeological sites within the Windy Gap Cultural RNA.
	Recreation and Scenic Values	
NSO	**KR-04 Upper Colorado River Special Recreation Management Area (SRMA)**	**STIPULATION --** No surface occupancy or use is allowed on public lands within the Upper Colorado River SRMA. **PURPOSE --** To protect recreational and scenic values within the Upper Colorado River SRMA.
NSO	**KR-05 North Sand Hills SRMA**	**STIPULATION --** No surface occupancy or use is allowed on public lands within the North Sand Hills SRMA. **PURPOSE --** To protect recreational values within the North Sand Hills SRMA.
	Administrative Site	
NSO	**KR-06 USFS Sulphur Ranger District Office**	**STIPULATION --** No surface occupancy or use is allowed on National Forest System lands associated with the Sulphur Ranger District Office. **PURPOSE --** To protect the Sulfur Ranger District administrative site.

Table C-3 BLM-Colorado NSO Stipulations Applicable to Oil and Gas Leasing (Current Management)		
Type	**Stipulation Number/Protected Resource**	**Stipulation Description**
	Coal	
NSO	**CO-01** **Existing Coal Mine Operations**	**STIPULATION --** No surface occupancy or use is allowed on public lands associated with existing coal mine operations. **PURPOSE --** To protect surface and longwall coal mines where oil and gas development is incompatible with planned coal extraction. **EXCEPTION --** This stipulation may be waived if the lessee agrees that any well approved for drilling will be plugged below the coal when the crest of the highwall or longwall approaches within 500 feet of the well. A suspension of operations and production will be considered for the lease only when a well is drilled and then plugged, and a new well or re-entry is planned when the mine moves through the location.
	Wildlife	
NSO	**CO-02** **Grouse Leks**	**STIPULATION --** No surface occupancy or use is allowed on public lands associated with Grouse leks. **PURPOSE --** To protect grouse dancing grounds (including sage- and mountain sharp-tailed grouse and Lesser and Greater prairie chickens) within a one-quarter mile radius from the site. **EXCEPTION --** An exception may be granted, depending upon current usage or on the geographical relationship to topographic barriers and vegetation screening.
NSO	**CO-03** **Raptor Nests**	**STIPULATION --** No surface occupancy or use is allowed on public lands associated with raptor nests. **PURPOSE --** To protect raptor nests within a one-eighth mile radius from the site. **EXCEPTION --** An exception may be granted, depending upon current usage or on the geographical relationship to topographic barriers and vegetation screening.
NSO	**CO-04** **Bald Eagle Roosts or Nests**	**STIPULATION --** No surface occupancy or use is allowed on public lands associated with bald eagle roosts or nests. **PURPOSE --** To protect bald eagle roosts and nests within a one-quarter mile radius from the site. **EXCEPTION --** An exception may be granted, depending upon current usage or the geographical relationship to the topographic barriers and vegetation screening.
NSO	**CO-05** **Peregrine Falcon Cliff Nesting Complexes**	**STIPULATION --** No surface occupancy or use is allowed on public lands associated with peregrine falcon cliff nesting complexes. **PURPOSE --** To protect peregrine falcon nesting within a one-quarter mile radius from the complex.

Table C-3 BLM-Colorado NSO Stipulations Applicable to Oil and Gas Leasing (Current Management)		
Type	**Stipulation Number/Protected Resource**	**Stipulation Description**
NSO	**CO-06 Mexican Spotted Owl Roosts and Nests**	**STIPULATION --** No surface occupancy or use is allowed on public lands associated with Mexican spotted owl roosts and nests. **PURPOSE --** To protect Mexican spotted owl roosts and nests within a one-quarter mile radius from the site.
NSO	**CO-07 Waterfowl and Shorebird Habitat and Rookeries**	**STIPULATION --** No surface occupancy or use is allowed on public lands associated with waterfowl and shorebird habitat and rookeries. **PURPOSE --** To protect waterfowl and shorebird habitat and rookeries within significant production areas**.**
	Plants	
NSO	**CO-08 Special Status Plant Species**	**STIPULATION --** No surface occupancy or use is allowed on public lands associated with Special Status plant species. **PURPOSE --** To protect Special Status plant species (including federally Listed Species, Proposed Species, and Candidate Species) in habitat areas.

Table C-4 BLM-Colorado CSU Stipulations Applicable to Oil and Gas Leasing (Current Management)		
Type	**Stipulation Number/Protected Resource**	**Stipulation Description**
	Coal	
CSU	**CO-25 Surface or Underground Coal Mines**	**STIPULATION --** Surface Occupancy or use is subject to the following special operating constraints: • operations proposed within the area of an approved surface or underground coal mine will be relocated outside the area to be mined or to accommodate room-and-pillar mining operations. **PURPOSE --** To protect surface or underground coal mines. **EXCEPTION --** This stipulation may be waived without an RMP Amendment if the lessee agrees that the drilling of a well will be subject to the following conditions: 1)(a) well must be plugged when the mine approaches within 500 feet of the well and re-entered or re-drilled upon completion of the mining operation; (b) well must be plugged in accordance with Mine Safety and Health Administration (formerly Mine Enforcement and Safety Administration) Informational Report 1052; (c) Operator will provide accurate location of where the casing intercepts the coal by providing a directional and deviation survey of the well to the coal operator; or 2) relocate

Table C-4 BLM-Colorado CSU Stipulations Applicable to Oil and Gas Leasing (Current Management)		
Type	**Stipulation Number/Protected Resource**	**Stipulation Description**
		well into a permanent pillar or outside the area to be mined. A suspension of operations and production will be considered when the well is plugged, and a new well is to be drilled after mining operations move through the location.
	Soils	
CSU	**CO-26** **Fragile Soils**	**STIPULATION --** Surface occupancy or use is subject to the special operating constraints, on the lands described below: • Performance Objectives: 1. maintain the soil productivity of the site; 2. protect off-site areas by preventing accelerated soil erosion (such as land-sliding, gullying, drilling, piping, etc.) from occurring; 3. protect water quality and quantity of adjacent surface and groundwater sources; and 4. select the best possible site for development in order to prevent impacts to the soil and water resources. Fragile soil areas in which the performance objective will be enforced, are defined as follows: 1. areas rated as highly or severely erodible by wind or water, as described by the Soil Conservation Service in the Area Soil Survey Report. or as described by on-site inspection; 2. areas with slopes greater than, or equal to, 35 percent, if they also have one of the following soil characteristics: a) a surface texture that is sand, loamy sand, very fine sandy loam, fine sandy loam, silty clay or clay; b) a depth to bedrock that is less than 20 inches; c) an erosion condition that is rated as poor; or d) a K factor of greater than 0.32. Performance Standards: 1. all sediments generated from the surface-disturbing activity will be retained on site;

Table C-4 BLM-Colorado CSU Stipulations Applicable to Oil and Gas Leasing (Current Management)		
Type	**Stipulation Number/Protected Resource**	**Stipulation Description**
		2. vehicle use would be limited to existing roads and trails; 3. all new permanent roads would be built to meet primary road standards (BLM standards), and their location would be approved by the Authorized Officer (for oil and gas purposes, permanent roads are those used for production); 4. all geophysical and geochemical exploration would be conducted by helicopter, horseback, on foot, or from existing roads; 5. any sediment-control structures, reserve pits, or disposal pits would be designed to contain a 100-year, 6-hour storm event. Storage volumes within these structures would have a design life of 25 years; 6. before reserve pits and production pits would be reclaimed, all residue would be removed and trucked off-site to an approved disposal site; and 7. reclamation of disturbed surfaces would be initiated before November 1 of each year. All reclamation plans would be approved by the Authorized Officer in advance, and might require an increase in the bond. **PURPOSE --** To protect fragile soils.)Prior to surface disturbance of fragile soils, it must be demonstrated to the Authorized Officer, through a Plan of Development, that the performance objectives will be met.)
CSU	**CO-27** **Steep Slopes**	**STIPULATION --** Surface occupancy or use is subject to the following special operating constraints: 1. site productivity will be restored; 2. surface runoff will be adequately controlled; 3. off-site areas will be protected from accelerated erosion (such as drilling, gullying, piping, and mass wasting); 4. surface-disturbing activities will not be conducted during extended wet periods; and 5. construction will not be allowed when soils are frozen. **PURPOSE --** To protect soils on surfaces greater than 40 percent slope. Prior to surface disturbance of steep slopes (greater than 40 percent) an engineering and reclamation plan must be approved by the Authorized Officer. Such plans

Table C-4 BLM-Colorado CSU Stipulations Applicable to Oil and Gas Leasing (Current Management)		
Type	**Stipulation Number/Protected Resource**	**Stipulation Description**
		must demonstrate how the following will be accomplished: 1. site productivity will be restored; 2. surface runoff will be adequately controlled; 3. off-site areas will be protected from accelerated erosion (such as drilling, gullying, piping, and mass wasting); 4. surface-disturbing activities will not be conducted during extended wet periods; and construction will not be allowed when soils are frozen.
	Vegetation	
CSU	**CO-28 Riparian or Wetland Vegetation**	**STIPULTION --** Surface occupancy or use is subject to special operating constraints. **PURPOSE --** To protect perennial water impoundments and streams, and/or riparian/wetland vegetation, by moving oil and gas exploration and development beyond the riparian vegetation zone. **EXCEPTION --** Exceptions may be granted only if an on-site impact analysis shows no degradation of the resource values.
	Cultural Resources	
CSU	**CO-39 Cultural Resources**	**STIPULTION --** A lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act (AIRFA), Native American Graves Protection and Repatriation Act (NAGPRA), EO13007, or other laws, rules, regulations, policies, standards, and guidelines. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require modification to exploration or development proposals in order to protect such properties, or disapprove any activity that is likely to result in adverse impacts that cannot be successfully avoided, minimized, or mitigated. **PROTECTION --** To protect cultural resources.

Table C-5 BLM-Colorado TL Stipulations Applicable to Oil and Gas Leasing (Current Management)		
Type	**Stipulation Number/Protected Resource**	**Stipulation Description**

Table C-5 BLM-Colorado TL Stipulations Applicable to Oil and Gas Leasing (Current Management)		
Type	**Stipulation Number/Protected Resource**	**Stipulation Description**
	Wildlife	
TL	**CO-09** **Big Game Winter Habitat**	**STIPULATION --** No surface use is allowed during the following time period(s): • December 1 through April 30 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect big game (mule deer, elk, pronghorn antelope, and bighorn sheep) winter range, including crucial winter habitat and other definable winter range, as mapped by the Colorado Division of Wildlife (CDOW). This may apply to Sundry Notices that require an environmental analysis document. **EXCEPTION --** An exception may be granted under mild winter conditions for the last 60 days of the closure.
TL	**CO-10** **Elk Calving Areas**	**STIPULATION --** No surface use is allowed during the following time period(s): • April 16 through June 30 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect elk calving.
TL	**CO-11** **Antelope Fawning**	**STIPULATION --** No surface use is allowed during the following time period(s): • May 1 through July 15 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect pronghorn antelope fawning.
TL	**CO-12** **Rocky Mountain Bighorn Sheep Lambing**	**STIPULATION --** No surface use is allowed during the following time period(s): • May 1 through July 15 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect Rocky Mountain bighorn sheep lambing.
TL	**CO-15** **Grouse Winter Habitat**	**STIPULATION --** No surface use is allowed during the following time period(s): • December 16 through March 15 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect grouse (including sage- and mountain sharp-tailed grouse, and Lesser and Greater prairie chickens) crucial winter habitat.
TL	**CO-16** **Greater Sandhill Crane Nesting and**	**STIPULATION --** No surface use is allowed during the following time period(s): • March 1 through October 16

Table C-5 BLM-Colorado TL Stipulations Applicable to Oil and Gas Leasing (Current Management)		
Type	**Stipulation Number/Protected Resource**	**Stipulation Description**
	Staging Habitat	(NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect Greater Sandhill Crane nesting and staging habitat during usage.
TL	**CO-17 White Pelican Nesting and Feeding Habitat**	**STIPULATION --** No surface use is allowed during the following time period(s): • March 16 through September 30 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect white pelican nesting and feeding habitat during usage.
TL	**CO-18 Raptor Nesting and Fledgling Habitat**	**STIPULATION --** No surface use is allowed during the following time period(s): • February 1 through August 15 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect ferruginous hawk nesting and fledgling habitat during usage for a one-quarter mile buffer around the nest. **EXCEPTION --** Exceptions may be granted during years when a nest site is unoccupied, when occupancy ends by or after May 15, or once the young have fledged and dispersed from the nest.
TL	**CO-19 Ferruginous Hawk Nesting and Fledgling Habitat**	No surface use is allowed during the following time period(s): • February 1 through August 15 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE:** To protect ferruginous hawk nesting and fledgling habitat during usage for one-quarter mile buffer around the nest. **EXCEPTION --** Exceptions may be granted during years when a nest site is unoccupied, when occupancy ends by or after May 15, or once the young have fledged and dispersed from the nest.
TL	**CO-20 Osprey Nesting and Fledgling Habitat**	**STIPULATION --** No surface use is allowed during the following time period(s): • April 1 through August 31 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect osprey nesting and fledgling habitat during usage for a one-half mile buffer around the nest.
TL	**CO-21 Mexican Spotted Owl Nesting and**	**STIPULATION --** No surface use is allowed during the following time period(s): • February 1 through July 31

Table C-5 BLM-Colorado TL Stipulations Applicable to Oil and Gas Leasing (Current Management)		
Type	**Stipulation Number/Protected Resource**	**Stipulation Description**
	Fledgling Habitat	(NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect Mexican spotted owl core habitat areas (that is, nesting and fledgling habitat) during usage.
TL	**CO-22** **Bald Eagle Nesting Habitat**	**STIPULATION --** No surface use is allowed during the following time period(s): • December 15 through June 15 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect bald eagle nesting habitat within a one-half mile buffer around the nest site **EXCEPTION --** Exceptions may be granted during years when the nest site is unoccupied, when occupancy ends by or after May 15, or once the young have fledged and dispersed from the nest.
TL	**CO-23** **Bald Eagle Winter Roost Sites**	**STIPULATION --** No surface use is allowed during the following time period(s): • November 16 through April 15 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect bald eagle winter roost sites within a one-half mile buffer around the site. **EXCEPTION --** Exceptions may be granted for partial or complete visual screening of the oil and gas activity from the primary zone (that is, one-quarter mile around the roost site).
TL	**CO-24** **Peregrine Falcon Cliff Nesting Complex**	**STIPULATION --** No surface use is allowed during the following time period(s): • November 16 through April 15 (NOTE: This stipulation does not apply to operation and maintenance of production facilities.) **PURPOSE --** To protect bald eagle winter roost sites within a one-half mile buffer around the site. **EXCEPTION --** Exceptions may be granted for partial or complete visual screening of the oil and gas activity from the primary zone (that is, one-quarter mile around the roost site).

Table C-6 BLM-Colorado Lease Notices (LN) Applicable to Oil and Gas Leasing (Current Management)

Type	Lease Notice Number/Protected Affected	Lease Notice Description
LN	**CO-29 Paleontological Areas**	An inventory of fossil resources in Class I and II paleontological areas must be performed by an accredited Paleontologist approved by the Authorized Officer.
LN	**CO-30 Nesting Grouse Species**	In order to protect nesting grouse species, surface-disturbing activities proposed during the period between March 1 and June 30 will be relocated, consistent with lease rights granted and Section 6 of standard lease terms, out of grouse nesting habitat. [NOTE: Sage-grouse nesting habitat is described as sage stands with sagebrush plants between 30 centimeters and 100 centimeters in height, and a mean canopy cover between 15 and 40 percent. Greater prairie chicken nesting habitat is described as tall- to mid-grass communities with a mean height density index of 5.85 decimeters, with 11 percent bare ground and an average height of sandsage at 84 centimeters; grasses 111 centimeters; and forbs 83 centimeters. (Nesting occurs within an average distance of 2.4 km of a lek.) Lesser prairie chicken nesting habitat is described as short-mid-grass and sandsage communities with a mean height density index of 3.5 decimeters, with an average grass canopy coverage of 30 percent and 7 percent sandsage. The predominate plant associated with nesting cover is sandsage with an average height of 40 centimeters to 50 centimeters. (Nesting occurs within an average distance of 1.8 km, or [.2 to 4.8 km, of the lek site.) Sharptail grouse nesting habitat is described as mountain shrub communities with a density of shrub plants from 1,700 shrubs to 32,000 shrubs per hectare, and average shrub height of 30 centimeters. Nests are found primarily in shrub clumps where the shrubs are taller than average. (Nesting occurs within an average distance of 2 km of a lek.)]
LN	**CO-31 Sensitive Species Inventory and Mitigation**	Special biological and/or botanical inventory and special mitigation measures designed to reduce impacts of surface disturbance to the sensitive plant or animal species may be required.
LN	**CO-32 Drainage**	All, or part, of the lands contained in a lease are, or may be, subject to drainage by well(s) located adjacent to this lease. The lessee shall be required within 60 calendar days of lease issuance to submit to the Authorized Officer technical analyses (such as drainage calculations) of the adjacent well(s) and, as necessary, a corresponding plan for protecting the lease from drainage. The plan must include the amount of drainage from the production of the draining well(s), the amount of mineral resources that will be drained from this Federal lease during the life of the draining well(s), and whether a protective well(s) would be economic. If a protective well(s) would be

Table C-6 BLM-Colorado Lease Notices (LN) Applicable to Oil and Gas Leasing (Current Management)		
Type	**Lease Notice Number/Protected Affected**	**Lease Notice Description**
		economic, the plan must also identify the protective actions (such as establish a protective well, execute appropriate agreements) to be taken. Any actions may include obtaining a variance to State spacing for the area. In the absence of demonstrating the lack of drainage, acceptable actions for protecting the lease from drainage, or acceptable justification why a protective well would not be economic, the lessee shall be obligated to pay compensatory royalty to the Minerals Management Service (MMS) at a rate to be determined by the Authorized Officer. Compensatory royalty will be assessed beginning on the 1st day of the month following the earliest reasonable time it is determined that protective actions should have been taken. (Refer to 43 Code of Federal Regulations, Part 3100 and Part 3160, for more information on drainage requirements.)
LN	**CO-34 Endangered Species Act (ESA)**	The lease area may now, or hereafter, contain plants, animals, or their habitats determined to be Threatened, Endangered, or other Special Status Species. The BLM may recommend modifications to exploration and development proposals in order to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. The BLM may require modifications to (or disapprove) proposed activity that is likely to result in jeopardy to the continued existence of a Proposed or Listed Threatened or Endangered Species, or result in the destruction or adverse modification of a designated or proposed critical habitat. The BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the ESA, as amended, including completion of any required procedure for conference or consultation.
LN	**CO-37 Visual Resource Management**	The lessee is hereby notified that special design and construction measures may be required in order to minimize the visual impacts of drilling and producing operations. The overall goal of these measures would be to blend the disturbance with the natural landscape as much as possible in order to achieve a Visual Resource Management (VRM) Class II objective.
LN	**CO-38 Biological Crust Cover**	The lessee is hereby notified that Special design and construction measures may be required in order to minimize the impacts and drilling and producing operations on areas with biological crust cover (known by various names such as “cryptobiotic crust” or “microbiotic crust”). There are known

Table C-6 BLM-Colorado Lease Notices (LN) Applicable to Oil and Gas Leasing (Current Management)		
Type	**Lease Notice Number/Protected Affected**	**Lease Notice Description**
		occurrences of soils with biological crusts in the area.
LN	**CO-40** **High Value Sage Grouse Habitat**	The lessee is hereby notified the lease contains Sage-Grouse habitat that has been designated as "high value" by the CDOW. The Operator may be required to implement specific measures designed to reduce impacts of oil and gas operations on the Sage-Grouse populations and habitat quality. Such measures shall be developed during the APD process, and during the preparation of the required environmental analysis document; and will be consistent with the lease rights granted.
LN	**CO-43** **Sand and Gravel Operations**	EXISTING SAND AND GRAVEL PIT: There is a pre-existing operating gravel and gravel pit and the lessee is hereby notified that the Operator may be required to implement specific measures designed to reduce impacts of oil and gas operations on sand and gravel pit operations. Such measures shall be developed in concert with the sand and gravel pit owner during the preparation of the environmental analysis document.
LN	**CO-46** **Existing Coal Leases**	This lease is subject to valid existing rights to mine and extract the coal under the applicable Federal coal leases and the approval granted under those leases. The BLM will not approve any oil and gas operations that interfere with the coal mining within the Planning Area. The Mine Safety and Health Administration shall have jurisdiction over all safety issues related to coal mining, which may include coal mine methane (CMM) collection by the lessee.
LN	**CO-48** **Floodplain Management**	The lessee is hereby notified that special location and design and construction mitigation measures may be required in order to minimize, to the extent possible, the potential long-term and short-term adverse impacts of oil and gas operations within the 100-year floodplain associated with occupancy and modification of the flood plain; and to avoid direct and indirect floodplain development wherever there is a practicable alternative. Under EO 11988 (Floodplain Management), the BLM is required to restore and preserve the natural and beneficial values served by floodplains for actions related to Federal activities and programs affecting land use.
LN	**CO-50** **Communitization**	All, or part, of the lands contained in this lease are subject to drainage by well(s) located adjacent to, and contained within, designated and already developed spacing units associated with lands in, this lease. Within 60 days of lease issuance, the lessee shall be required to submit to the Authorized Officer plans for protecting the lease against drainage. This lease is

Table C-6 BLM-Colorado Lease Notices (LN) Applicable to Oil and Gas Leasing (Current Management)		
Type	**Lease Notice Number/Protected Affected**	**Lease Notice Description**
		also being issued with a NSO stipulation, and is of insufficient size to be independently developed; therefore, the plan must be specific to applications for communitization of this lease with other lands in the associated spacing units so that proper allocation to this lease of the prorated shares of production from the wells in the spacing units can occur. Communitization agreements for each of the respective spacing units associated with the leased lands must be effective the date of spud of the well(s) in the spacing unit, and the proceeds attributable to the leased lands being managed and distributed in accordance with the terms of the communitization agreements. The communitization agreements are to be effected in accordance with Federal regulation, subject to Federal approval, and must be complete and submitted for approval within 1 year of lease issuance.
LN	**CO-54** **State Land Board**	Please be aware that the State of Colorado Board of Land Commissioners manages the surface of this lease. Please contact the State Land Board prior to entry on lease