

U.S. Department of the Interior
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Oil and Gas Leasing 101

BLM - Wyoming

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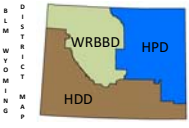
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Four Federal Oil and Gas Lease Sales per Year

- 1st Quarter (Jan – Mar): Formerly, First Tuesday in February. Now, Late March
 - High Plains District and Wind River/Bighorn Basin District
- 2nd Quarter (Apr – Jun): Formerly, First Tuesday in May. Now, Late June
 - High Desert District
- 3rd Quarter (Jul – Sep): Formerly, First Tuesday in August. Now, Late September
 - High Plains District and Wind River/Bighorn Basin District
- 4th Quarter (Oct – Dec): Formerly, First Tuesday in November. Now, Late December
 - High Desert District

Late = 3rd Full Week of the Month

BLM Wyoming Oil and Gas Lease Sales
Are Now Being Held Online



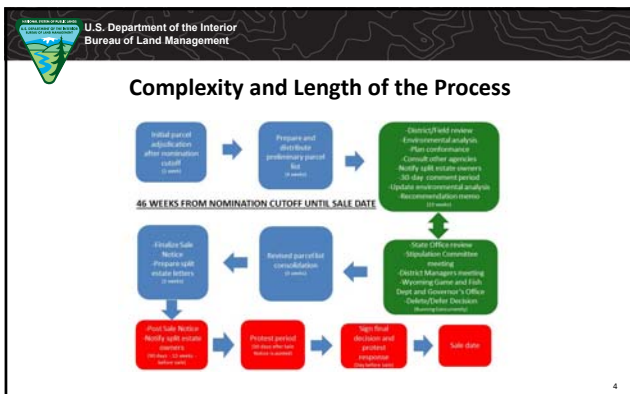
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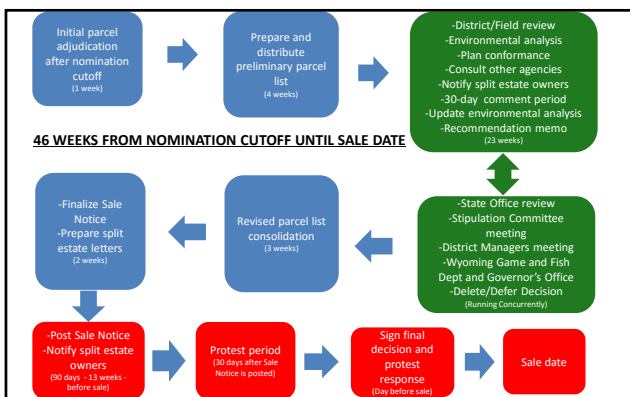
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Guiding Regulations and Policy

Mineral Leasing Act of 1920 Right of Way Leasing Act of 1930
Federal Land Policy and Management Act of 1976
Energy Policy Act of 2005
Acquired Lands Leasing Act of 1947 Endangered Species Act of 1973
National Historic Preservation Act BLM Handbook 3110
Of 1966 **LEASING REFORM (IM-2010-117)**
National Environmental Policy Act of 1970 Energy Act of 1992
Federal Onshore Oil & Gas Leasing Reform Act of 1987
BLM Manual 3120 43 CFR Part 3100

3





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Submitting Nominations


- EOI = Expression of Interest (also known as, lease nomination)
- Informal Submittal
 - Mail, Fax, Email (blm_wy_eoi_nominations@blm.gov), or Online
 - NFLSS = National Fluids Lease Sale System
 - <https://nflss.blm.gov/>
- Research Master Title Plats and Oil and Gas Plats
 - <https://www.wy.blm.gov/mtps/search.php?meridian=6>
 - Identify Available Federal Oil and Gas Mineral Estate
- Legal land descriptions
 - Township, Range, Section, Aliquot part or Lot
- Research County Property Records
 - For Split Estate, Identify Surface Owner and Mailing Address

6

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Submitting Nominations: NFLSS

- Released in 2016
- EOI is the First Released Component of a Larger, National Lease Sale System
- More Changes to Come, as New Components are Rolled Out
- Will Replace BLM Wyoming Lease Sale System Used for the Last 3 Decades



7

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Adjudicating Nominations

- Availability For Leasing
 - A Few Instances Where Lands are not Available for Leasing
 - Lands Currently Leased for Oil and Gas
 - Lands Where the Oil and Gas Mineral Estate is not Federally Owned
 - Lands Within City Limits
 - Lands Withdrawn from Mineral Leasing, Lands Located in Designated or Proposed Wilderness Areas (WSA/DWA)
 - Lands within an Indian Reservation
- Parceling
 - No Minimum Size (Unless Mandated Through Resource Management Plan)
 - No Greater than 2,560 Acres in Total Size
 - Entirely Within an Area of 6 Miles Square or Within an Area not Exceeding 6 Surveyed Sections in Length or Width Measured in Cardinal Directions

8

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Overlapping Unit and Communitization Agreements

- Unit and Communitization Agreement Basics will be Addressed in a Later Presentation, Today
- Available Unleased Lands Within an Agreement Area may be Nominated
- Agreement Joinder will be Required of the Lease Purchaser
- When Parceling Nominations, Existing and Pending Agreements are Identified
 - Lands within an Agreement Area and Lands outside the Agreement Area cannot be Combined in the Same Parcel

9

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SMA Consent to Lease Request

- SMA = Surface Management Agency (ie, Forest Service, Bureau of Reclamation)
- SMA Must Consent to Lease the Parcel Within Its Jurisdiction, and It Must Identify Appropriate Lease Stipulations from Its Own Land Use Plan
- BLM Cannot Move Forward on a Nomination under another SMA's Jurisdiction without Authorization and Guidance from the SMA




10

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Preliminary Parcel List

- Preliminary Parcels = Parcels Generated from the Submitted Nominations which are Ready to Move Forward for Lease Sale Review
- Nominated Areas not on the Preliminary Parcel List
 - Areas Not Available for Leasing
 - Areas In Parcels Awaiting SMA Response
 - Areas Previously Deferred during Another Sale Review
- Transmitted to Field Offices, Wyoming Game and Fish Department, Other SMAs, and Other Recipients 1 Month After Cutoff for Nominations
- Parcels are Numbered Sequentially by BLM WY Lease Sale System
 - Will be Renumbered when Final List is Prepared, to Exclude Parcels Deleted or Deferred During the Review Process
- Preliminary Parcel Numbers are the Numbers Referenced in the Environmental Assessments Prepared by the District and Field Offices

11


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Interdisciplinary Review Team

- Involves BLM WY Staff from the State Office, as well as Affected District and Field Offices
 - Dozens of BLM WY Staff Members Involved in Every Sale Review
- Experts in Various Field of Scientific Study ('ologists'), Regulatory and Policy Requirements, and Administrative Processes
- Field Review Includes Resource Management Plan Review, Field Visits, Record Reviews (Including GIS Analysis), Expert Analysis, and Consultation with Outside Agencies (such as US Fish and Wildlife Service) and Entities (such as Native American Tribes)
- For Most Involved Staff, Lease Sale Review Responsibilities are Worked in with Other Important Job Responsibilities




12

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Resource Management Plans

- RMP = Resource Management Plan
- Describes Multiple Use Resource Management Strategy for a Jurisdiction (Usually a BLM Field Office)
 - Wildlife, Historical Trails, Native American Heritage Sites, Oil and Gas, Plants, Renewable Energy, Transmission Lines, Recreational Uses, Wild Horses, Coal, Pipelines, Caves, Soil, Wildfires, Air Quality, Roads and Access, Grazing, Fish, Communication Towers, Fossils, Viewshed, etc.
- Collaborative Approach where Local, State, and Tribal Governments, the Public, User Groups, and Industry Work with the BLM to Identify an Appropriate Mix of Uses and Protections for the Public Lands
- Determines Which Areas are Available for Oil and Gas Leasing
- In Available Areas, Which Restrictions Should be Applied to Development Activities


13

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Parcel Deletion

- Deletion is a Permanent Removal from Consideration for Leasing, Because the Area is Found to be Unavailable for Oil and Gas Leasing
- Deletion can be for a Whole or Partial Parcel, Down to the Smallest Legal Subdivision
- Examples of Reasons for Parcel Deletion:
 - Within Incorporated City Limits
 - Wilderness Study Areas
 - Not Available for Leasing in RMP
- Reasons for Parcel Deletion are Often Not Found on Master Title Plats and OG Plats


14

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Parcel Deferral

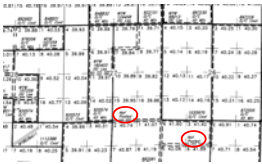
- Deferral is a Temporary Delay of the Decision to Lease an Available Area
- Deferral can be for a Whole or Partial Parcel, Down to the Smallest Legal Subdivision
- Examples of Reasons for Parcel Deferral:
 - Preservation of Decision Space in an Ongoing Planning Effort
 - Recently, RMP Revisions and Greater Sage-Grouse Management Amendments
 - Awaiting Outcome of Court Case or Appeal to Interior Board of Land Appeals (IBLA)
 - Need SMA Approval/Input
 - State Director Discretion

15


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Deferred Parcel Notations on Oil and Gas Plats

- Not Posted = Reviewed for Inclusion in a Sale, but Not Posted to Sale List Due to Deferral
- BLM WY Shorthand, to aid Public and BLM Adjudicators
- Eventually, BLM Will Contact Original Nominator, After Reason for Deferral has been Resolved
- It is Okay to Re-nominate 'Not Posted' Areas. Parcel will Move Forward if Reason for Deferral has been Resolved



16

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Stipulations

- Also referred to as "stips"
- Part of the Terms and Conditions of the Lease which Address Management Restrictions Established within the Resource Management Plan
- NSO = No Surface Occupancy
- CSU = Controlled Surface Use
- TLS = Timing Limitation Stipulation
- Must be Required by the Resource Management Plan
- Subject to Exception, Modification, or Waiver as Described within the Resource Management Plan
- May Not Apply to Entire Lease Area
- May Overlap with Other Stipulations

17

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Stip Committee Review

- Ensures Consistent and Appropriate Application of Stipulations to Lease Parcels
- Statewide Perspective
- Application of National and BLM WY Policies and Standards

18

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District Managers Meeting


- Review of Initial Recommendation from District and Field Offices
- Before Posting Environmental Assessment for Public Comment
- Involves State Director, District Managers, District Resource Advisors (Authors of the Environmental Assessments), other State Office Staff Members
- Presentation of Sale Review Recommendations, including Sale Offerings, Deletions, and Deferrals
- Parcel-by-Parcel Review of Special Cases Needing State Director Decision
- Includes GIS Analysis Over a Shared Viewscreen

19

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Posted Version 1 Environmental Assessment(s)

- EA = Environmental Assessment
- DNA = Determination of NEPA Adequacy
- NEPA = National Environmental Policy Act (1970)
- First Public Look at Parcels Being Considered for Sale, as well as Review Considerations and Recommendations
- Posting Initiates 30-Day Public Comment Period
- For BLM WY, Posting is Approximately 200 Days Before the Sale Date
- Describes, and Discusses Reasons for, Proposed Deletions and Deferrals
- Posted Online and in BLM Field Offices




20

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Posting Web Site

- <https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/regional-lease-sales/wyoming>



21

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Surface Owner Notification (First of Two)

- Issued by affected District Offices
- Sent Out When Environmental Assessment is Posted for Public Comment
- Sent to Private Surface Owners of Split Estate Areas
- Based on Contact Information Provided in the Expression of Interest

22

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Environmental Assessment Public Comment Period

- 30 Days, Starting with Posting Date of the Version 1 EA
- Anyone May Submit Comments
- All Comments will be Reviewed Before Final Sale Notice is Posted
- Responses to Comments May Include:
 - Change to Environmental Assessment
 - Parcel Deferral or Deletion
- All Comments will be Summarized, and Responded To, Within the Version 2 EA Posted with the Sale Notice

23


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Meeting with State of Wyoming

- State Office meeting primarily involves the Office of the Governor and the Wyoming Game and Fish Department
- Goes Over Environmental Assessment Recommendations
- Provides Opportunity for Special Input from State Government




24

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Delete/Defer Decision Before Sale Notice Creation


- Prepared by the State Office Branch of Fluid Minerals, Lands & Appraisal
- Signed by the Deputy State Director for Minerals & Lands
- Culmination of Sale Review Process
- Instructions for Preparation of Final Sale Parcels List

25


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Posted Version 2 Environmental Assessment(s)

- Includes Responses to Public Comments Regarding Version 1 EA
- Public Comments, and BLM Responses, are Summarized Individually in an Added Appendix of Version 2 EA
- Posted, Along with Sale Notice, a Minimum of 90 Days Prior to the Sale Date, per Leasing Reform Policy
- Posted Online and in BLM State Office Public Room




26


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Sale Notice

- Official Announcement of Sale. Defines Sale Date, Sale Process, and Parcels being Offered for Sale
- Posted a Minimum of 90 Days Prior to the Sale Date, Per Leasing Reform Policy
- Posted Along with Final GIS Data for Parcels, Version 2 EA, and Crossover List
- Posting Initiates 30-Day Sale Protest Period
- Posted Online and in BLM State Office Public Room



27


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The Crossover List

- A BLM WY Sale System Necessity which Will Eventually be Replaced when National Lease Sale System is Used to Create and Analyze Parcels from Nominations
- Current Automated System Sequentially Numbers All Parcels in the Final Sale Parcel List, and Cannot Allow Numbers for Deleted or Deferred Preliminary Parcels to be Skipped
- Crossover List is a Cross Reference between Numbering Used in the Preliminary Parcel List and Number Used in the Final Parcel List, which is Shown in the Sale Notice
- Preliminary Parcel Numbers are Referenced in the Environmental Assessments, Since these Documents are Prepared Before the Sale Notice is Completed

Preliminary Parcel Numbers in EA	Final Parcel Numbers in Sale Notice
1	1
2	2
3	3
4	Deferred
5	Deferred
6	4
7	5


28

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Surface Owner Notification (Second of Two)

- Issued by affected State Office
- Sent Out When Sale Notice and Version 2 EA are Posted
- Sent to Private Surface Owners of Split Estate Areas
- Based on Contact Information Provided in the Expression of Interest


29

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Protests and Protest Decision

- 30 Day Protest Period
- Leasing Reform Allows at least 60 Days for BLM to Review Protest Before Sale Date
- BLM May Affirm, Deny, or Dismiss a Protest
- Protest Affirmation Could Result in Parcel Deletion or Deferral from Sale
- BLM WY Protest Decision is Typically Signed and Posted on the Day Before the Sale Date
- Sale Offering May Proceed Before the Protest Decision is Made
- Protest Decision is Appealable to Interior Board of Land Appeals (IBLA)


30

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Final State Director Decision

- FONSI = Finding of No Significant Impact
- DR = Decision Record
- Final Version 3 of the Environmental Assessment includes any Clarifications Necessitated Since the Issuance of the Sale Notice
- Reviewed by the BLM Wyoming Resources Division One Last Time – and Initialed by the Deputy State Directors for Resources, and for Minerals and Lands – before being Submitted to the State Director
- Signed the Day before the Sale Date, by the State Director


31

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Noncompetitive Pre-Sale Offers

- Noncompetitive Pre-Sale Offer to Lease may be Filed for Land that:
 - Is Available; and
 - Has Not Been Under Lease During the Previous One-Year Period; or
 - Has Not Been Included in a Competitive Lease Sale Within the Previous Two-Year Period
- Must be Filed Prior to the Posting of the Sale Notice
- Parcels with Pending Presale Offers will be Identified in the Sale Notice
- \$415 Non-Refundable Filing Fee
- First Year's Advance Rental, Computed at \$1.50 per Acre, when Offer is Filed
- If Parcel Sells at the Competitive Sale, the Non-Competitive Pre-Sale Offer is Rejected
 - First Year's Advance Rental is Refundable


32

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Competitive Sale

- Parcels from the Sale Notice are Sold in a Competitive Auction
- Minimum Initial Bonus Bid is \$2 per Acre
- Payment of Minimum Bonus Bid of \$2 per Acre, Administrative Fee (\$160), and First Year's Rental (\$1.50 per Acre) is Due on Sale Date. Balance of Bonus Bid Payment is Due 10 Days After the Last Day of the Sale
- Sale Results, Including Identification of Winning Bidder and Winning Bid Amounts, are Posted within a Week of the Sale Date

33

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Online Sales

- As of 2016, the Auction May be Conducted Orally, or Online
- Since September 2016, a Number of Online Sales have been Held Online, by Several Other BLM State Offices
- The First BLM Wyoming Sale to be Held Online will be on June 22, 2017
 - The Sale will Feature 26 Parcels from the BLM WY High Desert District
- It is the Decision of the BLM WY State Director to Hold all Future BLM WY Oil and Gas Lease Sales Online
- EnergyNet Representatives will Present their Online Sale Process, This Morning


34

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Post-Sale Noncompetitive Offers

- After the Competitive Sale, Unsold Parcels are Available Noncompetitively for a \$415 Filing Fee and the First Year's Advance Rental Computed at \$1.50 per Acre
- First, Leases will be Awarded to those Who Filed Pre-Sale Noncompetitive Offers
- Noncompetitive Offers Submitted the Day of, and the Day After, the Competitive Sale will be Considered to have been Simultaneously Filed
 - Multiple Offers May be Submitted for These 'Day After' Noncompetitive Parcels
 - Where Multiple 'Day After' Offers are Received on the Same Parcel, the Lease will be Awarded through Random Drawing
- Noncompetitive Offers May be Submitted for any Parcel not Sold at a Competitive Sale, or Leased 'Day After', Up To 2 Years After the Sale Date


35

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Lease Issuance

- Lease Case Files are Assembled After the Sale by the Adjudication Staff
 - Case Files include Key Parcel Review Documentation, Documentation of Payment, Plat Describing Location of Lease, and Signed Lease Document
- Leases Sold Competitively, and as Day After Noncompetitive Sales, are Generally Issued 6 Weeks After Competitive Sale Date
 - Allows for Case File Assembly and Expiration of Protest Decision Appeal Deadline Prior to Lease Issuance

36



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