



Current BLM Leasing Policy

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Energy in the Law





Overview

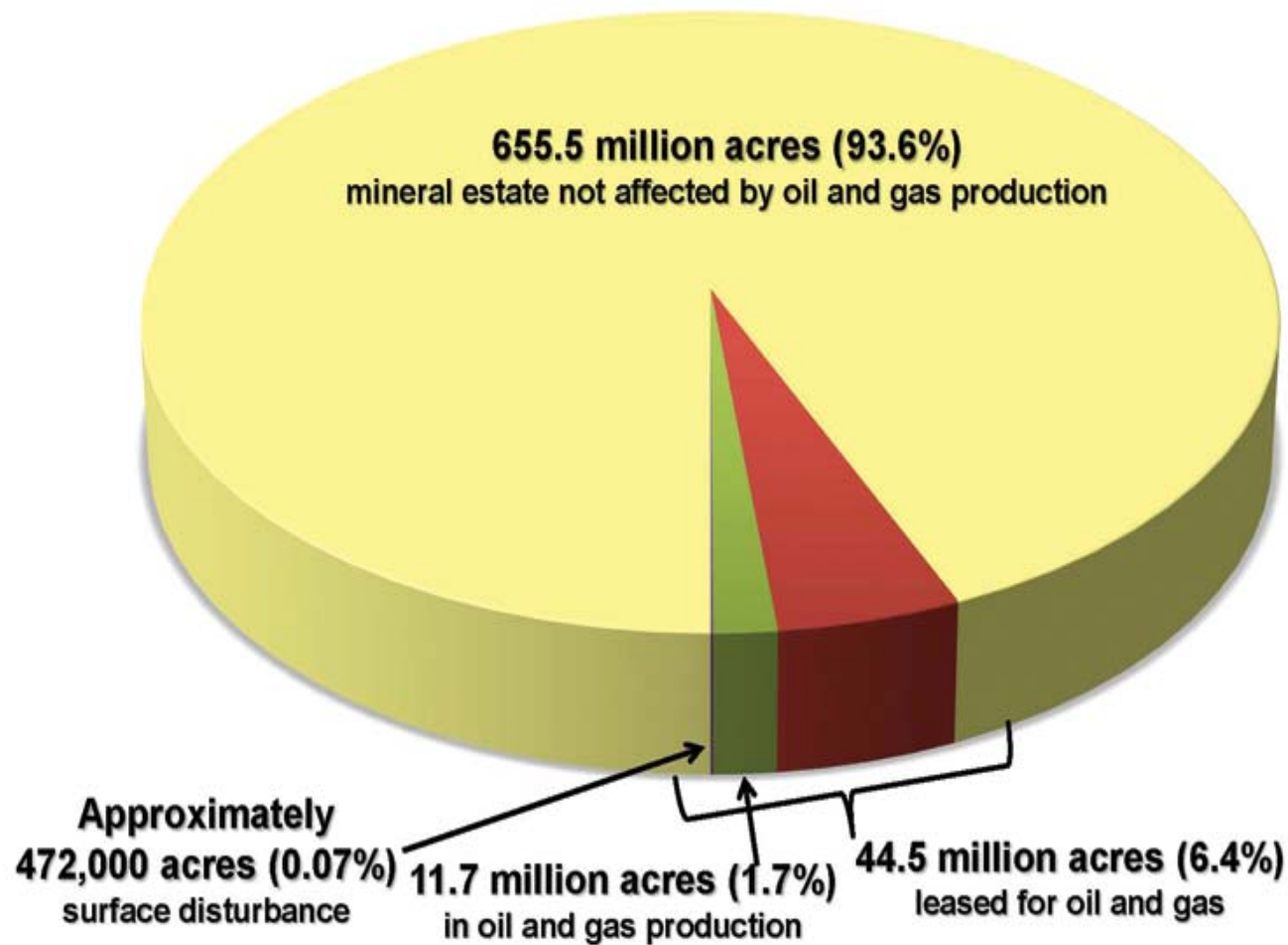
- **Energy Development in Context**
- **Federal Leasing – Historical Perspective**
- **The Future**
- **BLM's New Leasing Policies**



Federal Land Policy and Management Act

- Identifies “mineral exploration and production” as one of the “principle or major uses” of public lands
- Directs BLM to manage the public lands “in a manner which recognizes the Nation’s need for domestic sources of minerals”
- Directs BLM to manage “in a manner that will protect the quality of . . . ecological, environmental values”

Oil and Gas Production Activities on BLM-Managed Mineral Estate



Total BLM Managed Mineral Estate: 700 Million Acres

Drilling and Production

During Drilling

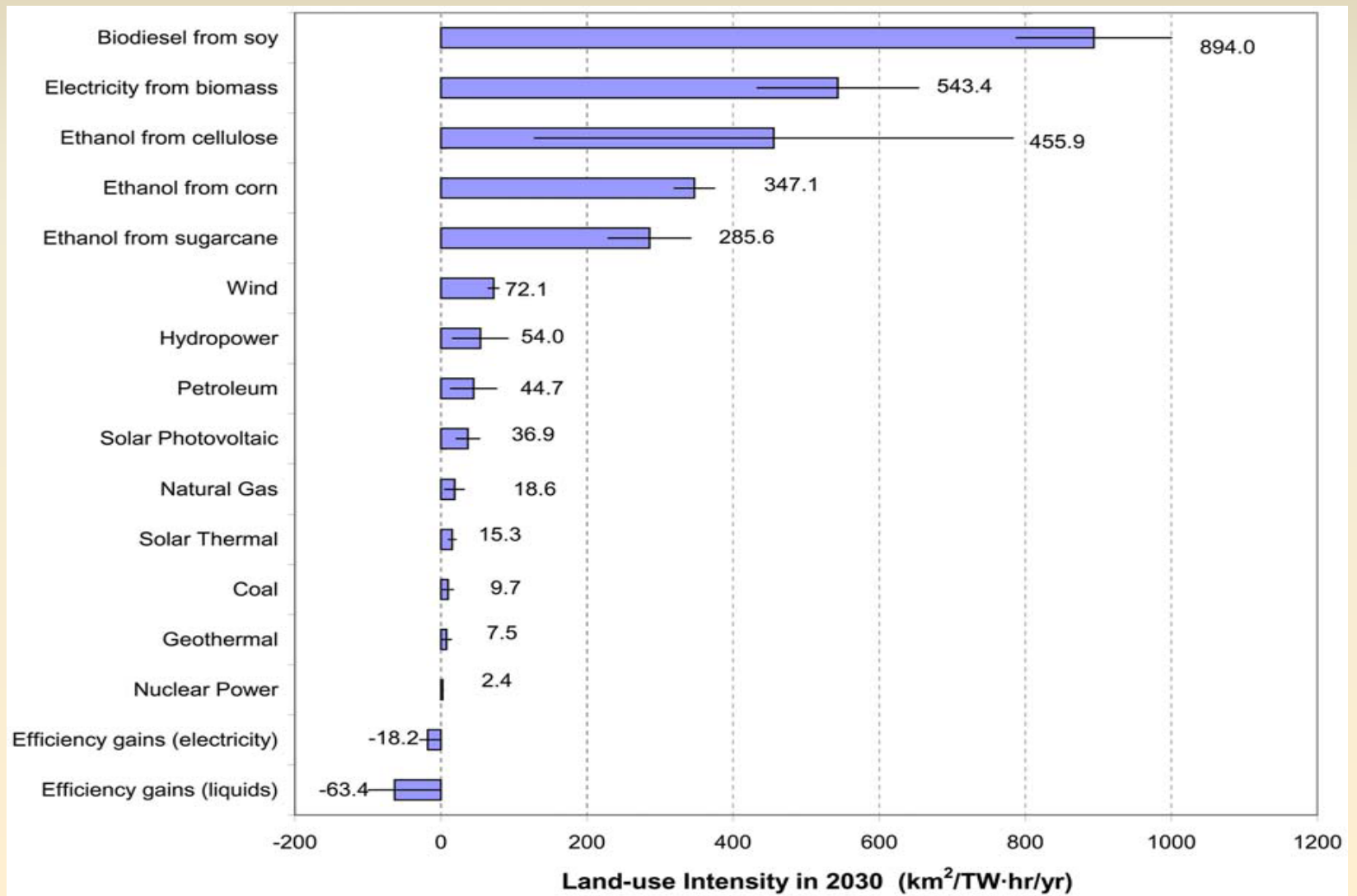


During Production

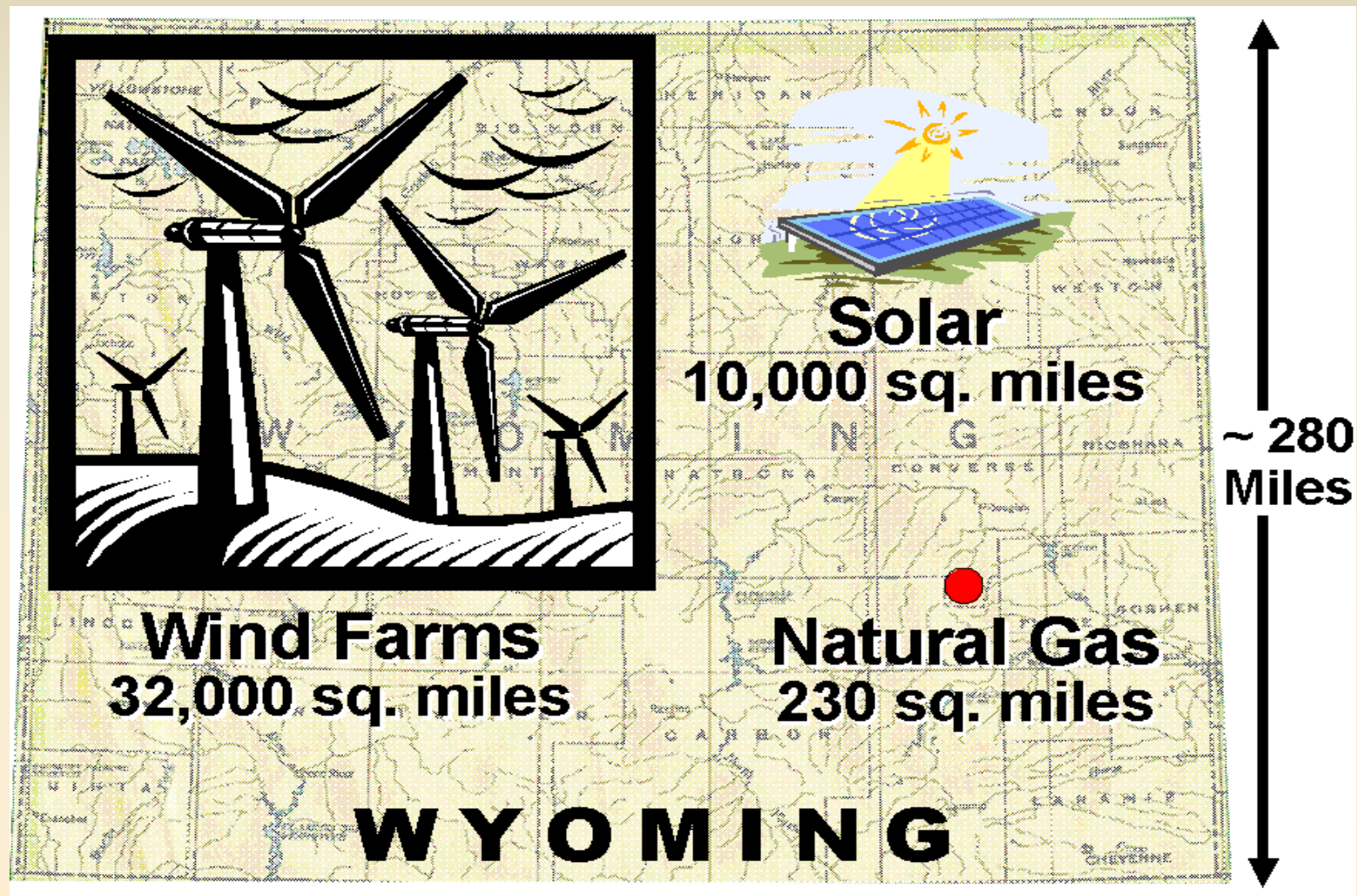


Nature Conservancy Report

- Energy Sprawl -



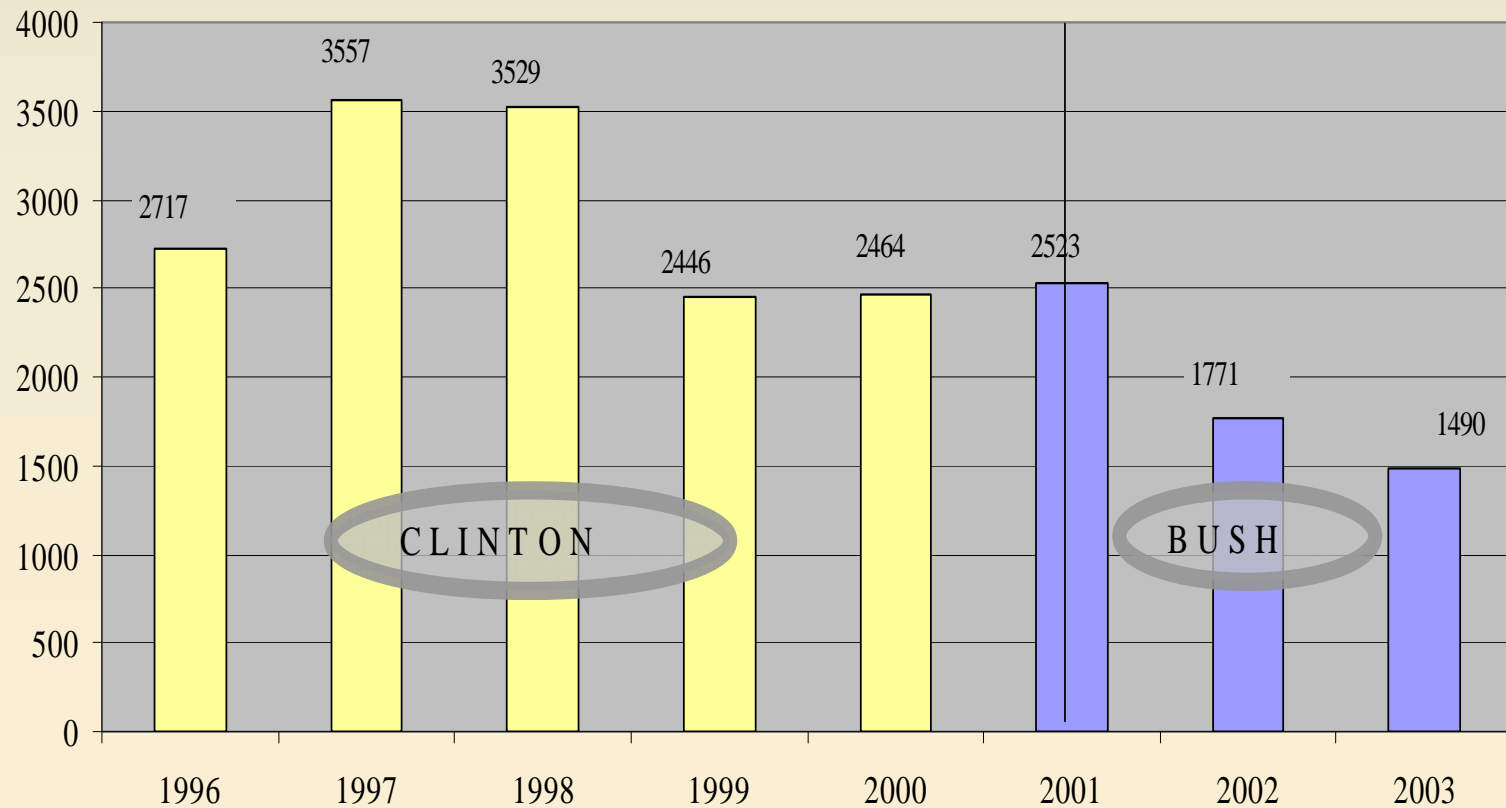
Energy Development Has Impacts



New BLM Leases: 1996-2003

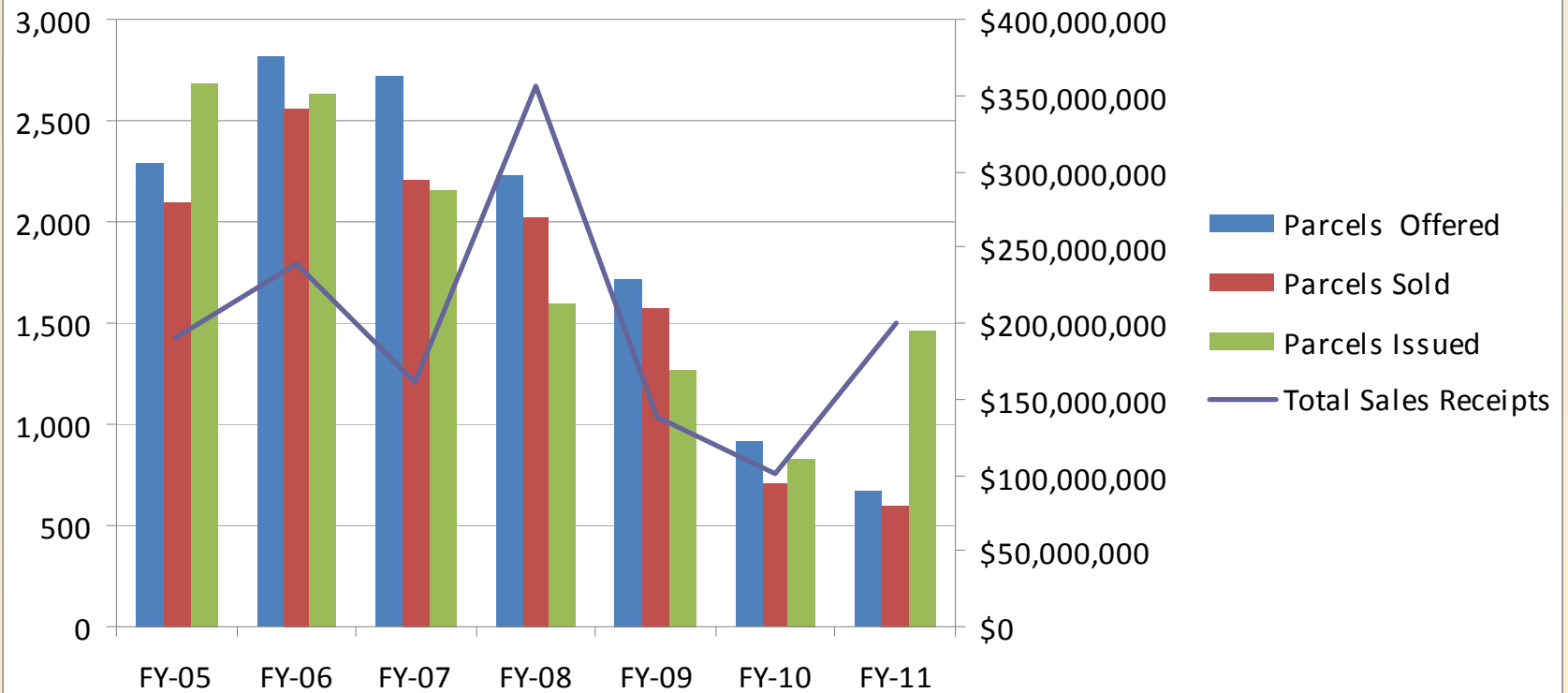
New BLM Leases 1996-2004

(Source: BLM Public Land Statistics)



New BLM Leases: 2005-2011

Rockies Federal Leasing Activity (FY05-11)

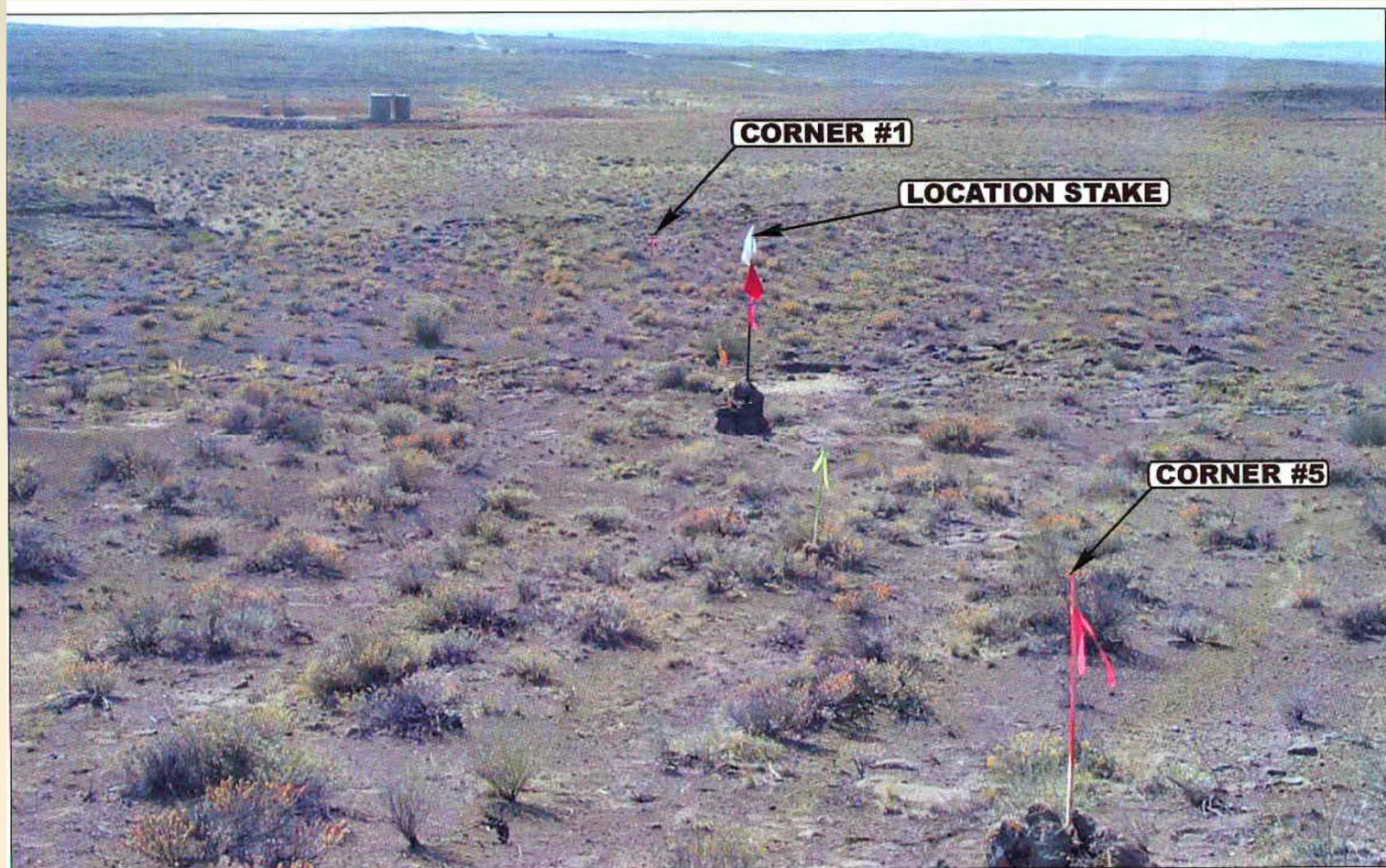




The Future

- The West is projected to generate 1.3 million barrels of domestic oil and condensate production a day by the year 2020, an amount that exceeds the current daily oil imports from Russia, Iraq and Kuwait combined.
- The West has the potential to produce 6.2 trillion cubic feet (Tcf) of natural gas annual by 2020.
- Combined, western oil and gas has the potential to produce more energy on a daily basis than the total U.S. imports from Saudi Arabia, Iraq, Kuwait, Venezuela, Colombia, Algeria, Nigeria and Russia.

Wilderness?





BLM's May 17, 2010 Leasing Policy

Background

- Lease Sale Protests and Litigation
- RMP Litigation
- Secretary Salazar's Policy Initiatives

Goals

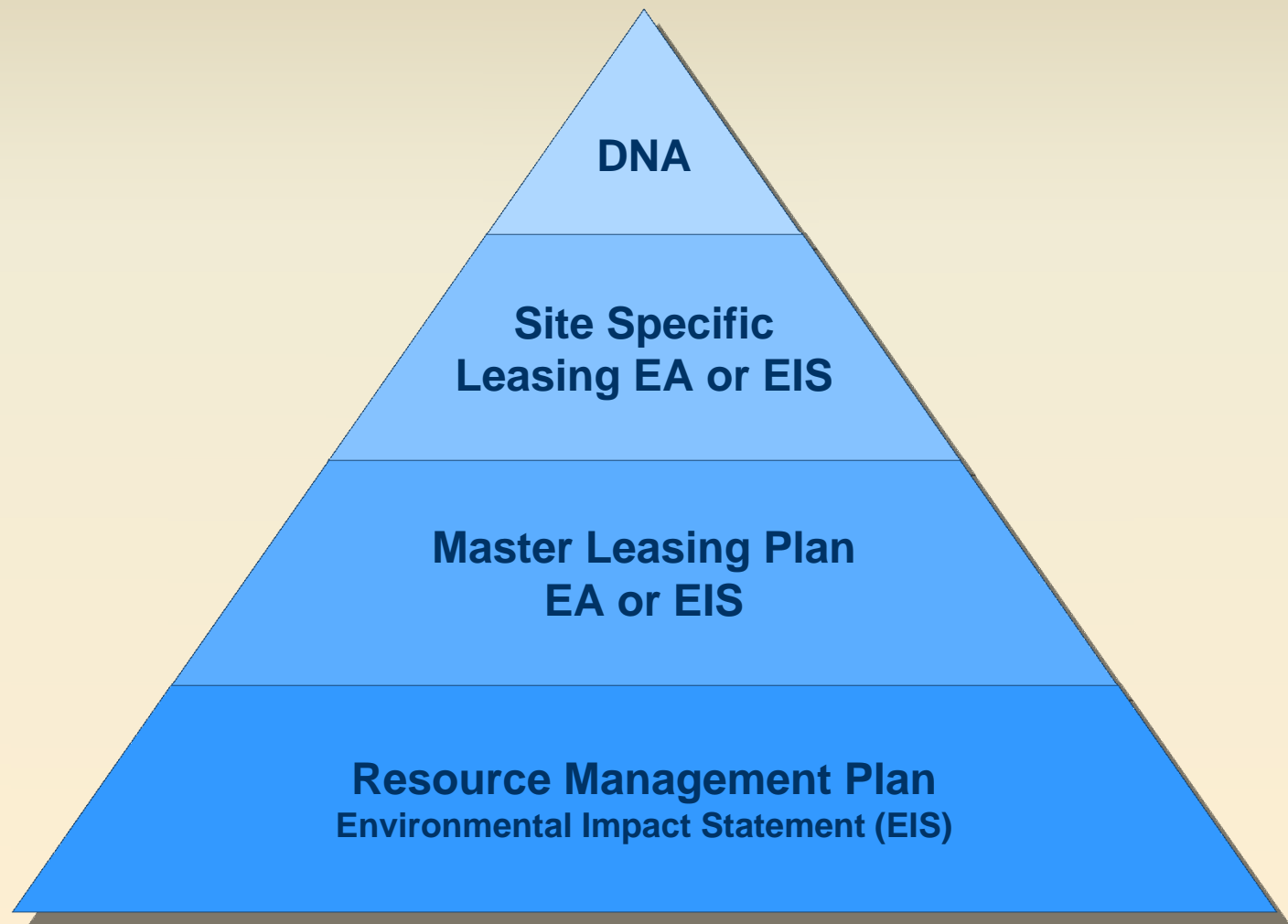
- Low resource conflict for leasing and development
- Decrease litigation
- Promote environmentally responsible development
- Increase efficiency



Leasing Procedures

- Field Office Interdisciplinary Parcel Review Team
- Site-Specific Leasing NEPA Document (EA or EIS)
- Review and protest time frames:
 - 30 day public review for leasing EA
 - 90 day final sale notice posting
 - 30 day protest period (concurrent)
 - 60 day protest resolution period (concurrent)

The New Leasing Framework





How is it working so far?

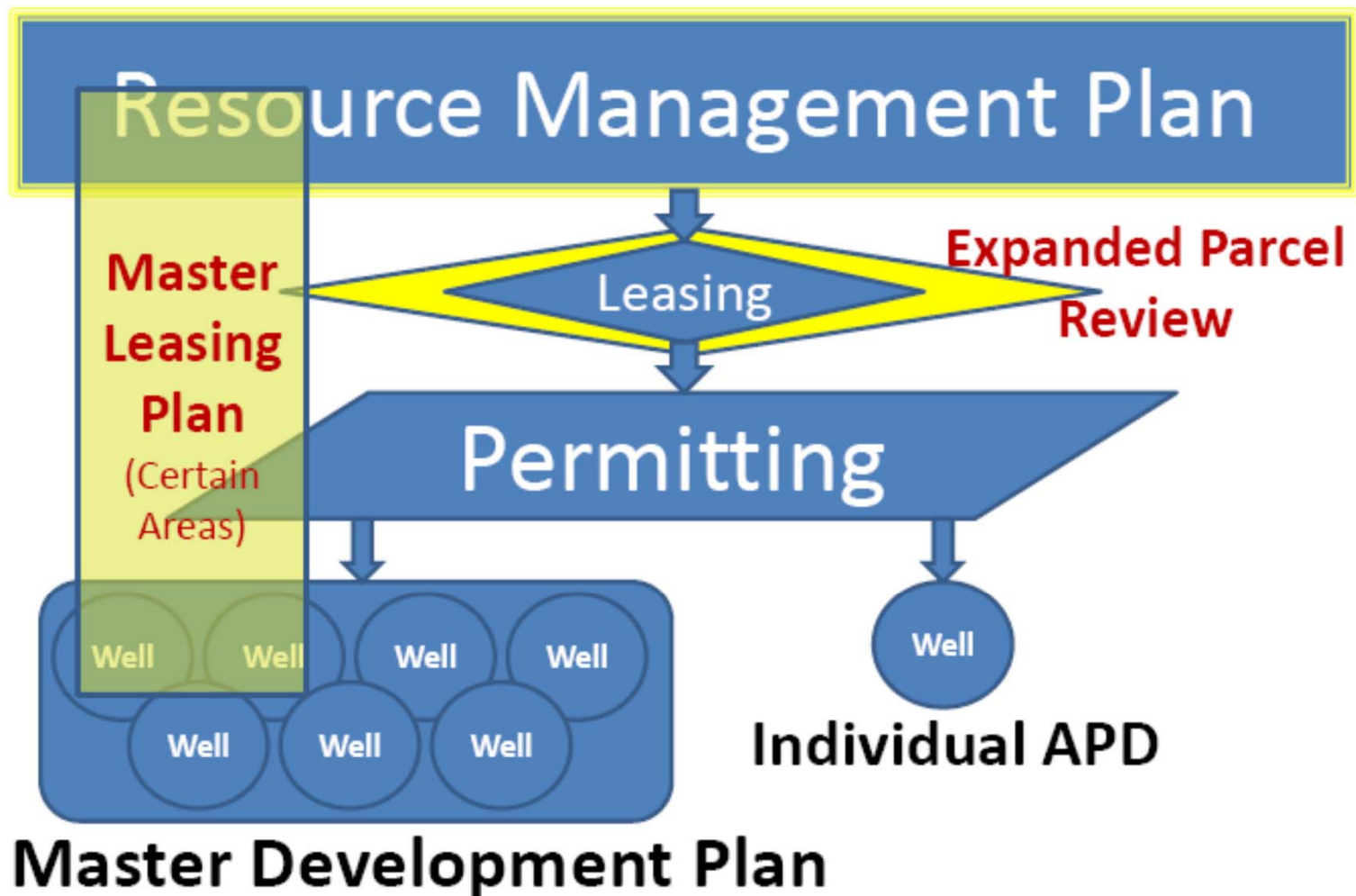
- **FY 2011 Federal Leasing:** down significantly.
- Lease parcels offered have declined by 70%, acreage by 81% and revenue by 44% since 2008.
- Colorado BLM offered only four parcels in 2011; Utah BLM was close behind with just seventeen.
- In North Dakota, BLM leased just 416 acres more than in 2008.



Master Lease Plans (MLPs)

- Master Leasing Plans will reconsider RMP decisions on leasing
- MLPs will be conducted through National Environmental Policy Act (NEPA) process
- MLPs initiated as a land use plan amendment through the Federal Land Policy and Management (FLPMA) process

Leasing Reform Process





Master Lease Plans - Decisions

- Closing areas to leasing
- Phased leasing (e.g. interim reclamation standard)
- Lease stipulations (NSO, TL, CSU)
- Phased development (e.g. geographic sequence)
- Caps on new surface disturbance
- Planned or required unitization of Federal lands (e.g. single operator)



Master Lease Plans - Impact on Existing Leases

- For pre-existing leases in MLP area, MLP lease stipulations to be applied as Conditions of Approval for permits
- Uncertainty for existing prospects with adjacent un-leased lands



Potential Ramifications

- Regulatory uncertainty; business uncertainty compounded by extensive delays
- Leasing moratoria during MLP preparation
- Three to seven year process for new leasing
- Multiple legal challenges

Concluding Observations





Thank you for your time!

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