



Energy Fact Sheet

The Bureau of Land Management/Forest Service Oil and Gas Program Overview — from Leasing to Development

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Key Messages:

- There is a long history of mineral rights leasing in the United States. Congress declared the importance of developing these resources as contributors to the U.S. economy by passing The Mineral Leasing Act in 1920 and numerous other laws, the most recent being the Energy Policy Act of 2005.
- The Forest Service (FS) manages the surface use on national forest system lands.
- The Bureau of Land Management (BLM) manages the surface use on BLM lands and manages the mineral leasing sale process for both BLM and FS.
- Each agency makes its own determination on the availability of oil and gas resources and how the resources will be managed through a land use plan developed with public input.

The Leasing Process —

- **First Step:** Agencies prepare Land Use Plan/Environmental Impact Statement that identifies lands available for leasing and the stipulations that will be applied to a lease.
- **Second Step:** Lease parcels are nominated for inclusion in the competitive lease sale.
- **Third Step:** The lease sale is held. Any protests on leased parcels are resolved prior to lease issuance.
- **Fourth Step:** The lease is issued for a primary term of 10 years.

Development Process —

- **First Step:** An Application for Permit to Drill is submitted to the BLM (and FS if on national forest surface lands). The application contains both a drilling plan and a surface use plan to protect resources.
- **Second Step:** The agency notifies interested parties (landowner, county, Division of Wildlife, etc).
- **Third Step:** An on-site visit is conducted at the proposed location with interested parties.
- **Fourth Step:** The agency prepares a site specific Environmental Analysis, specific measures are identified to mitigate potential impacts.

- **Fifth Step:** The BLM approves (with Forest Service concurrence if needed) the Application for Permit to Drill with Conditions of Approval to mitigate impacts and protect surface/subsurface resources.
- **Sixth Step:** The agency inspects construction, drilling and production phases of operations to ensure compliance with operational and environmental stipulations/Conditions of Approval.

Colorado Revenue from Oil and Gas —

- Fifty percent of the revenue generated from federal lands is passed back to the state. Of those funds, 50 percent is passed to towns and cities, 25 percent is passed to the schools, 15 percent is passed to the Department of Local Affairs, and 10 percent is passed to the Colorado Water Conservation Board.
- Colorado funds received:
 - 2005 — \$115 million
 - 2004 — \$90 million
 - 2003 — \$63 million
 - 2002 — \$42 million
 - 2001 — \$65 million
- Colorado Land Leased for Oil and Gas
 - 2006 — 502,509 (total acreage leased to date is 4,537,526)
 - 2005 — 186,564
 - 2004 — 317,931

How water resources are protected —

- Protections are outlined in the leases
- Well must be designed with sufficient casing and cementing
- Well pad construction techniques are implemented
- Each site contains site-specific conditions of approval
- Compliance inspections are conducted
- Certain state permits are also required

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