

Appendix 4

LEASE STIPULATIONS AND STANDARD LEASE TERMS (BLM FORM 3100-11)

INTRODUCTION

The following information pertaining to lease stipulations is taken from the booklet, "Uniform Format For Oil And Gas Lease Stipulations," prepared by the Rocky Mountain Regional Coordinating Committee in March, 1989. These guidelines were developed by the Bureau of Land Management (BLM) and the Forest Service.

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", but rather a necessary modification of the terms of the lease. The stipulation forms, given at the end of this appendix, provide for standardized structure, wording, and usage. In order to accommodate the variety of resources encountered on Federal lands, these stipulations are categorized as to how the stipulation modifies the lease rights, not by the resource(s) to be protected. What, why, and how this mitigation/protection is to be accomplished is determined by the land management agency through land management planning and National Environmental Policy Act (NEPA) analysis.

IMPLEMENTATION

If upon weighing the relative resource values, uses, and/or users it is determined that conflict with oil and gas operations exist which cannot be adequately managed under the BLM Standard Lease Terms (SLTs), a lease stipulation is necessary. Land use/management plans serve as the primary vehicle for determining the necessity for lease stipulations (BLM Manual 1624). Documentation of the necessity for a stipulation is disclosed in planning documents or through site-specific analysis. Land management plans and/or NEPA documents also establish the guidelines by which future waivers, exceptions, or modifications may be granted. Substantial modification or waiver subsequent to lease issuance is subject to public review for at least a 30-day period in accordance with Section 5102.f of the Federal Onshore Oil and Gas Leasing Reform Act of 1987. Stipulations may be necessary if the authority to control the activity on the lease does not already exist under laws, regulations, or orders. It is important to recognize that the authorized officer has limited authority to modify the site location and design of facilities, control the rate of development and timing of activities as well as require other mitigation under Sections 2 and 6 of the SLTs (BLM Form 3100-11) and 43 CFR 3101.1-2. Specifically, the SLTs allow the authorized officer to move a well or other facility site up to 200 meters or delay operations for up to 60 days in a year.

The necessity for individual lease stipulations is documented in the lease-file record with reference to the appropriate land management plan or other leasing analysis document.

The necessity for exceptions, waivers, or modifications also will be documented in the lease-file record through reference to the appropriate plan or other analysis. The uniform format for stipulations should be implemented when amendments or revisions of land management plans are prepared or by other appropriate means.

The uniform format for stipulations is designed to accommodate most existing stipulations by providing space to record the local mitigation objectives. The stipulations have been developed for the categories of:

- no surface occupancy (NSO)
- timing or seasonal limitations (TL)
- Limited surface use (LSU).

This guidance also includes the use of information notices. Also, there is provision for special or unique stipulations, such as those required by prior agreements between agencies when the standardized forms are not appropriate. In all cases, use of the uniform forms for stipulations require identification of specific resource values to be protected and description of the specific geographical area covered. Stipulations attached to noncompetitive leases require the applicant's acceptance and signature.

DEFINITIONS

Conditions of Approval (COA):

Conditions or provisions (requirements) under which an Application for a Permit to Drill or a Sundry Notice is approved.

Limited Surface Use (LSU):

Use and occupancy is allowed (unless restricted by another stipulation), but identified resource values require special operational constraints that may modify the lease rights. LSU is used for operating guidance, not as a substitute for the NSO or timing stipulations.

Exception:

Case-by-case exemption from a lease stipulation. The stipulation continues to apply to all other sites within the leasehold to which the restrictive criteria apply.

Information Notice (IN):

Provides more detailed information concerning limitations that already exist in law, lease terms, regulations, or operational orders. An information notice also addresses special items the lessee should consider when planning operations, but does not impose new or additional restrictions.

Information notices attached to leases should not be confused with Notices to Lessees (NTL). (See 43 CFR 3160.0-5)

Modification:

Fundamental change to the provisions of a lease stipulation, either temporarily or for the term of the lease. Therefore, a modification may include an exemption from or alteration to a stipulated requirement. Depending on the specific modification, the stipulation may or may not apply to all other sites within the leasehold to which the restrictive criteria apply.

No Surface Occupancy (NSO):

Use or occupancy of the land surface for fluid mineral exploration or development is prohibited 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 “Surface Disturbance or Surface Occupancy Restriction (by location).”

Notice to Lessees (NTL):

The NTL is a written notice issued by the BLM authorized officer. NTLs implement regulations and operating orders, and serve as instructions on specific item(s) of importance within a State, District, or Area.

Stipulation:

A provision that modifies standard lease rights and is attached to and made a part of the lease.

Timing Limitation (Seasonal restriction):

Prohibits surface use during specified time periods 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.

Waiver:

Permanent exemption from a lease stipulation. The stipulation no longer applies anywhere within the leasehold.

STIPULATION GUIDANCE

No Surface Occupancy Stipulation Guidance

The No Surface Occupancy (NSO) stipulation is intended for use only when other stipulations are determined insufficient to adequately protect the public interest. The land management plan/NEPA document prepared for leasing must show that less restrictive stipulations were considered and determined by the authorized officer to be insufficient, i.e. show why the NSO stipulation is needed. The planning/NEPA record must also show that consideration was given to a no-lease alternative when applying an NSO stipulation. An NSO stipulation is not needed if the desired protection would not require relocation of proposed operations by more than 200 meters (43 CFR 3101.1-2).

The legal subdivision, distance, location, or geographic feature, and resource value of concern must be identified in the stipulation and be tied to a land management plan and/or NEPA document. Land description may be stated as:

- The "Entire Lease"
- Distance from resources and facilities such as rivers, trails, campgrounds, etc.
- Legal description
- Geographic feature such as a 100-year floodplain
- Municipal watershed, percent of slope, etc.
- Special areas with identified boundaries--area of critical environmental concern, wild and scenic river, etc.
- Other description that specifies the boundaries of the lands affected.

The estimated percent of the total lease area affected by the restriction must be given if no legal or geographic description of the location of the restriction is given. In other cases the estimated percent is optional (see Example B-1).

Land management plans and/or NEPA documents should identify the specific conditions for providing waivers, exceptions, or modifications to lease stipulations. Waivers, exceptions, or modifications must be supported by appropriate environmental analysis and documentation, and subject to the same test used to initially justify the imposition of this stipulation. Language may be added to the NSO stipulation form to provide the lessee with information or circumstances under which waivers, exceptions, or modifications would be considered. A waiver, exception, or modification may be approved if the record shows that circumstances or relative resource values have changed or that the lessee can demonstrate that operations can be conducted without causing unacceptable impacts, and that less restrictive stipulations will protect the public interest. Waivers, exceptions or modifications can only be granted by the authorized officer. If the waiver, exception, or modification is inconsistent with the land management planning document, that document must be amended or the change disallowed.

If the authorized officer determines, prior to lease issuance, that a stipulation involves an issue of major concern, modification or waiver of the stipulation will be subject to public

review (43 CFR 3101.1-4). The land management plan also may identify other cases when a public review is required for a waiver, exception, or modification. In such cases, wording such as the following should be added to the stipulation form to inform the lessee of the required public review: "A 30-day public notice period is required prior to modification or waiver of this stipulation."

Timing Limitation Stipulation Guidance

The Timing Limitation Stipulation (often called seasonal restrictions) prohibits fluid mineral exploration and development activities for time periods less than yearlong. When using this stipulation, assure that date(s) and location(s) are as specific as possible. A limitation involves the prohibition of activities described in the stipulation for periods of more than 60 days (43 CFR 3101.1-2).

The land management plan/NEPA document prepared for leasing must show that less restrictive stipulations were considered to be insufficient. The environmental effects of exploration, development, and production activities may differ markedly from each other in scope and intensity.

If the effects of reasonably foreseeable production activities necessitate timing limitation requirements, this need should be clearly documented in the record. The record also should show that less stringent, project-specific mitigation may be insufficient. In such cases the stipulation language should be modified on a case-by-case basis to clearly document that the timing limitation applies to all stages of activity.

The legal subdivision, distance, location, or geographic feature, and resource value of concern must be identified in the stipulation and be tied to a land management planning and/or NEPA document.

The timing limitations for separate purposes may be written on separate forms or as a combined stipulation (see Example B-2.) During the review and decision-making process for the Application for Permit to Drill (APD) and Sundry Notices, the date(s) and location(s) should be refined based on current information.

Land management plans and/or NEPA documents should identify the specific conditions for providing waivers, exceptions, or modifications to lease stipulations. Waivers, exceptions, or modifications of a stipulation, such as continuing drilling operations into a restricted time period, must be supported with appropriate environmental analysis and documentation, and would be subject to the same test used to initially justify the imposition of this stipulation. Language may be added to the stipulation form to provide the lessee with information or circumstances under which a waiver, exception, or modification would be considered. The need for one-time, case-by-case exceptions of a timing limitation stipulation may arise from complications or emergencies during the drilling program. The need for timely review and decision making is great in such cases. For this reason, it is desirable that land management

plans/NEPA documents clarify what review procedures and other requirements, if any, would apply in such cases.

A waiver, exception, or modification may be approved if the record shows that circumstances or relative resource values have changed or that the lessee can demonstrate that operations can be conducted without causing unacceptable impacts, and that less restrictive stipulations would protect the public interest. Waivers, exceptions or modifications can only be granted by the authorized officer. If the waiver, exception or modification is inconsistent with the land management planning document, and that document does not disclose the conditions under which such changes would be allowed, the plan or NEPA document must be amended as necessary, or the change disallowed.

If the authorized officer determines, prior to lease issuance, that a stipulation involves an issue of major concern, modification or waiver of the stipulation would be subject to public review (e.g., 43 CFR 3101.1-4). The land management plan also may identify other cases when a public review is required for waiver, exception, or modification. In such cases, wording such as the following should be added to the stipulation form to inform the lessee of the required public review: "A 30-day public notice period is required prior to modification or waiver of this stipulation."