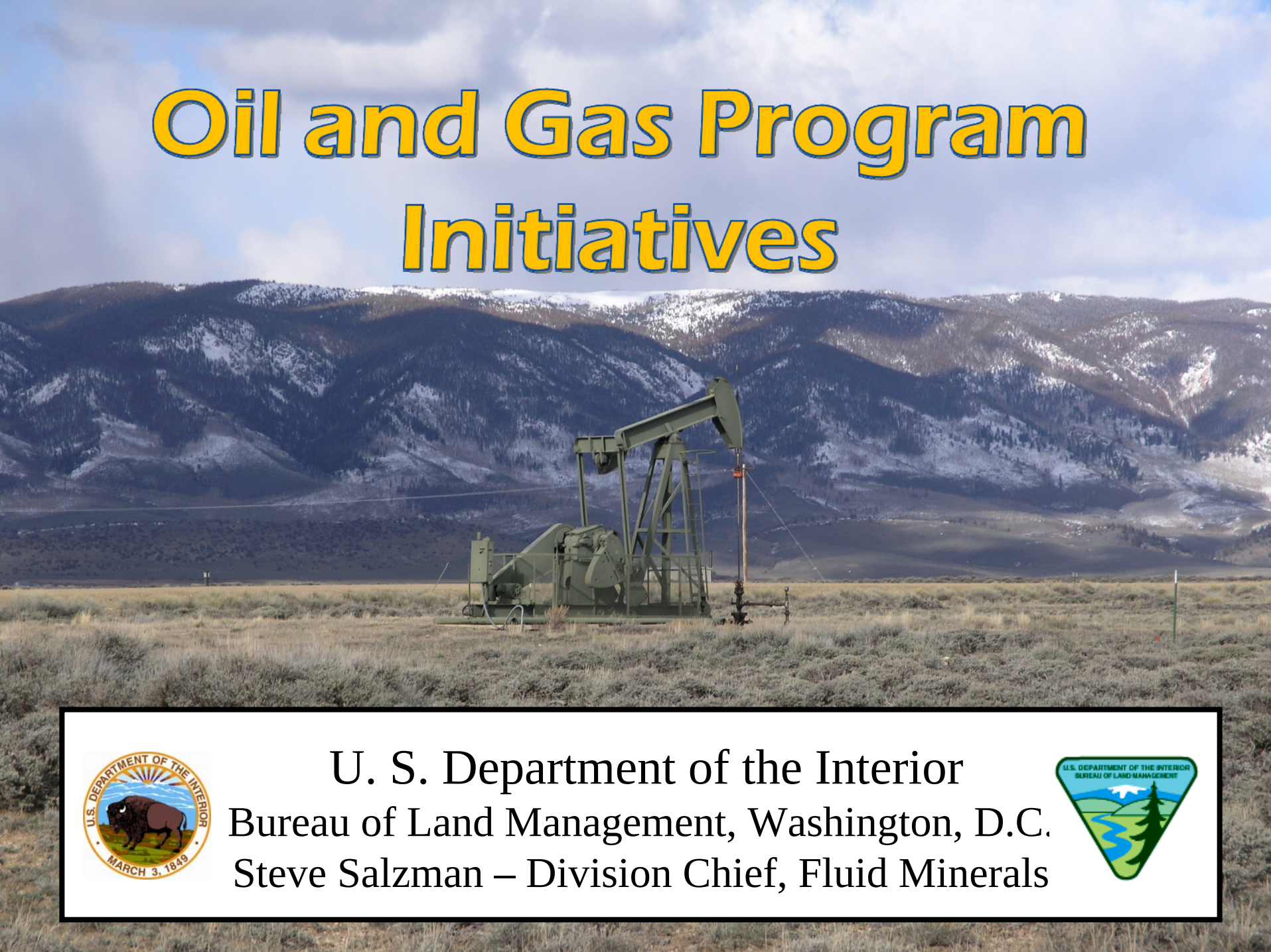
Oil and Gas Program Initiatives

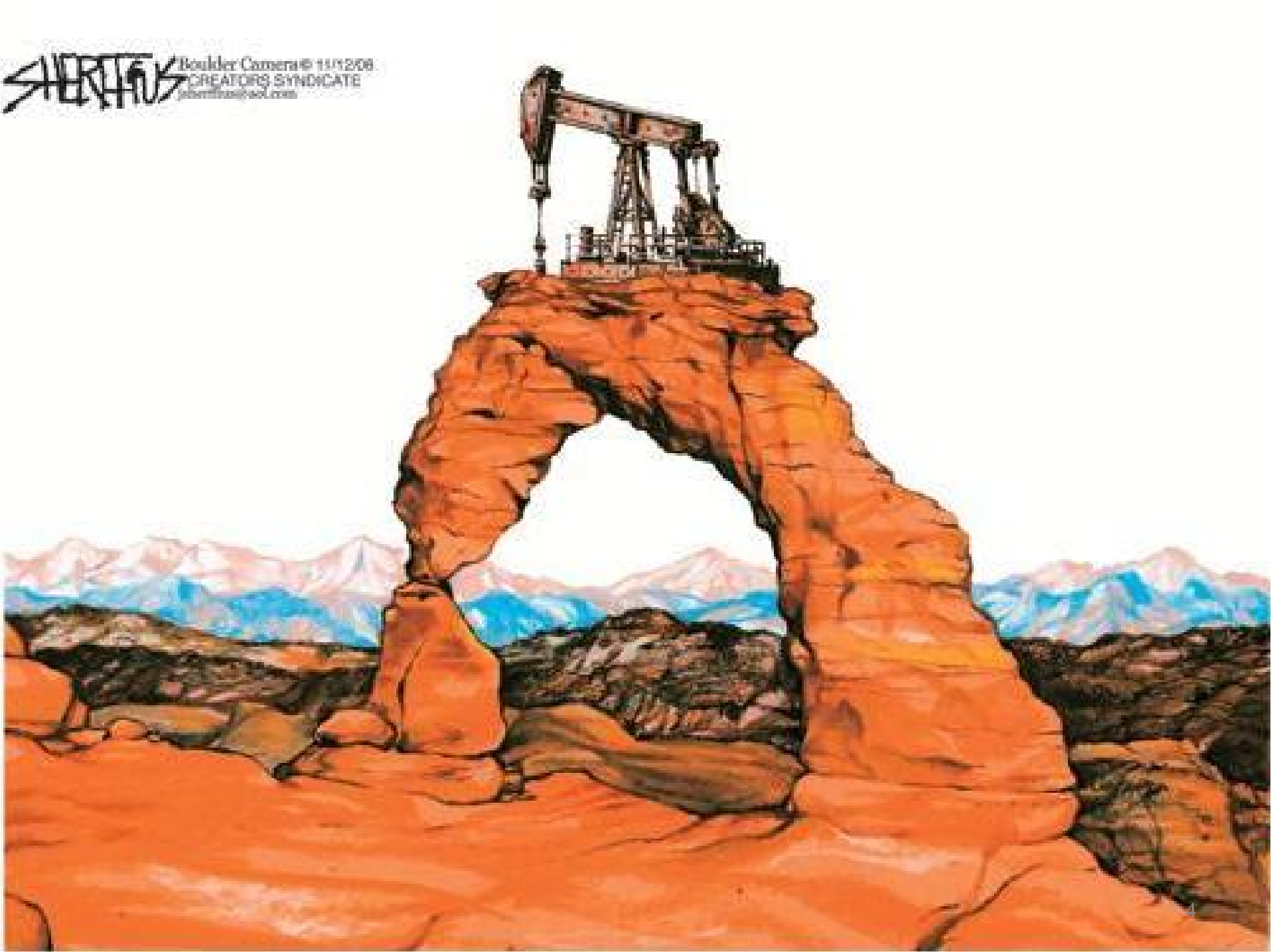


U. S. Department of the Interior
Bureau of Land Management, Washington, D.C.
Steve Salzman – Division Chief, Fluid Minerals

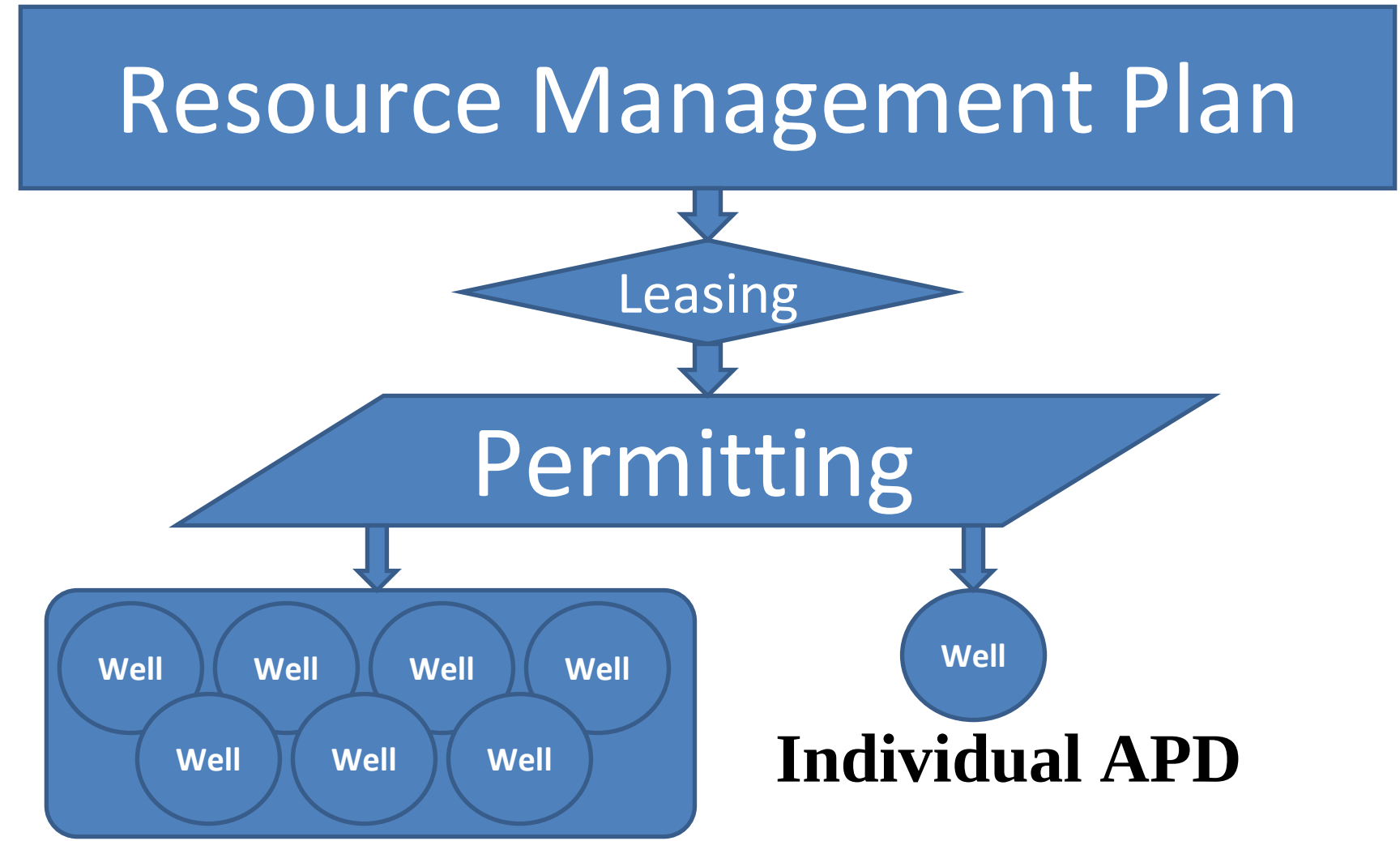
OUR CHALLENGE
Achieving Balance

Developing Energy

Yet Protecting the Environment


SHERTHIS
Boulder Camera© 11/12/08
CREATORS SYNDICATE

Former Process



47% of Parcels Protested

	National Compilation Lease Sale Parcels Protested Through 9/30/09							
	1	2		3	4	5a*	5b*	6*
FY	Parcels Offered	Acres Offered	Percent Parcels Protested	Parcels Protested	Acres Protested	Parcels Protested-Withdrawn	Acres Protested - Withdrawn	Parcels Protested-Stipulated
1998	5,505	4,982,906	1.31%	72	124,183	2	311	32
1999	3,620	6,775,005	0.00%	0	39,774	15	12,475	0
2000	3,668	2,871,320	13.99%	513	432,563	9	4,493	486
2001	3,326	3,694,386	26.58%	884	1,018,448	23	31,627	743
2002	2,886	5,279,821	28.41%	820	852,092	65	83,790	624
2003	2,741	2,903,642	14.59%	400	508,963	40	46,948	212
2004	3,994	10,042,776	39.46%	1,576	1,829,399	84	115,395	402
2005	3,780	4,362,081	35.05%	1,325	1,453,389	82	134,525	703
2006	5,861	12,067,151	26.46%	1,551	1,657,614	90	141,033	511
2007	4,321	5,000,263	37.68%	1,628	1,998,133	286	435,885	1,037
2008	2,655	7,390,405	41.73%	1,108	1,012,354	177	110,545	235
2009	3,127	3,803,635	47.17%	1,475	1,537,402	522	844,432	198

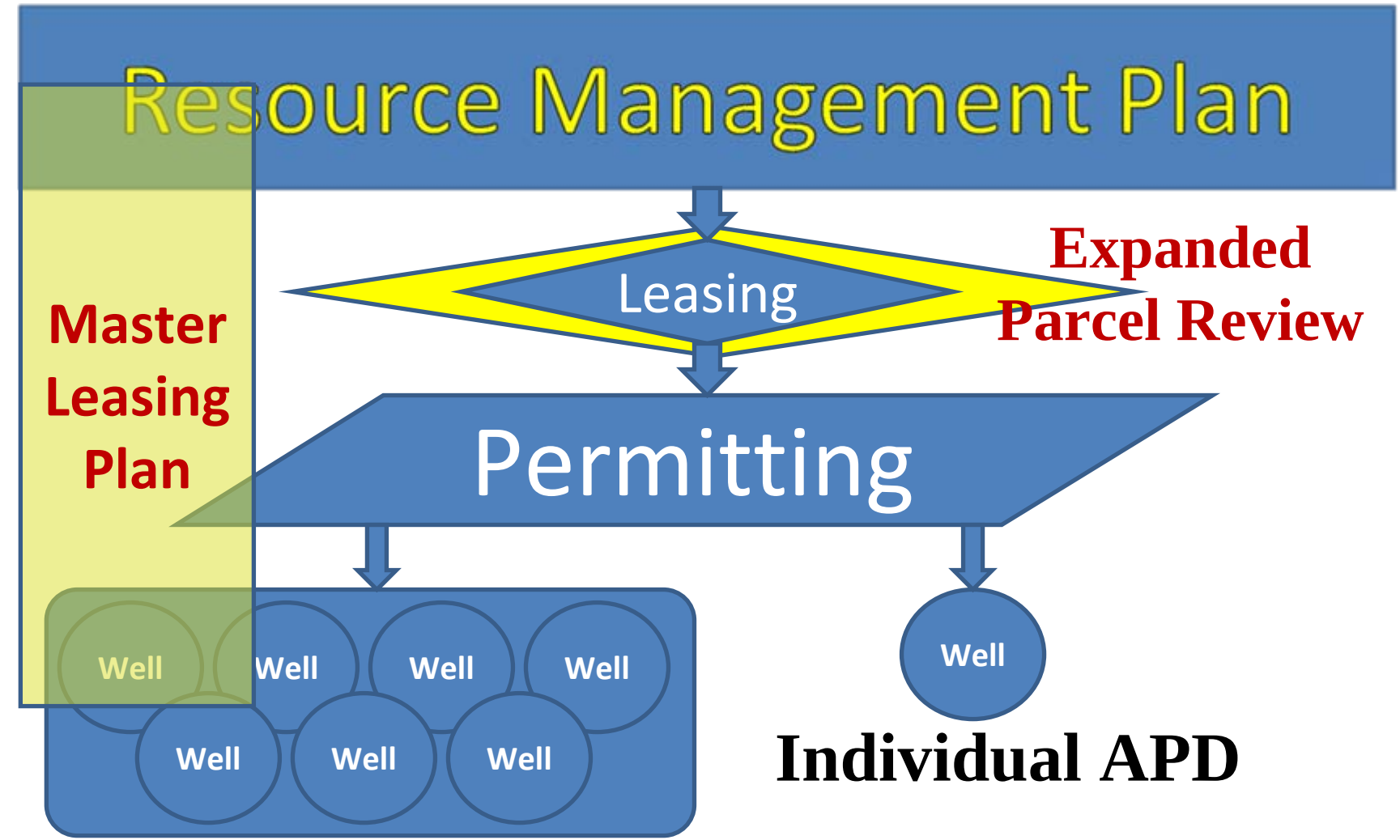
Leasing Reform

I. Plan Adequacy Review and Lease Stipulation Consistency

I. Master Leasing Plans

II. Lease Sale Parcel Review Process

Leasing Reform Process

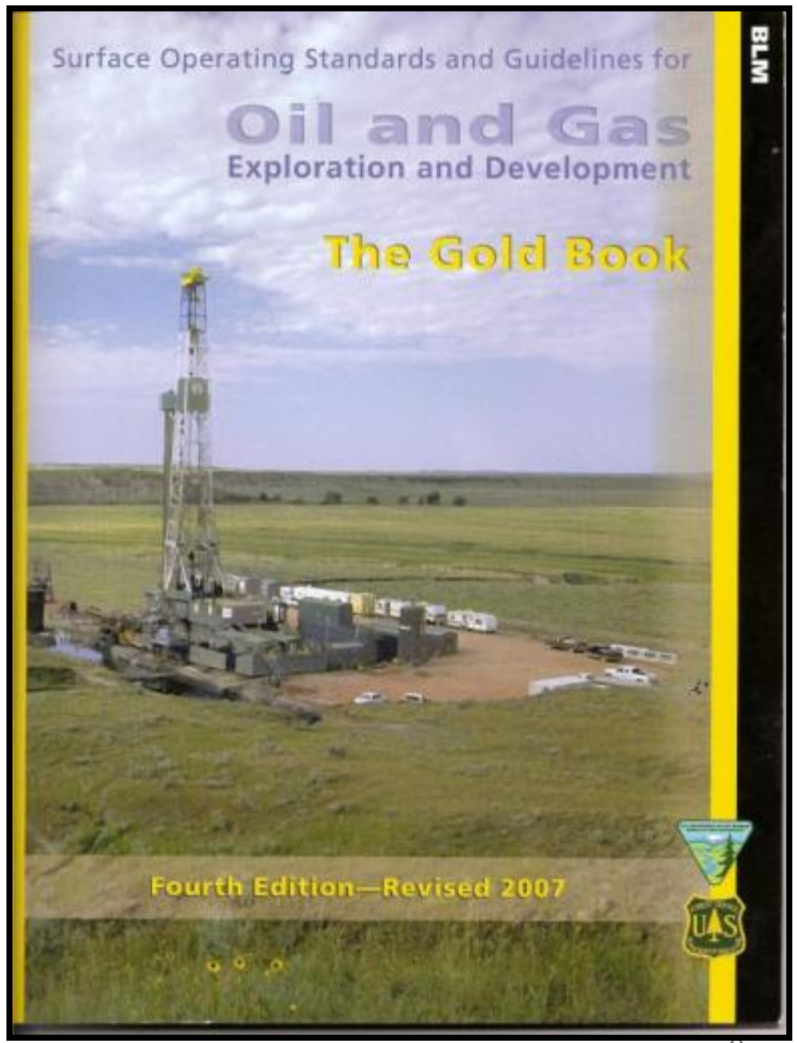


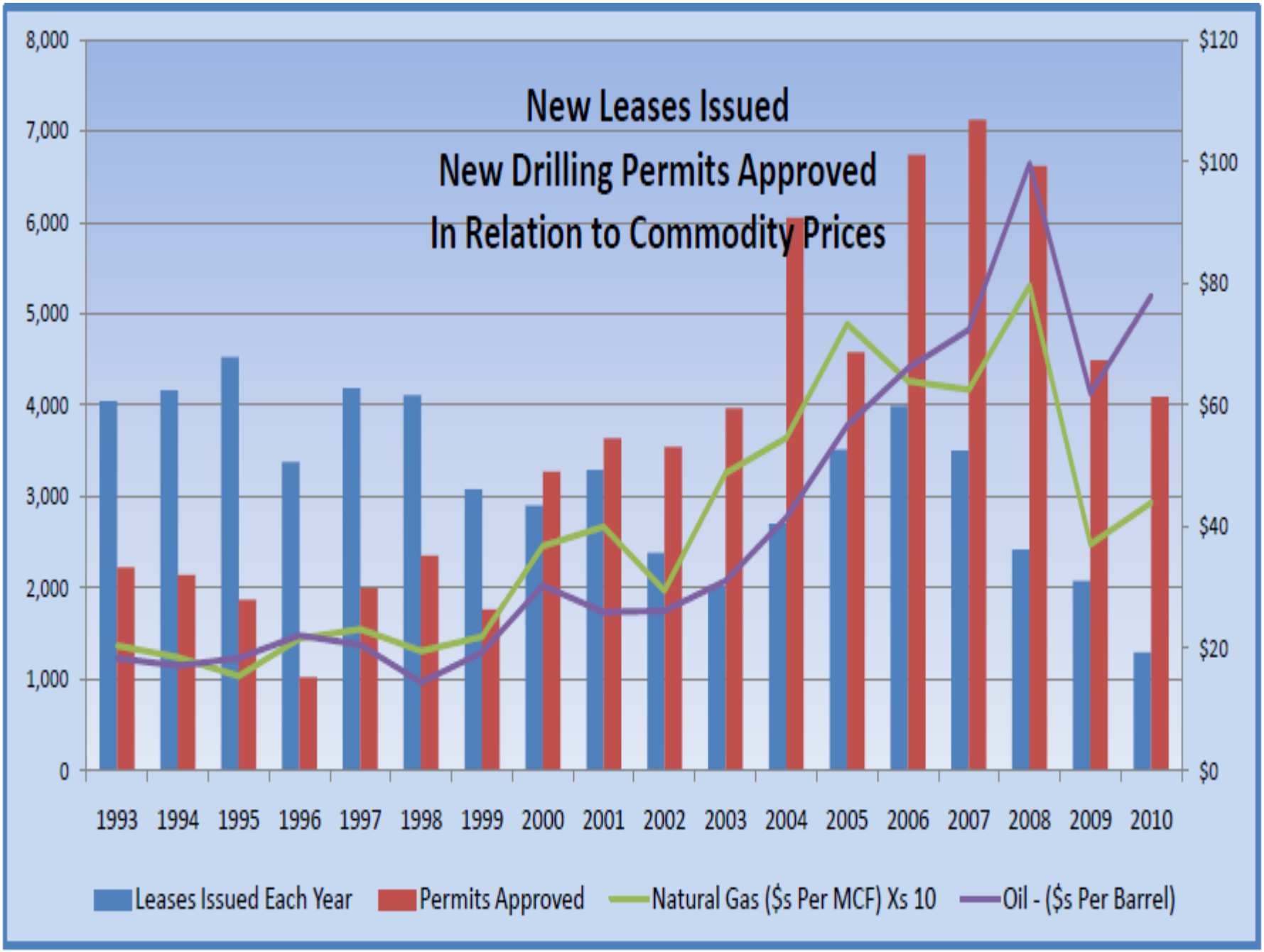
Our Program Goal

- **To efficiently manage** the fluid minerals program &

  ensure environmentally responsible development

  in conformance with laws, regulations, and policies.




New Leases Issued
New Drilling Permits Approved
In Relation to Commodity Prices
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
$120
$100
$80
$60
$40
$20
$0
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Leases Issued Each Year
Permits Approved
Natural Gas ($s Per MCF) Xs 10
Oil - ($s Per Barrel)

Best Management Practices

Using
State-of-the-Art
Mitigation Measures

www.blm.gov/bmp

BMP Example:
Liquids Gathering Systems

Collect and pipe produced fluids from each remote well location to a Centralized Production and Collection Facility located outside of wildlife habitat and closer to a major highway or pipeline.

Reduce:

Haul Truck Traffic; Dust and Tailpipe Emissions; Noise; Visual Concerns; Wildlife Disruption and Habitat Fragmentation.

So why settle for this?

Without attempting this?

Our Legacy on BLM Surface

Government Accountability Office (GAO)

Review By	Case Number	Name	Status
GAO	08-893R	Data Management Problems and Reliance on Self-Reported Data for Compliance Efforts Put MMS Royalty Collections at Risk	Implementing 2 Recommendations
GAO	09-74	Oil and Gas Leasing: Interior Could Do More To Encourage Diligent Development	Implementing 1 Recommendation
GAO	09-872	Energy Policy Act of 2005: Greater Clarity Needed to Address Concerns with Categorical Exclusions for Oil and Gas Development under Section 390 of the Act	Implementing 3 Recommendations
GAO	10-245	Oil and Gas Bonds: Bonding Requirements and BLM Expenditures to Reclaim Orphaned Wells	Statement of Facts - No Recommendation
GAO	10-313	Oil and Gas Management: Interior's Oil and Gas Production Verification Efforts Do Not Provide Reasonable Assurance of Accurate Measurement of Production Volumes	Implementing 18 Recommendations
GAO	10-670	ONSHORE OIL AND GAS: BLM's Management of Public Protest to It's Lease Sales Needs Improvement	Implementing 3 Recommendations
GAO	11-34	Federal Oil and Gas Leases: Opportunities Exist to Capture Vented and Flared Gas, Which Would Increase Royalty Payments and Reduce Greenhouse Gases	Draft Reports With 5 recomendatiions
GAO	361028	Oil and Gas Bonding	Ongoing Conferences
GAO	361162	Federal Land Ownership Uses	Ongoing Conferences
GAO	361237	Produced Water	Ongoing Conferences

Office of Inspector General (OIG)

Review By	Case Number	Name	Status
OIG	C-EV-BLM-0015-2010	Geothermal Safety Evaluation	Postponed Due To Oil Gas Spill Investigations
OIG	C-EV-MOA-0009-2008	Oil and Gas Production on Federal Leases: No Simple Answer	Implementing 5 Recommendations
OIG	C-IN-MOA-0004-2009	Geothermal Program Audit	No Recommendations for BLM
OIG	CR-EV-BLM-0001-2009	Inspection & Enforcement Program Evaluation	Exit conference 12/3/2009, No Final Report
OIG	CR-EV-BLM-0002-2009	Bureau of Land Management's Oil and Gas Lease Auction Process	Implementing 5 Recommendations
OIG	CR-EV-BLM-0003-2010	Off Lease Measurement	On Going
OIG	CR-IS-MOA-0004-2009	Inspection Report: BLM and MMS Beneficial Use Deductions	Implementing 4 Recommendations
OIG	WR-EV-BLM-0009-2008	Environmental Inspections	On Going
OIG	WR-IN-BLM-0003-2010	Helium Processing Program and Contracting	On Going

Royalty Policy Committee (RPC)

Review By	Case Number	Name	Status
RPC	December 17, 2007 Report	Minerals Revenue Collection From Federal and Indian Lands and The Outer Continental Shelf	35 BLM Recommendations: 22 Complete Implementing 13

Onshore Royalty Reform

- DRAFT Proposed Onshore Royalty Rate Increase Rulemaking begun in January 2010
- Cost benefit and economic impact analysis contracted to ENEGIS, LLC June 2010
- Options: range of fixed rates of 12 ½% to 22 1/2%; sliding scale bases on price thresholds; 5 year review process
- New competitive leases only

Onshore Orders

- Currently revising:
- OOGO No. 3: Site Security
- OOGO No. 4: Oil Measurement
- OOGO No. 5: Gas Measurement
- Developing new OOGO No. 9: Beneficial Use and Waste Prevention

DOI

- Secretary's Hydraulic Fracturing Forum
- November 30, Washington D.C.
- Invitees: White House, CEQ, Federal Agencies, Environmental NGOs, Oil and Gas Industry, Service Industry, State Regulators