

**Memorandum of Understanding Among
Bureau of Land Management, Colorado State Office,
U.S. Forest Service, Rocky Mountain Region, and
Colorado Oil and Gas Conservation Commission**

**Concerning Oil and Gas Permitting
on BLM and NFS Lands in Colorado**

This MEMORANDUM OF UNDERSTANDING is hereby made and entered into by and among the Bureau of Land Management, Colorado State Office (BLM); United States Forest Service, Rocky Mountain Region (USFS); and the Colorado Oil and Gas Conservation Commission (COGCC), together referred to as the Parties.

A. Introduction

On December 11, 2008, the COGCC adopted amendments to its Rules of Practice and Procedure (COGCC Rules), 2 C.C.R. 404-1. On May 30, 2009, COGCC Rule 201A was amended to provide that unless otherwise specified, the amendments would become effective on July 1, 2009 on federal land in Colorado.

B. Purpose

The Parties have enjoyed a successful working relationship in regulating oil and gas exploration and production on federal lands and minerals, and desire and expect that relationship to continue.

The Parties enter into this MOU to provide for efficient and effective oil and gas permitting on BLM and NFS lands in Colorado. This MOU clarifies the Parties' respective roles and responsibilities in permitting and administering oil and gas operations on federal lands and minerals administered by the BLM and the USFS in Colorado.

C. Authorities

The authorities to enter into this MOU are the Federal Land Policy and Management Act, 43 U.S.C. §§ 1701, *et seq.*; the Forest Service Organic Act, 16 U.S.C. § 551; and the Colorado Revised Statutes, including the Oil and Gas Conservation Act, 34-60-101 *et seq.*, C.R.S.

This MOU is not intended to supersede existing state or federal law, rule, regulation, or pre-existing MOU, including, without limitation, the MOU signed by COGCC and BLM on August 22, 1991, as amended. Nothing in this MOU will be construed as affecting the authorities of the participants or as binding beyond their respective authorities.

D. Reservations

This MOU is entered into without prejudice to, and without waiving, any jurisdiction or other rights, powers and privileges of any of the Parties thereto.

E. Party Contacts

PARTY	DESIGNATED OFFICIAL	PRINCIPAL CONTACT
BLM	State Director Bureau of Land Management Colorado State Office 2850 Youngfield Street Lakewood, Colorado 80215-7093 303-239-3700	Chief, Branch of Fluid Minerals
USFS	Regional Forester U.S. Forest Service Rocky Mountain Region 740 Simms Street Golden, Colorado 80401 303-275-5350	Program Manager, Leasable Minerals
COGCC	Director Colorado Oil and Gas Conservation Commission 1120 Lincoln Street, Suite 801 Denver, Colorado 80203 303-894-2100	Permit Manager

F. Administration

1. Principal Contacts

Attachment 1 identifies the name and contact information of the Principal Contacts set out above. Upon any change to the name or contact information of a Party's Principal Contact, such Party will communicate the new Principal Contact's name and contact information to the other Parties and Attachment 1 will be updated accordingly.

2. Coordination Meetings

The Parties will hold coordination meetings twice a year to discuss implementation of this MOU. Prior to the meeting, each Party's Principal Contact will identify and circulate to the other Parties any matters to be discussed at the meeting.

3. Rights of Enforcement Among the Parties, or by Non-Parties

This MOU is not a final agency action by any of the Parties, and is not intended to, and does not create, any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity, among the Parties, or by any non-party.

G. Definitions

For purposes of this MOU, the following definitions apply:

1. **APPLICATION FOR PERMIT TO DRILL or APD** means BLM Form 3160-3 (Application for Permit to Drill or Reenter) or COGCC Form 2 (Application to Drill, Deepen, Re-Enter, or Recomplete and Operate).
2. **BLM LANDS** mean lands in which the surface and/or the oil and gas estate is owned by the United States of America, and administered by the BLM.
3. **COMMISSION** refers to the Colorado Oil and Gas Conservation Commission.
4. **COGCC** refers to the staff of the Colorado Oil and Gas Conservation Commission, unless otherwise specified.
5. **CONDITIONS OF APPROVAL or COA** means provisions or requirements under which an Application for a Permit to Drill, a Sundry Notice, or COGCC Form 2 or 2A is approved.
6. **CONSULTATION** refers to the process described in the COGCC Rules, unless otherwise specified. *See, e.g.* Rules 303, 306, and 1202.
7. **DAYS** means all calendar days, including holidays, unless otherwise specified.
8. **MASTER DEVELOPMENT PLAN or MDP** means the optional process described in Section III.H of Onshore Order No. 1.
9. **NATIONAL FOREST SYSTEM LANDS or NFS LANDS** means lands, waters, or interests therein administered by the U.S. Forest Service.
10. **NOTICE OF STAKING or NOS** means the optional process described in Section III(C) of Onshore Order No. 1.
11. **OIL AND GAS LOCATION** means a definable area where an operator has disturbed or intends to disturb the land surface in order to locate equipment or improvements used or installed at an oil and gas location for the exploration, production, withdrawal, gathering, treatment, or processing of oil or natural gas, as provided in the COGCC 100-Series Rules.
12. **OIL AND GAS OPERATIONS or OPERATIONS** means exploration for oil and gas, including the conduct of seismic operations and the drilling of test bores; the siting, drilling, deepening, recompletion, reworking, or abandonment of an oil and gas well, underground injection well, or gas storage well; production operations related to any such well including the installation of flow lines and gathering systems; the generation, transportation, storage, treatment, or disposal of exploration and production wastes; and any construction, site preparation, or reclamation activities associated with such operations, as provided in the COGCC 100-Series Rules and C.R.S. § 34-60-103(6.5).

13. **ONSHORE ORDER NO. 1** refers to the Rule and Preamble published in the *Federal Register* on March 7, 2007, 72 Fed. Reg. 10328, *et seq.*, that governs approval of operations on federal oil and gas leases.
14. **OPERATOR** means any person who exercises the right to control the conduct of oil and gas operations on BLM or NFS lands, as provided in the COGCC 100-Series Rules, or who meets the definition in 43 C.F.R. § 3160.0-5.
15. **STATE CONSULTATION CONTACTS** means the COGCC, any local government designee within whose jurisdiction an oil and gas location is to be constructed who has indicated to the COGCC the desire to consult on the oil and gas location according to COGCC Rule 306.b, the Colorado Division of Wildlife (CDOW) where the proposed oil and gas location would trigger consultation under COGCC Rule 306.c, the Colorado Department of Public Health and Environment (CDPHE) where the proposed oil and gas location would trigger consultation under COGCC Rule 306.d, and the surface owner where the owner of the surface estate is not the United States of America.
16. **STIPULATION** means a provision that modifies standard federal lease rights and is attached to and made a part of a federal oil and gas lease.
17. **SUNDRY NOTICE** means BLM Form 3160-5 and/or COGCC Form 4.
18. **SURFACE OWNER** means the responsible federal agency having jurisdiction over the surface estate for lands where the surface estate is owned by the United States of America.

H. Locations and Operations on BLM or NFS Lands and Federal Leases

The Parties will advise operators that they are responsible for complying with all applicable laws and regulations, including the COGCC Rules.

1. Contacts

The Parties will compile and make available a list of contacts for purposes of consultation and coordination under this MOU.

2. Permitting

a. Pre-Application for Federal APD or MDP

The Parties will advise operators to identify and incorporate applicable standards and practices contained in the COGCC Rules into a federal APD, MDP, or other authorization related to oil and gas operations so long as such state standards or practices are at least as stringent as comparable federal standards or practices, in order to minimize the potential for multiple reviews.

The Parties will advise operators to provide the BLM, and USFS for operations on NFS lands, with a list of the State Consultation Contacts at the time the operator files an

application or formal proposal for an oil and gas location(s) with the BLM, or USFS for operations on NFS lands, by including such information on the federal NOS, APD or MDP.

The BLM, or USFS for operations on NFS lands, will furnish the list of State Consultation Contacts to the COGCC along with location coordinates or legal land description of any formally proposed oil and gas location.

b. Consultation at Onsite Inspections and on MDPs

The BLM, or USFS for operations on NFS lands, will include COGCC in scheduling any onsite inspection on a federal APD or NOS and COGCC will invite State Consultation Contacts to attend the onsite inspection once it is scheduled in accordance with Onshore Order No. 1. Additionally, the BLM, or USFS for operations on NFS lands, will work with COGCC to offer State Consultation Contacts the opportunity to participate in initial discussions on an MDP or other application for an authorization related to oil and gas operations. The COGCC will provide the BLM, or USFS for operations on NFS lands, with a list of the State Consultation Contacts notified of an onsite inspection or initial discussions.

The Parties will advise State Consultation Contacts to submit recommendations to BLM, or USFS for operations on NFS lands, within a reasonable amount of time after the onsite inspection to facilitate their NEPA review. The Parties acknowledge that Onshore Order No. 1 allows the BLM to issue a federal APD after 30 days of posting if an onsite inspection has occurred, the application is deemed complete, and NEPA review has occurred.

c. Permit Applications

The Parties will advise operators to file a federal APD concurrently with a COGCC Form 2A, along with any other application(s) or form(s) required by the Parties.

Where the operator, the BLM, or USFS for operations on NFS lands, and any State Consultation Contacts agree to design features or conditions of approval for oil and gas operations as a result of the onsite inspection and subsequent discussions, the Parties will advise operators to incorporate these features into the federal APD (or amended APD) or MDP so that they are part of the “proposed action” analyzed by the BLM and/or USFS pursuant to NEPA, as well as the action proposed in the COGCC Form 2A.

The COGCC will encourage operators to attach to its COGCC Form 2A any forms or attachments completed for its federal APD (or amended APD) or other relevant federal permits and to identify on the Form 2A where the information required for the COGCC Form 2A may be found therein, pursuant to COGCC Rule 303.d.(3).

d. Permit Review

The BLM, or USFS for operations on NFS lands, will provide the State Consultation Contacts timely access to all public comments it receives. Likewise, the COGCC will

provide the BLM, or USFS for operations on NFS lands, timely access to all public comments it receives.

During review of permits, the Parties may confer, as necessary, to identify, discuss, and work to resolve any potential concerns that may be addressed by conditions of approval on a federal APD, MDP, or COGCC Form 2 or 2A.

e. Other Permitting Matters

Notwithstanding the foregoing, where the process for BLM, or USFS for operations on NFS lands, approval provides substantially equivalent notice, comment, and consultation procedures as those called for in COGCC Rules 305 and 306, the COGCC Director may, through variances, exempt an oil and gas location from the Form 2A process set out in the COGCC Rules.

The COGCC will advise any party with standing under COGCC Rule 503 who seeks a hearing before the Commission on approval of a COGCC Form 2A to seek concurrent resolution from the BLM Colorado State Director or USFS Regional Forester, where applicable.

f. COGCC Comprehensive Drilling Plans and federal MDPs

The COGCC staff will, upon request of the operator, place a federally approved MDP on the Commission's hearing agenda for approval as a Comprehensive Drilling Plan under COGCC Rule 216 so long as State Consultation Parties and any non-federal surface owners had an opportunity to consult and offer recommendations on the MDP.

3. Changes to Terms of BLM, USFS, or COGCC Approvals

The Parties will advise operators requesting any change to terms of a federal authorization related to oil and gas operations, including conditions of approval, or COGCC Form 2A or other permit, to file such request concurrently with the BLM, and USFS for operations on NFS lands, and COGCC. The Parties may confer on any such request for a change to authorization terms.

I. Other Matters

1. Enforcement

Where the COGCC has reasonable cause to believe that an oil and gas operation on BLM or NFS land violates a provision of the Oil and Gas Conservation Act, its Rules, an order of the Commission, or a permit issued by the COGCC, it will notify the BLM, or USFS for operations on NFS lands, before taking action. The COGCC will consider any enforcement action by the BLM, or USFS for operations on NFS lands, in determining how to proceed with its own action.

2. Waste Management

a. Generally

Consistent with current federal and state practices, the Parties will advise operators that waste generated by their operations must be handled, treated, stored, transported, or disposed of in accordance with applicable federal, Colorado, and local laws, regulations, and orders.

b. Exceptions

The Parties will advise an operator seeking an exception from a federal or state practice or standard regarding waste management to file a Sundry Notice or other applicable request with both the COGCC and the BLM.

Upon receipt of such a Sundry Notice or request, the COGCC and BLM, and USFS for operations on NFS lands, will coordinate on consideration of the Sundry Notice or request.

3. Importance of Planning

In the interest of achieving long-term resolution of issues, the Parties will endeavor to participate in each others' planning processes, where applicable. The BLM and USFS will consider COGCC input concerning COGCC standards and practices when revising or amending land use plans or any leasing availability decisions, where applicable. Likewise, the Commission will consider BLM or USFS input concerning BLM or USFS standards and practices when adopting Rules or orders.

J. Information Disclosure

Any information furnished pursuant to this MOU will be subject to disclosure to the extent allowed under the Freedom of Information Act (5 U.S.C. § 552), the Privacy Act (5 U.S.C. §552a), and/or the Colorado Open Records Act (C.R.S. § 24-72-201 et seq.).

K. Similar Activities

This MOU in no way restricts the Parties from participating in similar activities with other public or private agencies, organizations, and individuals.

L. Effective Date, Duration, and Amendment

This MOU takes effect upon the signature of all the Parties thereto, and it shall remain in effect for ten (10) years from the date of execution. This MOU may be extended or amended upon written request of any, and written concurrence of all, of the Parties.

M. Separate Activities and Resources


Each of the Parties will handle its own activities and utilize its own resources, including expenditure of its own funds, in implementing this MOU. Each Party will carry out its separate activities in a coordinated and mutually beneficial manner.

N. Obligation of Funds

Nothing in this MOU shall obligate any Party to obligate or transfer any funds. Specific work projects or activities that involve the transfer of funds, services, or property among the Parties will require separate agreements and be contingent upon the availability of appropriated funds. Such agreements must be independently authorized by appropriate Colorado or federal authority. This MOU does not provide that authority. Negotiation, execution, and administration of each such agreement must comply will all applicable federal and Colorado statutes and regulations.

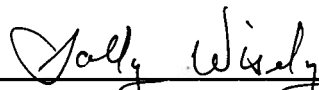
O. Authorized Representatives

By signature below, each of the Parties certifies that it is authorized to act in its respective areas for matters related to this agreement.



David Neslin, Director
Colorado Oil and Gas Conservation Commission

30 June 09
Date



Sally Wisely, Colorado State Director
Bureau of Land Management, Colorado State Office

7/1/09
Date



Rick Cables, Regional Forester
U.S. Forest Service, Rocky Mountain Region

7-10-09
Date

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**ATTACHMENT 1:
Principal Contacts**

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