



University Of Wyoming Law School: Project Planning & Development

November 6, 2009

First Priority of Project Planning: Who Owns The Surface and the Minerals?



Common Types of Land Ownership in Wyoming Leased For Oil and Gas

- Federal
 - BLM, Forest Service, Bureau of Reclamation Administered
 - Split Estate
 - Private surface/federal minerals
 - Federal surface/private minerals
 - Tribal
 - BIA Administers
- Private
 - Split Estate (Minerals Severed From the Surface Estate)
 - Non-Split Estate (Minerals and Surface Are Not Severed)
- State Lands
 - State Minerals overlain by a Grazing Allotment



Time Is Critical



FEDERAL

Obtain Lease

↓
Technical Assessment
With Decision to Drill

↓
Field Assessment/Onsite
Negotiations/Resource Reviews

↓
File Federal APD and/or ROW

↓
Agency NEPA Review,
CX, EA, EIS
(pad, road, pipeline, facilities)

↓
Agency Decision

↓
If approved, COA's issued

↓
Construction Commences

↓
**45 days to 3+ years depending
upon NEPA Review**

PRIVATE

Obtain Lease

↓
Technical Assessment
With Decision to Drill

↓
Field Assessment/Onsite
Negotiations /Resource Reviews Opt.

↓
File State APD

↓
Obtain State APD with
COA's

↓
Construction Commences

↓
**30 days to 6 months depending
upon negotiations or timing**

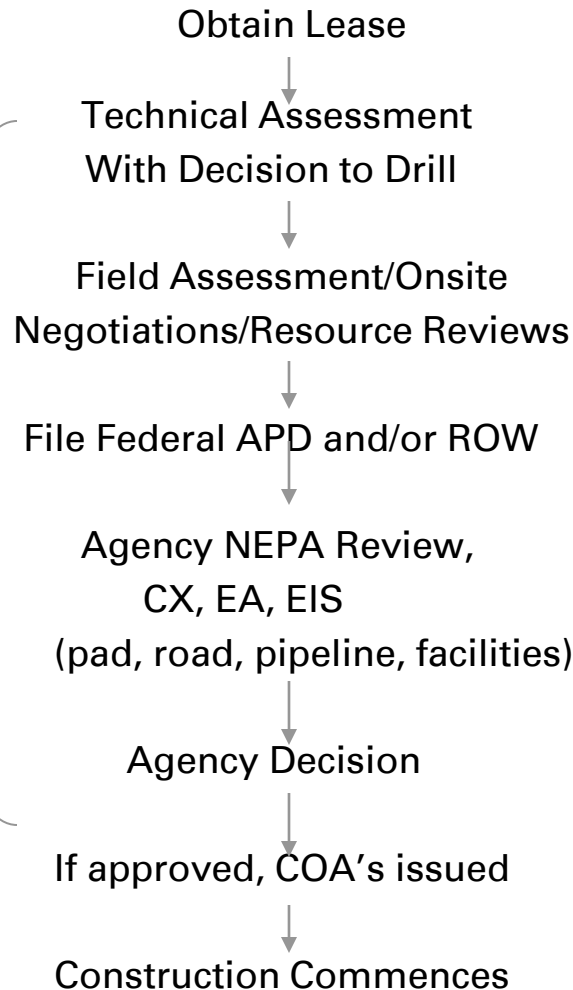
Integrating Project Planning: Important With Federal and Private Landowners



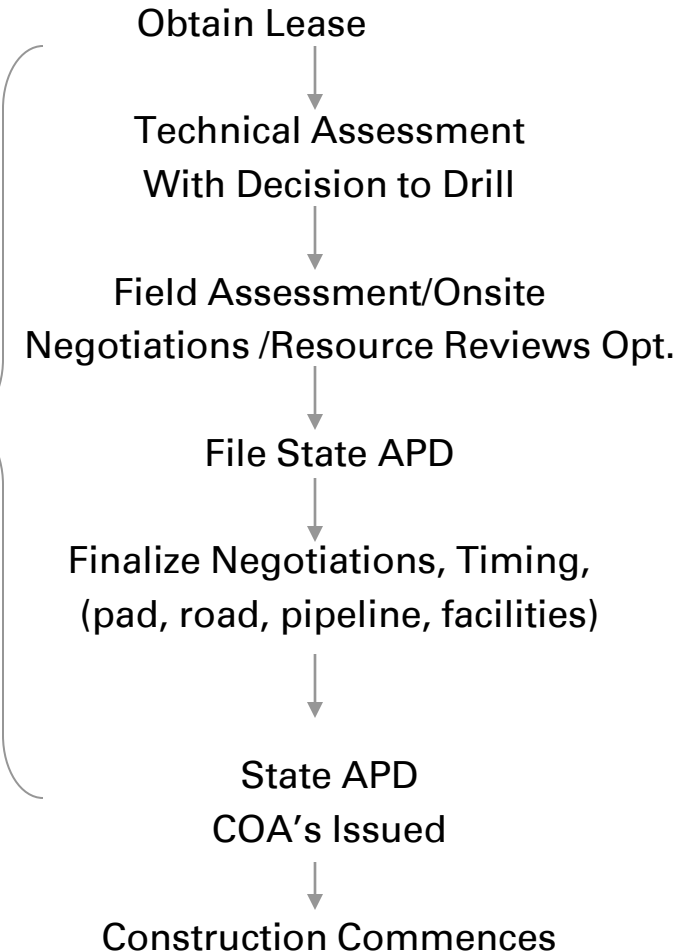
Planning

- Timing
- Rig Move
- Budget
- BMP's
- COA's
- Construction
- Landowner Requirements
- Lease Terms
- Pipelines
- Roads

FEDERAL



PRIVATE



Planning Considerations



- Timing
 - If on BLM Land, are there seasonal wildlife lease stipulations or COA's?
 - Does the private landowner conduct farming or ranching which would conflict with the oil and gas drilling?
- Rig Move
 - Paying stand-by for a rig is expensive
 - If a drilling rig has to be released during high demand, it maybe difficult to get it back or find another one
- Budget
 - Budgets must be managed
 - Smaller companies finance drilling and can be constrained by extended timing requirements to obtain approval
- Roads and Pipelines
 - Critical aspect of project which should be included with discussions with landowner

Planning Considerations Continued



- BMP's
 - Best Management Practices are voluntary innovative practices
 - Can be developed during negotiations or applied based upon past experience
 - Should not be imposed or required-it is a disincentive for innovation or continuous improvement
 - Examples are new drilling techniques, mat drilling, water re-use, construction techniques
- COA's
 - May consist of seasonal constraints such as wildlife concerns
 - Archeological, historical trails
 - Down-hole/operational requirements
- Construction
 - Must have crews available to meet the schedule
 - Scheduling to avoid winter time/frozen ground
- Lease Terms
 - Be aware of primary term of the lease



Strategies To Optimize Landowner Interaction



- BP has a corporate ethic to work with communities which includes landowners
- Establish an early working relationship with the surface owner
- Understand the unique vision a landowner has for their property – Put Yourself In Their Place
- Don't wait until a critical milestone is approaching; Plan Ahead!
- Have one individual as the single point of accountability in negotiations with the landowner



THESE ARE DESIGNED TO FACILITATE GOOD FAITH NEGOTIATIONS TO A SUCCESSFUL CONCLUSION

Strategies To Optimize Landowner Interaction (cont.)



- All aspects of the project should be presented to the landowner during negotiations such as roads, pipelines, power lines, etc.
- Obtain approval for surveyors or other assessments (i.e. T&E, archeology) before allowing this activity to take place
- Explain federal land use implications to split estate when the situation dictates
- Be aware of the time frames when certain landowner surface related activities take place on the land (calving, ranching, tenant farmer, etc.)

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Strategies To Optimize Landowner Interaction (cont.)



- Be aware of any special arrangements associated with the surface use (i.e. State Lands, allotments)
- Delivers on the commitments made during negotiations
 - Failing to do so could impact future negotiations
- Understand neighbors talk to neighbors. Treat everyone equally and with respect.

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