



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401



IN REPLY REFER TO:
3160-1 (NM21200)

October 23, 2007

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REGULATORY COMPLIANCE

To Operators/Third Party Consultants:

Recently, there seems to be some confusion and misunderstanding about the submission and approval processes associated with Applications for Permit to Drill (APD) on split estate that includes the Bureau of Land Management (mineral estate), Bureau of Indian Affairs (BIA) and the Navajo Nation (surface estate). The Bureau of Land Management (BLM) and the BIA collaboratively agreed upon the appropriate method for submission and approval of an APD. Our data indicates the approximate expected processing time on these split estate lands is 351 days; please plan your APD program accordingly. The following outline will clarify how an APD should be submitted and approved under the above circumstances:

- 1) The Operators/third party consultants will prepare and submit an APD and Environmental Assessment (EA) to the BLM. To avoid any confusion, do not send other copies to the BIA or Navajo Nation.
 - a) As required by Onshore Order Number One, BLM will send out a 10 day letter to identify any deficiencies in the APD.
- 2) The BLM will review and send the BIA a package consisting of the following items:
 - a) APD/Surface Use Plan (SUP)
 - b) EA
 - c) Transmittal letter
- 3) BIA Real Estate Services will review the package sent by BLM and forward the package to the BIA Environmental Services and subsequently to the Navajo Nation following the Environmental Services review.
 - a) BIA Real Estate Services
 - i) Conducts the onsite inspection and prepares the surface Conditions of Approval (COAs).
 - b) BIA Environmental Services
 - i) Prepares a Finding of No Significant Impact (FONSI) document and notification letter. The FONSI is then returned to BIA Real Estate Services.
 - c) Navajo Nation
 - i) Navajo Nation Land Department will review the package sent by BIA after receipt of the \$500 processing fee from the Operator. The following will also occur:
 - (1) Signing of the Signature Approval Sheet
 - (2) Certification and drafting of a cover letter
 - (3) Signing of the Resolution
- 4) Navajo Nation will return the reviewed complete package to the BIA after receipt of the appropriate compensation payment.
- 5) BIA will return the reviewed complete package to the BLM with the following documents:
 - a) APD
 - b) EA
 - c) COA's (including any additional COA's from BIA or Navajo Nation)
 - d) Transmittal Letter
 - e) FONSI
 - f) Resolution
- 6) BLM will approve the APD.

BEFORE THE OIL CONSERVATION
COMMISSION
Santa Fe, New Mexico
Case No. 13812 Exhibit No. 19
Submitted by:
COLEMAN OIL & GAS, INC.
Hearing Date: March 13, 2008

If the Navajo Nation does not concur as a result of a resource issue, BLM will meet with the affected parties to resolve the matter. If the Navajo Nation does not concur, the APD will be approved by the BLM upon the following conditions:

- Past 90 calendar days from the receipt and/or letter date of the BIA notification letter to the Navajo Nation.
- Receipt of proof (check) of the Navajo Nation application fee paid, by Operator.
- Receipt of proof (check) of the Navajo Nation compensation paid, by Operator.

BLM will attach standard COA's if the APD is approved under the above conditions.

Simultaneously submitting duplicate packages to BLM, BIA, and the Navajo Nation may create confusion and, therefore, may increase the processing time. The intent to clarify the APD process on split estate lands is to expedite the approval process. If you have any questions regarding this matter, please contact Gary McDonald at (505) 599-6319 or Adrienne Brumley at (505) 599-6358.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Henke', with a long horizontal line extending to the right.

Steve Henke
District Manager, Farmington District Office

cc: Bureau of Indian Affairs
Navajo Nation