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To Paul Weese/R9/USDAFS@FSNOTES  
cc  
bcc  
Subject Fw: OGM Update

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----- Forwarded by James Seyler/R9/USDAFS on 01/07/2009 08:06 AM -----

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01/06/2009 04:41 PM

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Subject OGM Update



Jim, et al - A more specific update on our OGM cases ...

Cases that can be approved in the next 7-30 days:

**Case 139 - Duhring Resources:** This is the 2nd round of development proposed by Duhring on Warrant 3672. It includes 5 wells. Duhring rejected purchase of the timber. Art Stewart and Dave Cotterman discussed this yesterday, with Stewart stating that the Forest Service "needs to get their trees out of the way." Dave has presented our appraisal to Shetler Lumber, who is currently removing the decked timber from the 1st round of development. I have directed Dave to inform Duhring that, if Shetler wants to buy the timber at the appraised price, then Duhring needs to purchase the timber from the Forest Service, and may then sell it to Shetler, or anyone else. This sale is ready to be sold, all other work is completed on this package. If Duhring buys the timber, we can issue a NTP.

**Case 142 - Catalyst:** This is 11,750' of new pipeline and 5 wells in the Watson Farm area (the old Vertical lease). Catalyst originally applied for a Special Use Permit for this project, because the pipeline would cross a lease owned by Sheffield Land and timber before connecting with the Tennessee Gas separator at Pigeon. However, Sheffield leased their subsurface to Catalyst, negating the need for a SUP. All resource work is complete on this project, and it is being marked for timber sale. A NTP could be issued in 20-30 days.

**Case 144 - Catalyst:** This is a 20-well package that has all resource work completed, timber sale package has been awarded, but Catalyst has not paid. Once they pay for the timber, we can issue a NTP. We believe they have delayed payment for the past 4 weeks because of dropping oil prices.

**Case 150 - Seneca:** This is a 4-well package. All resource work is completed, but this has not yet gone to ops for timber sale prep. We are still awaiting paperwork from Seneca confirming ownership, plan of operations and E&S. We have requested it several times.

**Case 160 - Seneca:** This is a 4.5 mile pipeline, all on Seneca subsurface ownership. Resource work is completed on half of this project. We are proposing to Seneca that we proceed with the half of the pipeline that has the resource work completed as a separate project; and complete the other half in 60 days.

All other projects are ON HOLD for at least 30 days. Our heritage staff is working on priority veg and rec

work, and I have directed Ran and Amanda to complete this work before moving forward with any additional OGM work. The result of this decision is that we will exceed 60-days on 7 additional projects. The first two are projects M158 (9 wells) and M164 (4 wells), both Seneca projects that are due by January 13. I directed Lauren Miles to inform Seneca that these projects will be delayed for at least 60 days because we are behind on heritage work.

The next projects are due January 19 (PGE, M157, 5 wells; and Sheffield L&T, M169, 50 wells); January 27 (Catalyst, M171, 24 wells; and Straub/ABS, M172, 13 wells); and February 5 (PGE, M155, 5 wells). All of these projects will be delayed 60 days. We have not informed these operators yet of this time lag, and will delay doing so until necessary.

In terms of other pending projects, we have at least 12 additional projects pending, totalling approximately 210 wells and two pipelines. Mike and Lauren can provide more detailed information on what is pending.

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