

DRAFT – FOR DISCUSSION PURPOSES ONLY

**JULANDER ENERGY COMPANY – LITTLE SNAKE RESOURCE AREA OIL
AND GAS DEVELOPMENT AND WILDLIFE HABITAT ENHANCEMENT
PARTNERSHIP OPPORTUNITIES**

Proposal for Year Round Drilling and Enhancement of Critical Winter Range Wildlife Habitat: Julander Energy Company (JEC) proposes to enhance critical winter range wildlife habitat in exchange for the BLM's permission to drill natural gas wells in areas with existing critical winter range stipulations. JEC currently has about 55 sections leased for oil and gas development in the Sand Wash Basin. Of those 55 sections, 40 have critical winter range stipulations. JEC is requesting permission to drill on 2 of those sections each year during the critical winter range stipulation time period in exchange for enhancing the range in those areas during the following spring and summer months. Each year we would rotate our winter drilling activities and continue enhancing the range as we develop our oil and gas leases. We would welcome the participation and sharing of this arrangement with other operators with leases in the Little Snake Resource Area. We believe this would be a win-win for the wildlife, our company, and nation's energy supply situation.

Proposal for Wild Horse, Wildlife and Livestock Water Development Areas in the Sand Wash Basin: JEC proposes the development of water resources for the benefit of the Sand Wash wild horse herd, wildlife and livestock. Currently, all of the BLM acreage in the Sand Wash herd management area (HMA) has been leased for oil and gas development, with lease restrictions for wild horse foaling in place. Off-highway vehicle recreationists (OHV's) also enjoy the Sand Wash Basin. It is anticipated that these two user groups will put stress on the herd. In addition, the horses must compete for water and forage with other wildlife and livestock. This becomes increasingly difficult during the late summer and early fall. We propose working with other oil and gas producers, livestock permittees, the DOW, the BLM, the Habitat Partnership Program (HPP) and wild horse groups to put together approximately \$112,000 to \$140,000 to develop water resources in the Sand Wash Basin. The water wells would be developed in a gradual process to monitor the impacts to wildlife and horse populations. This will address a number of range management problems by encouraging disbursement of the wildlife and livestock in the Sand Wash Basin, and may also provide opportunities for wildlife viewing.

Benefits of Oil and Gas Development to Prairie Dogs: Several environmental groups have proclaimed that oil and gas development is not compatible with prairie dog habitat. JEC believes that oil and gas development can actually enhance prairie dog habitat due to the following industry practices: 1) roads – prairie dogs like to travel along oil and gas roads vs. through sage brush because they are open areas and they are less likely to be preyed upon, 2) new pipeline development – prairie dogs like to burrow in freshly dug soil created by new pipeline installations, 3) reclamation – prairie dogs feed on the seeds from tall grasses which we plant when we partially reclaim our drilling locations from approximately 4 to 2 acres. In addition, we have stipulations placed on our leases for

prairie dog habitat avoidance and preservation. JEC would also be willing to work with the LSRA wildlife biologists to provide funding to “dust” prairie dog towns that are infested with bubonic plague carrying fleas in order to help sustain and enhance the existing prairie dog population in the Sand Wash Basin.

Raptors: JEC would like to help the LSRA with a field-wide raptor survey to get a better understanding of where the raptor population exists. This would help BLM staff wildlife biologists expedite APD processing. In exchange for providing this funding, we would like to obtain and utilize the data from the API/PLA/Larry Hayden-Wing raptor stipulation study currently being conducted in cooperation with the BLM to determine the actual distance raptors need from drilling locations. Currently, stipulations vary from ¼ mile to 2 mile buffer zones. JEC would like to find out the actual distance required to allow us to conduct our drilling operations in an efficient manner without disturbing raptors by utilizing the results of the API study. We will provide more information on this study as it becomes available to the BLM for their consideration of our request. Other producers in the area have expressed interest to me in this opportunity.

All of these proposals may also require BLM, DOW and private consulting range conservationists and wildlife biologists to help with the design, implementation and monitoring of these projects.

For more information or questions, please call Vanessa Cameron at (303) 831-7800.